Report on Limited Review

ENAGÁS, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Management Report
for the six-month month period ended
June 30, 2020

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Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel.: 902 365 456
Fax.: 915 727 300
ey.com

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Enagás, S.A. (hereinafter the parent) and subsidiaries (hereinafter the Group), which comprise the balance sheet at June 30, 2020, the income statement, the statement of total changes in equity, the cash flow statement, the statement of recognized income and expense and the notes thereto, all of which have been condensed and consolidated, for the six-month period then ended. The parent's directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting," adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope

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

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would cause us to believe that the accompanying interim financial statements for the six-month period ended June 30, 2020 have not been prepared, in all material respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Emphasis of matter paragraphs

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

We draw attention to the matter described in Note 1.2 of the accompanying explanatory notes, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2019. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six-month period ended June 30, 2020 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended on June 30, 2020. Our work is limited to verifying the interim consolidated management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Enagás S.A. and its subsidiaries.

Paragraph on other issues

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

ERNST & YOUNG, S.L.

David Ruiz-Roso Moyano

July 27, 2020

ENAGÁS, S.A.
and
Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Management Report for the six month period ended June 30, 2020

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

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT JUNE 30, 2020
(Thousands of euros)

ASSETS	Notes	06.30.2020	12.31.2019
NON-CURRENT ASSETS		**8,095,937**	**7,446,298**
Intangible assets	2.5	71,559	73,671
Goodwill		25,812	25,812
Other intangible assets		45,747	47,859
Investment properties		19,610	19,610
Property, plant and equipment	2.4	4,525,370	4,634,920
Investments accounted for using the equity method	1.5	2,879,918	2,109,450
Other non-current financial assets	3.3.a	597,424	605,766
Deferred tax assets		2,056	2,881
CURRENT ASSETS		**1,204,075**	**1,397,926**
Non-current assets held for sale		1,767	5,008
Inventories		19,351	19,683
Trade and other receivables	2.2	305,068	254,002
Current tax assets		6,761	6,761
Other current financial assets	3.3.a	1,322	7,928
Short-term accruals		6,932	5,559
Cash and cash equivalents	3.6	862,874	1,098,985
TOTAL ASSETS		**9,300,012**	**8,844,224**

EQUITY AND LIABILITIES	Notes	06.30.2020	12.31.2019
EQUITY		**3,086,314**	**3,168,849**
SHAREHOLDERS' EQUITY		**3,158,240**	**3,170,142**
Subscribed capital	3.1.a	392,985	392,985
Share premium	3.1.b	465,116	465,116
Reserves		2,072,966	2,052,150
Treasury shares	3.1.c	(12,464)	(12,464)
Profit/(loss) for the year		236,331	422,618
Interim dividend		-	(152,469)
Other equity instruments	4.2	3,306	2,206
ADJUSTMENTS FOR CHANGES IN VALUE		**(87,697)**	**(17,177)**
NON-CONTROLLING INTEREST (EXTERNAL PARTNERS)	3.2	**15,771**	**15,884**
NON-CURRENT LIABILITIES		**5,083,307**	**5,205,162**
Non-current provisions	2.6.a	251,037	248,264
Financial debt and non-current derivatives	3.3.b	4,633,891	4,744,257
Deferred tax liabilities		159,575	171,887
Other non-current liabilities	2.7	38,804	40,754
CURRENT LIABILITIES		**1,130,391**	**470,213**
Current provisions	2.6.a	1,855	1,968
Financial debt and current derivatives	3.3.b	713,369	234,109
Trade and other payables	2.3	341,296	212,393
Current tax liabilities		64,982	5,230
Other current liabilities	2.7	8,889	16,513
TOTAL EQUITY AND LIABILITIES		**9,300,012**	**8,844,224**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Balance Sheet at June 30, 2020.

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT AT JUNE 30, 2020
(Thousands of euros)

	Notes	06.30.2020	06.30.2019
Revenue	2.1.a	538,809	584,012
Income from regulated activities		520,347	535,686
Income from non-regulated activities		18,462	48,326
Other operating income		14,966	14,748
Personnel expenses	2.1.b	(60,820)	(60,537)
Other operating expenses	2.1.c	(89,375)	(104,924)
Amortisation allowances	2.4 and 2.5	(135,352)	(144,305)
Impairment losses on disposal of fixed assets		(74)	(3,824)
Result of investments accounted for using the equity method	1.5	52,221	60,488
OPERATING PROFIT		**320,375**	**345,658**
Financial income and similar		8,834	12,883
Financial expenses and similar		(53,972)	(78,743)
Exchange differences (net)		17,433	(732)
Change in fair value of financial instruments		1,449	(2,545)
NET FINANCIAL GAIN (LOSS)		**(26,256)**	**(69,137)**
PROFIT /(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**294,119**	**276,521**
Income tax		(57,289)	(55,648)
PROFIT /(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**236,830**	**220,873**
Profit attributable to minority interest	3.2	(499)	(4,808)
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY		**236,331**	**216,065**
Attributable to:			
Parent		**236,331**	**216,065**
BASIC EARNINGS PER SHARE (in euros)	**1.6**	**0.90**	**0.91**
DILUTED EARNINGS PER SHARE (in euros)	**1.6**	**0.90**	**0.91**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Income Statement at June 30, 2020

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES
AT JUNE 30, 2020
(Thousands of euros)

	Notes	06.30.2020	06.30.2019
CONSOLIDATED PROFIT FOR THE YEAR		**236,830**	**220,873**
Attributed to the parent		236,331	216,065
Attributable to minority interests	3.2	499	4,808
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		**(78,003)**	**(24,565)**
From companies accounted for using the full consolidation method		**(35,484)**	**(6,624)**
From cash flow hedges		(37,037)	(11,962)
From currency translation differences		(7,706)	2,348
Tax effect		9,259	2,990
From companies accounted for using the equity method		**(42,519)**	**(17,941)**
From cash flow hedges		(25,479)	(24,413)
From currency translation differences		(22,145)	2,219
Tax effect		5,105	4,253
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		**7,483**	**1,691**
From companies accounted for using the full consolidation method		**5,152**	**1,582**
From cash flow hedges		6,869	2,805
From currency translation differences		-	(597)
Tax effect		(1,717)	(626)
From companies accounted for using the equity method		**2,331**	**109**
From cash flow hedges		3,301	147
Tax effect		(970)	(38)
TOTAL RECOGNISED INCOME AND EXPENSES		**166,310**	**197,999**
Attributed to minority interest		**499**	**7,728**
Attributed to the parent company		**165,811**	**190,271**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Statement of Recognised Income and Expenses at June 30, 2020

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

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY AT JUNE 30, 2020
(Thousands of euros)

	Capital (Note 3.1.a)	Share premium and reserves	Other equity instruments	Treasury shares (Note 3.1.c)	Profit/(loss) for the year	Interim dividend	Adjustments for changes in value	Minority interests (Note 3.2)	Total Equity
BALANCE AT DECEMBER 2018	**358,101**	**2,006,066**	**6,101**	**(8,219)**	**442,626**	**(145,917)**	**6,640**	**373,973**	**3,039,371**
- Adjustments due to initial application of IFRS 16	-	(30,621)							(30,621)
OPENING BALANCE 2019	**358,101**	**1,975,445**	**6,101**	**(8,219)**	**442,626**	**(145,917)**	**6,640**	**373,973**	**3,008,750**
Total recognised income and expenses	-	-	-	-	**216,065**	-	**(25,794)**	**7,728**	**197,999**
Transactions with shareholders	-	-	-	-	**(218,876)**	-	-	**(836)**	**(219,712)**
- Distribution of dividends	-	-	-	-	(218,876)	-	-	(836)	(219,712)
Transactions with treasury shares	-	-	-	**(9,876)**	-	-	-	-	**(9,876)**
Other changes in equity	-	**77,732**	**(4,962)**	**5,631**	**(223,750)**	**145,917**	-	**(365,417)**	**(364,849)**
- Payments based on equity instruments	-	471	(4,962)	5,631	-	-	-	-	1,140
- Transfers between equity accounts	-	77,833			(223,750)	145,917	-	-	-
- Differences due to changes in consolidation scope	-	-	-	-	-	-	-	(365,441)	(365,441)
- Other changes	-	(572)	-		-	-	-	24	(548)
CLOSING BALANCE AT JUNE 30, 2019	**358,101**	**2,053,177**	**1,139**	**(12,464)**	**216,065**	-	**(19,154)**	**15,448**	**2,612,312**
BALANCE AT DECEMBER 2019	**392,985**	**2,517,266**	**2,206**	**(12,464)**	**422,618**	**(152,469)**	**(17,177)**	**15,884**	**3,168,849**
OPENING BALANCE 2020	**392,985**	**2,517,266**	**2,206**	**(12,464)**	**422,618**	**(152,469)**	**(17,177)**	**15,884**	**3,168,849**
Total recognised income and expenses	-	-	-	-	**236,331**	-	**(70,520)**	**499**	**166,310**
Transactions with shareholders	-	**(7,742)**	-	-	**(243,287)**	-	-	**(835)**	**(251,864)**
- Distribution of dividends	-	(7,742)	-	-	(243,287)	-	-	(835)	(251,864)
Other changes in equity	-	**28,558**	**1,100**	-	**(179,331)**	**152,469**	-	**223**	**3,019**
- Payments based on equity instruments	-	-	1,100	-	-	-	-	-	1,100
- Transfers between equity accounts	-	26,862	-	-	(179,331)	152,469	-	-	-
- Differences due to changes in consolidation scope	-	528	-	-	-	-	-	214	742
- Other changes	-	1,168	-	-	-	-	-	9	1,177
CLOSING BALANCE AT JUNE 30, 2020	**392,985**	**2,538,082**	**3,306**	**(12,464)**	**236,331**	-	**(87,697)**	**15,771**	**3,086,314**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Statement of Total Changes in Equity at June 30, 2020

