Report on Limited Review

ENAGÁS, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Management Report
for the six-month month period ended
June 30, 2021

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REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and interim financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language prevails (See Note 4.5).

To the shareholders of ENAGÁS, S.A. at the request of the Company's directors

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Enagás, S.A. (hereinafter the parent) and subsidiaries (hereinafter the Group), which comprise the balance sheet at June 30, 2021, the income statement, the statement of total changes in equity, the cash flow statement, the statement of recognized income and expense and the notes thereto, all of which have been condensed and consolidated, for the six-month period then ended. The parent's directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting," adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would cause us to believe that the accompanying interim financial statements for the six-month period ended June 30, 2021 have not been prepared, in all material respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Emphasis of matter paragraphs

We draw attention to the circumstances described in Note 3.3.a) of the accompanying explanatory notes related to the long term financial asset regarding Gasoducto Sur Peruano, S.A. This matter does not modify our conclusion.

We draw attention to the matter described in Note 1.2 of the accompanying explanatory notes, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2020. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six-month period ended June 30, 2021 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended on June 30, 2021. Our work is limited to verifying the interim consolidated management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Enagás S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the management of the parent, Enagás, S.A., with regard to the publication of the half yearly financial report required by article 119 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Law enacted by Royal Decree 1362/2007 of October 19.

ERNST & YOUNG, S.L.

José Agustín Rico Horcajo

July 26, 2021

ENAGÁS, S.A.
and
Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Management Report for the six-month period ended June 30, 2021

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

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT JUNE 30, 2021
(Thousands of euros)

ASSETS	Notes	06.30.2021	12.31.2020
NON-CURRENT ASSETS		**7,974,661**	**7,786,325**
Intangible assets	2.5	75,780	74,591
Goodwill		23,203	23,203
Other intangible assets		52,577	51,388
Investment properties		19,020	19,020
Property, plant, and equipment	2.4	4,488,364	4,430,411
Investments accounted for using the equity method	1.5	2,751,441	2,658,396
Other non-current financial assets	3.3.a	638,544	602,541
Deferred tax assets		1,512	1,366
CURRENT ASSETS		**1,463,833**	**1,222,598**
Non-current assets held for sale		1,767	1,767
Inventories		20,221	21,368
Trade and other receivables	2.2	182,467	299,073
Current tax assets		13,278	23,492
Other current financial assets	3.3.a	3,574	7,475
Short-term accruals		7,920	5,768
Cash and cash equivalents	3.6	1,234,606	863,655
TOTAL ASSETS		**9,438,494**	**9,008,923**

EQUITY AND LIABILITIES	Notes	06.30.2021	12.31.2020
EQUITY		**3,013,833**	**3,006,984**
SHAREHOLDERS' EQUITY		**3,143,172**	**3,192,745**
Subscribed capital	3.1.a	392,985	392,985
Issue premium	3.1.b	465,116	465,116
Reserves		2,079,227	2,074,424
Treasury shares	3.1.c	(12,464)	(12,464)
Profit/(loss) for the year		213,069	444,002
Interim dividend		-	(175,720)
Other equity instruments	4.2	5,239	4,402
ADJUSTMENTS FOR CHANGES IN VALUE		**(144,907)**	**(202,720)**
MINORITY INTEREST (EXTERNAL PARTNERS)	3.2	**15,568**	**16,959**
NON-CURRENT LIABILITIES		**4,591,903**	**5,416,657**
Non-current provisions	2.6.a	256,179	253,891
Financial debt and non-current derivatives	3.3.b	4,134,296	4,961,960
Deferred tax liabilities		161,094	160,935
Other non-current liabilities		40,334	39,871
CURRENT LIABILITIES		**1,832,758**	**585,282**
Current provisions	2.6.a	512	2,232
Financial debt and current derivatives	3.3.b	1,483,788	289,104
Trade and other payables	2.3	298,372	291,772
Current tax liabilities		50,086	2,174
TOTAL EQUITY AND LIABILITIES		**9,438,494**	**9,008,923**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Balance Sheet at June 30, 2021

ENAGÁS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT AT JUNE 30, 2021

(In thousands of euros)

	Notes	06.30.2021	06.30.2020
Revenue	2.1.a	471,067	538,809
Income from regulated activities		465,566	520,347
Income from non-regulated activities		5,501	18,462
Other operating income	2.1.a	9,520	14,966
Personnel expenses	2.1.b	(64,157)	(60,820)
Other operating expenses	2.1.c	(78,090)	(89,375)
Amortisation allowances	2.4 and 2.5	(131,686)	(135,352)
Impairment losses on disposal of fixed assets		6,744	(74)
Result of investments accounted for using the equity method	1.5	86,146	52,221
OPERATING PROFIT		**299,544**	**320,375**
Financial income and similar		7,633	8,834
Financial expenses and similar		(51,087)	(53,972)
Exchange differences (net)		1,200	17,433
Change in fair value of financial instruments		(46)	1,449
NET FINANCIAL GAIN (LOSS)		**(42,300)**	**(26,256)**
PROFIT /(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**257,244**	**294,119**
Income tax		(43,742)	(57,289)
PROFIT /(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**213,502**	**236,830**
Profit attributable to minority interest	3.2	(433)	(499)
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY		**213,069**	**236,331**
Attributable to:			
Parent Company		**213,069**	**236,331**
BASIC EARNINGS PER SHARE (in euros)	**1.6**	**0.81**	**0.90**
DILUTED EARNINGS PER SHARE (in euros)	**1.6**	**0.81**	**0.90**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Income Statement at June 30, 2021

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES
AT JUNE 30, 2021
(Thousands of euros)

	Notes	06.30.2021	06.30.2020
CONSOLIDATED PROFIT FOR THE YEAR		**213,502**	**236,830**
Attributed to the parent company		213,069	236,331
Attributable to minority interests	3.2	433	499
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		**53,186**	**(78,003)**
From companies accounted for using the full consolidation method		**(28,444)**	**(35,484)**
From cash flow hedges		(1,472)	(37,037)
From translation differences		(27,339)	(7,706)
Tax effect		367	9,259
From companies accounted for using the equity method		**81,630**	**(42,519)**
From cash flow hedges		15,442	(25,479)
From translation differences		68,816	(22,145)
Tax effect		(2,628)	5,105
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		**4,627**	**7,483**
From companies accounted for using the full consolidation method		**4,373**	**5,152**
From cash flow hedges		5,831	6,869
Tax effect		(1,458)	(1,717)
From companies accounted for using the equity method		**254**	**2,331**
From cash flow hedges		334	3,301
Tax effect		(80)	(970)
TOTAL RECOGNISED INCOME AND EXPENSES		**271,315**	**166,310**
Attributed to minority interests		**433**	**499**
Attributed to the parent company		**270,882**	**165,811**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Statement of Recognised Income and Expenses at June 30, 2021

IAS 1 requires that items to be reclassified in the Consolidated Income Statement are broken down separately from those that will not be reclassified. All of the aforementioned cases are considered susceptible to reclassification in the income statement.

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY AT JUNE 30, 2021
(Thousands of euros)

	Capital (Note 3.1.a)	Issue premium and reserves	Other equity instruments	Treasury shares (Note 3.1.c)	Profit/(loss) for the year	Interim dividend	Adjustments for changes in value	Minority interests (Note 3.2)	Total Equity
OPENING BALANCE 2020	**392,985**	**2,517,266**	**2,206**	**(12,464)**	**422,618**	**(152,469)**	**(17,177)**	**15,884**	**3,168,849**
Total recognised income and expenses	**-**	**-**	**-**	**-**	**236,331**	**-**	**(70,520)**	**499**	**166,310**
Transactions with shareholders	**-**	**(7,742)**	**-**	**-**	**(243,287)**	**-**	**-**	**(835)**	**(251,864)**
- Distribution of dividends	-	(7,742)	-	-	(243,287)	-	-	(835)	(251,864)
Other changes in equity	**-**	**28,558**	**1,100**	**-**	**(179,331)**	**152,469**	**-**	**223**	**3,019**
- Payments based on equity instruments	-	-	1,100	-	-	-	-	-	1,100
- Transfers between equity items	-	26,862	-	-	(179,331)	152,469	-	-	-
- Differences due to changes in consolidation scope	-	528	-	-	-	-	-	214	742
- Other changes	-	1,168	-	-	-	-	-	9	1,177
CLOSING BALANCE AT JUNE 30, 2020	**392,985**	**2,538,082**	**3,306**	**(12,464)**	**236,331**	**-**	**(87,697)**	**15,771**	**3,086,314**
BALANCE AT DECEMBER 2020	**392,985**	**2,539,540**	**4,402**	**(12,464)**	**444,002**	**(175,720)**	**(202,720)**	**16,959**	**3,006,984**
OPENING BALANCE 2021	**392,985**	**2,539,540**	**4,402**	**(12,464)**	**444,002**	**(175,720)**	**(202,720)**	**16,959**	**3,006,984**
Total recognised income and expenses	**-**	**-**	**-**	**-**	**213,069**	**-**	**57,813**	**433**	**271,315**
Transactions with shareholders	**-**	**-**	**-**	**-**	**(263,580)**	**-**	**-**	**(2,066)**	**(265,646)**
- Distribution of dividends	-	-	-	-	(263,580)	-		(2,066)	(265,646)
Other changes in equity	**-**	**4,803**	**837**	**-**	**(180,422)**	**175,720**	**-**	**242**	**1,180**
- Payments based on equity instruments	-		837	-	-	-	-	-	837
- Transfers between equity items	-	4,702		-	(180,422)	175,720	-	-	-
- Differences due to changes in consolidation scope	-	128	-	-	-	-	-	(287)	(159)
- Other changes	-	(27)	-	-	-	-	-	529	502
BALANCE AT JUNE 30, 2021	**392,985**	**2,544,343**	**5,239**	**(12,464)**	**213,069**	**-**	**(144,907)**	**15,568**	**3,013,833**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements Constitute an integral part of the Consolidated Statement of Total Changes in Equity at June 30, 2021

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT AT JUNE 30, 2021
(Thousands of euros)

	Notes	06.30.2021	06.30.2020
CONSOLIDATED PROFIT BEFORE TAX		**257,244**	**294,119**
Adjustments to consolidated profit		**79,777**	**102,465**
Amortisation of fixed assets	2.4 and 2.5	131,686	135,352
Other adjustments to profit		(51,909)	(32,887)
Change in operating working capital		**144,433**	**132,870**
Inventories		1,148	333
Trade and other receivables		140,661	137,010
Trade and other payables		3,047	(2,728)
Other current assets and liabilities		231	4,470
Other non-current assets and liabilities		(654)	(6,215)
Other cash flows from operating activities		**(58,435)**	**(90,477)**
Payment of interest		(61,519)	(74,241)
Interest received		13,291	14,019
Income tax proceeds /(payments)		(10,207)	(30,255)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**423,019**	**438,977**
Payments for investments		**(66,199)**	**(810,778)**
Subsidiaries and associates	1.5	(6,304)	(780,162)
Fixed assets and real estate investments	2.4 and 2.5	(28,668)	(19,259)
Other financial assets		(31,227)	(11,357)
Proceeds from divestments		**28,468**	**4,035**
Subsidiaries and associates		28,468	725
Non-current assets held for sale		-	3,310
Other cash flows from investing activities		**64,473**	**26,773**
Other proceeds from (and payments) investing activities	1.5	64,473	26,773
NET CASH FLOWS FROM INVESTING ACTIVITIES		**26,742**	**(779,970)**
Proceeds from and payments on financial liabilities		**(58,724)**	**121,915**
Issues		1,750,696	2,849,588
Repayment and amortisation		(1,809,420)	(2,727,673)
Other cash flows from financing activities		**(19,405)**	**(18,508)**
Other proceeds (and payments) from financing activities		(19,405)	(18,508)
Dividends paid		**(1,320)**	**-**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(79,449)**	**103,407**
Effect of exchange rate fluctuations		639	1,475
TOTAL NET CASH FLOWS		**370,951**	**(236,111)**
Cash and cash equivalents at beginning of period		863,655	1,098,985
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3.6**	**1,234,606**	**862,874**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Cash Flow Statement at June 30, 2021

1. Group activities and presentation bases

Relevant aspects

Results

- The net profit attributed to the parent company at June 30, 2021 amounted to 213,069 thousands of euros **(Note 1.6).**
- Net earnings per share amounts to 0.81 euros per share as compared to 0.90 euros per share at June 30, 2020 **(Note 1.6)**.
- The final and extraordinary dividend amounting to a total of 1.008 euros gross per share, approved at the General Shareholders' Meeting held on May 27, 2021, was distributed on June 8, 2021. **(Notes 1.7 and 4.4)**.
- The "Income from Investments Accounted for Using the Equity Method" at June 30, 2021 amounted to 86,146 thousands of euros, representing a 65% increase at June 30, 2020 **(Note 1.5)**.

COVID-19

- During the first half of 2021, both Enagás and its Group companies have continued the contingency plans initiated in 2020 to ensure normal operation and continuity of natural gas supply both in Spain and in the countries where these companies operate.
- The Group's main activity takes place within a stable regulatory framework. As in 2020, as a result of the COVID-19 there were no significant equity effects **(Note 1.10)**.

Other information

- The main investment and divestment transactions conducted by the Enagás Group during the first six months of 2021 include the following:
  - Investments were made mainly in regasification, transmission and storage facilities, with the aim of expanding and improving them to adapt to future demand forecasts amounting to 28,668 thousands of euros.
  - Dissolution and liquidation of Gasoducto Al-Ándalus, S.A. and Gasoductos Extremadura, S.A., following termination of the contracts that comprised their corporate purpose on December 31, 2020 **(see Note 1.4)**.
  - After reaching the Financial Completion Date on March 31, 2021, TAP carried out a capital reduction during the month of June, resulting in a cash inflow for the Enagás Group of 20.5 million euros **(Note 1.5)**.

