

ANNEX I

GENERAL

1st HALF-YEARLY FINANCIAL REPORT FOR FINANCIAL YEAR **2021**

REPORTING DATE **30/06/2021**

I. IDENTIFICATION DATA

Registered Company Name: ENDESA, S.A.

Registered Address: Ribera del Loira Street, 60 – 28042 Madrid	Tax Identification Number A-28023430
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II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

**Explanation of the main modifications with respect to the previously released periodic information:
(To be completed only in the situations indicated in Section B) of the instructions)**

III. STATEMENT(S) BY THE PERSON(S) RESPONSIBLE FOR THE INFORMATION

To the best of our knowledge, the accompanying condensed annual financial statements, which have been prepared in accordance with applicable accounting principles, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or of the undertakings included in the consolidated financial statements taken as a whole, and the interim management report includes a fair review of the information required.

Comments on the above statement(s):

Person(s) responsible for this information:

Name/Company Name	Office
Juan Sánchez-Calero Guilarte	CHAIRMAN
Francesco Starace	VICE CHAIRMAN
José D. Bogas Gálvez	CHIEF EXECUTIVE OFFICER
Alberto de Paoli	DIRECTOR
Maria Patrizia Grieco	DIRECTOR
Antonio Cammisecra	DIRECTOR
Ignacio Garralda Ruiz de Velasco	DIRECTOR
Francisco de Lacerda	DIRECTOR
Alicia Koplowitz y Romero de Juseu	DIRECTOR
Pilar González de Frutos	DIRECTOR
Eugenia Bieto Caubet	DIRECTOR

In accordance with the power delegated by the board of directors, the board secretary certifies that the half-yearly financial report has been signed by the directors.

Date this half-yearly financial report was signed by the corresponding governing body: 26/07/2021

SELECTED FINANCIAL INFORMATION

ENDESA, S.A.

1 HALF-YEAR OF 2021

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS) (1/2)

Units: Thousand euros

ASSETS		CURRENT PERIOD	PREVIOUS PERIOD	
		30/06/2021	31/12/2020	
A) NON-CURRENT ASSETS		40	19,177,502	19,153,335
1.	Intangible assets:	30	102,252	113,390
	a) Goodwill	31		
	b) Other intangible assets	32	102,252	113,390
2.	Property, plant and equipment	33	1,653	1,661
3.	Investment property	34		
4.	Long-term investments in group companies and associates	35	18,923,326	18,878,120
5.	Long-term financial investments	36	30,061	30,502
6.	Deferred tax assets	37	120,210	129,662
7.	Other non-current assets	38		
B) CURRENT ASSETS		85	332,407	796,819
1.	Non-current assets held for sale	50		
2.	Inventories	55		
3.	Trade and other receivables:	60	157,857	235,776
	a) Trade receivables	61		
	b) Other receivables	62	157,857	235,776
	c) Current tax assets	63		
4.	Short-term investments in group companies and associates	64	121,560	419,617
5.	Short-term financial investments	70	10,875	10,863
6.	Prepayments and accrued income	71	368	905
7.	Cash and cash equivalents	72	41,747	129,658
TOTAL ASSETS (A + B)		100	19,509,909	19,950,154

Comments

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SELECTED FINANCIAL INFORMATION

ENDESA, S.A.

1 HALF-YEAR OF 2021

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS) (2/2)

Units: Thousand euros

EQUITY AND LIABILITIES		CURRENT PERIOD	PREVIOUS PERIOD
		30/06/2021	31/12/2020
A) EQUITY (A.1 + A.2 + A.3)	195	7,632,291	8,955,196
A.1) CAPITAL AND RESERVES	180	7,649,907	8,980,782
1. Capital:	171	1,270,503	1,270,503
a) Authorised capital	161	1,270,503	1,270,503
b) Less: <i>Uncalled capital</i>	162		
2. Share premium	172	88,800	88,800
3. Reserves	173	1,440,848	1,436,260
4. Less: <i>Treasury stock</i>	174	(1,927)	(1,927)
5. Profit and loss in prior periods	178	4,795,389	4,597,407
6. Other shareholder contributions	179	319	319
7. Profit (loss) for the period	175	54,625	2,329,719
8. Less: <i>Interim dividend</i>	176		(741,069)
9. Other equity instruments	177	1,350	770
A.2) VALUATION ADJUSTMENTS	188	(17,616)	(25,586)
1. Available-for-sale financial assets	181		
2. Hedging transactions	182	(17,616)	(25,586)
3. Others	183		
A.3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	194		
B) NON-CURRENT LIABILITIES	120	8,484,810	8,725,130
1. Long-term provisions	115	271,933	307,551
2. Long-term debts:	116	2,372,428	2,080,637
a) Debt with financial institutions and bonds and other marketable securities	131	2,345,255	2,042,965
b) Other financial liabilities	132	27,173	37,672
3. Long-term payables to group companies and associates	117	5,806,931	6,303,424
4. Deferred tax liabilities	118	33,518	33,518
5. Other non-current liabilities	135		
6. Long-term accrual accounts	119		
C) CURRENT LIABILITIES	130	3,392,808	2,269,828
1. Liabilities associated with non-current assets held for sale	121		
2. Short-term provisions	122	51,139	48,910
3. Short-term debts:	123	2,157,583	1,473,623
a) Debt with financial institutions and bonds and other marketable securities	133	132,953	83,161
b) Other financial liabilities	134	2,024,630	1,390,462
4. Short-term payables to group companies and associates	129	1,046,309	604,154
5. Trade and other payables:	124	137,585	142,949
a) Suppliers	125		
b) Other payables	126	137,585	142,949
c) Current tax liabilities	127		
6. Other current liabilities	136		
7. Current accrual accounts	128	192	192
TOTAL EQUITY AND LIABILITIES (A + B + C)	200	19,509,909	19,950,154

Comments

IV. SELECTED FINANCIAL INFORMATION

2. INDIVIDUAL PROFIT AND LOSS STATEMENT (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

			PRESENT CURR.	PREVIOUS CURR.	CURRENT	PREVIOUS
			PERIOD	PERIOD	CUMULATIVE	CUMULATIVE
			(2nd HALF YEAR)	(2nd HALF YEAR)	30/06/2021	30/06/2020
(+)	Revenue	205			270,689	1,053,983
(+/-)	Change in inventories of finished products and work in progress	206				
(+)	Own work capitalised	207				597
(-)	Supplies	208			(174)	(160)
(+)	Other operating revenue	209			1,957	1,780
(-)	Personnel expenses	217			(77,280)	(90,623)
(-)	Other operating expenses	210			(77,293)	(87,317)
(-)	Depreciation and amortisation charge	211			(19,449)	(13,974)
(+)	Allocation of grants for non-financial assets and other grants	212				
(+)	Reversal of provisions	213			5,707	2,748
(+/-)	Impairment and gain (loss) on disposal of non-current assets	214			8	
(+/-)	Other profit (loss)	215			270	(3)
=	OPERATING PROFIT (LOSS)	245			104,435	867,031
(+)	Finance income	250			8,065	3,854
(-)	Finance costs	251			(81,837)	(88,280)
(+/-)	Changes in fair value of financial instruments	252			(519)	717
(+/-)	Exchange differences	254			(1,153)	2,621
(+/-)	Impairment and gain (loss) on disposal of financial instruments	255			(517)	
=	NET FINANCE INCOME (COSTS)	256			(75,961)	(81,088)
=	PROFIT (LOSS) BEFORE TAX	265			28,474	785,943
(+/-)	Income tax expense	270			26,151	29,248
=	PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES	280			54,625	815,191
(+/-)	Profit (loss) for the period from discontinued operations, net of tax	285				
=	PROFIT (LOSS) FOR THE PERIOD	300			54,625	815,191

	EARNINGS PER SHARE		Amount	Amount	Amount	Amount
			(X.XX euros)	(X.XX euros)	(X.XX euros)	(X.XX euros)
	Basic	290			0.05	0.77
	Diluted	295			0.05	0.77

Comments

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
a) INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSE (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

		CURRENT	PREVIOUS
		PERIOD	PERIOD
		30/06/2021	30/06/2020
A) PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	305	54,625	815,191
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	310	9,669	(10,728)
1. From measurement of financial instruments:	320		
a) Available-for-sale financial assets	321		
b) Other income/(expenses)	323		
2. From cash flow hedges	330	6,888	(16,291)
3. Grants, donations and bequests received	340		
4. From actuarial gains and losses and other adjustments	344	6,004	1,988
5. Other income and expense recognised directly in equity	343		
6. Tax effect	345	(3,223)	3,575
C) TRANSFERS TO PROFIT OR LOSS	350	2,804	2,715
1. From measurement of financial instruments:	355		
a) Available-for-sale financial assets	356		
b) Other income/(expenses)	358		
2. From cash flow hedges	360	3,739	3,620
3. Grants, donations and bequests received	366		
4. Other income and expense recognised directly in equity	365		
5. Tax effect	370	(935)	(905)
TOTAL RECOGNISED INCOME/(EXPENSE) FOR THE PERIOD (A + B + C)	400	67,098	807,178

Comments

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (1/2)
(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

CURRENT PERIOD		Capital and Reserves					Valuation adjustments	Grants, donations and bequests received	Total Equity
		Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period	Other equity instruments			
Opening balance at 01/01/2021	3010	1,270,503	5,381,717	(1,927)	2,329,719	770	(25,586)	8,955,196	
Adjustments for changes in accounting policy	3011								
Adjustment for errors	3012								
Adjusted opening balance	3015	1,270,503	5,381,717	(1,927)	2,329,719	770	(25,586)	8,955,196	
I. Total recognised income/(expense) in the period	3020		4,503		54,625		7,970	67,098	
II. Transactions with shareholders or owners	3025		(1,390,668)					(1,390,668)	
1. Capital increases/ (reductions)	3026								
2. Conversion of financial liabilities into equity	3027								
3. Distribution of dividends	3028		(1,390,668)					(1,390,668)	
4. Net trading with treasury stock	3029								
5. Increases/ (reductions) for business combinations	3030								
6. Other transactions with shareholders or owners	3032								
III. Other changes in equity	3035		2,329,804		(2,329,719)	580		665	
1. Equity-settled share-based payment	3036					580		580	
2. Transfers between equity accounts	3037		2,329,719		(2,329,719)				
3. Other changes	3038		85					85	
Closing balance at 30/06/2021	3040	1,270,503	6,325,356	(1,927)	54,625	1,350	(17,616)	7,632,291	

Comments

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (2/2)
(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

PREVIOUS PERIOD		Capital and Reserves					Valuation adjustments	Grants, donations and bequests received	Total Equity
		Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period	Other equity instruments			
Opening balance at 01/01/2020 (comparative period)	3050	1,270,503	5,306,086		1,642,109		(13,129)	8,205,569	
Adjustments for changes in accounting policy	3051								
Adjustment for errors	3052								
Adjusted opening balance (comparative period)	3055	1,270,503	5,306,086		1,642,109		(13,129)	8,205,569	
I. Total recognised income/(expense) in the period	3060		1,491		815,191		(9,504)	807,178	
II. Transactions with shareholders or owners	3065		(820,533)					(820,533)	
1. Capital increases/ (reductions)	3066								
2. Conversion of financial liabilities into equity	3067								
3. Distribution of dividends	3068		(820,533)					(820,533)	
4. Net trading with treasury stock	3069								
5. Increases/ (reductions) for business combinations	3070								
6. Other transactions with shareholders or owners	3072								
III. Other changes in equity	3075		1,642,109		(1,642,109)	373		373	
1. Equity-settled share-based payment	3076					373		373	
2. Transfers between equity accounts	3077		1,642,109		(1,642,109)				
3. Other changes	3078								
Closing balance at 30/06/2020 (comparative period)	3080	1,270,503	6,129,153		815,191	373	(22,633)	8,192,587	

Comments

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IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CASH FLOWS
(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

		CURRENT PERIOD		PREVIOUS PERIOD	
		30/06/2021		30/06/2020	
A)	CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	435	423,659	1,194,059	
1.	Profit (loss) before tax	405	28,474	785,943	
2.	Adjustments to profit (loss):	410	(53,063)	(812,901)	
(+)	Depreciation and amortisation charge	411	19,449	13,974	
(+/-)	Other net adjustments to profit (loss)	412	(72,512)	(826,875)	
3.	Changes in working capital	415	77,104	(52,940)	
4.	Other cash flows from operating activities:	420	371,144	1,273,957	
(-)	Interest paid	421	(87,156)	(91,128)	
(+)	Dividends received	422	476,713	1,341,487	
(+)	Interest received	423	5,022	2,851	
(+/-)	Income tax recovered/(paid)	430	119	41,746	
(+/-)	Other sums received/(paid) from operating activities	425	(23,554)	(20,999)	
B)	CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	460	(58,066)	(17,071)	
1.	Payments for investments:	440	(59,438)	(17,938)	
(-)	Group companies, associates and business units	441	(47,000)		
(-)	Property, plant and equipment, intangible assets and investment property	442	(10,017)	(15,750)	
(-)	Other financial assets	443	(2,421)	(2,188)	
(-)	Non-current assets and liabilities classified as held-for-sale	459			
(-)	Other assets	444			
2.	Proceeds from sale of investments	450	1,372	867	
(+)	Group companies, associates and business units	451			
(+)	Property, plant and equipment, intangible assets and investment property	452			
(+)	Other financial assets	453	1,372	867	
(+)	Non-current assets and liabilities classified as held-for-sale	461			
(+)	Other assets	454			
C)	CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)	490	(453,504)	(1,104,074)	
1.	Sums received/(paid) in respect of equity instruments	470			
(+)	Issuance	471			
(-)	Redemption	472			
(-)	Acquisition	473			
(+)	Disposal	474			
(+)	Grants, donations and bequests received	475			
2.	Sums received/(paid) in respect of financial liability instruments:	480	287,565	(362,948)	
(+)	Issuance	481	934,735	850,021	
(-)	Repayment and redemption	482	(647,170)	(1,212,969)	
3.	Payment of dividends and remuneration on other equity instruments	485	(741,069)	(741,126)	
D)	EFFECT OF FOREIGN EXCHANGE RATE CHANGES	492			
E)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	495	(87,911)	72,914	
F)	CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	499	129,658	31,225	
G)	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)	500	41,747	104,139	

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

		CURRENT PERIOD		PREVIOUS PERIOD	
		30/06/2021		30/06/2020	
(+)	Cash on hand and at banks	550	41,747	104,139	
(+)	Other financial assets	552			
(-)	Less: Bank overdrafts repayable on demand	553			
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	600	41,747	104,139	

Comments

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ADOPTED IFRS) (1/2)

Units: Thousand euros

	ASSETS	CURRENT PERIOD	PREVIOUS PERIOD
		30/06/2021	31/12/2020
A) NON-CURRENT ASSETS	1040	26,467,000	25,828,000
1. Intangible assets:	1030	1,919,000	1,861,000
a) Goodwill	1031	462,000	462,000
b) Other intangible assets	1032	1,457,000	1,399,000
2. Property, plant and equipment	1033	21,517,000	21,354,000
3. Investment property	1034	57,000	58,000
4. Investments accounted for using the equity method	1035	208,000	217,000
5. Non-current financial assets	1036	811,000	778,000
a) At fair value through profit or loss	1047	6,000	6,000
Of which, "Designated upon initial recognition"	1041	6,000	6,000
b) At fair value through other comprehensive income	1042		
Of which, "Designated upon initial recognition"	1043		
c) At amortised cost	1044	805,000	772,000
6. Non-current derivatives	1039	493,000	169,000
a) Hedging	1045	355,000	148,000
b) Other	1046	138,000	21,000
7. Deferred tax assets	1037	1,462,000	1,391,000
8. Other non-current assets	1038		
B) CURRENT ASSETS	1085	8,256,000	6,234,000
1. Non-current assets held for sale	1050		
2. Inventories	1055	1,037,000	1,077,000
3. Trade and other receivables:	1060	3,981,000	3,110,000
a) Trade receivables	1061	2,860,000	2,183,000
b) Other receivables	1062	546,000	501,000
c) Current tax assets	1063	575,000	426,000
4. Current financial assets	1070	1,089,000	1,177,000
a) At fair value through profit or loss	1080		
Of which, "Designated upon initial recognition"	1081		
b) At fair value through other comprehensive income	1082		
Of which, "Designated upon initial recognition"	1083		
c) At amortised cost	1084	1,089,000	1,177,000
5. Current derivatives	1076	1,972,000	467,000
a) Hedging	1077	752,000	167,000
b) Other	1078	1,220,000	300,000
6. Other current assets	1075		
7. Cash and cash equivalents	1072	177,000	403,000
TOTAL ASSETS (A + B)	1100	34,723,000	32,062,000

Comments

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ADOPTED IFRS) (2/2)

Units: Thousand euros

	EQUITY AND LIABILITIES	CURRENT PERIOD	PREVIOUS PERIOD
		30/06/2021	31/12/2020
A) EQUITY (A.1 + A.2 + A.3)	1195	7,025,000	7,465,000
A.1) CAPITAL AND RESERVES	1180	7,318,000	7,876,000
1. Capital	1171	1,271,000	1,271,000
a) Authorised capital	1161	1,271,000	1,271,000
b) Less: <i>Uncalled capital</i>	1162		
2. Share premium	1172	89,000	89,000
3. Reserves	1173	5,127,000	5,865,000
4. Less: <i>Treasury stock</i>	1174	(2,000)	(2,000)
5. Prior Periods' profit and loss	1178		
6. Other member contributions	1179		
7. Profit (loss) for the period attributable to the parent company	1175	832,000	1,394,000
8. Less: <i>Interim dividend</i>	1176		(741,000)
9. Other equity instruments	1177	1,000	
A.2) ACCUMULATED OTHER COMPREHENSIVE INCOME	1188	(445,000)	(561,000)
1. Items that are not reclassified to profit or loss for the period	1186	(443,000)	(487,000)
a) Equity instruments through other comprehensive income	1185		
b) Others	1190	(443,000)	(487,000)
2. Items that may subsequently be reclassified to profit or loss for the period	1187	(2,000)	(74,000)
a) Hedging transactions	1182	36,000	(31,000)
b) Translation differences	1184	1,000	1,000
c) Share in other comprehensive income for investments in joint ventures and others	1192	(39,000)	(44,000)
d) Debt instruments at fair value through other comprehensive income	1191		
e) Others	1183		
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (A.1 + A.2)	1189	6,873,000	7,315,000
A.3) NON-CONTROLLING INTERESTS	1193	152,000	150,000
B) NON-CURRENT LIABILITIES	1120	16,557,000	16,042,000
1. Grants	1117	4,529,000	4,517,000
2. Long-term provisions	1115	3,495,000	3,704,000
3. Long-term financial liabilities:	1116	6,317,000	5,901,000
a) Debt with financial institutions and bonds and other marketable securities	1131	2,455,000	2,144,000
b) Other financial liabilities	1132	3,862,000	3,757,000
4. Deferred tax liabilities	1118	1,192,000	1,053,000
5. Non-current derivatives	1140	360,000	236,000
a) Hedging	1141	291,000	220,000
b) Other	1142	69,000	16,000
6. Other non-current liabilities	1135	664,000	631,000
C) CURRENT LIABILITIES	1130	11,141,000	8,555,000
1. Liabilities associated with non-current assets held for sale	1121		
2. Short-term provisions	1122	396,000	477,000
3. Short-term financial liabilities:	1123	2,025,000	1,372,000
a) Debt with financial institutions and bonds and other marketable securities	1133	1,740,000	1,263,000
b) Other financial liabilities	1134	285,000	109,000
4. Trade and other payables:	1124	6,778,000	6,302,000
a) Suppliers	1125	3,088,000	3,739,000
b) Other payables	1126	2,877,000	2,051,000
c) Current tax liabilities	1127	813,000	512,000
5. Current derivatives	1145	1,942,000	404,000
a) Hedging	1146	771,000	195,000
b) Other	1147	1,171,000	209,000
6. Other current liabilities	1136		
TOTAL EQUITY AND LIABILITIES (A + B + C)	1200	34,723,000	32,062,000

Comments

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IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED PROFIT AND LOSS STATEMENT (ADOPTED IFRS)

Units: Thousand euros

			PRESENT CURR.	PREVIOUS CURR.	CURRENT	PREVIOUS
			PERIOD	PERIOD	CUMULATIVE	CUMULATIVE
			(2nd HALF YEAR)	(2nd HALF YEAR)	30/06/2021	30/06/2020
(+)	Revenue	1205			8,685,000	8,265,000
(+/-)	Change in inventories of finished products and work in progress	1206				
(+)	Own work capitalised	1207			106,000	97,000
(-)	Supplies	1208			(7,426,000)	(5,961,000)
(+)	Other operating revenue	1209			1,497,000	528,000
(-)	Personnel expenses	1217			(466,000)	(95,000)
(-)	Other operating expenses	1210			(651,000)	(671,000)
(-)	Depreciation and amortisation charge	1211			(736,000)	(707,000)
(+)	Allocation of grants for non-financial assets and other grants	1212			90,000	90,000
(+/-)	Impairment of non-current assets	1214			(5,000)	9,000
(+/-)	Gain (loss) on disposal of non-current assets	1216			(1,000)	6,000
(+/-)	Other profit (loss)	1215				
=	OPERATING PROFIT (LOSS)	1245			1,093,000	1,561,000
(+)	Finance income	1250			106,000	17,000
	a) Interest income calculated using the effective interest rate method	1262				1,000
	b) Other	1263			106,000	16,000
(-)	Finance costs	1251			(78,000)	(77,000)
(+/-)	Changes in fair value of financial instruments	1252			(5,000)	
(+/-)	Gain (loss) from reclassification of financial assets at amortised cost to financial assets at fair value	1258				
(+/-)	Gain (loss) from reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value	1259				
(+/-)	Exchange differences	1254			(3,000)	2,000
(+/-)	Impairment loss/reversal on financial instruments	1255				10,000
(+/-)	Gain (loss) on disposal of financial instruments	1257			(11,000)	(11,000)
	a) Financial instruments at amortised cost	1260			(11,000)	(11,000)
	b) Other financial instruments	1261				
=	NET FINANCE INCOME (COSTS)	1256			9,000	(59,000)
(+/-)	Profit (loss) of equity-accounted investees	1253			12,000	11,000
=	PROFIT (LOSS) BEFORE TAX	1265			1,114,000	1,513,000
(+/-)	Income tax expense	1270			(277,000)	(382,000)
=	PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES	1280			837,000	1,131,000
(+/-)	Profit (loss) for the period from discontinued operations, net of tax	1285				
=	CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	1288			837,000	1,131,000
	A) Profit (loss) for the period attributable to the parent company	1300			832,000	1,128,000
	B) Profit (loss) attributable to non-controlling interests	1289			5,000	3,000

	EARNINGS PER SHARE		Amount	Amount	Amount	Amount
			(X.XX euros)	(X.XX euros)	(X.XX euros)	(X.XX euros)
	Basic	1290			0.79	1.07
	Diluted	1295			0.79	1.07

Comments

IV. SELECTED FINANCIAL INFORMATION
7. CONSOLIDATED OTHER COMPREHENSIVE INCOME (IFRS ADOPTED)

Units: Thousand euros

		PRESENT CURR.	PREVIOUS CURR.	CURRENT	PREVIOUS
		PERIOD	PERIOD	PERIOD	PERIOD
		(2nd HALF YEAR)	(2nd HALF YEAR)	30/06/2021	30/06/2020
A) CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (from the profit and loss statement)	1305			837,000	1,131,000
B) OTHER COMPREHENSIVE INCOME – ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS:	1310			44,000	17,000
1. From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	1311				
2. From actuarial gains and losses	1344			55,000	23,000
3. Share in other comprehensive income of investments in joint ventures and associates	1342				
4. Equity instruments through other comprehensive income	1346				
5. Other income and expenses that are not reclassified to profit or loss	1343				
6. Tax effect	1345			(11,000)	(6,000)
C) OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS:	1350			72,000	82,000
1. Hedging transactions:	1360			89,000	112,000
a) Valuation gains/(losses)	1361			63,000	(56,000)
b) Amounts transferred to profit or loss	1362			26,000	168,000
c) Amounts transferred to initial carrying amount of hedged items	1363				
d) Other reclassifications	1364				
2. Translation differences:	1365				
a) Valuation gains/(losses)	1366				
b) Amounts transferred to profit or loss	1367				
c) Other reclassifications	1368				
3. Share in other comprehensive income of investments in joint ventures and associates:	1370			5,000	(2,000)
a) Valuation gains/(losses)	1371			5,000	(2,000)
b) Amounts transferred to profit or loss	1372				
c) Other reclassifications	1373				
4. Debt instruments at fair value through other comprehensive income:	1381				
a) Valuation gains/(losses)	1382				
b) Amounts transferred to profit or loss	1383				
c) Other reclassifications	1384				
5. Other income and expenses that may subsequently be reclassified to profit or loss:	1375				
a) Valuation gains/(losses)	1376				
b) Amounts transferred to profit or loss	1377				
c) Other reclassifications	1378				
6. Tax effect	1380			(22,000)	(28,000)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	1400			953,000	1,230,000
a) Attributable to the parent company	1398			948,000	1,227,000
b) Attributable to non-controlling interests	1399			5,000	3,000

Comments

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY (ADOPTED IFRS) (1/2)

Units: Thousand euros

CURRENT PERIOD		Equity attributable to the parent company					Valuation adjustments	Non-controlling interests	Total Equity
		Capital and Reserves							
		Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments			
Opening balance at 01/01/2021	3110	1,271,000	4,726,000	(2,000)	1,394,000		(74,000)	150,000	7,465,000
Adjustments for changes in accounting policy	3111								
Adjustment for errors	3112								
Adjusted opening balance	3115	1,271,000	4,726,000	(2,000)	1,394,000		(74,000)	150,000	7,465,000
I. Total comprehensive income/(expense) for the period	3120		44,000		832,000		72,000	5,000	953,000
II. Transactions with shareholders or owners	3125		(1,391,000)					(3,000)	(1,394,000)
1. Capital increases/(reductions)	3126							(1,000)	(1,000)
2. Conversion of financial liabilities into equity	3127								
3. Distribution of dividends	3128		(1,391,000)					(1,000)	(1,392,000)
4. Net trading with treasury stock	3129								
5. Increase/(decrease) for business combinations	3130								
6. Other transactions with shareholders or owners	3132							(1,000)	(1,000)
III. Other changes in equity	3135		1,394,000		(1,394,000)	1,000			1,000
1. Equity-settled share-based payment	3136					1,000			1,000
2. Transfers between equity accounts	3137		1,394,000		(1,394,000)				
3. Other changes	3138								
Closing balance at 30/06/2021	3140	1,271,000	4,773,000	(2,000)	832,000	1,000	(2,000)	152,000	7,025,000

Comments

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ADOPTED IFRS) (2/2)

Units: Thousand euros

PREVIOUS PERIOD	Equity attributable to the parent company						Non-controlling interests	Total equity	
	Capital and Reserves					Valuation adjustments			
	Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments				
Opening balance at 01/01/2020 (comparative period)	3150	1,271,000	6,187,000		171,000		59,000	149,000	7,837,000
Adjustments for changes in accounting policy	3151								
Adjustment for errors	3152								
Adjusted opening balance (comparative period)	3155	1,271,000	6,187,000		171,000		59,000	149,000	7,837,000
I. Total comprehensive income/(expense) for the period	3160		17,000		1,128,000		82,000	3,000	1,230,000
II. Transactions with shareholders or owners	3165		(821,000)						(821,000)
1. Capital increases/ (reductions)	3166								
2. Conversion of financial liabilities into equity	3167								
3. Distribution of dividends	3168		(821,000)						(821,000)
4. Net trading with treasury stock	3169								
5. Increase/ (decrease) for business combinations	3170								
6. Other transactions with shareholders or owners	3172								
III. Other changes in equity	3175		171,000		(171,000)				
1. Equity-settled share-based payment	3176								
2. Transfers between equity accounts	3177		171,000		(171,000)				
3. Other changes	3178								
Closing balance at 30/06/2020 (comparative period)	3180	1,271,000	5,554,000		1,128,000		141,000	152,000	8,246,000

Comments

SELECTED FINANCIAL INFORMATION

ENDESA, S.A.

1 HALF-YEAR OF 2021

IV. SELECTED FINANCIAL INFORMATION

9.A. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) (ADOPTED IFRS)

Units: Thousand euros

			CURRENT PERIOD 30/06/2021	PREVIOUS PERIOD 30/06/2020
A)	CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	1435	492,000	995,000
1.	Profit (loss) before tax	1405	1,114,000	1,513,000
2.	Adjustments to profit (loss):	1410	720,000	355,000
(+)	Depreciation and amortisation charge	1411	785,000	760,000
(+/-)	Other net adjustments to profit (loss)	1412	(65,000)	(405,000)
3.	Changes in working capital	1415	(1,037,000)	(692,000)
4.	Other cash flows from operating activities:	1420	(305,000)	(181,000)
(-)	Interest paid	1421	(78,000)	(70,000)
(-)	Payment of dividends and remuneration on other equity instruments	1430		
(+)	Dividends received	1422	17,000	9,000
(+)	Interest received	1423	15,000	15,000
(+/-)	Income tax recovered/(paid)	1424	(85,000)	(22,000)
(+/-)	Other sums received/(paid) from operating activities	1425	(174,000)	(113,000)
B)	CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)	1460	(894,000)	(821,000)
1.	Payments for investments:	1440	(955,000)	(915,000)
(-)	Group companies, associates and business units	1441	(34,000)	
(-)	Property, plant and equipment, intangible assets and investment property	1442	(798,000)	(776,000)
(-)	Other financial assets	1443	(123,000)	(139,000)
(-)	Non-current assets and liabilities classified as held-for-sale	1459		
(-)	Other assets	1444		
2.	Proceeds from sale of investments	1450	18,000	46,000
(+)	Group companies, associates and business units	1451		23,000
(+)	Property, plant and equipment, intangible assets and investment property	1452	7,000	4,000
(+)	Other financial assets	1453	11,000	19,000
(+)	Non-current assets and liabilities classified as held-for-sale	1461		
(+)	Other assets	1454		
3.	Other cash flows from investing activities	1455	43,000	48,000
(+)	Dividends received	1456		
(+)	Interest received	1457		
(+/-)	Other sums received/(paid) from investing activities	1458	43,000	48,000
C)	CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)	1490	176,000	(18,000)
1.	Sums received/(paid) in respect of equity instruments	1470	1,000	
(+)	Issuance	1471		
(-)	Redemption	1472		
(-)	Acquisition	1473	(1,000)	
(+)	Disposal	1474	2,000	
2.	Sums received/(paid) in respect of financial liability instruments:	1480	920,000	728,000
(+)	Issuance	1481	7,123,000	9,260,000
(-)	Repayment and redemption	1482	(6,203,000)	(8,532,000)
3.	Payment of dividends and remuneration on other equity instruments	1485	(745,000)	(746,000)
4.	Other cash flows from financing activities	1486		
(-)	Interest paid	1487		
(+/-)	Other sums received/(paid) from financing activities	1488		
D)	EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	1492		
E)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	1495	(226,000)	156,000
F)	CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	1499	403,000	223,000
G)	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)	1500	177,000	379,000
			CURRENT PERIOD 30/06/2021	PREVIOUS PERIOD 30/06/2020
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
(+)	Cash on hand and at banks	1550	177,000	379,000
(+)	Other financial assets	1552		
(-)	Less: Bank overdrafts repayable on demand	1553		
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1600	177,000	379,000

IV. SELECTED FINANCIAL INFORMATION

10. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		Euros / share (X,XX)	Amount	No. of shares	Euros / share (X,XX)	Amount	No. of shares
			(thousand euros)	to be delivered		(thousand euros)	to be delivered
Ordinary shares	2158	0.70	741,069		0.70	741,126	
Other shares (non-voting shares, redeemable shares, etc.)	2159						
Total dividends paid	2160	0.70	741,069		0.70	741,126	
a) Dividends charged to profit and loss	2155	0.70	741,069		0.70	741,126	
b) Dividends charged to reserves or share premium	2156						
c) Dividends in kind	2157						
d) Flexible payment	2154						

IV. SELECTED FINANCIAL INFORMATION

11. SEGMENT INFORMATION

Units: Thousand euros

GEOGRAPHIC AREA		Distribution of revenue by geographic area			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT	PREVIOUS	CURRENT	PREVIOUS
		PERIOD	PERIOD	PERIOD	PERIOD
Spanish market	2210	269,059	1,051,866	7,705,000	7,316,000
International market	2215	1,630	2,117	980,000	949,000
a) European Union	2216	1,456	1,685	784,000	925,000
a.1) Euro Area	2217	1,414	1,585	784,000	925,000
a.2) Non-Euro Area	2218	42	100		
b) Other	2219	174	432	196,000	24,000
TOTAL	2220	270,689	1,053,983	8,685,000	8,265,000

SEGMENTS		CONSOLIDATED			
		Ordinary revenue		Profit (loss)	
		CURRENT	PREVIOUS	CURRENT	PREVIOUS
		PERIOD	PERIOD	PERIOD	PERIOD
Generation and Supply	2221	9,069,000	7,661,000	410,000	529,000
Distribution	2222	1,288,000	1,309,000	458,000	634,000
Structure and Services	2223	248,000	252,000	110,000	885,000
	2224				
	2225				
	2226				
	2227				
	2228				
	2229				
(-) Adjustments and elimination of ordinary revenue between segments	2230	(333,000)	(339,000)	(141,000)	(917,000)
TOTAL of reportable segments	2235	10,272,000	8,883,000	837,000	1,131,000

IV. SELECTED FINANCIAL INFORMATION

12. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	2295	1,269	1,316	9,375	9,818
Men	2296	620	641	7,078	7,491
Women	2297	649	675	2,297	2,327

IV. SELECTED FINANCIAL INFORMATION

13. REMUNERATION RECEIVED BY DIRECTORS AND MANAGERS

DIRECTORS:	Item of remuneration:		Amount (thousand euros)	
			CURRENT PERIOD	PREVIOUS PERIOD
	Remuneration for membership on the board and/or board committees	2310	1,191	1,002
	Salaries	2311	480	448
	Variable remuneration in cash	2312	456	741
	Share-based remuneration systems	2313	86	43
	Termination benefits	2314		
	Long-term savings systems	2315	29	474
	Other items	2316	98	32
	TOTAL	2320	2,340	2,740

MANAGERS:	Total remuneration paid to managers		Amount (thousand euros)	
			CURRENT PERIOD	PREVIOUS PERIOD
		2325	4,877	6,237

IV. SELECTED FINANCIAL INFORMATION

14. RELATED-PARTY TRANSACTIONS AND BALANCES (1/2)

Units: Thousand euros

EXPENSES AND REVENUE		CURRENT PERIOD				Total
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	
1) Finance costs	2340	48,000				48,000
2) Leases	2343					
3) Services received	2344	24,000			3,000	27,000
4) Purchase of inventories	2345	(9,000)				(9,000)
5) Other expenses	2348	1,391,000				1,391,000
TOTAL EXPENSES (1 + 2 + 3 + 4 + 5)	2350	1,454,000			3,000	1,457,000
6) Finance income	2351	1,000				1,000
7) Dividends received	2354					
8) Services rendered	2356	6,000			1,000	7,000
9) Sale of inventories	2357	(5,000)				(5,000)
10) Other income	2359	1,021,000				1,021,000
TOTAL REVENUE (6 + 7 + 8 + 9 + 10)	2360	1,023,000			1,000	1,024,000

OTHER TRANSACTIONS:		CURRENT PERIOD				Total
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	
Financing agreements: loans and capital contributions (lender)	2372		1,000			1,000
Financing agreements: loans and capital contributions (borrower)	2375	4,700,000				4,700,000
Guarantees and collateral given	2381		7,000			7,000
Guarantees and collateral received	2382	115,000				115,000
Commitments assumed	2383	57,000				57,000
Dividends and other earnings distributed	2386	520,000				520,000
Other transactions	2385	27,000				27,000

BALANCES ON THE REPORTING DATE:		CURRENT PERIOD				Total
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	
1) Trade receivables	2341	1,690,000				1,690,000
2) Loans and credit given	2342		1,000			1,000
3) Other receivables	2346	874,000				874,000
TOTAL RECEIVABLES (1 + 2 + 3)	2347	2,564,000	1,000			2,565,000
4) Trade payables	2352	3,031,000				3,031,000
5) Loans and credit received	2353	3,001,000				3,001,000
6) Other payment obligations	2355	963,000				963,000
TOTAL PAYABLES (4 + 5 + 6)	2358	6,995,000				6,995,000

IV. SELECTED FINANCIAL INFORMATION

14. RELATED-PARTY TRANSACTIONS AND BALANCES (2/2)

Units: Thousand euros

EXPENSES AND REVENUE		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Finance costs	6340	49,000				49,000
2) Leases	6343					
3) Services received	6344	22,000			3,000	25,000
4) Purchase of inventories	6345	121,000				121,000
5) Other expenses	6348	401,000				401,000
TOTAL EXPENSES (1 + 2 + 3 + 4 + 5)	6350	593,000			3,000	596,000
6) Finance income	6351	3,000				3,000
7) Dividends received	6354					
8) Services rendered	6356	7,000			18,000	25,000
9) Sale of inventories	6357	127,000				127,000
10) Other income	6359	451,000				451,000
TOTAL REVENUE (6 + 7 + 8 + 9 + 10)	6360	588,000			18,000	606,000

OTHER TRANSACTIONS:		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Financing agreements: loans and capital contributions (lender)	6372		1,000			1,000
Financing agreements: loans and capital contributions (borrower)	6375	3,700,000				3,700,000
Guarantees and collateral given	6381		7,000			7,000
Guarantees and collateral received	6382	122,000				122,000
Commitments assumed	6383	22,000				22,000
Dividends and other earnings distributed	6386	520,000				520,000
Other transactions	6385	9,000				9,000

BALANCES ON THE REPORTING DATE:		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Trade receivables	6341	624,000				624,000
2) Loans and credit given	6342		1,000			1,000
3) Other receivables	6346	520,000				520,000
TOTAL RECEIVABLES (1+2+3)	6347	1,144,000	1,000			1,145,000
4) Trade payables	6352	1,233,000				1,233,000
5) Loans and credit received	6353	3,002,000				3,002,000
6) Other payment obligations	6355	504,000				504,000
TOTAL PAYABLES (4+5+6)	6358	4,739,000				4,739,000



Limited Review Report on Endesa, S.A.

(Together with the individual interim condensed financial statements and management report of Endesa, S.A. for the six-month period ended 30 June 2021)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Limited Review on the Individual Interim Condensed Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Endesa, S.A., commissioned by the Directors of the Company.

REPORT ON THE INDIVIDUAL INTERIM CONDENSED FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed interim financial statements (hereinafter the “interim financial information”) of Endesa, S.A. (the “Company”), which comprise the statement of financial position at 30 June 2021, the income statement, statement of changes in equity, statement of cash flows and the explanatory notes for the six-month period then ended. The Directors of the Company are responsible for the preparation of this interim financial information in accordance with the accounting principles and the minimum content envisaged in articles 12 and 13 of Royal Decree 1362/2007 and in Circular 3/2018 of the Spanish National Securities Market Commission (CNMV). Our responsibility is to express a conclusion on this interim financial information based on our limited review.

Scope of Review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts 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 information.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the six-month period ended 30 June 2021 has not been prepared, in all material respects, in accordance with the accounting principles and minimum content envisaged in articles 12 and 13 of Royal Decree 1362/2007 and in Circular 3/2018 of the Spanish National Securities Market Commission (CNMV).

Emphasis of Matter

We draw your attention to the note 2.1 in the accompanying interim financial information, which states that such accompanying interim financial information does not include all the information that would be required in a complete set of financial statements prepared in accordance with the financial reporting framework applicable to the entity in Spain. The accompanying interim financial information should therefore be read in conjunction with the Company's annual accounts for the year ended 31 December 2020. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying management report for the six-month period ended 30 June 2021 contains such explanations as the Directors consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial information, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The interim directors' report is not an integral part of the interim financial information. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial information for the six-month period ended 30 June 2021. Our work as auditors is limited to the verification of the interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

Other Matter

This report has been prepared at the request of the board of directors of the Company in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October 2015 and enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Estibaliz Bilbao Belda

26 July 2021

ENDESA, S.A.

**Interim Condensed Financial Statements for
the six months ended 30 June 2021**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2021 AND 31 DECEMBER 2020

Millions of Euros

	Note	30 June 2021 (unaudited)	31 December 2020
ASSETS			
NON-CURRENT ASSETS		19,177	19,154
Intangible assets		102	113
Patents, licences, trademarks and similar		1	4
Software		101	109
Property, plant and equipment		1	2
Plant and other property, plant and equipment		1	2
Non-current investments in Group companies and associates	3 and 10.1	18,923	18,878
Equity instruments		18,923	18,878
Non-current financial investments	3	31	31
Equity instruments		3	4
Loans to third parties		5	4
Derivatives		7	7
Other financial assets		16	16
Deferred tax assets		120	130
CURRENT ASSETS			
Trade and other receivables		158	236
Other receivables		13	52
Receivables from Group companies and associates	10.1	141	182
Employee receivables		4	1
Other receivables from public administrations		-	1
Current investments in Group companies and associates	3 and 10.1	122	419
Loans to companies		122	88
Other financial assets		-	331
Current financial investments	3	11	10
Loans to third parties		11	10
Current prepayments and accrued income		-	1
Cash and cash equivalents		42	130
Cash in hand and at banks		42	130
TOTAL ASSETS		19,510	19,950

The accompanying condensed explanatory Notes 1 to 13 are an integral part of the statements of financial position at 30 June 2021 and 31 December 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

**STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2021 AND 31 DECEMBER 2020**

Millions of Euros

	Note	30 June 2021 (unaudited)	31 December 2020
EQUITY AND LIABILITIES			
EQUITY	4	7,632	8,955
Capital and reserves		7,650	8,981
Capital		1,271	1,271
Issued capital		1,271	1,271
Share premium		89	89
Reserves		1,441	1,436
Legal and by-law reserves		254	254
Other reserves		1,187	1,182
(Shares in own equity instruments)		(2)	(2)
Previous years' profit or loss		4,795	4,597
Retained earnings		4,795	4,597
Profit/(loss) for the year		55	2,330
Interim dividend		-	(741)
Other equity instruments		1	1
Valuation adjustments		(18)	(26)
Hedging transactions		(18)	(26)
NON-CURRENT LIABILITIES			
Non-current provisions	5	272	307
Non-current employee benefits		50	57
Provisions for workforce restructuring costs		161	185
Other provisions		61	65
Non-current debts	6	2,373	2,081
Bonds and other marketable securities		19	20
Bank borrowings		2,327	2,023
Finance lease payables		1	1
Derivatives		23	34
Other financial liabilities		3	3
Non-current debts to Group companies and associates	6 and 10.1	5,807	6,303
Debts to Group companies and associates		5,807	6,303
Deferred tax liabilities		34	34
CURRENT LIABILITIES			
Current provisions	5	51	49
Provisions for workforce restructuring costs		42	40
Other provisions		9	9
Current debts	6	2,157	1,474
Bank borrowings		132	83
Finance lease payables		1	1
Derivatives		2	1
Other financial liabilities		2,022	1,389
Current debts to Group companies and associates	6 and 10.1	1,046	604
Debts to Group companies and associates		64	74
Other financial liabilities		982	530
Trade and other payables		138	143
Suppliers to Group companies and associates	10.1	42	34
Other payables		75	84
Employee payables		14	19
Other payables to public administrations		7	6
TOTAL EQUITY AND LIABILITIES		19,510	19,950

The accompanying condensed explanatory Notes 1 to 13 are an integral part of the statements of financial position at 30 June 2021 and 31 December 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.
INCOME STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2021 AND 2020

Millions of Euros

	Note	January-June 2021 (unaudited)	January-June 2020 (unaudited)
CONTINUING OPERATIONS			
Revenue	8.1	271	1,054
Provision of services		126	137
Dividend income from Group companies and associates	10.1	145	917
Self-constructed assets		-	1
Other operating income		2	2
Ancillary income and other operating income		2	2
Personnel expenses	8.3	(77)	(91)
Salaries and wages, and similar		(58)	(71)
Other employee benefits		(13)	(18)
Provisions		(6)	(2)
Other operating expenses	8.4	(77)	(88)
External services		(47)	(49)
Taxes other than corporation tax		1	(3)
Other current operating expenses		(31)	(36)
Depreciation and amortisation		(19)	(14)
Provision surpluses		6	3
OPERATING INCOME		106	867
Financial income	8.5	8	4
Marketable securities and other non-current credits		8	4
Third parties		8	4
Financial expenses	8.5	(82)	(88)
Interest on debts to Group companies and associates	10.1	(70)	(80)
Interest on debts to third parties		(12)	(7)
Provision adjustments		-	(1)
Change in fair value of financial instruments		(1)	1
Trading portfolio and other		(1)	1
Exchange gains/(losses)		(1)	2
Impairment and gains/(losses) on disposal of financial instruments		(1)	-
Impairment losses	3	(1)	-
FINANCIAL PROFIT/LOSS		(77)	(81)
PROFIT/(LOSS) BEFORE TAX		29	786
Corporation tax expense		26	29
PROFIT/LOSS AFTER TAX FOR THE YEAR FROM CONTINUING OPERATIONS		55	815
PROFIT AFTER TAX FOR THE YEAR FROM DISCONTINUED OPERATIONS		-	-
PROFIT/(LOSS) FOR THE YEAR		55	815

The accompanying condensed explanatory notes 1 to 13 form an integral part of the income statements for the six months ended 30 June 2021 and 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED

30 JUNE 2021 AND 2020

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED

30 JUNE 2021 AND 2020

Millions of Euros

	Note	January-June 2021 (unaudited)	January-June 2020 (unaudited)
PROFIT/(LOSS) FOR THE PERIOD		55	815
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY			
Cash flow hedges	6.2	7	(17)
Actuarial gains and losses and other adjustments	5.1	6	2
Tax effect		(3)	4
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		10	(11)
AMOUNTS TRANSFERRED TO INCOME STATEMENT			
Cash flow hedges		4	4
Tax effect	6.2	(1)	(1)
TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		3	3
TOTAL RECOGNISED INCOME/(EXPENSES)		68	807

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of recognised income and expense for the six months ended 30 June 2021 and 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED

30 JUNE 2021 AND 2020

B) STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE SIX MONTHS ENDED

30 JUNE 2021 AND 2020

Millions of Euros

	30 June 2021 (unaudited)								Total equity
	Capital and reserves							Valuation adjustments (Note 4.6)	
	Capital (Note 4.1)	Share premium (Note 4.2)	Reserves and prior years' profit or loss	(Treasury shares and own equity instruments) (Note 4.4)	Profit/(loss) for the year	(Interim dividend) (Note 4.5)	Other equity instruments		
Balance at 31 December 2020	1,271	89	6,033	(2)	2,330	(741)	1	(26)	8,955
TOTAL RECOGNISED INCOME/(EXPENSE)	-	-	5	-	55	-	-	8	68
Other changes in equity	-	-	198	-	(2,330)	741	-	-	(1,391)
Distribution of profit	-	-	198	-	(2,330)	741	-	-	(1,391)
Balance at 30 June 2021	1,271	89	6,236	(2)	55	-	1	(18)	7,632

Millions of Euros

	30 June 2020 (unaudited)								Total equity
	Capital and reserves							Valuation adjustments (Note 4.6)	
	Capital (Note 4.1)	Share premium (Note 4.2)	Reserves and prior years' profit or loss	(Treasury shares and own equity instruments) (Note 4.4)	Profit/(loss) for the year	(Interim dividend) (Note 4.5)	Other equity instruments		
Balance at 31 December 2019	1,271	89	5,958	-	1,642	(741)	-	(13)	8,206
TOTAL RECOGNISED INCOME/(EXPENSE)	-	-	2	-	815	-	-	(10)	807
Other changes in equity	-	-	80	-	(1,642)	741	-	-	(821)
Distribution of profit	-	-	80	-	(1,642)	741	-	-	(821)
Balance at 30 June 2020	1,271	89	6,040	-	815	-	-	(23)	8,192

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of total changes in equity for the six months ended 30 June 2021 and 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED
30 JUNE 2021 AND 2020

Millions of Euros

	Note	January-June 2021 (unaudited)	January-June 2020 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		423	1,194
Profit before tax		29	786
Adjustments for		(53)	(814)
Income from dividends	8.1 and 10.1	(145)	(917)
Depreciation and amortisation		19	14
Impairment losses		1	-
Changes in provisions		(3)	7
Financial income	8.5	(8)	(4)
Financial expenses	8.5	82	88
Exchange gains/(losses)		-	(1)
Change in fair value of financial instruments		1	(1)
Changes in working capital		77	(53)
Other cash flows from operating activities		370	1,275
Interest paid		(87)	(91)
Dividends received	3.1.1	476	1,342
Interest received		5	3
Corporation tax received/(paid)		-	42
Other proceeds from/(payments) for operating activities		(24)	(21)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(58)	(17)
Payments for investments		(59)	(18)
Group companies and associates		(47)	-
Property, plant and equipment and intangible assets		(10)	(16)
Other financial assets		(2)	(2)
Proceeds from sale of investments		1	1
Other financial assets		1	1
CASH FLOWS USED IN FINANCING ACTIVITIES		(453)	(1,104)
Proceeds from (payments for) financial liability instruments		288	(363)
Issue		935	850
Redemption and repayment		(647)	(1,213)
Dividends and interest on other equity instruments paid		(741)	(741)
Dividends	4.5	(741)	(741)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(88)	73
CASH AND CASH EQUIVALENTS AT 1 JANUARY		130	31
CASH AND CASH EQUIVALENTS AT 30 JUNE		42	104

The accompanying condensed notes 1 to 13 are an integral part of the corresponding statements of cash flows for the six months ended 30 June 2021 and 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL

FINANCIAL STATEMENTS FOR

THE SIX MONTHS ENDED 30 JUNE 2021

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(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

CONDENSED NOTES TO THE INTERIM FINANCIAL

STATEMENTS FOR

THE SIX MONTHS ENDED

A 30 JUNE 2021

1. Group activity and interim condensed financial statements.

ENDESA, S.A. (hereinafter “the Company”) was incorporated as a company limited by shares under Spanish law on 18 November 1944 under the name Empresa Nacional de Electricidad, S.A. and changed its name to ENDESA, S.A. pursuant to a resolution adopted by the shareholders at the General Shareholders' Meeting on 25 June 1997. Its registered offices and headquarters are at Calle Ribera del Loira 60, Madrid.

Its corporate purpose is the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group's corporate purpose, and the management of the corporate Group, comprising investments in other companies.

The Company carries out its corporate objects in Spain and abroad directly or through its investments in other companies.

To comply with Electricity Sector Law 24/2013 of 26 December, derogating from previous Law 54/1997 of 27 November on the electricity sector, ENDESA, S.A. underwent a corporate restructuring to separate its various electricity activities. Since then, ENDESA, S.A.'s activity has focused primarily on administration and services for its business group, comprising the investments detailed in these condensed explanatory notes.

The Company's shares are officially admitted to trading on the Spanish Stock Exchanges.

ENDESA's financial statements for the year ended 31 December 2020 were approved by the shareholders at the General Shareholders' Meeting held on 30 April 2021, and are filed with the Madrid companies register.

The Company holds interests in Group companies, jointly-controlled entities and associates. Consequently, in accordance with prevailing legislation, the Company is the parent of a group of companies. In accordance with generally accepted accounting principles in Spain, consolidated financial statements must be prepared to present truly and fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies, jointly-controlled entities and associated companies are included in Note 3.1.1.

The consolidated financial statements of ENDESA, S.A. and its subsidiaries for the year ended 31 December 2020 were approved by the shareholders at the General Shareholders' Meeting held on 30 April 2021 and are filed with the Rome and Madrid companies registers.

On 26 July 2021, the Board of Directors of ENDESA, S.A. approved the interim condensed consolidated financial statements for the six month period ended 30 June 2021 in accordance with prevailing legislation, pursuant to International Financial Reporting Standards (IFRS).