ENAGÁS, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT AT JUNE 30, 2020
(Thousands of euros)

	Notes	06.30.2020	06.30.2019
CONSOLIDATED PROFIT BEFORE TAX		**294,119**	**276,521**
Adjustments to consolidated profit		**102,465**	**151,503**
Amortisation of fixed assets	2.4 and 2.5	135,352	144,306
Other adjustments to profit		(32,887)	7,197
Change in operating working capital		**132,870**	**104,800**
Inventories		333	(128)
Trade and other receivables		137,010	96,832
Other current assets and liabilities		4,470	12,005
Other non-current assets and liabilities		(6,215)	8,492
Trade and other payables		(2,728)	(12,401)
Other cash flows from operating activities		**(90,477)**	**(105,822)**
Payment of interest		(74,241)	(91,216)
Interest received		14,019	15,377
Income tax receipts (payments)		(30,255)	(27,270)
Other proceeds/ (payments)		-	(2,713)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**438,977**	**427,002**
Payments for investments		**(810,778)**	**(647,184)**
Subsidiaries and associates	1.5	(780,162)	(624,327)
Fixed assets and real estate investments	2.4 and 2.5	(19,259)	(17,857)
Other financial assets		(11,357)	(5,000)
Proceeds from sale of investments		**4,035**	**686**
Subsidiaries and associates		725	686
Non-current assets held for sale		3,310	-
Other cash flows from investing activities		**26,773**	**70,843**
Other receipts (payments) from investing activities	1.5	26,773	70,843
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(779,970)**	**(575,655)**
Proceeds from and (payments) on equity instruments		**-**	**(7,794)**
Transactions of equity instruments		-	(7,794)
Proceeds from and payments on financial liabilities		**121,915**	**259,955**
Issues		2,849,588	3,741,340
Repayment and amortisation		(2,727,673)	(3,481,385)
Other cash flows from investing activities		**(18,508)**	**(16,506)**
Other receipts (payments) from financing activities		(18,508)	(16,506)
Dividends paid		**-**	**-**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**103,407**	**235,655**
EFFECT OF CHANGES IN CONSOLIDATION METHOD		**-**	**(346,732)**
Effect of exchange rate fluctuations		1,475	19,469
TOTAL NET CASH FLOWS		**(236,111)**	**(240,261)**
Cash and cash equivalents at beginning of period		1,098,985	1,171,543
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3.6**	**862,874**	**931,282**

Notes 1 to 4.5 to the Interim Condensed Consolidated Financial Statements constitute an integral part of the Consolidated Cash Flow Statement at June 30, 2019

1. Group activities and presentation bases

Relevant aspects

Results

- The net profit attributed to the parent company at June 30, 2020 amounted to 236,331 thousands of euros **(Note 1.6)**.
- Net earnings per share amounts to 0.90 euros per share as compared to 0.91 euros per share in at June 30, 2019 **(Note 1.6)**.
- The final and extraordinary dividend amounting to a total of 0.96 euros gross per share, approved at the General Shareholders' Meeting held on June 30, 2020, was distributed on July 9, 2020. **(Notes 1.7 and 4.4)**.
- The "Income from Investments Accounted for Using the Equity Method" at June 30, 2020 amounted to 52,221 thousands of euros, 13.7% lower than at June 30, 2019 **(Note 1.5)**.

Covid-19

- During the first half of 2020, both Enagás and its Group companies implemented contingency plans to ensure normal operation and continuity of natural gas supply both in Spain and in the countries where these companies operate.
- The Group's main activity takes place within a stable regulatory framework and no impacts from the situation caused by Covid-19 that could lead to Group equity losses have been identified.
- Similarly, as a result of this situation at international level and the global evolution of the Oil & Gas market indices, the income of the international companies in which Enagás has a stake has not been significantly affected.
- This situation has not led to any change in the accounting policies followed by the Company and described in the 2019 consolidated annual accounts **(Note 1.2)**. Also, no impacts have been evidenced due to the Covid-19 situation that need to be recorded in the financial statements for the first half of 2020 **(Note 1.10)**.

Working capital

- At June 30, 2020, the Consolidated Balance Sheet records a positive working capital of 73,684 thousands of euros.

Other information

- The main investment transactions conducted by the Enagás Group during the first six months of 2020 include the following:
  - On April 17, 2020, the "Take Private" process of Tallgrass Energy, L.P. was completed, as a result of which Enagás now holds 30.2% of this group's share capital, following the disbursement of 836,300 thousands of dollars (762,839 thousands of euros) in the consortium in which it was participating with Blackstone and GIC **(Note 1.4)**.
  - Investments were made mainly in regasification, transmission and storage facilities, with the aim of expanding and improving them to adapt to future demand forecasts amounting to 19,259 thousands of euros **(Note 2.4)**.

1.1 Group activity

Enagás, S.A. (hereinafter the Company or the Parent Company), a company incorporated in Spain on July 13, 1972 in accordance with the Spanish Corporate Enterprises Act, is the head of a group of companies (Annexes I and II of the Consolidated Annual Accounts at December 31, 2019) that form the Enagás Group (hereinafter the Group or the Enagás Group) and which are engaged in the transmission, storage and regasification of natural gas, as well as the development of all functions related to the technical management of the gas system.

a) Corporate purpose

i. Regasification, basic and secondary transmission as well as storage of natural gas, via the corresponding gas infrastructure or facilities, of its own or of third parties, and also the performance of auxiliary activities or others related to the aforementioned activities.

ii. Design, construction, commissioning, exploitation, operation, and maintenance of all types of complementary gas infrastructure and facilities, including telecommunications networks, remote control and control of any nature, and electricity networks, whether its own or of third parties.

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

iv. Transmission and storage activities for carbon dioxide, hydrogen, biogas, and other energy-related fluids, via the corresponding facilities, of its own or of third parties, as well as the design, construction, commissioning, exploitation, operation, and maintenance of all types of complementary infrastructure and facilities necessary for said activities.

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

vi. Rendering of services of a diverse nature, among them, engineering, construction, advisory, and consultancy services in connection with the activities relating to its corporate purpose as well as participation in natural gas markets management activities to the extent they are compatible with the activities permitted for the Company by law.

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

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

viii. Rendering of assistance or support services to affiliates, including the provision of appropriate guarantees and reinforcement for them.

b) Other information

Its registered address is located at Paseo de los Olmos, 19, 28005, Madrid. At its website www.enagas.es and at its registered address, its Articles of Association and other public information on the Company and its Group can be consulted.

1.2 Basis of presentation

The Enagás Group 2019 Consolidated Annual Accounts were prepared by the Company's Directors in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, applying the consolidation, accounting and measurement principles, policies and bases set forth in Note 1.3 to those Consolidated Annual Accounts, so that they present fairly the Group's consolidated equity and financial position at December 31, 2019 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended.