1.1 Group activity

Enagás, S.A. (hereinafter the Company or the Parent Company), a company incorporated in Spain on July 13, 1972 in accordance with the Spanish Corporate Enterprises Act, is the head of a group of companies (Appendices I and II of the Consolidated Annual Accounts at December 31, 2020) that form the Enagás Group (hereinafter the Group or the Enagás Group) and which are engaged in the transmission, storage and regasification of natural gas, as well as the development of all functions related to the technical management of the gas system.

a) Corporate purpose

i. 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.

ii. 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.

iii. Development of all functions relating to technical management of the gas system.

iv. 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 facilities necessary for said activities.

v. Activities for making use of heat, cold, and energies associated with its main activities or arising from them.

vi. 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). Accordingly, the following activities also form part of the corporate purpose:

vii. Management of the corporate group comprised of the interest held in share capital of companies belonging to the group.

viii. 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. At its website: www.enagas.es and at its registered address, its Articles of Association and other public information on the Company and its Group can be consulted.

1.2 Basis of presentation

The Enagás Group 2020 Consolidated Annual Accounts were prepared by the Company's Directors in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, applying the consolidation, accounting and measurement principles, policies and bases set forth in Note 1.3 to those Consolidated Annual Accounts, so that they present fairly the Group's consolidated equity and financial position at December 31, 2020 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended.

The Group's Consolidated Annual Accounts for 2020 were approved at the General Shareholders' Meeting held on May 27, 2021.

The accompanying Interim Condensed Consolidated Financial Statements are presented in accordance with IAS 34 Interim Financial Reporting and were authorised for issue by the Group's Board of Directors on July 26, 2021, in accordance with article 12 of Royal Decree 1362/2007.

In accordance with the provisions of IAS 34, the interim financial information is prepared solely for the purpose of updating the contents of the latest consolidated annual accounts prepared by the Group, with emphasis on the new activities, events and circumstances that have occurred during the first half of the year and not duplicating the information previously published in the consolidated annual accounts for 2020. Thus, to properly understand the information contained in these Interim Condensed Consolidated Financial Statements, they should be read in conjunction with the Group's Consolidated Annual Accounts for 2020.

The accounting policies and methods used in the preparation of these Interim Condensed Consolidated Financial Statements are the same as those applied for the Consolidated Annual Accounts for the year ended December 31, 2020.

It was not necessary to include any corrections of misstatements in the Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2021. Also, given the activities in which the Enagás Group companies engage, its transactions are not of a cyclical or seasonal nature. Accordingly, no specific breakdowns thereof are included.

These Interim Condensed Consolidated Financial Statements are presented in thousands of euros (unless otherwise stated).

COVID-19

Continuing with the application of the recommendations of the European Securities and Markets Authorities (ESMA) provided in 2020 regarding the economic situation generated by COVID-19, we provide in **Note 1.10** below a summary of the main aspects of this situation considered by the Enagás Group in relation to the interim consolidated financial statements at June 30, 2021.

a) Materiality criterion

In determining the information to be disclosed in the accompanying Interim Condensed Consolidated Financial Statements regarding the various line items included in them, or other matters, the Group, in accordance with IAS 34, has taken their relative importance into account in relation to the Interim Condensed Consolidated Financial Statements for the first six months of the year.

b) Comparison of information

The comparison of the Interim Condensed Consolidated Financial Statements is referenced to the six-month periods ended June 30, 2021 and 2020, except for the Consolidated Balance Sheet, which compares June 30, 2021 to December 31, 2020.

c) Consolidation principles

The Interim Condensed Consolidated Financial Statements include the interim financial statements of the Parent Company, Enagás, S.A. and its subsidiaries, associates, joint ventures, and joint operations at June 30, 2021.

The principles of consolidation applied in the preparation of the Interim Condensed Consolidated Financial Statements at June 30, 2021 agree with those applied in the preparation of the Consolidated Annual Accounts for 2020, and are described in Note 1.3 to said Consolidated Annual Accounts.

The exchange rates of the main currencies used by the Group with respect to the euro in 2021 and 2020 are shown below:

Currency	Average exchange rate applicable to the headings of the income statement	Exchange rate at the end of June applicable to the balance sheet headings (1)
06.30.2021		
US dollar	1.20524	1.18501
Peruvian Nuevo Sol	4.45672	4.62748
Sterling pound	0.86850	0.85824
06.30.2020		
US dollar	1.10219	1.12362
Peruvian Nuevo Sol	3.72642	3.9318
Sterling pound	0.87458	0.90735

(1) Equity excluded.

In addition, the exchange rates of the main currencies used by the Group with respect to the euro at December 31, 2020 were as follows:

Currency	Exchange rate applicable to the balance sheet headings (1)
12.31.2020	
US dollar	1.222
Peruvian Nuevo Sol	4.39215
Sterling pound	0.89475

(1) Equity excluded.

1.3 Estimates and accounting judgements made

In the Group's Interim Condensed Consolidated Financial Statements for 2021, estimates and judgements were made by the Senior Management of the Group and of the consolidated companies, subsequently ratified by the Directors, in order to quantify certain assets, liabilities, income, expenses, and commitments reported herein. These estimates and judgements basically relate to:

- The useful life of PP&E assets.
- Provisions for decommissioning/abandonment costs, other provisions and contingent liabilities.
- The measurement of non-financial assets to determine the possible existence of impairment losses.
- Recognition of investments accounted for by the equity method.
- The fair value of financial instruments and financial assets.
- Impairment loss on financial assets measured at amortised cost.
- Corporate income tax expense which, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average annual income tax rate the Group expects for the full financial year.
- The fair value of equity instruments granted under the "Long-Term Incentive Plan (ILP)".
- Assumptions on the maturity of lease contracts in application of IFRS 16.
- Determination of the expected loss associated with financial assets.

Although these estimates were made on the basis of the best information available at June 30, 2021, future events may require these estimates to be modified prospectively in the coming years (upwards or downwards). In accordance with IAS 8, this would be done prospectively, recognising the effects of any change of estimate in the Consolidated Income Statement.

During the six-month period ended June 30, 2021 there were no significant changes to the estimates made at 2020 year-end.

1.4 Changes in the consolidation scope

The following changes in the consolidation scope of the Enagás Group occurred during the six-month period ended June 30, 2021:

	Amount (thousands)		Stake percentage		
Entity	In local currency	In euros	Previous	At 30.06.2021	Description / Type of control
Gasoducto Al- Ándalus	79	79	66.96%	-	Once the dissolution and liquidation of both companies had been formalised, both joint operations were removed from the consolidation scope of the Enagás Group.
Gasoducto Extremadura	33	33	51%	-	
Gas to Move Transport Solutions, S.L. ("Llewo")	2,255	2,255	78.30%	67.18%	Change in the percentage of ownership interest in this company without a change in the equity method.
SUN2HY, S.L.	350	350	-	50%	Incorporation of this company in which the Enagás Group holds a 50% stake. This affiliate shall be accounted for using the equity method
Bioengas Renovables, S.L.	145	145	92.50%	100%	Acquisition of the non-controlling interest, with no significant effects.
Smart Energy Assets, S.L.	88	88	73%	100%	Acquisition of the non-controlling interest, with no significant effects.
Senfluga 2, S.R.L.	(27)	(25)	40%	-	Liquidation of the company, which did not have a significant effect on the Enagás Group's income statement.

Gasoducto Al- Ándalus and Gasoducto Extremadura

On May 14, 2021, the General Shareholders' Meeting of Gasoducto Al-Ándalus, S.A. and Gasoductos Extremadura, S.A. resolved to dissolve and liquidate both companies, following completion of the contracts that comprised their corporate purpose on December 31, 2020, and the initial and final liquidation balance sheets closed at April 14, 2021 were approved.

These settlements did not have a significant effect on the income statement.

SUN2HY, S.L.

On April 7, 2021, the company SUN2HY, S.L. was incorporated, in which the Enagás Group, through its subsidiary Enagás Services Solutions, S.L., holds a 50% stake, together with Repsol. As there is a system of decisions to be taken jointly with the other partner, this holding is now accounted for using the equity method.

The purpose of this company is the development of a new full-scale photoelectrochemical technology that allows the production of green hydrogen, 100% renewable, at a competitive cost from solar energy through a direct process without external electrical input (bias free).

GAS TO MOVE TRANSPORT SOLUTIONS, S.L. ("Llewo")

On February 23, 2021, a capital increase was carried out in the affiliate GAS2MOVE, S.L. whereby Grupo Ilunion, S.L. became a shareholder, with the aim of creating a socially and environmentally sustainable logistics operator. This capital increase and change in the percentage of Enagás' shareholding did not entail any change in the method of consolidation of the shareholding, which continues to be by the equity method. It has also changed its trade name to "Llewo".

1.5 Investments accounted for using the equity method

2021

Balance at 12.31.2020	New acquisitions / Increases (1)	Dividends	Profit/(loss) for the year	Translation differences	Hedging transactions	Withdrawals from consolidation scope/ Decreases (2)	Other adjustments	Balance at 06.30.2021
2,658,396	7,536	(61,937)	86,146	68,816	13,069	(20,512)	(73)	**2,751,441**

2020

Balance at 12.31.2019	New acquisitions / Increases	Dividends	Profit/(loss) for the year	Translation differences	Hedging transactions	Exits from perimeter / Decreases	Other adjustments	Balance at 12.31.2020
2,109,450	781,339	(119,741)	123,737	(219,334)	(19,463)	(1,959)	4,367	**2,658,396**

(1) "New Acquisitions/Increases" in 2021 mainly includes increases in the investment in Axent and Gas to Move Transport Solutions, amounting to 4,410 thousands of euros and 2,255 thousands of euros, respectively.

(2) The capital reduction of TAP in the amount of 20,512 thousands of euros, once the "Financial Completion Date" has been reached on March 31, 2021, is included under "Withdrawals from the consolidation scope/Decreases" in the financial year 2021. **(Note 1.8).**

The dividends approved during the first six months of financial year 2021 and at December 31, 2020 were as follows (in thousands of euros):

	06.30.2021	12.31.2020
TgP	26,891	59,471
Tallgrass Group	22,645	-
Saggas	5,510	18,850
GNL Quintero	4,853	25,276
BBG	-	9,500
Grupo Altamira	-	1,567
Senfluga	-	3,649
Other entities	2,038	1,428
Total	**61,937**	**119,741**

1.6 Earnings per share

	06.30.2021	06.30.2020	Change
Net result of the financial year attributed to the parent company (thousands of euros)	213,069	236,331	(23,262)
Weighted average number of shares in circulation (thousands of shares)	261,488	261,488	-
Basic earnings per share (in euros)	0.81	0.90	(0.09)
Diluted earnings per share (in euros)	0.81	0.90	(0.09)

As there are no potential ordinary shares at June 30, 2021 and June 30, 2020, the basic earnings and the diluted earnings per share are the same.

1.7 Dividends distributed by the Company

The distribution of the complementary dividend in the gross amount of 1.008 euros per share, approved by the General Shareholders' Meeting held on May 27, 2021, was carried out on July 8, 2021 **(Note 4.4)**. The total amount distributed was 264,086 thousands of euros.

1.8 Commitments and guarantees

Commitments and guarantees	Group employees, companies or entities (Note 4.1)	Other related parties (Note 4.1)	Third parties	Total
06.30.2021				
Guarantees for related parties debt	634,477	-	-	**634,477**
Guarantees and sureties granted - Other	476	14,959	319,566	**335,001**
Investment commitments	-	-	16,112	**16,112**
12.31.2020				
Guarantees for related parties debt	622,920	—	—	**622,920**
Guarantees and sureties granted - Other	630	14,699	356,202	**371,531**
Investment commitments	—	—	41,567	**41,567**

a) Guarantees for related parties debt

The "Guarantees for related parties debts" heading includes the mechanism to support the repayment of the TAP loan provided by Enagás S.A. for financial institutions acquired in the Financing Agreement of November 30, 2018 in the company TAP, through which the following items are basically guaranteed:

- Principal and interest of the Financing Agreement provided by TAP at any time;
- Market value of the hedging instrument over the interest rate of the Financing Contract.

TAP reached the "Financial Completion Date" on March 31, 2021, a milestone that allowed the partners to replace the guarantees provided on the company's debt during the construction phase of the infrastructure with a mechanism for shareholder support for the repayment of the TAP loan (Debt Payment Undertaking), which will be in effect until its maturity, and which would be activated in the event of certain extraordinary events.

This support mechanism has been granted jointly by each of TAP's shareholders, so that Enagás would only be liable, in a hypothetical case, for the amount corresponding to it in accordance with its stake in TAP's share capital.

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.

At June 30, 2021 the amount guaranteed by Enagás, S.A. to the creditors of TAP amounted to 634,477 thousands of euros (622,920 thousands of euros at December 31, 2020). The increase was due to the higher degree of disposal of the TAP loan.

b) Guarantees and sureties granted – Other

The following items are included:

Group employees, companies or entities

- Guarantees and sureties granted to group companies at June 30, 2021 include the financial sureties granted to third parties by Gas to Move Transport Solutions, S.L. in the amount of 476 thousands of euros, counter-guaranteed by Enagás, S.A. (630 thousands of euros at December 31, 2020).