The key data in the interim condensed financial statements of ENDESA, S.A., and its subsidiaries in the six months ended 30 June 2021 and the year ended 31 December 2020 are as follows:

Millions of Euros		
	30 June 2021 (unaudited)	31 December 2020
Total assets	34,723	32,062
Equity	7,025	7,465
Of the Parent	6,873	7,315
Of non-controlling interests	152	150

Millions of Euros		
	January-June 2021 (unaudited)	January-June 2020 (unaudited)
Revenue	10,272	8,883
Profit after tax for the period from continuing operations	837	1,131
Profit after tax for the period from discontinued operations	-	-
Profit/(loss) for the year	837	1,131
Of the Parent	832	1,128
Of non-controlling interests	5	3

At 30 June 2021 and 31 December 2020, the ENEL Group, through ENEL Iberia, S.L.U., held 70.1% of ENDESA, S.A.'s share capital, giving it control over Company (see Note 4.1).

The ENEL Group's consolidated financial statements for the year ended 31 December 2020 were approved by the General Shareholders' Meeting held on 20 May 2021 and are filed with the Rome and Madrid Companies Registers.

2. Basis of preparation of the interim condensed financial statements.

2.1. Fair presentation

The interim condensed financial statements, which were approved by the Company's Directors at the meeting of its Board of Directors on 26 July 2021, have been prepared in accordance with the half-yearly financial reporting requirements set down in article 119 of Royal Decree Law 4/2015, of 23 October, approving the recast text of the Securities Market Act, and in accordance with the principles and content contained in articles 12 and 13 Royal Decree 1362/2007, of 19 October, on transparency requirements in relation to information about issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union and Circular 3/2018, of 28 June, on periodic information about issuers whose securities are admitted to trading on regulated markets with regard to half-yearly financial reports. Specifically, the accompanying interim condensed financial statements have been authorised for issue with the content required to meet the conditions established by Circular 3/2018, of 28 June.

The accompanying interim condensed financial statements for the six months ended 30 June 2021 have been prepared on the basis of the accounting policies and valuation methods established by Law 16/2007, of 4 July, which reforms and adapts mercantile law as regards accounting practices for international harmonisation based on the European Union standard and the General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, subsequently amended by the Royal Decree 1159/2010, of 17 September, Royal Decree 602/2016, of 2 December and Royal Decree 1/2021, of 12 January. However, these interim condensed financial statements do not include all of the information required to prepare a full set of condensed financial statements. Therefore, for an appropriate understanding, they should be read in conjunction with the financial statements for the year ended 31 December 2020, also taking into consideration the amendments introduced from 1 January 2021 by Royal Decree 1/2021, of 12 January, on the new criteria for the recognition and measurement of financial instruments, hedge accounting and the recognition of income, the impact of which for ENDESA, S.A. is described in Note 2.2 Accounting Policies.

The accompanying interim condensed financial statements reflect a true and fair presentation of the Company's equity and financial position at 30 June 2021, and the results of its operations, changes in equity and cash flows for the six months then ended, and have been prepared on the basis of the Company's accounting records.

2.2. Accounting policies

The accounting policies and standards applied in preparing these interim condensed financial statements are those set out in Notes 2 and 4 of the Financial Statements for the year ended 31 December 2020, except for the amendments included from 1 January 2021 (date of first application) under Royal Decree 1/2021, of 12 January, on valuation criteria (fair value), the classification and measurement of financial instruments, hedge accounting and the recognition of income, as described below.

Recognition and Measurement Standard 9 "Financial instruments".

The new rules established by Recognition and Measurement Standard 9 "Financial Instruments" applicable to ENDESA, S.A. since 1 January 2021 (the date of first application) are detailed below.

Classification and measurement of financial assets:

According to the business model and of the contractual characteristics of the cash flows, for measurement purposes financial assets are included in one of the following categories:

- Financial assets at fair value through profit or loss: this category includes financial assets that cannot be classified under any of the other defined categories. It must include financial assets held for trading.

A financial asset is considered to be held for trading when:

- it originates or is acquired for the purpose of selling it in the near term,
- on initial recognition it forms part of a portfolio of financial instruments that are identified and managed jointly, for which there is evidence of recent initiatives to obtain profits in the short term, or
- it is a derivative financial instrument, that is not a financial guarantee contract or a designated hedging instrument.

This category also includes financial assets that are recognised at fair value through profit or loss on initial recognition, provided that they eliminate or significantly reduce valuation inconsistencies and accounting mismatches.

The financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, shall be the transaction price, which shall be the fair value of the consideration given. Directly-attributable transaction costs shall be recognised in the income statement for the year.

After initial recognition, the Company shall measure the financial assets in this category at fair value through profit or loss.

- Financial assets at amortised cost: financial assets are recorded at amortised cost if they are held by the company with the objective of receiving contractual cash flows and the contractual conditions of the financial assets give rise, on specified dates, to cash flows that are only collections of principal and interests on the outstanding principal amount.

In general, this category includes trade and non-trade receivables:

- Trade receivables: financial assets incurred on the sale of goods and the provision of services in the course of the company's business, with deferred payment, and
- Non-trade receivables: financial assets that are neither equity instruments nor derivatives, not arising on trade transactions, with fixed or determinable payments, and derive from loans or credits granted by the company.

The financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, shall be the transaction price, which shall be the fair value of the consideration given plus the directly attributable transaction costs. However, trade receivables which have no explicit contractual interest rate and are recoverable in the short term, and advances and loans to personnel, dividends receivable and capital calls on equity instruments, which are expected to be settled in the short term, may be measured at their nominal amount, when the effect of discounting is immaterial.

Financial assets in this category are measured at amortised cost. Interest accrued is recognised in the income statement applying the effective interest method. Nevertheless, trade receivables which mature within less than one year which, in accordance with the provisions of the paragraph above, are measured initially at nominal value, shall continue to be measured at that amount unless there is any impairment.

At least at the end of the reporting period, the company shall recognise any necessary valuation allowances when there is objective evidence that the value of a financial asset, or group of financial assets with similar risk exposure measured together, is impaired as a result of one or more events occurring after initial recognition and leading to a reduction or delay in estimated future cash flows, which could be due to debtor insolvency.

The amount of the impairment loss on these financial assets shall be measured as the difference between the carrying amount and the present value of estimated future cash flows, including where applicable those deriving from the execution of secured loans or personal guarantees, discounted at the effective interest rate calculated upon initial recognition. For financial assets carrying floating interest rates, the effective interest rate used is that prevailing at the reporting date as per the instrument's contractual terms.

Impairment losses and, where applicable, their reversal, when the loss is reduced due to a subsequent event, are recognised as an expense or income, respectively, in the income statement. The loss can only be reversed up to the limit of the carrying amount of the asset that would have been recorded at the reversal date had the impairment loss not been recognised.

However, the market value of the instrument may be used instead of the present value of estimated future cash flows, provided that this is sufficiently reliable to be considered representative of the value recoverable by the company.

Interest on impaired financial assets shall be recognised following the general rules, although the company may also assess whether this amount is recoverable, and if so, account for the corresponding impairment loss.

- Financial assets measured at fair value with changes in equity: this category includes financial assets with contractual conditions that give rise, on specified dates, to cash flows that are only collections of principal and interest on the outstanding principal amount, which are not held for trading and may not be classified as financial assets at amortised cost. This category also includes investments in equity instruments that are not held for trading, and should not be measured at cost, for which the irrevocable option has been exercised on initial recognition to recognise subsequent changes in fair value directly in equity.

The financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, shall be the transaction price, which shall be the fair value of the consideration given plus the directly attributable transaction costs.

Subsequently, the financial assets included in this category will be measured at fair value, without deducting any transaction costs that may arise from their disposal. Any changes in fair value shall be recognised directly in equity, until the financial asset is derecognised from the balance sheet or becomes impaired, when the amount recognised shall be taken to profit or loss.

The interest, calculated using the effective interest method, and dividends accrued shall also be recognised in the income statement. When a value must be assigned to these assets due to derecognition from the balance sheet or any other reason, the weighted average cost method shall be used.

At least at the end of the reporting period, the company shall recognise any necessary valuation allowances when there is objective evidence that the value of a financial asset, or group of financial assets included in this category with similar risk exposure measured together, is impaired as a result of one or more events occurring after initial recognition.

- In the case of acquired debt instruments, a reduction or delay in the estimated future cash flows, which could be due to debtor insolvency.
- In the case of investments in equity instruments, failure to recover the carrying amount of investments, for example due to a significant or prolonged decline in their fair value. The instrument shall be considered impaired after a decline of a year and a half and of forty percent of its quoted price with no recovery in value. However, it may be necessary to recognise an impairment loss before this period has elapsed or before the quoted price has dropped by the aforementioned percentages.

The impairment for these financial assets shall be measured as the difference between the cost or amortised cost, less any impairment previously recognised in the income statement, and the fair value at the measurement date.

Where there is objective evidence that the asset is impaired, accumulated losses recognised in equity for a decrease in fair value shall be recorded in the income statement.

Were fair value to increase in subsequent years, the previously recognised impairment loss would be reversed in the income statement for that year. However, where the fair value of an equity instrument increases, the impairment recognised in prior periods shall not be reversed with a credit to the income statement; rather, the increase in fair value shall be accounted for directly in equity.

- Financial assets at cost: this measurement category includes equity investments in group companies, jointly controlled entities and associates, and any other financial asset initially classified in the fair value portfolio through profit or loss when a reliable estimate of its fair value cannot be obtained.

Investments in this category shall initially be recognised at cost, which shall be the fair value of the consideration given plus any directly attributable transaction costs. The criterion described in section 2 of the standard on transactions between group companies and the criteria for determining the cost of the combination set out in the standard on business combinations shall be applied to group companies, where applicable. However, in the case of investments existing prior to classification as a group company, jointly controlled entity or associate, the cost of the investment shall be the carrying amount immediately before classification by the company.

Subsequently, equity instruments included in this category are measured at cost, net, where appropriate, of any accumulated impairment losses.

At least at the end of the reporting period, the necessary valuation allowances must be made when there is objective evidence that the carrying amount of an investment will not be recovered. The impairment loss shall be measured as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the present value of future cash flows from the investment, estimated in the case of equity instruments as either those from dividends expected to be received from the investee and the disposal or derecognition of the investment, or from the share in the cash flows expected to be generated by the investee in the ordinary course of business and from disposal or derecognition. When estimating impairment of these types of assets, the investee's equity shall be taken into consideration, corrected for any unrealised gains existing at the measurement date, net of taxes, unless better evidence of the recoverable amount of the equity investment is available. Where the investee in turn holds an interest in another company, its equity shall be measured taking into account equity disclosed in the consolidated financial statements prepared using the criteria contained in the Code of Commerce and its implementing standards.

Impairment and reversals of impairment are recognised as income or expense, respectively, in profit or loss. The loss can only be reversed up to the limit of the carrying amount of the investment that would have been recognised at the reversal date had the impairment loss not been recognised. However, when an investment was made in a group company, jointly controlled entity or associate before it was classified as such, and valuation adjustments for the investment were recognised directly in equity prior to this classification, these adjustments shall be maintained after classification, either until disposal or derecognition of the investment, at which point they shall be recognised in the income statement, or until the following circumstances occur:

- Where prior valuation adjustments have been made for an increase in value, impairment shall be recognised in the equity line item that reflects prior valuation adjustments, up to the value of those adjustments, and any excess shall be recognised in the income statement. Impairment recognised directly in equity shall not be reversed.
- Where prior valuation adjustments have been made for a decrease in value and the recoverable amount will subsequently exceed the carrying amount of the investment, the latter shall be increased up to the limit of the reduction in value, and recognised in the line item that reflected the prior valuation adjustments. The resulting amount shall be considered as the cost of the investment. However, when there is objective evidence that the investment is impaired, losses accumulated directly in equity shall be recognised in the income statement.

A reconciliation of non-current and current financial assets, by nature and category, is shown below, in accordance with the new rules established by Recognition and Measurement Standard 9 "Financial Instruments" from 1 January 2021:

Millions of Euros

Type of Financial Instruments	Previous standard		New standard	
	Measurement category	Balance at 1 January 2021	Measurement category	Balance at 1 January 2021
Non-current investments in Group companies and associates		18,878		18,878
Equity instruments	Investments in equity instruments of Group companies, jointly-controlled entities and associates	18,878	Financial assets at cost	18,878
Non-current financial investments		31		31
Equity instruments	Available-for-sale financial assets	4	Financial assets at cost	4
Loans to third parties	Loans and receivables	4	Financial assets at amortised cost	4
Derivatives	Hedging derivatives	7	Hedging derivatives	7
Other financial assets	Loans and receivables	16	Financial assets at amortised cost	16
Total non-current financial assets		18,909		18,909
Current investments in Group companies and associates		419		419
Loans to companies	Loans and receivables	88	Financial assets at amortised cost	88
Other financial assets	Loans and receivables	331	Financial assets at amortised cost	331
Current financial investments		10		10
Loans to third parties	Loans and receivables	10	Financial assets at amortised cost	10
Trade and other receivables	Loans and receivables	235	Financial assets at amortised cost	235
Cash and cash equivalents	Loans and receivables	130	Financial assets at amortised cost	130
Total current financial assets		794		794
TOTAL		19,703		19,703

ENDESA, S.A. has applied the classification and measurement criteria established in Royal Decree 1/2021, of 12 January, retroactively from 1 January 2021, and has not restated comparative figures. No significant impacts have been identified given that most of the financial assets are classified in the same category under the new standard.

Classification and measurement of financial liabilities.

According to the business model and the contractual characteristics of the cash flows, for measurement purposes financial liabilities are included in one of the following categories:

- Financial liabilities at amortised cost: the company classifies financial liabilities in this category unless they must be measured at fair value through profit or loss or they are one of the exceptions to the rule.

In general, this category includes trade and non-trade payables:

- Trade payables: financial liabilities arising on the purchase of goods and services in the course of the company's trade operations, and
- Non-trade payables: financial liabilities that are not derivatives and do not arise on trade transactions, but derive from loans or credits received by the company.

Participating loans with the characteristics of an ordinary loan are also included in this category.

The financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, shall be the transaction price, which shall be the fair value of the consideration received adjusted for any directly attributable transaction costs.

However, trade payables maturing within one year that have no contractual interest rate, and capital called up by third parties, which is expected to be paid in the short term, may be measured at their nominal amount, when the effect of discounting the cash flows is immaterial.

Financial liabilities in this category are measured at amortised cost. Interest accrued is recognised in the income statement applying the effective interest method. Nevertheless, trade payables which mature within less than one year which, in accordance with the provisions of the paragraph above, are measured initially at nominal value, shall continue to be measured at that amount.

- Financial liabilities at fair value through profit or loss: the company classifies financial liabilities that meet one of the following conditions under this category:
 - They are liabilities that are held for trading. A financial liability is considered to be held for trading when:
 - it is issued or assumed principally for the purpose of repurchasing it in the near term,
 - it is an obligation to deliver financial assets borrowed by a short seller,
 - on initial recognition it forms part of a portfolio of financial instruments that are identified and managed jointly, for which there is evidence of recent initiatives to obtain profits in the short term, or
 - it is a derivative financial instrument, that is not a financial guarantee contract or a designated hedging instrument.
 - It has been designated by the company on initial recognition as a financial liability at fair value through profit or loss. Liabilities may only be designated at fair value through profit or loss where this results in more relevant information due to the following:
 - it eliminates or significantly reduces measurement or recognition inconsistency (accounting mismatches) with other instruments at fair value through profit or loss; or
 - a group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the company's key management personnel.
 - Optionally, and irrevocably, hybrid financial liabilities may also be included in this category in their entirety.

The financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, shall be the transaction price, which shall be the fair value of the consideration received. Directly-attributable transaction costs shall be recognised in the income statement for the year.

After initial recognition, the company shall measure the financial liabilities in this category at fair value through profit or loss.

A reconciliation of non-current and current financial liabilities is shown below, in accordance with the new rules established by Recognition and Measurement Standard 9 "Financial Instruments" from 1 January 2021:

Millions of Euros

Type of financial instrument	Previous standard		New standard	
	Measurement category	Balance at 1 January 2021	Measurement category	Balance at 1 January 2021
Non-current debts		2,081		2,081
Bonds and other marketable securities ⁽¹⁾	Other financial liabilities at fair value through profit or loss/Hedging derivatives	20	Financial liabilities at fair value through profit or loss/Hedging derivatives	20
Bank borrowings	Debts and payables	2,023	Financial liabilities at amortised cost	2,023
Finance lease payables	Debts and payables	1	Financial liabilities at amortised cost	1
Derivatives	Hedging derivatives	34	Hedging derivatives	34
Other financial liabilities	Debts and payables	3	Financial liabilities at amortised cost	3
Non-current debts to Group companies and associates		6,303		6,303
Debts to Group companies and associates	Debts and payables	6,303	Financial liabilities at amortised cost	6,303
Total non-current financial liabilities		8,384		8,384
Current debts		1,474		1,474
Bank borrowings	Debts and payables	83	Financial liabilities at amortised cost	83
Finance lease payables	Debts and payables	1	Financial liabilities at amortised cost	1
Derivatives	Financial liabilities held for trading	1	Financial liabilities at fair value through profit or loss	1
Other financial liabilities	Debts and payables	1,389	Financial liabilities at amortised cost	1,389
Current debts to Group companies and associates		604		604
Debts to Group companies and associates	Debts and payables	74	Financial liabilities at amortised cost	74
Other financial liabilities	Debts and payables	530	Financial liabilities at amortised cost	530
Trade and other payables	Debts and payables	137	Financial liabilities at amortised cost	137
Total current financial liabilities		2,215		2,215
TOTAL		10,599		10,599

(1) Corresponds to a bond issue amounting to Euros 12 million which, being the underlying of a fair value hedge transaction, additionally includes the valuation at fair value through profit or loss amounting to Euros 8 million.

ENDESA, S.A. has applied the classification and measurement criteria established in Royal Decree 1/2021, of 12 January, retroactively from 1 January 2021, and has not restated comparative figures. No significant impacts have been identified given that most of the financial liabilities are classified in the same category under the new standard.

Accounting hedges.

The derivatives held by the Company relate mainly to transactions arranged to hedge interest rate and foreign currency risk, the purpose of which is to eliminate or significantly reduce these risks in the underlying hedged transactions.

Derivatives are recognised at their fair value in the statement of financial position at the end of the reporting period. Derivatives are recognised as current or non-current financial investments where the value is positive and as current or non-current debts where the value is negative. Derivatives arranged with Group companies have been recognised as current or non-current investments in Group companies and associates where the value is positive and as current or non-current debts where the value is negative.

Any gains or losses arising from changes in fair value are recognised in the consolidated income statement as financial profit or loss, except where the derivative has been designated as a hedging instrument and the requirements for hedge accounting have been met; for example, the hedge must be highly effective. In this case, recognition depends on the type of hedge, as follows.

- Fair value hedges: the portion of the underlying for which the risk is hedged and the hedging instrument are measured at fair value through profit or loss as financial income or expense.

- Cash flow hedges: the changes in fair value of the derivatives is recognised, in the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, net of the related tax effect, under "Equity - Valuation adjustments - Hedging transactions". The cumulative gain or loss is recognised in the income statement as the underlying hedged item affects profit or loss. The ineffective portion of the gain or loss on the hedges is recognised directly in the income statement as financial income or expense.

A hedge is only applicable when there is a financial relationship between the hedged item and the hedging instrument, the credit risk of the hedged item does not have a dominant effect on the changes in value resulting from that financial relationship, and the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that ENDESA, S.A. actually uses to cover said amount of the hedged item.

ENDESA, S.A., at inception and over the term of the hedge, assesses whether the hedging relationship meets effectiveness requirements prospectively. The Company also assesses effectiveness at every reporting date or when there are significant changes that affect effectiveness requirements.

The Company carries out a qualitative assessment of effectiveness when the fundamental terms of the instrument and the hedged item match. When the fundamental terms do not match, ENDESA, S.A. uses a hypothetical derivative with fundamental terms that match the terms of the hedged item to assess and measure ineffectiveness.

ENDESA, S.A. will discontinue hedge accounting prospectively only when the hedging relationship (or a part of it) no longer meets the required criteria, having factored in any rebalancing of the hedging relationship; for example, when the hedging instrument expires or is sold, resolved or exercised. However, the hedge continues to be recognised and measured in cases where the Company revokes the hedge designation if the remaining requirements are still met.

When hedge accounting is discontinued in a cash flow hedge, the amounts accumulated in equity are not recognised in the income statement until the future cash flows on the hedged item materialise. In contrast, the amounts accumulated in equity are recognised in the income statement when future cash flows on the hedge item are no longer expected.

ENDESA, S.A. assesses whether embedded derivatives are present in contracts and financial instruments. Financial instruments that combine a non derivative host contract and a financial derivative (embedded derivative) are known as hybrid financial instruments. When the host contract is a financial asset of the Company it must be measured as a whole in accordance with the general criteria for the recognition and measurement of financial assets. If the host contract is not a financial asset, the Company accounts for the embedded derivative and the host contract separately, if, and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- A different financial instrument with the same terms as those of the embedded derivative would meet the definition of an embedded derivative; and
- The entire hybrid contract is not measured at fair value through profit or loss.

The embedded derivative is accounted for in the same way as the host contract in accordance with the corresponding recognition and measurement standards. If the requirements stated above are not met for the separate recognition and measurement of the embedded derivative and host contract, the Company will apply the general recognition and measurement standards to the hybrid contract as a whole.

The fair value of the different derivative financial instruments is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at year-end.

- In the case of derivatives not quoted on an organised market, ENDESA, S.A. carries out valuations using internal tools and calculates the fair value of financial derivatives in due consideration of observable market variables, by estimating discounted future cash flows using zero-coupon yield curves for each currency on the last working day of each close, translated to euros at the exchange rate prevailing on the last working day of each close. When the gross market value has been obtained, a “Debt Valuation Adjustment (DVA)” is made in respect of credit risk, or a “Credit Valuation Adjustment (CVA)” in respect of counterparty risk. The measurement of CVA/DVA is based on potential future exposure of the instrument (creditor or debtor position) and the risk profile of the counterparties and of ENDESA, S.A.'s own risk profile. In the six-month period ended 30 June 2021, the value of the adjustments made due to the Credit Valuation Adjustment (CVA) counterparty risk and the Debt Valuation Adjustment (DVA) credit risk were not significant.

The Company has entered into commodities forward sale and purchase contracts, mainly for liquefied natural gas. In general, these contracts are measured in the statement of financial position at fair value at the reporting date, with differences recognised on the income statement, except for supply contracts that are fully transferred under the same terms and conferring the same rights and obligations to other ENDESA Group companies in which the Company has acted as the contracting party, solely for reasons associated with the Group's organisation or in order to boost efficiency when entering into or handling these contracts.

In relation to accounting hedges, the Company has opted to adapt its hedge accounting to the new rules established in Royal Decree 1/2021, of 12 January. This new standard was applied from 1 January 2021, no comparative figures have been restated and no significant impact has been recorded.

Fair value measurement.

Fair value is defined as the price that would be collected for the sale of an asset or that would be paid for the transfer of a liability, in an orderly transaction between market players at the valuation date.

The valuation is calculated on the premise that the transaction is carried out on the main market, i.e. the market with the largest volume or activity of the asset or liability. In the absence of a main market, it is assumed that the transaction is carried out on the most advantageous market, i.e. that which maximises the amount received from selling the asset or that which minimises the amount paid to transfer the liability.

The fair value of the asset or the liability is determined by applying the assumptions that would be made by the market players at the time the price of the asset or liability is set, on the understanding that the market players are acting in their best economic interests. The market players are independent of each other, they are well informed, they can carry out a transaction with the asset or liability, and are motivated to carry out the transaction but are not in any way obliged or forced to do so.

Assets and liabilities measured at fair value may be classified on the following levels (see Notes 3.5 and 6.4):

- Level 1: fair value is calculated from quoted prices in active markets for identical assets or liabilities.
- Level 2: fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The methods and assumptions used to determine fair value within Level 2 by class of assets or liabilities take into account the estimate of future cash flows discounted to present value using zero-coupon yield curves for each currency on the last working day of each closing, translated to Euros at the exchange rate prevailing on the last working day of each closing. All these measurements are made using internal tools.
- Level 3: the fair value is calculated from inputs for assets or liabilities that are not based on observable market data.

ENDESA, S.A. uses valuation tools to measure the fair value of assets and liabilities that are suited to the circumstances and for which sufficient data are available to appraise fair value, making maximum use of major observable variables and minimum use of non-observable variables.

Recognition and Measurement Standard 14 "Revenue from sales and the rendering of services".

The Company's main ordinary activity is the holding of investments in the capital of subsidiaries, jointly-controlled entities or associates, and therefore includes the dividends received from the companies as a positive portion of its revenues, with proper breakdown. Dividend income from investments in equity instruments is recognised when the Company is entitled to receive it.

As general criteria, ENDESA, S.A. recognises the income from its ordinary activities as the delivery of the goods or the rendering of the services contractually agreed to with its customers occurs during the life of the contract and for the amount of the consideration to which it expects to be entitled in exchange for said goods or services.

In particular, the Company follows the following stages for the recognition of revenue from contracts with customers:

- Identify the contract with the customer.
- Identify the obligations for executing the contract.
- Establish the price of the transaction.
- Allocate the transaction price among the contract execution obligations.
- Recognise the income as compliance with execution obligations is met.

Following the first time application of the Recognition and Measurement Standard "Revenue from sales and the rendering of services" established by Royal Decree 1/2021, of 12 January, on 1 January 2021, the Company has not identified any significant impacts. This new recognition and measurement standard was applied from 1 January 2021, no comparative figures have been restated and no significant impact has been recorded.

2.3. Responsibility for information and estimates.

These interim condensed financial statements were authorised for issue at the Board of Directors' meeting held on 26 July de 2021 and the Company's Directors are responsible for the information contained therein, which expressly states that all principles and criteria of the General Chart of Accounts have been applied.

In preparing the accompanying interim condensed financial statements, the Company's Directors made estimates to measure certain assets, liabilities, income, expenses and commitments included therein. The estimates necessary to prepare these interim condensed financial statements were basically the same as those described in Note 2.3 to the financial statements for the year ended 31 December 2020. There were no changes with respect to the estimates used in those financial statements that had a significant impact on the interim condensed financial statements.

In addition, the corporation tax expense in the accompanying interim condensed financial statements was calculated based on the best estimate of the tax rate expected to apply to the related annual periods. As a result, changes in estimates of the annual tax rate could require the amount recognised for the six months ended 30 June 2021 to be adjusted in future reporting periods.

Although these estimates have been based on the best information available at the date of preparation of these interim condensed financial statements, future events could require the estimates to be increased or decreased in subsequent years. Changes in estimates are made prospectively and the effects recognised in the corresponding financial statements for future years.

2.4. Going concern.

At 30 June 2021, the Company had negative working capital of Euros 3,059 million as a result of its financial and cash management policy. In this regard, the Company's estimated statements of liquidity, together with the undrawn amount on its non-current lines of credit (see Note 6.6), provide assurance that the Company can obtain sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the accompanying statement of financial position.

Until the date of authorisation for issue of these interim condensed financial statements, the Company has continued to provide its services without conditions other than those prior to the COVID-19 and, while it has had to adapt some processes to the circumstances arising from the health crisis, its ability to serve has not been significantly compromised.

The Company's Directors have therefore prepared the accompanying interim condensed financial statements on a going-concern basis.

2.5. Functional currency and presentation currency.

The interim condensed financial statements are presented in millions of Euros. The Company's functional and presentation currency is the euro.

2.6. Comparison of information.

For purposes of comparison, the statements of financial position in these interim condensed financial statements present, in addition to the figures for the six months ended 30 June 2021, comparative figures forming part of the financial statements for the year ended 31 December 2020 approved by the General Shareholders' Meeting on 30 April 2021.

The income statements, statements of changes in equity, statements of cash flows and the notes to the interim condensed financial statements present, in addition to the six month figures for the period ended 30 June 2021, those corresponding to the six months ended 30 June 2020.

2.7. Grouping of items

Certain items on the statement of financial position, income statement, statement of changes in equity and statement of cash flows are presented in groups for easier understanding, though significant data are set out as breakdowns in the notes to the interim condensed financial statements.

3. Current and non-current financial assets.

The details and movements of non-current financial investments in Group companies and associates and non-current financial investments in the accompanying statement of financial position at 30 June 2021 are as follows:

Millions of Euros

	Note	Balance at 31 December 2020	Additions and charges	Disposals	Balance at 30 June 2021
Non-current investments in Group companies and associates	3.1 and 10.1	18,878	45	-	18,923
Equity instruments	3.1.1	18,878	45	-	18,923
Interests in Group companies and associates		18,879	45	-	18,924
Impairment losses		(1)	-	-	(1)
Loans to companies	3.1.2	-	-	-	-
Loans to companies		54	-	-	54
Impairment losses		(54)	-	-	(54)
Non-current financial investments	3.2	31	1	(1)	31
Equity instruments	3.2.1	4	(1)	-	3
Non-current financial investments		5	-	-	5
Impairment losses		(1)	(1)	-	(2)
Loans to third parties	3.2.2	4	2	(1)	5
Loans to third parties		4	2	(1)	5
Impairment losses		-	-	-	-
Derivatives		7	-	-	7
Other financial assets	3.2.3	16	-	-	16
TOTAL NON-CURRENT FINANCIAL ASSETS		18,909	46	(1)	18,954

The details under current financial investments in Group companies and associates and current financial assets in the accompanying statement of financial positions at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	Note	30 June 2021	31 December 2020
Current investments in Group companies and associates	10.1	122	419
Loans to companies	3.1.2	122	88
Loans to Group companies and associates		122	88
Other financial assets		-	331
Current financial investments		11	10
Loans to third parties		11	10
Loans to third parties		11	10
TOTAL CURRENT FINANCIAL ASSETS		133	429

3.1. Non-current and current investments in Group companies and associates.

3.1.1. Equity instruments.

Details of the Company's investments in equity instruments of Group companies and associates at 30 June 2021, as well as the most significant information regarding each investment at those dates, are as follows:

Group companies and associates: Six months ended 30 June 2021		Millions of Euros													
Company ⁽¹⁾	Activity	% direct ownership	Share capital	Reserves	Interim dividend	Profit/(loss) for the year		Total equity	Grants, donations and bequests received	Valuation adjustments	Total equity	Carrying amount			Dividends received <small>(Notes 8.1 and 10.1)</small>
Registered office						Operating income	Net income					Cost	Impairment in the year	Accumulated impairment	
Group companies:															
ENDESA Energía, S.A.U. – Madrid ⁽²⁾	Marketing of energy products	100%	14	1,275	(32)	24	(67)	1,190	-	50	1,240	1,102	-	-	32
ENDESA Generación, S.A.U. – Seville ⁽²⁾	Electricity generation and supply	100%	1,940	2,486	-	890	477	4,903	49	(333)	4,619	5,891	-	-	-
ENDESA Red, S.A.U. – Madrid ⁽²⁾	Distribution activities	100%	720	2,069	(84)	956	458	3,163	4,563	(204)	7,522	2,440	-	-	84
ENDESA Medios y Sistemas, S.L.U. – Madrid	Rendering of services	100%	90	53	-	-	-	143	-	(1)	142	167	-	-	-
ENDESA Financiación Filiales, S.A.U. – Madrid	ENDESA, S.A. subsidiary financing	100%	4,621	4,621	(29)	-	59	9,272	-	-	9,272	9,242	-	-	29
ENDESA X Servicios, S.L.U. - Madrid	Marketing of energy products	100%	-	91	-	1	1	92	-	-	92	80	-	-	-
Rest of Group			-	-	-	-	-	-	-	-	-	2	-	(1)	-
TOTAL												18,924	-	(1)	145

(1) Unaudited data.

(2) Figures related to information of the consolidated subgroup.

These companies do not have publicly listed share prices.

Most significant changes in the six months ended 30 June 2021.

A monetary contribution of Euros 45 million was made to investee ENDESA X Servicios, S.L.U. in the first half of 2021.

3.1.2. Current and non-current loans and advances to Group companies and associates.

At 30 June 2021 and 31 December 2020, the loan granted to Elcogas, S.A. was recognised under non-current loans to Group companies and associates and is completely written off.

At 30 June 2021 and 31 December 2020, current loans and advances to Group companies and associates mainly includes the amounts receivable from ENEL Iberia, S.L.U. corresponding to corporation tax for the amount of Euros 108 million and Euros 76 million, respectively.

3.1.3. Impairment test,

No significant impairment losses were recognised on investments in Group companies, jointly-controlled entities and associates in the first six months of 2021 and 2020.

Note 4d.3 to the financial statements for the year ended 31 December 2020 "Investments in equity instruments of Group companies, jointly-controlled entities and associates" establishes that the investments in Group companies, jointly-controlled entities and associates are initially measured at cost, and subsequently adjusted for any accumulated impairment losses.

At 30 June 2021, bearing in mind the current performance of Group companies and the information available, ENDESA, S.A. considers that there are no indications of impairment that would require an adjustment to be made of the recoverable amount of the assets.

3.2. Current and non-current financial investments.

3.2.1. Equity instruments.

Investments in equity instruments held at 30 June 2021 and 31 December 2020 totalled Euros 3 million and Euros 4 million, respectively.

3.2.2. Non-current loans to third parties.

At 30 June 2021 and 31 December 2020, Euros 5 million and Euros 4 million respectively were also recognised in this heading, in relation to non-current loans to staff.

3.2.3. Other non-current financial assets.

At 30 June 2021, this balance included Euros 16 million for the deposit made to guarantee payment for future services of employees who are members of the ENDESA, S.A. defined benefit pension scheme (Euros 16 million at 31 December 2020) (see Note 5.1).

3.3. Items recognised in the income statement and in equity.

In the six months ended 30 June 2021 and 2020, the applications made in the income statement and equity linked to financial assets grouped by the different categories are as follows:

Millions of Euros

	January-June 2021		January-June 2020	
	Income statement	Equity	Income statement	Equity
Loans and receivables	1	-	1	-
Financial assets at fair value through profit or loss	-	-	(5)	-
Financial assets held for trading	-	-	(5)	-
TOTAL	1	-	(4)	-

3.4. Financial assets at fair value through profit or loss.

In the six months ended 30 June 2021 and 2020, the changes in the fair value of non-current and current financial assets at fair value through profit or loss are as follows:

Millions of Euros

	Fair value at 31 December 2020	Change in fair value of derivatives	Derivatives settlements	Other movements	Fair value at 30 June 2021
Financial assets at fair value through profit or loss	-	1	(1)	-	-
Non-current	-	-	-	-	-
Current	-	1	(1)	-	-
TOTAL	-	1	(1)	-	-

Millions of Euros

	Fair value at 31 December 2019	Change in fair value of derivatives	Derivatives settlements	Other movements	Fair value at 30 June 2020
Financial assets at fair value through profit or loss	28	23	(28)	(5)	18
Non-current	1	-	-	(1)	-
Current	27	23	(28)	(4)	18
TOTAL	28	23	(28)	(5)	18

3.5. Fair value measurement.

The classifications of financial assets measured at fair value in the statements of financial position by fair value hierarchy at 30 June 2021 are as follows:

Thousands of Euros

	30 June 2021			
	Fair value	Level 1	Level 2	Level 3
Non-current financial investments	7	-	7	-
Debt derivatives	7	-	7	-
Interest rate hedges	7	-	7	-
Fair value hedges	7	-	7	-
Total non-current assets	7	-	7	-
Current financial investments	-	-	-	-
Derivatives not designated as hedging instruments	-	-	-	-
Total current assets	-	-	-	-

There were no level transfers among these financial assets in the six months ended 30 June 2020.

3.6. Financial investment commitments.

At 30 June 2021 and 31 December 2020, ENDESA, S.A. had no agreements that included commitments to make financial investments of a significant amount.

4. Equity and dividends.

At 30 June 2021 and 2020, the breakdown of equity and movements during the period are shown in the statement of changes in equity that form part of the Company's financial statements.

Details of the Company's equity at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros			
	Note	30 June 2021	31 December 2020
Share capital	4.1	1,271	1,271
Share premium	4.2	89	89
Reserves	4.3	1,441	1,436
(Shares in own equity instruments)	4.4	(2)	(2)
Previous years' profit or loss		4,795	4,597
Profit/(loss) for the year		55	2,330
Interim dividend	4.5	-	(741)
Other equity instruments		1	1
Valuation adjustments	4.6	(18)	(26)
TOTAL		7,632	8,955

4.1. Share capital.

At 30 June 2021 and 31 December 2020, ENDESA, S.A. had share capital of Euros 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euros 1.20 each, subscribed and fully paid and all admitted to trading on the Spanish stock exchanges. All the shares have the same voting and profit-sharing rights.

At 30 June 2021 and 31 December 2020, ENEL Group, through ENEL Iberia, S.L.U., held 70.1% of ENDESA, S.A.'s share capital. At that date no other shareholder held more than 10% of the share capital of ENDESA, S.A.

4.2. Share premium.

The share premium arises from the Company's corporate restructuring. Article 303 of the consolidated text of the Spanish Corporate Enterprises Act expressly permits the use of the share premium to increase capital and does not establish any specific restrictions as to its use.

Nonetheless, at 30 June 2021 and Euros 37 million of the share premium is restricted to the extent that it is subject to tax assets capitalised in prior years (Euros 40 million at 31 December 2020).

4.3. Reserves.

Details of the Company's reserves at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros			
		30 June 2021	31 December 2020
Legal reserve		254	254
Revaluation reserve		404	404
Redeemed capital reserve		102	102
Reserve for redenomination of capital to Euros		2	2
Reserve for actuarial gains and losses and other adjustments		(14)	(19)
Other reserves		693	693
Merger reserve		667	667
Other unrestricted reserves		26	26
Voluntary and other reserves		26	26
TOTAL		1,441	1,436

4.3.1 Reserve for actuarial gains and losses and other adjustments.

At 30 June 2021 and 31 December 2020 this reserve derives from actuarial gains and losses recognised in equity (see Note 5.1).

4.4. Shares in own equity instruments.

Information regarding the temporary share buy-back programme launched in 2020 is provided in Notes 10.4 and 18.3.5 to the Financial Statements for the year ended 31 December 2020.

At 30 June 2021 ENDESA, S.A. held treasury shares as reflected in the table below:

	Number of shares	Nominal value (Euros/Share)	% of total share capital	Average cost of acquisition (Euros/Share)	Total cost of acquisition (Euros)
Treasury shares	82,799	1.20	0,00782	23.27	1,926,534

No disposals or cancellations have been made since acquisition.

4.5. Dividends.

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 30 April 2021 to pay shareholders a total dividend charged against 2020 profit for a gross amount of Euros 2,0136 per share (Euros 2,132 million in total). The breakdown of these dividends is as follows:

	Approval date	Euros per share, gross	Amount (Millions of Euros)	Payment date
Interim dividend	25 November 2020	0.70	741	4 January 2021
Final dividend	30 April 2021	1,3136	1,391	1 July 2021
Total dividend paid against 2020 profit		2,0136	2,132	

4.6. Valuation adjustments.

The movement in valuation adjustments in the accompanying statement of financial position is shown in the statement of recognised income and expense which forms part of these interim condensed financial statements.

5. Current and non-current provisions.

Details of current and non-current provisions in the accompanying statement of financial position at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros				
	Note	30 June 2021	31 December 2020	
Non-current provisions				
Non-current employee benefit provisions		50	57	
Provisions for pensions and similar obligations (1)	5.1	32	40	
Other employee benefits		18	17	
Provisions for workforce restructuring costs	5.2	161	185	
Contract suspensions		161	185	
Other provisions	5.3	61	65	
TOTAL		272	307	
Current provisions				
Provisions for workforce restructuring costs		42	40	
Contract suspensions		42	40	
Other provisions		9	9	
TOTAL		51	49	

(1) Includes post-employment benefits other than pension plans for Euros 16 million at 30 June 2021 (Euros 16 million at 31 December 2020).

5.1. Provisions for pensions and similar obligations.

Details of the present value of the Company's provisions regarding post-employment plans and other non-current benefits and associated plan assets at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	30 June 2021	31 December 2020
Present value of commitments	84	94
Assets	16	24
Liabilities	29	41
Early retirees	39	29
Fair value of defined benefit plan assets	(52)	(54)
NET TOTAL ⁽¹⁾	32	40

(1) Includes post-employment benefits other than pension plans for Euros 16 million at 30 June 2021 (Euros 16 million at 31 December 2020).

Movements in the actuarial liabilities assumed in relation to defined benefit scheme obligations in the first six months of 2021 are as follows:

Millions of Euros

	January - June 2021	2020
Opening actuarial liability	94	112
Amounts charged to profit for the year	1	3
Personnel expenses	1	1
Financial expenses	-	2
Actuarial gains and losses	(8)	9
Amounts used	(2)	(30)
Personnel income	-	(23)
Payments	(2)	(7)
Other	(1)	-
Closing actuarial liability ⁽¹⁾	84	94

(1) Includes post-employment benefits other than pension plans for Euros 16 million at 30 June 2021 (Euros 16 million at 31 December 2020).

Changes in the market value of defined benefit plan assets in the first six months of 2021 are as follows:

Millions of Euros

	January-June 2021	2020
Opening market value	54	56
Estimated benefit	-	1
Company contribution	2	1
Payments	(2)	(6)
Actuarial gains and losses	(2)	2
Closing market value ⁽¹⁾	52	54
Opening liabilities/(assets) balance	40	56
Closing liabilities/(assets) balance	32	40

(1) Post-employment benefits other than pension schemes are not included.

The Company has the above provisions covered by the amounts shown in the statements of financial position at 30 June 2021 and 31 December 2020.

In the first half of 2020 ENDESA's "5th Framework Collective Bargaining Agreement" came into force, which established an amendment to certain social benefits, mainly that corresponding to the employee electricity rate, also including non-serving staff, leading to a positive impact of Euros 23 million on the income statement and Euros 2 million on the statement of recognised income and expenses.

Plan assets.

The main categories of defined benefit plan assets as a percentage of total assets, at 30 June 2021 and 31 December 2020 are as follows:

	Percentage (%)	
	30 June 2021	31 December 2020
Fixed-income assets	46	49
Shares	38	33
Other Investments	16	18
TOTAL	100	100

Actuarial assumptions.

The assumptions used when calculating the actuarial liability in respect of uninsured defined benefit obligations at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Mortality tables	PERM FCOL2020	PERM FCOL2020
Technical interest rate	0.98% - 1.07%	0.56% - 0.61%
Expected return on plan assets	0.99%	0.57%
Consumer Price Index (CPI)	(1) 1.60%	1.00%
Increase in healthcare costs	3.80%	3.20%

(1) Annual review of pension and salary increases.

At 30 June 2021, the impact of the pandemic had not led to any significant changes in these actuarial assumptions.

5.2. Provisions for workforce restructuring costs.

Movements in this non-current provision in the first six months of 2021 are as follows:

Millions of Euros

	Note	Contract suspensions
Opening balance		185
Amounts charged to profit for the year		1
Personnel expenses	8.3	1
Amounts used		(25)
Financial income	8.5	(1)
Transfers and other		(24)
Closing balance		161

Actuarial assumptions.

The assumptions used in the actuarial calculation of the obligations arising under these workforce restructuring plans at 30 June 2021 and 31 December 2020 are as follows:

	Contract suspensions	
	30 June 2021	31 December 2020
Interest rate	0.00%	0.00%
Future increase in guarantee	1.00%	1.00%
Increase in other items	1.00%-2.00%	2.00%
Mortality tables	PERM FCOL2020	PERM FCOL2020

5.3. Other non-current provisions.

The movements and details of other non-current provisions on the liabilities side of the accompanying statement of financial position in the first six months of 2021 are as follows:

Millions of Euros

	January-June 2021
Opening balance	65
Amounts charged to profit for the year	2
Amounts used	(6)
Closing balance	61

Litigation and arbitration.

In the six months ended 30 June 2021, the following significant changes occurred in relation to litigation and arbitration proceedings involving the Company described in Note 11.3 to the financial statements for the year ended 31 December 2020.

- On 31 May 2016, ENDESA initiated an estate claim against the General Administration of the State for having applied an illegal rule, Order ITC/3315/2007 of 15 November, annulled by judgment of the Supreme Court, which had caused it damages, the reduction of its remuneration as a generating company, in the amount of the internalisation of the carbon dioxide (CO₂) emission rights allocated free of charge by the National Emissions Allocation Plan (PNA), which it does not have a legal duty to bear.

ENDESA requested the payment of Euro 285 million, of which Euro 188 million corresponds to physical bilateral contracts and Euro 97 million to assimilated physical bilateral contracts. The administrative appeal against the alleged dismissal was brought before the National High Court on 3 March 2017, and on 12 February 2020, it handed down a ruling upholding the concurrence of unlimited liability, although it restricted the estimate to the amount corresponding only to physical bilateral contracts, taking the view that the Supreme Court Ruling that overturned Order ITC/3315/2007 of 15 November, from which unlimited liability derived, related exclusively to those agreements. This ruling stipulated that the determination of the amounts subject to compensation and their updating shall be determined by the Spanish Markets and Competition Commission (CNMC). The Ground of Law Eight of the National High Court Ruling indicated: "Consequently, as regards the determination of damages, and since this requires the practice of a number of complex calculations, and also taking into account that some of the items claimed have not been accepted, it would be appropriate for the Spanish Markets and Competition Commission (CNMC) to determine the amount, in the terms set out in article 2 of Royal Decree Law 3/2006, of 24 February, excluding the part of the reduction applied to physical bilateral contracts, as reasoned in this ruling".

On 4 September 2020, the State lawyer filed a cassation appeal and on 30 October 2020, ENDESA submitted a document opposing its admission. On 12 February 2021, the Order of the previous day was notified, whereby the Supreme Court rejected the cassation appeal prepared by the General Administration of the State.

As the State Lawyer did not file for a review or appeal, ENDESA has asked the Spanish Markets and Competition Commission directly to obey the ruling providing the National High Court with the calculated financial amount of the compensation to be paid to ENDESA. At the date of authorisation of these interim condensed financial statements the Spanish Markets and Competition Commission has not yet provided this information. On 10 June 2021, ENDESA requested the implementation of this ruling before the Spanish High Court.

- In 2019, the Tax Authority notified ENDESA, S.A. and its subsidiaries of the agreement for the commencement of review procedures in regard to corporation tax, value added tax (VAT) and withholdings from 2015 to 2018. In May 2021, the Company contested the proceedings and submitted pleadings. The final settlement agreements are now pending.

The assessments initiated involve Withholding tax and Value Added Tax (VAT) contingencies for an insignificant amount and Euros 25 million in corporate income tax. With regard to the latter, the main adjustment derives from the non-acceptance of the deductibility of financial expenses arising from intra-group financing.

- Following a substantial number of meetings of the Committee responsible for negotiating "ENDESA's 5th Collective Bargaining Agreement", which commenced in October 2017 and progressed throughout 2018, and given that no agreement was reached, the Company's Directors informed its workers and their representatives that, with effect from 1 January 2019, "ENDESA's 4th Collective Bargaining Agreement" would be considered to have ended, in addition to the "Guarantee Framework Agreement" and the "Agreement on voluntary suspension or termination of employment contracts for 2013-2018", from which date the general employment regulations would apply, in addition to all case law established in this regard.

The different interpretation of ENDESA and the union representation of workers on the effects of the termination of the implementation of the "ENDESA's 4th Framework Collective Bargaining Agreement", particularly as regards the social benefits of retired staff, led to the presentation by trade unions with representation at ENDESA companies of a collective dispute lawsuit before the National High Court at the beginning of 2019. On 26 March 2019, a judgment was issued in which the National High Court, considering ENDESA to be in the right, declaring valid the interpretation of the Company that recognises the legality of the completion of the application of certain social benefits to the retired employees as a result of the termination of "ENDESA's 4th Framework Collective Bargaining Agreement".

Although that judgment was fully executive, trade unions represented at ENDESA companies brought a cassation appeal before the Supreme Court in April 2019 against it, to which the Company replied through a challenge pleading on 19 June 2019. In December 2019, the majority trade union at ENDESA, the General Workers' Union (UGT), agreed to withdraw this Appeal as a result of voluntarily having submitted itself to fair arbitration for the resolution of certain aspects relating to "ENDESA's 5th Framework Collective Bargaining Agreement". Therefore, the appeal before the Supreme Court continued to be heard only at the request of the three requesting minority trade unions (Workers' Commissions (CCOO), Independent Energy Union (SIE) and Galega Intersindical Confederation (IGC)).

On 7 July 2021 (notified on 22 July 2021), the Supreme Court handed down a Ruling (no. 761/2021) by which it fully rejected the appeals filed by the aforementioned trade unions, confirming the Ruling of the Social Division of the National High Court, dated 26 March 2019, handed down in their Collective Dispute proceedings, case no. 32/2019.

The Judgment fundamentally reasons that social benefits (and among these, those related to the electricity tariff) have their origin exclusively in collective agreements, both for active and passive personnel and family members, so that their extinction, as occurred in the case of the "IV Framework Collective Agreement of ENDESA", it generally determines the contractualisation of the conditions established therein for active workers and, in the case of non-active personnel and family members, it entailed the definitive extinction of all their rights, until its regulation by means of the "V Framework Collective Agreement of ENDESA".

In addition to the aforementioned collective dispute claim, more than a thousand individual claims have been filed at the date of authorisation for issue of these interim condensed financial statements and condensed notes by retired employees or employees that have availed themselves of the voluntary departure plan, since they considered that the termination of "ENDESA's 4th Framework Collective Bargaining Agreement" did not affect them in the terms reported by the Company. At the date of authorisation for issue of these interim condensed financial statements and condensed notes, most of these claims are pending hearing or suspended, since the collective dispute lawsuit battle before the Supreme Court determines the paralysis of the individual proceedings affected by it, in accordance with labour procedural regulations. After the Judgment of 7 July 2021 (notified on 22 July 2021) of the Supreme Court, the suspension of said lawsuits will be lifted, although, as it is a resolution referring to a Collective Conflict, said Judgment produces "res judicata effect" on individual processes on the same object.

- On 30 December 2020, notification was received from the National High Court of the collective conflict claim filed by the Workers' Commissions Unions (CCOO), Independent Energy Union (SIE) and Galega Intersindical Confederation (IGC) dated 16 December 2020, requesting the annulment of certain repealing provisions of "Endesa's 5th Framework Collective Bargaining Agreement". In the applicants' view, the repealing provisions under attack entail the unlawful elimination of social benefits and economic rights. ENDESA maintains a contrary position, defending its absolute legality in line with that argued in the challenge of the modification of social benefits to retired staff (favourable judgment of the National High Court, pending appeal before the Supreme Court). The proceedings for this case have been suspended until 19 October 2021, until the appeal against "ENDESA's 4th Framework Collective Bargaining Agreement" has been resolved by the Supreme Court.

The Company's Directors do not expect that any additional significant liabilities to those already recognised in the accompanying statements of financial position will arise as a result of the above-mentioned lawsuit.

6. Current and non-current financial liabilities.

6.1. Current and non-current financial liabilities.

At 30 June 2021, details and movements in "Non-current debts" and "Non-current debts to Group companies and associates" in the accompanying statement of financial position are as follows:

Millions of Euros

	Note	Balance at 31 December 2020	Drawdowns	Amortisation and depreciation	Fair value adjustment s	Transfers to current and other	Balance at 30 June 2021
Non-current debts		2,081	491	(12)	(1)	(186)	2,373
Bonds and other marketable securities		20	-	-	(1)	-	19
Bank borrowings		2,023	491	(1)	-	(186)	2,327
Finance lease payables		1	-	-	-	-	1
Derivatives		34	-	(11)	-	-	23
Other financial liabilities		3	-	-	-	-	3
Non-current debts to Group companies and associates	10.1	6,303	-	(496)	-	-	5,807
Debts to Group companies and associates		6,303	-	(496)	-	-	5,807
TOTAL		8,384	491	(508)	(1)	(186)	8,180

Details of "Current debts" and "Current debts to Group companies and associates" in the accompanying statements of financial position at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	Note	30 June 2021	31 December 2020
Current debts		2,157	1,474
Bank borrowings		132	83
Finance lease payables		1	1
Derivatives		2	1
Other financial liabilities (1)		2,022	1,389
Current debts to Group companies and associates	10.1	1,046	604
Debts to Group companies and associates		64	74
Other financial liabilities (2)		982	530
TOTAL		3,203	2,078

(1) Mainly including at 30 June 2021 the final dividend to be paid by ENDESA, S.A. to shareholders that are not part of the ENEL Group for the amount of Euros 416 million (interim dividend of Euros 221 million at 31 December 2020) (see Note 4.5) in addition to the outstanding balance of Euro Commercial Paper (ECP) issuances for the amount of Euros 1,606 million (Euros 1,162 million at 31 December 2020).