The Group's Consolidated Annual Accounts for 2019 were approved at the General Shareholders' Meeting held on June 30, 2020.

The accompanying Interim Condensed Consolidated Financial Statements are presented in accordance with IAS 34 Interim Financial Reporting and were authorised for issue by the Group's Board of Directors on July 27, 2020, in accordance with Article 12 of Royal Decree 1362/2007.

In accordance with the provisions of IAS 34, the interim financial information is prepared solely for the purpose of updating the contents of the latest consolidated annual accounts prepared by the Group, with emphasis on the new activities, events and circumstances that have occurred during the first half of the year and not duplicating the information previously published in the consolidated annual accounts for 2019. Thus, to properly understand the information contained in these Interim Condensed Consolidated Financial Statements, they should be read in conjunction with the Group's Consolidated Annual Accounts for 2019.

The accounting policies and methods used in the preparation of these Interim Condensed Consolidated Financial Statements are the same as those applied for the Consolidated Annual Accounts for the year ended December 31, 2019.

It was not necessary to include any corrections of misstatements in the Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2020. Also, given the activities in which the Enagás Group companies engage, its transactions are not of a cyclical or seasonal nature. Accordingly, no specific breakdowns thereof are included.

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

Covid-19

Following the recommendations of the European Securities and Markets Authorities (ESMA) regarding the economic situation brought about by Covid-19, specifically the recommendation issued on May 20, 2020, it should be noted that this situation has not led to any change in the accounting policies of the Enagás Group, and those described in the 2019 Consolidated Annual Accounts remain in force.

In order to comply with these recommendations, **Note 1.10** below summarises the main aspects of this situation considered by the Enagás Group in relation to the interim consolidated financial statements of June 30, 2020.

a) Materiality criterion

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

Similarly, the criteria established by the ESMA in relation to breakdowns by impacts of Covid-19 have been considered, but no significant impacts needing to be presented separately were found **(Note 1.10)**.

b) Comparison of information

The comparison of the Interim Condensed Consolidated Financial Statements is referenced to the six-month periods ended June 30, 2020 and 2019, except for the Consolidated Balance Sheet, which compares June 30, 2020 to December 31, 2019.

c) Consolidation principles

The Interim Condensed Consolidated Financial Statements include the interim financial statements of the Parent Company, Enagás, S.A. and its subsidiaries, associates, joint ventures, and joint operations at June 30, 2020.

The principles of consolidation applied in the preparation of the Interim Condensed Consolidated Financial Statements at June 30, 2020 agree with those applied in the preparation of the Consolidated Annual Accounts for 2019, and are described in Note 1.3 to said Consolidated Annual Accounts.

The exchange rates of the main currencies used by the Group with respect to the euro in 2020 and 2019 are shown below:

Currency	Average exchange rate applicable to the headings of the income statement	Exchange rate at the end of June applicable to the balance sheet headings (1)
06.30.2020		
US dollar	1.10219	1.12362
Peruvian Nuevo Sol	3.72642	3.9318
Sterling pound	0.87458	0.90735
06.30.2019		
US dollar	1.12974	1.13708
Peruvian Nuevo Sol	3.74251	3.73066
Sterling pound	0.87327	0.89719

(1) Equity excluded.

In addition, the exchange rates of the main currencies used by the Group with respect to the euro at December 31, 2019 were as follows:

Currency	Exchange rate applicable to the balance sheet headings (1)
12.31.2019	
US dollar	1.12247
Peruvian Nuevo Sol	3.67891
Sterling pound	0.84693

(1) Equity excluded.

1.3 Estimates and accounting judgements used

In the Group's Interim Condensed Consolidated Financial Statements for 2020, estimates and judgements were made by the Senior Management of the Group and of the consolidated companies, subsequently ratified by the Directors, in order to quantify certain assets, liabilities, income, expenses, and commitments reported herein. These estimates and judgements basically relate to:

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

Although these estimates were made on the basis of the best information available at June 30, 2020 regarding the facts analysed, future events may require these estimates to be modified prospectively in the coming years (upwards or downwards). In accordance with IAS 8,the effects of any change of estimate would be recognised in the Consolidated Income Statement.

During the six-month period ended June 30, 2020, and taking into account the situation caused by Covid-19, there were no significant changes to the estimates made at 2019 year-end.

1.4 Changes in the consolidation scope

The following changes in the consolidation scope of the Enagás Group occurred during the six-month period ended June 30, 2020:

	Amount (thousands)		Stake percentage		
Entity	In local currency	In euros	Previous	At 06.30.2020	Description / Type of control
Prairie Group// Tallgrass Energy LP	836,300	762,839	28.4% // 12.6%	30.2%	Additional acquisition of an ownership interest in this corporate structure, which involves no change in the significant influence that the Enagás Group has in this investment, and the investment was accounted for using the equity method (see explanation below).
Senfluga 2, S.R.L.	27	25	-	40%	Incorporation of the company and integration through the equity method.
Senfluga, S.R.L.	(3,688)	(3,310)	20%	18%	Disposal of 2% of the interest in Senfluga, S.R.L. No change in the situation of significant influence.

Tallgrass Energy LP ("TGE")

On April 17, 2020, Enagás, together with Blackstone Infrastructure GIC, NPS, USS and other partners, completed the "Take Private" process of TGE launched on December 16, 2019, once this process had been approved by the General Shareholders' Meeting of TGE and other conditions usual in this type of process had been obtained. With the completion of this agreement, both Enagás and its partners have acquired TGE's listed class "A" shares, of which they were not yet owners. Upon completion of this acquisition, TGE was delisted from the New York Stock Exchange.

Thus, Enagás has increased its stake to 30.2% of TGE, through the disbursement of 836,300 thousands of dollars (762,839 thousands of euros at the time of the transaction) in the intermediate corporate structure ("Prairie Group") through which the aforementioned Partners carried out their acquisition.

In connection with this process, the intermediate corporate structure has been simplified, and the Enagás Group is now a direct shareholder of TGE, through Enagás USA, LLC and Enagás Holding USA, SLU. This simplification process had no effect on the Enagás Group's balance sheet or income statement at the end of June 2020.

Senfluga

On January 13, 2020, once the conditions precedent had been met, the transaction whereby Damco Energy, S.A. became a shareholder of Senfluga Energy Infrastructure Holdings, S.A. with a 10% stake, 2% of which was acquired from Enagás for 3,310 thousands of euros, was completed and at the end of 2019 it was recognised under "Non-Current Assets Held for Sale". At June 30, 2020, there were no significant effects on the income statement from this transaction.

1.5 Investments accounted for using the equity method

2020

Opening balance at 12.31.2019	New acquisitions / Increases (1)	Change in consolidation method	Dividends	Profit/(loss) for the year	Translation differences	Hedging transactions	Exits from perimeter / Decreases	Other adjustments	Closing balance at 06.30.2020
2,109,450	779,180	-	(19,965)	52,221	(22,145)	(18,044)	-	(779)	**2,879,918**

2019

Opening balance at 12.31.2018	New Acquisitions / Increases	Change in consolidation method	Dividends	Profit/(loss) for the year	Translation differences	Hedging transactions	Exits from perimeter / Decreases	Other adjustments	Closing balance at 12.31.2019
1,028,555	742,141	362,981	(125,710)	121,002	20,256	(16,701)	(11,569)	(11,505)	**2,109,450**

(1) "New acquisitions" in 2020 mainly includes the amount for the additional acquisition of the stake in Tallgrass Energy, in the amount of 762,839 thousands of euros (Note 1.4).

As the corresponding 12-month deadline subsequent to acquisition has not yet elapsed, established under IFRS 3, the accounting for the acquisition of a stake and the allocation of the price of Tallgrass for the operation described in Note 1.4 is currently being reviewed, though no significant changes are expected.

The dividends approved during the first six months of financial year 2020 and at December 31, 2019 were as follows:

	2020	2019
TgP	-	59,798
Saggas	11,600	25,883
GNL Quintero	4,305	22,436
BBG	2,500	12,500
Grupo Altamira	1,560	2,359
Morelos EPC	-	1,470
Other entities	-	1,264
Total	**19,965**	**125,710**

1.6 Earnings per share

	06.30.2020	06.30.2019	Change
Net result of the financial year attributed to the parent company (thousands of euros)	236,331	216,065	9.4%
Weighted average number of shares in circulation (thousands of shares)	261,488	238,480	9.6%
Basic earnings per share (in euros)	0.90	0.91	-0.2%
Diluted earnings per share (in euros)	0.90	0.91	-0.2%

As there are no potential ordinary shares at June 30, 2020 and June 30, 2019 the basic earnings and the diluted earnings per share are the same.