Other related parties

- Technical guarantees granted by the related party Banco Santander to third parties in the amount of 6,411 thousands of euros (6,411 thousands of euros in 2020) to cover certain liabilities which may arise during the performance of the contracts comprising the activity of the Enagás Group.
- Guarantees granted 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 8,439 thousands of euros and 109 thousands of euros, respectively (8,183 thousands of euros and 105 thousands of euros respectively at December 31, 2020).

Third parties

The following items are included:

- Financial guarantees granted by financial entities to cover the loans granted by the European Investment Bank to Enagás Financiaciones, S.A.U. in the amount of 233,333 thousands of euros (256,667 thousands of euros in 2020).
- Technical guarantees granted by financial entities to third parties in the amount of 77,157 thousands of euros (79,724 thousands of euros in 2020) to cover certain responsibilities which may arise during the execution of the contracts constituting the activity of the Enagás Group.
- Guarantee of access to the electricity transmission grid, granted by Enagás Renovable, S.L.U. amounting to 6,000 thousands of euros (18,000 thousands of euros at 2020 year-end).
- Financial guarantee granted by financial institutions as collateral for a loan granted by CDTI to Enagás Services Solutions (SUN2HY) in the amount of 193 thousands of euros.
- Guarantee granted by Enagás Internacional S.L.U. covering its obligations in the contract with Sound Energy Morocco for the development of a project in Morocco, amounting to 570

thousands of euros (552 thousands of euros at December 31, 2020).

- In addition, there is an insurance policy with a bid bond for the port concession in Colombia for the Buenaventura project amounting to 1,265 thousands of euros (1,259 thousands of euros at December 31, 2020).

c) Investment commitments

At June 30, 2021, the Enagás Group has firm investment commitments in Economic Interest Groupings (EIG) amounting to 16,112 thousands of euros, to be disbursed during the 2022 financial year (41,567 thousands of euros at December 31, 2020).

The Directors consider that no additional significant liabilities will arise in connection with the transactions disclosed in this note other than those already recognised in the accompanying Consolidated Balance Sheet.

1.9 New accounting standards

a) Standards in force for the current financial year

The accounting policies used in the preparation of these Interim Condensed Consolidated Financial Statements, other than those applied in the Consolidated Annual Accounts for the year ended December 31, 2020, as they came into force on January 1, 2021 are the following:

Approved for use in the European Union		
Standards	Content	Mandatory application for periods beginning on or after:
Amendments to IFRS 9, IAS 39 and IFRS 7	Phase 2 of the Reference Rate Reform	January 1, 2021

Amendments to IFRS 9, IAS 39 and IFRS 7: Reference rate reform

The aim of this second phase is to help entities provide useful information about the transition to alternative reference rates and to assist companies in applying the requirements of IFRS standards when changes are made to contractual cash flows or hedging relationships as a result of the transition.

As in the first phase, the working group created for this purpose has continued to monitor the reform process. In this regard, the Group does not forecast any significant impact in the contracts pegged to the IBOR indices, the publication of which will cease on December 31, 2021. All contracts affected by dollar LIBOR and identified in the initial phase are currently being analysed to adapt them to the new reference rates when the current ones cease in June 2023.

Likewise, with regard to hedging relationships established by the Enagás Group, it is expected that they will continue to qualify and maintain the hedging relationship in accordance with the risk policy described in Note 3.6 and Note 3.7 of the 2020 Consolidated Annual Accounts. To this end, the exception to the requirements to apply hedge accounting will be adopted, which allows for not having to discontinue or designate a new hedging relationship.

b) Standards not effective for the current financial year

The Group intends to adopt the standards, interpretations, and amendments thereof issued by the IASB that are not mandatory in the European Union when they become effective, where applicable. Although the Group is currently analysing its impact, based on the analyses performed to date, the Group estimates that its initial application will not have a significant impact on its consolidated annual accounts or condensed consolidated interim financial statements.

Approved for use in the European Union		
Standards	**Content**	**Mandatory application for periods beginning on or after:**
Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements	Reference to the conceptual framework Income earned prior to intended use Onerous contracts - cost of contract performance Annual improvements to IFRS: 2018-2020 cycle	Annual periods beginning on or after January 1, 2022
Amendment to IFRS 10 and IAS 28	Sale of assets between the investor and its associate or joint venture	Available for optional implementation/Mandatory implementation date postponed indefinitely
Amendment to IAS 1 and Statement of practice 2 IFRS 17 Amendment to IAS 8	Classification of Liabilities as Current or Non-Current and Breakdown of Accounting Policies Insurance Contracts Accounting estimate definition	Annual periods beginning on or after January 1, 2023
Amendment to IAS 12	Deferred tax related to assets and liabilities arising from the same transaction	Annual periods beginning on or after January 1, 2023

1.10 Aspects relating to COVID-19

As reported in **Note 1.11** to the Enagás Group's Consolidated Annual Accounts for 2020, during the adverse general economic situation as a result of the COVID-19 pandemic that began in 2020, both Enagás and the companies that make up its Group have implemented contingency plans to operate normally and ensure the continuity of natural gas supply both in Spain and in the countries in which these companies operate, and therefore the going concern principle is applied in the authorisation for issue of the interim condensed consolidated financial statements.

This situation has remained unchanged in the first six months of 2021, no negative equity effects arising from COVID-19 being recognised in the 2021 interim financial statements.

Similarly, there were no changes in the Group's liquidity position (**Note 3.6**), nor in its rating, which is still BBB+ with a negative outlook by both Fitch and Standard & Poor's.

Based on the Group's analysis, no impact was evidenced by the COVID-19 situation that needed to be recorded in the Interim Financial Statements at June 30, 2021. However, the Group is continuing to monitor the evaluation of this situation on an ongoing basis during the current financial year.

2. Operational performance of the group

Relevant aspects

Operating profit

- Operating profit at June 30, 2021 amounted to 299.6 million euros.

Current status of the Castor storage collection rights

- The activities entrusted to Enagás Transporte in accordance with the Agreement of the Council of Ministers of November 8, 2019 are maintained, as explained in Note 2.2 to the 2020 Consolidated Annual Accounts of the Enagás Group. With regard to the remuneration for these services, **Note 2.2** describes the mechanism for recovering these, having been the subject of the corresponding contentious-administrative appeal filed on October 3, 2019 before the National Court, the dismissal through administrative silence of the claim for asset liability filed by Enagás Transporte on December 21, 2018 with the Ministry for Ecological Transition.

Trade debtors and creditors

- "Other current receivables" include the balance pending settlement corresponding to the remuneration of regulated regasification, transmission and underground storage activities for 135 million euros corresponding to financial year 2021 (260 million euros at December 31, 2020), as well as the outstanding balance corresponding to the remuneration of Technical Management for 0.4 million euros (3 million euros at December 31, 2020) **(Note 2.2)**.

Reform of gas sector regulations

- On January 1, 2021, the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020. (Note 2.1 and Appendix III to the Consolidated Annual Accounts for 2020).

Property, plant, and equipment

- This heading involves, at June 30, 2021, 48% of total assets (49% of total assets at December 31, 2020) of the Enagás Group's consolidated balance sheet.
- At June 30, 2021, the amount increased by 59.1 million euros compared to 2020 year-end. The change is mainly the result of the net effect of the impact of IFRS 16 due to the renewal of the fibre optic contract as well as the increase in port taxes and amortisation for the period **(Note 2.4)**.
- On May 18, 2021, the Resolution of April 28, 2021 of the Directorate-General for Environmental Quality and Assessment was published, granting the environmental impact statement for the project "Liquefied natural gas regasification plant at the Port of El Musel" (**Note 2.4)**.

2.1 Operating profit

a) Revenue

The details of revenues with the breakdown of revenues from customer contracts at June 30, 2021 and June 30, 2020 is as follows:

Revenue	06.30.2021	06.30.2020
Regulated activities:	**465,566**	**520,347**
Others	465,566	520,347
Non-regulated activities:	**5,501**	**18,462**
From customer contracts	4,024	18,379
Others	1,477	83
Total revenue	**471,067**	**538,809**

Other operating income	06.30.2021	06.30.2020
From customer contracts	5,125	14,252
Others	4,395	714
Total Other operating income	**9,520**	**14,966**

The distribution of the Revenue based on the Group Companies from which it comes is as follows:

Revenue	06.30.2021	06.30.2020
Regulated activities:	**465,566**	**520,347**
Enagás Transporte, S.A.U.	439,973	494,723
Enagás Transporte del Norte, S.L.	12,118	13,189
Enagás GTS, S.A.U.	13,475	12,435
Non-regulated activities:	**5,501**	**18,462**
Enagás Transporte, S.A.U.	2,165	15,112
Enagás Internacional, S.L.U.	333	356
Enagás México	75	166
Enagás Transporte del Norte, S.L.	224	224
Enagás Perú	579	461
Remaining companies	2,125	2,143
Total	**471,067**	**538,809**

The breakdown required for the IRFS 15 application, regarding contracts with customers corresponding to the current year and to the same period last year, is as follows:

2021	Nature	Geographical area	Counterparty	Segments (Note 4.3) Infrastructures	Technical Management of the System	Other activities	Total
Net revenue from customer contracts							
Other income	Rendering of services	Spain	Intercompany	26	-	995	1,021
Other income	Rendering of services	Greece	Intercompany	-	-	61	61
Corporate services	Rendering of services	Spain	Intercompany	-	-	33	33
Corporate services	Rendering of services	Chile	Intercompany	-	-	5	5
Corporate services	Rendering of services	Spain	Third parties	224	-	-	224
Corporate services	Rendering of services	Switzerland	Intercompany	-	-	230	230
Gas transmission services	Rendering of services	Spain	Third parties	2,450	-	-	2,450
Net revenue from customer contracts				**2,700**	**-**	**1,324**	**4,024**
Other operating income from customer contracts							
Maintenance	Rendering of services	Spain	Intercompany	106	-	-	106
Maintenance	Rendering of services	Spain	Third parties	95	-	-	95
Maintenance	Rendering of services	Morocco	Third parties	897	-	-	897
Other income	Rendering of services	Belgium	Third parties	-	-	155	155
Other income	Rendering of services	Spain	Intercompany	1,644	-	257	1,901
Other income	Rendering of services	Spain	Third parties	1,304	-	619	1,923
Other income	Rendering of services	Greece	Third parties		-	19	19
Other income	Rendering of services	Mexico	Third parties	-	-	29	29
Total other operating income from customer contracts				**4,046**	**-**	**1,079**	**5,125**

2020	Nature	Geographical area	Counterparty	Segments (Note 4.3) Infrastructures	Technical Management of the System	Other activities	Total
Net revenue from customer contracts							
Connections	Rendering of services	Spain	Third parties	1,086	-	-	1,086
Other income	Rendering of services	Spain	Intercompany	42	-	2,066	2,108
Other income	Rendering of services	Greece	Intercompany	-	-	117	117
Corporate services	Rendering of services	Spain	Intercompany	-	-	93	93
Corporate services	Rendering of services	Switzerland	Intercompany	-	-	801	801
Gas transmission services	Rendering of services	Spain	Third parties	14,174	-	-	14,174
Net revenue from customer contracts				**15,302**	**-**	**3,077**	**18,379**

2020	Nature	Geographical area	Counterparty	Segments (Note 4.3) Infrastructures	Technical Management of the System	Other activities	Total
Other operating income from customer contracts							
Usage rights	Rendering of services	Spain	Intercompany	11,039	-	-	11,039
Maintenance	Rendering of services	Spain	Third parties	850	-	-	850
Maintenance	Rendering of services	Morocco	Third parties	132	-	-	132
Other income	Rendering of services	Germany	Third parties	-	-	3	3
Other income	Rendering of services	Belgium	Third parties	-	-	180	180
Other income	Rendering of services	Spain	Intercompany	-	5	4	9
Other income	Rendering of services	Spain	Third parties	1,268	-	9	1,277
Other income	Rendering of services	France	Third parties	-	-	7	7
Other income	Rendering of services	Peru	Third parties	-	-	504	504
Other income	Rendering of services	Portugal	Third parties	1	-	-	1
Corporate services	Rendering of services	Spain	Intercompany	-	-	250	250
Total other operating income from customer contracts				**13,290**	**5**	**957**	**14,252**

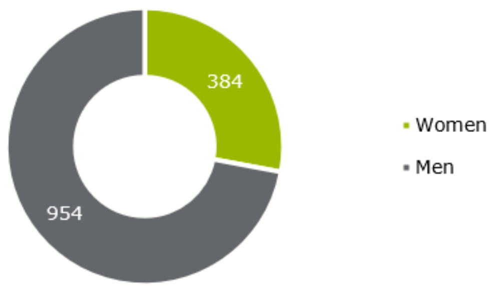
The Management of the Enagás Group considers that there is no collection uncertainty relating to the income indicated above and therefore has not ceased to recognise any type of income for this reason.

b) Personnel expenses

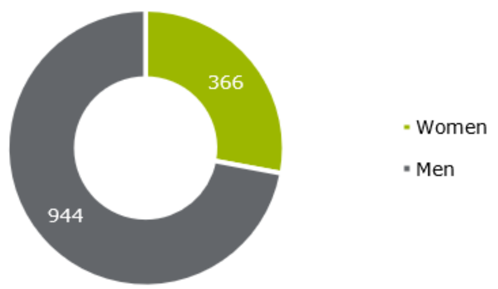
Personnel expenses	06.30.2021	06.30.2020
Wages and salaries	49,007	46,119
Termination benefits	274	794
Social Security	10,470	10,162
Other personnel expenses	4,682	4,373
Contributions to external pension funds (defined contribution plan)	1,440	1,413
Works for fixed assets	(1,716)	(2,041)
Total	**64,157**	**60,820**

The average number of Group employees by gender at June 30, 2021 and 2020 is as follows:

06/30/2021: 1,338



06/30/2020: 1,310



The Enagás Group contributes, in accordance with the Pension Plan signed and adapted to the Law on Pension Plans and Funds, to an "Enagás Pension Fund" defined contribution plan, managed by Gestión de Previsión y Pensiones, S.A. with Banco Bilbao Vizcaya Argentaria, S.A. as custodian, which covers the Group's commitments to the workforce in question. The aforementioned plan recognises certain vested rights for past service and undertakes to make monthly contributions of a percentage of eligible salary. It is a mixed plan covering retirement benefits, disability and death. The total number of people adhered to the plan at June 30, 2021 totalled 1,193 participants (1,180 participants at December 31, 2020). The contributions made by the Group under this heading each year are recorded in the "Personnel expenses" heading of the Consolidated Income Statement, amounting to 1,440 thousands of euros at June 30, 2021 (1,413 thousands of euros at June 30, 2020).