(2) At 30 June 2021, this includes the final dividend payable by ENDESA, S.A. to ENEL Iberia, S.L.U. amounting to Euros 975 million (interim dividend of Euros 520 million at 31 December 2020) (see Note 4.5).

The composition of both current and non-current bank borrowings and debts to Group companies and associates in the accompanying statements of financial position at 30 June 2021 and 31 December 2020, is as follows:

Millions of Euros

	Note	30 June 2021		31 December 2020	
		Non-current	Current	Non-current	Current
Bank borrowings		2,327	132	2,023	83
Lines of credit		266	-	-	4
European Investment Bank (EIB) loan		1,247	122	1,423	79
Instituto de Crédito Oficial (ICO) loan		290	10	300	-
Syndicated loan - Club Deal		299	-	300	-
Other current loans		225	-	-	-
Debts to Group companies and associates	10.1	5,807	64	6,303	74
ENEL Finance International, N.V.		3,000	16	3,000	15
ENDESA Financiación Filiales, S.A.U.		2,807	23	3,303	30
Other debts		-	25	-	29

The main transactions in the first six months of 2021 were as follows:

- A new Euros 4,000 million issuance programme of SDG 7 Euro Commercial Paper (ECP), the outstanding balance of which was 30 June 2021 was Euro 1,606 million, and its renewal is backed by irrevocable bank credit facilities. This Programme incorporates sustainability objectives, in line with ENDESA's Strategic Plan.

- Likewise, at the date of authorisation of these interim condensed financial statements, the following financial transactions were performed, all of which incorporated sustainability goals:

Millions of Euros

Transactions	Counterparty	Signature date	Maturity date	Amount
Loan ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A.	25 March 2021	25 March 2024	300
Line of credit ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A.	25 March 2021	25 March 2024	250
Lines of credit ^{(1) (3)}	Various banks	25 March 2021	25 March 2025	1,955
Line of credit ⁽¹⁾	BNP Paribas	25 March 2021	25 March 2025	100
Loan ⁽⁴⁾	CaixaBank, S.A.	31 March 2021	15 April 2028	150
Line of Credit ⁽¹⁾	Deutsche Bank, S.A.E.	28 April 2021	28 April 2025	70
Intercompany Line of credit ^{(1) (5)}	ENEL Finance International, N.V.	25 May 2021	25 May 2025	1,700
Loan ⁽⁴⁾	Unicaja Banco S.A.	28 June 2021	28 June 2028	75
TOTAL				4,600

- (1) Transactions described as sustainable on including the performance indicator (KPI) in relation to ENDESA's commitment to ensure that its net installed mainland capacity from renewable sources is 55% of the total net installed capacity at 31 December 2022.
(2) Corresponds to a financial transaction in "Club Deal" format in force renewed at the signature date.
(3) Corresponds to nine credit lines in force renewed at the signature date.
(4) The credit conditions of this transactions are tied, for the first time for ENDESA, to the objective established in the Company's Strategic Plan to reduce specific emission of Scope 1 carbon dioxide (CO₂) equivalent to 150g CO₂eq/kWh in 2023.
(5) The formalisation of this line of credit coincides with the cancellation of two lines of credit that ENDESA held with ENEL Finance International, N.V. until that date, for the amount of Euros 1,000 million and Euros 700 million, respectively.

At 30 June 2021, the main transactions included in the non-current and current balance of "Bonds and other marketable securities", "Bank borrowings", "Other Financial Liabilities" and "Debts to Group companies and associates" are as follows:

Millions of Euros

	Limit	30 June 2021		Conditions	Maturity
		Non-current	Current		
Bonds and other marketable securities		19	-		
Bond		19	-	Interest rate 5.74%	12 November 2031
Bank borrowings	4,589	2,327	132		
Lines of credit	2,394	266	-	Floating interest rate	Until 25 March 2025
European Investment Bank (EIB) ⁽¹⁾	1,370	1,247	122	Floating interest rate	Until 3 September 2035
Instituto de Crédito Oficial (ICO) ⁽²⁾	300	290	10	Floating interest rate	Until 9 May 2031
Club Deal ⁽³⁾	300	299	-	Floating interest rate	Until 25 March 2024
CaixaBank, S.A. ⁽⁴⁾	150	150	-	Floating interest rate	Until 15 April 2028
Unicaja Banco S.A. ⁽⁵⁾	75	75	-	Floating interest rate	Until 28 June 2028
Debts to Group companies and associates		5,807	1,046		
Line of credit with ENEL Finance International, N.V. ⁽⁶⁾	1,700	-	-	Margin of 65bp and fee applicable if not used of 20bp	25 May 2025
Intercompany loan with ENEL Finance International, N.V. ⁽⁷⁾	3,000	3,000	16	Fixed interest rate 3.0%	29 October 2024
Current account with ENDESA Financiación Filiales, S.A.U. ⁽⁸⁾		2,807	23	Average interest rate of 1.7% (1.8% in 2020)	1 July 2026
Other debts		-	25		
Other financial liabilities		-	982		
Other financial liabilities		3	2,022		
European Commercial Paper (ECPs) ⁽⁹⁾	4,000	-	1,606	Floating interest rate	Renewed annually
Other financial liabilities		3	416	-	-
TOTAL		8,156	3,200		

- (1) On 30 July 2020 and 21 December 2018 ENDESA, S.A. arranged financing with the European Investment Bank (EIB) for the amount of Euros 35 million and Euros 335 million, respectively, which were repaid on 1 September 2020 and 19 March 2019.
(2) On 10 May 2019, ENDESA, S.A. arranged financing with Instituto de Crédito Oficial (ICO) for the amount of Euros 300 million.
(3) On 17 April 2020, ENDESA, S.A. arranged syndicated financing linked to sustainability targets with CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A. for the amount of Euros 300 million. On 25 March 2021, this was extended until 25 March 2024.
(4) On 31 March 2021, ENDESA, S.A. arranged financing with CaixaBank S.A. linked to sustainability targets for the amount of Euros 150 million.
(5) On 28 June 2021, ENDESA, S.A. arranged financing with Unicaja Banco, S.A. linked to sustainability targets for the amount of Euros 75 million.
(6) On 25 May 2021, ENDESA, S.A. arranged a line of credit with ENEL Finance International, N.V. for the amount of Euros 1,700 million.
(7) On 23 October 2014, ENDESA, S.A. signed a long-term intercompany loan with ENEL Finance International, N.V. for an amount of Euros 4,500 million. On 30 June 2015, ENDESA, S.A. made a partial repayment of Euros 1,500 million on this loan. At 30 June 2021, Euros 16 million relate to unpaid interest accrued (Euros 15 million at 31 December 2020).
(8) The Company also had a cash pooling agreement with ENDESA Financiación Filiales, S.A.U. that is automatically renewable for five-year periods at maturity unless either party notifies the other of its decision not to renew the account at least 13 months before the end of the period. The interest rate applicable to the current account will be determined by ENDESA Financiación Filiales, S.A., and will be equal to the average cost of gross debt to the ENDESA Group in Spain (or any other that may replace it in the future) as published by the Finance Department during the month immediately previous to the interest period concerned, and may be reviewed where appropriate depending on the actual rate at the end of the interest period. This contract stipulates that the Company may draw down the amounts required to cover its financial needs and invest its surpluses to regulate its cash flows. There is no limit on the cash draw downs that can be made between the parties. At 30 June 2021, Euros 23 million relate to unpaid interest accrued (Euros 30 million at 31 December 2020).
(9) This corresponds to the outstanding balance of Euro Commercial Paper (ECPs) pursuant to the new issuance programme registered by ENDESA, S.A. on 7 May 2021.

Other debts.

At 30 June 2021, current debt to Group companies and associates includes a deposit received from Nuclenor, S.A. for the amount of Euros 13 million (Euros 21 million at 31 December 2020).

Further, at 30 June 2021 "Current debts to Group companies and associates" includes the amount payable to ENEL Iberia, S.L.U. corresponding to value added tax for the amount of Euros 12 million (Euros 8 million at 31 December 2020).

6.2. Items recognised in the income statement and in equity.

In the six months ended 30 June 2021 and 2020, the applications made in the income statement and equity linked to current and non-current financial liabilities grouped by the different categories are as follows:

Millions of Euros

	January-June 2021		January-June 2020	
	Income statement	Equity	Income statement	Equity
Debts and payables	(76)	-	(81)	-
Financial liabilities at fair value through profit or loss	-	-	8	-
Financial assets held for trading	-	-	8	-
Hedging derivatives	(4)	11	(4)	(13)
TOTAL	(80)	11	(77)	(13)

6.3. Financial liabilities at fair value through profit or loss.

In the six months ended 30 June 2021 and 2020, the changes in the fair value of non-current and current financial liabilities at fair value through profit or loss are as follows:

Millions of Euros

	Fair value at 31 December 2020	Change in fair value of derivatives	Settlement of derivatives	Other movements	Fair value at 30 June 2021
Financial liabilities held for trading	-	-	-	-	-
Non-current	-	-	-	-	-
Current	-	-	-	-	-
TOTAL	-	-	-	-	-

Millions of Euros

	Fair value at 31 December 2019	Change in fair value of derivatives	Settlement of derivatives	Other movements	Fair value at 30 June 2020
Financial liabilities held for trading	31	20	(28)	(5)	18
Non-current	1	-	-	(1)	-
Current	30	20	(28)	(4)	18
TOTAL	31	20	(28)	(5)	18

6.4. Fair value measurement.

Non-current and current financial liabilities measured at fair value in the statements of financial position by fair value hierarchy at 30 June 2021 are as follows:

Millions of Euros

	30 June 2021			
	Fair value	Level 1	Level 2	Level 3
Bonds and other marketable securities	19	-	19	-
Debt derivatives	23	-	23	-
Interest rate hedges	23	-	23	-
Cash flow hedges	23	-	23	-
Total non-current liabilities	42	-	42	-
Debt derivatives	2	-	2	-
Interest rate hedges	2	-	2	-
Cash flow hedges	2	-	2	-
Total current liabilities	2	-	2	-

There were no level transfers among these financial liabilities in the six months ended 30 June 2021.

6.5. Covenants.

ENDESA, S.A.'s debt is subject to the usual covenants in contracts of this type. In no cases would a breach of these covenants require early repayment of the debt.

At 30 June 2021 and 31 December 2020, ENDESA, S.A. was not in breach of covenants or any other financial obligations that would require early repayment of its liabilities.

The Company's Directors do not consider that these clauses will change the current/non-current classification in the accompanying statement of financial position at 30 June 2021.

Information concerning the covenants on the Company's borrowings is set out in Note 12.7 to the financial statements of ENDESA, S.A. for the year ended 31 December 2020. Some of the most significant information is detailed below:

Millions of Euros

Clauses	Transactions	Covenants	Outstanding debt	
			30 June 2021	31 December 2020
Related to credit ratings	Financial transactions with the European Investment Bank (EIB) and Instituto de Crédito Oficial (ICO)	Additional or renegotiated guarantees in the event of credit rating downgrades	1,670	1,703
Relating to change of control	Loans and other agreements arranged with financial entities and ENEL Finance International, N.V.	May be repaid early in the event of a change of control at ENDESA, S.A.	5,193 ⁽¹⁾	5,103 ⁽¹⁾
Related to asset transfers	Financial transactions with the European Investment Bank (EIB) and Instituto de Crédito Oficial (ICO)	Restrictions arise if a percentage of between 7% and 10% of ENDESA's consolidated assets is exceeded ⁽²⁾	1,670	1,803

(1) The amount signed by ENDESA was Euros 7,144 million at 30 June 2021 (Euros 7,053 million at 31 December 2020).

(2) Above these thresholds, the restrictions would only apply, in general, if no equivalent consideration is received or if there was a material negative impact on ENDESA, S.A.'s solvency.

6.6. Other matters.

At 30 June 2021 and 31 December 2020, ENDESA, S.A. had undrawn credit facilities totalling Euros 3,828 million and Euros 4,090 million, respectively, of which Euros 1,700 million correspond to a committed and irrevocable line of credit signed with ENEL Finance International, N.V. (see Note 10.1).

7. Risk control and management policy.

In the six months ended 30 June 2021, ENDESA, S.A. followed the same general risk management policy as described in Note 13 to the financial statements for the year ended 31 December 2020.

7.1. Interest rate risk and foreign currency risk.

The financial instruments and types of hedges are the same as those described in the financial statements for the year ended 31 December 2020.

The derivatives held by ENDESA, S.A. relate mainly to transactions arranged to hedge interest rate risk, the purpose of which is to eliminate or significantly reduce these risks in the underlying hedged transactions. At 30 June 2021, there were no foreign currency risk transactions arranged. In the current context, ENDESA, S.A. has reviewed that the criteria established by the regulations to apply hedge accounting continue to be complied with.

7.2. Liquidity risk.

Details of the ENDESA, S.A.'s liquidity position at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	Liquidity	
	30 June 2021	31 December 2020
Cash and cash equivalents	42	130
Unconditional undrawn credit facilities ⁽¹⁾	3,828	4,090
Liquidity	3,870	4,220

(1) As at 30 June 2021 and 31 December 2020, Euros 1,700 million correspond to the credit line available with ENEL Finance International, N.V. (see Note 10.1).

At 30 June 2021, ENDESA, S.A. had negative working capital of Euro 3,059 million. The undrawn amount on the Company's long-term credit facilities provide assurance that the ENDESA, S.A. can obtain sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the statement of financial position.

To this end, ENDESA, S.A. has a strong financial position and unconditional lines of credit contracted with top-tier entities available for significant amounts. This, together with the implementation of specific plans to improve and efficiently manage liquidity, is estimated to enable the impact of the economic situation to be addressed.

7.3. Credit risk.

ENDESA, S.A. mainly trades with counterparties in the ENDESA Group and therefore, it is exposed to limited credit risk.

As regards credit risk in relation to financial instruments, the risk policies followed by ENDESA, S.A. consist in placing its cash surpluses as set forth in the risk management policy, which requires top-tier counterparties in the markets it operates in.

At 30 June 2021, the greatest exposure to cash positions held with a counterparty was Euros 34 million, of a total of Euros 42 million, this counterparty has a rating of A- (Euros 102 million of a total of Euros 130 million at 31 December 2020, this counterparty has a rating of A+).

8. Income and expenses.

The Company's main income and expense for the six months ended 30 June 2021 and 2020 are detailed below.

8.1. Revenue.

Details of Revenue in the accompanying income statements for the six months ended 30 June 2021 and 2020 by category and geographical markets are as follows:

Millions of Euros

	Note	January-June 2021			January-June 2020		
		Spain	Other EU	Total	Spain	Other EU	Total
Provision of services	10.1	125	1	126	136	1	137
Dividend income from Group companies and associates	3.1.1 and 10.1	145	-	145	917	-	917
TOTAL		270	1	271	1,053	1	1,054

"Dividend income from Group companies and associates" includes the dividends distributed by the Group companies detailed in Note 3.1.1, as shown below:

Millions of Euros

Company	January-June 2021	January-June 2020
ENDESA Red, S.A.U.	84	800
ENDESA Energía, S.A.U.	32	65
ENDESA Financiación Filiales, S.A.U.	29	52
TOTAL	145	917

8.2. Impairment losses in Group companies and associates.

There were no impairment losses in the six-month periods ended 30 June 2021 and 2020 (see Notes 3.1.1 and 10.1).

8.3. Personnel expenses-

In the six months ended 30 June 2021 and 2020, details of personnel expenses in the accompanying income statement are as follows:

Millions of Euros

	Note	January-June 2021	January-June 2020
Wages and salaries		58	58
Termination benefits		-	13
Other employee benefits		13	18
Social security costs		10	10
Other		3	8
Provisions		6	2
Non-current employee benefits		5	(19)
Obligations for collective redundancy procedures	5.2	-	(12)
Obligations for contract suspensions	5.2	1	33
TOTAL		77	91

The period ended 30 June 2020 includes the income from changes in social benefits relating to the entry into force of ENDESA's "5th Framework Collective Bargaining Agreement", for the amount of Euros 23 million, and the allocation of workforce restructuring provisions for the amount of Euros 33 million relating to the "Agreement on Voluntary Measures to Suspend or Extinguish Labour Contracts".

8.4. Other operating expenses,

In the six months ended 30 June 2021 and 2020 details of other operating expenses in the accompanying income statement are as follows:

Millions of Euros

	January-June 2021	January-June 2020
External services	47	49
Leases and levies	5	5
Other repairs and upkeep costs	-	1
Independent professional services	9	8
Banking and similar services	1	1
Advertising and public relations	4	7
Other external services	28	27
Taxes other than corporation tax	(1)	3
Other current operating expenses	31	36
TOTAL	77	88

In the six months to 30 June 2021 “Leases and levies” includes expenses relating to contracts of this type arranged with Group companies and associates for the amount of Euros 4 million (Euros 4 million in the six months ended 30 June 2020) (see Note 10.1).

In the six months to 30 June 2021 “Other operating expenses” also includes other services received from Group companies and associates for the amount of Euros 21 million (Euros 22 million in the six months ended 30 June 2020) (see Note 10.1).

Additionally, in the six-month period ended 30 June 2020, other current operating expenses included Euros 12 million relating to the purchase of material, special supply conditions and donations to help supply health and social needs caused by the COVID-19 crisis.

8.5. Financial income and expenses.

In the six months ended 30 June 2021 and 2020 the breakdown of financial income and expenses on the accompanying income statement is as follows:

Millions of Euros

	Note	January-June 2021	January-June 2020
Financial income		8	4
From marketable securities and other non-current credits		8	4
Interest from loans to third parties		8	4
Loans and credits		7	3
Obligations for workforce restructuring plans	5.2	1	1
Contract suspensions		1	1
Financial expenses		(82)	(88)
Interest on debts to Group companies and associates	6.2 and 10.1	(70)	(80)
Interest on debts to third parties	6.2	(12)	(7)
Provision adjustments		-	(1)
Contract suspensions		-	(1)

9. Guarantees to third parties, commitments and other contingent liabilities.

Information concerning guarantees to third parties and other contingent liabilities is set out in Note 17.1 to the financial statements of ENDESA, S.A. for the year ended 31 December 2020. The most significant amounts at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

Company	Purpose of guarantee	30 June 2021	31 December 2020
ENDESA Generación, S.A.U.	Long-term gas contracts	50	49
ENDESA Energía, S.A.U.	Gas contracts	149	66
ENDESA Generación, S.A.U.	Energy contracts	31	33
Tauste Energía Distribuida, S.L.	Financing	19	18
Explotaciones Eólicas Santo Domingo de Luna, S.A.	Financing	21	21
Nuclenor, S.A.	Insurance	7	7
ENDESA Generación, S.A.U.	Elecgas, S.A. electricity production ("Tolling")	363	372
ENDESA X Servicios, S.L.U.	Supply contract	8	-
Group companies	Workforce restructuring costs	16	20
Group companies	Other commitments	2,892	2,763
ENEL Green Power España, S.L.U. (EGPE)		1,419	1,239
ENDESA Energía, S.A.U.		776	873
ENDESA Generación, S.A.U.		147	119
Energía XXI Comercializadora de Referencia, S.L.U.		116	121
Edistribución Redes Digitales, S.L.U.		92	90
Gas y Electricidad Generación, S.A.U.		32	32
ENDESA INGENIERÍA, S.L.U.		8	14
Unión Eléctrica de Canarias Generación, S.A.U.		13	13
Empresa Carbonífera del Sur, S.A.U.		11	16
Rest		278	246
TOTAL		3,556	3,349

ENDESA, S.A.'s management does not expect that its status as guarantor will result in significant liabilities for the Company.

ENDESA, S.A. has the commitment to provide ENDESA Financiación Filiales, S.A.U. with the financing required to enable this company to honour its commitments to finance Spanish ENDESA, S.A. Group companies and their subsidiaries.

ENEL, S.p.A. granted a guarantee in favour of ENDESA, S.A. for USD 137 million (approximately Euros 115 million) to comply with the contracts signed with Corpus Christi Liquefaction, LLC (see Note 10.1).

10. Related-party transactions.

During the six months ended 30 June 2021 and 2020, the Directors, or persons acting on their behalf, did not carry out transactions with the Company (or any of its subsidiaries) that do not correspond to the normal course of business or were not carried out in keeping with prevailing market conditions.

The amount of transactions carried out in the six months ended 30 June 2021 with other related parties of certain members of the Board of Directors combined does not exceed Euros 3 million (Euros 3 million in the six months ended 30 June 2020). All of them correspond to the Company's normal business activities and were in all cases carried out under normal market conditions.

Transactions carried out with related parties in the six months ended 30 June 2021 and 2020 all correspond to normal activities and were carried out under normal market conditions.

10.1. Related-party transactions and balances.

Details of related-party transactions in the six months ended 30 June 2021 and 2020 are as follows:

Millions of Euros

	Note	January-June 2021					Total
		Significant shareholders	Directors and executives	Group companies	Associates	Other related parties	
Financial expenses	8.5	-	-	(70)	-	-	(70)
Personnel expenses		-	-	(1)	-	-	(1)
Leases	8.4	-	-	(4)	-	-	(4)
Services received	8.4	(3)	-	(18)	-	(3)	(24)
TOTAL EXPENSES		(3)	-	(93)	-	(3)	(99)
Dividends received	8.1	-	-	145	-	-	145
Rendering of services	8.1	1	-	125	-	-	126
Other income		-	-	2	-	-	2
TOTAL INCOME		1	-	272	-	-	273
Dividends and other distributions		975	-	-	-	-	975
Other transactions: purchase of intangible assets		-	-	8	-	-	8

Millions of Euros

	Note	January-June 2020					Total
		Significant shareholders	Directors and executives	Group companies	Associates	Other related parties	
Financial expenses	8.5	-	-	(80)	-	-	(80)
Personnel expenses		-	-	(1)	-	-	(1)
Leases	8.4	-	-	(4)	-	-	(4)
Services received	8.4	(3)	-	(19)	-	(3)	(25)
Other expenses		-	-	(12)	-	-	(12)
Exchange gains/(losses)		-	-	(10)	-	-	(10)
Change in fair value of financial instruments		-	-	(2)	-	-	(2)
TOTAL EXPENSES		(3)	-	(116)	-	(3)	(122)
Dividends received	8.1	-	-	917	-	-	917
Rendering of services	8.1	-	-	137	-	-	137
Other income		-	-	2	-	-	2
TOTAL INCOME		-	-	1,056	-	-	1,056
Dividends and other distributions		520	-	-	-	-	520
Other transactions: purchase of intangible assets		-	-	5	-	-	5

The Company has signed with ENDESA Energía, S.A.U. and ENEL Global Trading, S.p.A. contracts for the sale of liquefied natural gas (LNG) through which it transfers, under the same conditions, the purchases made by the Company from Christi Liquefaction, LLC to execute the aforementioned contracts. This arrangement is considered to be an intermediation and is netted in the income statement under "Procurements". Purchases and sales associated with this operation amount to Euros 296 million for the six-month period ended 30 June 2021 (Euros 292 million for the six-month period ended 30 June 2020).

At 30 June 2021 and 31 December 2020, balances with related parties recognised in the statement of financial position are as follows.

Millions of Euros

	Note	30 June 2021					Total
		Significant shareholders	Directors and executives (Note 10.2)	Group companies	Associates	Other related parties	
Non-current financial investments	3	-	-	18,923	-	-	18,923
Equity instruments		-	-	18,923	-	-	18,923
Trade and other receivables		3	-	138	-	-	141
Current financial investments	3	108	-	14	-	-	122
Loans to companies		108	-	14	-	-	122
Non-current debts	6.1	-	-	(5,807)	-	-	(5,807)
Non-current debts to Group companies and associates		-	-	(5,807)	-	-	(5,807)
Current debts	6.1	(987)	-	(46)	(13)	-	(1,046)
Current debts to Group companies and associates		(12)	-	(39)	(13)	-	(64)
Other financial liabilities		(975)	-	(7)	-	-	(982)
Trade and other payables		(8)	-	(34)	-	-	(42)
Guarantees received	9	115	-	-	-	-	115
Guarantees provided	9	-	7	3,549	7	-	3,563
Financing agreements		-	1	-	-	-	1

Millions of Euros

	31 December 2020						Total
	Note	Significant shareholders	Directors and executives	Group companies	Associates	Other related parties	
			(Note 10.2)				
Non-current financial investments	3	-	-	18,878	-	-	18,878
Equity instruments		-	-	18,878	-	-	18,878
Trade and other receivables		3	-	179	-	2	184
Current financial investments	3	76	-	343	-	-	419
Loans to companies		76	-	12	-	-	88
Other financial assets		-	-	331	-	-	331
Non-current debts	6.1	-	-	(6,303)	-	-	(6,303)
Non-current debts to Group companies and associates		-	-	(6,303)	-	-	(6,303)
Current debts	6.1	(528)	-	(55)	(21)	-	(604)
Current debts to Group companies and associates		(8)	-	(45)	(21)	-	(74)
Other financial liabilities		(520)	-	(10)	-	-	(530)
Trade and other payables		(5)	-	(29)	-	-	(34)
Guarantees received	9	112	-	-	-	-	112
Guarantees provided	9	-	7	3,342	7	-	3,356
Financing agreements		-	1	-	-	-	1

At 30 June 2021, ENDESA, S.A. has a committed and irrevocable intercompany line of credit with ENEL Finance International, N.V. for the sum of Euros 1,700 million (two committed and irrevocable credit lines for the sum of Euros 1,000 million and Euros 700 million, respectively, at year-end 2020). No amount had been drawn on these lines at 30 June 2021 and 31 December 2020 (see Notes 6.2 and 7.2).

10.2. Information on the Board of Directors and senior management personnel.

10.2.1. Remuneration of the board of Directors.

The following remuneration and other benefits were received by Directors in the six months ended 30 June 2021 and 2020, based on the position held:

Thousands of Euros

Item	Directors	
	Amount	
	January - June 2021	January - June 2020
Remuneration for belonging to the board of Directors and/or board committees	1,191	1,002
Salaries	480	448
Variable remuneration in cash	456	741
Share-based payment plans	86	43
Termination benefits	-	-
Long-term savings systems	29	474
Other items	98	32
TOTAL	2,340	2,740

As of 30 June 2021 and 2020, the Executive Director has loans amounting to Euros 396 thousand, of which Euros 230 thousand correspond to loans with an average interest rate of 0.187% and Euros 166 thousand to interest-free loans (the interest subsidy is considered as remuneration in kind). The repayment of the principal will be made during the employee's working life, and the loan will be repaid in full when the employee leaves the company.

10.2.2. Remuneration of Senior Management

The following remuneration was received by senior management in the six months ended 30 June 2021 and 2020:

Thousands of Euros

Item	Executives	
	Amount	
	January - June 2021	January - June 2020
Remuneration received	3,559	4,804
TOTAL	3,559	4,804

As of 30 June 2021 and 2020, the Senior Management is composed of 12 people, respectively.

At 30 June 2021 and 31 December 2020, in terms of remuneration, the Company had not issued any guarantees to senior managers who are not also executive Directors.

At 30 June 2021 and 2020, the Company had all its early retirement and pension obligations with Directors and senior managers covered.

10.2.3. Other disclosures concerning the Board of Directors.

In accordance with article 229 of the Spanish Corporate Enterprises Act, the direct or indirect situations of conflict of interest involving members of the Board of Directors with the interest of the Company, along with how they were handled in the first half of 2021, were as follows:

- The Executive Director, in his capacity as Director of ENEL Iberia S.L.U., appointed by Enel, S.p.A., had conflicts of interest when authorising transactions with Enel, S.p.A. or Enel Group companies. In all the situations arising in the first half of 2021 the Executive Director did not participate in the related items on the agenda of the Board of Directors meeting.
- The Proprietary Directors, appointed by ENEL, S.p.A., had a conflict of interest when authorising transactions with ENEL, S.p.A. or ENEL Group companies. In all the situations arising in the first half of 2021 the Proprietary Directors did not participate in the related items on the agenda of the Board of Directors meeting.

Distribution by gender: at 30 June 2021, the Board of Directors of ENDESA, S.A. was composed of 11 Directors, 4 of which are women (13 Directors, 4 of which were women at 31 December 2020).

During the first six months of 2021 and 2020 the Company has taken out civil liability policies for Directors and Senior Executives for gross amounts of Euros 757 thousand and Euros 232 thousand, respectively. Both Directors and Company personnel with managerial responsibilities are insured.

10.2.4. Share-based payment schemes tied to the ENDESA, S.A. share price.

ENDESA, S.A.'s long-term employee benefit system is based on long-term remuneration schemes, known as the "loyalty and strategic incentive schemes", aimed primarily at strengthening the commitment of senior staff to achieving the Group's strategic targets. The Plan is structured through successive three-year programmes with a new programme starting every year as from 1 January 2010. Since 2014, the plans have included deferment of payment and the need for management staff to be currently in service at the time of the same (unless the manager retires or leaves the company on termination of a contract with a specified duration, in which case the scheme completed at the date of leaving the company shall be applied, and payments will remain deferred to the corresponding date, even though the manager does not continue to work at the company). Payments will be paid on two dates: 30% of the incentive will be paid in the year following the end of the Plan, and the remaining 70%, if applicable, will be paid two years after the end of the Plan.

Information on the Loyalty Plan 2019-2021 and the Strategic Incentive Plan 2020-2022 is provided in Note 18.3.5 to the ENDESA's financial statements for the year ended 31 December 2020.

Strategic incentive plan 2021-2023.

On 30 April 2021, the General Shareholders' Meeting of ENDESA, S.A. approved a long-term remuneration scheme known as the Strategic Incentive Plan 2021-2023.

The purpose and characteristics of this plan are the same as those set down in the "Strategic Incentive Plan 2020-2022" described in Note 18.3.5 to ENDESA's financial statements for the year ended 31 December 2020, while the performance period and objectives to which its accrual is tied differ.

Therefore, the accrual of the "Strategic Incentive 2021-2023" is linked to the fulfilment of four objectives during the performance period, which shall be three years starting on 1 January 2021:

- Performance of the average Total Shareholder Return (TSR) of ENDESA, S.A. in relation to the performance of the average TSR of the Euro-Stoxx Utilities index, selected as the benchmark for the peer group. This parameter will be weighted at 50% of the total incentive.
- Target for the cumulative Return on Average Capital Employed during the accrual period¹. ENDESA's cumulative ROACE target represents the relationship between cumulative Ordinary Profit from Operations (Ordinary EBIT)² and cumulative Average Net Capital Invested (Average NCI)³, during the 2021-2023 period. This parameter will be weighted at 25% of the total incentive.
- Net installed capacity from renewable sources, represented as the relationship between net installed capacity from renewable sources and total net installed capacity at ENDESA in 2023. This parameter will be weighted at 15% of the total incentive.
- Reduction of ENDESA's carbon dioxide (CO₂) emissions. This parameter will be weighted at 10% of the incentive.

The amount accrued by the these plans in the first half of 2021 totalled Euros 1.4 million (Euros 1.4 million in the first half of 2020), with Euros 0.5 million corresponding to the estimate of the share-based payments to be settled in equity instruments (Euros 0.5 million in the first half of 2020) and Euros 0.9 million to the estimate of the plan payments to be settled in cash (Euros 0.9 million in the first half of 2020).

11. Other information.

11.1. Headcount.

In the six months ended 30 June 2021 and 2020, the Company's average headcount, by category and gender, was as follows:

Number of employees	January-June 2021			January-June 2020		
	Male	Female	Total	Male	Female	Total
	Executives	89	28	117	96	30
Middle management	436	441	877	440	441	881
Administration and management personnel and workers	95	180	275	105	204	309
TOTAL EMPLOYEES	620	649	1,269	641	675	1,316

At 30 June 2021 and 31 December 2020, the breakdown of the headcount by category and gender was as follows:

¹ "Return On Average Capital Employed" (ROACE) (%) - Ordinary Operating Income (Ordinary EBIT) / Average Net Capital Invested (Average NCI).

² Ordinary Operating Income (Ordinary EBIT) (Millions of Euros) - Operating Income (EBIT) corrected for extraordinary unbudgeted purposes.

³ Average Net Capital Invested (Average NCI) (Millions of Euros) = ((Equity + Net Financial Debt - Cash and Cash Equivalents) + (Equity + Net Financial Debt - Cash and Cash Equivalents)_{n-1}) / 2.

Number of employees

	30 June 2021			Total	31 December 2020		Total
	Male	Female			Male	Female	
Executives	88	28	116	92	29	121	
Middle management	439	453	892	441	456	897	
Administration and management personnel and workers	86	165	251	103	194	297	
TOTAL EMPLOYEES	613	646	1,259	636	679	1,315	

The average number of employees in the six months ended 30 June 2021 and 2020 with a disability greater than or equal to 33%, by category and gender, was as follows:

Number of employees

	January-June 2021			Total	January-June 2020		Total
	Male	Female			Male	Female	
Middle management	3	4	7	3	4	7	
Administration and management personnel and workers	4	4	8	4	4	8	
TOTAL EMPLOYEES	7	8	15	7	8	15	

11.2. Insurance.

The Company has taken out insurance policies to cover the risk of damage to property, plant and equipment of the parent company and the subsidiaries in which it has a shareholding of 50% or more or has effective control. The limits and coverage are appropriate to the types of risk and country of operation.

The possible loss of profits that could result from outages at the facilities is also covered by certain assets.

Possible claims against the Company by third parties due to the nature of its activity are also covered.

In the first six months of 2021, ENDESA has not identified any significant impact relating to the insurance policies it has arranged at the date of authorisation of these interim condensed financial statements.

12. Events after the reporting period.

Other than the events described above, no other significant events took place between 30 June 2021 and the date of authorisation for issue of these interim condensed financial statements other than those shown herein.

13. Explanation added for translation to English.

These interim condensed financial statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Company that conform to generally accepted accounting principles in Spain may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

ENDESA, S.A.

**Management Report for
the six months ended
30 June 2021**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

MANAGEMENT REPORT FOR

THE SIX MONTHS ENDED

30 JUNE 2021

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(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.
MANAGEMENT REPORT FOR
THE SIX MONTHS ENDED
30 JUNE 2021

1. Business performance.

ENDESA, S.A. is a holding company and its income essentially depends on the dividends from its subsidiaries and its expenses from the cost of its debt. Provisions for investments can also be made or reversed based on changes in the value of its subsidiaries.

Revenue in the first six months of 2021 totalled Euros 271 million, of which Euros 145 million correspond to dividend income from Group companies and associates, and Euros 126 million to income for the provision of services to subsidiaries.

In the first six months of 2021 ENDESA, S.A.'s dividend income was as follows:

Millions of Euros	
Company	Dividends
ENDESA Red, S.A.U.	84
ENDESA Energía, S.A.U.	32
ENDESA Financiación Filiales, S.A.U.	29
TOTAL	145

In the six months ended 30 June 2021, operating income totalled Euros 279 million, while operating expenses were Euros 173 million, generating total profit from operations for the period of Euros 106 million.

A financial loss amounting to Euros 77 million was reported in the first six months of 2021, primarily as a consequence of the financial expenses on debt with Group companies and associates amounting to Euros 70 million.

The pre-tax profit for the period was Euros 29 million.

In the first half of 2021, income of Euros 26 million was recognised from accrued corporation tax. This is because the dividends received from Group companies, which are the Company's main source of income, are exempt at 95%. These companies' profits have already been taxed in the consolidated corporation tax return filed for the Group, represented in Spain by ENEL Iberia, S.L.U.

Net income in the first half of 2021 was Euros 55 million.

2. Main financial transactions.

The main transactions in the first six months of 2021 were as follows:

- A new Euros 4,000 million issuance programme of SDG 7 Euro Commercial Paper (ECP), the outstanding balance of which as at 30 June 2021 was Euro 1,606 million, and its renewal is backed by irrevocable bank credit facilities. This Programme incorporates sustainability objectives, in line with ENDESA's Strategic Plan.

- Likewise, at the date of authorisation of these interim condensed financial statements, the following financial transactions were performed, all of which incorporated sustainability goals:

Millions of Euros

Transactions	Counterparty	Signature date	Maturity date	Amount
Loan ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A.	25 March 2021	25 March 2024	300
Line of credit ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A.	25 March 2021	25 March 2024	250
Lines of credit ^{(1) (3)}	Various banks	25 March 2021	25 March 2025	1,955
Line of credit ⁽¹⁾	BNP Paribas	25 March 2021	25 March 2025	100
Loan ⁽⁴⁾	CaixaBank, S.A.	31 March 2021	15 April 2028	150
Line of Credit ⁽¹⁾	Deutsche Bank, S.A.E.	28 April 2021	28 April 2025	70
Intercompany Line of credit ^{(1) (5)}	ENEL Finance International N.V.	25 May 2021	25 May 2025	1,700
Loan ⁽⁴⁾	Unicaja Banco S.A.	28 June 2021	28 June 2028	75
TOTAL				4,600

- (1) Transactions described as sustainable on including the performance indicator (KPI) in relation to ENDESA's commitment to ensure that its net installed mainland capacity from renewable sources is 55% of the total net installed capacity at 31 December 2022.
- (2) Corresponds to a financial transaction in "Club Deal" format in force renewed at the signature date.
- (3) Corresponds to nine credit lines in force renewed at the signature date.
- (4) The credit conditions of this transactions are tied, for the first time for ENDESA, to the objective established in the Company's Strategic Plan to reduce specific emission of Scope 1 carbon dioxide (CO₂) equivalent to 150g CO₂eq/kWh in 2023.
- (5) The formalisation of this line of credit coincides with the cancellation of two lines of credit that ENDESA held with ENEL Finance International, N.V. until that date, for the amount of Euros 1,000 million and Euros 700 million, respectively.

3. Events after the reporting period.

The events after the reporting period for the six-month period ended 30 June 2021 are described in Note 12 to the interim condensed financial statements for the period ended 30 June 2021.

4. COVID-19 Health Crisis.

The economic crisis resulting from the COVID-19 health crisis has led to a new and more difficult macroeconomic situation, with new risks becoming prominent and other becoming more volatile. As a result, ENDESA, S.A. and the subsidiaries of its Group of companies operate in a scenario of greater uncertainty in which the focus is on protecting people and complying with the strategic plan in a context dominated by digitalisation, remote working and a focus on ESG (Environmental, Social and Governance) trends.

In the first half of 2021, the vaccination campaigns launched by the Spanish government progressed as planned, although we cannot regard the COVID-19 pandemic as being over. ENDESA always considers the "Coordinated actions in response to the COVID-19 pandemic" guide to action, which focuses on indicators of infections (accumulated cases) and use of the health services (occupancy of beds due to hospitalisation and in ICUs).

The current situations involve risks that are difficult to manage and to determine the likelihood of. These include changes to regulations for electricity generation, potential tax reforms, slow recovery of demand and increasing competition. All of these challenges could add to the pressure of meeting the objectives of ENDESA's strategic plan.

Overall, in January-June 2021 the impact of the crisis has not been significant in terms of EBITDA or EBIT. In January-June 2020, the effects described above resulted in a reduction in ENDESA's gross operating income (EBITDA) and operating income (EBIT).

5. Risk management policy and the principal risks associated with ENDESA's business.

Information on the risk control and management policy is included in Note 7 of the interim condensed financial statements for the six-month period ended 30 June 2021 and in Note 13 of the financial statements of ENDESA, S.A. for the year ended 31 December 2020.

6. Policy on derivative financial instruments.

Information on derivative financial instruments is provided in Note 14 to the financial statements of ENDESA S.A., for the year ended 31 December 2020.

7. Human resources.

Information concerning personnel is included in Note 11.1 of the interim condensed financial statements for the six months ended 30 June 2021.

8. Treasury shares.

At 30 June 2021, the Company holds treasury shares to cover its long-term variable remuneration plan (Strategic incentive plan 2020-2022), under which the delivery of shares forms part of the "strategic incentive" payment (see Note 4.4 of the interim condensed financial statements for the six months ended 30 June 2021 and Note 10.4 of the financial statements of ENDESA, S.A. for the year ended 31 December 2020).

The Company did not hold perform any transactions with treasury shares in the six-month period ended 30 June 2021.

9. Environmental protection.

Information on the environmental activities is provided in Note 20 to the financial statements of ENDESA, S.A. for the year ended 31 December 2020.

10. Research and development activities.

The Company did not carry out any research and development activities directly as these fall within the remit of its subsidiaries.

11. Information on the average payment period to suppliers.

Information on the average payment period to suppliers is provided in Note 19.3 to the financial statements of ENDESA S.A. for the year ended 31 December 2020.

26 July 2021



Limited Review Report on Endesa, S.A.

(Together with the interim condensed consolidated financial statements and consolidated management report of Endesa, S.A. for the six-month period ended 30 June 2021)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Limited Review on the Interim Condensed Consolidated Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Endesa, S.A., commissioned by the Directors of Endesa, S.A.

REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (the “interim financial statements”) of Endesa, S.A. (the “Company”) and subsidiaries (hereinafter the “Group”), which comprise, the statement of financial position at 30 June 2020, the statement of income, statement of other comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes for the six-month period then ended (all condensed and consolidated). Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts 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.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed consolidated interim financial statements, pursuant to article 12 of Royal Decree 1362/2007

Emphasis of Matter

We draw your attention to the accompanying note 2.2, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2020. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated management report for the six-month period ended 30 June 2021 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2021. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Endesa, S.A. and subsidiaries.

Other Matter

This report has been prepared at the request of the board of directors of the Company in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October 2015 and enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Estibaliz Bilbao Belda

26 July 2021

ENDESA, S.A.
and Subsidiaries

**Interim Condensed Consolidated Financial
Statements for the six months ended
30 June 2021**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2021 AND 31 DECEMBER 2020

Millions of Euros

	Notes	30 June 2021 (Unaudited)	31 December 2020
ASSETS			
NON-CURRENT ASSETS		26,467	25,828
Property, plant and equipment	4	21,517	21,354
Investment property		57	58
Intangible assets	5	1,457	1,399
Goodwill	6	462	462
Investments accounted for using the equity method	7	208	217
Non-current financial assets	14	1,304	947
Deferred tax assets	16.1	1,462	1,391
CURRENT ASSETS		8,256	6,234
Inventories	8	1,037	1,077
Trade and other receivables	9	5,953	3,577
Trade receivables for sales and services and other receivables		5,378	3,151
Current income tax assets		575	426
Current financial assets	14	1,089	1,177
Cash and cash equivalents	10	177	403
Non-current assets held for sale and discontinued operations		-	-
TOTAL ASSETS		34,723	32,062
EQUITY AND LIABILITIES			
EQUITY		7,025	7,465
Of the Parent	11	6,873	7,315
Share capital		1,271	1,271
Share premium and reserves		4,773	5,467
(Own shares and own equity instruments)		(2)	(2)
Profit for the period attributed to the Parent		832	1,394
Interim dividend		-	(741)
Other Equity instruments		1	-
Value adjustments		(2)	(74)
Of non-controlling Interests		152	150
NON-CURRENT LIABILITIES		16,557	16,042
Deferred income		4,529	4,517
Non-current provisions	12.1	3,495	3,704
Provisions for pensions and other similar obligations		606	701
Other non-current provisions		2,889	3,003
Non-current borrowings	13.1	6,342	5,937
Other non-current liabilities		999	831
Deferred tax liabilities	16.2	1,192	1,053
CURRENT LIABILITIES		11,141	8,555
Current borrowings	13.1	2,025	1,372
Current provisions	12.1	396	477
Provisions for pensions and other similar obligations		-	-
Other current provisions		396	477
Trade payables and other current liabilities	17	8,720	6,706
Suppliers and other payables		7,907	6,194
Current income tax liabilities		813	512
Liabilities associated with non-current assets classified as held for sale and discontinued operations		-	-
TOTAL EQUITY AND LIABILITIES		34,723	32,062

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statement of Financial Position at 30 June 2021 and 31 December 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2021 AND 2020

Millions of Euros

	Notes	January-June 2021 (Unaudited)	January-June 2020 (unaudited)
REVENUE		10,272	8,883
Sales	19.3	8,685	8,265
Other operating income	19.3	1,587	618
PROCUREMENTS AND SERVICES		(7,426)	(5,961)
Power purchases		(2,369)	(1,809)
Fuel consumption		(569)	(570)
Transmission costs		(2,390)	(2,523)
Other variable procurements and services		(2,098)	(1,059)
CONTRIBUTION MARGIN		2,846	2,922
Self-constructed assets		106	97
Personnel expenses		(466)	(95)
Other fixed operating expenses		(607)	(609)
GROSS OPERATING INCOME (EBITDA)		1,879	2,315
Depreciation and amortisation, and impairment losses		(785)	(760)
OPERATING INCOME (EBIT)		1,094	1,555
FINANCIAL PROFIT/(LOSS)		20	(48)
Financial income		108	27
Financial expense		(85)	(77)
Net exchange differences		(3)	2
Net gains/(losses) of companies accounted for using the equity method	7	12	11
Gains/(losses) on other investments		-	-
Losses on disposal of assets		(12)	(5)
PROFIT BEFORE TAX		1,114	1,513
Income tax		(277)	(382)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		837	1,131
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS		-	-
PROFIT FOR THE PERIOD		837	1,131
Parent		832	1,128
Non-controlling interests		5	3
BASIC NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euros)		0.79	1.07
DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euros)		0.79	1.07
BASIC NET EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS (Euros)		-	-
DILUTED NET EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS (Euros)		-	-
BASIC NET EARNINGS PER SHARE (Euros)		0.79	1.07
DILUTED NET EARNINGS PER SHARE (Euros)		0.79	1.07

The accompanying explanatory Notes 1 to 24 are an integral part of the corresponding Consolidated Income Statement for the six months ended 30 June 2021 and 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE
SIX MONTHS ENDED 30 JUNE 2021 AND 2020

Millions of Euros

	Notes	January-June 2021 (Unaudited)			January-June 2020 (Unaudited)		
		Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
CONSOLIDATED PROFIT FOR THE PERIOD		832	5	837	1,128	3	1,131
OTHER COMPREHENSIVE INCOME:							
REVENUE AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		95	-	95	(28)	-	(28)
Items that can be reclassified to profit or loss:		51	-	51	(45)	-	(45)
Cash flow hedges		63	-	63	(56)	-	(56)
Translation differences		-	-	-	-	-	-
Companies accounted for using the equity method		5	-	5	(2)	-	(2)
Other revenue and expense recognised directly in equity		-	-	-	-	-	-
Tax effect		(17)	-	(17)	13	-	13
Items that cannot be reclassified to profit or loss:		44	-	44	17	-	17
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		-	-	-	-	-	-
From measurement of financial instruments		-	-	-	-	-	-
Financial assets at fair value		-	-	-	-	-	-
Other revenue/(expenses)		-	-	-	-	-	-
Actuarial gains and losses and other adjustments	12.1.1	55	-	55	23	-	23
Tax effect		(11)	-	(11)	(6)	-	(6)
AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS		21	-	21	127	-	127
Cash flow hedges		26	-	26	168	-	168
Translation differences		-	-	-	-	-	-
Companies accounted for using the equity method		-	-	-	-	-	-
Other revenue and expense recognised directly in equity		-	-	-	-	-	-
Tax effect		(5)	-	(5)	(41)	-	(41)
TOTAL COMPREHENSIVE INCOME		948	5	953	1,227	3	1,230

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statement of other Comprehensive Income for the six months ended 30 June 2021 and 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE
SIX MONTHS ENDED 30 JUNE 2021

Millions of Euros

(Unaudited)	Notes	Equity attributable to the Parent <small>(Note 11)</small>					Adjustments due to changes in value	Non-controlling Interests	Total equity
		Capital and reserves							
		Capital <small>(Note 11.1)</small>	Share premium, reserves and interim dividend	Shares in own equity instruments	Profit for the period	Other equity instruments			
Beginning balance at 1 January 2021		1,271	4,726	(2)	1,394	-	(74)	150	7,465
Adjustments due to changes in accounting policies		-	-	-	-	-	-	-	-
Corrections of errors		-	-	-	-	-	-	-	-
Adjusted beginning balance		1,271	4,726	(2)	1,394	-	(74)	150	7,465
Total comprehensive income		-	44	-	832	-	72	5	953
Transactions with shareholders or owners		-	(1,391)	-	-	-	-	(3)	(1,394)
Capital increases/(decreases)		-	-	-	-	-	-	(1)	(1)
Conversion of liabilities into equity		-	-	-	-	-	-	-	-
Dividends paid	11.4	-	(1,391)	-	-	-	-	(1)	(1,392)
Transactions with own equity instruments (net)		-	-	-	-	-	-	-	-
Increases/(decreases) due to business combinations		-	-	-	-	-	-	-	-
Other transactions with shareholders or owners		-	-	-	-	-	-	(1)	(1)
Other changes in equity		-	1,394	-	(1,394)	1	-	-	1
Share-based payments		-	-	-	-	1	-	-	1
Transfers between equity items		-	1,394	-	(1,394)	-	-	-	-
Other changes		-	-	-	-	-	-	-	-
Ending balance at 30 June 2021		1,271	4,773	(2)	832	1	(2)	152	7,025

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statement of Changes in Equity for the six months ended 30 June 2021.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE
SIX MONTHS ENDED 30 JUNE 2020

Millions of Euros

(Unaudited)	Notes	Equity attributable to the Parent <small>(Note 11)</small>						Non-controlling Interests	Total equity
		Capital and reserves					Adjustments due to changes in value		
		Share capital <small>(Note 11.1)</small>	Share premium, reserves and interim dividend	Shares in own equity instruments	Profit for the period	Other equity instruments			
Beginning balance at 1 January 2020		1,271	6,187	-	171	-	59	149	7,837
Adjustments due to changes in accounting policies		-	-	-	-	-	-	-	-
Corrections of errors		-	-	-	-	-	-	-	-
Adjusted beginning balance		1,271	6,187	-	171	-	59	149	7,837
Total comprehensive income		-	17	-	1,128	-	82	3	1,230
Transactions with shareholders or owners		-	(821)	-	-	-	-	-	(821)
Capital increases/(decreases)		-	-	-	-	-	-	-	-
Conversion of liabilities into equity		-	-	-	-	-	-	-	-
Dividends paid	11.4	-	(821)	-	-	-	-	-	(821)
Transactions with own equity instruments (net)		-	-	-	-	-	-	-	-
Increases/(decreases) due to business combinations		-	-	-	-	-	-	-	-
Other transactions with shareholders or owners		-	-	-	-	-	-	-	-
Other changes in equity		-	171	-	(171)	-	-	-	-
Share-based payments		-	-	-	-	-	-	-	-
Transfers between equity items		-	171	-	(171)	-	-	-	-
Other changes		-	-	-	-	-	-	-	-
Ending balance at 30 June 2020		1,271	5,554	-	1,128	-	141	152	8,246

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statement of Changes in Equity for the six months ended 30 June 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR
THE SIX MONTHS ENDED
30 JUNE 2021 AND 2020

Millions of Euros

	Notes	January-June 2021 (Unaudited)	January-June 2020 (unaudited)
Gross profit before tax and non-controlling interests		1,114	1,513
Adjustments for:		720	355
Depreciation and amortisation and impairment losses		785	760
Other adjustments (net)		(65)	(405)
Changes in working capital:		(1,037)	(692)
Trade and other receivables		(593)	255
Inventories		(311)	(174)
Current financial assets		66	35
Trade payables and other current liabilities		(199)	(808)
Other cash flows from operating activities:		(305)	(181)
Interest received		15	15
Dividends received		17	9
Interest paid		(78)	(70)
Income tax paid		(85)	(22)
Other receipts from and payments for operating activities		(174)	(113)
NET CASH FLOWS FROM OPERATING ACTIVITIES	18.1	492	995
Acquisitions of property, plant and equipment and intangible assets	18.2	(798)	(776)
Proceeds from sale of property, plant and equipment and intangible assets	18.2	7	4
Investments in Group companies	18.2	(34)	-
Disposals of investments in Group companies	18.2	-	21
Purchase of other investments	18.2	(123)	(139)
Proceeds from sale of other investments	18.2	11	21
Cash flows from changes in the consolidation scope		-	-
Grants and other deferred income	18.2	43	48
NET CASH FLOWS FROM INVESTING ACTIVITIES	18.2	(894)	(821)
Cash flows from equity instruments	18.3	1	-
Drawdowns of non-current borrowings	13.1 and 18.3	494	809
Repayment of borrowings, non-current	13.1 and 18.3	(2)	(574)
Net cash flows from current borrowings	13.1 and 18.3	428	493
Dividends of the Parent paid	11.4 and 18.3	(741)	(741)
Dividends paid to non-controlling interests	18.3	(4)	(5)
NET CASH FLOWS FROM FINANCING ACTIVITIES	18.3	176	(18)
TOTAL NET CASH FLOWS		(226)	156
Effect of exchange rate fluctuations on cash and cash equivalents		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(226)	156
BEGINNING CASH AND CASH EQUIVALENTS	10	403	223
Cash in hand and at banks		403	223
Cash equivalents		-	-
END CASH AND CASH EQUIVALENTS	10	177	379
Cash in hand and at banks		177	379
Cash equivalents		-	-

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statement of Cash Flows for the six months ended 30 June 2021 and 2020.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2021

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(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
EXPLANATORY CONDENSED NOTES TO THE
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2021

1. Activity and Interim Condensed Consolidated Financial Statements.

ENDESA, S.A. (hereinafter, “the Parent” or the “Company”) and its subsidiaries make up the ENDESA Group (hereinafter, “ENDESA”). The Company's registered, tax and head offices are at calle Ribera del Loira, 60, Madrid.