1.7 Dividends distributed by the Company

The additional dividend of 0.93 euros gross per share, together with the distribution of an extraordinary dividend of 0.03 euros gross per share, both approved at the General Shareholders' Meeting held on June 30, 2020, was distributed on July 9, 2020 (Note 4.4).

The total amount of the distributed dividend was 251,029 thousands of euros.

1.8 Commitments and guarantees

Commitments and guarantees	Group employees, companies or entities (Note 4.1)	Other related parties (Note 4.1)	Third parties	Total
06.30.2020				
Guarantees for related party debts	575,455	-	-	**575,455**
Guarantees and sureties granted - Other	723	15,426	355,593	**371,742**
Investment commitments	8,906	-	35,518	**44,424**
12.31.2019				
Guarantees for related party debts	522,952	-	-	**522,952**
Guarantees and sureties granted - Other	29,154	23,333	379,033	**431,520**
Investment commitments	765,974	-	38,072	**804,046**

a) Guarantees for related party debts

The "Guarantees for related party debts" heading includes the corporate guarantee granted by Enagás S.A. for financial institutions acquired in the Financing Agreement of November 30, 2018 in the company TAP, through which the following items are basically guaranteed:

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

The corporate guarantee has been granted by each TAP shareholder jointly, so that Enagás would only be held liable, in a hypothetical case, for the amount corresponding to its participation in the capital of TAP.

At June 30, 2020 the amount guaranteed by Enagás, S.A. to the creditors of TAP amounted to 575,455 thousands of euros (522,952 thousands of euros at December 31, 2019). The increase was due to the higher degree of disposal of the TAP loan as well as the change in value of the interest rate hedge.

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

After the start-up and until the maturity of the financing, there will also be a shareholder support mechanism for the repayment of the TAP loan by means of capital contributions (Debt Payment Undertaking), which will be activated were certain extraordinary events to happen.

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

b) Guarantees and sureties granted – Other

The following items are included:

Group employees, companies or entities

- Guarantees and sureties granted to group companies at June 30, 2020 include the financial sureties granted to third parties by Gas to Move Transport Solutions, S.L. in the amount of 723 thousands of euros, counter-guaranteed by Enagás, S.A. (877 thousands of euros at December 31, 2019).

Other related parties

- Technical guarantees granted by the related party Banco Santander to third parties in the amount of 6,411 thousands of euros (6,411 thousands of euros in 2019), to cover certain liabilities which may arise during the performance of the contracts comprising the activity of the Enagás Group.
- Guarantees granted by the related party Banco Santander before the Federal Electricity Commission ("FEC") in connection with the service contracts relating to the Gasoducto de Morelos and Estación de Compresión Soto La Marina projects in the amount of 8,900 thousands of euros and 115 thousands of euros, respectively (8,909 thousands of euros and 8,013 thousands of euros respectively at December 31, 2019).

Third parties

The following items, mainly, are included:

- Financial guarantees granted by financial entities to cover the loans granted by the European Investment Bank to Enagás Financiaciones, S.A.U. in the amount of 256,667 thousands of euros (280,000 thousands of euros in 2019).
- Technical guarantees granted by financial entities to third parties in the amount of 78,990 thousands of euros (73,095 thousands of euros in 2019) to cover certain responsibilities which may arise during the execution of the contracts constituting the activity of the Enagás Group.
- Guarantee of access to the electricity transmission grid, granted by Enagás Renovable, S.L.U. amounting to 18,000 thousands of euros (24,000 thousands of euros at 2019 year-end).
- Guarantee granted by Enagás Internacional S.L.U. covering its obligations in the contract with Sound Energy Morocco for the development of a project in Morocco, amounting to 601 thousands of euros (601 thousands of euros at December 31, 2019).

- In addition, there is an insurance policy with as bid bond for the port concession in Colombia for the Buenaventura project amounting to 1,335 thousands of euros (1,336 thousands of euros at December 31, 2019).

c) Investment commitments

The following items are included at June 30, 2020:

- The Enagás Group has investment commitments amounting to 8,906 thousands of euros relating to the TAP project, corresponding to the capital contributions expected to be disbursed as shareholder, in order to comply with the shareholders' obligation to participate in the financing of the project jointly with the financial entities with which the Financing Agreement was signed on November 30, 2018 (20,924 thousands of euros at December 31, 2019).
- The Enagás Group has firm investment commitments in Economic Interest Groupings (EIG) amounting to 35,518 thousands of euros, to be disbursed mainly during the 2021 and 2022 financial years (38,072 thousands of euros at December 31, 2019).
- At December 31, 2019, investment commitments were included in the Tallgrass Energy Take Private process indicated in **Note 1.4**.

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

1.9 New accounting standards

The accounting policies used to prepare these consolidated interim financial statements are the same as those used to prepare the consolidated annual accounts for the year ended December 31, 2019, as none of the rules, interpretations or amendments applicable for the first time this financial year have had an impact on the Group's accounting policies.

The Group intends to adopt the standards, interpretations, and amendments thereof issued by the IASB that are not mandatory in the European Union when they become effective, where applicable.

Although the Group is currently analysing its impact, based on the analyses performed to date, the Group estimates that its initial application will not have a significant impact on its consolidated annual accounts or condensed consolidated interim financial statements.

1.10 Aspects relating to COVID-19

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

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

Likewise, the effects derived from this situation at international level as well as the global evolution of the Oil & Gas market indices have not significantly affected the income of the international companies in which it has investments.

With regard to liquidity, as indicated in **Note 3.6**, the Group has solid liquidity and availability amounting to 2,485,869 thousands of euros at June 30, 2020, also given that at this date the Group's rating remained at BBB+ with a stable outlook, both by Fitch and Standard &Poor's.

Thus, the Group's liquidity risk management strategy reported in **Note 3.7** to the 2019 Consolidated Annual Accounts was not affected by the general economic situation caused by Covid-19. Similarly, the credit or exchange rate risk policies also reported under the same item in the 2019 Consolidated Annual Accounts have not changed either.

Since this general economic situation is deemed an adverse circumstance likely to be considered as an indication of impairment, the Group's analyses did not disclose any impairment to be recorded for financial assets and non-financial assets in accordance with IFRS 9 and IAS 36 **(Notes 2.4, 2.5 and 3.3.a)**, respectively, considering the evolution of the discount rates made in the first half of 2020.

The Group has updated the sensitivity analyses in the asset impairment tests by broadening certain ranges of the test assumptions to reflect the impact of the more uncertain current environment caused by Covid-19 in recent months. Specifically, the discount rates have been increased by between 100 and 150 basis points with respect to those used in the sensitivity analyses of recent financial years. No significant negative impacts have resulted from these analyses.

Finally, there were no significant extraordinary expenses relating to this situation or provisions or contingent liabilities included in the Enagás Group's interim financial statements at June 30, 2020.

Based on the Group's analysis, no impact was evidenced by the Covid-19 situation that needed to be recorded in the interim financial statements at June 30, 2020. However, the Group is continuing to monitor the evaluation of this situation on an ongoing basis during the current financial year.

2. Operational performance of the group

Relevant aspects

Operating profit

- Operating profit at June 30, 2020 amounted to 320.4 million euros.

Current status of the Castor storage collection rights

- The activities entrusted to Enagás Transporte in accordance with the Agreement of the Council of Ministers of November 8, 2019 are maintained, as explained in Note 2.4 of the Enagás Group's 2019 Consolidated Annual Accounts. With regard to the payment of these services, **Note 2.2** describes the mechanism for recovering them, and the claim for liability was updated on July 8, 2020.

Trade debtors and creditors

- "Current receivables" include the balance pending settlement corresponding to the remuneration of regulated regasification, transmission and underground storage activities for 238 million euros corresponding to financial year 2020 (208 million euros at December 31, 2019), as well as the outstanding balance corresponding to the remuneration of Technical Management for 1.5 million euros (5 million euros at December 31, 2019) **(Note 2.2).**
- As a result of the surplus in the gas system in 2019, the Enagás Group collected tolls in excess of the remuneration to be received, and an account payable for this excess is recorded under "Creditors" **(Note 2.3)**.