In addition, 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.

c) Other operating expenses

Other operating expenses	06.30.2021	06.30.2020
External services:		
R+D expenses	190	200
Leases and royalties	1,560	2,037
Repairs and conservation	21,525	18,686
Freelance professional services	12,763	14,195
Transport	80	12,250
Insurance premiums	3,849	2,808
Banking and similar services	153	312
Advertising, publicity and public relations	1,395	3,367
Supplies	9,691	9,937
Other services	9,193	10,918
External services	**60,399**	**74,710**
Taxes	**9,936**	**9,933**
Other current management expenses	**2,766**	**808**
Other external expenses	**4,857**	**3,924**
Change in traffic provisions	**132**	**-**
Total	**78,090**	**89,375**

2.2. Trade and other non-current and current receivables

	06.30.2021	12.31.2020
Customer receivables for sales and services rendered	2,261	6,254
Accounts receivable from customer contracts	3,044	3,696
Accounts receivable from customer contracts, group companies and associates	2,667	4,891
Subsidiaries and associates	1,087	637
Other receivables	134,264	265,749
Sub-total	**143,323**	**281,227**
Other loans from the Public Administrations	39,144	17,846
Trade and other current receivables	**182,467**	**299,073**
Trade and other non-current receivables (Note 3.3.a)	**152,544**	**146,347**

"Trade and other non-current receivables", in accordance with Royal Decree-Law 8/2014 of July 4 and Law 18/2014 of October 15, mainly includes the long-term accumulated deficit corresponding to regulated activities amounting to 82,696 thousands of euros at June 30, 2021 (79,227 thousands of euros at December 31, 2020).

The same heading also includes the total amount payable of 9,873 thousands of euros for facilities pending recognition for years prior to 2020, which are in the long-term because the Directors estimate their recovery over a period of time greater than one year (at December 31, 2020, the amount pending collection for facilities pending recognition for years prior to 2018 was recorded at 7,193 thousands of euros).

In the "Other receivables" heading, under current assets, the Enagás Group mainly records the outstanding balance corresponding to the remuneration of regulated regasification, transmission and underground storage activities amounting to 135,343 thousands of euros (259,779 thousands of euros at December 31, 2020). Within this amount, the outstanding balance for 2021 amounts to 99,230 thousands of euros (at December 31, 2020, the outstanding balance for 2020 amounted to 182,815 thousands of euros).

With respect to the remuneration payable for 2019 and 2020, given the surplus for which the Enagás Group, as an agent of the gas system, has generally collected a higher contribution in tolls than those for its remuneration, this excess collection was recognised under "Other payables" on the current liabilities side **(Note 2.3)**

In addition, the "Other receivables" heading also includes the balance pending collection relating to remuneration for Technical Management activity, amounting to 379 thousands of euros (2,870 thousands of euros at December 31, 2020). Trade receivables relating to regulated business adhere to the settlement system set out in order ECO/2692/2002 of October 28, governing the settlement procedures for the remuneration of regulated activities in the natural gas sector and amounts with specific purposes.

"Accounts receivable from customer contracts" include the following items, broken down in accordance with IFRS 15:

	06.30.2021	12.31.2020
Accounts receivable from customer contracts	2,836	676
Accounts receivable from customer contracts, group companies and associates	2,398	3,000
Accounts receivable invoices to be issued from customer contracts	208	3,020
Accounts receivable invoices to be issued from customer contracts, group companies and associates	269	1,891

The Company has not registered assets under contracts at June 30, 2021 or December 31, 2020.

At June 30, 2021, the Company did not have significant impairment losses on balances receivable from contracts with customers, either registered as accounts receivable or as unissued invoices.

Situation of Castor Storage Facility

With regard to the Castor underground storage facility, based on the information given in Note 2.2 of the Enagás Group's 2020 Annual Accounts and the Annual Accounts for previous years, in the first six months of 2021 there have been no legal or regulatory pronouncements in relation to the various rulings in previous years regarding the declaration of unconstitutionality of certain articles of Royal Decree-Law 13/2014, beyond those associated with the ordinary procedural actions of the proceedings that are still ongoing.

In relation to the Castor underground storage facility, by Agreement of the Council of Ministers of October 31, 2019, approved by Resolution of November 6, 2019 of the State Secretariat for Energy, the hibernation of the "Castor" underground storage facility was ended, with an agreement to dismantle it and order the sealing and definitive abandonment of the wells. This Agreement confirmed Enagás Transporte's obligation to continue to carry out all operations necessary for maintenance and operation of the facilities referred to in article 3.2 of Royal Decree-Law 13/2014 until the final phase of dismantling has been completed, obligations that have been fulfilled up to the date of preparation of these interim financial statements.

As explained in Note 2.2 to the Consolidated Annual Accounts of the Enagás Group for 2020, and as it is necessary to implement an alternative mechanism to receive the remuneration for the tasks legally entrusted to Enagás Transporte in relation to this infrastructure, on December 21, 2018, Enagás Transporte filed a claim for damages with the Ministry for Ecological Transition, requesting (i) the right of Enagás Transporte to obtain compensation, for the damages sustained as a result of the administration tasks of the facilities, plus the pertinent legal interests, (ii) payment of the amounts corresponding to the remuneration for the costs assumed by Enagás Transporte, until the time of resolution, plus the pertinent legal interests, and (iii) the right of Enagás Transporte. to obtain compensation for the damages that may be caused to it as a consequence of the tasks of administering the facilities.

This claim for asset liability relating to the recovery of OPEX filed on December 21, 2018 was rejected by a presumptive resolution of the Ministry for Ecological Transition, which on October 3, 2019 was challenged by Enagás Transporte before the National Court in order to recover all the amounts corresponding to the facilities' maintenance and operation tasks legally entrusted that Enagás has continued to provide to date. The proceedings have been concluded and are awaiting a verdict and ruling.

According to the legal conclusions of the external and internal advisors, it is considered that this damages lawsuit is the mechanism initiated by the Group for recovering both the amounts deducted from the remuneration corresponding to financial year 2017, the amounts not paid referring to financial years 2018 and the following, and the amounts that have been refunded as a result of the review actions by the CNMC in relation to the settlements corresponding to 2014, 2015 and 2016, included in the final approved settlements of the 2015 and 2016 years, as well as their possible interests.

Based on the above, the account receivable for the right of Enagás Transporte. to be paid for the Castor underground storage administration, is maintained in the balance sheet, the conclusion being upheld that there is no negative impact on the Group's financial statements as a result of the judgements of the Constitutional Court or the Supreme Court applied in previous years.

At June 30, 2021, the amount recorded as revenues of the Company during financial years 2014 to 2021 pending recovery amounts to 72.8 million euros.

2.3 Trade and other payables

Trade and other payables	06.30.2021	12.31.2020
Debts with related companies	327	10,371
Rest of suppliers (1)	287,072	232,248
Other creditors	6,221	12,798
Subtotal (Note 3.3.b)	**293,620**	**255,417**
Value added tax	693	2,140
Tax Authorities creditor for withholdings and other	4,059	34,215
Total	**298,372**	**291,772**

2.4 Property, plant, and equipment

The composition and movements of the Property, Plant and Equipment heading during the first six months of 2021 and financial year 2020, and the corresponding amortisation and depreciation, were as follows:

(1) In "Land and buildings" the effect derived from port taxes under IFRS16 has been added.
(2) Additions in "Technical facilities and machinery" include the effect of the modification in the fibre optic rental contract.

2021	Balance at 01.01.2021	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at 06.30.2021
Land and buildings(1)	477,181	25,430	-	-	502,611
Technical facilities and machinery(2)	9,213,934	139,178	988	(364)	9,353,736
Other facilities, tools, and furniture	187,859	3,751	200	(10)	191,800
Prepayments and work in progress	563,978	19,135	(1,188)	(648)	581,277
Capital grants	(602,268)	(3,541)	-	-	(605,809)
Total cost	**9,840,684**	**183,952**	**-**	**(1,022)**	**10,023,614**
Land and buildings	(222,545)	(7,774)	-	-	(230,319)
Technical facilities and machinery	(5,440,849)	(117,996)	-	445	(5,558,400)
Other facilities, tools, and furniture	(76,116)	(4,856)	-		(80,972)
Capital grants	440,561	5,203	-	-	445,764
Total amortisation	**(5,298,949)**	**(125,423)**	**-**	**445**	**(5,423,927)**
Technical facilities and machinery	(14,962)	-	-	-	(14,962)
Prepayments and work in progress	(96,362)	-	-	-	(96,362)
Total impairment	**(111,324)**	**-**	**-**	**-**	**(111,324)**
Land and buildings	254,636	17,656	-	-	272,292
Technical facilities and machinery	3,758,123	21,183	988	81	3,780,375
Other facilities, tools, and furniture	111,743	(1,106)	200	(10)	110,827
Prepayments and work in progress	467,616	19,135	(1,188)	(648)	484,915
Capital grants	(161,707)	1,662	-	-	(160,045)
Net Carrying Amount of Property, plant, and equipment	**4,430,411**	**58,530**	**-**	**(577)**	**4,488,364**

2020	Balance at 12.31.2019	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at 12.31.2020
Land and buildings	473,038	3,537	726	(120)	477,181
Technical facilities and machinery	9,194,071	8,851	15,243	(4,231)	9,213,934
Other facilities, tools, and furniture	178,305	9,616	-	(62)	187,859
Prepayments and work in progress	547,174	33,098	(15,969)	(325)	563,978
Capital grants	(601,070)	(1,198)	-	-	(602,268)
Total cost	**9,791,518**	**53,904**	**-**	**(4,738)**	**9,840,684**
Land and buildings	(207,924)	(14,723)	-	102	(222,545)
Technical facilities and machinery	(5,200,655)	(244,292)	-	4,098	(5,440,849)
Other facilities, tools, and furniture	(67,775)	(8,482)	-	141	(76,116)
Capital grants	430,006	10,555	-		440,561
Total amortisation	**(5,046,348)**	**(256,942)**		**4,341**	**(5,298,949)**
Technical facilities and machinery	(13,719)	(1,243)			(14,962)
Prepayments and work in progress	(96,531)	-	-	169	(96,362)
Total impairment	**(110,250)**	**(1,243)**	**-**	**169**	**(111,324)**
Land and buildings	265,114	(11,186)	726	(18)	254,636
Technical facilities and machinery	3,979,697	(236,684)	15,243	(133)	3,758,123
Other facilities, tools, and furniture	110,530	1,134	-	79	111,743
Prepayments and work in progress	450,643	33,098	(15,969)	(156)	467,616
Capital grants	(171,064)	9,357	-	-	(161,707)
Net carrying amount of property, plant, and equipment	**4,634,920**	**(204,281)**	**-**	**(228)**	**4,430,411**

Property, plant and equipment includes the assets for right of use deriving from the application of IFRS 16, which amounted to 868,206 thousands of euros at cost and 458,332 thousands of euros net of accumulated depreciation at June 30, 2021. The depreciation charge for 2021 includes an impact of 14,475 thousands of euros relating to the depreciation of assets arising from the application of this standard.

At June 30, 2021, no impairment of property, plant and equipment had been recognised.

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

The Group's policy is to provide sufficient insurance coverage for its assets so as to avoid any significant losses. In addition, the Group has contracted the corresponding insurance policies to cover third party civil liabilities.

a) Grants

The capital grants allocated to the Consolidated Income Statement for the first six months of 2021 amount to 5,203 thousands of euros (5,358 thousands of euros during the same period in financial year 2020).

b) Other information

In relation to the situation of the regasification plant at the Port of El Musel (Gijón), it should be noted that on May 18, 2021, the Resolution of April 28, 2021, from the Directorate General for Environmental Quality and Assessment was published. This formulates the environmental impact statement of the project "Regasification plant for liquefied natural gas in the Port of El Musel, Gijón (Principality of Asturias)".

With this environmental impact statement now issued in favour of the project, the Group continues to make progress in the processing of the preliminary administrative authorisation and the corresponding remuneration model, so that the infrastructure can enter into operation in the gas system in accordance with the regulatory framework established in Royal Decree 335/2018.

At June 30, 2021 and December 31, 2020 the carrying amount of this investment was 378,887 thousands of euros.

With respect to the current situation of the Granadilla (Tenerife) regasification plant, no changes arose relating to those described in Note 2.4 to the Consolidated Annual Accounts at December 31, 2020.