The Company was formed with the trading form of a public limited company under Spanish law in 1944 with the name Empresa Nacional de Electricidad, S.A. and changed its name to ENDESA, S.A. pursuant to a resolution adopted by the General Shareholders' Meeting on 25 June 1997.

Its corporate purpose is the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group's corporate purpose, and the management of the corporate Group, comprising investments in other companies. ENDESA carries out its corporate purpose in Spain and abroad directly or through its investments in other companies.

In view of the areas of business carried on by ENDESA companies, transactions are not highly cyclical or seasonal.

ENDESA's Consolidated Financial Statements for the year ended 31 December 2020 were approved by the General Shareholders' Meeting held on 30 April 2021 and filed with the Madrid Companies Register.

The Company forms part of the ENEL Group, the Parent of which is ENEL, S.p.A., which is governed by Italian legislation. Its registered office is at Viale Regina Margherita, 137, Rome, Italy. In Spain, the ENEL Group is headed by ENEL Iberia, S.L.U., with registered office at Calle Ribera del Loira, 60, Madrid. At 30 June 2021, the ENEL Group, through ENEL Iberia, S.L.U., holds 70.1% of ENDESA, S.A.'s share capital (see Note 11.1).

The ENEL Group's Consolidated Financial Statements for the year ended 31 December 2020 were approved by the General Shareholders' Meeting held on 20 May 2021 and filed with the Rome and Madrid Companies Registers.

The presentation currency used by the Parent in its Interim Condensed Consolidated Financial Statements is the euro and the figures shown herein (unless stated otherwise) are in millions of euros since this is the Parent's presentation currency.

2. Basis of presentation of the Interim Condensed Consolidated Financial Statements

2.1. Accounting policies.

ENDESA's Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 were approved by the directors of the Parent at the Board meeting held on 26 July 2021, prepared in accordance with the International Financial Reporting Standards (“IFRS”) and the interpretations of the IFRS Interpretations Committee (“IFRIC”) as adopted by the European Union at the reporting date, pursuant to Regulation (EC) No. 1606/2002, of 19 July 2002, of the European Parliament and of the Council and other provisions of the financial reporting regulatory framework applicable to ENDESA.

These Interim Condensed Consolidated Financial Statements present fairly the equity and financial position of ENDESA at 30 June 2021, as well as the consolidated comprehensive income, results of its operations, changes in consolidated equity and consolidated cash flows at ENDESA for the six months then ended.

The basis of presentation and measurement standards used to prepare the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 are described in Notes 2 and 3 to the Consolidated Financial Statements for the year ended 31 December 2020, except for the new International Financial Reporting Standards (IFRS) and IFRIC interpretations published in the Official Journal of the European Union, which were first applied by ENDESA in the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2021, following the going concern principle and the cost method, with the exception of the items that were measured at fair value, in accordance with the International Financial Reporting Standards (IFRS). Items in the Consolidated Income Statement are classified by cost type.

Until the date of approval of these Interim Condensed Consolidated Financial Statements, ENDESA has continued to provide its services without problems other than those prior to the COVID-19 outbreak and, while it has had to adapt some processes to the circumstances arising from the health crisis, its ability to serve has not been significantly compromised, and significant events did not occur that have affected the Group's going concern principle (see Note 2.2.1).

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 were prepared from the accounting records of the Parent and those of the rest of the companies forming ENDESA.

Each company prepares its financial statements in accordance with the accounting policies and standards prevailing in the country in which it operates. When necessary, in the consolidation process, adjustments and reclassifications have been made to the financial statements of subsidiaries to bring their accounting policies and standards into line with IFRSs and IFRIC interpretations.

At the date of authorisation for issue of these Interim Condensed Consolidated Financial Statements, the following changes in accounting policies were made:

a) Standards and interpretations endorsed by the European Union applied for the first time in the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Standards, amendments and interpretations	Mandatory application: Years beginning on
Amendments to IFRS 4 "Insurance Contracts" – Deferral of IFRS 9 "Financial Instruments".	1 January 2021
Interest Rate Benchmark Reform – Phase 2 - Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosure Initiative", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases".	1 January 2021

The adoption of these amendments and reforms did not have a significant impact on ENDESA's Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

b) Standards and interpretations endorsed by the European Union to be applied for the first time in 2022.

Standards, amendments and interpretations	Mandatory application: Years beginning on
Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Assets and Contingent Liabilities" and Annual Improvements to IFRSs 2018-2020.	1 January 2022

At the date of approval of these Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021, ENDESA's management was assessing the impact of applying these amendments and had not concluded this analysis.

c) Standards and interpretations issued by the International Accounting Standards Board (IASB) not endorsed by the European Union

The International Accounting Standards Board (IASB) has approved the following International Financial Reporting Standards (IFRS) that could affect ENDESA but are still pending endorsement by the European Union at the approval date of these Interim Condensed Consolidated Financial Statements:

Standards, amendments and interpretations	Mandatory application: ⁽¹⁾ Years beginning on
Amendments for IFRS 16 – “Leases” – COVID-19-Related Rent Concessions beyond 30 June 2021.	1 April 2021
Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-current and Deferral of Effective Date.	1 January 2023
Amendments to IAS 1 “Presentation of Financial Statements” and to the IFRS 2 Practice Statement: Disclosure Initiative on Accounting Policies.	1 January 2023
Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”: Definition of Accounting Estimates.	1 January 2023
IFRS 17 “Insurance Contracts” including amendments.	1 January 2023
Modifications to IAS 12 “Income Taxes”: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	1 January 2023

(1) If adopted without changes by the European Union.

At the date of approval of these Interim Condensed Consolidated Financial Statements, ENDESA’s management is assessing the impact that the application this Standard and these amendments would have, if ultimately endorsed by the European Union, on ENDESA's Consolidated Financial Statements, and this analysis has not yet been concluded.

2.2. Responsibility for information and estimates.

The Company's directors are responsible for the information contained in the Interim Condensed Consolidated Financial Statements, which were approved at the Board of Directors' Meeting held on 26 July 2021, and expressly states that all IFRS polices and criteria have been applied.

ENDESA’s Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 were prepared from the accounting records of the Company and those of the rest of the companies forming ENDESA at that date, and include all the significant disclosures required of IAS 34 “Interim Financial Reporting”, in accordance with article 12 of Royal Decree 1362/2007, of 19 October 2007, but not the full set of disclosures as required by IFRS in a complete set of financial statements. Therefore, for an appropriate understanding, they should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2020.

In preparing the accompanying Interim Condensed Consolidated Financial Statements, ENDESA's directors made estimates to measure certain assets, liabilities, income, expenses and commitments included therein. The estimates necessary to prepare the Interim Condensed Consolidated Financial Statements were basically the same as those described in Note 2.2 to the Consolidated Financial Statements for the year ended 31 December 2020. There were no changes with respect to those used in the Consolidated Financial Statements that had a significant impact on the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

The income tax expense in the accompanying Interim Condensed Consolidated Financial Statements was calculated based on the best estimate of the tax rate expected to apply to the related annual periods. As a result, changes in estimates of the annual tax rate could require the amount recognised in this regard for the six months ended 30 June 2021 to be adjusted in future reporting periods.

At the date of approval of these Interim Condensed Consolidated Financial Statements, the effective rate is not impacted by legislative changes affecting income tax.

2.2.1. COVID-19 health crisis.

Given the complexity of the current situation, in the first six months of 2021, ENDESA closely monitored the evolution of the COVID-19 pandemic and its impact, in line with the recommendations of the European Securities and Markets Authority (ESMA) and the Spanish Securities Market Commission (CNMV).

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 were prepared with the ongoing supervision of the health crisis caused by the COVID-19 on ENDESA's Consolidated Financial Statements, and with a constant monitoring of the changes in the macroeconomic, financial and commercial variables, as well as the regulatory measures in force, to update the estimate of the possible effects.

In accordance with the foregoing, the main impacts for ENDESA related to the COVID-19 economic-health situation are described in the following Notes:

Matters	Notes	Contents
Going concern	2.1	Impact of the health crisis on the activities performed by the Group companies.
Leases	4.1.1 and 4.1.2	Effect of the health crisis on the lease arrangements signed (modification, renegotiation or cancellation of clauses).
Investment	4.2	Impact of the pandemic on the implementation of the investment plan.
Insurance	4.4 and 8.3	Effect of the pandemic on insurance contracts concluded.
Inventories	8.2	Effect of the economic context on the contracts with "take or pay" clauses.
Credit risk	9.1 and 15.3	Impact of the health crisis.
Provisions	12.1.1 and 12.1.2	Actuarial assumptions used.
Borrowings	13.2.2	Refinancing of borrowings.
Liquidity risk	13.2.1 and 15.2	Financial transactions arranged.
Classification of financial assets	14.1	Modification of the business model and of the contractual characteristics of the cash flows from financial assets, and reclassification among the categories of such assets.
Derivatives and hedge transactions	14.3 and 15.1	Compliance with the criteria established by the regulations to apply hedges.
Fair value measurement	14.3	Changes in the measurement bases used to determine the fair value.
Concentration risk	15.4	Effect of the pandemic on the concentration risk.
Income tax	16.1	Recovery of deferred tax assets.

2.2.2. Climate change.

ENDESA continued making progress in its commitment to lead the energy transition, in line with the United Nation's Sustainable Development Goals (SDGs) and, more specifically, to implement a business model in line with the objectives of the Paris Agreement to achieve the decarbonisation goal and so limit the average increase in global temperatures to below 2° C compared with pre-industrial levels.

The climate-change information associated with ENDESA's activities is described in Notes 2.2.2 and 39 to the Consolidated Financial Statements for the year ended 31 December 2020.

2.3. Subsidiaries.

Subsidiaries are the investees directly or indirectly controlled by the Parent, through power over the investee, and which are exposed to variable returns or have rights that grant it the ability to manage the activities relating to this investee. In this respect, a company is exposed to variable returns from its involvement with the investee when the returns from its involvement have the potential to vary as a result of the investee's performance, and the company has the ability to use its power to affect these variable returns.

Control arises from substantive rights over the investee, whereby ENDESA applies its own judgement to assess whether these substantive rights give it the power to govern the investee's main activities in order to affect its returns. To this end, consideration is taken of all the facts and circumstances involved to assess whether or not it controls an investee, analysing factors such as contracts with third parties, rights arising from other contractual agreements, and real and potential voting rights, considered for such purposes to be the potential voting rights held by ENDESA or third parties that are exercisable or convertible at the accounting close.

When events occur that affect the control of the investee, exposure to variable returns due to continued involvement, or the ability to use control of the investee to influence its returns, the existence of control of the investee is reassessed.

Subsidiaries are fully consolidated (see Note 2.7 to the Consolidated Financial Statements for the year ended 31 December 2020).

At 30 June 2021 and 31 December 2020, ENDESA had no structured entities as defined in IFRS 12 "Disclosure of Interests in Other Entities", designed in such a way that voting rights and similar rights do not constitute the main factor when defining control.

Six months ended 30 June 2021 and 2020.

Inclusions.

The following subsidiaries were included in the consolidation scope in the six months ended 30 June 2021:

Companies ⁽¹⁾	Transaction	Date	Activity	Stake at 30 June 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Ownership	Control	Ownership
Arena Power Solar 11, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 12, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 13, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 4, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 5, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 6, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 33, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 34, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 35, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 9, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 10, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Energía Eólica Galerna, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	-	-
Energía Eólica Gregal, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	-	-
Energía Eólica Ábrego, S.L.U.	Acquisition	17 May 2021	Wind	100.00	100.00	-	-
Energía Base Natural, S.L.U.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	-	-
Energía y Naturaleza, S.L.U.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	-	-

(1) Companies acquired by ENEL Green Power España, S.L.U. (EGPE) totalling Euro 46 million, of which Euro 26 million are pending payment at 30 June 2021 (see Notes 5 and 18.2).

No subsidiary was included in the consolidation scope in the six months ended 30 June 2020.

Exclusions.

No subsidiary was excluded from the consolidation scope in the six months ended 30 June 2021.

The following subsidiaries were excluded from the consolidation scope in the six months ended 30 June 2020:

Companies	Transaction	Activity	Exclusions January-June 2020			
			Stake at 30 June 2020 (%)		Stake at 31 December 2019 (%)	
			Control	Ownership	Control	Ownership
ENDESA Soluciones, S.L. ⁽¹⁾	Sale	Marketing of energy products and services	20.00	20.00	100.00	100.00
Hidromondego – Hidroeléctrica do Mondego, LDA. ⁽²⁾	Dissolution	Energy production and supply	-	-	100.00	100.00

(1) On 11 May 2020, ENDESA Energía, S.A.U. formalised the sale of 80.00% of this Subsidiary, which became an associate (see Notes 2.4 and 7). The gross profit generated in the six months ended 30 June 2020 was less than Euro -1 million.

(2) The gross profit generated in the six months ended 30 June 2020 was Euro 2 million.

Changes.

The following changes occurred in the percentage control and economic stake of the following subsidiaries in the six months ended 30 June 2021 and 2020:

Companies	Transaction	Activity	Changes in scope January-June 2021				Changes in scope January-June 2020			
			Stake at 30 June 2021 (%)		Stake at 31 December 2020 (%)		Stake at 30 June 2020 (%)		Stake at 31 December 2019 (%)	
			Control	Ownership	Control	Ownership	Control	Ownership	Control	Ownership
Planta Eólica Europea, S.A.U. ⁽¹⁾	Acquisition	Wind	100.00	100.00	56.12	56.12	56.12	56.12	56.12	56.12
Empresa de Alumbrado Eléctrico de Ceuta, S.A. ⁽²⁾	Acquisition	Marketing and distribution	96.37	96.37	96.37	96.37	96.37	96.37	96.29	96.29
Energía Ceuta XXI Comercializadora de Referencia, S.A.U. ⁽²⁾	Acquisition	Supply	100.00	96.37	100.00	96.37	100.00	96.37	100.00	96.29
Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. ⁽²⁾	Acquisition	Distribution	100.00	96.37	100.00	96.37	100.00	96.37	100.00	96.29

(1) Acquired by ENEL Green Power España, S.L.U. (EGPE) for Euro 1 million.

(2) Acquired by ENDESA Red, S.A.U. for less than Euro 1 million.

2.4. Associates

Associates are entities in which the Parent has significant influence, directly or indirectly. Significant influence is the power to participate in the financial and operating decisions of the investee without having the control or joint control over such decisions.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by ENDESA or other entities, are also taken into account when assessing whether it has significant influence.

In general, when ENDESA holds a stake exceeding 20%, it is presumed to have significant influence.

Associates are accounted for using the equity method (see Note 3h to the Consolidated Financial Statements for the year ended 31 December 2020).

Six months ended 30 June 2021 and 2020.

Inclusions.

In the six months ended 30 June 2021 and 2020, no associate was added to the consolidation scope.

In the six months ended 30 June 2020, with the loss of control over ENDESA Soluciones, S.L. as a result of the sale of 80.0% of the stake held by ENDESA Energía, S.A.U., the latter was deemed to be an associate (see Notes 2.3 and 7).

Exclusions and Changes.

In the six months ended 30 June 2021 and 2020, no associate was excluded from the consolidation scope, no were there any changes in the percentage of control or ownership.

2.5. Joint arrangements.

A joint arrangement is an agreement that gives two or more parties joint control, whereby the unanimous consent of all parties sharing control is required for decisions to be taken with respect to major activities.

Joint arrangements may be joint operations or joint ventures, depending on the rights and obligations of the parties to the agreement.

In order to determine the type of joint arrangement from a contractual arrangement at the accounting close, management assesses the legal contents and structure of the arrangement, the terms agreed by the parties and other relevant factors and issues. If any changes are made to the contractual features of a joint arrangement, these factors and issues are reassessed.

Joint operations.

Joint operations are entities governed by a joint arrangement whereby ENDESA and the other parties have rights to their assets and obligations with respect to the liabilities.

Joint operations are consolidated using proportionate consolidation, combining the proportionate share of the assets and liabilities of the operation, as described in Note 2.7 to the Consolidated Financial Statements for the year ended 31 December 2020.

Six months ended 30 June 2021 and 2020.

Inclusions, exclusions and changes.

In the periods ended 30 June 2021 and 2020, no joint operations were included in the consolidation scope, nor were there any changes in the percentage control or economic stake or any exclusions.

Joint ventures.

Joint ventures are companies governed by a joint arrangement whereby ENDESA and the other parties have rights over the net assets.

Joint ventures are accounted for using the equity method (see Note 3h to the Consolidated Financial Statements for the year ended 31 December 2020).

Six months ended 30 June 2021 and 2020.

Inclusions

In the six months ended 30 June 2021, the following Joint Ventures were included in the consolidation scope:

Notes	Transaction	Activity	2021 inclusions				
			Stake at 30 June 2021 (%)		Stake at 31 December 2020 (%)		
			Control	Ownership	Control	Ownership	
Ateca Renovables, S.L. (1)	7	Incorporation	Photovoltaic	50.00	50.00	-	-
Terrer Renovables, S.L. (2)	7	Incorporation	Photovoltaic	29.57	29.57	-	-

(1) Company in which ENEL Green Power España, S.L.U. (EGPE) has a stake of 50.00%, through Baylio Solar, S.L. (19.72%), Seguidores Solares Planta 2, S.L.U. (15.35%) and Dehesa de los Guadalupes Solar, S.L. (14.93%).

(2) Company in which ENEL Green Power España, S.L.U. (EGPE) has a stake of 29.57%, through Baylio Solar, S.L. (11.66%) Seguidores Solares Planta 2, S.L.U. (9.08%), and Dehesa de los Guadalupes Solar, S.L. (8.83%).

No joint ventures were included in the consolidation scope in the six months ended 30 June 2020.

Exclusions and changes.

In the six months ended 30 June 2021 and 2020, no Joint ventures were excluded from the consolidation scope, no were there any changes in the percentage of control or ownership.

2.6. Other investments.

The financial indicators of ENDESA's investees that are not considered to be subsidiaries, joint operations, joint ventures or associates had an insignificant effect on the fair presentation of the Interim Condensed Consolidated Financial Statements.

3. Industry regulation.

From a regulatory perspective, the main highlights during the period January-June 2021 were as follows:

2021 electricity tariff.

On 29 December 2020, Order TEC/1271/2020, of 22 December 2020, was published in the Official State Gazette, establishing various costs for the electricity system for 2021, and extending electricity access tariffs until the entry into force of the tariffs set by the Spanish Markets and Competition Commission (CNMC).

On 23 March 2021, the Resolution of 18 March 2021 of the Spanish Markets and Competition Commission (CNMC) was published in the Official State Gazette, approving the prices of the access tariffs for energy transmission and distribution networks applicable from 1 June 2021.

Natural gas tariff for 2021.

Spanish Markets and Competition Commission (CNMC) Circular 6/2020, of 22 July 2020, approved the methodology for the calculation of transmission tariffs, local networks and natural gas regasification and, among other aspects, established that the CNMC must set the values of the access tariffs for regasification facilities and, where appropriate, the billing terms of the conduction terminal of the transmission and distribution tariffs, applicable from 1 October 2020.

On 29 December 2020, the Official State Gazette published the Resolution of 21 December of the Directorate-General for Energy Policy and Mines, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 January 2021, resulting in an average increase of 4.6% and 6.3% depending on whether Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2) was applied, due to the increase in the cost of the raw material.

Energy efficiency.

On 25 March 2021, Order TED/275/2021, of 18 March 2021, establishing the contribution to the Energy Efficiency National Fund for 2021, was published in the Official State Gazette, with the percentage applicable to ENDESA amounting to Euro 27.7 million.

Social Bonus.

On 19 May 2021, processing started of the draft Order establishing the allocation of funding of the 2021 Social Bonus, with the proposed percentage for ENDESA, S.A. being 34.72%.

Strategic Energy and Climate Framework.

On 31 March 2021, the joint Resolution of the Directorate-General for Energy Policy and Mines and the Spanish Climate Change Office, of 25 March 2021, was published in the Official State Gazette, setting forth the Agreement of the Council of Ministers of 16 March 2021, adopting the final version of the National Integrated Energy and Climate Plan (PNIEC) 2021-2030, once the consultations and preliminary proceedings had been completed and approved by the European Commission.

On 21 May 2021, Law 7/2021, of 20 May 2021, on Climate Change and the Energy Transition, was published in the Official State Gazette, after completing its passage through parliament.

Plan for the Recovery, Transformation and Resilience of the Economy.

On 7 October 2020, the Government presented the Plan for the Recovery, Transformation and Resilience of the Economy to respond to the challenges of the next decade, focusing on four transformations needed to modernise and boost Spain's economy: ecological transition, digital transformation, gender equality and social and territorial cohesion.

The Plan for the Recovery, Transformation and Resilience of the Economy will involve a significant volume of public and private investment in the coming years, which will be financed with funds from the European Union Recovery Plan ("Next Generation EU"), enabling Spain to obtain up to Euro 140 billion, of which Euro 69.5 billion will be non-refundable and the rest loans. In order to expedite the timetable to implement this Plan, the Government included Euro 27 billion as an advance on these funds pursuant to Law 11/2020, of 30 December 2020, on the General State Budgets for 2021.

On 27 April 2021, the Council of Ministers approved the final draft of the Plan, which was sent to the European Commission for approval. On 16 June 2021, the Commission issued a favourable proposal for the approval of the Plan, whose final approval by the European Council was at 13 July 2021. Approval by the European Council will enable the release of Euro 9 billion to Spain as pre-financing, representing 13% of the total assigned to Spain.

Royal Decree 148/2021, of 9 March 2021, establishing the methodology to calculate electricity system charges.

On 18 March 2021, Royal Decree 148/2021, of 9 March 2021, was published in the Official State Gazette, establishing the methodology to calculate electricity system charges.

This Royal Decree complements the electricity transmission and distribution tariffs, which are set by the Spanish Markets and Competition Commission (CNMC).

The methodology approved will apply jointly with the new transmission and distribution tariffs of the Spanish Markets and Competition Commission (CNMC) after 1 June 2021.

On 22 April 2021, Order TED/371/2021, of 19 April 2021, approving the electricity system charges that will apply from 1 June 2021, was published in the Official State Gazette.

Energy Storage Strategy.

On 9 February 2021, the Council of Ministers approved the Energy Storage Strategy, an element considered to be crucial for the transition to an emissions-neutral economy and the effective integration of renewable energies into the electricity system.

The Energy Storage Strategy quantifies storage needs in line with those envisaged in the National Integrated Energy and Climate Plan (PNIEC) 2021-2030 and the target for climate neutrality before 2050, from the 8.3 GW currently available to around 20 GW in 2030 and 30 GW in 2050. Furthermore, all the technologies forming energy storage are classified according to the applicable method and system and the actions for their effective deployment are identified, together with the regulatory challenges for the participation of storage in electricity markets, taking into account the market access procedures and their role in the price structure and signals. In addition, the economic challenges they represent are analysed, in conjunction with the need for industrial policies that encourage their financing.

Draft law on the remuneration of CO₂ not emitted.

On 1 June 2021, the Council of Ministers began the processing, under the emergency procedure, of the draft law on the remuneration of CO₂ not emitted on the electricity market.

This draft law establishes a reduction of remuneration for mainland production facilities that do not emit greenhouse gases that were in operation before the introduction of the European Emission Rights Trading Scheme, in proportion to the higher revenue obtained by adding the value of the CO₂ emission rights for marginal emission technologies to the wholesale market price. This excludes plants below 10 MW, whenever they came on-stream, and those with a remuneration regime regulated under article 14 of Law 24/2013, of 26 December 2013, on the Electricity Sector.

The funds collected will be used to finance renewable energies and timing mismatches, except for 10% which will be used, with respect to the public administrations, to jointly finance the cost of supplying highly vulnerable customers at risk of social exclusion.

Royal Decree Law 12/2021, of 24 June 2021, adopting urgent measures on energy taxation.

On 24 June 2021, Royal Decree Law 12/2021, of 24 June 2021, was published in the Official State Gazette, establishing urgent tax measures to mitigate the effects of the increase in electricity prices for consumers. This Royal Decree Law includes the following measures:

- Reduction of value added tax (VAT) from 21% to 10%, until 31 December 2021, for contracted electricity supplies of equal or less than 10 kW, providing the arithmetic average price in the daily market over the last calendar month before the month of the last day of the billing period exceeds Euro 45/MWh, and the customers are recipients of the Social Bonus who are highly vulnerable or at risk of social exclusion
- Temporary suspension of the tax on the value of electricity production during the third quarter of 2021.

The Royal Decree Law also establishes that if there is a surplus of revenue in the electricity sector in 2020, this will be applied in full to cover the timing mismatches in 2021.

Proposed market capacity Order.

The Ministry of Ecological Transition and Demographic Challenge has initiated the processing of a proposed order creating a capacity market in the mainland electricity system. This proposal is based on an auction system ("pay as bid"), which would be used to contract the final capacity (MW) requirements detected in the demand coverage analyses performed by the System Operator, Red Eléctrica de España, S.A.U. (REE).

The auction system is open to existing and new generating, storage and demand management facilities, setting down certain requirements for the maximum emissions of CO₂ emission rights for the participating facilities.

The draft Order regulates aspects related to the various types of auctions planned, the rights and obligations of capacity service providers, including their remuneration regime or penalty system in the event of non-compliance by the providers.

Proposed Royal Decree on closed electricity distribution grids.

On 11 June 2021 the Ministry of Ecological Transition and Demographic Challenge (MITECO), implementing the provisions of Royal Decree-Law 20/2018, of 7 December 2018, began to process a Royal Decree regulating the specific conditions and requirements of closed electricity distribution grids and their owners, and the administrative authorisation procedure and circumstances for their revocation.

4. Property, plant and equipment.

The composition of this item in the Consolidated Statement of Financial Position at 30 June 2021 and its movements in the first half of 2021 were as follows:

Millions of Euros

Property, plant and equipment in use and under construction	Balance at 31 December 2020	Inclusion/(Exclusion) of companies ⁽¹⁾	Investments ^(Note 4.2)	Depreciation and impairment losses ⁽²⁾	Disposals	Transfers and other ⁽³⁾	Balance at 30 June 2021
Land and buildings	774	-	22	(24)	(2)	105	875
Electricity generation facilities:	7,689	-	16	(295)	-	261	7,671
Hydroelectric power plants	833	-	-	(19)	-	26	840
Coal-fired/fuel-oil power plants	481	-	1	(51)	-	44	475
Nuclear power plants	2,668	-	14	(131)	-	30	2,581
Combined cycle plants	1,962	-	-	(49)	-	19	1,932
Renewable energy plants	1,745	-	1	(45)	-	142	1,843
Transmission and distribution facilities:	11,544	-	13	(299)	(1)	230	11,487
Low- and medium-voltage, measuring and remote-control equipment and other facilities	11,544	-	13	(299)	(1)	230	11,487
Other property, plant and equipment	195	-	130	(13)	-	17	329
Property, plant and equipment under construction	1,152	11	591	-	(4)	(595)	1,155
TOTAL	21,354	11	772	(631)	(7)	18	21,517

(1) Corresponds to the acquisition of new companies related with the renewable energy business (see Note 2.3).

(2) Includes the provision for impairment losses amounting to Euro 5 million (see Note 19.2.1).

(3) Includes the charges to property, plant and equipment of changes to the estimated costs of dismantling the facilities (see Note 12.1.3).

4.1. Right of use.

The breakdown of right of use assets, included under "Property, plant and equipment" in the Consolidated Statement of Financial Position at 30 June 2021 and of their movements in the first half of 2021 were as follows:

Millions of Euros

Right of use assets	Balance at 31 December 2020	Additions	Disposals	Depreciation and impairment losses	Transfers and other ⁽¹⁾	Balance at 30 June 2021
Land and buildings	303	22	(1)	(13)	-	311
Electricity generation facilities:	357	-	-	(13)	7	351
Combined cycle plants	357	-	-	(13)	7	351
Other property, plant and equipment	115	129	-	(14)	-	230
TOTAL	775	151	(1)	(40)	7	892

(1) Originating from property, plant and equipment under construction.

In the first six months of 2021 and 2020, the effect of right of use assets on the Consolidated Income Statement was as follows:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Depreciation charge for right of use assets		40	37
Interest expenses on borrowings associated with rights of use		16	16
Financial expense	18.1	16	16
Exchange gains/(losses)		-	-
Expenses relating to short-term leases and/or low-value assets ⁽¹⁾		2	2
Expenses relating to variable payments in Financial leases		-	-
Total effect on the Consolidated Income Statement		58	55

(1) Leases expiring in the 12 months following first time application and/or when the value of the underlying assets is less than USD 5,000.

4.1.1. Rights of use as lessee.

Information relating to the most significant lease arrangements in which ENDESA acts as lessee is set out in Note 6.1.1 to the Consolidated Financial Statements for the year ended 31 December 2020.

Also, on 29 May 2021, ENDESA Energía, S.A.U. and GASLOG Hellas-1 Special Maritime Enterprise executed the charter agreement reached in 2019 relating to a methane tanker earmarked to transport liquefied natural gas (LNG) purchases. This agreement has an initial duration of eight years, in force from the delivery of the vessel and extendable in line with the terms of the agreement. The execution of the agreement led to the recognition of increased rights of use and liabilities, for the current net value of the obligation to make payments thereon until the termination of the agreement, both for the amount of Euro 126 million, with the outstanding debt on said agreement at 30 June 2021 amounting to Euro 124 million (see Notes 4.2 and 4.3).

At 30 June 2021, "Property, plant and equipment" In the Consolidated Statement of Financial Position included Euro 892 million relating to the carrying amount of assets held under finance leases (Euro 775 million at 31 December 2020) (see Note 4.1).

Furthermore, at 30 June 2021, non-current borrowings and current borrowings in the statement of financial position included Euro 839 million and Euro 79 million, respectively, for the financial liabilities for rights of use deriving from lease agreements (Euro 740 million and Euro 63 million, respectively, at 31 December 2020) (see Note 13.1).

In general, the amount of leases with purchase options coincides with the amount of the last instalment.

During the six months ended 30 June 2021, ENDESA did not modify, renegotiate or cancel clauses contained in those lease arrangements in which it acts as lessee hence, consequently, modifications were not made to either the asset for the right of use that represents the right to use the leased asset or the liability that represents the present value of the obligation to make lease payments during its term (see Note 2.2.1).

4.1.2. Rights of use as lessor.

Finance leases.

At 30 June 2021 and 31 December 2020, ENDESA had not entered into any finance lease agreements in which it acts as lessor.

Operating leases.

At 30 June 2021, the most significant operating lease agreements in which ENDESA acts as the lessor are those that ENDESA X Servicios, S.L.U. has formalised relating to contracts with third parties, corresponding mainly to value added products and services.

Rental income recognised in the first half of 2021 totalled Euro 1 million (Euro 3 million in the first half of 2020).

During the six months ended 30 June 2021, ENDESA did not modify, renegotiate or cancel clauses contained in those lease arrangements in which it acts as lessor (see Note 2.2.1).

4.2. Main investments.

Details of investments in property, plant and equipment in the six months ended 30 June 2021 and 2020 are as follows:

Millions of Euros	Property, plant and equipment ⁽¹⁾	
	January-June 2021	January-June 2020
Generation and Supply	444	411
Distribution	325	235
Structure and others ⁽²⁾	3	71
TOTAL	772	717

(1) Does not include acquisitions of companies during the period.

(2) Structure, services and adjustments.

In the first half of 2021, gross investments in generation included investments in the construction of electricity generation plants using renewable energy sources, amounting to Euro 173 million. Also include the recognition of a right of use asset corresponding to the land on which certain renewable energy generation facilities are located, amounting to Euro 22 million (see Note 4.1.1).

Gross supply investments relate mainly to the recognition of a right of use asset, corresponding to the charter contract for a methane tanker for shipping liquefied natural gas (LNG), amounting to Euro 126 million (see Note 4.1), and to the performance of activities related to new products and services, amounting to Euro 7 million.

Gross investments in distribution related to grid extensions and expenditure aimed at optimising the functioning of the grid for greater efficiency and service quality.

Gross structural and other investments in the first half of 2020 include recognition of a right of use asset corresponding to renewal of the lease agreement on ENDESA's headquarters, located at Ribera del Loira (Madrid).

At 30 June 2021, the COVID-19 health crisis had not caused any significant impact on the start-up dates for the projects envisaged in the investment plan (see Note 2.2.1).

4.3. Acquisition commitments.

ENDESA had commitments to purchase property, plant and equipment for Euro 1,127 million at 30 June 2021, of which Euro 906 million were considered to materialise in the coming 12 months (Euro 1,211 million at 31 December 2020):

Millions of Euros	30 June 2021 ⁽¹⁾	31 December 2020 ^{(1) (2)}
Generation and Supply	860	999
Distribution	265	212
Structure and Others ⁽³⁾	2	-
TOTAL	1,127	1,211

(1) None of these amounts have been committed to Group companies nor correspond to joint ventures.

(2) Includes Euro 191 million relating to right of use assets.

(3) Structure, services and adjustments.

The commitments relating to generation assets mainly correspond to investments destined to the production park and will materialise from the second half of 2021.

In line with ENDESA's objective of reinforcing its presence on the Iberian generation market by extending its renewable assets portfolio in its production mix, at 30 June 2021, Euro 506 million had been committed to PP&E investments relating to electricity generation facilities using renewable sources (Euro 467 million at 31 December 2020).

The commitments relating to distribution assets include investments aimed at expanding or improving the network, with a focus on digitalising the network, strengthening and increasing the resilience of assets, improving service quality and transforming processes and systems.

4.4. Other information.

Impairment test.

No significant net impairment losses were recognised on Property, plant and equipment in the first six months of 2021 and 2020 (see Notes 19.2.1 and 19.2.2). Note 3.e "Impairment of non-financial assets" in the Consolidated Financial Statements for the year ended on 31 December 2020 states that throughout the year and, in any event, at the close thereof, an assessment will be made of any indications that any assets may have suffered an impairment loss. Should this be the case, an estimate of the recoverable amount of that asset shall be made to determine the amount of the required write-down, if applicable.

In the current context, ENDESA is monitoring the progress of the Draft Law on the remuneration of CO₂ not emitted in the electricity market (see Note 3), to assess the potential impacts thereof on the recoverable amount of the Cash Generating Unit (CGU), and no entry or additional breakdown was made in these Interim Condensed Consolidated Financial Statements as a result of said analysis.

At 30 June 2021, bearing in mind the current performance and the information available, ENDESA considered that there were no indications of impairment other than the Draft Law previously referred to that would require an adjustment to be made to the recoverable amount of the non-financial assets.

Insurance.

ENDESA and its subsidiaries have taken out insurance policies to cover the risk of damage to their property, plant and equipment and any claims that could be filed against them in their business activities, considering these policies to be sufficient to cover the risks to which they are subject.

In the period from January-June 2021, ENDESA has not identified any significant impacts relating to the insurance policies that it has arranged at the date of approval of these Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 (see Note 2.2.1).

Other information.

At 30 June 2021 and 31 December 2020, the carrying amount of the thermal power plants on which ENDESA submitted closure authorisation applications to the competent authorities, in 2019 and 2018, and the provisions to dismantle said plants, recognised under the heading "Non-current provisions" in the Consolidated Statement of Financial Position, were as follows:

Millions of Euros

Thermal power plants	Application date	30 June 2021		31 December 2020	
		Carrying amount	Provision for decommissioning (Note 12.1.3)	Carrying amount	Provision for decommissioning (Note 12.1.3)
As Pontes (A Coruña) ⁽¹⁾	27 December 2019	-	118	-	116
Litoral (Almería) ⁽¹⁾	27 December 2019	-	91	-	89
Compostilla II (León) - Groups III, IV and V ⁽²⁾	19 December 2018	-	76	-	79
Teruel (Teruel) ⁽²⁾	19 December 2018	-	77	-	83
Alcudia (Balearic Islands) - Groups I and II	27 December 2018	-	31	-	31
TOTAL		-	393	-	398

(1) Pending obtaining of closing authorisation.

(2) Closure authorised through Resolutions of 29 June 2020 of the Directorate-General for Energy Policy and Mines.

5. Intangible assets.

The composition of this item in the Consolidated Statement of Financial Position at 30 June 2021 and its movements in the first half of 2021 were as follows:

Millions of Euros

	Balance at 31 December 2020	Inclusion/(Exclusion) of companies ⁽¹⁾	Investments ^(Note 5.1)	Amortisation and impairment losses	Disposals	Transfers and other	Balance at 30 June 2021
Software	502	-	67	(60)	-	-	509
Concessions	33	-	-	(1)	-	-	32
Cost of customer acquisition	166	-	56	(24)	-	-	198
Other	698	46	-	(25)	(1)	-	718 ⁽²⁾
TOTAL	1,399	46	123	(110)	(1)	-	1,457

(1) Corresponds to the acquisition of new companies related with the renewable energy business (Euro 46 million) (see Note 2.3).

(2) Includes the authorisations for the operation of wind farms of ENEL Green Power España, S.L.U. (EGPE) and customer portfolios (see Note 3d.3 to the Consolidated Financial Statements for the year ended 31 December 2020.) acquired, for Euro 673 million and Euro 17 million, respectively.

5.1. Main investments.

Details of investments in intangible assets in the six months ended 30 June 2021 and 2020 are as follows:

Millions of Euros

	Intangible investments ⁽¹⁾	
	January-June 2021	January-June 2020
Generation and Supply	94	55
Distribution	21	11
Structure and others ⁽²⁾	8	6
TOTAL	123	72

(1) Does not include acquisitions of companies during the period.

(2) Structure, services and adjustments.

In the first semester of 2021, gross investments in intangible assets correspond to IT applications and ongoing investments in ICT activities for the sum of Euro 67 million, and to the capitalisation of incremental costs incurred corresponding to the acquisition of contracts with customers in the amount of Euro 56 million.

5.2. Acquisition commitments.

At 30 June 2021, ENDESA had commitments to purchase intangible assets amounting to Euro 66 million, and it is considered that they will all materialise in the coming 12 months (Euro 19 million at 31 December 2020), corresponding primarily to computer software:

Millions of Euros	30 June 2021 ⁽¹⁾	31 December 2020 ⁽¹⁾
Generation and Supply	64	17
Distribution	-	-
Structure and others ⁽²⁾	2	2
TOTAL	66	19

(1) None of these amounts have been committed to Group companies nor correspond to joint ventures.

(2) Structure, services and adjustments.

5.3. Other information.

Impairment test.

During the first six months of 2021 and 2020, no significant net impairment losses on intangible assets have been recognised (see Notes 19.2.1 and 19.2.2).

Note 3e "Impairment of Non-Financial Assets" of the Notes to the Consolidated Annual Accounts for the year ended 31 December 2020 establishes that, throughout the year and, in any case, at the year-end date, an assessment is made of whether there is any indication that an asset may have suffered an impairment loss and, if so, an estimate is made of the recoverable amount of that asset to determine, where appropriate, the amount of the necessary write-down.

In the current context, ENDESA is monitoring the evolution of the Draft Bill acting on the remuneration of carbon dioxide (CO₂) not emitted from the electricity market (see Note 3) to assess the potential impacts of the same on the recoverable value of the Cash Generating Unit (CGU), not considering at the date of these Interim Condensed Consolidated Financial Statements making any additional recording or breakdown as a result of this analysis.

At 30 June 2021, taking into consideration current developments and the information available, ENDESA has assessed that there are no indications of impairment other than the aforementioned Draft Bill that would imply having to update the estimate of the recoverable value of the non-financial assets.

6. Goodwill.

At 30 June 2021 and 31 December 2020, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euros	30 June 2021	31 December 2020
ENEL Green Power España, S.L.U. (EGPE) ⁽¹⁾	296	296
Eléctrica del Ebro, S.A.U. ⁽²⁾	2	2
Empresa de Alumbrado Eléctrico de Ceuta, S.A. ⁽²⁾	21	21
Systems and telecommunication activity (ICT) ⁽³⁾	143	143
TOTAL	462	462

(1) Assigned to the Iberian Mainland Generation Cash-Generating Unit (CGU) (see Note 19.2).

(2) Assigned to the Generation Cash-Generating Unit (CGU) (see Note 19.2).

(3) Assigned to the Iberian Mainland Generation Cash-Generating Unit (CGU) (Euro 65 million), the Distribution CGU (Euro 74 million) and ENDESA, S.A. (Euro 4 million) (see Note 19.2).

Total goodwill relates to the geographical area of Spain.

6.1. Other information

Impairment test.

During the first six months of 2021 and 2020 no significant net impairment loss on goodwill has been recognised (see Notes 19.2.1 and 19.2.2).

Note 3e "Impairment of Non-Financial Assets" of the Notes to the Consolidated Annual Accounts for the year ended 31 December 2020 establishes that, throughout the year and, in any case, at the year-end date, an assessment is made of whether there is any indication that an asset may have suffered an impairment loss and, if so, an estimate is made of the recoverable amount of that asset to determine, where appropriate, the amount of the necessary write-down.

In the current context, ENDESA is monitoring the evolution of the Draft Bill acting on the remuneration of carbon dioxide (CO₂) not emitted from the electricity market (see Note 3) to assess the potential impacts of the same on the recoverable value of the Cash Generating Unit (CGU), not considering at the date of these Interim Condensed Consolidated Financial Statements making any additional recording or breakdown as a result of this analysis.

At 30 June 2021, taking into consideration current developments and the information available, ENDESA has assessed that there are no indications of impairment other than the aforementioned Draft Bill that would imply having to update the estimate of the recoverable value of the non-financial assets.

7. Investments accounted for using the equity method.

At 30 June 2021 and 31 December 2020, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euros		30 June 2021	31 December 2020
Associates		81	87
Joint Ventures		127	130
TOTAL		208	217

Details of ENDESA's main associates and joint ventures accounted for using the equity method and movements in the first half of 2021 are as follows:

	Balance at 31 December 2020	Inclusion/(Exclusion) of companies ⁽¹⁾	Investments and additions	Disposals or reductions	Share of profit/(loss) of equity-accounted investees	Dividends	Transfers and other	Balance at 30 June 2021
Associates	87	-	-	(4)	1	(2)	(1)	81
Tecnatom, S.A.	29	-	-	-	(1)	-	(1)	27
Elcogas, S.A. (in liquidation)	-	-	-	-	-	-	-	-
Gorona del Viento El Hierro, S.A.	12	-	-	-	1	-	-	13
Boiro Energía, S.A.	10	-	-	-	-	(1)	-	9
Compañía Eólica Tierras Altas, S.A.	8	-	-	-	-	-	-	8
ENDESA Soluciones, S.L.	8	-	-	(4)	-	-	-	4
Other	20	-	-	-	1	(1)	-	20
Joint Ventures	130	-	-	(4)	11	(17)	6	127
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	45	-	-	-	4	(9)	-	40
Front Marítim del Besòs, S.L.	33	-	-	-	-	-	-	33
Nuclenor, S.A.	-	-	-	-	-	-	-	-
Énergie Électrique de Tahaddart, S.A.	22	-	-	(4)	1	(2)	-	17
Suministradora Eléctrica de Cádiz, S.A.	13	-	-	-	2	-	-	15
Other	17	-	-	-	4	(6)	6	22
TOTAL	217	-	-	(8)	12	(19)	5	208

(1) Includes the investments in Ateca Renovables, S.L. and Terrer Renovables, S.L. formed between January-June 2021, for less than Euro 1 million (see Note 2.5).

Data for equity of associates and joint ventures used to prepare these Interim Condensed Consolidated Financial Statements at 30 June 2021 correspond to the individual companies, except for Tecnatom, S.A., which correspond to its Consolidated Financial Statements.

These companies do not have publicly listed share prices.

ENDESA Soluciones, S.L.

On 22 March 2021, the Board of Directors ENDESA Soluciones, S.L. agreed to refund shareholders their contributions, in accordance with their stake therein, with an amount of Euro 4 million corresponding to ENDESA (see Note 18.3).

Énergie Électrique de Tahaddart, S.A.

On 24 June 2021, the shareholders of Énergie Électrique de Tahaddart, S.A. resolved to perform a capital reduction of 20% at the company, refunding shareholders their contributions, in accordance with their stake therein, with an amount of Euro 4 million corresponding to ENDESA, which were pending collection.

8. Inventories.

At 30 June 2021 and 31 December 2020, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euros		
	30 June 2021	31 December 2020
Energy stocks:	463	476
Coal	10	32
Nuclear fuel	259	254
Fuel oil	74	85
Gas	120	105
Other inventories	358	316
CO ₂ emission rights	252	344
Value adjustments	(36)	(59)
TOTAL	1,037	1,077

8.1. CO₂ emission rights.

In the six months ended on 30 June 2021 and 2020, CO₂ emission rights from 2020 and 2019 were redeemed, resulting in the derecognition of inventories in the amount of Euro 229 million and Euro 355 million, respectively (10 million tonnes and 17 million tonnes, respectively).

At 30 June 2021, the provision for rights to be delivered to cover these CO₂ emissions under current liabilities in the Consolidated Statement of Financial Position amounted to Euro 133 million (Euro 236 million at 31 December 2020) (see Note 12.1).

8.2. Acquisition commitments.

Inventory purchase commitments amounted to Euro 17,630 million at 30 June 2021 (Euro 14,722 million at 31 December 2020), of which a portion corresponds to agreements that have "take or pay" clauses.

Millions of Euros							
	Future purchase commitments at 30 June 2021 ⁽¹⁾						
	CO ₂ emission rights ⁽²⁾	Electricity	Nuclear fuel	Fuel oil	Gas	Other	Total
2021-2025	57	63	383	8	4,936	-	5,447
2026-2030	-	-	156	250	4,622	-	5,028
2031-2035	-	-	36	-	3,661	-	3,697
2036 – Other	-	-	-	-	3,458	-	3,458
TOTAL	57	63	575	258	16,677	-	17,630

(1) None of these amounts correspond to joint ventures.

(2) Commitments to Group Companies (see Note 20.1.2)

At 30 June 2021 and 31 December 2020, commitments to acquire inventories includes the commitment to acquire liquefied natural gas under contracts arranged in 2014 with Corpus Christi Liquefaction, LLC, part of which are guaranteed by ENEL, S.p.A. (see Note 20.1.2).

With respect to the agreements that contain “take or pay” clauses, in the current context, the forecasts indicate that ENDESA will continue to consume certain inventories in these agreements (see Note 2.2.1).

The Company’s directors consider that ENDESA will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

8.3. Other information

Value adjustments.

In the first semester of 2021, impairment was recognised on coal stocks and other materials relating to mainland coal-fired thermal power plants in the amount of Euro 2 million, relating to the discontinued activity at these facilities in 2019.

Insurance.

ENDESA has taken out insurance policies to cover the possible risks of damage to its inventories, considering that said policies were sufficient to cover the risks to which it is subject.

In the period from January-June 2021, ENDESA has not identified any significant impacts relating to the insurance policies that it has arranged at the date of approval of these Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 (see Note 2.2.1).

Other information

At 30 June 2021 and 31 December 2020, ENDESA had not pledged material amounts of inventories to secure the repayment of debts.

9. Trade and other receivables.

At 30 June 2021 and 31 December 2020, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euros			
	Notes	30 June 2021	31 December 2020
Trade receivables for sales and services and other receivables	14	3,241	2,572
Trade receivables for sales and services		3,212	2,556
Trade receivables for electricity sales		2,090	1,863
Trade receivables for gas sales		488	364
Receivables from other transactions		454	197
Receivable from Group companies and associates	20.1.3 and 20.2	180	132
Assets from contracts with customers		12	11
Other receivables		452	459
Other receivables from third parties		325	318
Other receivable from Group companies and associates	20.1.3	127	141
Value adjustments	9.1	(435)	(454)
Trade receivables for sales and services		(352)	(373)
Assets from contracts with customers		(1)	(1)
Other receivables		(82)	(80)
Derivatives (1)	14	1,972	467
Hedging derivatives		752	167
Derivatives not designated as hedging instruments		1,220	300
Tax assets		740	538
Current income tax		575	426
VAT receivable		94	99
Other taxes		71	13
TOTAL		5,953	3,577

(1) Includes Euro 1,405 million with Group companies and associates at 30 June 2021 (Euro 356 million at 31 December 2020) (see Notes 20.1.3 and 20.2).

Balances included under this heading in the Consolidated Statement of Financial Position do not generally earn interest.

Since regular meter reading periods are not matched to the financial reporting date, ENDESA provides a sales estimate to customers performed by its supply companies ENDESA Energía, S.A.U., Energía XXI Comercializadora de Referencia, S.L.U., Empresa de Alumbrado Eléctrico de Ceuta, S.A. and Energía Ceuta XXI Comercializadora de Referencia, S.L.U. which have not yet been billed.

At 30 June 2021, the cumulative balances of unbilled electricity and gas sales are recognised under Trade and other receivables in the accompanying Consolidated Statement of Financial Position, in the amount of Euro 1,033 million and Euro 263 million, respectively (Euro 984 million and Euro 333 million, respectively, at 31 December 2020).

At 30 June 2021 and 31 December 2020, the current assets of contracts with customers mainly correspond to contracts for the execution of works arranged between ENDESA Ingeniería, S.L.U. and Red Eléctrica de España, S.A.U. (REE) which will be in force until 2025. In the first semester of 2021, these assets generated income of Euro 21 million, recognised under Sales in the Consolidated Income Statement (Euro 11 million in the first half of 2020).

At 30 June 2021 ENDESA has future service commitments in place for the amount of Euro 25 million relating to contracts for the execution of works arranged with Red Eléctrica Española, S.A.U. (REE) (Euro 28 million at 31 December 2020).

9.1. Other information

Value adjustments.

During the six months ended 30 June 2021 and 2020, the movements in the "Value adjustments" heading was as follows:

Millions of Euros			
	Notes	January-June 2021	January-June 2020
Opening balance		454	467
Charges	19.2.1 and 19.2.2	44	62
Applications		(63)	(58)
Closing balance		435	471

At 30 June 2021 and 2020, virtually all value adjustments related to trade receivables for sales of electricity.

During the first half of 2021, a lower impairment charge of Euros 18 million was recognised for impairment losses on customer contracts, mainly as a result of the current economic recovery scenario in Spain and Portugal and the intensification of the collection management temporarily suspended in the period January-June 2020 due to the extraordinary measures related to the economic situation caused by COVID-19 (see Notes 2.2.1 and 15.3).

Other information

Factoring transactions were carried out in the first semesters of 2021 and 2020. The undue balances at 30 June 2021 and 2020 amounted to Euro 999 million and Euro 769 million, respectively, which were derecognised from the Consolidated Statement of Financial Position.

The cost of these transactions was Euro 11 million in both periods, recognised under "Loss on disposal of assets" in the Consolidated Income Statement.