Property, plant and equipment

- This heading involves, at June 30, 2020, 49% of total assets (52% of total assets at December 31, 2019) of the Enagás Group's consolidated balance sheet.
- At June 30, 2020, the amount decreased by 109.5 million euros compared to 2019 year-end. The change is mainly due to amortisation for the period **(Note 2.4)**.

2.1 Operating profit

a) Revenue

The details of revenues with the breakdown of revenues from customer contracts at June 30, 2020 and June 30, 2019 is as follows:

Revenue	06.30.2020	06.30.2019
Regulated activities:	**520,347**	**535,686**
From customer contracts	-	-
Other	520,347	535,686
Non-regulated activities: (1)	**18,462**	**48,326**
From customer contracts	18,379	15,896
Other	83	32,430
Total revenue	**538,809**	**584,012**

(1) The change from the consolidation method to the equity method in February 2019 of GNL Quintero meant that this company's contribution changed to being presented under "Results of companies accounted for using the equity method".

Other operating income	06.30.2020	06.30.2019
From customer contracts	14,252	13,237
Other	714	1,511
Total Other operating income	**14,966**	**14,748**

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

Revenue	06.30.2020	06.30.2019
Regulated activities:	**520,347**	**535,686**
Enagás Transporte, S.A.U.	494,723	509,704
Enagás Transporte del Norte, S.L.	13,189	13,838
Enagás GTS, S.A.U.	12,435	12,144
Non-regulated activities:	**18,462**	**48,326**
GNL Quintero(1)	-	31,696
Enagás Transporte, S.A.U.	15,112	15,192
Enagás Internacional, S.L.U.	356	194
Enagás México	166	182
Enagás Transporte del Norte, S.L.	224	224
Enagás Perú	461	748
Remaining companies	2,143	90
Total	**538,809**	**584,012**

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

				Segments (Note 4.3)			
2020	**Nature**	**Geographical area**	**Counterparty**	**Infrastructures**	**Technical Management of the System**	**Other activities**	**Total**
Net revenue from customer contracts							
Connections	Rendering of services	Spain	Third parties	1,086	-	-	1,086
Other income	Rendering of services	Spain	Intercompany	42	-	2,066	2,108
Other income	Rendering of services	Greece	Intercompany	-	-	117	117
Corporate services	Rendering of services	Spain	Intercompany	-	-	93	93
Corporate services	Rendering of services	Switzerland	Intercompany	-	-	801	801
Gas transmission services	Rendering of services	Spain	Third parties	14,174	-	-	14,174
Net revenue from customer contracts				**15,302**	**-**	**3,077**	**18,379**
Other operating income from customer contracts							
Usage rights	Rendering of services	Spain	Intercompany	11,039	-	-	11,039
Maintenance	Rendering of services	Spain	Third parties	850	-	-	850
Maintenance	Rendering of services	Morocco	Third parties	132	-	-	132
Other income	Rendering of services	Germany	Third parties	-	-	3	3
Other income	Rendering of services	Belgium	Third parties	-	-	180	180
Other income	Rendering of services	Spain	Intercompany	-	5	4	9
Other income	Rendering of services	Spain	Third parties	1,268	-	9	1,277
Other income	Rendering of services	France	Third parties	-	-	7	7
Other income	Rendering of services	Peru	Third parties	-	-	504	504
Other income	Rendering of services	Portugal	Third parties	1	-	-	1
Corporate services	Rendering of services	Spain	Intercompany	-	-	250	250
Total Other operating income from customer contracts				**13,290**	**5**	**957**	**14,252**

2019	Nature	Geographical area	Counterparty	Segments (Note 4.3) Infrastructures	Technical Management of the System	Other activities	Total
Net revenue from customer contracts							
Connections	Rendering of services	Spain	Third parties	1,086	-	-	1,086
Other income	Rendering of services	Spain	Intercompany	42	-	-	42
Other income	Rendering of services	Spain	Third parties	-	-	172	172
Other income	Rendering of services	Switzerland	Intercompany	-	-	236	236
Corporate services	Rendering of services	Spain	Intercompany	-	-	14	14
Corporate services	Rendering of services	Spain	Third parties	-	-	115	115
Corporate services	Rendering of services	Switzerland	Third parties	-	-	(43)	(43)
Gas transmission services	Rendering of services	Spain	Third parties	14,274	-	-	14,274
Net revenue from customer contracts				**15,402**	**-**	**494**	**15,896**

2019	Nature	Geographical area	Counterparty	Segments (Note 4.3) Infrastructures	Technical Management of the System	Other activities	Total
Other operating income from customer contracts							
Leases	Rendering of services	Spain	Third parties	176	-	117	293
Usage rights	Rendering of services	Spain	Intercompany	8,947	-	-	8,947
Maintenance	Rendering of services	Spain	Third parties	654	-	-	654
Maintenance	Rendering of services	Portugal	Third parties	3	-	-	3
Other income	Rendering of services	Spain	Intercompany	-	2	827	829
Other income	Rendering of services	Spain	Third parties	1,121	-	583	1,704
Other income	Rendering of services	France	Third parties	-	-	-	0
Other income	Rendering of services	Morocco	Third parties	237	-	-	237
Other income	Rendering of services	Norway	Third parties	44	-	-	44
Other income	Rendering of services	Portugal	Third parties	8	-	-	8
Other income	Rendering of services	United Kingdom	Third parties	5	-	-	5
Corporate services	Rendering of services	Spain	Intercompany	-	-	213	213
Corporate services	Rendering of services	Mexico	Intercompany	-	-	9	9
Corporate services	Rendering of services	Switzerland	Third parties	-	-	291	291
Total Other operating income from customer contracts				**11,195**	**2**	**2,040**	**13,237**

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

b) Personnel expenses

Personnel expenses	06.30.2020	06.30.2019
Wages and salaries	46,119	45,413
Termination benefits	794	563
Social Security	10,162	10,188
Other personnel expenses	4,373	4,680
Contributions to external pension funds (defined contribution plan)	1,413	1,386
Works for fixed assets	(2,041)	(1,693)
Total	**60,820**	**60,537**

The average number of Group employees by gender at June 30, 2020 and 2019 is as follows:

30/06/2020:1.310

06/30/2019: 1,317

The Enagás Group contributes, in accordance with the Pension Plan signed and adapted to the Law on Pension Plans and Funds, to an "Enagás Pension Fund" defined contribution plan, managed by Gestión de Previsión y Pensiones, S.A. with Banco Bilbao Vizcaya Argentaria, S.A. as custodian, which covers the Group's commitments to the workforce in question. The aforementioned plan recognises certain vested rights for past service and undertakes to make monthly contributions of a percentage of eligible salary. It is a mixed plan covering retirement benefits, disability and death. The total number of people adhered to the plan at June 30, 2020 totalled 1,170 participants (1,186 participants at December 31, 2019). The contributions made by the Group under this heading each year are recorded in the "Personnel expenses" heading of the Consolidated Income Statement, amounting to 1,413 thousands of euros at June 30, 2020 (1,386 thousands of euros at June 30, 2019).

In addition, the Group has outsourced its pension commitments with respect to its executives through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability.

c) Other operating expenses

Other operating expenses	06.30.2020	06.30.2019
External services:		
R+D expenses	200	281
Leases and royalties	2,037	4,057
Repairs and conservation	18,686	21,644
Freelance professional services	14,195	13,232
Transport	12,250	13,844
Insurance premiums	2,808	3,439
Banking and similar services	312	165
Advertising, publicity and public relations	3,367	1,915
Supplies	9,937	11,409
Other services	10,918	18,745
External services	**74,710**	**88,731**
Taxes	**9,933**	**11,222**
Other current management expenses	**808**	**190**
Other external expenses	**3,924**	**4,828**
Change in traffic provisions	**-**	**(47)**
Total	**89,375**	**104,924**

2.2. Trade and other non-current and current receivables

	06.30.2020	12.31.2019
Customer receivables for sales and services rendered	4,207	6,416
Accounts receivable from customer contracts	5,721	3,774
Accounts receivable from customer contracts, group companies and associates	2,229	2,936
Subsidiaries and associates	2,001	1,045
Other receivables	239,807	216,077
Sub-total	**253,965**	**230,248**
Value added tax	51,103	23,754
Trade and other current receivables	**305,068**	**254,002**
Trade and other non-current receivables (Note 3.3.a)	**129,338**	**148,022**

"Trade and other receivables – non-current", in accordance with Royal Decree-Law 8/2014 of July 4 and Law 18/2014 of October 15, mainly includes the long-term accumulated deficit corresponding to regulated activities amounting to 61,693 thousands of euros at June 30, 2020 (80,377 thousands of euros at December 31, 2019).