2.5 Intangible assets

The composition and movements of the Intangible assets heading during the first six months of 2021 and financial year 2020, and the corresponding amortisation and depreciation, were as follows:

2021	Balance at 01.01.2021	Additions or provisions (1)	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at 06.30.2021
Goodwill (2)	25,812	-	-	-	25,812
Other intangible assets	-	-	-	-	-
Development	8,686	237	-	-	8,923
Concessions	5,871	-	-	-	5,871
IT applications	254,362	2,829	859	(136)	257,914
Other intangible assets	14,050	2,176	(859)	(1,184)	14,183
Total cost	**308,781**	**5,242**	**-**	**(1,320)**	**312,703**
Other intangible assets					
Development	(5,715)	(375)	-	-	(6,090)
Concessions	(4,111)	(25)	-	-	(4,136)
IT applications	(210,389)	(5,863)	-	-	(216,252)
Other intangible assets	(7,836)	-	-	-	(7,836)
Total amortisation	**(228,051)**	**(6,263)**	**-**	**-**	**(234,314)**
Goodwill (2)	(2,609)	-	-	-	(2,609)
Other intangible assets	(3,530)	-	-	3,530	-
Total impairment	**(6,139)**	**-**	**-**	**3,530**	**(2,609)**
Total Goodwill	23,203	-	-	-	23,203
Total Other intangible assets	51,388	(1,021)	-	2,210	52,577
Net Carrying Amount Intangible Assets	**74,591**	**(1,021)**	**-**	**2,210**	**75,780**

(1) The most significant additions in the year were the IT applications related to the Gas 2020 Access Circular (3,533 thousands of euros), the Gas 2020 Balancing Circular (1,180 thousands of euros), the implementation of RFP (1,708 thousands of euros) and improvements in the Metering Process Control (851 thousands of euros).

(2) Includes the amounts relating to goodwill arising on the acquisition of ETN (17,521 thousands of euros). It also includes the goodwill arising on the acquisition of control of Gascán, amounting to 8,291 thousands of euros, which was impaired in 2020 by 2,609 thousands of euros, leaving a net carrying amount of 5,682 thousands of euros at December 31, 2020.

2020	Balance at 01.01.2020	Additions or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at 12.31.2020
Goodwill	25,812				25,812
Other intangible assets					
Development	8,430	256	-	-	8,686
Concessions	5,871	-	-	-	5,871
IT applications	236,679	17,401	418	(136)	254,362
Other intangible assets	12,145	2,329	(418)	(6)	14,050
Total cost	**288,937**	**19,986**	**-**	**(142)**	**308,781**
Other intangible assets					
Development	(4,935)	(780)	-	-	(5,715)
Concessions	(4,062)	(49)	-	-	(4,111)
IT applications	(198,448)	(11,941)	-	-	(210,389)
Other intangible assets	(7,821)	(15)	-	-	(7,836)
Total amortisation	**(215,266)**	**(12,785)**	**-**	**-**	**(228,051)**
Goodwill	-	(2,609)			(2,609)
Other intangible assets	-	(3,591)		61	(3,530)
Total impairment	**-**	**(6,200)**		**61**	**(6,139)**
Total Goodwill	25,812	(2,609)	-	-	23,203
Total Other intangible fixed assets	47,859	3,610	-	(81)	51,388
Net carrying amount of intangible assets	**73,671**	**1,001**	**-**	**(81)**	**74,591**

2.6 Provisions and contingent liabilities

The Directors of the Enagás Group consider that the provisions recognised in the accompanying Consolidated Balance Sheet at June 30, 2021 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.

a) Provisions

The movement in the balance of the headings "Non-current provisions" and "Current provisions" during the first six months of financial year 2021 was as follows:

Current and non-current provisions	Opening balance	Additions and provisions	Updates	Amounts used	Closing balance
Personnel remuneration	5,210	1,129	5	-	6,344
Other long-term liabilities	789	64	-	(595)	258
Dismantling	247,892	-	1,685	-	249,577
Total non-current provisions	**253,891**	**1,193**	**1,690**	**(595)**	**256,179**
Other short-term liabilities	2,232	-	-	(1,720)	512
Total current provisions	**2,232**	**-**	**-**	**(1,720)**	**512**
Total current and non-current provisions	**256,123**	**1,193**	**1,690**	**(2,315)**	**256,691**

The dismantling provisions correspond to the underground storage facilities of Gaviota, Yela, and Serrablo, as well as the regasification plants of Barcelona, Cartagena, Huelva, and El Musel (Gijón) in accordance with the prevailing regulatory framework (see Note 2.4 and Appendix III to the 2020 Consolidated Annual Accounts).

In the first six months of 2021 the decommissioning provision has increased by 1,685 thousands of euros due to the financial restatement of this provision, which is recorded under "Financial and similar expenses" in the Consolidated Income Statement.

"Personnel remuneration" includes a total of 1,671 thousands of euros, relating to the accrued portion of the Long-Term Incentive Plan ("ILP") for executive directors and members of the management team, payable in cash **(Note 4.2)**.

b) Contingent liabilities

At June 30, 2021, there are no events in the Enagás Group that could be considered as contingent liabilities further to those indicated in **Note 3.3** in relation to the GSP project in Peru.

As indicated in **Note 1.10**, the situation caused by COVID-19 in the first half of 2021 did not give rise to any provisions or contingent liabilities.

3. Capital structure, financing and financial result

Relevant aspects

Financial leverage

- The financial leverage ratio at June 30, 2021 is 56.1% (57.3% at December 31, 2020).

Equity

- The share capital of Enagás at June 30, 2021 was 393 million euros.
- 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)**.

Net financial debt

- Net financial debt is the main indicator used by Management to measure the Group's debt level. At June 30, 2021 net financial debt amounted to 4,020 million euros (4,288 million euros at 2020 year-end) **(Note 3.4)**.
- The average gross annual interest rate until June 30, 2021 for the Group's gross financial debt was 1.8% (1.9% at December 31, 2020).
- The percentage of fixed rate net financial debt at June 30, 2021 and December 31, 2020 was more than 80%, with the average debt maturity periods at June 30, 2021 of 5,2 years (5 years at December 31, 2020).
- The main financing operations for the year were:
- On January 19, 2021, Enagás, S.A. and Enagás Internacional signed two loan agreements maturing on December 28, 2021 for 225 million dollars and 100 million dollars, respectively. Additionally, hedging instruments were arranged to hedge the interest rate risk for the amount and term of these loans **(Note 3.5)**.

Available funds

- The Group has available funds at June 30, 2021, of 3,024 million euros (2,473 million euros at December 31, 2020) **(Note 3.6)**.

Working capital

- At June 30, 2021, the consolidated balance sheet shows a negative working capital of 368,925 thousands of euros, as a result of the recording under current liabilities of the financial liability for the 750,000 thousands of euros bond maturing in April 2022, as reported in **Note 3.3**. According to the Directors of the Parent Company, this situation would be resolved through the availability of undrawn credit facilities amounting to 1,789,027 thousands of euros **(Note 3.6)**, and through the Business Plan approved by the Directors.

Derivative financial instruments

- The Group arranges cash flow hedges and net investment hedges. At June 30, 2021, the net fair value of the Group's derivatives, including assets and liabilities derivatives, was 63 million euros of liabilities (43 million euros of liabilities at December 31, 2020) **(Note 3.5)**.

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

- With respect to the situation arising in connection with the investment in GSP as a consequence of the termination of the concession agreement on January 24, 2017, there is currently a disagreement between the Peruvian authorities and Enagás with respect to applying the investment recovery mechanism established in the GSP concession contract. This entailed the beginning of an international arbitration by virtue of the Reciprocal Investment Promotion and Protection Agreement (hereinafter "APPRI") between Spain and Peru as indicated in **Note 3.3.a** presented to the International Centre for Settlement of Investment Disputes (hereinafter the "ICSID") on July 2, 2018. This procedure continues to run its regular course, with the Peruvian State having submitted its response on July 19, 2020 and Enagás having submitted its rejoinder on May 31, 2021.
- At June 30, 2021, the total amount to be recovered by GSP amounted to 411,271 thousands of euros (392,417 thousands of euros at December 31, 2020) relating to both the recovery of the financial investment in this company and the credit rights associated with the recovery of the guarantees executed against the Enagás Group as a result of the termination of the concession contract in GSP **(Note 3.3.a)**.

3.1 Equity

a) Share capital

At both June 30, 2021 and December 31, 2020, the share capital of Enagás S.A. amounted to 392,985 thousands of euros, represented by 261,990,074 shares with a nominal value of 1.5 euros each, all of the same class, fully subscribed, and paid.

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.

At June 30, 2021, no company held more than 5% interest in the share capital of Enagás, S.A.

At June 30, 2021 and December 31, 2020, the most significant stake held in the share capital of Enagás, S.A. was broken down as follows (data obtained from the National Securities Market Commission (CNMV) [(1)] at June 30, 2021):

	Interest in share capital (%)	
Company	**06.30.2021**	**12.31.2020**
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
State Street Corporation	3.008	3.008
Mubadala Investment Company PJSC	3.103	3.103
Credit Agricole, S.A.	-	3.042

(1) Information extracted by the CNMV, obtained at the last notification that each subject obliged to notify sent to the organisation in relation to the provisions of Royal Decree 1362/2007 of October 19 and Circular 2/2007 of December 19.

b) Issue premium

The total effective amount of the capital increase carried out in 2019 amounted to 500,000 thousands of euros, comprising both the nominal amount of the shares and an issue premium of 465,116 thousands of euros. The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the issue premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) Treasury shares

On June 26, 2019, Enagás, S.A. finalised the process for acquiring treasury shares, which amounted to 501,946 shares, representing 0.19% of the Group's total shares, 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 4.2)**.

During the period from January 1, 2021 to June 30, 2021 there were no movements in treasury shares, with 501,946 shares in treasury stock at the beginning and end of the period.

3.2 Result and variation in minority interests

	Minority interest holding	Opening balance	Changes in the consolidation scope	Dividends distributed	Other adjustments (1)	Distribution of results	Closing balance
2021							
ETN, S.L.	10.0%	15,583	-	(746)	-	428	15,265
Remaining companies		1,376	(287)	(1,320)	529	5	303
Total at 06.30.2021		**16,959**	**(287)**	**(2,066)**	**529**	**433**	**15,568**
2020							
ETN, S.L.	10.0%	15,482	-	(835)	-	936	15,583
Remaining companies		402	231	(1,200)	1,960	(17)	1,376
Total at 12.31.2020		**15,884**	**231**	**(2,035)**	**1,960**	**919**	**16,959**

(1) In 2020, "Other Adjustments" mainly includes the amounts recorded in the Gas Infrastructure Reserves for dividends received from Group companies and not distributed, amounting to 1,950 thousands of euros.

3.3 Financial assets and liabilities

a) Financial assets

Class / Categories	Amortised cost		Fair Value with changes in the income statement (*)		Fair value through profit / loss		Total	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Equity instruments	-	-	-	-	13,116	7,431	13,116	7,431
Credits	26,809	33,295	-	-	-	-	26,809	33,295
Trade and other receivables **(Note 2.2)**	152,544	146,347	-	-	-	-	152,544	146,347
Derivatives	-	-	10,078	12,621	-	-	10,078	12,621
Others	435,997	402,847	-	-	-	-	435,997	402,847
Total non-current financial assets	**615,350**	**582,489**	**10,078**	**12,621**	**13,116**	**7,431**	**638,544**	**602,541**
Credits	571	2,441	-	-	-	-	571	2,441
Others	3,003	5,034	-	-	-	-	3,003	5,034
Total current financial assets	**3,574**	**7,475**	-	-	-	-	**3,574**	**7,475**
Total financial assets	**618,924**	**589,964**	**10,078**	**12,621**	**13,116**	**7,431**	**642,118**	**610,016**

(*) *In the specific case of those derivatives to which cash flow hedges or net investment are attributed, the accumulated amounts in equity are transferred to the Consolidated Income Statement in the periods when the covered items affect the Consolidated Income Statement.*

The Directors estimate that the fair value of the financial assets at June 30, 2021 does not differ significantly with respect to their book value.

Equity instruments

This heading includes the Enagás Group's investments in companies over which it does not have control or significant influence on the basis of the way in which the relevant decision-making is established.

At June 30, 2021, this mainly includes the Enagás Group's investments in 19% of the company Depositi Italiani GNL and the investments of 9.43% and 29.4% in the companies Satlantis Microsats, S.L. and Klima Energy Transition Fund, F.C.R. respectively. The change compared to 2020 is mainly due to the acquisition of the latter two investments during the first six months of 2021.

Credits

This mainly includes loans granted to group companies consolidated using the equity method and therefore not eliminated in the consolidation process. In 2021, interest charges amounting to 128 thousands of euros were received.

The detail of current and non-current loans to Group companies is detailed in **Note 4.1**.

Others

"Other non-current financial assets" include an amount of 14,515 thousands of euros (3,090 thousands of euros at December 31, 2021) corresponding to the investment made by the Group in Economic Interest Groups (EIG) whose activity is the leasing of assets managed by another entity unrelated to the Group and which retains both the majority of profits as well as the risks related to the activities, with the Group only availing itself of the regulated tax incentives in Spanish legislation. The Company attributes the carry-forward tax losses generated by these EIGs against shares and taking into account the debt registered with the Tax Authorities, recognising the corresponding financial income. The main change with respect to 2020 is due to the disbursement of pending contributions by Enagás Financiaciones during 2021.

Additionally, 411,271 thousands of euros (392,417 thousands of euros at December 31, 2020), corresponding to the recovery of the financial investment in GSP and the credit rights associated with the recovery of the guarantees executed against the Enagás Group as a result of the termination of the concession contract in GSP, are included. Both amounts are updated and are expected to be recovered by December 31, 2022.