10. Cash and cash equivalents

At 30 June 2021 and 31 December 2020, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euros		
	30 June 2021	31 December 2020
Cash in hand and at banks	177	403
Cash equivalents	-	-
TOTAL	177	403

At 30 June 2021 and 31 December 2020, the composition of this heading in the Consolidated Statement of Financial Position, by currency, is as follows:

Millions of Euros		
	Currency	
	30 June 2021	31 December 2020
Euro	172	395
US dollar (USD)	4	6
Pound sterling (GBP)	1	2
TOTAL	177	403

Short-term cash investments mature within 3 months from acquisition date and earn interest at market interest rates for this type of deposits.

There were no investments in sovereign debt at 30 June 2021 and 31 December 2020.

At 30 June 2021 and 31 December 2020, the balance of cash and cash equivalents included Euro 9 million corresponding to the debt service reserve account set up by certain ENDESA renewable energy subsidiaries by virtue of the project finance loans arranged (see Note 13.2.3).

11. Equity and dividends.

At 30 June 2021 and 31 December 2020, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euros			
	Notes	30 June 2021	31 December 2020
Total equity of the Parent		6,873	7,315
Share capital	11.1	1,271	1,271
Share premium		89	89
Legal reserve		254	254
Revaluation reserve		404	404
Other reserves		106	106
Adjustments due to changes in value		(2)	(74)
Translation differences		1	1
Reserve for the restatement of unrealised assets and liabilities		(3)	(75)
Reserve for actuarial gains and losses	11.2	(443)	(487)
(Shares in own equity instruments)	11.3	(2)	(2)
Other Equity Instruments		1	-
Retained earnings		5,195	6,495
Interim dividend	11.4	-	(741)
Total equity of non-controlling interests		152	150
TOTAL EQUITY		7,025	7,465

In the six months ended 30 June 2021, ENDESA followed the same capital management policy as described in Note 14.1.12 to the Consolidated Financial Statements for the year ended 31 December 2020.

ENDESA's long-term ratings assigned by credit rating agencies, reflecting investment grade levels, are as follows:

	Credit rating						
	30 June 2021 ⁽¹⁾			31 December 2020 ⁽¹⁾			
	Long term	Short term	Outlook	Date of Last Report	Long term	Short term	Outlook
Standard & Poor's	BBB+	A-2	Stable	26 November 2020	BBB+	A-2	Stable
Moody's	Baa1	P-2	Stable	14 January 2021	Baa1	P-2	Stable
Fitch	A-	F2	Stable	30 April 2021	A-	F2	Stable

(1) At the respective dates of approval of the Consolidated Financial Statements.

The Parent's directors consider that the credit ratings assigned by the agencies would enable the Parent to tap the financial markets on reasonable terms if need be.

11.1. Share capital.

At 30 June 2021 and 31 December 2020, ENDESA, S.A. had share capital of Euro 1,270,502,540.40, represented by 1,058,752,117 shares with a par value of Euro 1.2 each, subscribed and fully paid and all admitted to trading on the Spanish stock exchanges. All shares enjoy the same economic and political rights.

At 30 June 2021 and 31 December 2020, ENEL Group, through ENEL Iberia, S.L.U., held 70.1% of ENDESA, S.A.'s share capital.

At those dates no other shareholder held more than 10% of the share capital of ENDESA, S.A.

11.2. Reserve for actuarial gains and losses.

At 30 June 2021 and 31 December 2020, the amounts recognised in this reserve derive from actuarial gains and losses recognised in equity (see Note 12.1.1).

11.3. Shares in own equity instruments.

Information regarding the temporary share buy-back programme launched in 2020 is provided in Notes 14.1.8 and 34.3.5 to the Consolidated Financial Statements for the year ended 31 December 2020.

At 30 June 2021 ENDESA, S.A. held treasury shares as reflected in the table below:

	Number of shares	Nominal Value (Euros/Share)	% of total share capital	Average acquisition cost (Euros/Share)	Total cost of acquisition (Euros)
Treasury shares	82,799	1.20	0,00782	23.27	1,926,534

No disposals or cancellations have been made since acquisition.

11.4. Dividends.

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 30 April 2021 to pay shareholders a total dividend charged against 2020 profit for a gross amount of Euro 2,0136 per share (Euro 2,132 million in total). The breakdown of these dividends is as follows:

	Notes	Approval date	Euros per share, gross	Amount (Millions of Euros)	Payment date
Interim dividend	18.3	25 November 2020	0,700	741	4 January 2021
Final dividend		30 April 2021	1,3136	1,391	1 July 2021
Total dividend paid against 2020 profit	17		2,0136	2,132	

12. Non-current and current provisions.

12.1. Non-current and current provisions.

At 30 June 2021 and 31 December 2020, the composition of the "Non-current provisions" and "Current provisions" headings of the Consolidated Statement of Financial Position is as follows:

Millions of Euros

	Notes	30 June 2021		31 December 2020	
		Non-current	Current	Non-current	Current
Provisions for pensions and other similar obligations ⁽¹⁾	12.1.1	606	-	701	-
Provisions for workforce restructuring costs	12.1.2	892	228	1,011	216
Collective redundancy procedures		35	32	40	35
Contract suspension		857	196	971	181
CO ₂ emission rights	8.1	-	133	-	236
Other provisions	12.1.3	1,997	35	1,992	25
TOTAL		3,495	396	3,704	477

(1) Includes post-employment benefits other than pension plans for Euro 372 million at 30 June 2021 (Euro 374 million at 31 December 2020).

12.1.1. Provisions for pensions and other similar obligations.

Net actuarial liabilities.

The details of net actuarial liabilities at 30 June 2021 and 2020 and of their movements during the first semesters of 2021 and 2020 are as follows:

Millions of Euros

	January-June 2021	January-June 2020
Opening net actuarial liability	701	1,148
Net interest expense	2	4
Service costs in the period	5	6
Benefits paid in the period	-	(7)
Contributions in the period	(41)	(3)
Other movements	(6)	(516) ⁽¹⁾
Actuarial (gains) losses arising from changes in demographic assumptions	-	-
Actuarial (gains) losses arising from changes in financial assumptions	(68)	1
Actuarial (gains) losses arising from experience adjustments	42	(48)
Actuarial return on plan assets excluding interest expense	(29)	24
Closing net actuarial liabilities ⁽²⁾	606	609

(1) Includes Euro 515 million relating to the difference between the measurement of the previous actuarial liabilities and the new actuarial liabilities at the effective date of the "V ENDESA Framework Collective Agreement", considering the new commitments made in relation mainly to electricity supply.

(2) Includes post-employment benefits other than pension plans for Euro 372 million at 30 June 2021 (Euro 342 million at 30 June 2020).

Plan assets

The main categories of defined benefit plan assets as a percentage of total assets, at 30 June 2021 and 31 December 2020, are as follows:

Percentage (%)

	30 June 2021	31 December 2020
Fixed income assets ⁽¹⁾	46	49
Shares ⁽¹⁾	38	33
Other Investments	16	18
TOTAL	100	100

(1) Includes ENEL Group companies' shares and bonds in the amount of Euro 12 million at 30 June 2021 (Euro 20 million at 31 December 2020).

The breakdown of the fair value of fixed income securities by geographical area at 30 June 2021 and 31 December 2020 is as follows:

Millions of Euros

Country	30 June 2021	31 December 2020
Spain	18	66
US	64	56
Luxembourg	43	40
Italy	12	20
Germany	11	14
France	14	14
United Kingdom	13	10
Holland	3	3
Belgium	1	2
Rest	109	60
TOTAL	288	285

At 30 June 2021 and 31 December 2020, the value of defined benefit plan assets placed in sovereign debt instruments is as follows:

Millions of Euros

Country	30 June 2021	31 December 2020
Spain	11	37
Italy	7	13
France	2	2
Belgium	1	2
Germany	1	1
Rest	30	28
TOTAL	52	83

Shares and fixed-income instruments have quoted prices in active markets. The expected return on plan assets was estimated taking into account forecasts for the main fixed income and equity markets and assuming that the various asset classes would have similar weights to those of the preceding year. The average real return rate in the first half of 2021 was 5.96% (1.06% in 2020).

Currently, the investment strategy and risk management are the same for all plan participants, with no correlation strategy between assets and liabilities.

The classification of defined benefit plan assets measured at fair value by fair value hierarchy at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	30 June 2021				31 December 2020			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Defined benefit plan assets	620	492	36	92	582	495	52	35

The measurement of assets classified as Level 3 is determined based on valuation reports prepared by the corresponding management company.

Actuarial assumptions

The assumptions used when calculating the actuarial liability in respect of uninsured defined benefit obligations at 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	31 December 2020
Interest rate	0.98% - 1.07%	0.56% - 0.61%
Mortality tables	PERM / FCOL2020	PERM / FCOL2020
Expected return on plan assets	0.99%	0.57%
Salary increase ⁽¹⁾	1.60%	1.00%
Increase in the cost of health care	3.80%	3.20%

(1) Benchmark percentage for estimating salary increases.

At 30 June 2021, the impact of the pandemic had not led to any significant changes in the previous actuarial assumptions (see Note 2.2.1).

The interest rate applied to discount the commitments is obtained from a curve constructed using the yields on corporate bond issues by companies with an "AA" credit rating and based on the estimated term over which the obligations deriving from each commitment will be settled.

Impact on the Consolidated Income Statement and the Consolidated Statement of Other Comprehensive Income.

In the first six months of 2021 and 2020, the amounts recognised for provisions for defined benefit and defined contribution pension obligations in the Consolidated Income Statement are as follows:

Millions of Euros		
	January-June 2021	January-June 2020
Plan assets	(7)	505
Current cost during the year ⁽¹⁾	(5)	(6)
Net finance costs	(2)	(4)
Other current costs during the period	-	515 ⁽²⁾
Defined contribution	(25)	(25)
Current cost during the year ⁽³⁾	(25)	(25)
TOTAL	(32)	480

- (1) In the first six months of 2021, this heading included Euro 2 million of the current period cost relating to employees who opted to take early retirement, which had been recognised previously under Provisions for workforce restructuring costs and were transferred during the period to Provisions for pensions and other similar obligations (Euro 2 million in the first six months of 2020).
- (2) Relates to the difference between the measurement of the previous actuarial liabilities and the new actuarial liabilities at the effective date of the "V ENDESA Framework Collective Agreement", considering the new commitments made in relation mainly to electricity supply.
- (3) In the first six months of 2021 and 2020, Euro 15 million and Euro 16 million were also contributed, respectively, which had been previously included under Provisions for workforce restructuring costs.

In the first half of 2021 and 2020, the amounts recognised for provisions for defined benefit pension obligations in the Consolidated Statement of Other Comprehensive Income are as follows:

Millions of Euros		
	January-June 2021	January-June 2020
Actuarial return on plan assets excluding interest expense	29	(24)
Actuarial gains and losses	26	47
TOTAL	55	23

12.1.2. Provisions for workforce restructuring costs.

In the first half of 2021, the movement of the non-current provisions for workforce restructuring costs was as follows:

Millions of Euros			
	Collective redundancy procedures	Contract suspension	Total
Balance at 31 December 2020	40	971	1,011
Amounts charged to the income statement for the period	1	(3)	(2)
Personnel expenses	2	2	4
Finance income	(1)	(5)	(6)
Transfers to current and other	(7)	(110)	(117)
Balance at 30 June 2021	34	858	892

Actuarial assumptions.

The assumptions used in the actuarial calculation of the provisions for workforce restructuring costs at 30 June 2021 and 31 December 2020 are as follows:

	Collective redundancy procedures		Contract suspension	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Interest rate	0.00%	0.00%	0.00%	0.00%
Future increase in guarantee	N/A	N/A	1.00%	1.00%
Increase in other items	N/A	N/A	1.00% - 2.00%	1.00%
Consumer Price Index (CPI)	1.60%	1.00%	N/A	N/A
Mortality tables	PERM / FCOL2020	PERM / FCOL2020	PERM / FCOL2020	PERM / FCOL2020

At 30 June 2021, the impact of the pandemic had not led to any significant changes in the previous actuarial assumptions (see Note 2.2.1).

12.1.3. Other provisions

In the first half of 2021, the movements in the Other non-current provisions heading were as follows:

Millions of Euros				
	Notes	Provisions for litigation, termination benefits and other legal or contractual obligations	Provisions for decommissioning costs	Total
Balance at 31 December 2020		484	1,508	1,992
Operating expenses		20	3	23
Charges		30	4	34
Reversals		(10)	(1)	(11)
Finance income		1	1	2
Net provisions charged to property, plant and equipment	4	-	18	18
Payments		(6)	(15)	(21)
Transfers and other		(17)	-	(17)
Balance at 30 June 2021		482	1,515	1,997

This item includes, inter alia, the costs ENDESA must incur to dismantle some of its plants and certain electricity distribution facilities. The interest rates applied for the financial update of these charges, depending on the remaining useful life of the associated asset, have been placed in the following ranges:

%		
	30 June 2021	31 December 2020
Financial discounting rates	0.0 – 0.5	0.0 – 1.1

At 30 June 2021, no provisions for onerous contracts were recognised.

12.2. Litigation, arbitration and contingent assets and liabilities.

Significant changes in litigation and arbitration proceedings involving ENDESA companies in the six months ended 30 June 2021, described in Note 16.3 to the Consolidated Financial Statements for the year ended 31 December 2020, were as follows:

- On 11 May 2009, the Ministry of Energy, Tourism and Digital Agenda (currently the Ministry of Ecological Transition and Demographic Challenge) issued an order imposing four fines, in the combined amount of Euro 15 million, on ENDESA Generación, S.A.U. as the head operator of the nuclear power plant Ascó I, in connection with a radioactive particle leakage in December 2007 at said plant, on the basis that the Company had committed four serious violations contrary to Nuclear Energy Law 25/1964, of 29 April 1964. On 1 December 2009, following an appeal against the Order by ENDESA, the Spanish High Court stayed execution of the decision challenged and ENDESA provided a bank guarantee to the court covering the value of the fine. Simultaneously, the Directorate-General for Energy Policy and Mines imposed two fines for a combined value of Euro 90 thousand for minor infringements relating to the same incidents. These fines were appealed against to a higher court and later in a judicial review and with respect to which a) regarding the penalty of Euro 15 thousand, appealed against before the Central Judicial Review Court, a Judgement was handed down on 3 July 2012, dismissing the appeal and paying the penalty, and b) the penalty of Euro 75 thousand was appealed against before the Madrid High Court of Justice, Section 10, through the judicial review number 189/2010, partially upholding the appeal and reducing the penalty to Euro 15 thousand, under Judgement no. 506/2021, of 11 June 2021.
- On 31 May 2016, ENDESA initiated an estate claim against the General Administration of the State for having applied an illegal rule, Order ITC/3315/2007 of 15 November 2007, annulled by judgment of the Supreme Court, which had caused it damage, the reduction of its remuneration as a generating company, in the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan (PNA), which it does not have a legal duty to bear.

ENDESA requested the payment of Euro 285 million, of which Euro 188 million corresponds to physical bilateral contracts and Euro 97 million to assimilated physical bilateral contracts. The administrative appeal against the alleged dismissal was brought before the National High Court on 3 March 2017, and

on 12 February 2020, it handed down a ruling upholding the concurrence of unlimited liability, although it restricted the estimate to the amount corresponding only to physical bilateral contracts, taking the view that the Supreme Court Ruling that overturned Order ITC/3315/2007 of 15 November 2007, from which unlimited liability derived, related exclusively to those agreements. This ruling stipulated that the determination of the amounts subject to compensation and their updating shall be determined by the Spanish Markets and Competition Commission (CNMC). The Ground of Law Eight of the National High Court Ruling indicated: "Consequently, as regards the determination of damages, and since this requires the practice of a number of complex calculations, and also taking into account that some of the items claimed have not been accepted, it would be appropriate for the Spanish Markets and Competition Commission (CNMC) to determine the amount, in the terms set out in article 2 of Royal Decree Law 3/2006, of 24 February 2006, excluding the part of the reduction applied to physical bilateral contracts, as reasoned in this Judgement".

On 4 September 2020, the State lawyer filed a cassation appeal and on 30 October 2020, ENDESA submitted a document opposing its admission. On 12 February 2021, the Order of the previous day was notified, whereby the Supreme Court rejected the cassation appeal prepared by the General Administration of the State. Against such a decision – or possibly, directly, against the National High Court Ruling, the State Lawyer was able to file an appeal for the protection of constitutional rights before the Constitutional Court, following the invalidity of proceedings in his case.

As the State Lawyer did not file for a review or appeal, ENDESA has asked the Spanish Markets and Competition Commission directly to obey the ruling providing the National High Court with the calculated financial amount of the compensation to be paid to ENDESA. At the date of approval of these Interim Condensed Consolidated Financial Statements, the Spanish Markets and Competition Commission (CNMC) has not yet provided this information. On 10 June 2021, ENDESA requested the implementation of this ruling before the Spanish High Court.

- In relation to the State Water Charge, the Supreme Court in its Ruling of 19 April 2021 has declared this tax to be unenforceable for the periods 2013-2014, declaring that it is not appropriate to establish the settlements for the years 2013 and 2014 retroactively, which allows, provided that the aforementioned settlements have not become final, to record a credit in the period January-June 2021 in the amount of Euros 59 million, of which Euros 11 million correspond to late payment interest.

In addition, the Supreme Court points out that for the hydraulic levy provided for in Law 15/2012, which came into force on 24 March 2015, to be payable, it was necessary for the agreements of the hydrological concession to be modified prior to the levy being payable, which has not occurred to date. The amounts paid by ENDESA for this concept from 2015 onwards amount to Euros 210 million.

- In 2019, the Tax Authority notified ENDESA, S.A. and its subsidiaries of the agreement for the commencement of review procedures in regard of corporation tax, value added tax (VAT) and withholdings from 2015 to 2018. In May 2021, the Company contested the proceedings and submitted pleadings. The final settlement agreements are now pending.

The assessments initiated involve withholding tax and value added tax (VAT) contingencies amounting to 2 million Euros each, and corporate income tax contingencies amounting to Euros 37 million. With regard to the latter, the main adjustments derive from the non-acceptance of the deductibility of financial expenses arising from intra-group financing and the rejection of part of the accredited Research, Development and Innovation deduction.

- Following a substantial number of meetings of the Committee responsible for negotiating "ENDESA's 5th Collective Bargaining Agreement", which commenced in October 2017 and progressed throughout 2018, and given that no agreement was reached, the Company's directors informed its workers and their representatives that, with effect from 1 January 2019, "ENDESA's 4th Collective Bargaining Agreement" would be considered to have ended, in addition to the "Guarantee Framework Agreement" and the "Agreement on voluntary suspension or termination of employment contracts for 2013-2018", from which date the general employment regulations would apply, in addition to all case law established in this regard.

The different interpretation of ENDESA and the union representation of workers on the effects of the termination of the implementation of the "ENDESA's 4th Framework Collective Bargaining Agreement", particularly as regards the social benefits of retired staff, led to the presentation by trade unions with representation at ENDESA companies of a collective dispute lawsuit before the National High Court at the beginning of 2019. On 26 March 2019, a judgment was issued in which the National High Court, considering ENDESA to be in the right, declaring valid the interpretation of the Company that recognises the legality of the completion of the application of certain social benefits to the retired employees as a result of the termination of "ENDESA's 4th Framework Collective Bargaining Agreement".

Although that judgment was fully executive, trade unions represented at ENDESA companies brought a cassation appeal before the Supreme Court in April 2019 against it, to which the Company replied through a challenge pleading on 19 June 2019. In December 2019, the majority trade union at ENDESA, the General Workers' Union (UGT), agreed to withdraw this Appeal as a result of voluntarily having submitted itself to fair arbitration for the resolution of certain aspects relating to "ENDESA's 5th Framework Collective Bargaining Agreement". Therefore, the appeal before the Supreme Court continued to be heard only at the request of the three requesting minority trade unions (Workers' Commissions (CCOO), Independent Energy Union (SIE) and Galega Intersindical Confederation (IGC)).

On 7 July 2021 (notified on 22 July 2021), the Supreme Court handed down a Ruling (no. 761/2021) by which it fully rejected the appeals filed by the aforementioned trade unions, confirming the Ruling of the Social Division of the National High Court, dated 26 March 2019, handed down in their Collective Dispute proceedings, case no. 32/2019.

The Judgment fundamentally reasons that social benefits (and among these, those related to the electricity tariff) have their origin exclusively in collective agreements, both for active and passive personnel and family members, so that their extinction, as occurred in the case of the "IV Framework Collective Agreement of ENDESA", it generally determines the contractualisation of the conditions established therein for active workers and, in the case of non-active personnel and family members, it entailed the definitive extinction of all their rights, until its regulation by means of the "V Framework Collective Agreement of ENDESA".

In addition to the aforementioned collective dispute claim, more than a thousand individual claims have been filed at the date of authorisation for issue of these interim condensed consolidated financial statements by retired employees or employees that have availed themselves of the voluntary departure plan, since they considered that the termination of "ENDESA's 4th Framework Collective Bargaining Agreement" did not affect them in the terms reported by the Company. At the date of authorisation for issue of these interim condensed consolidated financial statements, most of these claims are pending hearing or suspended, since the collective dispute lawsuit battle before the Supreme Court determines the paralysis of the individual proceedings affected by it, in accordance with labour procedural regulations. After the Judgment of 7 July 2021 (notified on 22 July 2021) of the Supreme Court, the suspension of said lawsuits will be lifted, although, as it is a resolution referring to a Collective Conflict, said Judgment produces "res judicata effect" on individual processes on the same object.

- On 30 December 2020, notification was received from the National High Court of the Collective Conflict claim filed by the Workers' Commissions Unions (CCOO), Independent Energy Union (SIE) and Galega Intersindical Confederation (IGC) dated 16 December 2020, requesting the annulment of certain Repealing Provisions of the "V ENDESA Framework Collective Agreement". In the applicants' view, the repealing provisions under attack entail the unlawful elimination of social benefits and economic rights. ENDESA maintains a contrary position, defending its absolute legality in line with that argued in the challenge of the modification of social benefits to retired staff (favourable judgment of the National High Court, pending appeal before the Supreme Court). The proceedings for this case have been suspended until 19 October 2021, until the appeal against the "IV ENDESA Framework Collective Agreement" has been resolved by the Supreme Court.

The Directors of ENDESA consider that the provisions recognised in the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 adequately cover the risks relating to litigation, arbitration and claims, and do not expect these issues to give rise to any liability not already provided for.

Given the nature of the risks covered by these provisions, it is impracticable to determine a reasonable timetable of payment or collection dates, if any.

The amounts paid to resolve lawsuits in the six months ended 30 June 2021 totalled Euro 3 million (Euro 1 million paid in the six months ended 30 June 2020).

13. Borrowings.

13.1. Current and non-current borrowings.

Details of current and non-current borrowings on the Consolidated Statement of Financial Position at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	30 June 2021					Fair value
	Nominal value	Carrying amount			Total	
		Non-current	Current	Total		
Bonds and other negotiable securities	1,616	18	1,606	1,624	1,625	
Bank borrowings	2,574	2,437	134	2,571	2,601	
Other financial liabilities	4,147	3,862	285	4,147	4,491	
Borrowings associated with rights of use	918	839	79	918	933	
Other	3,229	3,023	206	3,229	3,558	
Total borrowings excluding derivatives	8,337	6,317	2,025	8,342	8,717	
Derivatives	1,024	25	-	25	25	
TOTAL ⁽¹⁾	9,361	6,342	2,025	8,367	8,742	

(1) Corresponding to financing sustainable at 49%.

Millions of Euros

	31 December 2020					Fair value
	Nominal value	Carrying amount			Total	
		Non-current	Current	Total		
Bonds and other negotiable securities	1,174	20	1,162	1,182	1,182	
Bank borrowings	2,228	2,124	101	2,225	2,288	
Other financial liabilities	3,866	3,757	109	3,866	4,305	
Borrowings associated with rights of use	803	740	63	803	820	
Other	3,063	3,017	46	3,063	3,485	
Total borrowings excluding derivatives	7,268	5,901	1,372	7,273	7,775	
Derivatives	863	36	-	36	36	
TOTAL ⁽¹⁾	8,131	5,937	1,372	7,309	7,811	

(1) Corresponding to financing sustainable at 45%.

At 30 June 2021, the breakdown of the nominal value of borrowings without derivatives by maturity was as follows:

Millions of Euros

	Carrying amount at 30 June 2021	Nominal value		Maturity				
		Current	Non-current	2021	2022	2023	2024	Subsequent years
Bonds and other negotiable securities	1,624	1,604	12	1,604	-	-	-	12
Bank borrowings	2,571	134	2,440	39	134	180	480	1,741
Other financial liabilities	4,147	285	3,862	240	83	77	3,071	676
Borrowings associated with rights of use	918	79	839	39	77	75	70	657
Other	3,229	206	3,023	201	6	2	3,001	19
TOTAL	8,342	2,023	6,314	1,883	217	257	3,551	2,429

The movement in the nominal value of non-current borrowings excluding derivatives in the six months ended 30 June 2021 is as follows:

Millions of Euros

	Nominal Value at 31 December 2020	Does not create cash flows		Creates cash flows		Nominal value at 30 June 2021
		Additions / (Disposals)	Transfers	Repayments and Redemptions (Note 18.3)	New Borrowings (Note 18.3)	
Bonds and other negotiable securities	12	-	-	-	-	12
Bank borrowings	2,127	-	(176)	-	489	2,440
Other financial liabilities	3,757	149	(47)	(2)	5	3,862
Borrowings associated with rights of use	740	149	(50)	-	-	839
Other	3,017	-	3	(2)	5	3,023
TOTAL	5,896	149	(223)	(2)	494	6,314

The movement in the nominal value of current borrowings excluding derivatives in the six months ended 30 June 2021 is as follows:

Millions of Euros

	Nominal amount at 31 December 2020	Does not create cash flows		Creates cash flows		Nominal value at 30 June 2021
		Additions / (Disposals)	Transfers	Repayments and Redemptions (Note 18.3)	New Borrowings (Note 18.3)	
Bonds and other negotiable securities	1,162	-	(2)	(5,996)	6,440	1,604
Bank borrowings	101	-	176	(144)	1	134
Other financial liabilities	109	2	47	(61)	188	285
Borrowings associated with rights of use	63	2	50	(36)	-	79
Other	46	-	(3)	(25)	188	206
TOTAL	1,372	2	221	(6,201)	6,629	2,023

The average interest on gross financial debt in the six months ended 30 June 2021 and 2020 was 1.7% and 1.8%, respectively.

13.2. Other matters.

13.2.1. Liquidity

At 30 June 2021, ENDESA's liquidity rose to Euro 4,005 million (Euro 4,493 million at 31 December 2020), as detailed below:

Millions of Euros

	Notes	Liquidity	
		30 June 2021	31 December 2020
Cash and cash equivalents	10	177	403
Freely available on credit facilities ⁽¹⁾		3,828	4,090
TOTAL		4,005	4,493

(1) At 30 June 2021 and 31 December 2020, Euro 1,700 million corresponded to the credit facility available with ENEL Finance International, N.V. (see Notes 13.1.2 and 20.1.2).

The undrawn credit lines also safeguard the refinancing of current borrowings presented under non-current borrowings in the accompanying Consolidated Statement of Financial Position, which amounted to Euro 32 million and Euro 33 million at 30 June 2021 and 31 December 2020, respectively (see Note 13.1).

The amount of these credit facilities, together with the current assets, provides sufficient coverage for ENDESA's short-term payment obligations (see Note 15.2).

13.2.2. Main transactions

The main transactions in the first six months of 2021 were as follows:

- ENDESA, S.A. has registered a new Euro Commercial Paper (ECP) SDG7 emissions programme for Euro 4,000 million, the outstanding balance being Euro 1,606 million at 30 June 2021, renewable with the backing of irrevocable bank credit facilities. This Programme incorporates sustainability objectives, in line with ENDESA's Strategic Plan.
- Likewise, at the date of approval of these Interim Condensed Consolidated Financial Statements, the following financial transactions were performed, all of which incorporated sustainability goals:

Millions of Euros

Transactions	Counterparty	Signature date	Maturity date	Amount
Loan ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A.	25 March 2021	25 March 2024	300
Credit line ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A.	25 March 2021	25 March 2024	250
Credit lines ^{(1) (3)}	Various banks	25 March 2021	25 March 2025	1,955
Credit facility ⁽¹⁾	BNP Paribas	25 March 2021	25 March 2025	100
Loan ⁽⁴⁾	CaixaBank, S.A.	31 March 2021	15 April 2028	150
Credit facility ⁽¹⁾	Deutsche Bank, S.A.E.	28 April 2021	28 April 2025	70
Intercompany credit facility ^{(1) (5)}	ENEL Finance International N.V.	25 May 2021	25 May 2025	1,700
Loan ⁽⁴⁾	Unicaja Banco S.A.	28 June 2021	28 June 2028	75
TOTAL				4,600

- (1) Transactions described as sustainable on including the performance indicator (KPI) in relation to ENDESA's commitment to ensure that its net installed mainland capacity from renewable sources is 55% of the total net installed capacity at 31 December 2022.
- (2) Corresponds to a financial transaction in "Club Deal" format in force renewed at the signature date.
- (3) Corresponds to nine credit lines in force renewed at the signature date.
- (4) The credit conditions of this transactions are tied for the first time at ENDESA to the objective established in the Company's Strategic Plan to reduce specific Scope 1 CO2 emissions equivalent to 150 g CO₂eq/kWh in 2023.
- (5) The formalisation of this credit facility coincides with the cancellation of two lines of credit that ENDESA held with ENEL Finance International, N.V. until that date, for the amount of Euro 1,000 million and Euro 700 million, respectively.

At the date of approval of these Interim Condensed Consolidated Financial Statements, ENDESA has not had to resort to refinancing for its borrowings as a consequence of the health crisis caused by COVID-19 (see Note 2.2.1).

13.2.3. Financial stipulations

Certain ENDESA subsidiaries are subject to compliance with certain obligations stipulated in their financing agreements (covenants) that are standard in contracts of this nature.

At 30 June 2021, neither ENDESA, S.A. nor any of its subsidiaries were in breach of their financial obligations or any obligations that could require early repayment of their liabilities.

ENDESA's directors do not consider that these clauses will change the current/non-current classification in the accompanying Consolidated Statement of Financial Position at 30 June 2021.

Financial stipulations

The loan contracts of ENDESA, S.A., which centralises almost all of ENDESA's financing activity, do not contain financial ratio clauses that would lead to a breach of contract and early termination.

The outstanding bond emissions of ENDESA, S.A. (Euro 12 million at 30 June 2021) contain:

- Cross-default clauses) whereby said debt must be prepaid in the event of default (over and above a certain amount) on the settlement of certain obligations of ENDESA, S.A.

Furthermore, the outstanding bond emission commitments of ENDESA, S.A. and the bank financing arranged by ENDESA, S.A. contain the following clauses:

- Negative pledge clauses, whereby ENDESA, S.A. may not issue mortgages, liens or other encumbrances on its assets to secure certain types of bonds, unless equivalent guarantees are issued in favour of the remaining debtors.
- "Pari passu" clauses, whereby bonds and bank financing have the same status as any other existing or future unsecured or non-subordinated debts issued by ENDESA, S.A.

Credit rating clauses.

At 30 June 2021 and 31 December 2020, ENDESA, S.A. had entered into financial transactions with the European Investment Bank (EIB) and the Spanish Official Credit Institute, totalling Euro 1,670 million and Euro 1,703 million, respectively, which could require additional guarantees or renegotiation if their credit rating was downgraded to below certain levels.

Clauses related to the change of control.

At 30 June 2021, ENDESA, S.A. had loans and other borrowing agreements with banks and ENEL Finance International, N.V. for an amount equivalent to Euro 7,144 million, with an outstanding debt of Euro 5,193 million, which might have to be repaid early in the event of a change of control over ENDESA, S.A. (Euro 7,053 million at 31 December 2020, with an outstanding nominal debt of Euro 5,103 million).

Clauses related to the assignment of assets.

Part of the debt of ENDESA S.A. includes restrictions if a certain percentage of ENDESA's consolidated assets is surpassed, which varies for the related transactions from 7% to 10%.

Above these thresholds, the restrictions would only apply, in general, if no equivalent consideration is received or if there was a material negative impact on ENDESA, S.A.'s solvency.

The amount of borrowings affected by these clauses at 30 June 2021 was Euro 1,670 million (Euro 1,803 million at 31 December 2020).

Project financing.

At 30 June 2021, certain ENDESA subsidiaries operating in the renewable energy business and financed through project finance have borrowings of Euro 90 million (Euro 79 million at 31 December 2020) (see Note 22.1), which include the following clauses:

- These debts and their associated derivatives with a negative net market value of Euro 1 million (Euro 2 million at 31 December 2020), might have to be settled early as a result of a change of control.
- Pledges of shares granted to secure compliance with obligations under contract with respect to the lending financial institutions for the amount of the outstanding borrowings (see Note 22.1).
- Restrictions of sales of assets consisting of obtaining the authorisation of most lenders, and in certain cases, of allocating the amount of their sale to repay debt.
- Restrictions in the distribution of profits to shareholders, subject to the fulfilment of certain conditions.
- The obligation to recognise a debt service reserve account (see Note 10).

Clauses related to the fulfilment of ratios.

Certain ENDESA subsidiaries that operate in the renewable generation business are obliged to comply with specific annual debt servicing coverage ratios (ADSCR). As of 30 June 2021 there is no breach of these ratios.

14. Financial instruments.

The classification of financial instruments in the Consolidated Statement of Financial Position at 30 June 2021 and 31 December 2020 is as follows:

Millions of Euros

	Notes	30 June 2021		31 December 2020	
		Non-current	Current	Non-current	Current
Financial asset instruments					
Derivatives	14.3.1	493	1,972	169	467
Financial assets		811	1,089	778	1,177
Trade receivables for sales and services and other receivables	9	-	3,241	-	2,572
Cash and cash equivalents	10	-	177	-	403
TOTAL	14.1	1,304	6,479	947	4,619
Financial liability instruments					
Derivatives	14.3.2	360	1,942	236	404
Borrowings	13.1	6,317	2,025	5,901	1,372
Other non-current		664	-	631	-
Trade payables and other current liabilities	17	-	5,374	-	5,323
TOTAL	14.2	7,341	9,341	6,768	7,099

14.1. Classification of non-current and current financial assets.

The classification of financial assets by class and category in the Consolidated Statement of Financial Position at 30 June 2021 and 31 December 2020 is as follows:

Millions of Euros

	Notes	30 June 2021		31 December 2020	
		Non-current	Current	Non-current	Current
Financial assets at amortised cost					
Financial assets		805	4,507	772	4,152
Trade receivables for sales and services and other receivables	9	-	3,241	-	2,572
Cash and cash equivalents	10	-	177	-	403
Financial assets at fair value with changes in the income statement					
Equity instruments	14.3.1	6	-	6	-
Derivatives not designated as hedging instruments	14.3.1	138	1,220	21	300
Financial assets at fair value with changes in the Consolidated Statement of Other Comprehensive Income					
Hedging derivatives	14.3.1	355	752	148	167
TOTAL		1,304	6,479	947	4,619

In the current context, ENDESA has not modified its business model, nor has it been significantly affected by the contractual cash flow characteristics of its financial assets; hence no reclassification was made between categories (see Note 2.2.1).

14.2. Classification of non-current and current financial liabilities.

The classification of financial liabilities by class and category in the Consolidated Statement of Financial Position at 30 June 2021 and 31 December 2020 is as follows:

Millions of Euros

	Notes	30 June 2021		31 December 2020	
		Non-current	Current	Non-current	Current
Financial liabilities at amortised cost					
Borrowings	13.1	6,299	2,025	5,881	1,372
Other non-current		664	-	631	-
Trade payables and other current liabilities	17	-	5,374	-	5,323
Financial liabilities at fair value through profit or loss					
Borrowings ⁽¹⁾	13.1 and 14.3.2	18	-	20	-
Derivatives not designated as hedging instruments	14.3.2	69	1,171	16	209
Hedging derivatives	14.3.2	291	771	220	195
TOTAL		7,341	9,341	6,768	7,099

(1) Corresponds in its entirety to financial liabilities that, from the start of the transaction, are underlying fair value hedges and are measured at fair value through changes in the Consolidated Income Statement.

14.3. Fair value measurement

14.3.1. Fair value measurement of categories of financial assets

The classifications of financial assets measured at fair value in the Consolidated Statements of Financial Position by fair value hierarchy at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	Notes	30 June 2021				31 December 2020			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Equity instruments	14.1	6	-	-	6	6	-	-	6
Debt derivatives	14	6	-	6	-	7	-	7	-
Interest rate hedges		6	-	6	-	7	-	7	-
Fair value hedges		6	-	6	-	7	-	7	-
Commodity price hedging derivatives	14	487	78	319	90	162	10	106	46
Foreign currency hedges		6	-	6	-	-	-	-	-
Cash flow hedges		6	-	6	-	-	-	-	-
Price hedges		343	29	224	90	141	6	91	44
Cash flow hedges		343	29	224	90	141	6	91	44
Derivatives not designated as hedging instruments	14.1	138	49	89	-	21	4	15	2
Total non-current assets		499	78	325	96	175	10	113	52
Commodity price hedging derivatives	9 and 14.1	1,971	429	1,471	71	466	65	386	15
Foreign currency hedges		7	-	7	-	5	-	5	-
Cash flow hedges		7	-	7	-	5	-	5	-
Price hedges		744	204	469	71	162	38	109	15
Cash flow hedges		744	204	469	71	162	38	109	15
Derivatives not designated as hedging instruments		1,220	225	995	-	299	27	272	-
Other derivatives	9 and 14.1	1	-	1	-	1	-	1	-
Inventories	8	38	38	-	-	2	1	1	-
Total current assets		2,010	467	1,472	71	469	66	388	15

14.3.2. Fair value measurement of categories of financial liabilities

The classifications of financial liabilities measured at fair value in the Consolidated Statements of Financial Position by fair value hierarchy at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	Notes	30 June 2021				31 December 2020			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Bonds and other negotiable securities	14.2	18	-	18	-	20	-	20	-
Debt derivatives	13.1 and 14	25	-	25	-	36	-	36	-
Interest rate hedges		24	-	24	-	34	-	34	-
Cash flow hedges		24	-	24	-	34	-	34	-
Derivatives not designated as hedging instruments	14.2	1	-	1	-	2	-	2	-
Commodity price hedging derivatives	14	335	33	259	43	199	4	152	43
Foreign currency hedges		13	-	13	-	71	-	71	-
Cash flow hedges		13	-	13	-	71	-	71	-
Price hedges		254	10	201	43	114	1	70	43
Cash flow hedges		254	10	201	43	114	1	70	43
Derivatives not designated as hedging instruments	14.2	68	23	45	-	14	3	11	-
Other hedges		-	-	-	-	1	-	1	-
Total non-current liabilities		378	33	302	43	256	4	209	43
Commodity price hedging derivatives	14 and 17	1,941	235	1,702	4	399	38	359	2
Foreign currency hedges		48	-	48	-	70	-	70	-
Cash flow hedges		48	-	48	-	70	-	70	-
Price hedges		722	10	708	4	121	10	109	2
Cash flow hedges		722	10	708	4	121	10	109	2
Derivatives not designated as hedging instruments	14.2	1,171	225	946	-	208	28	180	-
Other hedges	14 and 17	1	-	1	-	5	-	5	-
Total current liabilities		1,942	235	1,703	4	404	38	364	2

14.3.3. Other matters.

In the six months ended 30 June 2021, ENDESA used the same hierarchy levels to measure the fair value of non-current and current assets and liabilities and no transfers were made between the hierarchy levels detailed in Note 30 to the Consolidated Financial Statements for the year ended 31 December 2020.

In addition, in the six months ended 30 June 2021, ENDESA used the same measurement standards to establish the fair value as those detailed in Notes 3g.5 and 3o to the Consolidated Financial Statements for the year ended 31 December 2020 (see Note 2.2.1).

At 30 June 2021, hedge accounting for certain derivatives contracted to hedge commodity price risk, which were initially designated as cash flow hedges of highly probable future transactions, was discontinued as a result of contractual amendments to a long-term gas purchase contract that made future transactions, as contracted, remote. This interruption has resulted in the recognition of income of Euros 80 million which is included in "Other operating income" in the Consolidated Income Statement.

In the current context, at 30 June 2021, ENDESA had checked that it continued to meet the criteria established by the regulations for the application of hedge accounting (see Note 2.2.1).

In the first semester of 2021 and 2020, the changes in derivative financial instruments measured at Level 3 fair value were as follows:

Millions of Euros	January-June 2021	January-June 2020
Opening balance	16	-
Net gains/(losses) in the Consolidated Income Statement	(2)	-
Gains / (losses) recognised in the Consolidated Statement of Other Comprehensive Income	100	16
Closing balance	114	16

The fair value of the derivative financial instruments classified in Level 3 was calculated by applying the cash flow method. To calculate these cash flow projections, the available market information is used as a base, complemented, where appropriate, with estimates from essential models that represent the functioning of these markets.

At 30 June 2021, none of the possible scenarios foreseen in these assumptions indicated would result in a significant change in the fair value of the financial instruments classified in this Level.

15. Risk management policy

In the six months ended 30 June 2021, ENDESA followed the same general risk management policy as described in Note 19 to the Consolidated Financial Statements for the year ended 31 December 2020.

15.1. Risks of interest rates, exchange rates and commodities prices.

The financial instruments and types of hedges have the same characteristics as those described in the Consolidated Financial Statements for the year ended 31 December 2020.

The derivatives held by ENDESA relate mainly to transactions arranged to hedge interest rate, exchange rate or commodity price risks (electricity, fuel, oil and derivatives and CO₂ emission rights), the purpose of which is to eliminate or significantly reduce said risks in the underlying hedged transactions. In the current context, ENDESA has reviewed that the criteria established by the regulations to apply hedge accounting continue to be complied with (see Note 2.2.1).

15.2. Liquidity risk

At 30 June 2021 and 31 December 2020, ENDESA's liquidity position underwent the following significant changes and had the following details:

Millions of Euros

	Notes	Liquidity			
		30 June 2021	31 December 2020	Difference	% Var.
Cash and cash equivalents	10	177	403	(226)	(56.1)
Freely available on credit facilities ⁽¹⁾		3,828	4,090	(262)	(6.4)
TOTAL		4,005	4,493	(488)	(10.9)

(1) At 30 June 2021 and 31 December 2020, Euro 1,700 million corresponded to the credit facility available with ENEL Finance International, N.V. (see Notes 13.1.1, 13.1.2 and 20.1.2).

At 30 June 2021, ENDESA had negative working capital of Euro 2,885 million. The undrawn amount on the Company's long-term credit facilities provide assurance that the ENDESA has sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the Consolidated Statement of Financial Position.

ENDESA has a solid financial position and unconditional credit lines contracted with first-tier entities available for significant amounts. This, together with the implementation of specific plans to improve and efficiently manage liquidity, is estimated to enable the impact of the economic situation to be addressed.

15.3. Credit risk

Based on expert opinions and in line with the recommendations of the European Securities and Markets Authority (ESMA), ENDESA included the impact of the COVID-19 health crisis and of the contention measures adopted to calculate the expected loss (see Note 2.2.1).

During the first half of 2021, a lower impairment loss allowance from customer contracts of Euros 18 million was recorded mainly as a result of the current scenario of economic recovery in Spain and Portugal and the intensification of the collection management temporarily suspended in the period January-June 2020 due to the extraordinary measures related to the economic situation caused by COVID-19 (see Note 9).

15.4. Concentration risk.

ENDESA is exposed to customer and supplier concentration risk in its activity.

In the current context, the possible one-off loss of a customer or supplier should not have a significant effect on the concentration risk, since the concentration of customers and suppliers is low and the ability to substitute suppliers is generally high, as described in Note 19.6 to the Consolidated Financial Statements for the year ended 31 December 2020, without affecting the monitoring being performed by ENDESA with respect to the variations in this concentration risk (see Note 2.2.1).

16. Deferred tax assets and liabilities

16.1. Deferred tax assets.

The composition of this item in the Consolidated Statement of Financial Position at 30 June 2021 and its movements in the first half of 2021 were as follows:

	Deferred tax assets				Balance at 30 June 2021
	Balance at 31 December 2020	Debit / (credit) to profit or loss	Debit / (credit) to equity	Transfers and other	
Depreciation and amortisation of assets	382	(47)	-	(2)	333
Other	1,009	11	116	(7)	1,129
TOTAL	1,391	(36)	116	(9)	1,462

In the current context, at the date of approval of these Interim Condensed Consolidated Financial Statements, the recovery of deferred tax assets at ENDESA had not been affected (see Note 2.2.1).

16.2. Deferred tax liabilities.

The composition of this item in the Consolidated Statement of Financial Position at 30 June 2021 and its movements in the first half of 2021 were as follows:

Millions of Euros

	Deferred tax liabilities				Balance at 30 June 2021
	Balance at 31 December 2020	Debit / (credit) to profit or loss	Debit / (credit) to equity	Transfers and other	
Accelerated depreciation and amortisation of assets for tax purposes	545	(14)	-	(5)	526
Other	508	13	149	(4)	666
TOTAL	1,053	(1)	149	(9)	1,192

17. Trade payables and other current liabilities.

Details of this item at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	Notes	30 June 2021	31 December 2020
Trade payables and other current liabilities	14	5,374	5,323
Suppliers and other payables		3,088	3,739
Dividend payable	11.4	1,391	745
Other payables		618	561
Remuneration for investment in renewable energies		2	4
Current Liability Contracts with Customers		275	274
Derivatives	14.3.2	1,942	404
Hedging derivatives		771	195
Derivatives not designated as hedging instruments		1,171	209
Tax liabilities		1,404	979
Current income tax		813	512
VAT payable		54	50
Other taxes		537	417
TOTAL		8,720	6,706

At 30 June 2021 and 31 December 2020, dividends payable mainly includes the following dividends corresponding to ENDESA, S.A.:

Millions of Euros

	Notes	Dividend payable to date	Euros per share, gross	Amount	Payment date
Interim dividend	18.3	31 December 2020	0,700	741	4 January 2021
Final dividend		30 June 2021	1,3136	1,391	1 July 2021
Total dividend paid against 2020 profit	11.4		2,0136	2,132	

At 30 June 2021, the amount of trade payables discounted with financing entities to manage payments to suppliers (reverse factoring), recognised under Trade payables and other current liabilities in the Consolidated Statement of Financial Position, totalled Euro 22 million (31 December 2020: Euro 53 million).

During the six-month periods ended 30 June 2021 and 2020, the financial income accrued by the confirming contracts amounted to less than EUR 1 million.

At 30 June 2021, the estimate of unbilled electricity and gas tariff costs, arising from unbilled energy supplied, amounted to Euro 247 million and Euro 91 million, respectively (Euro 288 million and Euro 92 million, respectively, at 31 December 2020), and was included under "Trade payables and under current liabilities" in the Consolidated Statement of Financial Position.

18. Statement of cash flows.

At 30 June 2021, cash and cash equivalents stood at Euro 177 million (Euro 403 million at 31 December 2020) (see Note 10).

In the first six months of 2021 and 2020, ENDESA's net cash flows, classified by activities (operating, investing and financing) were as follows:

Millions of Euros

	Statement of cash flows	
	January-June 2021	January-June 2020
Net cash flows from operating activities	492	995
Net cash flows from investing activities	(894)	(821)
Net cash flows from financing activities	176	(18)

In the first half of 2021, net cash flows from operating activities (Euro 492 million) and from financing activities (Euro 176 million) and the decrease of Euro 226 million in cash and cash equivalents helped to cover net cash flows used in investing activities (Euro 894 million).

18.1. Net cash flows from operating activities.

In the first half of 2021, net cash flows from operating activities amounted to EUR 492 million (EUR 995 million in the first half of 2020) which are as follows:

Millions of Euros	January-June 2021	January-June 2020
Gross profit before tax and non-controlling interests	1,114	1,513
Adjustments for:	720	355
Depreciation and amortisation and impairment losses	785	760
Other adjustments (net)	(65)	(405)
Changes in working capital:	(1,037)	(692)
Trade and other receivables	(593)	255
Inventories	(311)	(174)
Current financial assets	66	35
Trade payables and other current liabilities	(199)	(808) ⁽¹⁾
Other cash flows from operating activities:	(305)	(181)
Interest received	15	15
Dividends received	17	9
Interest paid ⁽²⁾	(78)	(70)
Income tax paid	(85)	(22)
Other receipts from and payments for operating activities ⁽³⁾	(174)	(113)
NET CASH FLOWS FROM OPERATING ACTIVITIES	492	995

(1) In the first semester of 2020, as part of its commitment to society, ENDESA designed a Public Responsibility Plan, to provide direct aid to purchase materials, special supply conditions and donations to alleviate the main healthcare and social requirements of the COVID-19 health crisis. The amount disbursed in this regard and the purchase of procurements in relation to COVID-19 amounted to Euro 12 million (Euro 10 million, net of the tax effect) (see Note 19.2.1).

(2) Includes interest paid on borrowings for rights of use amounting to Euro 16 million and Euro 16 million, respectively (see Note 4.1).

(3) Corresponding to payments of provisions.

The variations in the different items determining the net cash flows from operating activities include:

- The lower cash flow from the net of gross profit before tax and minority interests and depreciation, amortisation and other adjustments to profit (Euros 34 million).
- Changes in working capital between the two periods amounting to Euro 345 million, mainly as a result of the decrease in trade payables of Euro 609 million, the negative performance of trade and other receivables (Euro 848 million), the increased payments for inventories (Euro 137 million) and the positive performance of regulatory items receivable totalling Euro 37 million (Euro 149 million for the tariff deficit, Euro -144 million for compensation for Non-mainland Territories (TNP) generation cost overruns and Euro 32 million of remuneration for investment in renewable energies).
- The variation in income tax between the two periods amounting to Euro 63 million.
- The increase in other net payments for operating activities of Euro 61 million.

In the first half of 2021, the Company also continued its active policy of managing current assets and liabilities, focusing among other aspects on improving processes, factoring accounts receivable and reaching agreement to extend payment terms with suppliers.

At 30 June 2021, 31 December 2020 and 30 June 2020, working capital comprised the following items:

Millions of Euros

	Notes	Working capital		
		30 June 2021	31 December 2020	30 June 2020
Current Assets ⁽¹⁾		8,079	5,831	5,730
Inventories	8	1,037	1,077	853
Trade and other receivables	9	5,953	3,577	3,689
Current financial assets	14	1,089	1,177	1,188
Compensation for extra costs of generation in Non-mainland Territories (TNP)		709	602	519
Collection rights for the financing of the deficit of regulated activities		117	277	375
Remuneration of distribution activity		211	246	203
Other		52	52	91
Current Liabilities ⁽²⁾		9,116	7,183	6,714
Current provisions	12.1	396	477	313
Trade payables and other current liabilities	17	8,720	6,706	6,401
Dividend of the Parent	11.4	1,391	741	821
Other		7,329	5,965	5,580

(1) Excluding cash and cash equivalents and financial derivatives recognised as assets corresponding to borrowings.

(2) Excluding current borrowings and financial derivative liabilities corresponding to borrowings.

18.2. Net cash flows from investing activities.

In the first half of 2021, net cash flows used in investment activities amounted to Euro 894 million (Euro 821 million in the first half of 2020) and include, among other aspects:

- Net cash flows used to acquire property, plant and equipment and intangible assets:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Acquisitions of property, plant and equipment and intangible assets		(798)	(776)
Acquisitions of property, plant and equipment ⁽¹⁾	4.2	(621)	(577)
Acquisitions of intangible assets	5.1	(123)	(72)
Facilities transferred from customers		53	21
Suppliers of property, plant and equipment		(107)	(148)
Proceeds from sale of property, plant and equipment and intangible assets		7	4
Grants and other deferred income		43	48
TOTAL		(748)	(724)

(1) The period January-June 2021 does not include additions for rights of use amounting to Euro 151 million (see Note 4.1).

- Net cash payments for investments and/or disposals of holdings in Group companies:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Investments in Group companies		(34)	-
Companies acquired by ENEL Green Power España, S.L.U. (EGPE) ⁽¹⁾	2.3	(34)	-
Disposals of investments in Group companies		-	21
ENDESA Soluciones, S.L.	2.3 and 2.4	-	21
TOTAL		(34)	21

(1) Includes Euro 14 million of payments corresponding to the acquisition on 7 July 2020 of Parque Eólico Tico, S.L.U., which were pending, dependant on compliance with certain contractual clauses.