In the "Other receivables" heading, under current assets, the Enagás Group mainly records the outstanding balance corresponding to the remuneration of regulated regasification, transmission and underground storage activities amounting to 237,649 thousands of euros (208,132 thousands of euros at December 31, 2019). Within this amount, the outstanding balance for 2020 amounts to 150,691 thousands of euros (at December 31, 2019, the outstanding balance for 2019 amounted to 80,955 thousands of euros).

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

In addition, the "Other receivables" heading also includes the balance pending collection relating to remuneration for Technical Management activity, amounting to 1,497 thousands of euros (4,854 thousands of euros at December 31, 2019). Trade receivables relating to regulated business adhere to the settlement system set out in order ECO/2692/2002 of October 28, governing the settlement procedures for the remuneration of regulated activities in the natural gas sector and amounts with specific purposes.

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

	06.30.2020	12.31.2019
Accounts receivable from customer contracts	3,383	1,436
Accounts receivable from customer contracts, group companies and associates	1,176	1,076
Accounts receivable invoices to be issued from customer contracts	2,338	2,338
Accounts receivable invoices to be issued from customer contracts, group companies and associates	1,053	1,860
Total	**7,950**	**6,710**

The Company has not registered assets under contracts at June 30, 2020 or December 31, 2019.

At June 30, 2020, there were no significant impairment losses on balances receivable from customer contracts, whether recognised as accounts receivable or as invoices to be issued, and there was an expected loss of 100 thousands of euros (100 thousands of euros at December 31, 2019).

Situation of Castor Storage Facility

In relation to the Castor underground storage facility, by Agreement of the Council of Ministers of October 31, 2019, approved by Resolution of November 6, 2019 of the State Secretariat for Energy, the hibernation of the "Castor" underground storage facility was ended, with an agreement to dismantle it and order the sealing and definitive abandonment of the wells. This agreement confirmed Enagás Transporte's obligation to continue carrying out all the operations necessary for the maintenance and operation of the facilities referred to in Article 3.2 of Royal Decree-Law 13/2014 until the final phase of dismantling is completed.

Based on the information presented in Note 2.4 to the Enagás Group's 2019 Annual Accounts, the following court rulings have been handed down, which reiterate the case law position of the 2019 rulings detailed in the 2019 Annual Accounts:

- Rulings of May 29, 2020, of the Supreme Court, which upheld the appeals filed by the Autonomous Government of Catalonia and the multisectoral employers' association CECOT, partially invalidating Ministerial Order ETU/1283/2017, which in Article 5 recognised the collection of the investment, administration and maintenance items of the Castor infrastructure for the 2018 financial year.

As explained in Note 2.4 to the Consolidated Annual Accounts of the Enagás Group for 2019, and as it is necessary to implement an alternative mechanism to receive the remuneration for the tasks legally entrusted to Enagás Transporte S.A.U. in relation to this infrastructure, on December 21, 2018, Enagás Transporte, S.A.U. filed a claim for damages with the Ministry for Ecological Transition, requesting (i) the right of Enagás Transporte, S.A.U. to obtain compensation, for the damages sustained as a result of the administration tasks of the facilities, plus the pertinent legal interests, (ii) payment of the amounts corresponding to the remuneration for the costs assumed by Enagás Transporte, S.A.U., until the time of resolution, plus the pertinent legal interests, and (iii) the right of Enagás Transporte, S.A.U. to obtain compensation for the damages that may be caused to it as a consequence of the tasks of administering the facilities.

This claim for the damages lawsuit relating to the recovery of OPEX was updated on July 8, 2020, in order to include also the amounts corresponding to the maintenance and operation tasks of the legally entrusted facilities that Enagás has continued to provide to date.

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

2.3 Trade and other payables

Trade and other payables	06.30.2020	12.31.2019
Suppliers (1)	329,537	163,699
Other creditors	6,442	14,782
Subtotal (Note 3.3.b)	**335,979**	**178,481**
Value added tax	189	148
Tax Authorities creditor for withholdings and other	5,128	33,764
Total	**341,296**	**212,393**

(1) The increase within Suppliers matches the amount due to the excess collection over the remuneration established for the year 2019, amounting to approximately 130 million euros.

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

As of June 30, 2020, the amount recorded as income of the Company during financial years 2014 to 2020 pending recovery amounts to 61.4 million euros.

2.4 Property, plant and equipment

The composition and movements of the Property, Plant and Equipment heading during the first six months of 2020 and financial year 2019, and the corresponding amortisation and depreciation, were as follows:

2020	Opening balance at 12.31.2019	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Closing balance at 06.30.2020
Land and buildings	473,038	1,485	-	(119)	474,404
Technical facilities and machinery	9,194,071	390	-	-	9,194,461
Other facilities, tools and furniture (1)	178,305	9,419	-	-	187,724
Prepayments and work in progress (2)	547,174	8,436	-	(79)	555,531
Capital grants	(601,070)	(277)	-	-	(601,347)
Total cost	**9,791,518**	**19,453**	**-**	**(198)**	**9,810,773**
Land and buildings	(207,924)	(7,417)	-	103	(215,238)
Technical facilities and machinery	(5,200,655)	(121,865)	-	4	(5,322,516)
Other facilities, tools, and furniture	(67,775)	(4,988)	-	-	(72,763)
Capital grants	430,006	5,358	-	-	435,364
Total amortisation	**(5,046,348)**	**(128,912)**	**-**	**107**	**(5,175,153)**
Technical facilities and machinery	(13,719)	-	-	-	(13,719)
Prepayments and work in progress	(96,531)	-	-	-	(96,531)
Total impairment	**(110,250)**	**-**	**-**	**-**	**(110,250)**
Land and buildings	265,114	(5,932)	-	(16)	259,166
Technical facilities and machinery	3,979,697	(121,475)	-	4	3,858,226
Other facilities, tools, and furniture	110,530	4,431	-	-	114,961
Prepayments and work in progress	450,643	8,436	-	(79)	459,000
Capital grants	(171,064)	5,081	-	-	(165,983)
Net Carrying Amount of Property, plant and equipment	**4,634,920**	**(109,459)**	**-**	**(91)**	**4,525,370**

(1) "Other facilities, tools and furniture" include as an entry the larger asset by right of use as a lease, in the amount of 8,488 thousands of euros for the new lease of a vessel required for the operation and maintenance of the Gaviota underground storage facility for a period of five years.

(2) Noteworthy among the additions to "Prepayments and work in progress" are those relating to the project to renew electrical equipment in substation no. 3 at the Barcelona plant amounting to 1,452 thousands of euros, the project to reduce self-consumption at the Barcelona plant amounting to 869 thousands of euros, switchboards and circuit breakers in electrical substations 1, 2 and 3 at the Huelva plant amounting to 736 thousands of euros and the new twin-pipe and 64/288 FO cable laying in a section of the BVV gas pipeline amounting to 547 thousands of euros.