Gasoducto Sur Peruano ("GSP")

In relation to the investment in Gasoducto Sur Peruano, S.A. (hereinafter "GSP") as indicated in Note 3.3. to the Consolidated Annual Accounts of the Enagás Group for 2020, 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 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 three auctions to award the Concession, with the auction result being to pay GSP the NCA, based on the opinion of the external and internal legal advisors of Enagás. 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 APPRI 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 Enagás' 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 its 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 hearing 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 Court 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 exhibition phase took place in which the parties requested each other to provide documents that each of them considered relevant, which was followed by the presentation of the reply by Enagás on May 31, 2021. The Peruvian State is currently preparing its rejoinder, which is expected to be submitted in the last quarter of 2021.

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 payment 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 their 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 June 30, 2021 by a firm of independent experts hired by Enagás has an updated NCA total value of 1,948 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 for the subordination of rights and assignment of credits, their effectiveness and form of application has been successively called into question by Enagás' partners in GSP through different arbitration proceedings, with the Peruvian legal advisors considering these agreements to be fully valid and enforceable. Likewise, the INDECOPI authority has recognised the full effectiveness of the aforementioned agreements in GSP's bankruptcy process. In relation to the arbitration proceeding still in process filed by Negocios de Gas, subsidiary from Graña y Montero, questioning the legitimacy of Enagás to claim its credits against GSP, on July 13, 2021, Negocios de Gas communicated to the Court its withdrawal of the claim, thus requesting the end of the arbitration proceeding without the issuance of an award.

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 provided 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 Consolidated Balance Sheet dated June 30, 2021 for a total amount of 411,271 thousands of euros (392,417 thousands of euros at December 31, 2020).

Other related matters

As indicated in the 2020 Annual Accounts, on March 12, 2018, Law no. 30737 was published "guaranteeing immediate payment to the Peruvian government 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 No. 30737.

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.

With regard to other processes of effective collaboration with other third parties, as of June 30, 2021, there has been no judicial approval of any of them, nor are there any consistent or proven facts that link GSP to 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 two employees 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 file, on December 30, 2020, the Attorney's Office requested the inclusion of Enagás Internacional as a third party civilly liable, together with the possible defendants, for the payment of a possible reparation in the aforementioned process once a final judgement is handed down, the amount of the request amounting to 1.107 billion dollars. This application was rejected on formal grounds on June 4, 2021.

It is therefore pending that a new application is filed and that the Peruvian Attorney's Office agrees, if appropriate, to include Enagás Internacional as one of the civilly liable third parties. 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 compensation, 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 payable 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 from TGP (amounting to 219 million dollars), also considering that this investment is protected by the Legal Stability Agreements signed by Enagás and Peru. The prevalence and application of these agreements have been formally requested.

In this regard, in order to make effective the application of these Legal Stability Agreements, on February 24, 2021 the Peruvian State was approached directly, as a prior step for international arbitration under the Spain - Peru APPRI.

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 June 30, 2021.

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 411,271 thousands of euros (392,417 thousands of euros at December 31, 2020).

Impairment losses on assets

At the end of June 2021, the impact resulting from analysis of the expected loss in accordance with IFRS 9 for the financial assets of the Enagás Group amounts to 145 thousands of euros (298 thousands of euros at December 31, 2020).

Furthermore, and except for the recording of the expected loss, as per IFRS 9, and considering the economic situation caused by COVID-19 **(Note 1.10)** during the first six months of 2021, there were no additional movements with respect to the provisions for impairment losses of assets held by the Group.

b) Financial liabilities

Categories \ Class	Fair Value with changes in Profit and Loss		Amortised cost		Derivatives designated as hedging instruments		Total	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Debts with credit institutions **(Note 3.4)**	-	-	919,306	1,171,382	-	-	919,306	1,171,382
Debt settlement costs and accrued interest payable	-	-	*(4,085)*	*(5,813)*	-	-	*(4,085)*	*(5,813)*
Debentures and other marketable securities **(Note 3.4)**	-	-	2,750,000	3,500,000	-	-	2,750,000	3,500,000
Debt settlement costs and accrued interest payable	-	-	*(58,835)*	*(67,741)*	-	-	*(58,835)*	*(67,741)*
Derivatives	-	-	-	-	60,926	44,054	60,926	44,054
Trade payables	-	-	343	322	-	-	343	322
Other financial liabilities **(Note 3.4)**	15,600	15,600	451,041	304,156	-	-	466,641	319,756
Total non-current financial liabilities	**15,600**	**15,600**	**4,057,770**	**4,902,306**	**60,926**	**44,054**	**4,134,296**	**4,961,960**
Debts with credit institutions **(Note 3.4)**	-	-	396,003	170,842	-	-	396,003	170,842
Debt settlement costs and accrued interest payable	-	-	*2,695*	*1,835*	-	-	*2,695*	*1,835*
Debentures and other marketable securities **(Note 3.4)**	-	-	750,000	10,000	-	-	750,000	10,000
Debt settlement costs and accrued interest payable	-	-	*13,766*	*31,672*	-	-	*13,766*	*31,672*
Derivatives	-	-	-	-	12,049	11,221	12,049	11,221
Trade payables **(*) (Note 2.3)**	-	-	293,620	255,417	-	-	293,620	255,417
Other financial liabilities **(Note 3.4)**	-	-	309,275	63,534	-	-	309,275	63,534
Total current financial liabilities	**-**	**-**	**1,765,359**	**533,300**	**12,049**	**11,221**	**1,777,408**	**544,521**
Total financial liabilities	**15,600**	**15,600**	**5,823,129**	**5,435,606**	**72,975**	**55,275**	**5,911,704**	**5,506,481**

(*) The detail of "Trade Payables" does not include the amount Payable to Public Administrations.

The amounts and characteristics of the main instruments included under the headings "Debentures and other marketable securities" and "Debts with credit institutions" at June 30, 2021 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	233,333
	Loan	Fixed rate	EUR	2031	137,500
	Loan	EURIBOR + Margin	EUR	2027	35,455
	Loan	Fixed rate	EUR	2030	90,000
	Loan	EURIBOR + Margin	EUR	2022	20,000
	Loan	EURIBOR + Margin	EUR	2023	100,000
Banking debt	Loan	LIBOR + Margin	USD	2021	189,873
	Loan	LIBOR + Margin	USD	2021	84,387
	Loan	LIBOR + Margin	USD	2025	367,802
	Credit line	LIBOR + Margin	USD	2024	53,898
	Credit line	LIBOR + Margin	USD	2024	3,061
				Nominal outstanding	**1,315,309**
				Debt settlement expenses	(4,155)
				Accrued interest pending payment	2,765
				Total financial debts with credit institutions	**1,313,919**

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonds	2.50%	EUR	2022	750,000
	EMTN bonds	1.25%	EUR	2025	600,000
	EMTN bonds	1.00%	EUR	2023	400,000
	EMTN bonds	1.38%	EUR	2028	750,000
	EMTN bonds	0.75%	EUR	2026	500,000
	EMTN bonds	0.38%	EUR	2032	500,000
				Nominal outstanding	**3,500,000**
				IFRS 9 and others	(58,835)
				Accrued interest pending payment	13,766
				Total debentures and other marketable securities	**3,454,931**

The amounts and characteristics of the main instruments included under the headings "Debentures and other marketable securities" and "Debts with credit institutions" at December 31, 2020 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	256,666
	Loan	Fixed rate	EUR	2031	137,500
	Loan	EURIBOR + Margin	EUR	2027	41,364
	Loan	Fixed rate	EUR	2030	100,000
	Loan	EURIBOR + Margin	EUR	2022	30,000
	Loan	EURIBOR + Margin	EUR	2023	125,000
Banking debt	Credit line	LIBOR + Margin	USD	2021	49,100
	Loan	LIBOR + Margin	USD	2024	376,432
	Credit line	LIBOR + Margin	USD	2024	186,768
	Credit line	LIBOR + Margin	USD	2024	39,394
				Nominal outstanding	**1,342,224**
				Debt settlement expenses	(5,813)
				Accrued interest pending payment	1,835
				Total financial debts with credit institutions	**1,338,246**

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonds	4.23%	EUR	2021	10,000
	EMTN bonds	2.50%	EUR	2022	750,000
	EMTN bonds	1.25%	EUR	2025	600,000
	EMTN bonds	1.00%	EUR	2023	400,000
	EMTN bonds	1.38%	EUR	2028	750,000
	EMTN bonds	0.75%	EUR	2026	500,000
	EMTN bonds	0.38%	EUR	2032	500,000
				Nominal outstanding	**3,510,000**
				IFRS 9 and others	(67,719)
				Accrued interest pending payment	31,650
				Total debentures and other marketable securities	**3,473,931**

3.4 Financial debts

	06.30.2021	12.31.2020
Debentures and other marketable securities	3,454,931	3,473,931
Debts with credit institutions	1,313,919	1,338,246
Other receivables	775,916	383,290
Total financial debts	**5,544,766**	**5,195,467**
Non-current financial debts (Note 3.3.b)	**4,073,027**	**4,917,584**
Current financial debts (Note 3.3.b)	**1,471,739**	**277,883**

The fair value of debts owed to credit institutions as well as debentures and other marketable securities at June 30, 2021 and at December 31, 2020 is as follows:

	06.30.2021	12.31.2020
Debts with credit institutions	1,332,136	1,358,665
Debentures and other marketable securities	3,648,658	3,725,050
Fair value total	**4,980,794**	**5,083,715**
Carrying amount total	**4,768,850**	**4,812,177**

a) Debts with credit institutions

The following are among the most significant events of financial year 2021:

- On January 19, 2021, Enagás, S.A. and Enagás Internacional signed two loan agreements maturing on December 28, 2021 for 225 million dollars and 100 million dollars, respectively. In addition, hedging instruments were arranged to hedge the interest rate risk on the amount and term of these loans (**Note 3.5)**.
- On March 17, 2021, the loan from Enagás U.S.A. LLC was repaid in full in the amount of 435.6 million dollars. To finance this repayment, on the same date, Enagás Holding USA, S.L.U. took out two loans totalling 436 million dollars, maturing in 2025.
- On May 28, 2021, 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.
- Additionally, on May 28, 2021, 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.
- At June 30, 2021, the Group had access to credit lines in the amount of 1,845,989 thousands of euros (1,884,615 thousands of euros at December 31, 2020), of which 1,789,027 thousands of euros had not been drawn down (1,609,354 thousands of euros in 2020) **(Note 3.6)**. 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.

b) Other receivables

At June 30, 2021, “Other debts” mainly includes the financial liability associated with IFRS 16 on leases, amounting to 483,305 thousands of euros. At June 30, 2021, payments in this connection amounting to 19,405 thousands of euros were made (18,508 thousands of euros at June 30, 2020).

This heading also includes the liability for the final and extraordinary dividend of the Parent Company, Enagás, S.A., out of the profit for 2020, amounting to 264 million euros (Note 1.7).

c) Net financial debt

Net financial debt is the main indicator used by Management to measure the Group’s debt level. It is comprised of gross debt less cash in hand:

	06.30.2021	12.31.2020
Debts with credit institutions	1,313,919	1,338,246
Debentures and other marketable securities	3,454,931	3,473,931
Loans from the General Secretariat of Industry, the General Secretariat of Energy, Oman Oil and ERDF E4E	2,079	2,859
Leases (IFRS 16)	483,305	336,442
Gross financial debt	**5,254,234**	**5,151,478**
Cash and other cash equivalents **(Note 3.6)**	(1,234,606)	(863,655)
Net financial debt	**4,019,628**	**4,287,823**

3.5 Derivative financial instruments

The Enagás Group contracts derivative financial instruments to cover its exposure to financial risk arising from fluctuations of interest rates and/or exchange rates, and does not use derivative financial instruments for speculative purposes. All derivative financial instruments are measured, both initially and subsequently, at fair value. The differences in fair value are recognised in the Consolidated Income Statement except in the case of specific treatment under hedge accounting.

On January 19, 2021, Enagás, S.A. and Enagás Internacional arranged two hedging instruments to hedge the interest rate risk associated with the two loans contracted on that date for the amounts of 225,000 thousands of euros and 100,000 thousands of euros, respectively.

The details of the accounting hedging and risk management policies followed by the Enagás Group are provided in Notes 3.6 and 3.7 to the 2020 consolidated annual accounts.

Category	Type	Maturity	Notional contracted	Fair value 06.30.2021	Fair value 12.31.2020
Net investment coverage					
Cross Currency Swap	Fixed to fixed	Apr-22	400,291	(68,905)	(51,498)
Cross Currency Swap	Fixed to fixed	May-28	237,499	6,085	8,845
Cash flow hedges (*)					
Interest rate swap	Floating to fixed	Dec-21	100,000	(23)	-
Interest rate swap	Floating to fixed	Dec-21	225,000	(54)	-
Total			**962,790**	**(62,897)**	**(42,653)**

(*) Derivative financial instruments arranged in the year 2021

3.6 Cash and other cash equivalents

a) Cash and cash equivalents

	06.30.2021	12.31.2020
Treasury	908,051	713,655
Other cash equivalents	326,555	150,000
Total	**1,234,606**	**863,655**

“Other liquid assets” includes those deposits that have a maturity of less than three months.

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.

b) Available funds

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

Available funds	06.30.2021	12.31.2020
Cash and cash equivalents	1,234,606	863,655
Other available funds (Note 3.4)	1,789,027	1,609,354
Total available funds	**3,023,633**	**2,473,009**

There are no restrictions for significant amounts of cash drawdowns other than those indicated in Note 3.3.a in relation to the GSP project in Peru.