- Net cash payments for acquisitions and/or disposals of other investments:

Millions of Euros

	January-June 2021	January-June 2020
Acquisitions of other investments	(123)	(139)
Non-Current Distribution Activity Remuneration	(105)	(130)
Other Financial Assets	(18)	(9)
Disposals of other investments	11	21
TOTAL	(112)	(118)

18.3. Net cash flows from financing activities.

In the first semester of 2021, the net cash flows from financing activities came to Euro 176 million, positive, (Euro 18 million, negative, in the first semester of 2020), and mainly include the following items:

– Cash flows from equity instruments:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Return of contribution of ENDESA Soluciones, S.L.	7	4	-
Acquisition of non-controlling interest in Planta Eólica Europea, S.A.	2.3	(1)	-
Funds contribution by Bosa del Ebro, S.L.		(2)	-
TOTAL		1	-

– Drawdowns of non-current borrowings:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Drawdowns on the CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A. loan.	13.2.2	150	300
Drawdowns on credit line with ENEL Finance International, N.V.		-	500
Unicaja Banco, S.A. drawdowns	13.2.2	75	-
Drawdowns on credit lines		266	-
Other		3	9
TOTAL	13.1	494	809

– Reimbursements of non-current borrowings:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Repayment of ENEL Finance International, N.V. credit line		-	(500)
Repayment of other credit lines		-	(67)
Other		(2)	(7)
TOTAL	13.1	(2)	(574)

– Drawdowns and Repayments of current borrowings:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Drawdowns			
Issues of Euro Commercial Paper (ECP)	13.2.2	6,440	8,430
Cash collateral		172	-
Other		17	21
Amortisation			
Amortisation of Euro Commercial Paper (ECP)	13.2.2	(5,996)	(7,881)
Payments of right-of-use contracts		(36)	(34)
Amortisation of European Investment Bank (EIB) Green Loan		(133)	-
Other		(36)	(43)
TOTAL	13.1	428	493

– Dividends paid:

Millions of Euros

	Notes	January-June 2021	January-June 2020
Dividends of the Parent paid	11.4 and 17	(741)	(741)
Dividends paid to Non-controlling Interests ⁽¹⁾		(4)	(5)
TOTAL		(745)	(746)

(1) Corresponding to companies of ENEL Green Power España, S.L.U. (EGPE).

19. Segment reporting.

19.1. Basis of segmentation

In carrying out its business activities, ENDESA's organisation prioritises its core business of electricity and gas generation, distribution, and sale as well as related services. Therefore, segment reporting was analysed by Company Management's Executive Committee for decision-making purposes, which includes:

- Generation, together with Supply;
- Distribution;
- Structure, mainly including the balances and transactions of holding companies of the holdings and of the financing and service provision companies; and
- Consolidation Adjustments and Eliminations, including the inter-segment consolidation eliminations and adjustments.

The corporate organisation of ENDESA essentially matches these Segments. Therefore, the allocation established in the Segment reporting presented below is based on the financial information of the companies making up each Segment.

Transactions between Segments form part of normal business activities in terms of their purpose and terms and conditions.

External customers did not represent 10% or more of the income of any ENDESA segment in the first semesters of 2021 and 2020.

19.2. Segment reporting.

Segment reporting referring to the Consolidated Income Statements and the Consolidated Statements of Cash Flows for the six months ended 30 June 2021 and 2020 and the Consolidated Statements of Financial Position at 30 June 2021 and 31 December 2020 was as follows:

19.2.1. Segment reporting: Income Statement for January-June 2021 and Statement of Financial Position at 30 June 2021.

Millions of Euros

	January-June 2021				
	Generation and Supply ⁽¹⁾	Distribution ⁽²⁾	Structure	Consolidated adjustments and eliminations	Total
REVENUE ⁽³⁾	9,069	1,288	248	(333)	10,272
Sales ^(Note 19.3)	7,590	1,165	247	(317)	8,685
Other operating income ^(Note 19.3)	1,479	123	1	(16)	1,587
PROCUREMENTS AND SERVICES	(7,393)	(85)	(24)	76	(7,426)
Power purchases	(2,365)	(4)	-	-	(2,369)
Fuel consumption	(569)	-	-	-	(569)
Transmission costs	(2,385)	(5)	-	-	(2,390)
Other variable procurements and services	(2,074)	(76)	(24)	76	(2,098)
CONTRIBUTION MARGIN	1,676	1,203	224	(257)	2,846
Self-constructed assets	42	58	6	-	106
Personnel expenses	(243)	(131)	(100)	8	(466)
Other fixed operating expenses	(540)	(174)	(142)	249	(607)
GROSS OPERATING INCOME (EBITDA)	935	956	(12)	-	1,879
Depreciation and amortisation, and impairment losses	(441)	(313)	(31)	-	(785)
OPERATING INCOME (EBIT)	494	643	(43)	-	1,094
FINANCIAL PROFIT/LOSS	41	(25)	4	-	20
Financial income	97	7	264	(260)	108
Financial expense	(54)	(32)	(259)	260	(85)
Net exchange differences	(2)	-	(1)	-	(3)
Net gains/(losses) of companies accounted for using the equity method	9	3	-	-	12
Gains/(losses) on other investments	-	-	141	(141)	-
Losses on disposal of assets	(11)	(2)	1	-	(12)
PROFIT BEFORE TAX	533	619	103	(141)	1,114
Income tax	(123)	(161)	7	-	(277)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	410	458	110	(141)	837
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT FOR THE PERIOD	410	458	110	(141)	837
Parent	406	457	110	(141)	832
Non-controlling interests	4	1	-	-	5

(1) Includes provisions for the impairment of property, plant and equipment (Euro 5 million) and provisions for the impairment of trade bad debts (Euro 51 million) (see Notes 4 and 9.1).

(2) Includes Euro 7 million for net reversals on the impairment of trade bad debts (see Note 9.1).

(3) Revenue from transactions between segments amounted to Euro 33 million (Euro 80 million and Euro 220 million, respectively).

Millions of Euros

	30 June 2021				
	Generation and Supply	Distribution	Structure	Consolidated adjustments and eliminations	Total
ASSETS					
Non-current assets	13,236	13,419	29,417	(29,605)	26,467
Property, plant and equipment	9,342	12,003	172	-	21,517
Investment property	-	52	5	-	57
Intangible assets	1,159	186	112	-	1,457
Goodwill	361	97	4	-	462
Investments accounted for using the equity method	183	21	4	-	208
Non-current financial assets	1,159	778	28,977	(29,610)	1,304
Deferred tax assets	1,032	282	143	5	1,462
Current assets	7,161	1,282	611	(798)	8,256
Inventories	883	154	-	-	1,037
Trade and other receivables	5,396	798	543	(784)	5,953
Current financial assets	749	329	25	(14)	1,089
Cash and cash equivalents	133	1	43	-	177
Non-current assets held for sale and discontinued operations	-	-	-	-	-
TOTAL ASSETS	20,397	14,701	30,028	(30,403)	34,723
EQUITY AND LIABILITIES					
Equity	6,044	2,967	16,936	(18,922)	7,025
Of the Parent	5,900	2,959	16,936	(18,922)	6,873
Of Non-controlling Interests	144	8	-	-	152
Non-Current liabilities	8,216	9,601	9,391	(10,651)	16,557
Deferred income	49	4,480	-	-	4,529
Non-current provisions	2,278	862	300	55	3,495
Non-current Borrowings	4,540	3,486	9,006	(10,690)	6,342
Other non-current liabilities	519	477	25	(22)	999
Deferred tax liabilities	830	296	60	6	1,192
Current Liabilities	6,137	2,133	3,701	(830)	11,141
Current borrowings	300	8	1,762	(45)	2,025
Current provisions	250	88	58	-	396
Trade payables and other current liabilities	5,587	2,037	1,881	(785)	8,720
Liabilities Associated with Non-current Assets Classified as held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	20,397	14,701	30,028	(30,403)	34,723

19.2.2. Segment reporting: Income Statement for January-June 2020 and Statement of Financial Position at 31 December 2020.

Millions of Euros

	January-June 2020				Total
	Generation and Supply ⁽¹⁾	Distribution ⁽²⁾	Structure ⁽³⁾	Consolidated adjustments and eliminations	
REVENUE ⁽⁴⁾	7,661	1,309	252	(339)	8,883
Sales ^(Note 19.3)	7,149	1,191	242	(317)	8,265
Other operating income ^(Note 19.3)	512	118	10	(22)	618
PROCUREMENTS AND SERVICES	(5,933)	(80)	(20)	72	(5,961)
Power purchases	(1,806)	(3)	-	-	(1,809)
Fuel consumption	(570)	-	-	-	(570)
Transmission costs	(2,517)	(6)	-	-	(2,523)
Other variable procurements and services	(1,040)	(71)	(20)	72	(1,059)
CONTRIBUTION MARGIN	1,728	1,229	232	(267)	2,922
Self-constructed assets	32	58	7	-	97
Personnel expenses	(59) ⁽⁵⁾	57 ⁽⁵⁾	(98) ⁽⁵⁾	5	(95)
Other fixed operating expenses ⁽⁶⁾	(534)	(178)	(156)	259	(609)
GROSS OPERATING INCOME (EBITDA)	1,167	1,166	(15)	(3)	2,315
Depreciation and amortisation, and impairment losses	(421)	(313)	(26)	-	(760)
OPERATING INCOME (EBIT)	746	853	(41)	(3)	1,555
FINANCIAL PROFIT/LOSS	(38)	(17)	7	-	(48)
Financial income	17	9	281	(280)	27
Financial expense	(56)	(26)	(275)	280	(77)
Net exchange differences	1	-	1	-	2
Net gains/(losses) of companies accounted for using the equity method	10	1	-	-	11
Gains/(losses) on other investments	-	-	914	(914)	-
Losses on disposal of assets	(11)	6	-	-	(5)
PROFIT BEFORE TAX	707	843	880	(917)	1,513
Income tax	(178)	(209)	5	-	(382)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	529	634	885	(917)	1,131
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT FOR THE PERIOD	529	634	885	(917)	1,131
Parent	527	633	885	(917)	1,128
Non-controlling interests	2	1	-	-	3

- (1) Includes reversals for impairment on property, plant and equipment (Euro 1 million) (see Note 4) and financial assets (Euro 7 million) and provisions for the impairment of bad trade debts (Euro 63 million) (see Note 9.1).
- (2) Includes reversals for the impairment of intangible assets (Euro 2 million) (see Note 5) and financial assets (Euro 9 million).
- (3) Includes net reversals for the impairment of trade bad debts (Euro 1 million) (see Note 9.1) and financial assets (Euro 1 million).
- (4) Revenue from transactions between segments amounted to Euro 38 million (Euro 76 million and Euro 225 million, respectively).
- (5) The revenue from changes in social benefits relating to the entry into force of the "V ENDESA Framework Collective Agreement", in the amount of Euro 215 million, Euro 269 million and Euro 31 million, respectively (see Note 12.1.1) was included. This heading also includes the charge to provisions for workforce restructuring costs amounting to Euro 29 million, Euro 91 million and Euro 39 million, respectively, in the framework of the "Agreement on Voluntary Measures to Suspend or Extinguish Labour Contracts" (see Note 12.1.2 to the Consolidated Financial Statements for the year ended 31 December 2020).
- (6) In the first semester of 2020, as part of its commitment to society, ENDESA designed a Public Responsibility Plan, to provide direct aid to purchase materials, special supply conditions and donations to alleviate the main healthcare and social requirements of the COVID-19 health crisis. The amount accrued in this regard and the purchase of procurements in relation to COVID-19 amounted to Euro 12 million (Euro 10 million, net of the tax effect) (see Note 18.1).

Millions of Euros

	31 December 2020				Total
	Generation and Supply	Distribution	Structure	Consolidated adjustments and eliminations	
ASSETS					
Non-current assets	13,046	13,420	29,814	(30,452)	25,828
Property, plant and equipment	9,191	11,983	180	-	21,354
Investment property	-	52	6	-	58
Intangible assets	1,092	183	124	-	1,399
Goodwill ^(Note 6)	361	97	4	-	462
Investments accounted for using the equity method	194	20	3	-	217
Non-current financial assets	1,285	777	29,341	(30,456)	947
Deferred tax assets	923	308	156	4	1,391
Current assets	4,859	1,353	1,236	(1,214)	6,234
Inventories	957	120	-	-	1,077
Trade and other receivables	3,089	717	973	(1,202)	3,577
Current financial assets	652	515	22	(12)	1,177
Cash and cash equivalents	161	1	241	-	403
Non-current assets held for sale and discontinued operations	-	-	-	-	-
TOTAL ASSETS	17,905	14,773	31,050	(31,666)	32,062
EQUITY AND LIABILITIES					
Equity	5,542	2,512	18,224	(18,813)	7,465
Of the Parent	5,400	2,504	18,224	(18,813)	7,315
Of Non-controlling Interests	142	8	-	-	150
Non-Current liabilities	7,913	9,600	10,143	(11,614)	16,042
Deferred income	43	4,564	-	(90)	4,517
Non-current provisions	2,375	933	341	55	3,704
Non-current Borrowings	4,459	3,348	9,657	(11,527)	5,937
Other non-current liabilities	353	476	80	(78)	831
Deferred tax liabilities	683	279	65	26	1,053
Current liabilities	4,450	2,661	2,683	(1,239)	8,555
Current borrowings	129	8	1,277	(42)	1,372
Current provisions	343	83	51	-	477
Trade payables and other current liabilities	3,978	2,570	1,355	(1,197)	6,706
Liabilities Associated with Non-current Assets Classified as held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	17,905	14,773	31,050	(31,666)	32,062

19.2.3. Segment reporting: Statements of Cash Flows for the periods January-June 2021 and 2020.

Millions of Euros

Statement of cash flows	January-June 2021				January-June 2020			
	Generation and Supply	Distribution	Structure, Services and Adjustments	TOTAL	Generation and Supply	Distribution	Structure, Services and Adjustments	TOTAL
Net cash flows from operating activities	177	469	(154)	492	269	814	(88)	995
Net cash flows from investing activities	(40)	(372)	(482)	(894)	(518)	(237)	(66)	(821)
Net cash flows from financing activities	(165)	(97)	438	176	217	(586)	351	(18)

19.3. Other information

During the first semesters of 2021 and 2020, the details of Sales, by segment, in the Consolidated Income Statements, relating to revenue from ordinary activities from contracts with customers, were as follows:

Millions of Euros

	January-June 2021	January-June 2020
Generation and Supply	7,590	7,149
Electricity sales	6,211	5,810
Sales to the deregulated market	4,046	4,065
Sales to the Spanish deregulated market	3,486	3,561
Sales to customers in deregulated markets outside Spain	560	504
Sales at regulated prices	1,063	872
Wholesale market sales	563	239
Compensation from Non-mainland Territories (TNP)	490	555
Remuneration for investment in renewable energies	37	69
Other electricity sales	12	10
Gas sales	1,130	1,083
Sales to the deregulated market	1,092	1,048
Sales at regulated prices	38	35
Other sales and services rendered	249	256
Distribution	1,165	1,191
Regulated revenue from electricity distribution	1,025	1,055
Other sales and services rendered	140	136
Structure and others ⁽¹⁾	(70)	(75)
Other sales and services rendered	(70)	(75)
TOTAL	8,685	8,265

(1) Structure, services and adjustments.

Revenue from wholesale market sales in the first semester of 2021 included Euro 188 million relating to the recognition by ENDESA of its right to be compensated for the amount of the internalisation of the CO₂ emission rights assigned free of charge under the National Emission Rights Allocation Plan ("PNA"), which it does not have a legal duty to bear. ENDESA also recognised Euros 71 million in late-payment interest under "Financial result" in the income statement (see Note 12.2).

In the first semesters of 2021 and 2020, details of the Other operating income heading in the Consolidated Income Statement, by segment, are as follows:

Millions of Euros

	January-June 2021	January-June 2020
Generation and Supply	1,479	512
Changes in energy stock derivatives	1,378	463
Grants released to income ⁽¹⁾	17	4
Trading rights	18	16
Third party compensation	6	2
Other	60	27
Distribution	123	118
Grants released to income ⁽¹⁾	7	6
Charge to results of customer facilities ceded, hook up and extension rights and liabilities from contracts with customers	82	82
Rendering of services at facilities	1	1
Trading rights	3	2
Third party compensation	4	5
Other	26	22
Structure and Others ⁽²⁾	(15)	(12)
Third party compensation	-	-
Other	(15)	(12)
TOTAL ⁽³⁾	1,587	618

(1) In the first semester of 2021, it included Euro 8 million relating to grants related to assets and Euro 16 million of grants related to income (Euro 8 million and Euro 2 million, respectively, in the first half of 2020).

(2) Structure, services and adjustments.

(3) Includes Euro 116 million relating to revenue from ordinary activities from contracts with customers in the first semester of 2021 (Euro [116] million in the first half of 2020).

The detail of Revenue from external customers in the main geographical areas in which ENDESA operates in the first semesters of 2021 and 2020 was as follows:

Millions of Euros

Country	January-June 2021			January-June 2020		
	Sales	Other operating income	Revenue	Sales	Other operating income	Revenue
Spain	7,705	474	8,179	7,316	258	7,574
Portugal	529	32	561	487	17	504
Italy	(65) ⁽¹⁾	1,057	992	128	339	467
France	173	5	178	173	3	176
Germany	118	-	118	103	-	103
Holland	22	2	24	24	-	24
United Kingdom	49	12	61	9	-	9
Other	154	5	159	25	1	26
TOTAL	8,685	1,587	10,272	8,265	618	8,883

(1) Includes the settlement of hedge derivatives.

20. Related party balances and transactions

Related parties are parties over which ENDESA, directly or indirectly via one or more intermediate companies, exercises control or joint control or has significant influence, or which are key members of the ENDESA management team.

Key members of the ENDESA management team are those with the authority and responsibility to plan, direct and control ENDESA's business either directly or indirectly, including any member of the Board.

Transactions between the Company and its Subsidiaries and Joint Operation Entities, which are related parties, form part of the Company's normal business activities (in terms of their purpose and conditions) and have been eliminated on consolidation. Therefore, they are not disclosed in this Note.

For information purposes, all companies comprising the ENEL Group and not included in ENDESA's Consolidated Financial Statements were considered significant shareholders.

The amount of transactions performed in the six months ended 30 June 2021 with other related parties of certain members of the Company's Board of Directors did not exceed Euros 4 million overall (less than Euro 21 million in the six months ended 30 June 2020). All of them correspond to the Company's normal business activities and were, in all cases, carried out on an arm's length basis.

All transactions with related parties are performed on an arm's length basis.

20.1. Expenses and income and other transactions

Significant balances and transactions carried out with related parties in the first semesters of 2021 and 2020 were as follows:

20.1.1. Expenses and income

Millions of Euros

	January-June 2021				Total
	Significant shareholders	Directors and senior management	ENDESA employees, companies or entities	Other related parties	
Financial expenses	48	-	-	-	48
Leases	-	-	-	-	-
Services received	24	-	-	3	27
Purchases of inventories ⁽¹⁾	(9)	-	-	-	(9)
Other expenses ⁽²⁾	1,391	-	-	-	1,391
Negative changes in the fair value of the derivative financial instruments for electricity and other energy products.	1,323	-	-	-	1,323
Power purchases ⁽¹⁾	46	-	-	-	46
Management or cooperation agreements	22	-	-	-	22
TOTAL EXPENSES	1,454	-	-	3	1,457
Financial income	1	-	-	-	1
Dividends received	-	-	-	-	-
Rendering of services	6	-	-	1	7
Sales of inventories ⁽¹⁾	(5)	-	-	-	(5)
Other revenue	1,021	-	-	-	1,021
Positive changes in the fair value of the derivative financial instruments for electricity and other energy products.	1,053	-	-	-	1,053
Power sales ⁽¹⁾	(33)	-	-	-	(33)
Management or cooperation agreements	1	-	-	-	1
Leases	-	-	-	-	-
TOTAL INCOME	1,023	-	-	1	1,024

(1) Includes the settlement of hedge derivatives.

(2) Includes EUR 259 million recognised in Consolidated statement of other comprehensive income.

Millions of Euros

	January-June 2020				Total
	Significant shareholders	Directors and senior management	ENDESA employees, companies or entities	Other related parties	
Financial expenses	49	-	-	-	49
Leases	-	-	-	-	-
Services received	22	-	-	3	25
Purchases of inventories	121	-	-	-	121
Other expenses	401	-	-	-	401
Negative changes in the fair value of the derivative financial instruments for electricity and other energy products.	322	-	-	-	322
Power purchases	49	-	-	-	49
Management or cooperation agreements	30	-	-	-	30
TOTAL EXPENSES	593	-	-	3	596
Financial income	3	-	-	-	3
Dividends received	-	-	-	-	-
Rendering of services	7	-	-	18	25
Sales of inventories	127	-	-	-	127
Other revenue ⁽¹⁾	451	-	-	-	451
Positive changes in the fair value of the derivative financial instruments for electricity and other energy products.	447	-	-	-	447
Power sales	2	-	-	-	2
Management or cooperation agreements	1	-	-	-	1
Leases	1	-	-	-	1
TOTAL INCOME	588	-	-	18	606

(1) Includes EUR 107 million recognised in Consolidated statement of other comprehensive income.

20.1.2. Other transactions

Millions of Euros

	Notes	January-June 2021				Total
		Significant shareholders	Directors and senior management	ENDESA employees, companies or entities	Other related parties	
Financing agreements: Loans and capital contributions (lender)		-	1	-	-	1
Financing agreements: Loans and capital contributions (borrower) ⁽¹⁾		4,700	-	-	-	4,700
Guarantees provided		-	7	-	-	7
Guarantees received ⁽²⁾	8.2	115	-	-	-	115
Commitments acquired ⁽³⁾	8.2	57	-	-	-	57
Dividends and other distributions	11.4	520	-	-	-	520
Other transactions ⁽⁴⁾		27	-	-	-	27

(1) Relates to the outstanding balance on the intercompany loan arranged with ENEL Finance International, N.V. Furthermore, ENDESA had arranged an irrevocable credit facility with ENEL Finance International N.V., totalling Euro 1,700 million, against which no amount had been drawn down at 30 June 2021 (see Notes 13.2.1 and 13.2.2).

(2) Includes the guarantee received from ENEL, S.p.A. to comply with the agreement to purchase liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC.

(3) Relates to commitments to acquire inventories of CO₂ emission rights.

(4) Includes purchases of property, plant and equipment, intangible assets or other types of assets.

Millions of Euros

	Notes	January-June 2020				Total
		Significant shareholders	Directors and senior management	ENDESA employees, companies or entities	Other related parties	
Financing agreements: Loans and capital contributions (lender)		-	1	-	-	1
Financing agreements: Loans and capital contributions (borrower) ⁽¹⁾		3,700	-	-	-	3,700
Guarantees provided		-	7	-	-	7
Guarantees received ⁽²⁾	8.2	122	-	-	-	122
Commitments acquired ⁽³⁾		22	-	-	-	22
Dividends and other distributions		520	-	-	-	520
Other transactions ⁽⁴⁾		9	-	-	-	9

(1) Relates to the outstanding balance on the intercompany loan arranged with ENEL Finance International, N.V. Furthermore, ENDESA had arranged two irrevocable credit facilities with ENEL Finance International N.V., totalling Euro 1,000 million and Euro 700 million, respectively, against which no amount had been drawn down at 30 June 2020 (see Notes 13.2.1 and 13.2.2).

(2) Includes the guarantee received from ENEL, S.p.A. to comply with the agreement to purchase liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC.

(3) Relates to commitments to acquire inventories of CO₂ emission rights.

(4) Includes purchases of property, plant and equipment, intangible assets or other types of assets.

In the first semesters of 2021 and 2020, the directors, or persons acting on their behalf, did not carry out any transactions with the Company (or its subsidiaries) not forming part of their ordinary activities nor did they carry out any transactions not performed on an arm's length basis.

20.1.3. Balances at period-end.

At 30 June 2021 and 31 December 2020, the balance with significant shareholders are as follows:

Millions of Euros

	Notes	30 June 2021				Total
		Significant shareholders	Directors and senior management	ENDESA employees, companies or entities	Other related parties	
Customers and trade receivables	9	1,690	-	-	-	1,690
Loans and credits granted		-	1	-	-	1
Other collection rights		874	-	-	-	874
TOTAL RECEIVABLES		2,564	1	-	-	2,565
Suppliers and trade payables		3,031	-	-	-	3,031
Loans and credits received		3,001	-	-	-	3,001
Other payment obligations		963	-	-	-	963
TOTAL PAYABLES		6,995	-	-	-	6,995

Millions of Euros

	Notes	31 December 2020				Total
		Significant shareholders	Directors and senior management	ENDESA employees, companies or entities	Other related parties	
Customers and trade receivables	9	624	-	-	-	624
Loans and credits granted		-	1	-	-	1
Other collection rights		520	-	-	-	520
TOTAL RECEIVABLES		1,144	1	-	-	1,145
Suppliers and trade payables		1,233	-	-	-	1,233
Loans and credits received		3,002	-	-	-	3,002
Other payment obligations		504	-	-	-	504
TOTAL PAYABLES		4,739	-	-	-	4,739

20.2. Associates and joint ventures.

At 30 June 2021 and 31 December 2020, the information on trade receivables, and credits and guarantees issued to Associates and Joint Ventures is:

Millions of Euros

	Notes	Associates		Joint Ventures		Joint Operation	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Trade receivables for sales and services	9	15	3	7	2	-	-
Credits		61	61	-	-	4	3
Guarantees issued		-	-	-	-	-	-

In the first half of 2021 and 2020, transactions performed with associates, joint ventures and jointly controlled entities not eliminated on consolidation are as follows:

Millions of Euros

	Associates		Joint Ventures		Joint Operation	
	January-June 2021	January-June 2020	January-June 2021	January-June 2020	January-June 2021	January-June 2020
Revenue	3	1	1	1	-	-
Expenses	(11)	(9)	(12)	(12)	(16)	(18)

20.3. Remuneration and other benefits of directors and senior management.

The remuneration accrued by the directors in the first semesters of 2021 and 2020 was as follows:

Thousands of Euros

Item	Directors	
	January-June 2021	January-June 2020
Remuneration for belonging to the board of directors and/or board committees	1,191	1,002
Salaries	480	448
Variable remuneration in cash	456	741
Share-based payment plans	86	43
Indemnities	-	-
Long-term savings systems	29	474
Other items	98	32
TOTAL	2,340	2,740

At 30 June 2021 and 2020, loans in the amount of Euro 396 thousand had been granted to the Executive Director, of which Euro 230 thousand correspond to loans bearing an average interest rate of 0,187% and Euro 166 thousand to interest-free loans (interest subsidies are treated as remuneration in kind). Repayment of the principal will be made over the working life of the employee, with full cancellation when they leave the company.

The following remuneration was received by senior management in the six months ended 30 June 2021 and 2020:

Item	Executives	
	Amount	
	January-June 2021	January-June 2020
Remuneration received	4,877	6,237
TOTAL	4,877	6,237

At 30 June 2021 and 2020, there were 16 senior managers in both years, respectively.

At 30 June 2021 and 31 December 2020, in terms of remuneration, the Company had not issued any guarantees to senior managers who were not also executive directors.

At 30 June 2021 and 2020, the Company had all its early retirement and pension obligations with Directors and Senior managers covered.

20.4. Conflicts of interest.

In accordance with article 229 of the Corporate Enterprises Act, the direct or indirect conflicts of interest involving members of the Board of Directors with the Company's interests, together with their handling in the first half of 2021, were as follows:

- The Executive Director, in his capacity as Director of ENEL Iberia S.L.U., appointed by Enel, S.p.A., had conflicts of interest when authorising transactions with Enel, S.p.A. or Enel Group companies. In all the situations arising in the first half of 2021, the Executive Director did not participate in the related items on the agenda of the corresponding Board of Directors' meeting.
- The Proprietary Directors, appointed by ENEL, S.p.A., had a conflict of interest when authorising transactions with ENEL, S.p.A. or ENEL Group companies. In all the situations arising in the first half of 2021, the Proprietary Directors did not participate in the related items on the agenda of the corresponding Board of Directors meeting.

Distribution by gender: At 30 June 2021, the Board of Directors of ENDESA, S.A. comprised 11 directors, 4 of which were female (13 directors, 4 of which were female at 31 December 2020).

During the first six months of 2021 and 2020, the Company has taken out civil liability policies for Directors and Senior Executives for gross amounts of Euros 757 thousand and Euros 232 thousand, respectively. Both Directors and Company personnel with managerial responsibilities are insured.

20.5. Share-based payment schemes tied to the ENDESA, S.A. share price.

ENDESA's long-term variable remuneration is based on long-term remuneration schemes, known as the "Loyalty-building and Strategic Incentive Plans", aimed primarily at strengthening the commitment of employees that occupy positions of greater responsibility in the attainment of the Group's strategic targets. The Plan is structured through successive three-year programmes with a new programme starting every year as from 1 January 2010. Since 2014, the plans have included deferment of payment and the need for management staff to be currently in service at the time of the same (unless the manager retires or leaves the company on termination of a contract with a specified duration, in which case the scheme completed at the date of leaving the company shall be applied, and payments will remain deferred to the corresponding date, even though the manager does not continue to work at the company). Payments will be paid on two dates: 30% of the incentive will be paid in the year following the end of the Plan, and the remaining 70%, if applicable, will be paid two years after the end of the Plan.

Information on the Loyalty-building Plan 2019-2021 and the Strategic Incentive Plan 2020-2022 is provided in Note 34.3.5 to ENDESA's Consolidated Financial Statements for the year ended 31 December 2020.

Strategic incentive plan 2021-2023.

On 30 April 2021, the General Shareholders' Meeting of ENDESA, S.A. approved a long-term variable remuneration plan known as the "Strategic Incentive Plan 2021-2023":

The purpose and characteristics of this Plan are the same as those set down in the "Strategic Incentive Plan 2020-2022" described in Note 34.3.5 to the Consolidated Financial Statements for the year ended 31 December 2020, while the performance period and objectives to which its accrual is tied differ.

Therefore, the accrual of the "Strategic Incentive 2021-2023" is linked to the fulfilment of four objectives during the performance period, which shall be three years starting on 1 January 2021:

- Performance of the average Total Shareholder Return (TSR) of ENDESA, S.A. in relation to the performance of the average TSR of the Euro-Stoxx Utilities index, selected as the benchmark for the peer group. This parameter will be weighted at 50% of the total incentive.
- Target for the cumulative Return on Average Capital Employed (ROACE)¹ during the accrual period. ENDESA's cumulative ROACE target represents the relationship between cumulative Ordinary Profit from Operations (Ordinary EBIT)² and cumulative Average Net Capital Invested (Average NCI)³, during the 2021-2023 period. This parameter will be weighted at 25% of the total incentive.
- Net installed capacity from renewable sources, represented as the relationship between net installed capacity from renewable sources and total net installed capacity at ENDESA in 2023. This parameter will be weighted at 15% of the total incentive.
- Reduction of ENDESA's CO₂ emissions. This parameter will be weighted at 10% of the incentive.

The amount accrued under these plans in the first half of 2021 totalled Euros 1.9 million (Euros 3 million in the first half of 2020), with Euros 0.6 million corresponding to the estimate of the share-based payments to be settled on equity instruments (Euros 0.3 million in the first half of 2020) and Euros 1.3 million to the estimate of the plan payments to be settled in cash (Euros 2.7 million in the first half of 2020).

21. Personnel.

ENDESA's final and average headcounts, by Segment, professional category and gender, are as follows:

Number of employees	Final headcount					
	30 June 2021			31 December 2020		
	Male	Female	Total	Male	Female	Total
Executives	208	52	260	217	54	271
Middle management	2,358	1,179	3,537	2,380	1,152	3,532
Administration and management personnel and workers	4,375	1,102	5,477	4,638	1,150	5,788
TOTAL EMPLOYEES	6,941	2,333	9,274	7,235	2,356	9,591

¹ "Return On Average Capital Employed" (ROACE) (%) - Ordinary Operating Income (Ordinary EBIT) / Average Net Capital Invested (Average NCI).

² Ordinary Operating Income (Ordinary EBIT) (Millions of Euros) - Operating Income (EBIT) corrected for extraordinary unbudgeted purposes.

³ Average Net Capital Invested (Average NCI) (Millions of Euros) = ((Equity + Net Financial Debt - Cash and Cash Equivalents) + (Equity + Net Financial Debt - Cash and Cash Equivalents)_{n-1}) / 2.

Number of employees

	Final headcount					
	30 June 2021			31 December 2020		
	Male	Female	Total	Male	Female	Total
Generation and Supply	3,479	1,029	4,508	3,596	1,041	4,637
Distribution	2,368	462	2,830	2,503	440	2,943
Structure and others ⁽¹⁾	1,094	842	1,936	1,136	875	2,011
TOTAL EMPLOYEES	6,941	2,333	9,274	7,235	2,356	9,591

(1) Structure and services.

Number of employees

	Average headcount					
	January-June 2021			January-June 2020		
	Male	Female	Total	Male	Female	Total
Executives	211	52	263	221	53	274
Middle management	2,357	1,141	3,498	2,313	1,104	3,417
Administration and management personnel and workers	4,510	1,104	5,614	4,957	1,170	6,127
TOTAL EMPLOYEES	7,078	2,297	9,375	7,491	2,327	9,818

Number of employees

	Average headcount					
	January-June 2021			January-June 2020		
	Male	Female	Total	Male	Female	Total
Generation and Supply	3,514	1,020	4,534	4,104	1,111	5,215
Distribution	2,457	439	2,896	2,499	434	2,933
Structure and others ⁽¹⁾	1,107	838	1,945	888	782	1,670
TOTAL	7,078	2,297	9,375	7,491	2,327	9,818

(1) Structure and services.

In the first semesters of 2021 and 2020, the average number of employees at jointly controlled entities was 805 and 829, respectively.

22. Guarantees to third parties and other commitments.

22.1. Direct and indirect guarantees

At 30 June 2021 and 31 December 2020, there were guarantees provided to third parties for the following concepts and amounts:

Millions of Euros

	Notes	30 June 2021	31 December 2020
Property, plant and equipment as a guarantee for financing received	13.2.3	90	79
Short- and long-term gas contracts		209	135
Energy contracts		31	33
Lease agreement for methane tankers		145	140
TOTAL ⁽¹⁾		475	387

(1) Does not include bank guarantees with respect to third parties.

At 30 June 2021 and 31 December 2020, the detail of the guarantees issued with respect to ENDESA's associates, joint ventures and jointly controlled entities was set forth in Note 20.2.

ENDESA considers that any additional liabilities arising from guarantees given at 30 June 2021 would not be material.

22.2. Other commitments.

There are no further commitments to those described in Notes 4.3, 5.2, and 8.2 to these Interim Condensed Consolidated Financial Statements.

23. Events after the reporting period.

On 20 July 2021, through its subsidiary ENEL Green España, S.L.U. (EGPE), ENDESA signed agreements with Envatios Invest, S.L. and Explotaciones Agrícolas Sostenibles, S.L. to purchase 100% of the shares of Energía Renovables Yadisema, S.L., Energía Renovables Zednemen, S.L., Envatios Promoción XXV, S.L. and Solusol PV1, S.L. over the coming months, for a total of Euro 82 million, of which, at the signature date of the agreements, Euro 19 million had been paid.

The purchase is previously dependent upon compliance with certain contractual clauses, among them, the obtainment of a favourable Environmental Impact Statement (EIS) within the deadlines stipulated in Royal Decree Law 23/2020, of 23 June 2020.

Except that mentioned in the preceding paragraphs, no other significant subsequent events took place between 30 June 2021 and the approval date of these Interim Condensed Consolidated Financial Statements other than those that have already been reported herein.

24 Explanation added for translation to English

These Interim Condensed Consolidated Financial Statements are presented on the basis of IFRSs, as adopted by the European Union. Consequently, certain accounting practices applied by the Group that conform to IFRSs may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevail.

ENDESA, S.A.
and Subsidiaries

Consolidated Management Report
for the six-month period
ended 30 June 2021

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Madrid, 26 July 2021

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR THE
SIX-MONTH PERIOD ENDED
30 JUNE 2021

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(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR THE
SIX MONTHS ENDED
30 JUNE 2021

1. Most significant figures.

Main figures	SDG ⁽¹⁾	Unit	January-June 2021	January-June 2020	% Var.
Revenue		€M	10,272	8,883	15.6
Gross operating profit (EBITDA) ⁽²⁾		€M	1,879	2,315	(18.8)
Net income		€M	832	1,128	(26.2)
Net ordinary income ⁽²⁾		€M	832	1,128	(26.2)
Net financial debt ⁽²⁾		€M	8,184 ⁽³⁾	6,899 ⁽⁴⁾	18.6
Cash flows from operating activities		€M	492	995	(50.6)
Gross investments in property, plant and equipment and		€M	895	789	13.4
Net installed capacity		MW	21,666 ⁽³⁾	21,652 ⁽⁴⁾	0.1
Net installed mainland renewable capacity	7	MW	7,720 ⁽³⁾	7,719 ⁽⁴⁾	0.0
Net installed mainland renewable capacity	7	%	45 ⁽³⁾	45 ⁽⁴⁾	-
Additional installed renewable capacity	7	MW	15 ⁽³⁾	391 ⁽⁴⁾	(96.2)
Electricity generation		GWh	27,592	27,575	0.1
Generation of renewable electricity	7	GWh	7,182	7,396	(2.9)
Distribution and transmission networks	9	km	315,847 ⁽³⁾	315,365 ⁽⁴⁾	0.2
Energy distributed ⁽⁵⁾	9	GWh	64,191	58,788	9.2
End users ⁽⁶⁾		Thousands	12,318 ⁽³⁾	12,291 ⁽⁴⁾	0.2
List of digitalised customers ⁽⁷⁾	9	%	100.0 ⁽³⁾	100.0 ⁽⁴⁾	N/A
Net electricity sales ⁽⁸⁾		GWh	39,420	39,038	1.0
Number of customers (electricity) ^{(9) (10)}		Thousands	10,212 ⁽³⁾	10,420 ⁽⁴⁾	(2.0)
Deregulated market ⁽¹¹⁾		Thousands	5,668 ⁽³⁾	5,690 ⁽⁴⁾	(0.4)
Public and private electricity charging stations	11	Units	8,009 ⁽³⁾	7,072 ⁽⁴⁾	13.2
Final headcount		No. of employees	9,274 ⁽³⁾	9,591 ⁽⁴⁾	(3.3)

€M = million euros.

(1) Sustainable Development Goals.

(2) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(3) At 30 June 2021.

(4) At 31 December 2020.

(5) Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

(6) Customers of distribution companies.

(7) Number of digitalised customers / End users (%).

(8) Sales to end customers.

(9) Supply points.

(10) Customers of supply companies.

(11) Customers of deregulated supply companies.

2. Basis of preparation of the Interim Condensed Consolidated Financial Statements.

The accounting policies used to prepare this Consolidated Management Report are the same as those applied in the Consolidated Financial Statements for the year ended 31 December 2020, except for the following new standards, amendments and interpretations adopted by the European Union and applied for the first time to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021:

Standards, amendments and interpretations	Mandatory application: annual periods beginning on
Amendments to IFRS 4 "Insurance Contracts" – Deferral of IFRS 9 "Financial Instruments".	1 January 2021
Interest Rate Benchmark Reform – Phase 2 - Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosure Initiative", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases".	1 January 2021

The application of these amendments and changes has not had a material impact on the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021.

3. Reference scenario.

3.1. Performance of the Main Market Indicators.

Market indicators	January-June 2021	January-June 2020	% Var.
Arithmetic average price in the wholesale electricity market (€/MWh) ⁽¹⁾	58.6	29.0	102.0
ICE Brent average price (\$/bbl) ⁽²⁾	65.2	42.1	54.9
Average price of carbon dioxide (CO ₂) emission rights (€/t) ⁽³⁾	43.8	22.0	99.1
Average price of coal (€/MWh) ⁽⁴⁾	77.8	45.8	69.8
Average price of gas (€/MWh) ⁽⁵⁾	21.7	7.5	189.3

(1) Source: Iberian Energy Market Operator - Polo Español (OMIE).

(2) Source: ICE: Brent Crude Futures.

(3) Source: ICE: ECX Carbon Financial Futures Daily.

(4) Source: Api2 index.

(5) Source: TTF index.

Closing Exchange Rates ⁽¹⁾	30 June 2021	31 December 2020	Difference
Closing exchange rate (Euros / US Dollar)	1,1894	1,2270	(0,0376)
Closing exchange rate (Euros / Pound Sterling)	0,8577	0,8980	(0,0403)

(1) Source: Thomson Reuters.

Average Exchange Closing and interest rates	30 June 2021	30 June 2020	Difference
Average exchange rate (Euros / US Dollar) ⁽¹⁾	1,2051	1,1018	0,1033
6-month Euribor (period average) ⁽²⁾	(0.42)	(0.29)	(0.13)

(1) Source: Thomson Reuters.

(2) Source: Bloomberg.

Estimated annual inflation ⁽¹⁾	30 June 2021	30 June 2020	Difference
Spain		2.6	(0.3)

(1) Source: INE (Spanish Official Statistics Institute).

3.2. Electricity and gas market.

Electricity.

The changes in electricity demand at 30 June 2021 and 2020 are as follows:

Trends in electricity demand ⁽¹⁾	Non-adjusted for working days and temperature		Adjusted for working days and temperature	
	January-June 2021	January-June 2020	January-June 2021	January-June 2020
	Mainland	5.5	(7.8)	5.1
Non-mainland Territories (TNP)	1.0	(13.2)	0.3	(23.1)

(1) Source: Red Eléctrica de España, S.A. (REE). In power plant busbars.

During the first six months of 2021, accumulated mainland electricity demand rose by 5.5% relative to the same period of the previous year (5.1% correcting for working days and temperature).

The accumulated electricity demand in Non-mainland Territories (TNP) ended the first half of 2021 with an 8.3% increase in the Balearic Islands and a 3.2% decrease in the Canary Islands relative to the same period of the previous year (6.8% and -3.4% respectively, adjusted for the effect of working days and temperature).

As at 30 June 2021 and 2020, mainland electricity demand in the territories in which ENDESA distributes electricity, by activity segment, is as follows:

Percentage (%)

Changes in mainland electricity demand: ENDESA area ⁽¹⁾	January-June 2021	January-June 2020
ENDESA	4.5	(7.0)
Industrial	3.7	(8.8)
Services	9.1	(13.1)
Residential	0.7	0.8
ENDESA adjusted for working days and temperature	3.8	(7.4)

(1) Source: In-house.

The first half of 2021 was characterised by extraordinarily high prices, with the arithmetic average price in the wholesale electricity market standing at Euros 58.6/MWh (+102.0%), mainly due to changes in the prices of commodities and carbon dioxide (CO₂) emission rights.

The contribution of renewable energies to total mainland production in the first half of 2021 was 65.8% (59.7% in the first half of 2020).

At 30 June 2021, ENDESA held the following electricity market shares:

Percentage (%)

Market share (electricity) ⁽¹⁾	30 June 2021	31 December 2020
Mainland generation ⁽²⁾	17.9	18.0
Distribution	42.3	42.9
Supply	29.9	32.4

(1) Source: In-house.

(2) Includes renewable energies.

Gas.

The changes in gas demand at 30 June 2021 and 2020 are as follows:

Percentage (%)

Trend in demand for gas ⁽¹⁾	January-June 2021	January-June 2020
Domestic market	2.3	(11.3)
Domestic - conventional	6.1	(8.5)
Electricity sector	(11.9)	(21.2)

(1) Source: Enagás, S.A.

During the first half of 2021, conventional demand for gas increased by 6.1% relative to the same period of the previous year, due, among other things, to the negative impact of the COVID-19 health crisis on demand for gas during the first half of 2020.

At 30 June 2021, ENDESA had the following market share for gas:

Percentage (%)

Market share (gas) ⁽¹⁾	30 June 2021	31 December 2020
Deregulated market	15.0	14.3

(1) Source: In-house.

4. Main risk factors and uncertainties for ENDESA's business

During the first half of 2021, ENDESA followed the same general risk management policy described in its Consolidated Financial Statements for the year ended 31 December 2020.

The information regarding the main risks and uncertainties associated with ENDESA's activity is described in section 7. Main Risks and Uncertainties in connection with ENDESA's Business of the Consolidated Management Report for the year ended 31 December 2020.

The economic crisis resulting from COVID-19 has led to a new and more difficult macroeconomic situation, with new risks becoming prominent and other becoming more volatile. As a result, ENDESA has been

operating against a backdrop of greater uncertainty in which the focus is on protecting people and achieving the strategic plan in a context dominated by digitalisation, remote working and a focus on ESG (Environmental, Social and Governance) trends.

During the first half of 2021, the vaccination campaigns launched by the Spanish government progressed as planned, although we cannot regard the COVID-19 pandemic as being over. ENDESA always considers the “Coordinated actions in response to the COVID-19 pandemic” guide to action, which focuses on indicators of infections (accumulated cases) and usage of the health services (occupancy of beds due to hospitalisation and in intensive care units (ICUs)).

The current situations involves risks that are difficult to manage and to determine the likelihood of. These include changes to regulations for electricity generation, potential tax reforms, slow recovery of demand and increasing competition. All of these challenges could add to the pressure of achieving the Plan objectives.

The main risks and uncertainties ENDESA faces in the second half of 2021 include:

Strategic Risks.

- ENDESA’s activities are subject to extensive rules and regulation, and potential regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows (see Section 10. Regulatory Framework in this Consolidated Management Report and Note 3 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).
- If the economic situation in Spain, Portugal or other euro area economies deteriorates or recovery from COVID-19 is slow, this could adversely affect energy demand and, consequently, the results of ENDESA's business activities.

Financial Risks.

- Electricity prices and fuel prices in the wholesale market, specifically, coal, gas and CO₂ emission rights, will impact business costs and sale prices. Although ENDESA has fuel price hedges in place and has arranged contracts for power sold to customers for the next few months, fluctuations in both the market price for fuel and for electricity will affect the Group’s costs and revenue, and therefore, margins.
- Potential levels of rainfall and wind will also affect electricity production costs and market prices, in turn affecting margins in the second half of 2021.
- Interest rates will have an impact on ENDESA’s results in the second half of 2021, due to the portion of the Group’s net financial debt held at floating interest rates. In order to offset this impact, ENDESA has a policy of hedging interest rate risk through derivatives (see Note 15.1 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).
- The profit and loss of investees over which ENDESA does not exercise control and which are accounted for in the Consolidated Financial Statements for the equity method may also affect earnings in the second half of 2021 (see Section 6.3.4. Net Income of Companies Accounted for Using the Equity Method in this Consolidated Management Report and Note 7 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Operational Risks.

- ENDESA is exposed to risks of breakdown and accidents that can temporarily interrupt the operation of its plants and services to its customers. Any such events would negatively impact its results.

Other Risks.

- ENDESA is involved in some legal proceedings, the Resolution of which could have an impact on the Consolidated Financial Statements (see Notes 16.3 in the Notes to the Consolidated Financial Statements for the year ended 31 December 2020 and Note 12.2 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

5. Significant events in the period.

5.1. Changes in the consolidation scope.

In the first half of 2021, the following transactions were carried out:

Companies	Transaction	Date	Activity	Stake at 30 June 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Ownership	Control	Ownership
Arena Power Solar 11, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 12, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 13, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 4, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 5, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 6, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 33, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 34, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 35, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 9, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 10, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Energía Eólica Galerna, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	-	-
Energía Eólica Gregal, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	-	-
Energía Eólica Abrego, S.L.	Acquisition	17 May 2021	Wind	100.00	100.00	-	-
Energía Base Natural, S.L.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	-	-
Energía y Naturaleza, S.L.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	-	-
Ateca Renovables, S.L. (1)	Formed	18 June 2021	Photovoltaic	50.00	50.00	-	-
Terrer Renovables, S.L. (1)	Formed	18 June 2021	Photovoltaic	29.57	29.57	-	-
Planta Eólica Europea, S.A. (2)	Acquisition	24 June 2021	Wind	100.00	100.00	56.12	56.12

(1) Companies included in the Consolidated Financial Statements by the equity method with a value of less than Euros 1 million

(2) These transactions had no impact on the income statement, but had an impact of Euros 1 million on equity.

No subsidiaries, associates, joint operations or joint ventures were removed from the consolidation scope in the six months ended 30 June 2021 and 2020 (see Notes 2.3, 2.4 and 2.5 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Corporate acquisitions in the renewable energy business.

During the first half of 2021, all corporate acquisitions formalised corresponded to the renewable energy business.

The total transaction price was Euros 47 million, of which Euros 26 million was still payable at 30 June 2021, subject to compliance with certain contractual stipulations (see Section 7.5. Cash Flows Statement in this Consolidated Management Report).

The acquisition of these companies led to an accounting entry under “Intangible assets” in the consolidated statement of financial position of Euros 46 million, relating almost in full to the value of the licences for the development of wind farms and photovoltaic plants.

The companies acquired are currently applying for permits and licences to carry out their projects and/or are in the construction phase. Therefore, construction work has not yet started on the renewable energy facilities, and no ordinary revenue has been generated since the acquisition date.

Through the acquisition of wind and photovoltaic projects that are under development, ENDESA will bolster its presence in the Iberian generation market, expanding its portfolio of renewable energy assets in its production mix, consistently with the strategic approaches set out in the 2021-2023 Strategic Plan (see Section 6. Outlook of the Consolidated Management Report for the year ended 31 December 2020).

5.2. COVID-19 health crisis.

Given the complexity of the current situation, ENDESA is constantly monitoring the evolution of the COVID-19 pandemic, together with the changes in macroeconomic, financial and trade variables, as well as the regulatory measures in force, to update the estimate of the possible effects on the Consolidated Financial Statements, in line with the recommendations of the European Securities and Markets Authority (ESMA) and the Spanish Securities Market Commission (CNMV).

In accordance with the foregoing, the information relating to the main impacts for ENDESA related to the COVID-19 health crisis are described in the following notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 and sections in this Consolidated Management Report at 30 June 2021:

Matters	Reference ⁽¹⁾	Sections	Contents
Going concern	2.1	-	Impact of the health crisis on the activities performed by the Group companies.
COVID-19 health crisis	2.2.1	-	-
Leases	4.1.1 and 4.1.2	7.2	Effect of the health crisis on the lease arrangements signed (modification, renegotiation or cancellation of clauses).
Investments	4.2	7.6	Impact of the pandemic on the implementation of the investment plan.
Insurance	4.4 and 8.3	-	Effect of the pandemic on insurance contracts concluded.
Inventories	8.2	-	Effect of the economic context on contracts with "take or pay" clauses.
Credit risk	9.1 and 15.3	7.2	Impact of the health crisis.
Provisions	12.1.1 and 12.1.2		Actuarial assumptions used.
Financial debt	13.2.2	7.2	Refinancing of borrowings.
Liquidity risk	13.2.1 and 15.2	7.2	Financial transactions arranged.
Classification of financial assets	14.1	-	Modification of the business model and of the contractual characteristics of the cash flows from financial assets, and reclassification among the categories of such assets.
Derivatives and Hedging transactions	14.3 and 15.1	6.3.1	Compliance with the criteria established by the regulations to apply hedges.
Fair value measurement	14.3	-	Changes in the measurement bases used to determine the fair value.
Concentration risk	15.4	-	Effect of the pandemic on the concentration risk.
Corporate income tax	16.1	6.3.6	Recovery of deferred tax assets.

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Taken together, the effects of the health crisis in the period January-June 2021 did not have a significant impact on gross operating profit (EBITDA) or operating profit (EBIT) (negative impact of Euros 80 million and Euros 100 million, respectively, in the period January-June 2020), in addition to the costs accruing from the Public Accountability Plan, in the amount of Euros 12 million.