2019	Opening balance at 12.31.2018	Effect of first application of IFRS 16 (1)	Inputs or provisions (2)	Increases or decreases due to transfers	Decreases, disposals or reductions (4)	Translation differences	Changes in the Scope of Consolidation (3)	Closing balance at 12.31.2019
Land and buildings	249,230	283,802	21,548	118	-	(398)	(81,262)	473,038
Technical facilities and machinery	9,681,043	368,902	65,842	9,238	(247)	6,452	(937,159)	9,194,071
Other facilities, tools, and furniture	171,130	3,651	14,997	142	(6,822)	811	(5,604)	178,305
Prepayments and work in progress	576,027	-	28,622	(9,498)	(39,292)	(221)	(8,464)	547,174
Capital grants	(600,502)	-	(568)	-	-	-	-	(601,070)
Total cost	**10,076,928**	**656,355**	**130,441**	**-**	**(46,361)**	**6,644**	**(1,032,489)**	**9,791,518**
Land and buildings	(98,840)	(118,364)	(15,265)	-	-	(77)	24,622	(207,924)
Technical facilities and machinery	(4,988,463)	(220,282)	(247,153)	-	-	(1,010)	256,253	(5,200,655)
Other facilities, tools, and furniture	(72,272)	-	(5,385)	-	6,822	(750)	3,810	(67,775)
Capital grants	419,220	-	10,786	-	-	-	-	430,006
Total amortisation	**(4,740,355)**	**(338,646)**	**(257,017)**	**-**	**6,822**	**(1,837)**	**284,685**	**(5,046,348)**
Technical facilities and machinery	(13,719)	-	-	-	-	-	-	(13,719)
Prepayments and work in progress (4)	(84,639)	-	(43,997)	-	32,105	-	-	(96,531)
Total impairment	**(98,358)**	**-**	**(43,997)**	**-**	**32,105**	**-**	**-**	**(110,250)**
Land and buildings	150,390	165,438	6,283	118	-	(475)	(56,640)	265,114
Technical facilities and machinery	4,678,861	148,620	(181,311)	9,238	(247)	5,442	(680,906)	3,979,697
Other facilities, tools, and furniture	98,858	3,651	9,612	142	-	61	(1,794)	110,530
Prepayments and work in progress	491,388	-	(15,375)	(9,498)	(7,187)	(221)	(8,464)	450,643
Capital grants	(181,282)	-	10,218	-	-	-	-	(171,064)
Net Carrying Amount of Property, plant and equipment	**5,238,215**	**317,709**	**(170,573)**	**-**	**(7,434)**	**4,807**	**(747,804)**	**4,634,920**

(1) The "Effect of the First-time Application of IFRS 16" includes the effects of applying this standard at January 1, 2019, with impacts on the cost of fixed assets and accumulated depreciation.

(2) The additions of fixed assets resulting from the application of IFRS 16 recognised in 2019 amounted to 34,432 thousands of euros. In addition, the depreciation charge for the year includes an impact of 27,375 thousands of euros relating to the depreciation of assets arising from the application of this standard.

(3) "Changes in the Scope of Consolidation" includes the effect of including the ownership interest in GNL Quintero using the equity method, amounting to 747,287 thousands of euros, as a result of the loss of control over the company in February 2019.

(4) The impairment charge for Prepayments and work in progress relates mainly to the investment and materials relating to the STEP project, the likelihood of which is no longer probable in view of the European regulatory framework and the uncertainty associated with the processing and viability of the project. For this reason, the assets associated with their recoverable value were recognised, and an impairment loss of 40,433 thousands of euros was recognised.

Property, plant and equipment includes the assets for right of use deriving from the application of IFRS 16, which amounted to 699,724 thousands of euros at cost and 318,557 thousands of euros net of accumulated depreciation at June 30, 2020. The depreciation charge for 2020 includes an impact of 15,398 thousands of euros relating to the depreciation of assets arising from the application of this standard.

At June 30, 2020, no impairment of property, plant and equipment had been recognised, mainly as a result of the Covid-19 situation **(Note 1.10)**.

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

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

a) Grants

The capital grants allocated to the Consolidated Income Statement for the first six months of 2020 amount to 5,358 thousands of euros (5,427 thousands of euros during the same period in financial year 2019).

b) Other information

With regard to the situation of the Granadilla (Tenerife) regasification plant and the El Musel regasification plant, there were no significant changes from those described in Note 2.4 to the consolidated annual accounts at December 31, 2019.

2.5 Intangible assets

2020	Opening balance at 12.31.2019	Additions or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Closing balance at 06.30.2020
Goodwill	25,812	-	-	-	25,812
Other intangible assets					
Development	8,430	9	-	-	8,439
Concessions	5,871	-	-	-	5,871
IT applications	236,679	4,049	418	-	241,146
Other intangible assets	12,145	270	(418)	-	11,997
Total cost	**288,937**	**4,328**	**-**	**-**	**293,265**
Other intangible assets					
Development	(4,935)	(357)	-	-	(5,292)
Concessions	(4,062)	(24)	-	-	(4,086)
IT applications	(198,448)	(6,046)	-	-	(204,494)
Other intangible assets	(7,821)	(13)	-	-	(7,834)
Total amortisation	**(215,266)**	**(6,440)**	**-**	**-**	**(221,706)**
Total Goodwill	25,812	-	-	-	25,812
Total Other intangible assets	47,859	(2,112)	-	-	45,747
Net Carrying Amount Intangible Assets	**73,671**	**(2,112)**	**-**	**-**	**71,559**

2019	Opening balance at 12.31.2018	Additions or allocations (2)	Increases or decreases due to transfers	Decreases, disposals or reductions	Translation differences	Changes in the Scope of Consolidation (3)	Closing balance at 12.31.2019
Goodwill (1)	188,445	-	-	-	946	(163,579)	25,812
Other intangible assets							
Development	8,101	329	-	-	-	-	8,430
Concessions	773,561	-	-	-	4,465	(772,155)	5,871
IT applications	224,134	15,493	800	(26)	21	(3,743)	236,679
Other intangible assets	21,964	256	(800)	-	54	(9,329)	12,145
Total cost	**1,216,205**	**16,078**	**-**	**(26)**	**5,486**	**(948,806)**	**288,937**
Other intangible assets							-
Development	(4,125)	(810)	-	-	-	-	(4,935)
Concessions	(68,108)	(3,859)	-	-	(365)	68,270	(4,062)
IT applications	(189,041)	(12,743)	-	19	(19)	3,336	(198,448)
Other intangible assets	(10,272)	(77)	-	11	(14)	2,531	(7,821)
Total amortisation	**(271,546)**	**(17,489)**	**-**	**30**	**(398)**	**74,137**	**(215,266)**
Total Goodwill	188,445	-	-	-	946	(163,579)	25,812
Total Other intangible fixed assets	756,214	(1,411)	-	4	4,142	(711,090)	47,859
Net Carrying Amount Intangible Assets	**944,659**	**(1,411)**	**-**	**4**	**5,088**	**(874,669)**	**73,671**

(1) Includes the amounts relating to goodwill arising on the acquisition of ETN (17,521 thousands of euros) and that arising on the acquisition of control of Gascán (8,291 thousands of euros).
(2) The main additions in the year included IT applications for the implementation of Gas Access and Balance Circulars, as well as software related to the optimisation of the measurement process.
(3) "Changes in the Scope of Consolidation" includes the effect of including the ownership interest in GNL Quintero using the equity method, amounting to 874,433 thousands of euros, as a result of the loss of control over the company on February 15, 2019.

2.6 Provisions and contingent liabilities

The Directors of the Enagás Group consider that the provisions recognised in the accompanying Consolidated Balance Sheet at June 30, 2020 for litigation and arbitration risk as well as other risks described in this note are adequate and, in this respect, they do not expect any additional liabilities to arise other than those already recorded. Given the nature of the risks covered by these provisions, it is not possible to determine a reasonably reliable schedule of payment dates, if any.

a) Provisions

The movement in the balance of the headings "Non-current provisions" and "Current provisions" during the first six months of financial year 2020 was as follows:

Current and non-current provisions	Opening balance	Provisions	Updates	Amounts used	Closing balance
Personnel remuneration	2,583	1,290	-	-	3,873
Other long-term liabilities	1,158	80	(176)	(106)	956
Dismantling	244,523	-	1,685	-	246,208
Total non-current provisions	**248,264**	**1,370**	**1,509**	**(106)**	**251,037**
Other short-term liabilities	1,968	-	(113)	-	1,855
Total current provisions	**1,968**	**-**	**(113)**	**-**	**1,855**
Total current and non-current provisions	**250,232**	**1,370**	**1,396**	**(106)**	**252,892**

The dismantling provisions correspond to the underground storage facilities of Gaviota, Yela, and Serrablo, as well as the regasification plants of Barcelona, Cartagena, Huelva, and El Musel (Gijón) in accordance with the prevailing regulatory framework (see Note 2.4 and Appendix III to the 2019 Consolidated Annual Accounts).

The movement in 2020 is the result of the financial updating of this provision, the effect of which is recorded under "Financial and Similar Expenses" in the Consolidated Income Statement.

"Personnel remuneration" includes a total of 1,017 thousands of euros, relating to the accrued portion of the Long-Term Incentive Plan ("ILP") for executive directors and members of the management team, payable in cash **(Note 4.2)**.

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

b) Contingent liabilities

At June 30, 2020, no circumstances had arisen in the Enagás Group that may give rise to contingent liabilities.

As indicated in **Note 1.10**, the situation caused by Covid-19 in the first half of 2020 did not give rise to any provisions or contingent liabilities.