4. Other Information

Relevant aspects

Remuneration for the Board of Directors and Senior Management

- Remuneration to the Board of Directors, without taking into account the insurance premium, amounted to 3,101 thousands of euros at June 30, 2021 (2,862 thousands of euros at June 30, 2020) **(Note 4.2)**.

- Remuneration to the Senior Managers, without taking account of insurance premiums, amounted to 2,931 thousands of euros (3,114 thousands of euros at June 30, 2020) **(Note 4.2).**

4.1 Related party transactions and balances

Income and expenses	Directors and Senior Managers	Group employees, companies or entities	Other related parties	Total (1)
06.30.2021				
Expenses:				
Financial expenses	-	-	889	**889**
Services received	-	11,676	235	**11,911**
Other expenses	6,050	-	-	**6,050**
Total Expenses	**6,050**	**11,676**	**1,124**	**18,850**
Income:				
Financial income	-	445	-	**445**
Rendering of services	-	2,901	-	**2,901**
Gains on the sale or derecognition of assets	-	1	-	**1**
Total income	**-**	**3,347**	**-**	**3,347**
06.30.2020				
Expenses:	-	-		
Financial expenses	-	-	2,523	**2,523**
Services received	-	15,940	239	**16,179**
Other expenses	5,976	-	-	**5,976**
Total Expenses	**5,976**	**15,940**	**2,762**	**24,678**
Income:				
Financial income	-	592	6	**598**
Rendering of services	-	5,224	-	**5,224**
Other income	-	1,553	-	**1,553**
Total income	**-**	**7,369**	**6**	**7,375**

(1) During 2021 and 2020 there were no transactions with significant shareholders as well as those described in the table below.

Other transactions	Significant shareholders	Group employees, companies or entities	Other related parties	Total
06.30.2021				
Guarantees for related party debts **(Note 1.8)**	-	634,477	-	**634,477**
Guarantees and sureties granted - Other **(Note 1.8)**	-	476	14,959	**15,535**
Dividends and other earnings distributed **(1)**	61,024	-	-	**61,024**
12.31.2020				
Guarantees for related party debts **(Note 1.8)**	-	622,920	-	**622,920**
Guarantees and sureties granted - Other **(Note 1.8)**	-	630	14,699	**15,329**
Dividends and other earnings distributed	96,353	-	-	**96,353**

(1) The balance corresponds to the final dividend for 2021 approved at the General Shareholders' Meeting. This dividend was paid on July 8, 2021. Information on the number of shares held by significant shareholders has been obtained from the information available on the CNMV (Spanish National Securities Market Commission) website.

The detail of current and non-current loans to related parties is as follows:

	Interest rate	Maturity	06.30.2021	12.31.2020
Non-current loans to related parties (*)			**26,954**	**33,593**
Gasoducto de Morelos, S.A.P.I. de C.V.	7.50%	Sep-2033	8,558	8,000
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	Jun-2025	16,396	23,593
Knutsen Scale Gas, SL	7.00%	Aug-2027	2,000	2,000
Current loans to related parties			**571**	**2,441**
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	Jun-2025	5	8
Gas to Move	1.80%	Nov-2021	-	940
Gas to Move	2.34%	Nov-2021	-	1,485
Gas to Move	2.34%	Jun-2022	461	-
Knutsen Scale Gas, SL	7.00%	Aug-2027	100	-
Seab Power Ltd.	4.00%	Dec-2021	5	8
Total			**27,525**	**36,034**

(*) Unaffected by the expected loss (see **Note 3.3.a**).

In addition, there is a balance receivable from Axent of 232 thousands of euros, of which 37 thousands of euros is under the current heading (251 thousands of euros at the end of 2020, of which 35 thousands of euros was under the current heading).

During the first six months of 2021 and during 2020, the Banco Santander Group fulfilled the criteria for consideration as a related party.

In this regard, of the transactions indicated in the preceding tables, 889 thousands of euros in financial expenses during the first six months of 2021 corresponds to this related party (4,061 thousands of euros in 2020), including the financial expenses arising from interest rate hedges. In addition, 14,959 thousands of euros of guarantees and sureties granted by this related party at June 30, 2021 (14,699 thousands of euros at December 31, 2020) have been maintained.

In addition, this banking entity carried out the following transactions with the Enagás Group:

- The Enagás Group maintains a multi-currency club deal for financing purposes, in which the related party represents 9.63% of all banks participating in this financing source.
- At June 30, 2021, the balance on deposit in current accounts at this entity amounted to 429,286 thousands of euros and the balance in liquid assets amounted to 150,000 thousands of euros. And the balance drawn down in credit lines amounts to 56,962 thousands of euros.
- The Directors consider that no additional significant liabilities will arise in connection with the transactions disclosed in this note other than those already recognised in the accompanying consolidated balance sheet.

4.2 Remuneration for the Board of Directors and Senior Management

	06.30.2021	06.30.2020
Members of the Board of Directors	**3,101**	**2,862**
Fixed remuneration	750	750
Variable remuneration	883	900
Remuneration for Board membership	1,366	1,124
Others	102	88
Management	**2,931**	**3,114**
Remuneration received	2,931	3,114

The remuneration of the members of the Board of Directors for their Board membership and those corresponding to the Chairman and the Chief Executive Officer for the exercise of their executive functions during the first half of 2021 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", approved as Item 7 of the Agenda.

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 by the General Shareholders' Meeting, the Board has assigned them a total of 160,236 rights relating to shares as well as an incentive in cash amounting to 950 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.

Executive Directors and Senior Management form part of the collective covered by the mixed group insurance policy for pension commitments.

Share-based payments

On March 29, 2019, the Enagás, S.A. General Shareholders' Meeting approved the second cycle of the Long-Term Incentive Plan 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 Corporate Governance practices and, especially, those resulting from the recommendations of the CNMV's 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 Company'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 due to new recruitments or 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. Meeting this objective will satisfy the Company's forecasts for the distribution of Group's dividend, investment and debt amortisation. 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"). Ensures 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 context. It will account for 10% of the total objectives, and will consist of three indicators:

    a) Average reduction in CO_2 emissions in the 2019–2021 period vs. 2018;

    b) Increase in the percentage of women on the Board of Directors, in the management team and in the staff; and

    c) 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:

a) 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;
b) The beneficiary will receive the remaining 50% of the incentive once a period of one year has elapsed from the first payment date.

In this regard, and since the Regulation establishes the obligation for the beneficiaries to continue to provide their services to the Enagás Group until the first payment date in order to receive 50% of the incentive, and until the second payment date in order to receive the remaining 50%, the Enagás Group accrues the estimated fair value of the equity instruments granted taking account both of the target measurement period (January 1, 2019 to December 31, 2021) and the service conditions established for the period required to consolidate the remuneration.

The portion of said plan to be settled in Enagás, S.A. shares is considered a share-based transaction payable in equity instruments in accordance with IFRS 2 and, in keeping with said standard, the fair value of services received, as consideration for the equity instruments granted, is included in the Consolidated Income Statement at June 30, 2021, under "Personnel expenses" in the amount of 799 thousands of euros (1,100 thousands of euros at June 30, 2020) and a credit to "Other equity instruments" in the consolidated balance sheet at June 30, 2021.

For the valuation of this programme, the Enagás Group 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. 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 Enagás Group recognised the rendering of services corresponding to this plan as personnel expenses amounting to 261 thousands of euros with a credit to "Provisions" under non-current liabilities in the consolidated balance sheet at June 30, 2021 (354 thousands of euros at June 30, 2020). As in the case of the share-based payment plan component, the Enagás Group 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.

4.3 Information by segments

a) Primary business segments

Regulated activities - Infrastructure Activity

Gas transmission: Represents the main activity, consisting in the delivery of gas via its transmission network, comprised of primary transmission pipelines (with maximum design pressure equal to or greater than 60 bars) and secondary transmission pipelines (with maximum design pressure ranging from 16 to 60 bars) up to the distribution points, as owner of most of the gas transmission network in Spain.

Regasification: The gas is transported from the producing countries in methane tankers at 160ºC below zero in its liquid state (LNG) and is unloaded at the regasification plants where it is stored in cryogenic tanks. At these facilities, via a physical process which normally makes use of seawater vaporizers, the temperature of the liquefied gas is increased until it is transformed into its gaseous state. The natural gas is injected into the gas pipelines for transmission to the whole peninsula.

Gas storage: The Enagás Group operates the following underground storage facilities: Serrablo (located between Jaca and Sabiñánigo - Huesca), Gaviota (offshore storage, located close to Bermeo - Vizcaya), and Yela (Guadalajara).

Regulated activities - Activity of the Technical Manager of the System

The Enagás Group carries out its functions as Technical Manager of the System in compliance with Royal Decree 6/2000 of June 23 and Royal Decree 949/2001 of August 3, with a view to guaranteeing continuity and security of supply, as well as the correct coordination among access points, storage, transmission, and distribution.

Non-regulated activities

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).

All non-regulated activities, as well as transactions related to investments in associates and joint ventures, except those corresponding to BBG, Saggas, Iniciativas del Gas, S.L. ("Infrastructures" segments) and MIBGAS (included in the segment "Technical Manager of the System").

The structure of this information is designed as if each business line were an independent business, with its own resources, distributed on the basis of the assets assigned to each line in accordance with an internal system of cost allocation by percentages.

INCOME STATEMENT	Infrastructures		Technical Management of the System		Non-regulated activities		Adjustments (1)		Total Group	
	06.30.2021	06.30.2020	06.30.2021	06.30.2020	06.30.2021	06.30.2020	06.30.2021	06.30.2020	06.30.2021	06.30.2020
Operating income	462,861	537,139	14,670	13,606	31,376	33,675	(28,320)	(30,645)	**480,587**	**553,775**
Third parties	461,408	532,847	13,475	12,439	2,803	1,712	-	-	**477,686**	**546,998**
Group	1,453	4,292	1,195	1,167	28,573	31,963	(28,320)	(30,645)	**2,901**	**6,777**
Provisions for amortisation of fixed assets	(123,857)	(127,200)	(3,274)	(2,972)	(4,582)	(5,263)	27	83	**(131,686)**	**(135,352)**
Operating profit	239,588	299,682	2,350	1,710	57,594	18,916	12	67	**299,544**	**320,375**
Financial income	123	200	137	118	42,046	59,903	(34,673)	(51,387)	**7,633**	**8,834**
Financial expenses	(10,333)	(8,022)	(62)	(165)	(45,366)	(49,171)	4,674	3,386	**(51,087)**	**(53,972)**
Income tax	(56,379)	(69,795)	(592)	(442)	13,232	12,965	(3)	(17)	**(43,742)**	**(57,289)**
Net profit	172,576	221,560	1,833	1,221	68,650	61,500	(29,990)	(47,950)	**213,069**	**236,331**

(1) "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credit granted).

The detail of operating income by segment, with a breakdown according to IFRS 15 of the income from contracts with customers, for 2021 and 2020 is as follows:

IFRS 15	Infrastructures		Technical Management of the System		Other activities		Adjustments (1)		Total Group	
Operating income	06.30.2021	06.30.2020	06.30.2021	06.30.2020	06.30.2021	06.30.2020	06.30.2021	06.30.2020	06.30.2021	06.30.2020
Operating income	462,861	537,139	14,670	13,606	31,376	33,675	(28,320)	(30,645)	**480,587**	**553,775**
Revenue from customer contracts	**6,746**	**28,592**	**-**	**5**	**2,402**	**4,034**	**-**	**-**	**9,149**	**32,631**
Third parties	4,971	17,511	-	-	822	703	-	-	**5,793**	**18,214**
Group	1,776	11,081	-	5	1,580	3,331	-	-	**3,356**	**14,417**
Others	**456,115**	**508,547**	**14,670**	**13,601**	**28,974**	**29,641**	**(28,320)**	**(30,645)**	**471,438**	**521,144**
Third parties	456,437	515,336	13,475	12,439	1,981	1,009	-	-	**471,893**	**528,784**
Group	(323)	(6,789)	1,195	1,162	26,993	28,632	(28,320)	(30,645)	**(455)**	**(7,640)**

BALANCE SHEET	Infrastructures		Technical Management of the System		Non-regulated activities		Adjustments (1)		Total Group	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Total assets	5,505,524	5,446,325	143,214	151,530	7,735,847	7,654,186	(3,946,091)	(4,243,118)	**9,438,494**	**9,008,923**
Acquisition of fixed assets	179,307	50,820	2,240	8,184	7,647	14,886	-	-	**189,194**	**73,890**
Non-current liabilities **(2)**	458,180	460,095	(5,555)	(7,931)	4,990	2,958	(8)	(425)	**457,607**	**454,697**
- Deferred tax liabilities	166,252	170,779	(6,119)	(8,442)	961	(977)	-	(425)	**161,094**	**160,935**
- Provisions	252,392	250,241	554	511	3,233	3,139	-	-	**256,179**	**253,891**
- Other non-current liabilities	39,536	39,075	10	-	796	796	(8)	-	**40,334**	**39,871**
Current liabilities **(2)**	181,149	253,846	128,387	138,197	17,738	67,877	(28,902)	(168,148)	**298,372**	**291,772**
-Trade and other payables	181,149	253,846	128,387	138,197	17,738	67,877	(28,902)	(168,148)	**298,372**	**291,772**

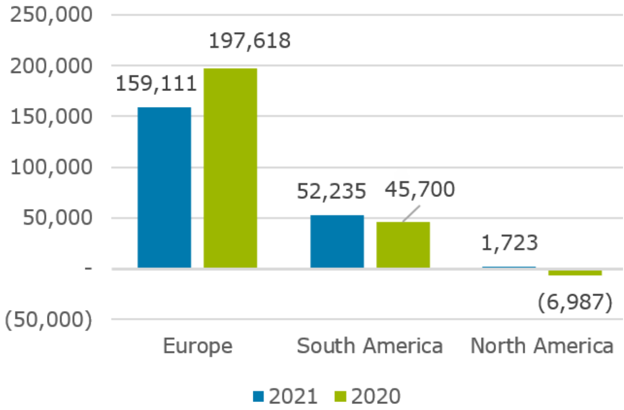
(1) "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credits granted) as well as the elimination of Investments-Shareholders equity.