6. Changes in ENDESA's operations and profit and loss in the first half of 2021.

6.1. Operating performance.

Operating figures	SDG ⁽¹⁾	Unit	January-June 2021	January-June 2020	% Var.
Electricity generation		GWh	27,592	27,575	0.1
Generation of renewable electricity	7	GWh	7,182	7,396	(2.9)
Gross installed capacity		MW	22,479 ⁽²⁾	22,465 ⁽³⁾	0.1
Net installed capacity		MW	21,666 ⁽²⁾	21,652 ⁽³⁾	0.1
Net installed mainland renewable capacity	7	MW	7,720 ⁽²⁾	7,719 ⁽³⁾	0.0
Net installed mainland renewable capacity	7	%	45 ⁽²⁾	45 ⁽³⁾	-
Additional installed renewable capacity	7	MW	15 ⁽²⁾	391 ⁽³⁾	(96.2)
Energy distributed ⁽⁴⁾	9	GWh	64,191	58,788	9.2
Digitalised customers ⁽⁵⁾	9	Thousands	12,451 ⁽²⁾	12,389 ⁽³⁾	0.5
Distribution and transmission networks	9	km	315,847 ⁽²⁾	315,365 ⁽³⁾	0.2
End users ⁽⁶⁾		Thousands	12,318 ⁽²⁾	12,291 ⁽³⁾	0.2
Digitalised customers Ratio ⁽⁷⁾		(%)	100.0 ⁽²⁾	100.0 ⁽³⁾	N/A
Gross electricity sales ⁽⁸⁾		GWh	43,721	42,908	1.9
Net electricity sales ⁽⁹⁾		GWh	39,420	39,038	1.0
Gas sales ⁽¹⁰⁾		GWh	40,742	33,995	19.8
Number of customers (electricity) ^{(11) (12)}		Thousands	10,212 ⁽²⁾	10,420 ⁽³⁾	(2.0)
Deregulated market ⁽¹³⁾		Thousands	5,668 ⁽²⁾	5,690 ⁽³⁾	(0.4)
Public and private electricity charging stations	11	Units	8,009 ⁽²⁾	7,072 ⁽³⁾	13.2
Public lighting points	11	Units	101 ⁽²⁾	100 ⁽³⁾	1.0
Final headcount		No. of employees	9,274 ⁽²⁾	9,591 ⁽³⁾	(3.3)
Average headcount		No. of employees	9,375	9,818	(4.5)

(1) Sustainable Development Goals.

(2) At 30 June 2021.

(3) At 31 December 2020.

(4) Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

(5) Activated smart meters.

(6) Customers of distribution companies.

(7) Number of digitalised customers / End users (%).

(8) In power plant busbars.

(9) Sales to end customers.

(10) Without in-house generation consumption.

(11) Supply points.

(12) Customers of supply companies.

(13) Customers of unregulated supply companies.

Electricity generation.

ENDESA's electricity production during the first half of 2021 was 27,592 GWh, similar to the same period of the previous year, as detailed below:

Electricity generation ⁽¹⁾	January-June 2021		January-June 2020		% Var.
	GWh	Percentage (%)	GWh	Percentage (%)	
Mainland	22,809	82.7	22,601	82.0	0.9
Renewable energy plants	7,182	26.0	7,396	26.8	(2.9)
Hydroelectric	3,703	13.4	4,714	17.1	(21.4)
Wind ⁽²⁾	2,983	10.8	2,424	8.8	23.1
Photovoltaic ⁽³⁾	495	1.8	258	0.9	91.9
Rest	1	0.0	-	-	N/A
Nuclear power	12,815	46.4	12,672	46.0	1.1
Coal	391	1.4	664	2.4	(41.1)
Combined cycle (CCGT)	2,421	8.8	1,869	6.8	29.5
Non-mainland Territories (TNP)	4,783	17.3	4,974	18.0	(3.8)
Coal	39	0.1	(9) ⁽⁴⁾	-	N/A
Fuel-gas	1,752	6.4	2,042	7.4	(14.2)
Combined cycle (CCGT)	2,992	10.8	2,941	10.6	1.7
TOTAL	27,592	100.0	27,575	100.0	0.1

(1) In power plant busbars.

(2) The period from January-June 2021 includes 53 GWh corresponding to Non-mainland Territories (TNP) (28 GWh in the period from January-June 2020).

(3) The period from January-June 2021 includes 24 GWh corresponding to Non-mainland Territories (TNP) (0 GWh in the period from January-June 2020).

(4) Own consumption.

Non-emitting renewable and nuclear technologies accounted for 87.7% of ENDESA's mainland generation mix in the first half of 2021, compared to 87.7% for the rest of the sector (88.8% and 83.5%, respectively in the first half of 2020).

Gross and Net Installed Capacity

ENDESA's gross and net installed capacity at 30 June 2021 and 31 December 2020 was 22,479 MW and 21,666 MW, respectively, as detailed below:

Gross installed capacity	30 June 2021		31 December 2020		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,743	78.9	17,729	78.9	0.1
Renewables ^{(1) (2)}	7,838	34.9	7,825	34.8	0.2
Hydroelectric	4,791	21.3	4,793	21.3	(0.0)
Wind ⁽³⁾	2,422	10.8	2,423	10.8	(0.0)
Photovoltaic ⁽⁴⁾	625	2.8	609	2.7	2.6
Nuclear power	3,453	15.4	3,453	15.4	-
Coal	2,628	11.7	2,627	11.7	0.0
Combined cycle (CCGT)	3,824	17.0	3,824	17.0	-
Non-mainland Territories (TNP)	4,736	21.1	4,736	21.1	-
Coal	260	1.2	260	1.2	-
Fuel-gas	2,619	11.7	2,619	11.7	-
Combined cycle (CCGT)	1,857	8.3	1,857	8.3	-
TOTAL	22,479	100.0	22,465	100.0	0.1

(1) At 30 June 2021 and 31 December 2020, additional capacity was 15 MW and 391 MW, respectively.

(2) At 30 June 2021, mainland gross installed renewable energy capacity accounted for 44% of the total mainland gross installed capacity (44% at 31 December 2020).

(3) At 30 June 2021 and 31 December 2020, it included 40 MW relating to Non-mainland Territories (TNP).

(4) At 30 June 2021, it included 35 MW relating to Non-mainland Territories (TNP) (22 MW at 31 December 2020).

Net installed capacity	30 June 2021		31 December 2020		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,402	80.3	17,388	80.3	0.1
Renewables ^{(1) (2)}	7,795	36.0	7,781	35.9	0.2
Hydroelectric	4,748	21.9	4,749	21.9	(0.0)
Wind ⁽³⁾	2,422	11.2	2,423	11.2	(0.0)
Photovoltaic ⁽⁴⁾	625	2.9	609	2.8	2.6
Nuclear power	3,328	15.4	3,328	15.4	-
Coal	2,523	11.6	2,523	11.7	-
Combined cycle (CCGT)	3,756	17.3	3,756	17.3	-
Non-mainland Territories (TNP)	4,264	19.7	4,264	19.7	-
Coal	241	1.1	241	1.1	-
Fuel-gas	2,334	10.8	2,334	10.8	-
Combined cycle (CCGT)	1,689	7.8	1,689	7.8	-
TOTAL	21,666	100.0	21,652	100.0	0.1

(1) At 30 June 2021 and 31 December 2020, additional capacity was 15 MW and 391 MW, respectively.

(2) At 30 June 2021, mainland net installed renewable energy capacity accounted for 45% of the total mainland net installed capacity (45% at 31 December 2020).

(3) At 30 June 2021 and 31 December 2020, it included 40 MW relating to Non-mainland Territories (TNP).

(4) At 30 June 2021, it included 35 MW relating to Non-mainland Territories (TNP) (22 MW at 31 December 2020).

Electricity and gas sales.

Electricity.

At 30 June 2021, ENDESA had 10,212,484 electricity customers, down 2.0% on 31 December 2020, as shown in the following breakdown:

Thousands				
Number of customers (Electricity) ^{(1) (2)}	30 June 2021	31 December 2020	% Var.	
Regulated market	4,544	4,730	(3.9)	
Mainland Spain	3,865	4,020	(3.9)	
Non-mainland Territories (TNP)	679	710	(4.4)	
Deregulated market	5,668	5,690	(0.4)	
Mainland Spain	4,398	4,444	(1.0)	
Non-mainland Territories (TNP)	844	838	0.7	
Outside Spain	426	408	4.4	
TOTAL	10,212	10,420	(2.0)	
Revenue / Supply points ⁽³⁾	2.4	1.1	-	

(1) Supply points.

(2) Customers of supply companies.

(3) Relationship between annualised revenue from electricity sales and the number of electricity supply points (Thousands of euros / Supply points).

ENDESA's gross and net sales to these customers in the first half of 2021 totalled 43,721 GWh and 39,420 GWh, up 1.9% and 1.0%, respectively, with respect to the first half of 2020, as follows:

GWh

	Gross electricity sales ⁽¹⁾			Net electricity sales ⁽²⁾		
	January-June 2021	January-June 2020	% Var.	January-June 2021	January-June 2020	% Var.
Regulated price	6,459	6,440	0.3	5,441	5,523	(1.5)
Deregulated market	37,262	36,468	2.2	33,979	33,515	1.4
Spanish	31,807	31,568	0.8	28,843	28,885	(0.1)
Outside Spain	5,455	4,900	11.3	5,136	4,630	10.9
TOTAL	43,721	42,908	1.9	39,420	39,038	1.0

(1) In power plant busbars.

(2) Sales to end customers.

Gas.

At 30 June 2021, ENDESA had 1,655,934 gas customers, down 1.0% on 31 December 2020, as shown in the following breakdown:

Thousands

Number of customers (gas) ⁽¹⁾	30 June 2021	31 December 2020	% Var.
Regulated market	236	233	1.3
Mainland Spain	213	209	1.9
Non-mainland Territories (TNP)	23	24	(4.2)
Deregulated market	1,420	1,440	(1.4)
Mainland Spain	1,226	1,252	(2.1)
Non-mainland Territories (TNP)	70	71	(1.4)
Outside Spain	124	117	6.0
TOTAL	1,656	1,673	(1.0)
Revenue / Supply points ⁽²⁾	1.6	1.1	-

(1) Supply points.

(2) Relationship between annualised revenue from gas sales and the number of gas supply points (Thousands of euros / Supply points).

In the first half of 2021, ENDESA sold 40,742 GWh to customers in the natural gas market, up 19.8% on the first half of 2020.

GWh

Gas sales	January-June 2021	January-June 2020	% Var.
Deregulated market	21,719	20,391	6.5
Regulated market	719	650	10.6
International market	9,926	9,047	9.7
Wholesale business	8,378	3,907	114.4
TOTAL ⁽¹⁾	40,742	33,995	19.8

(1) Excluding own generation consumption.

Electricity distribution.

Supply quality measures	January-June 2021	January-June 2020	% Var.
Energy distributed (GWh) ⁽¹⁾	64,191	58,788	9.2
Energy losses (%) ⁽²⁾	7.4	7.7	-
Installed capacity equivalent interruption time (average) – ICEIT (minutes) ⁽³⁾	31.3	31.5	(0.6)
Duration of interruptions in the distribution grid – SAIDI (minutes) ⁽⁴⁾	77.1	72.3	6.6
Number of interruptions in the distribution grid – SAIDI (minutes) ⁽⁴⁾	1.5	1.4	7.1

(1) Energy supplied to customers with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distributors).

(2) Input of energy in the distribution grid (or energy injected into the distribution grid), less distributed energy divided among the energy input to the distributor (or energy injected into the distribution grid).

(3) Criteria of the Spanish regulator Includes figures for own, programmed and transport ICEIT.

(4) Source: In-house. Figures for the last 12 months.

6.2. Climate change and protecting the environment

Information relating to climate change is provided in Note 39. Climate Change in the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

During the first half of 2021, ENDESA continued making progress with its commitment to lead the energy transition, in line with the United Nation's Sustainable Development Goals (SDGs). This involves developing a business model consistent with the objectives of the Paris Agreement to achieve the challenge of decarbonisation and so contain the average increase in global temperatures to below 2° C compared to pre-industrial levels (see Note 2.2.2. of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Key performance indicators (KPIs) related to climate change and protecting the environment.

In the periods from January to June 2021 and 2020, the key performance indicators (KPIs) relating to the environment performed were as follows:

Key performance indicators (KPIs) ⁽¹⁾	Unit	Description	January-June 2021	January-June 2020
CO ₂ emissions, scope 1 greenhouse gasses (GHG)	Tonnes (t)	Emissions of greenhouse gasses (GHG) in scope 1 of the carbon footprint, which includes direct emissions of greenhouse gasses from sources controlled by the Company (including emissions from electricity generation in thermal power plants, use of sulphur hexafluoride (SF ₆), methane leaks generated in hydropower plant reservoirs, air conditioning of offices and its own vehicle fleet).	4,523,069	5,046,756
CO ₂ emissions, scope 3 greenhouse gasses (GHG)	Tonnes (t)	Emissions of greenhouse gasses (GHG) in scope 3 of the carbon footprint, which include emissions resulting from ENDESA's activity but not produced by sources its controls.	11,472,523	10,751,755
CO ₂ emissions, scope 3 greenhouse gasses (GHG) attributable to gas sales	Tonnes (t)	Emissions of greenhouse gasses (GHG) in scope 3 of the carbon footprint, which include emissions resulting from ENDESA's activity but not produced by sources its controls. These relate specifically to Gas Sales.	8,140,469	7,567,990
CO ₂ emissions	g/kWh	Specific emissions of CO ₂ .	161	180
ENDESA's specific sulphur dioxide (SO ₂) emissions	gSO ₂ /kWh	Specific emissions of sulphur dioxide (SO ₂).	0.13	0.17
Specific nitrogen oxide (NO _x) emissions	gNO _x /kWh	Specific nitrogen oxide (NO _x) emissions.	0.71	0.77
Specific particle emissions	g/kWh	Specific particle emissions.	0.01	0.01
Extraction of fresh water in areas of water stress	%	Capture of fresh water by facilities in areas of water scarcity with respect to total industrial water withdrawn at the same plants.	13.4	13.7
Specific water extraction for total production	l/kWh	Specific water consumption for total production	0.074	0,091
Area covered by facilities in natural spaces	km ²	Area covered by facilities in protected natural spaces.	661.9	661.9

(1) Source: In-house.

6.3. Analysis of results.

ENDESA reported net income of Euros 832 million in the first half of 2021, a decrease of 26.2% compared to the Euros 1,128 million reported in the same period of the previous year.

In order to analyse this performance the following factors should be taken into account:

- ENDESA's net income for the period from January-June 2020 included a net positive impact of Euros 267 million due to the entry into force of the "V ENDESA Framework Collective Bargaining Agreement" and the recognition of certain workforce restructuring provisions relating to the "Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts" (see Section 6.3.2. Operating Expenses in this Consolidated Management Report).
- The net income for the period from January-June 2021 included a net positive impact of Euros 194 million corresponding to ENDESA's right to be compensated for the reduction in its remuneration as a generating company, reflecting the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan ("PNA" in Spanish), which it does not have a legal duty to bear (see Sections 6.3.1. Revenue, 6.3.3. Net Financial Income/(Expense) and 10. Regulatory Framework in this Consolidated Management Report).

Net ordinary income in the first six months of 2021 and 2020 was the same as net income in both periods.

The table below presents the detail of the most relevant figures in ENDESA's Consolidated Income Statement in the first half of 2021 and the variation relative to the same period of the previous year:

Millions of Euros

	Reference ⁽¹⁾	Most significant figures		
		January-June 2021	January-June 2020	% Var.
Revenue	19.3	10,272	8,883	15.6
Procurements and services		(7,426)	(5,961)	24.6
Contribution margin ⁽²⁾		2,846	2,922	(2.6)
Self-constructed assets		106	97	9.3
Personnel expenses		(466)	(95)	390.5
Other fixed operating expenses		(607)	(609)	(0.3)
Gross operating profit (EBITDA) ⁽²⁾		1,879	2,315	(18.8)
Depreciation and amortisation and impairment losses		(785)	(760)	3.3
Operating profit (EBIT) ⁽²⁾		1,094	1,555	(29.6)
Net financial income/(expense) ⁽²⁾		20	(48)	(141.7)
Income before tax		1,114	1,513	(26.4)
Net income ⁽²⁾		832	1,128	(26.2)
Net ordinary income ⁽²⁾		832	1,128	(26.2)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

Gross operating profit (EBITDA) for the first half of 2021 stood at Euros 1,879 million (-18.8%).

Operating profit (EBIT) in the first half of 2021 fell by 29.6% relative to the same period of the previous year, standing at Euros 1,094 million.

6.3.1. Revenue.

In the first half of 2021, revenue stood at Euros 10,272 million, Euros 1,389 million higher (15.6%) than in the first half in 2020.

Below are details of the revenue for the first half of 2021 and its variations relative to the same period of the previous year:

Millions of Euros

	Reference ⁽¹⁾	Revenue			
		January-June 2021	January-June 2020	Difference	% Var.
Sales		8,685	8,265	420	5.1
Other operating income		1,587	618	969	156.8
TOTAL	19.3	10,272	8,883	1,389	15.6

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Sales

The table below presents the detail of ENDESA sales in the first half of 2021 and the variations relative to the same period of the previous year:

Millions of Euros

	Reference ⁽¹⁾	Sales			
		January-June 2021	January-June 2020	Difference	% Var.
Electricity sales		6,211	5,810	401	6.9
Sales to the deregulated market		4,046	4,065	(19)	(0.5)
Sales to the Spanish deregulated market		3,486	3,561	(75)	(2.1)
Sales to customers in deregulated markets outside		560	504	56	11.1
Sales at regulated prices		1,063	872	191	21.9
Wholesale market sales		563	239	324	135.6
Compensation from Non-mainland Territories (TNP)		490	555	(65)	(11.7)
Remuneration for investment in renewable energies		37	69	(32)	(46.4)
Other electricity sales		12	10	2	20.0
Gas sales		1,130	1,083	47	4.3
Sales to the deregulated market		1,092	1,048	44	4.2
Sales at regulated prices		38	35	3	8.6
Regulated revenue from electricity distribution		1,025	1,055	(30)	(2.8)
Other sales and services rendered		319	317	2	0.6
TOTAL	19.3	8,685	8,265	420	5.1

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Electricity sales to deregulated market customers.

In the first half of 2021, sales in the deregulated market amounted to Euros 4,046 million (-0.5%), in accordance with the following details:

- Sales in the Spanish deregulated market were Euros 3,486 million, down Euros 75 million (-2.1%) with respect to the same period of the previous year due, mainly, to the decrease in the physical units sold.
- Revenue from sales to customers in deregulated markets outside of Spain amounted to Euros 560 million, up Euros 56 million (+11.1%) with respect to the same period of the previous year due, mainly, to the changes in the unit price.

Electricity sales at a regulated price.

These sales generated income of Euros 1,063 million, up 21.9% on the first half of 2020 as a result mainly of the increased price.

Electricity sales in the wholesale market.

Income from electricity sales in the wholesale market in the first half of 2021 amounted to Euros 563 million and included recognition by ENDESA of Euros 188 million in relation to its right to be compensated for the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan ("PNA"), which it does not have a legal duty to bear (See Sections 6.3.3. Net financial result and 10. Regulatory Framework of this Consolidated Management Report and Note 3 of the Explanatory Notes forming part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021).

Gas sales.

Revenue from gas sales in the first half of 2021 amounted to Euros 1,130 million, up Euros 47 million (4.3%) on those of the first half of 2020, as follows:

- Gas sales in the deregulated market totalled Euros 1,092 million, which is Euros 44 million (4.2%) higher than the figure for the first half of 2020, due mainly to the increase in the number of physical units sold.
- Income from gas sales to customers at a regulated price amounted to Euros 38 million, up Euros 3 million (8.6%) on the same period in the previous year, due, mainly, to the increase in the number of physical units sold.

Compensation from Non-mainland Territories (TNP).

In the first half of 2021, compensation for Non-mainland Territories (TNP) generation stranded costs amounted to Euros 490 million, down Euros 65 million (-11.7%) on the same period in the previous year, due mainly to lower production in the period and changes in commodity prices.

Electricity distribution.

During the first half of 2021, ENDESA distributed 64,191 GWh in the Spanish market, which is 9.2% higher than the first half of 2020.

Regulated revenue from the distribution activity in the first half of 2021 amounted to Euros 1,025 million, representing a reduction of Euros 30 million (-2.8%) with respect to the same period in the previous year, due mainly to application of the new financial remuneration rate applicable from 1 January 2021.

Other operating income

The table below presents the detail of other operating income in the first half of 2021 and its variation relative to the same period of the previous year:

Millions of Euros

	Reference (1)	Other operating income			
		January-June 2021	January-June 2020	Difference	% Var.
Changes in energy stock derivatives		1,378	463	915	197.6
Grants released to income (2)		24 (3)	10	14	140.0
Recognition of liabilities from contracts with customers in profit or loss		82	82	-	-
Rendering of services at plants		1	1	-	-
Trading rights		21	18	3	16.7
Third party compensation		10	7	3	42.9
Other		71	37	34	91.9
TOTAL	19.3	1,587	618	969	156.8

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) In the first half of 2021, Euros 8 million were included corresponding to grants related to assets and Euros 16 million corresponding to grants related to operations (Euros 8 million and Euros 2 million, respectively, in the first half of 2020).

(3) Includes recognition of a grant to Empresa Carbonifera del Sur, ENCASUR, S.A.U, of Euros 10 million to cover non-recurring costs arising from closure of coal production units under the Spanish Closure Plan for uncompetitive coal mining.

In the first half of 2021, other operating income totalled Euros 1,587 million, up Euros 969 million (+156.8%), compared to the first half of 2020. This can be attributed, in large part, to the Euros 915 million (+197.6%) increase in revenue from the valuation and settlement of energy stock derivatives due, mainly, to changes in the valuation and settlement of gas derivatives.

This income is considered jointly with the Euros 928 million (+266.3%) increase in costs under the same heading recognised in "Other variable procurements and services" in the Consolidated Income Statement (see Section 6.3.2. Operating Expenses in this Consolidated Management Report).

The derivatives and hedging transactions performed by ENDESA relate mainly to transactions arranged to hedge foreign currency risk or commodity price risk (electricity, fuel and CO₂ emission rights), the purpose of which is to eliminate or significantly reduce these risks in the underlying hedged transactions. In the current context, ENDESA has checked to make sure that they continue to meet the criteria established by the regulations for applying hedge accounting.

6.3.2. Operating expenses.

Operating expenses for January-June 2021 amounted to Euros 9,178 million, which is 25.2% higher than the same period in the previous year.

The table below presents the detail of operating expenses in the first half of 2021 and the variation relative to the same period of the previous year:

Millions of Euros

	Operating expenses			
	January-June 2021	January-June 2020	Difference	% Var.
Procurements and services	7,426	5,961	1,465	24.6
Power purchases	2,369	1,809	560	31.0
Fuel consumption	569	570	(1)	(0.2)
Transmission costs	2,390	2,523	(133)	(5.3)
Other variable procurements and services	2,098	1,059	1,039	98.1
Self-constructed assets	(106)	(97)	(9)	9.3
Personnel expenses	466	95	371	390.5
Other fixed operating expenses	607	609	(2)	(0.3)
Depreciation and amortisation and impairment losses	785	760	25	3.3
TOTAL	9,178	7,328	1,850	25.2

Procurements and services (variable costs).

Procurements and services (variable costs) totalled Euros 7,426 million in the first half of 2021, 24.6% more than in the same period of the previous year.

Changes in these costs in the first half of 2021 were:

- Power purchases rose by Euros 560 million (+31.0%) to Euros 2,369 million, mainly as a result of the increased arithmetic average price in the wholesale electricity market, which stood at Euros 58.6/MWh (102.0%).
- Fuel consumption totalled Euros 569 million, similar to the same period in the previous year.
- “Other variable procurements and services” in the Consolidated Income Statement stood at Euros 2,098 million, up by Euros 1,039 million (98.1%) on the same period in the previous year, as follows:

	Other variable procurements and services			
	January-June 2021	January-June 2020	Difference	% Var.
Changes in energy stock derivatives	1,276	348	928	266.7
CO ₂ emission rights	128	102	26	25.9
Tax on electricity production	153	106	47	44.3
Treatment of radioactive waste	105	104	1	1.0
Street lighting / works licences	91	81	10	12.3
Nuclear charges and taxes	62	62	-	-
"Bono Social" discount rate	29	23	6	26.1
Catalonia environmental tax	53	-	53	N/A
Water tax	(24)	17	(41)	(241.2)
Other	225	216	9	4.2
TOTAL	2,098	1,059	1,039	98.1

This amount includes:

- An increase of Euros 928 million (266.3%) relative to the amount recognised in the first half of 2021 for expenses in respect of the valuation and settlement of energy stock derivatives, due mainly to developments in the valuation and settlement of gas derivatives. These costs are considered jointly with the Euros 915 million (+197.6%) increase in respect of this same item, recognised under "Other operating income" in the Consolidated Income Statement (see Section 6.3.1. Revenue in this Consolidated Management Report).
- A Euros 47 million increase (44.3%) in electricity production tax, due, mainly, to changes in the arithmetic average price in the electricity wholesale market, as a result, among other things, of commodity prices in the first half of 2021.
- An expense of Euros 53 million in the first half of 2021 relating to the tax on facilities that affect the environment in the Autonomous Region of Catalonia as a result of the publication of Law 5/2020, of 29 April, of the Provincial Government of Catalonia.
- In the period January-June 2021, the changes in fees payable on hydroelectric production includes, among other things, a reversal of Euros 48 million due to the declaration of the unenforceability of the state water tax under the Supreme Court ruling of 19 April 2021 (see Section 6.3.3. Financial Income/(Expense) in this Consolidated Management Report).

Fixed operating expenses.

The table below presents the detail of fixed operating expenses in the first half of 2021 and their variation relative to the same period of the previous year:

Millions of Euros

	Fixed operating expenses			
	January-June 2021	January-June 2020	Difference	% Var.
Self-constructed assets	(106)	(97)	(9)	9.3
Personnel expenses	466	95	371	390.5
Other fixed operating expenses	607	609	(2)	(0.3)
TOTAL	967	607	360	59.3

In the first half of 2021, fixed operating expenses amounted to Euros 967 million, representing an increase of Euros 360 million (+59.3%) compared with the first half of 2020, mainly as a result of the following aspects:

- The implementation in the period January-March 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of certain workforce restructuring provisions relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts” had a positive effect on the Income Statement in the amount of Euros 356 million (Euros 267 million, net of the tax effect) (see Section 6.3. Profit/(Loss) Analysis in this Consolidated Management Report).
- The updating of provisions for current workforce restructuring plans led to a negative impact of Euros 4 million in the Consolidated Income Statement for January-June 2021 (profit of Euros 44 million in the period from January-June 2020).
- The period provision for compensation and other risks of a tax and employment nature amounting to Euros 4 million in the first half of 2021 (Euros 9 million in the first half of 2020).
- The recognition in the period January-June 2020 of a cost of Euros 12 million corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis (see Section 5.2. COVID-19 Health Crisis in this Consolidated Management Report).

Excluding the effects described in the foregoing paragraphs, fixed operating expenses in the first half of 2021 would have fallen by Euros 27 million (-2.7%) on the same period in the previous year in line with the Company's fixed cost containment policy and the reduction in ENDESA's average workforce (-4.5%) (see Section 8.1. Headcount of this Consolidated Management Report).

Depreciation and amortisation and impairment losses

The table below presents the detail of depreciation and amortisation and impairment losses in the first half of 2021 and the variations compared to the previous year:

Millions of Euros

	Depreciation and amortisation and impairment losses			
	January-June 2021	January-June 2020	Difference	% Var.
DEPRECIATION AND AMORTISATION	736	707	29	4.1
Provision for the depreciation of property, plant and equipment	626	602	24	4.0
Provision for amortisation of intangible assets	110	105	5	4.8
IMPAIRMENT LOSSES	49	53	(4)	(7.5)
Non-financial assets	5	(3)	8	(266.7)
Provision for impairment losses on property, plant and equipment and investment property	5	(1)	6	(600.0)
Provision for impairment losses on intangible assets	-	(2)	2	(100.0)
Financial assets	44	56	(12)	(21.4)
Provision for impairment losses on receivables from contracts with customers	44	62	(18)	(29.0)
Provision for impairment losses on other financial assets	-	(6)	6	(100.0)
TOTAL	785	760	25	3.3

Depreciation and amortisation and impairment losses for the first half of 2021 amounted to Euros 785 million, up Euros 25 million (3.3%) relative to the same period of the previous year, as a result, mainly, of the Euros 29 million increase in the depreciation and amortisation charge, due, among others, to the entry into operation of renewable energy generation assets.

In the period January-June 2021, impairment losses amounted to Euros 49 million, Euros 4 million lower than in the same period of the previous year. This change includes a Euros 18 million reduction corresponding to impairment losses on contracts with customers as a result, mainly, of the current backdrop of economic recovery in Spain and Portugal and the intensification of collection management, which was temporarily suspended in the period January-June 2020 due to the extraordinary measures in response to the economic situation caused by COVID-19.

6.3.3. Net financial income/(expense)

Net financial income/(expense) in the first half of 2021 and in the first half of 2020 amounted to Euros 20 million and to Euros -48 million, respectively.

The table below presents the detail of net financial income/(expense) in the first half of 2021 and the variation relative to the same period of the previous year:

Millions of Euros

	Net financial income/(expense) ⁽¹⁾			
	January-June 2021	January-June 2020	Difference	% Var.
Net financial expense ⁽²⁾	23	(50)	73	(146.0)
Financial income	108	27	81	300.0
Financial expense	(85)	(77)	(8)	10.4
Net exchange differences	(3)	2	(5)	(250.0)
TOTAL	20	(48)	68	(141.7)

(1) Net financial income/(expense) = Financial income - Financial expense + Net exchange differences.

(2) Net financial expense = Financial income - Financial expense.

In the first half of 2021, net financial expense amounted to Euros 23 million, down Euros 73 million (-146.0%) on the same period of the previous year

In analysing changes in net financial expense during the first half of 2021, the following effects need to be taken into account:

Millions of Euros

	Net financial expense ⁽¹⁾			
	January-June 2021	January-June 2020	Difference	% Var.
Net expense in respect of financial liabilities at amortised cost	(72)	(66)	(6)	9.1
Income from financial assets at amortised cost	-	1	(1)	(100.0)
Update of provisions for workforce restructuring plans, dismantling of facilities and impairment of financial assets in accordance with IFRS 9 "Financial Instruments"	4	9	(5)	(55.6)
Interest on late payment of corporate income tax 2016-2017	-	7	(7)	(100.0)
Interest on late payment of compensation on carbon dioxide (CO ₂) emission rights from 2006 and state water tax	82	-	82	N/A
Other	9	(1)	10	N/A
TOTAL	23	(50)	73	(146.0)

(1) Net financial expense = Financial income - Financial expense.

Net expenses for financial liabilities at amortised cost amounted to Euros 72 million, up Euros 6 million (9.1%) on those recognised in the same period in the previous year, due to the combination of the following effects (see Section 7.2. Financial Management in this Consolidated Management Report):

- The lower average cost of gross financial debt, which fell from 1.8% in the first half of 2020 to 1.7% in the first half of 2021.
- The increase in the average gross financial debt (see Appendix I - Alternative Performance Measures (APMs) of this Consolidated Management Report) between both periods, which rose from Euros 7,822 million in the first half of 2020 to Euros 8,237 million in the first half of 2021.

The net financial expense for the period January-June 2021 includes Euros 71 million for late payment interest in relation to ENDESA's right to be compensated for the reduction of its remuneration as a generating company, in the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan ("PNA"), which it does not have a legal duty to bear, and late payment interest stemming from the declaration of the unenforceability of the state water tax under the Supreme Court

ruling of 19 April 2021 (see Sections 6.3. Analysis of Results and 6.3.2. Operating Expenses in this Consolidated Management Report).

6.3.4. Net profit/(loss) of companies accounted for using the equity method

In the first half of 2021 and 2020, the net income of the companies accounted for using the equity method amounted to Euros 12 million and Euros 11 million, respectively, as follows:

Millions of Euros

	Net profit/(loss) of companies accounted for using the equity method	
	January-June 2021	January-June 2020
Associates	1	2
Tecnatom, S.A.	(1)	1
Gorona del Viento El Hierro, S.A.	1	-
Other	1	1
Joint Ventures	11	9
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	4	4
Front Marítim del Besòs, S.L.	-	-
Nuclenor, S.A.	-	-
Énergie Électrique de Tahaddart, S.A.	1	-
Suministradora Eléctrica de Cádiz, S.A.	2	1
Other	4	4
TOTAL	12	11

6.3.5. Gains/(losses) on disposal of assets

In the first half of 2021, gains/(losses) on disposal of assets amounted to Euros 12 million compared to Euros 5 million, both negative, in the first half of 2020, the detail being as follows:

Millions of Euros

	Reference ⁽¹⁾	Gains/(losses) on disposal of assets	
		January-June 2021	January-June 2020
Non-financial assets		(1)	6
Transfer of optical fibre use rights		-	4
Other gains and losses		(1)	2
Disposals of investments in group companies and other		-	-
Disposals of property, plant and equipment ⁽²⁾		(1)	2
Financial assets		(11)	(11)
Factoring transaction fees	9.1	(11)	(11)
TOTAL		(12)	(5)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Corresponds to results generated by the sale of land and buildings.

6.3.6. Corporate Income Tax.

In the first half of 2021, the income tax expense amounted to Euros 277 million, down Euros 105 million (-27.5%) with respect to the amount recognised in the first half of 2020, mainly as a result of the changes in gross operating profit (EBITDA) and operating profit (EBIT).

The effective rate for the period January-June 2021 is 24.9%, mainly as a result of the materialisation of tax credits and deductions charged to income, the allocation of non-deductible provisions and the limitation in the exemption of dividends and capital gains in force since 1 January 2021 (25.2% in the period January-June 2020).

At the date of approval of this Consolidated Management Report, the recovery of deferred tax assets is not affected by the current context and the effective rate does not reflect any legislative changes affecting corporate income tax.

6.3.7. Net income

The net income and net ordinary income attributable to the Parent in the first half of 2021 stood at Euros 832 million, a decrease of Euros 296 million (-26.2%) compared with the amount obtained in the same period of the previous year.

Economic indicators.

Euros

Key figures ⁽¹⁾	January-June 2021	January-June 2020	% Var.
Net ordinary earnings per share	0,786	1,065	(26.2)
Net earnings per share	0,786	1,065	(26.2)
Cash flow per share	0,465	0,940	(50.6)
Book value per share	6,492 ⁽²⁾	6,909 ⁽³⁾	(6.0)

(1) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

(2) At 30 June 2021.

(3) At 31 December 2020.

Profitability indicators (%) ⁽¹⁾	January-June 2021	January-June 2020
Ordinary Return on equity	20.72	25.21
Ordinary Return on assets	4.40	6.23
Economic profitability	9.33	12.92
Return on capital employed (ROCE)	4.50	6.44
Return on invested capital (ROIC)	9.98	13.55

(1) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

6.4. Value created for stakeholders.

The economic value generated and distributed by ENDESA during the periods January-June 2021 and 2020 was as follows:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Direct economic value generated			10,272	8,889
Sales	19.3	6.3.1	8,685	8,265
Other operating income	19.3	6.3.1	1,587	618
Net profit/(loss) of companies accounted for using the equity method		6.3.1	12	11
Gains/(losses) on disposal of assets		6.3.5	(12)	(5)
Economic value distributed to:			(8,864)	(7,131)
Shareholders			-	-
Companies: Customers, suppliers and contractors.			(7,939)	(6,437)
Power purchases		6.3.2	(2,369)	(1,809)
Fuel consumption		6.3.2	(569)	(570)
Transmission costs		6.3.2	(2,390)	(2,523)
Other variable procurements and services		6.3.2	(2,098)	(1,059)
Other fixed operating expenses		6.3.2	(607)	(609)
(Taxes and charges)			94	98
Employees		6.3.2	(466)	(95)
Public authorities			(371)	(480)
Corporate income tax		6.3.6	(277)	(382)
Taxes and charges			(94)	(98)
Investment in social development ⁽²⁾			(5)	(17)
Financial community		6.3.3	(83)	(67)
Financial expense			(85)	(77)
Financial income from derivative financial instruments			2	10
Economic value retained			1,408	1,758

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Financial and in-kind investment.

7. Equity and financial analysis.

7.1. Net invested capital and financing.

Below are the details of the breakdown and changes in ENDESA's net invested capital at 30 June 2021 and 31 December 2020:

Millions of Euros

	Reference ⁽¹⁾	Sections	30 June 2021	31 December 2020	Difference	% Var.
Net non-current assets:						
Property, plant and equipment and intangible assets	4 and 5		22,974	22,753	221	1.0
Goodwill	6		462	462	-	-
Investments accounted for using the equity method	7		208	217	(9)	(4.1)
Other net non-current assets/(liabilities)			(4,173)	(4,350)	177	4.1
Total net non-current assets ⁽²⁾			19,471	19,082	389	2.0
Net working capital:						
Trade and other receivables	9		5,378	3,151	2,227	70.7
Inventories	8		1,037	1,077	(40)	(3.7)
Other net current assets/(liabilities)			851	1,091	(240)	(22.0)
Suppliers and other payables	17		(7,907)	(6,194)	(1,713)	(27.7)
Total net working capital ⁽²⁾			(641)	(875)	234	26.7
Gross invested capital ⁽²⁾			18,830	18,207	623	3.4
Deferred tax assets and liabilities and provisions:						
Provisions for pensions and similar obligations	12		(606)	(701)	95	13.6
Other provisions	12		(3,285)	(3,480)	195	5.6
Deferred tax assets and liabilities	16		270	338	(68)	(20.1)
Total deferred tax assets and liabilities and provisions			(3,621)	(3,843)	222	5.8
Non-current assets classified as held for sale and discontinued operations			-	-	-	N/A
Net invested capital ⁽²⁾			15,209	14,364	845	5.9
Equity	11	7.3	7,025	7,465	(440)	(5.9)
Net financial debt ⁽²⁾		7.2	8,184	6,899	1,285	18.6

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

At 30 June 2021, net invested capital stood at Euros 15,209 million. The changes in the first half of 2021 were as follows:

- The increase in "Property, plant and equipment and intangible assets" amounted to Euros 221 million (1.0%), as a result, among others, of investments in the period January-June 2021 amounting to Euros 895 million (see Section 7.6. Investments in this Consolidated Management Report), offset partially by the depreciation and amortisation for the period, amounting to Euros 736 million (see Section 6.3.2. Operating Expenses in this Consolidated Management Report).
- The increase in "Net working capital" totalled Euros 234 million (26.7%), mainly as a result of the payment of the 2020 interim dividend on 4 January 2021, in the sum of Euros 741 million (see Sections 7.5. Cash flows Statement and 11.2. Dividends in this Consolidated Management Report).

7.2. Financial management.

Financial debt.

As at 30 June 2021, ENDESA had net financial debt of Euros 8,184 million, an increase of Euros 1,285 million (+18.6%) compared to 31 December 2020.

The reconciliation of ENDESA's gross and net financial debt at 30 June 2021 and 31 December 2020 is as follows:

Millions of Euros

	Reference ⁽¹⁾	Reconciliation of financial debt			
		30 June 2021	31 December 2020	Difference	% Var.
Non-current financial debt	13.1	6,342	5,937	405	6.8
Current financial debt	13.1	2,025	1,372	653	47.6
Gross financial debt ⁽²⁾		8,367	7,309	1,058	14.5
Cash and cash equivalents	10	(177)	(403)	226	(56.1)
Financial derivatives recognised in financial assets	14.3.1	(6)	(7)	1	(14.3)
Net financial debt		8,184	6,899	1,285	18.6

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) At 30 June 2021, this includes Euros 25 million corresponding to financial derivatives recognised in financial liabilities (Euros 36 million at 31 December 2020).

When assessing the variations in net financial debt, it must be borne in mind that on 4 January 2021 ENDESA, S.A. paid shareholders an interim dividend out of 2020 profit, for a gross amount of Euros 0.70 per share, involving a pay-out of Euros 741 million, in addition to the investment during the first half of 2021 (see Sections 7.5. Cash flows Statement and 11.2. Dividends in this Consolidated Management Report).

Structure.

The structure of ENDESA's gross financial debt at 30 June 2021 and 31 December 2020 was as follows:

Millions of Euros

	Structure of gross financial debt			
	30 June 2021	31 December 2020	Difference	% Var.
Euro	8,161	7,222	939	13.0
US dollar (USD)	206	87	119	136.8
TOTAL	8,367	7,309	1,058	14.5
Fixed rate	5,013	4,716	297	46.3
Floating rate	3,354	2,593	761	29.3
TOTAL	8,367	7,309	1,058	14.5
Sustainable financing (%) ⁽¹⁾	49	45	-	-
Average life (years) ⁽¹⁾	4.7	4.6	-	-
Average cost (%) ⁽¹⁾	1.7	1.7	-	-

(1) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

At 30 June 2021, 60% of the gross financial debt was at fixed interest rates, while 40% was at floating rates. At this date, 98% of the Company's gross financial debt was denominated in euros.

Maturity.

At 30 June 2021, the breakdown of the nominal value of gross financial debt without derivatives by maturity was as follows:

Millions of Euros

	Carrying amount at 30 June 2021 ⁽¹⁾	Nominal value		Maturity				Subsequent years
		Current	Non-current	2021	2022	2023	2024	
Bonds and other negotiable securities	1,624	1,604	12	1,604	-	-	-	12
Bank borrowings	2,571	134	2,440	39	134	180	480	1,741
Other financial liabilities	4,147	285	3,862	240	83	77	3,071	676
Borrowings associated with rights of use	918	79	839	39	77	75	70	657
Other	3,229	206	3,023	201	6	2	3,001	19
TOTAL ⁽¹⁾	8,342	2,023	6,314	1,883	217	257	3,551	2,429

(1) Not including Euros 25 million corresponding to financial derivatives.

Main financial transactions.

The main transactions in the first six months of 2021 were as follows:

- ENDESA has registered a new Euro Commercial Paper (ECP) SDG7 issue programme for Euros 4,000 million, the outstanding balance being Euros 1,606 million at 30 June 2021, renewable with the backing

of irrevocable bank credit lines. This Programme incorporates sustainability objectives, in line with ENDESA's Strategic Plan.

- Likewise, at the date of authorisation of this Consolidated Management Report, the following financial transactions were performed, all of which incorporated sustainability goals:

Millions of Euros				
Transactions	Counterparty	Signature date	Maturity date	Amount
Loan ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A.	25 March 2021	25 March 2024	300
Credit line ^{(1) (2)}	CaixaBank, S.A., Bankia, S.A. and Kutxabank,	25 March 2021	25 March 2024	250
Credit lines ^{(1) (3)}	Various banks	25 March 2021	25 March 2025	1,955
Credit line ⁽¹⁾	BNP Paribas	25 March 2021	25 March 2025	100
Loan ⁽⁴⁾	CaixaBank, S.A.	31 March 2021	15 April 2028	150
Credit line ⁽¹⁾	Deutsche Bank, S.A.E.	28 April 2021	28 April 2025	70
Intercompany Credit line ⁽⁵⁾	ENEL Finance International N.V.	25 May 2021	25 May 2025	1,700
Loan ⁽⁴⁾	Unicaja Banco S.A.	28 June 2021	28 June 2028	75
TOTAL				4,600

(1) Transactions described as sustainable as they include a performance indicator (KPI) in relation to ENDESA's commitment to ensure that its net installed mainland capacity from renewable sources is 55% of total net installed capacity at 31 December 2022.

(2) Corresponds to a current financial transaction in "Club Deal" format renewed at the signature date.

(3) Corresponds to the new credit lines in force renewed at the signature date.

(4) The credit conditions of this transactions are tied, for the first time for ENDESA, to the objective established in the Company's Strategic Plan to reduce specific emission of Scope 1 CO₂ equivalent to 150g CO₂eq/kWh in 2023.

(5) The formalisation of this credit line coincided with the cancellation of two lines of credit that ENDESA held with ENEL Finance International, N.V. until that date, for the amount of Euros 1,000 million and Euros 700 million, respectively.

At the date of approval of this Consolidated Management Report, ENDESA had not had to resort to refinancing for its borrowings as a consequence of the health crisis caused by COVID-19.

Likewise, during the first half of 2021, ENDESA did not modify, renegotiate or cancel clauses contained in those lease arrangements in which it acts as lessee hence, consequently, no modifications were made to either the asset for the right of use that represents the right of use of the leased asset or the liability that represents the present value of the obligation to make lease payments during its term.

Financial stipulations

The financial debt of some ENDESA companies includes the usual covenants in this type of agreement. At the date of approval of this Consolidated Management Report, neither ENDESA, S.A. nor any of its subsidiaries were in breach of their financial obligations or any obligations that could require early repayment of their liabilities (see Note 13.2.3 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Liquidity

At 30 June 2021, ENDESA had liquidity of Euros 4,005 million (Euros 4,493 million at 31 December 2020) as detailed below:

Millions of Euros					
	Reference ⁽¹⁾	Liquidity			
		30 June 2021	31 December 2020	Difference	% Var.
Cash and cash equivalents	10	177	403	(226)	(56.1)
Unconditional availability in credit lines ⁽²⁾		3,828	4,090	(262)	(6.4)
TOTAL		4,005	4,493	(488)	(10.9)
Debt maturity coverage (number of months) ⁽³⁾		39	17	22	129.4

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) At 30 June 2021 and 31 December 2020, Euros 1,700 million corresponded to the available credit line with ENEL Finance International N.V. (see Notes 13.1.2 and 20.1.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

(3) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

ENDESA has a solid financial position and unconditional credit lines contracted with first-tier entities available for significant amounts. This, together with the implementation of specific plans to improve and efficiently manage liquidity, has enabled ENDESA to address the impact of the economic situation (see Section 5.2. COVID-19 Health Crisis in this Consolidated Management Report).

Treasury investments considered as "Cash and cash equivalents" are highly liquid and entail no risk of changes in value, mature within 3 months of their contract date and accrue interest at the market rates for such instruments.

Any restrictions that might affect the availability of funds to ENDESA, S.A. are set out in Notes 10 and 13.2.3 to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021.

The undrawn credit lines secure the refinancing of the current debt presented in "Non-current interest-bearing loans and borrowings" in the accompanying consolidated statement of financial position, amounting to Euros 32 million and Euros 33 million at 30 June 2021 and 31 December 2020, respectively (see Note 13.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

At 30 June 2021, ENDESA had negative working capital of Euros 2,885 million. The undrawn amount on its non-current lines of credit, together with its current assets, provide sufficient coverage of the Company's current payment obligations and provide assurance that ENDESA will be able to obtain sufficient financial resources to continue to operate, and to realise its assets and settle its liabilities for the amounts shown in the consolidated statement of financial position.

7.3. Capital management.

In the first six months of 2021, ENDESA followed the same capital management policy as that described in Note 14.1.12 in the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Capital.

At 30 June 2021, ENDESA had share capital of Euros 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euros 1.2 each, subscribed and fully paid up and all admitted for trading on the Spanish Stock Exchanges.

At 30 June 2021, the ENEL Group, through ENEL Iberia, S.L.U., held 70.1% of ENDESA, S.A.'s share capital.

At that date, no other shareholder held more than 10% of the share capital of ENDESA, S.A.

Leverage.

ENDESA uses its consolidated leverage as an indicator for monitoring its financial position. Details of this ratio at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros

	Reference ⁽¹⁾	Leverage		% Var.
		30 June 2021	31 December 2020	
Net financial debt:		8,184	6,899	18.6
Non-current financial debt	13.1	6,342	5,937	6.8
Current financial debt	13.1	2,025	1,372	47.6
Cash and cash equivalents	10	(177)	(403)	(56.1)
Financial derivatives recognised in financial assets	14.3.1	(6)	(7)	(14.3)
Equity:	11	7,025	7,465	(5.9)
Of the Parent		6,873	7,315	(6.0)
Of non-controlling interests		152	150	1.3
Leverage (%) ⁽²⁾		116.50	92.42	N/A

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

The Directors of ENDESA, S.A. consider that its leverage enables it to optimise the cost of capital while maintaining a high solvency ratio.

At the date of approval of this Consolidated Management Report, ENDESA, S.A. had no commitments to obtain funds through its own sources of finance.

Financial indicators.

Financial indicators ⁽¹⁾	30 June 2021	31 December 2020
Liquidity ratio	0.74	0.73
Solvency ratio	0.89	0.91
Debt ratio (%)	53.81	48.03
Debt coverage ratio	2.29	1.82
Net financial debt / Fixed assets ⁽²⁾ (%)	34.84	29.64
Net financial debt / Funds from operations ⁽³⁾	2.88	2.23
(Funds from operations + Interest expenses) / Interest expenses ⁽⁴⁾	19.24	23.71

(1) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(2) Fixed Assets = Property, Plant and Equipment + Investment Property + Intangible Assets + Goodwill.

(3) Annualised Funds from Operations.

(4) For the periods January-June 2021 and January-June 2020, respectively.

7.4. Credit rating

ENDESA's credit ratings are as follows:

	Credit rating							
	30 June 2021 ⁽¹⁾				31 December 2020 ⁽¹⁾			
	Long term	Short term	Outlook	Date of last report	Long term	Short term	Outlook	
Standard & Poor's	BBB+	A-2	Stable	26 November 2020	BBB+	A-2	Stable	
Moody's	Baa1	P-2	Stable	14 January 2021	Baa1	P-2	Stable	
Fitch	A-	F2	Stable	30 April 2021	A-	F2	Stable	

(1) At the respective dates of approval of the Consolidated Management Report.

ENDESA's credit rating is conditioned by that of its Parent, ENEL, in accordance with the methods used by the rating agencies. At the date of approval of this Consolidated Management Report it was classified as "investment grade" by all the rating agencies.

ENDESA works to maintain its investment grade credit rating in order to efficiently access money markets and bank financing, and to obtain preferential terms from its main suppliers.

7.5. Statement of Cash Flows.

At 30 June 2021 and 31 December 2020, cash and cash equivalents were as follows (see Section 7.2. Financial Management in this Consolidated Management Report):

Millions of Euros					
	Reference ⁽¹⁾	Cash and cash equivalents			
		30 June 2021	31 December 2020	Difference	% Var.
Cash in hand and at banks		177	403	(226)	(56.1)
Other cash equivalents		-	-	-	N/A
TOTAL	10	177	403	(226)	(56.1)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

In the first six months of 2021 and 2020, ENDESA's net cash flows, classified by activities (operating, investing and financing) were as follows:

Millions of Euros				
	Statement of cash flows			
	January-June 2021	January-June 2020	Difference	% Var.
Net cash flows from operating activities	492	995	(503)	(50.6)
Net cash flows from investing activities	(894)	(821)	(73)	8.9
Net cash flows from financing activities	176	(18)	194	(1,077.8)

In the first half of 2021, net cash flows from operating activities (Euros 492 million), and net cash flows from financing activities (Euros 176 million), and the Euros 226 million reduction in cash and cash equivalents covered the net cash flows used in investing activities (Euros 894 million).

Net cash flows from operating activities

In the first half of 2021, net cash flows from operating activities amounted to Euros 492 million, up 50.6% relative to the same period of the previous year (Euros 995 million in the first half of 2020), with the following breakdown:

Millions of Euros	Reference ⁽¹⁾	January-June 2021	January-June 2020	Difference	% Var.
Gross profit before taxes and non-controlling interests		1,114	1,513	(399)	(26.4)
Adjustments for:		720	355	365	102.8
Depreciation and amortisation and impairment losses		785	760	25	3.3
Other adjustments (net)		(65)	(405)	340	(84.0)
Changes in working capital:		(1,037)	(692)	(345)	49.9
Trade and other receivables		(593)	255	(848)	(332.5)
Inventories		(311)	(174)	(137)	78.7
Current financial assets		66	35	31	88.6
Trade payables and other current liabilities		(199)	(808) ⁽²⁾	609	(75.4)
Other cash flows from operating activities:		(305)	(181)	(124)	68.5
Interest received		15	15	-	-
Dividends received		17	9	8	88.9
Interest paid ⁽³⁾		(78)	(70)	(8)	11.4
Corporate income tax paid		(85)	(22)	(63)	286.4
Other proceeds from/(payments for) operating activities ⁽⁴⁾		(174)	(113)	(61)	54.0
NET CASH FLOWS FROM OPERATING ACTIVITIES	18.1	492	995	(503)	(50.6)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) In the first half of 2020, ENDESA, as part of its commitment to society, designed a Public Responsibility Plan for direct aid to purchase material, with special supply conditions and donations to alleviate the main health and social needs caused by the COVID-19 health crisis. The amount disbursed for this and the purchase of supplies in relation to COVID-19 amounted to Euros 12 million (Euros 10 million, net of the tax effect) (see Note 19.2.1).