(2) Financial liabilities and current tax liabilities are not included.

b) Segments by geographical information

The majority of companies in the Enagás Group operating outside Europe were consolidated under the equity method, with the corresponding expenses and income thus recognised under "Result of investments accounted for using the equity method" in the Consolidated Income Statement. In view of this, the information relating to geographical markets is based on net revenue.

The distribution of profit at June 30, 2021 and June 30, 2020, broken down by geographical markets, is as follows:



4.4 Subsequent events

Since June 30, 2021, the following events have taken place:

On July 8, 2021, Enagás S.A. distributed a gross dividend per share of 1.008 euros, in addition to the gross dividend of 0.672 euros per share already paid in December 2020, also charged to 2020 results. Thus, the total gross dividend for 2020 amounts to 1.68 euros per share.

4.5 Explanation added for translation to English

The abridged financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain **(Note 1.2)**. Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix I. Regulatory framework

Appendix III to the report of the Group's Consolidated Annual Accounts for the year ended December 31, 2020 sets out the regulatory framework in force at that date. The main regulatory updates in 2021 were as follows:

1. Supranational regulations

CO_2 emissions

Commission Implementing Regulation (EU) 2021/447 of March 12, 2021*determining revised benchmark values for the free allocation of emission allowances in the period from 2021 to 2025 in accordance with Article 10a(2) of Directive 2003/87/EC of the European Parliament and of the Council*

EU programmes and funds

Regulation (EU) 2021/241 of the European Parliament and of the Council of February 12, 2021 *establishing the Resilience and Recovery Facility*

Regulation (EU) 2021/523 of the European Parliament and of the Council of March 24, 2021 *establishing the InvestEU Programme and amending Regulation 2015/1017*

Regulation 2021/695 of April 28, 2021 *establishing the Horizon Europe Programme and laying down its rules for participation and dissemination, and repealing Regulations 1290/2013 and 1291/2013*

Council Decision 2021/764 of May 10, 2021 *establishing the Specific Programme implementing the Framework Programme for Research and Innovation Horizon Europe, and repealing Decision 2013/743/EU*

Regulation (EU) 2021/783 of the European Parliament and of the Council of April 29, 2021 *establishing a Programme for Environment and Climate Action (LIFE) and repealing Regulation 1293/2013*

Delegated Regulation *amending Delegated Regulation 2019/856 as regards application and selection procedures under the Innovation Fund*

2. Spanish Regulation

In relation to the general framework of the gas system and its facilities

Resolution of December 21, 2020, of the Directorate General of Energy Policy and Mines, publishing the natural gas tariff of last resort.

Royal Decree 1184/2020, of December 29, establishing the methodologies for calculating the gas system charges, the regulated remuneration of basic underground storage facilities and the fees charged for their use.

Order TED/1286/2020, of December 29, which establishes the remuneration and access fees for basic underground storage facilities for 2021.

Royal Decree-Law 39/2020, of December 29, on financial measures for social and economic support and compliance with the enforcement of judgements. (Castor)

Resolution of December 30, 2020, from the Directorate General for Environmental Quality and Assessment, formulating the strategic environmental declaration of the National Integrated Energy and Climate Plan 2021-2030.

Order TED/65/2021, of January 11, modifying Order TED/902/2020, of September 25, modifying Order ITC/1660/2009, of June 22, establishing the methodology for calculation of the last resort natural gas tariff, in order to adapt it to the new toll structure of the gas system.

Resolution of January 15, 2021, from the Directorate General for Energy Policy and Mines, authorising the purchase of heel gas for transport pipelines.

Energy Storage Strategy, approved on February 9, 2021, the key to ensuring security of supply and lower energy prices.

Resolution of February 11, 2021, of the National Commission on Markets and Competition, establishing remuneration for the 2021 gas year (from January 1 to September 30, 2021) of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution.

Resolutions of February 11, 2021, from the Directorate General for Energy Policy and Mines, establishing the valuation of shrinkage balances for regasification plants.

Resolutions of February 11, 2021, from the Directorate General for Energy Policy and Mines, determining the incentive for the reduction of transmission shrinkage.

Order TED/302/2021, of March 29, amending Order ITC/2877/2008, of October 9, establishing a mechanism to promote the use of biofuels and other renewable fuels for transport purposes, in order to postpone the temporary terms and the suspension of certain obligations applicable to the 2020 certification exercise.

Resolution of March 25, 2021, of the National Commission on Markets and Competition, which establishes the value of the Global Ratios Index for 2021 of the companies that carry out the activities of transmission and distribution of electrical energy and the activities of transmission, regasification, underground storage and distribution of natural gas.

Resolution of April 7, 2021, from the Directorate General for Energy Policy and Mines, establishing the valuation of shrinkage balances for regasification plant losses for 2019.

Law 7/2021, of May 20, on climate change and energy transition.

Resolution of May 20, 2021, of the National Commission on Markets and Competition, establishing remuneration for the 2022 gas year (from October 1, 2021 to September 30, 2022) of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution.

Resolution of May 27, 2021, of the National Commission on Markets and Competition, establishing the access tolls to the transmission networks, local networks and regasification for the 2022 gas year.

In relation to the operation of the gas system

Resolution of January 25, 2021, of the Directorate General for Energy Policy and Mines, publishing the assigned and available capacity in basic underground natural gas storage facilities for the period April 1, 2021 to March 31, 2022.

Circular 6/2021 of June 30, 2021, of the National Markets and Competition Commission, which establishes the incentives of the Technical Manager of the Gas System and the effect on its remuneration.

MANAGEMENT REPORT OF THE ENAGÁS GROUP

Performance of the Group during the first half of 2021

The net profit at the end of the first half of 2021 was 213,069 thousands of euros, representing a 9.8% growth compared to the same period last year.

Total Group revenues at June 30, 2021 were 480,587 thousands of euros, with a net turnover of 471,067 thousands of euros, considering that on January 1, 2021 the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020. (Note 2.1 and Appendix III to the Consolidated Annual Accounts for 2020).

The Enagás Group's investments in the first half of 2021 amounted to 66,199 thousands of euros, most of which were earmarked for domestic investments.

The share capital of Enagás S.A. amounts to 392,985 thousands of euros, representing 261,990,074 shares at a nominal value of 1.5 euros each, all of the same class and fully paid in. The shares are listed on the official Spanish Stock Exchange and are traded on the continuous market.

During the first half of 2021, expansion and improvement of the regasification, transport, and storage facilities continued in order to adapt them to the needs anticipated for future demand.

Enagás' gas infrastructure

At June 30, 2021, the Enagás Group gas assets comprising the natural gas network were as follows:

Spain:

- Close to 11,000 kilometres of pipelines all over Spanish territory.
- Three underground storage facilities: Serrablo (Huesca), Yela (Guadalajara) and Gaviota (Vizcaya).
- Four regasification plants in Cartagena, Huelva, Barcelona and Gijón.
- It also owns 50% of the BBG Regasification Plant (Bilbao) and 72.5% of the Sagunto Plant (Valencia).

Chile:

- Enagás holds an indirect 45.4% stake in GNL Quintero, a company whose corporate purpose is the activity of the GNL Quintero regasification plant.

Mexico:

- Enagás has a 50% stake in the Soto La Marina Compressor Station, 50% in the Morelos gas pipeline and 40% in the Altamira plant.

Greece, Albania and Italy:

- Enagás has 16% of the company that is developing the Trans Adriatic Pipeline (TAP) project, involving the construction of a gas pipeline linking Turkey with Italy, through Greece and Albania. This is considered a Project of Common Interest (PCI) by the European Union.
- Since 2019, Enagás has a stake in a consortium (with 18%), together with Snam (54%) Fluxys (18%) and Damco (10%), with which DESFA has a 66% stake, the Greek natural gas transmission operator.

Peru:

- Enagás has a 51% stake in Compañía del Gas del Amazonas, S.A.C. (hereinafter "COGA"), the company responsible for operating and maintaining the gas transmission infrastructure in Peru.
- Additionally, the Group holds a 28.94% stake in the company Transportadora de Gas del Perú (TgP), whose assets comprise Sistema de Transporte de Gas Natural, with pipelines running from Camisea to Lurín, and Transporte de Líquidos de Gas Natural, whose pipelines run from Camisea to the coast.

USA:

- Since March 2019, Enagás has held an indirect stake in Tallgrass Energy LP, in which, after several acquisitions, it obtained a stake of 30.2%.

  Tallgrass Energy LP is an American energy infrastructure company, founded in 2012. It owns three interstate gas pipelines regulated by the Federal Energy Regulatory Commission (FERC), with a total of 11,000 km of transmission pipelines, 2,400 km of gas extraction pipelines and a 1,300 km oil pipeline.

  The USA is the market with the greatest growth opportunities in the world for midstream infrastructure. Specifically, Tallgrass has a portfolio of future projects in the American market in which Enagás could invest, and has a broad customer base and take-or-pay contracts, which will enable it to obtain a sustainable dividend and EBITDA.

Significant aspects of the six months ending on June 30, 2021

COVID-19 Contingency Plan

All Enagás Group investees are operating normally, contributing to the security of supply in their respective countries. All have implemented a contingency plan against COVID-19 in coordination with Enagás, to ensure business continuity.

Operating highlights

Domestic gas demand reached 184.6 TWh, 6.3% higher than in the first half of 2020, due to the fact that, although the increase in gas and CO_2 prices have reduced the delivery of gas for power generation (-7.4%), this situation has been offset by higher industrial consumption (+9.0%) due to the recovery of the economy given the lower impact of COVID-19 from January to June compared to the same period in 2020, and higher commercial domestic consumption (+11.8%) as a result of lower temperatures at the beginning of the year.

Main investments

During the first half of 2021, the following investments were of note:

- Investments were made mainly in regasification, transmission and storage facilities, with the aim of expanding and improving them to adapt to future demand forecasts amounting to 28,668 thousands of euros.

General Shareholders' Meeting

The Enagás General Shareholders' Meeting was held on May 27, 2021. At said meeting, the Annual Accounts and Management Report for financial year 2020 of both Enagás, S.A. and its Consolidated Group were approved together with the allocation of 2020 Enagás, S.A. profits, which included distribution of a gross final dividend of 1.008 euros per share.

Long-Term Incentive Plan

On June 26, 2019, Enagás, S.A. finalised the process for acquiring treasury shares, which amounted to 501,946, representing 0.19% of the Group's total shares. 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 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.

Treasury shares

As indicated above, on June 26, 2019, as part of the "Temporary Treasury Shares Buy-Back Scheme", Enagás, S.A. completed the process of acquiring its own shares, which amounted to 501,946, representing 0.19% of the Group's total shares. There were no changes in 2021 as there were no transactions involving treasury shares **(Note 3.1)**.

Events after the reporting period

Since June 30, 2021, the following events have taken place:

- On July 8, 2021, Enagás S.A. distributed a gross dividend per share of 1.008 euros per share, corresponding to the final dividend. Thus, the sum of the interim dividend and the final dividend amounted to a gross sum of 1.68 euros per share.

On July 26, 2021, and pursuant to Article 119 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of October 23, the Board of Directors of Enagás, S.A., prepared the Condensed Consolidated Financial Statements and Interim Consolidated Management Report at June 30, 2021, consisting of the accompanying documents.

DECLARATION OF RESPONSIBILITY. For the purposes of Article 119.3 of the Securities Market Law and Article 11 of Royal Decree 1362/2007 of October 19, the directors state that, to the best of their knowledge, the Interim Condensed Consolidated Financial Statements, prepared in accordance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of the Group and that the Group's Interim Management Report includes a fair analysis of the performance and results of the businesses and the situation of the Group, 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 Condensed Consolidated Financial Statements or Interim Management Report.

Chairman:

Mr Antonio Llardén Carratalá

Chief Executive Officer:

Mr Marcelino Oreja Arburúa

Directors:

Sociedad Estatal de Participaciones Industriales-SEPI

Mr Antonio Hernández Mancha (Represented by Mr Bartolomé Lora Toro)

Ms Eva Patricia Úrbez Sanz

Ms Ana Palacio Vallelersundi

Mr Santiago Ferrer Costa

Mr Gonzalo Solana González

Ms Isabel Tocino Biscarolasaga

Mr Ignacio Grangel Vicente

Mr José Blanco López

Mr Cristóbal José Gallego Castillo

Mr José Montilla Aguilera

Ms Natalia Fabra Portela

Ms María Teresa Arcos Sánchez

DILIGENCE to record that, due to the health crisis situation caused by COVID-19 and the restrictions derived from Law 2/2021, of March 29, on urgent measures of prevention, containment and coordination to deal with the health crisis caused by COVID-19 and Order 572/2021, of May 7, of the Regional Ministry of Health, which establishes preventive measures to deal with the health crisis caused by COVID-19, the Condensed Consolidated Financial Statements and the Interim Consolidated Management Report at June 30, 2021 have been drawn up with the agreement of all the members of the Board of Directors, but due to physical impossibility, given that the Board of Directors' meeting was held virtually, they have only been signed electronically by the Chief Executive Officer.

Vice Secretary of the Board:

Mr Diego Trillo Ruiz
(Signed the original in Spanish)