(3) Includes interest paid on borrowings for rights of use amounting to Euros 13 million and Euros 16 million, respectively (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

(4) Corresponding to payments of provisions.

The variations in the different items determining the net cash flows from operating activities include:

- The lower cash flow from the net amount of gross profit before tax and non-controlling interests net of depreciation and amortisation and other adjustments (Euros 34 million).
- Changes in working capital between the two periods amounting to Euros 345 million, mainly as a result of the decrease in trade payables of Euros 609 million, the negative performance of trade and other receivables (Euros 848 million) and increased payments for inventories (Euros 137 million), positive changes in regulatory receivables of Euros 37 million (Euros 149 million for the tariff deficit, Euros -144 million for compensation for the extra costs of generation in Non-mainland Territories (TNP) and Euros 32 million of remuneration for investment in renewable energies).
- The variation in corporate income tax between the two periods amounting to Euros 63 million.
- The increase in other net payments for operating activities of Euros 61 million.

In the first half of 2021, the Company also continued its active policy of managing current assets and liabilities, focusing among other aspects on improving processes, factoring accounts receivable and reaching agreement to extend payment terms with suppliers.

At 30 June 2021, 31 December 2020 and 30 June 2020, working capital comprised the following items:

Millions of Euros

	Reference ⁽¹⁾	Sections	Working capital		
			30 June 2021	31 December 2020	30 June 2020
Current Assets ⁽²⁾			8,079	5,831	5,730
Inventories	8		1,037	1,077	853
Trade and other receivables	9		5,953	3,577	3,689
Current financial assets	14		1,089	1,177	1,188
Compensation for extra costs of generation in Non-mainland Territories (TNP)			709	602	519
Collection rights for the financing of the deficit of regulated activities			117	277	375
Remuneration of distribution activity			211	246	203
Other			52	52	91
Current liabilities ⁽³⁾			9,116	7,183	6,714
Current provisions	12.1		396	477	313
Trade payables and other current liabilities	17		8,720	6,706	6,401
Dividend of the Parent	11.4	11.2	1,391	741	821
Other			7,329	5,965	5,580

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Excludes cash and cash equivalents and financial derivatives recognised as assets corresponding to debt.

(3) Excludes "Current financial debt" and financial derivatives recognised as liabilities corresponding to debt.

Net cash flows from/used in investing activities.

In the first half of 2021, net cash flows used in investment activities amounted to Euros 894 million, up 8.9% relative to the same period of the previous year (Euros 821 million in the first half of 2020), and include:

- Net cash flows used to acquire property, plant and equipment and intangible assets:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Acquisitions of property, plant and equipment and intangible assets			(798)	(776)
Acquisitions of property, plant and equipment ⁽²⁾	4.2	7.6	(621)	(577)
Acquisitions of intangible assets	5.1	7.6	(123)	(72)
Facilities transferred from customers			53	21
Suppliers of property, plant and equipment			(107)	(148)
Proceeds from sale of property, plant and equipment and intangible assets			7	4
Grants and other deferred income			43	48
TOTAL			(748)	(724)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) The period January-June 2021 does not include additions for rights of use amounting to Euros 151 million (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

- Net cash payments for investments and/or receipts from disposals of holdings in Group companies:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Investments in Group companies			(34)	-
Companies acquired by ENEL Green Power España, S.L.U. (EGPE) ⁽²⁾	2.3	5.1	(34)	-
Disposals of investments in Group companies			-	21
ENDESA Soluciones, S.L.	2.3 and 2.4		-	21
TOTAL			(34)	21

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Includes Euros 14 million in payments corresponding to the acquisition of the company Parque Eólico Tico, S.L.U. on 7 July 2020, which were still pending and contingent on compliance with various contractual stipulations.

- Net cash payments for acquisitions and/or disposals of other investments:

Millions of Euros

	January-June 2021	January-June 2020
Acquisitions of other investments	(123)	(139)
Non-Current Distribution Activity Remuneration	(105)	(130)
Other Financial Assets	(18)	(9)
Disposals of other investments	11	21
TOTAL	(112)	(118)

Net cash flows from/used in financing activities.

In the first half of 2021, the cash flows from financing activities came to Euros 176 million, positive, (Euros 18 million, negative, in the first half of 2020), mainly including the following items:

– Cash flows in respect of equity instruments:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Return of contribution of ENDESA Soluciones, S.L.	7		4	-
Acquisition of non-controlling interest in Planta Eólica Europea, S.A.	2.3	5.1	(1)	-
Funds contribution by Bosa del Ebro, S.L.			(2)	-
TOTAL			1	-

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Drawdowns of non-current financial debt:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Drawdowns on the CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A. loan.	13.2.2	7.2	150	300
Drawdowns on credit line with ENEL Finance International, N.V.			-	500
Unicaja Banco, S.A. drawdowns	13.2.2	7.2	75	-
Drawdowns on credit lines			266	-
Other			3	9
TOTAL	13.1		494	809

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Reimbursements of non-current financial debt:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Repayment of ENEL Finance International, N.V. credit line			-	(500)
Repayment of other credit lines			-	(67)
Other			(2)	(7)
TOTAL	13.1		(2)	(574)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Amortisation and drawdowns of current financial debt:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Drawdowns				
Issues of Euro Commercial Paper (ECP)	13.2.2	7.2	6,440	8,430
Cash collateral			172	-
Other			17	21
Amortisation				
Amortisation of Euro Commercial Paper (ECP)	13.2.2	7.2	(5,996)	(7,881)
Payments of right-of-use contracts			(36)	(34)
Amortisation of European Investment Bank (EIB) Green Loan			(133)	-
Other			(36)	(43)
TOTAL	13.1		428	493

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Dividends paid:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Dividends of the Parent paid	11.4 and 17		(741)	(741)
Dividends paid to non-controlling interests ⁽²⁾			(4)	(5)
TOTAL			(745)	(746)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Corresponding to ENEL Green Power España, S.L.U. (EGPE) companies.

7.6. Investments.

In the first half of 2021, ENDESA made gross investments of Euros 908 million. Of this amount, Euros 895 million related to investments in property, plant and equipment and intangible assets, and the remaining Euros 13 million to financial investments, as follows:

Millions of Euros

	References (1)	Investments (2)		
		January-June 2021	January-June 2020	% Var.
Generation and Supply		444	411	8.0
Non-mainland Territories generation (TNP)		19	31	(38.7)
Other generation and supply		425	380	11.8
Distribution		325	235	38.3
Structure and Others (3)		3	71	(95.8)
TOTAL PROPERTY, PLANT AND EQUIPMENT (4) (5)	4.2	772	717	7.7
Generation and Supply		94	55	70.9
Non-mainland Territories generation (TNP)		-	-	N/A
Other generation and supply		94	55	70.9
Distribution		21	11	90.9
Structure and Others (3)		8	6	33.3
TOTAL INTANGIBLE ASSETS (5)	5.1	123	72	70.8
FINANCIAL INVESTMENTS		13	8	62.5
TOTAL GROSS INVESTMENTS		908	797	13.9
Capital grants and facilities sold		(96)	(69)	39.1
Generation and Supply		-	(4)	(100.0)
Distribution		(96)	(65)	47.7
TOTAL NET INVESTMENTS (6)		812	728	11.5

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Does not include corporate acquisitions made during the period (see Section 5.1 Changes in the Consolidation scope in this Consolidated Management Report).

(3) Structure, services and adjustments.

(4) The period January-June 2021 includes additions for rights of use amounting to Euros 151 million; Euros 140 million in the period January-June 2020 (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

(5) The first half of 2021 includes Euros 864 million, 96.5%, relating to investments in low carbon products, services and technologies (Euros 613 million, (77.6%, in the first half of 2020).

(6) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

Investments in property, plant and equipment.

In the first half of 2021, gross investment in generation included investments in the construction of electricity generation plants based on renewable energy sources, amounting to Euros 173 million (Euros 192 million in the first half of 2020), and recognition of a right-of-use asset corresponding to the land where some renewable energy generation facilities are located, amounting to Euros 22 million.

The gross supply investments relate mainly to recognition of a right-of-use asset corresponding to the charter contract for a methane tanker for shipping liquefied natural gas (LNG), amounting to Euros 126 million (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021) and to activities related to new products and services, amounting to Euros 7 million (Euros 8 million in the period January-June 2020).

Gross investments in distribution related to grid extensions and expenditure aimed at optimising the functioning of the grid for greater efficiency and quality of service.

Gross structural and other investments in the first half of 2020 include recognition of a right-of-use asset corresponding to renewal of the lease contract for ENDESA's headquarters.

At 30 June 2021, the COVID-19 health crisis had not caused any significant impact on the start-up dates for the projects in the investment plan.

Investment in intangible assets.

Gross investments in intangible assets in the first half of 2021 corresponded to IT applications and ongoing investments in ICT activities for Euros 67 million and to the capitalisation of incremental costs incurred in obtaining customer contracts for Euros 56 million (Euros 36 million and Euros 36 million, respectively, in the first half of 2020).

Financial investments.

Gross investments in the first half of 2021 consisted mainly of various financial credits.

8. Commitment to People.

8.1. Personnel

At 30 June 2021, ENDESA had 9,274 employees, a decrease of 3.3% compared to 31 December 2020. By gender, men represented 75% and women 25% of the workforce at 30 June 2021.

ENDESA's average workforce in the first half of 2021 was 9,375 employees (-4.5%).

ENDESA's final headcount by category and gender at 30 June 2021 and at 31 December 2020 was as follows.

Number of employees	Final headcount							% Var.
	30 June 2021			31 December 2020				
	Male	Female	Total	Male	Female	Total		
Generation and Supply	3,479	1,029	4,508	3,596	1,041	4,637	(2.8)	
Distribution	2,368	462	2,830	2,503	440	2,943	(3.8)	
Structure and Others ⁽¹⁾	1,094	842	1,936	1,136	875	2,011	(3.7)	
TOTAL	6,941	2,333	9,274	7,235	2,356	9,591	(3.3)	

(1) Structure and services.

In the first half of 2021 and 2020, ENDESA's average workforce, distributed by Segment and gender, is as follows:

Number of employees	Average headcount						% Var.
	January-June 2021			January-June 2020			
	Male	Female	Total	Male	Female	Total	
Generation and Supply	3,514	1,020	4,534	4,104	1,111	5,215	(13.1)
Distribution	2,457	439	2,896	2,499	434	2,933	(1.3)
Structure and Others ⁽¹⁾	1,107	838	1,945	888	782	1,670	16.5
TOTAL	7,078	2,297	9,375	7,491	2,327	9,818	(4.5)

(1) Structure and services.

Information concerning ENDESA's workforce is included in Note 21 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Key performance indicators (KPIs) relating to the workforce.

At 30 June 2021 and 31 December 2020, the KPIs relating to the workforce were as follows:

Key performance indicators (KPIs)	Description	30 June 2021			31 December 2020		
		Male	Female	Total	Male	Female	Total
Hiring rate (%)	Percentage of new hires compared to final workforce.	3.2%	3.8%	3.3%	2.5%	3.1%	2.6%
Rotation rate (%)	Percentage of contracts ending compared to final workforce.	7.1%	4.3%	6.4%	6.9%	4.2%	6.2%

8.2. Occupational health and safety

ENDESA considers Occupational Health And Safety (OHS) a priority and a core value to be preserved at all times for all those who work for it, without distinguishing between its own staff and its partner companies. This goal is integrated into ENDESA's strategy through implementation of the occupational health and safety (OHS) policy at all companies in the ENDESA Group.

Key performance indicators (KPIs) related to occupational health and safety (OHS).

In the first half of 2021 and 2020, the occupational health and safety (OHS) indicators were as follows:

Key performance indicators (KPIs)	January-June 2021		January-June 2020	
	In-house personnel	Subcontracted personnel	In-house personnel	Subcontracted personnel
Number of hours worked.	7,784,763	16,377,151	8,143,506	15,608,096
Number of accidents ⁽¹⁾	1	8.71	2.85	6.85
Frequency index ⁽²⁾	0.13	0.53	0.35	0.44
Number of serious accidents ⁽³⁾	1	2	1	1
Frequency of serious accidents index	0.13	0.12	0.12	0.06
Number of fatal accidents	-	-	-	-
Frequency of fatal accidents index	-	-	-	-
Degree of severity ⁽⁴⁾	0.03	0.06	0.08	0.07

(1) Includes accidents computable under ENEL Group Policy 106.

(2) Frequency index = (Number of accidents or Number of serious accidents or Number of fatal accidents / Number of hours worked) x 10⁶.

(3) Includes: accidents that resulted in more than six months off work at 30 June 2021 and 2020; accidents that are ongoing and considered serious (initial prognosis >30 days) at 30 June 2021 and 2020; accidents classified as "Life Changing Accidents" (LCA), irrespective of the resulting number of days off work.

(4) Seriousness index = (Number of days lost / Number of hours worked) x 10³.

8.3. Training

As part of its commitment to its employees, ENDESA focuses on their training and offers a comprehensive catalogue of learning activities to equip them with and improve the technical qualifications they need to perform their duties and enhance their personal development.

During the first half of 2021, employees received an average of 18.24 hours of training (18.21 hours per employee in the first half of 2020).

8.4. Responsible relationships with local communities.

ENDESA is committed to the communities where it operates. The company fosters initiatives supported, managed and/or subsidised voluntarily that meet the needs of the environment and generate benefits for the society in which it operates, beyond the normal scope of its business, or that promote efficiency or improvements in the company's internal management.

ENDESA's sustainability projects are organised into categories in line with United Nations Sustainable Development Goals 4, 7 and 8, "Quality education", "Decent work and economic growth" and "Affordable and clean energy", respectively, which the company has made a public commitment to pursue.

The number of beneficiaries of such projects in the first half of 2021 and 2020 was as follows:

	Number of beneficiaries	
	January-June 2021	January-December 2020
Access to energy ⁽¹⁾	203,510	225,563
Socio-economic development ⁽²⁾	154,512	139,228
Education ⁽³⁾	81,305	112,365

(1) Includes: projects to minimise economic barriers preventing access to energy; the promotion of technical training in the energy area; promotion of energy efficiency; awareness-raising in the use of energy; and technological development and development of infrastructures to facilitate access, and access to electricity for vulnerable groups.

(2) Includes projects to promote employment and generate economic activity in the community, the transfer of knowledge and training and support for local business activities.

(3) Includes projects supporting training activities involving students, families, schools and universities, and fostering academic training, in general, not related to energy, through grants, professorships, etc.

9. Results by segment.

Segment information is provided in Note 19.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

The following is a breakdown of the most significant figures in the Consolidated Income Statement among ENDESA's businesses in the first halves of 2021 and 2020:

Millions of Euros

	January-June 2021						
	Generation and Supply				Distribution	Structure and Others ⁽¹⁾	Total
	Non-mainland Territories generation (TNP)	Other Generation and Supply	Adjustments	Total			
Revenue	829	8,592	(352)	9,069	1,288	(85)	10,272
Sales	827	7,116	(353)	7,590	1,165	(70)	8,685
Other operating income	2	1,476	1	1,479	123	(15)	1,587
Procurements and services	(572)	(7,169)	348	(7,393)	(85)	52	(7,426)
Contribution margin ⁽²⁾	257	1,423	(4)	1,676	1,203	(33)	2,846
Self-constructed assets	2	40	-	42	58	6	106
Personnel expenses	(40)	(203)	-	(243)	(131)	(92)	(466)
Other fixed operating expenses	(62)	(482)	4	(540)	(174)	107	(607)
Gross operating profit (EBITDA) ^{(2) (3)}	157	778 ⁽³⁾	-	935	956	(12)	1,879
Depreciation and amortisation and impairment losses	(53)	(388)	-	(441)	(313)	(31)	(785)
Operating profit (EBIT) ⁽²⁾	104	390	-	494	643	(43)	1,094
Net financial income/(expense) ⁽²⁾	(7)	48	-	41	(25)	4	20
Income before tax	97	436	-	533	619	(38)	1,114
Net income ⁽²⁾	84	322	-	406	457	(31)	832
Net ordinary income ⁽²⁾	84	322	-	406	457	(31)	832

(1) Structure, Services and Adjustments.

(2) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(3) Includes the gross operating profit (EBITDA) of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 151 million.

Millions of Euros

	January-June 2020						
	Generation and Supply				Distribution	Structure and Others ⁽¹⁾	Total
	Non-mainland Territories generation (TNP)	Other Generation and Supply	Adjustments	Total			
Revenue	755	7,173	(267)	7,661	1,309	(87)	8,883
Sales	752	6,663	(266)	7,149	1,191	(75)	8,265
Other operating income	3	510	(1)	512	118	(12)	618
Procurements and services	(559)	(5,638)	264	(5,933)	(80)	52	(5,961)
Contribution margin ⁽²⁾	196	1,535	(3)	1,728	1,229	(35)	2,922
Self-constructed assets	-	32	-	32	58	7	97
Personnel expenses	(30)	(29)	-	(59)	57	(93)	(95)
Other fixed operating expenses	(86)	(451)	3	(534)	(178)	103	(609)
Gross operating profit (EBITDA) ^{(2) (3)}	80	1,087 ⁽³⁾	-	1,167	1,166	(18)	2,315
Depreciation and amortisation and impairment losses	(44)	(377)	-	(421)	(313)	(26)	(760)
Operating Income (EBIT) ⁽²⁾	36	710	-	746	853	(44)	1,555
Net financial income/(expense) ⁽²⁾	(9)	(29)	-	(38)	(17)	7	(48)
Income before tax	27	680	-	707	843	(37)	1,513
Net income ⁽²⁾	21	506	-	527	633	(32)	1,128
Net ordinary income ⁽²⁾	21	506	-	527	633	(32)	1,128

(1) Structure, Services and Adjustments.

(2) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(3) Includes the gross operating profit (EBITDA) of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 87 million.

9.1. Generation and Supply.

The main figures of the segment in the period January-June 2021 and of their variations with respect to the same period of the previous year are as follows:

Millions of Euros	Generation and Supply segment			
	January-June 2021	January-June 2020	Difference	% Var.
Contribution margin	1,676	1,728	(52)	(3.0)
Gross operating profit (EBITDA)	935	1,167	(232)	(19.9)
Operating Income (EBIT)	494	746	(252)	(33.8)

Contribution margin.

In the first half of 2021, the contribution margin of the Generation and Supply segment amounted to Euros 1,676 million, down Euros 52 million compared with the previous year (-3.0%), due to the increase in the cumulative arithmetic price (Euros 58.6/MWh; +102.0%) in the wholesale electricity market and commodity prices, partially offset by the recognition of the right to be compensated for the reduction of its remuneration as a generating company in an amount equivalent to the internalisation of the CO₂ emission rights assigned free of charge by the National Emissions Allocation Plan (PNA), which it does not have a legal duty to bear, amounting to Euros 188 million, and the relative reversal of the state water tax.

Gross operating profit (EBITDA).

Gross operating profit (EBITDA) for the Generation and Supply segment amounted to Euros 935 million (-19.9%) in the first half of 2021. The following factors must be taken into account when analysing the changes in the first half of 2021:

- The 3.0% reduction in the contribution margin.
- The update of provisions for current workforce restructuring plans had no impact in the first half of 2021 (Euros 16 million, positive, in the first half of 2020).
- The implementation in the first half of 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of a restructuring provision relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts”, generating a positive impact in the income statement of Euros 186 million.

Operating profit (EBIT)

In the first half of 2021, operating profit (EBIT) for the Generation and Supply segment was Euros 494 million, down Euros 252 million, mainly as a result of:

- A 19.9% decrease in gross operating profit (EBITDA).
- The increase in depreciation expense of Euros 22 million which includes, among other things, the bringing into operation of power generation assets from renewable sources.

9.2. Distribution

The main figures for the Distribution segment in the period January-June 2021 and the variations with respect to the same period of the previous year are as follows:

Millions of Euros

	Distribution segment			
	January-June 2021	January-June 2020	Difference	% Var.
Contribution margin	1,203	1,229	(26)	(2.1)
Gross operating profit (EBITDA)	956	1,166	(210)	(18.0)
Operating Income (EBIT)	643	853	(210)	(24.6)

Contribution margin.

The contribution margin of the Distribution segment in the first half of 2021 amounted to Euros 1,203 million, which represents a decrease of Euros 26 million (-2.1%) compared to the same period in the previous year. This can mostly be attributed to the reduction in regulated income from distribution activity, totalling Euros 30 million (-2.8%), due mainly to application of the new financial remuneration rate applicable from 1 January 2021.

Gross operating profit (EBITDA).

Gross operating profit (EBITDA) for the Distribution segment amounted to Euros 956 million (-18.0%) in the first half of 2021. The following factors must be taken into account when analysing the changes in the first half of 2021 relative to the same period of the previous year:

- The negative performance of the contribution margin (-2.1%).
- The update of provisions for current workforce restructuring plans had no impact in the first half of 2021 (Euros 8 million, positive, in the first half of 2020).
- The implementation in the first half of 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of a restructuring provision relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts”, generating a positive impact in the income statement of Euros 178 million.

Operating profit (EBIT)

Operating profit (EBIT) for the Distribution segment in the first half of 2021 fell by Euros 210 million (-24.6%) relative to the same period of the previous year, mainly as a result of the 18.0% decrease in gross operating profit (EBITDA).

9.3. Structure and Others.

The main figures of Structure and Others in the period January-June 2021 and their variations relative to the same period of the previous year are as follows:

Millions of Euros

	Structure and Others			
	January-June 2021	January-June 2020	Difference	% Var.
Contribution margin	(33)	(35)	2	(5.7)
Gross operating profit (EBITDA)	(12)	(18)	6	(33.3)
Operating Income (EBIT)	(43)	(44)	1	(2.3)

Contribution margin.

The contribution margin of Structure and Others in the first half of 2021 was down Euros 33 million relative to the same period of the previous year.

Gross operating profit (EBITDA).

Gross operating profit (EBITDA) in the first half of 2021 in Structure and Others increased by Euros 6 million relative to the same period of the previous year, mainly as a result of:

- The updates of the provisions for current workforce restructuring costs for Euros 4 million (negative) in the first half of 2021 and Euros 20 million (positive) in the first half of 2020.
- The implementation in the first half of 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of a provision for workforce restructuring costs relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts”, generating a negative impact in the Income Statement of Euros 8 million.
- The recognition in the period January-June 2020 of a cost of Euros 12 million corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis (see Section 5.2. COVID-19 Health Crisis in this Consolidated Management Report).

Operating profit (EBIT)

Operating Income (EBIT) in the first half of 2021 in Structure and Others segment totalled Euros 43 million, negative.

10. Regulatory Framework

Information relating to climate change is provided in Note 3. Sector Regulation in the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

From a regulatory perspective, the main highlights during the period January-June 2021 were as follows:

Electricity tariff for 2021

On 29 December 2020, Order TEC/1271/2020, of 22 December 2020, was published in the Official State Gazette, establishing various costs for the electricity system for the 2021 financial year, and extending electricity access tariffs until the entry into force of tariffs set by the Spanish Markets and Competition Commission (CNMC).

On 23 March 2021, the Resolution of 18 March 2021 of the Spanish Markets and Competition Commission (CNMC) was published in the Official State Gazette, approving the prices of the access tariffs for energy transmission and distribution network applicable from 1 June 2021.

Natural gas tariff for 2021

Spanish Markets and Competition Commission (CNMC) Circular 6/2020 of 22 July 2020 approved the methodology for the calculation of transmission tolls, local networks and natural gas regasification and among other aspects established that the CNMC must set the values of the access tariffs for regasification facilities and, where appropriate, the billing terms of the term of conduction of the transport and distribution tolls, applicable from 1 October 2020.

On 29 December 2020 the “BOE” published the Resolution of 21 December 2020 of the General Directorate for Energy Policy and Mines, establishing the Last Resort Tariff (“LRT”) for natural gas to be applied from 1 January 2021, resulting in an average increase of 4.6% or 6.3% depending on whether Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2) is concerned, due to the increase in the cost of the raw material.

Energy efficiency.

On 25 March 2021, Order TED/275/2021, of 18 March 2021, establishing the contribution to the Energy Efficiency National Fund for 2021, was published in the Official State Gazette, with the percentage for ENDESA amounting to Euros 27.7 million.

“Bono Social” discount rate.

On 19 May 2021, processing started of the draft Order establishing the allocation of funding for the 2021 Bono Social (Social Bonus), with the proposed percentage for ENDESA, S.A. being 34.72%.

Strategic Framework for Energy and Climate.

On 31 March 2021, the joint Resolution of the Directorate-General for Energy Policy and Mines and the Spanish Climate Change Office, of 25 March 2021, was published in the Official State Gazette, publishing the Agreement of the Council of Ministers of 16 March 2021, adopting the final version of the National Integrated Energy and Climate Plan (PNIEC) 2021-2030, once the consultations and preliminary proceedings have been completed and approved by the European Commission.

On 21 May 2021, Law 7/2021, of 20 May 2021, on Climate Change and the Energy Transition, was published in the Official State Gazette, after completing its passage through parliament.

Recovery, Transformation and Resilience Plan of the Economy.

On 7 October 2020, the Government presented the Plan for the Recovery, Transformation and Resilience of the Economy to respond to the challenges of the next decade, focusing on four transformations needed to modernise and boost Spain's economy: ecological transition, digital transformation, gender equality, and social and territorial cohesion.

The Plan for the Recovery, Transformation and Resilience of the Economy will involve a significant volume of public and private investment in the coming years, which will be financed with funds from the European Union Recovery Plan ("Next Generation EU"), enabling Spain to obtain up to Euros 140 billion, of which Euros 69.5 billion will be non-refundable and the rest loans. In order to expedite the timetable to implement this Plan, the Government included Euros 27 billion as an advance on these funds in Law 11/2020, of 30 December 2020, on the General State Budgets for 2021.

On 27 April 2021, the Council of Ministers approved the final draft of the Plan, which has been sent to the European Commission for approval. On 16 June 2021, the Commission issued a proposal favourable to approving the Plan. Final approval from the European Council was at 13 July 2021. Approval from the European Council will enable the release of Euros 9 billion to Spain as pre-financing, representing 13% of the total assigned to Spain.

Royal Decree 148/2021, of 9 March 2021, establishing the methodology for calculating electricity system charges.

On 18 March 2021, Royal Decree 148/2021, of 9 March 2021, was published in the Official State Gazette, establishing the calculation methodology for electricity system charges.

This Royal Decree complements the electricity transmission and distribution tolls, which are set by the Spanish Markets and Competition Commission (CNMC).

The methodology approved will apply jointly with the new transmission and distribution tolls from the Spanish Markets and Competition Commission (CNMC) and not before 1 June 2021.

On 22 April 2021, Order TED/371/2021, of 19 April 2021, approving the electricity system charges that will apply from 1 June 2021, was published in the Official State Gazette (BOE).

Energy Storage Strategy.

On 9 February 2021, the Council of Ministers approved the Energy Storage Strategy, an element considered to be crucial for the transition to an emissions-neutral economy and the effective integration of renewable energies into the electricity system.

The Energy Storage Strategy quantifies storage needs in line with those envisaged in the National Integrated Energy and Climate Plan (PNIEC) 2021-2030 and the target for climate neutrality before 2050, from the 8.3 GW currently available to around 20 GW in 2030 and 30 GW in 2050. Furthermore, all the technologies forming energy storage are classified according to the applicable method and system, the actions for their effective deployment are identified, together with the regulatory challenges for the participation of storage in electricity markets, taking into account the market access procedures and their role in the price structure and signals. In addition, the economic challenges they represent are analysed, in conjunction with the need for industrial policies that encourage their financing.

Draft law on the remuneration of CO₂ not emitted.

On 1 June 2021, the Council of Ministers began the processing, under the emergency procedure, of the draft law on the remuneration of CO₂ that is not emitted.

This draft law establishes a reduction of remuneration for mainland production facilities that do not emit greenhouse gasses that were in operation before the introduction of the European Emissions Trading Scheme, in proportion to the higher revenue obtained by adding the value of the CO₂ emission rights for marginal emission technologies to the wholesale market price. This excludes plants below 10 MW, whenever they came on-stream, and those with a remuneration regime regulated under article 14 of Law 24/2013, of 26 December 2013, on the Electricity Sector.

The funds collected will be used to finance renewable energies and timing mismatches, except for 10% which will be used, on the part of the public administrations, to jointly finance the cost of supplying highly vulnerable customers at risk of social exclusion.

Royal Decree Law 12/2021 of 24 June 2021 adopting urgent measures on energy taxation.

On 24 June 2021, Royal Decree Law 12/2021, of 24 June 2021, was published in the Official State Gazette (BOE), establishing specific urgent tax measures to mitigate the effects of the increase in electricity prices for consumers. This Royal Decree includes the following measures:

- Reduction of value added tax (VAT) from 21% to 10%, until 31 December 2021, for contracted electricity supplies of equal or less than 10 kW, providing the arithmetic average price in the daily market over the calendar month before the month of the last day of the billing period exceeds €45/MWh, and the customers are recipients of the Social Bonus who are highly vulnerable or at risk of social exclusion
- Temporary suspension of the tax on the Value of Electricity Production during the third quarter of 2021.

The Royal Decree-Law also establishes that if there is a surplus of revenue in the electricity sector in 2020, this will be applied in full to covering the timing mismatches in 2021.

Proposed market capacity order.

The Ministry of Ecological Transition and Demographic Challenge (“MITECO” in Spanish) has initiated processing of a proposed order creating a capacity market in the mainland electricity system. This proposal is based on an auction system (“pay as bid”), which would be used to contract the final capacity (MW) detected in the analysis of coverage of demand by the system operator, Red Eléctrica de España, S.A.U. (REE).

The auction system is open to existing and new generating, storage and demand management facilities, setting down requirements for the maximum emissions of CO₂ emission rights for the participating facilities.

The draft Order regulates aspects related to the various types of auctions planned, the rights and obligations of capacity service providers, including the remuneration regime and penalties in the event of non-compliance by the providers.

Proposed Royal Decree on closed electricity distribution grids.

On 11 June 2021 the Ministry of Ecological Transition and Demographic Challenge (MITECO), implementing the provisions of Royal Decree-Law 20/2018, of 7 December 2018, began the processing of a Royal Decree regulating the conditions and requirements for closed electricity distribution grids and their owners, and the administrative authorisation procedure and circumstances for revocation.

11. Other Information.

11.1. Stock market information.

The changes in the share price of ENDESA, S.A. and the major benchmark indexes in the periods from January-June 2021 and 2020 were as follows:

Percentage (%)			
Share price performance ⁽¹⁾	January-June 2021	January-June 2020	
ENDESA, S.A.		(8.5)	(7.8)
Ibex-35		9.3	(24.3)
Euros Stoxx 50		14.4	(13.6)
Euros Stoxx Utilities		(3.5)	(0.7)

(1) Source: Madrid Stock Exchange.

Stock market information		30 June 2021	31 December 2020	% Var.
Market capitalisation ⁽¹⁾	Millions of Euros	21,662	23,663	(8.5)
Number of shares outstanding		1,058,752,117	1,058,752,117	-
Nominal share value	Euros	1.2	1.2	-
Cash ⁽²⁾	Millions of Euros	4,435	9,696	(54.3)
Continuous market	Shares			
Trading volume ⁽³⁾		200,514,258	430,957,400	(53.5)
Average daily trading volume ⁽⁴⁾		1,591,383	1,676,877	(5.1)
Price to earnings ratio (PER) Ordinary ⁽¹⁾		14.73	11.10	-
Price to earnings ratio (PER) ⁽¹⁾		14.73	16.97	-
Price / Book value ⁽¹⁾		3.15	3.23	-

(1) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(2) Cash = Sum of all the transactions performed on the shares during the reference period (Source: Madrid Stock Exchange).

(3) Trading Volume = Total volume of ENDESA, S.A. securities traded in the period (Source: Madrid Stock Exchange).

(4) Average Daily Trading Volume = Arithmetic mean of stock in ENDESA, S.A. traded per session during the period (Source: Madrid Stock Exchange).

Euros			
ENDESA share price ⁽¹⁾	January-June 2021	2020	% Var.
Maximum	23,650	26,120	(9.5)
Minimum	20,320	15,500	31.1
Period average	22,061	22,677	(2.7)
Period close	20,460	22,350	(8.5)

(1) Source: Madrid Stock Exchange.

The world's leading stock markets ended the first half of 2021 with gains, boosted by the acceleration of the global vaccination process and the resulting resurgence of economic activity. Against this optimistic backdrop, Spain's Ibex-35 index ended the first half of the year up 9.3%, at 8,821.2 points, with 25 of its 35 component securities in positive territory.

ENDESA's share price ended the first half of 2021 down 8.46%, at Euros 20.46 per share, impacted in June by an increased perception of regulatory risk, which affected the prices of all shares in the sector.

Considering the total dividend in 2020 of Euros 2,0136 gross per share, ENDESA's shareholders obtained an additional dividend yield of 9.01% in 2021, which would offset the accumulated stock market performance in the period (-8.46%).

ENDESA's securities recorded a low for the half-year period on 3 March 2021, at Euros 20.32 per share, a fall of 9.1%. From that level, they recovered ground peaking on 28 May 2021 at Euros 23.65, 5.8% higher than their price at the start of the year.

The announcement on 1 June of the start of processing of regulatory measures to reduce the impact of electricity prices on the end consumer led to a sharp correction among the leading companies in the electricity sector (see Section 10. Regulatory Framework in this Consolidated Management Report and Note 3 of the Explanatory Notes that form part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021). In ENDESA's case, the sales in that month, together with the reduction in the share price due to the dividend payment, took the share price back to near its lowest levels for the year, closing at Euros 20.46 per share.

At the end of the half year, ENDESA's market cap stood at Euros 21,662 million, making it the security with the ninth highest capitalisation in the IBEX-35.

11.2. Dividends.

The Board of Directors of ENDESA, S.A. operates an economic-financial strategy to generate a significant amount of cash to maintain Company debt levels and maximise shareholder remuneration. This also achieves the objective of ensuring the sustainability of the business project undertaken.

As a result of this economic-financial strategy, at a meeting on 25 November 2020 the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2020-2023, unless any exceptional circumstances arise, which will be duly reported:

- For 2020, the ordinary dividend per share to be distributed in respect of these years will be equivalent to 100% of net ordinary income attributable to the Parent as per the Consolidated Financial Statements of the Group headed by the Company.
- For 2021, the Board of Directors will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 80% of the net ordinary income attributable to the Parent as per the Group's Consolidated Financial Statements.
- For the 2022 and 2023 financial years, the Board of Directors of ENDESA, S.A. will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 70% of the net ordinary income attributable to the Parent as per the Group's Consolidated Financial Statements.

The intention of the Board of Directors is that the ordinary dividend should be paid solely in cash in two instalments (January and July) on a given date to be determined in each case, which will be duly notified.

Without prejudice to the foregoing, ENDESA's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit and the availability of unrestricted reserves. Therefore, no assurance can be given that dividends will be paid out in future years or as to the amount of such dividends, if paid.

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting on 30 April 2021 to pay shareholders a total dividend charged against 2020 profit of Euros 2,0136 gross per share (Euros 2,132 million in total).

Including the interim dividend of Euros 0.70 gross per share (Euros 741 million) paid on 4 January 2021 (see Sections 7.2. Financial Management and 7.5. Cash Flows Statement in this Consolidated Management Report), the final dividend paid against 2020 profit amounts to Euros 1,3136 gross per share (Euros 1,391 million), which was paid out on 1 July 2021.

The breakdown of these dividends is as follows:

	Reference ⁽¹⁾	Sections	Approval date	Euros per share, gross	Amount (Millions of Euros)	Payment date
Interim dividend	18.3	7.5.	25 November 2020	0,700	741	4 January 2021
Final dividend			30 April 2021	1,3136	1,391	1 July 2021
Total dividend paid against 2020 profit	11.4 and 17			2,0136	2,132	

(1) Notes to the Interim Consolidated Financial Statements for the six months ended 30 June 2021.

In accordance with the foregoing, details of ENDESA, S.A.'s dividends per share in 2020 and 2019 are as follows:

		2020	2019	% Var.
Share capital	Millions of Euros	1,270.5	1,270.5	-
Number of shares		1,058,752,117	1,058,752,117	-
Consolidated net ordinary income	Millions of Euros	2,132	1,562	36.5
Consolidated net income	Millions of Euros	1,394	171	715.2
Individual net income	Millions of Euros	2,330	1,642	41.9
Net ordinary earnings per share (1)	Euros	2,0136	1,475	36.5
Net earnings per share (1)	Euros	1,317	0,162	715.2
Gross dividend per share	Euros	2,0136 ⁽²⁾	1,475 ⁽³⁾	-
Consolidated ordinary pay-out (1)	%	100.0	100.0	-
Consolidated pay-out (1)	%	152.9	913.3	-
Individual pay-out (1)	%	91.5	95.1	-

(1) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(2) Interim dividend equal to Euros 0.7 gross per share paid on 4 January 2021 plus the final dividend equal to Euros 1,3136 gross per share paid on 1 July 2021.

(3) Interim dividend of Euros 0.7 gross per share, paid out on 2 January 2020, plus the final dividend of Euros 0,775 gross per share paid out on 1 July 2020.

11.3. Contingent assets and liabilities.

There were no one-off events involving significant amounts during the first half of 2021 other than those discussed herein.

Therefore, during the first half of 2021, no new significant contingent liabilities arose other than those described in the Consolidated Financial Statements for the year ended 31 December 2020.

Information on lawsuits, arbitration proceedings and contingent assets is included in Note 12.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

12. Information on related-party transactions.

Information concerning related-party transactions is included in Note 20 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

13. Events after the reporting period.

Information concerning events after the reporting period is included in Note 23 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

APPENDIX I

Alternative Performance Measures (APMs)

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			January-June 2021	January-June 2020	
(EBITDA)	€M	Income - Procurements and services + Work carried out by the Group for its assets - Personnel expenses - Other fixed operating expenses.	1,879 M€ = 10,272 M€ - 7,426 M€ + 106 M€ - 466 M€ - 607 M€	2,315 M€ = 8,883 M€ - 5,961 M€ + 97 M€ - 95 M€ - 609 M€	Measure of operating return excluding interest, taxes, provisions and depreciation and amortisation.
EBIT	€M	EBITDA - Depreciation and amortisation and impairment losses.	1,094 M€ = 1,879 M€ - 785 M€	1,555 M€ = 2,315 M€ - 760 M€	Measure of operating return excluding interest and taxes
Net ordinary income	€M	Net ordinary result = Net result of the Parent - Net result on sales of non-financial assets (greater than 10 million euros) - Net impairment losses on non-financial assets (greater than 10 million euros) - Initial net expenses of personnel under staff restructuring plans related to the decarbonisation plan and the digitalisation of processes - Net expenses corresponding to the public responsibility plan for the COVID-19 health crisis.	832 M€ = 832 M€ - 0 M€ - 0 M€ - 0 M€ - 0 M€	1,128 M€ = 1,128 M€ - 0 M€ - 0 M€ - 0 M€ - 0 M€	Measure of profit for the period isolating non-recurring effects of more than Euros 10 million.
Contribution margin	€M	Income - Procurements and services	2,846 M€ = 10,272 M€ - 7,426 M€	2,922 M€ = 8,883 M€ - 5,961 M€	Measure of operating profitability taking account of direct variable production costs
Procurements and services	€M	Power purchases + Fuel consumption + Transmission costs + Other variable procurements and services	7,426 M€ = 2,369 M€ + 569 M€ + 2,390 M€ + 2,098 M€	5,961 M€ = 1,809 M€ + 570 M€ + 2,523 M€ + 1,059 M€	Goods and services for production
Net financial income/(expense)	€M	Financial income - Financial expense + Net exchange differences	20 M€ = 108 M€ - 85 M€ - 3 M€	(48) M€ = 27 M€ - 77 M€ + 2 M€	Measure of financial cost
Net financial expense	€M	Financial income - Financial expense	23 M€ = 108 M€ - 85 M€	(50) M€ = 27 M€ - 77 M€	Measure of financial cost
Net investments	€M	Gross investments - Capital grants and facilities disposed of	812 M€ = 908 M€ - 96 M€	728 M€ = 797 M€ - 69 M€	Measure of investment activity
Ordinary Return on equity	%	Net ordinary income of the Parent / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2)	20.72% = (((832-194) * 12 months / 6 months) M€ + 194 M€) / ((6,873 + 7,315) / 2) M€	25.21% = (((1,128 - 267) * 12 months / 6 months) M€ + 267 M€) / ((8,094 + 7,688) / 2) M€	Measure of the capacity to generate profits on shareholder investments
Ordinary Return on assets	%	Net ordinary income of the Parent / ((Total assets (n) + Total assets (n-1)) / 2)	4.40% = (((832-194) * 12 months / 6 months) M€ + 194 M€) / ((34,723 + 32,062) / 2) M€	6.23% = (((1,128 - 267) * 12 months / 6 months) M€ + 267 M€) / ((31,895 + 31,981) / 2) M€	Measure of business profitability
Economic profitability	%	EBIT / ((PP&E (n) + PP&E (n-1)) / 2)	9.33% = (((1,094-188) * 12 months / 6 months) M€ + 188 M€) / ((21,517 + 21,354) / 2) M€	12.92% = (((1,555 - 356) * 12 months / 6 months) M€ + 356 M€) / ((21,307 + 21,329) / 2) M€	Measure of the capacity of the assets and capital invested to generate income
Return on capital employed (ROCE)	%	Operating profit after tax / ((Non-current assets (n) + Non-current assets (n-1)) / 2) + (Current assets (n) + Current assets (n-1)) / 2)	4.50% = (((822 - 141) * 12 months / 6 months) M€ + 141 M€) / ((26,467 + 25,828) / 2 + (8,256 + 6,234) / 2) M€	6.44% = (((1,162.4 - 267) * 12 months / 6 months) M€ + 267 M€) / ((25,786 + 25,881) / 2 + (6,109 + 6,100) / 2) M€	Measure of return on capital employed
Return on invested capital (ROIC)	%	Operating income after taxes / (Net equity of the Parent + Net financial debt)	9.98% = (((822 - 141) * 12 months / 6 months) M€ + 141 M€) / ((6,873 M€ + 8,184 M€)	13.55% = (((1,162.4 - 267) * 12 months / 6 months) M€ + 267 M€) / ((8,094 M€ + 7,092 M€)	Measure of return on capital invested
Funds from operations	€M	Cash flows from operating activities + Changes in working capital - Work carried out by the group for its assets	1,423 M€ = 492 M€ + 1,037 M€ - 106 M€	1,590 M€ = 995 M€ + 692 M€ - 97 M€	Measure of cash generated by the company's business available to make investments, amortise debt and distribute dividends to shareholders
Interest expenses	€M	Interest paid	78 M€	70 M€	Measure of interest payments
Net ordinary earnings per share	€	Net ordinary income of the Parent / Number of shares at the end of the year	0,786 € = 832 M€ / 1,058,752,117 shares	1,065 € = 1,128 M€ / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the year.
Net earnings per share	€	Net ordinary income of the Parent / Number of shares at the end of the year	0,786 € = 832 M€ / 1,058,752,117 shares	1,065 € = 1,128 M€ / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the year
Cash flow per share	€	Net cash flow from operating activities / Number of shares at the end of the reporting year	0,465 € = 492 M€ / 1,058,752,117 shares	0,940 € = 995 M€ / 1,058,752,117 shares	Measurement of the portion of funds generated corresponding to each share at the end of the year.

M€ = millions of euros; € = euros.

n = 31 March of the year being calculated.

n-1 = 31 December of the year before the year being calculated.

(1) Annualised income, discounting the effects, net of the tax effect, amounting to Euros 194 million, described in section 6.3. Profit/(Loss) Analysis in this Consolidated Management Report).

(2) Annualised income, discounting the effects, amounting to Euros 188 million, described in section 6.3.1. Revenue in this Consolidated Management Report

(3) Annualised income, discounting the effects, net of the tax effect, amounting to Euros 141 million, described in section 6.3.1. Revenue in this Consolidated Management Report

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			30 June 2021	31 December 2020	
Net financial debt	€M	Non-current borrowings + Current borrowings – Cash and cash equivalents – Financial derivatives recognised under financial assets	8,184 M€ = 6,342 M€ + 2,025 M€ - 177 M€ - 6 M€	6,899 M€ = 5,937 M€ + 1,372 M€ - 403 M€ - 7 M€	Short- and long-term financial debt, less cash and financial investments equivalent to cash
Sustainable financing	%	Sustainable gross financial debt / Gross financial debt	49% = 4,082 M€ / 8,367 M€	45% = 3,264 M€ / 7,309 M€	Measurement of the weight of gross financial debt with sustainability clauses as a share of total gross financial debt
Leverage	%	Net financial debt / Equity	116.50% = 8,184 M€ / 7,025 M€	92.42% = 6,899 M€ / 7,465 M€	Measure of the weight of external funds in the financing of business activities
Debt ratio	%	Net financial debt / (Equity + Net financial debt)	53.81% = 8,184 M€ / (7,025 M€ + 8,184 M€)	48.03% = 6,899 M€ / (7,465 M€ + 6,899 M€)	Measure of the weight of external funds in the financing of business activities
Average life of gross financial debt	Number of years	(Principal * Number of days validity) / (Principal outstanding at the end of the period * Number of days in the period)	4.7 years = 38,985 / 8,337	4.6 years = 33,484 / 7,268	Measure of the duration of financial debt to maturity
Average Gross Financial Debt	€M	(Total Drawdowns or Debt Positions * Number of Days Outstanding of each Drawdown or Position) / (Number of Days Outstanding Accumulated)	8,237 M€	8,104 M€	Measure of average gross financial debt in the period, for the calculation of the average cost of gross financial debt
Average cost of gross financial debt	%	(Cost of gross financial debt) / Gross average financial debt	1.7% = ((66 M€ * 12 months / 6 months) + 5 M€) / 8,237 M€	1.7% = 139 M€ / 8,104 M€	Measure of the effective rate of financial debt
Debt maturity coverage	Number of month	Maturity period (months) of core debt that could be covered with the liquidity available	39 months	17 months	Measure of the capacity to meet debt maturities
Liquidity ratio	N/A	Current assets / Current liabilities.	0.74 = 8,256 M€ / 11,141 M€	0.73 = 6,234 M€ / 8,555 M€	Measure of the capacity to meet short term commitments
Solvency ratio	N/A	(Equity + Non-current liabilities) / Non-current assets	0.89 = (7,025 M€ + 16,557 M€) / 26,467 M€	0.91 = (7,465 M€ + 16,042 M€) / 25,828 M€	Measure of the capacity to meet obligations
Debt coverage ratio	N/A	Net financial debt / EBITDA	2.29 = 8,184 M€ / (((0,786 - 188) * 12 months / 6 months) M€ + 188 M€) (1)	1.82 = 6,899 M€ / 3,783 M€	Measurement of the amount of available cash flow to meet payments of principal on financial debt.
Fixed assets	€M	Property, plant and equipment + Real estate investments + Intangible assets + Goodwill	23,493 M€ = 21,517 M€ + 57 M€ + 1,457 M€ + 462 M€	23,273 M€ = 21,354 M€ + 58 M€ + 1,399 M€ + 462 M€	Assets of the Company, whether tangible or intangible, not convertible into short-term liquidity, necessary for the Company to operate and not intended for sale.
Total net non-current assets	€M	Fixed assets + Intangible assets + Goodwill + Investments accounted for using the equity method + Real estate investments + Non-current financial assets - Deferred income - Other non-current assets - Financial derivatives recognised under non-current financial assets	19,471 M€ = 21,517 M€ + 1,457 M€ + 462 M€ + 208 M€ + 57 M€ + 1,304 M€ - 4,529 M€ - 999 M€ - 6 M€	19,082 M€ = 21,354 M€ + 1,399 M€ + 462 M€ + 217 M€ + 58 M€ + 947 M€ - 4,517 M€ - 831 M€ - 7 M€	Measurement of non-current assets excluding deferred tax assets, less the value of deferred income and other non-current liabilities.
Total net working capital	€M	Trade and other receivables + Inventories + Current financial assets - Financial derivatives recognised under current financial assets + Current income tax assets - Current income tax liabilities - Suppliers and other payables	(641) M€ = 5,378 M€ + 1,037 M€ + 1,089 M€ - 0 M€ + 575 M€ - 813 M€ - 7,907 M€	(875) M€ = 3,151 M€ + 1,077 M€ + 1,177 M€ - 0 M€ + 426 M€ - 512 M€ - 6,194 M€	Measurement of current assets excluding cash and financial investments equivalent to cash, less suppliers and other payables and current corporate income tax liabilities
Gross invested capital	€M	Total net non-current assets + Total net working capital	18,830 M€ = 19,471 M€ - 641 M€	18,207 M€ = 19,082 M€ - 875 M€	Total net non-current assets plus total net working capital
Net invested capital	€M	Gross capital invested - Provisions for pensions and similar obligations - Other non-current provisions - Current provisions+ Deferred tax assets - Deferred tax liabilities + Net non-current assets held for sale and discontinued operations	15,209 M€ = 18,830 M€ - 606 M€ - 2,889 M€ - 396 M€ + 1,462 M€ - 1,192 M€ + 0 M€	14,364 M€ = 18,207 M€ - 701 M€ - 3,003 M€ - 477 M€ + 1,391 M€ - 1,053 M€ + 0 M€	Measurement of gross capital invested less provisions and deferred tax assets and liabilities
Book value per share	€	Equity of the Parent / Number of shares at the end of the reporting period	6,492 € = 6,873 M€ / 1,058,752,117 shares	6,909 € = 7,315 M€ / 1,058,752,117 shares	Measure of the portion of equity corresponding to each share at the end of the year.
Market capitalisation	€M	Number of shares at the end of the period * Share price at the end of the year	21,662 M€ = 1,058,752,117 shares * 20,460 €	23,663 M€ = 1,058,752,117 shares * 22,350 €	Measurement of total enterprise value according to the share price
Price to earnings ratio (PER) ordinary	N/A	Share price at the end of the year / Net ordinary earnings per share	14.73 = 20,460 € / (((0,786 - 0,183) * 12 months / 6 months) + 0,183) (2)	11.10 = 22,350 € / 2,0136 €	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price to earnings ratio (PER)	N/A	Share price at the end of the year / Net earnings per share	14.73 = 20,460 € / (((0,786 - 0,183) * 12 months / 6 months) + 0,183) (2)	16.97 = 22,350 € / 1,317 €	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price / Book value	N/A	Market capitalisation / Equity of the Parent	3.15 = 21,662 M€ / 6,873 M€	3.23 = 23,663 M€ / 7,315 M€	Measurement comparing total enterprise value according to the share price with the carrying amount
			2020	2019	
Consolidated ordinary pay-out	%	(Gross dividend per share * Number of shares at the end of the reporting period) / Net ordinary income of the Parent.	100.0% = (2,0136 € * 1,058,752,117 shares) / 2,132 M€	100.0% = (1,475 € * 1,058,752,117 shares) / 1,562 M€	Measure of the part of ordinary income obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Consolidated pay-out	%	Gross dividend per share * Number of shares at the end of the reporting period) / Profit of the Parent for the year	152.9% = (2,0136 € * 1,058,752,117 shares) / 1,394 M€	913.3% = (1,475 € * 1,058,752,117 shares) / 171 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual pay-out	%	(Gross dividend per share * Number of shares at the end of the reporting period / Profit of ENDESA, S.A. for the year	91.5% = (2,0136 € * 1,058,752,117 shares) / 2,330 M€	95.1% = (1,475 € * 1,058,752,117 shares) / 1,642 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

M€ = millions of euros; € = euros.

(1) Annualised income, discounting the effects, amounting to Euros 188 million, described in section 6.3.1. Revenue in this Consolidated Management Report.

(2) Annualised income, discounting the effects, net of the tax effect, amounting to Euros 194 million, described in section 6.3. Profit/(Loss) Analysis in this Consolidated Management Report).