2.7 Other current and non-current liabilities

Other non-current liabilities mainly include the amounts relating to the connections to the basic network, for the balances pending application of the contracts.

Other current liabilities mainly include the amounts relating to the royalties of Gasoducto de Extremadura, S.A. and Gasoducto Al-Ándalus, S.A. for the balances pending application with respect to the contracts signed with said companies for "gas transmission rights," which are consolidated under the proportionate consolidation method applying the percentage of ownership interest held by Enagás Transporte, S.A.U. in said companies. This income is allocated and recognised on a straight-line basis up to December 2020, when the transmission contract terminates.

3. Capital structure, financing and financial result

Relevant aspects

Financial leverage

- The financial leverage ratio at June 30, 2020 is 56.4% (54.2% at December 31, 2019).

Equity

- The share capital at June 30, 2020 amounts to 393 million euros.
- No individual or legal entity can invest directly or indirectly in a proportion in excess of 5% of the share capital of Enagás, S.A., nor exercise political rights in this company above 3% (1% for those subjects who, directly or indirectly, perform activities in the gas sector). These restrictions are not applicable to direct or indirect holdings corresponding to the public business sector (Note 3.1).

Net financial debt

- Net financial debt is the main indicator used by Management to measure the Group's debt level. At June 30, 2020 net financial debt amounted to 4,090 million euros (3,755 million euros at 2019 year-end) (Note 3.4).
- The average gross annual interest rate until June 30, 2020 for the Group's gross financial debt was 2.0% (2.2% at December 31, 2019).
- The percentage of fixed rate net financial debt at June 30, 2020 and December 31, 2019 was more than 80%, with the average debt maturity periods at June 30, 2020 of 4.6 years (5.2 years at December 31, 2019).
- The main financing operations for the year were:
  - On May 11, 2020, Enagás Financiaciones, S.A.U. renewed the Euro Medium Term Note (EMTN) programme for a maximum amount of 1,000 million euros, registered in the Luxembourg Stock Exchange in 2012, with Enagás, S.A. as guarantor.
  - Additionally, on May 13, 2020, Enagás Financiaciones, S.A.U. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of 1,000 million euros, registered in the Irish Stock Exchange on May 4, 2017.
  - On March 31, 2020, Enagás Financiaciones, S.A.U. arranged a loan of 200 million euros maturing on March 31, 2021.

Available funds

- The Group has available funds at June 30, 2020 of 2,486 million euros (2,717 million euros at December 31, 2019) (Note 3.6).

Derivative financial instruments

- The Group arranges cash-flow hedges, fair value hedges, and net investment hedges. At June 30, 2020, the net fair value of the Group's derivatives, including assets and liabilities derivatives, was 116 million euros of liabilities (85 million euros of liabilities at December 31, 2019) (Note 3.5).

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

- With respect to the situation arising in connection with the investment in GSP as a consequence of the termination of the concession agreement on January 24, 2017, there is currently a disagreement between the Peruvian authorities and Enagás with respect to applying the investment recovery mechanism established in the GSP concession contract. This entailed the beginning of an international arbitration by virtue of the Reciprocal Investment Promotion and Protection Agreement (hereinafter 'APPRI') between Spain and Peru as indicated in Note 3.3.a presented to the International Centre for Settlement of Investment Disputes (hereinafter the 'ICSID') on July 2, 2018. The Peruvian State submitted a response to this demand on July 19, 2020.
- At June 30, 2020, the total amount to be recovered by GSP amounted to 419,924 thousands of euros (413,154 thousands of euros at December 31, 2019) relating to both the recovery of the financial investment in this company and the credit rights associated with the recovery of the guarantees executed against the Enagás Group as a result of the termination of the concession contract in GSP (Note 3.3.a).

3.1 Equity

a) Share capital

As reported in Note 3.1 to the 2019 Consolidated Annual Accounts, on December 19, 2019 and in exercise of the delegation granted by the Ordinary General Shareholders' Meeting held on March 31, 2017, a capital increase was carried out by means of an accelerated private placement of shares, excluding the pre-emptive subscription right of the Company's shareholders. This capital increase with a charge to monetary contributions was carried out for a nominal amount of 34,883,721 euros by issuing and putting into circulation 23,255,814 ordinary shares of Enagás, S.A., each with a face value of 1.50 euros, of the same class and series as the existing shares in circulation at that date.

As a result, at both June 30, 2020 and December 31, 2019, the share capital of Enagás S.A. amounted to 392,985 thousands of euros, represented by 261,990,074 shares with a face value of 1.5 euros each, all of the same class, fully subscribed, and paid.

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

At June 30, 2020, no company held more than 5% interest in the share capital of Enagás, S.A.

At June 30, 2020 and December 31, 2019 the most significant stake held in the share capital of Enagás, S.A. was broken down as follows (data obtained from the National Securities Market Commission - CNMV) [1] at June 30, 2020):

	Interest in share capital (%)	
Company	06.30.2020	12.31.2019
Sociedad Estatal de Participaciones Industriales	5.000	5.000
Partler Participaciones, S.L.U.	5.000	5.000
Bank of America Corporation	3.614	3.614
BlackRock Inc.	3.383	3.383
State Street Corporation	3.008	3.008

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

b) Share premium

The total effective amount of the capital increase described above amounted to 500,000 thousands of euros, comprising both the face value of the shares and a share premium of 465,116 thousands of euros. The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) Treasury shares

On June 26, 2019, Enagás, S.A. finalised the process for acquiring treasury shares, which amounted to 501,946 shares, representing 0.19% of the Group's total shares, for a total of 9,876 thousands of euros (including associated expenses of 10 thousands of euros). This acquisition took place within the framework of the "Temporary Treasury Shares Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Directors and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2019–2021 Long-Term Incentive Plan (ILP) and Remuneration Policy approved at the General Shareholders' Meeting on March 29, 2019. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 29, 2019. Management of the Temporary Treasury Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process **(Note 4.2)**.

During the period from January 1, 2020 to June 30, 2020 there were no movements in treasury shares, with 501,946 shares in treasury stock at the beginning and end of the period.

3.2 Result and variation in minority interests

	Minority interest holding	Opening balance	Changes in the Scope of Consolidation (1)	Dividends distributed	Translation differences	Other adjustments	Distribution of results	Closing balance
2020								
ETN, S.L.	10.0%	15,482	-	(835)	-	(1)	498	15,144
Remaining companies		402	214	-	-	10	1	627
Total 2020		**15,884**	**214**	**(835)**	**-**	**9**	**499**	**15,771**
2019								
ETN, S.L.	10.0%	15,221	-	(836)	-	-	1,097	15,482
GNL Quintero, S.A.	54.6%-0%	358,211	(365,477)	-	2,920	-	4,346	-
Remaining companies		541	(6)	-	-	-	(133)	402
Total 2019		**373,973**	**(365,483)**	**(836)**	**2,920**	**-**	**5,310**	**15,884**

(1) "Changes in the Scope of Consolidation" for 2019 mainly included the effect of the change in the consolidation method of GNL Quintero, which in February 2019 was accounted for using the equity method and the profit was recorded up to that time.

3.3 Financial assets and liabilities

a) Financial assets

Categories / Class	Amortised cost		Fair Value with changes in the income statement (*)		Total	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Loans	36,570	36,191	-	-	36,570	36,191
Trade and other receivables (Note 2.2)	129,338	148,022	-	-	129,338	148,022
Derivatives (Note 3.5)	-	-	3,413		-	3,413
Other	431,516	418,140	-	-	431,516	418,140
Total non-current financial assets	**597,424**	**602,353**	**-**	**3,413**	**597,424**	**605,766**
Loans	290	82	-	-	290	82
Other	1,032	7,846	-	-	1,032	7,846
Total current financial assets	**1,322**	**7,928**	**-**	**-**	**1,322**	**7,928**
Total financial assets	**598,746**	**610,281**	**-**	**3,413**	**598,746**	**613,694**

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

The Directors estimate that the fair value of the financial assets at June 30, 2020 does not differ significantly with respect to their book value.

Loans

This mainly includes loans granted to group companies consolidated using the equity method and therefore not eliminated in the consolidation process. In 2020, interest charges amounting to 142 thousands of euros were received.

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

Other

"Other non-current financial assets" include an amount of 8,875 thousands of euros (2,834 thousands of euros at December 31, 2019) corresponding to the investment made by the Group in Economic Interest Groups (EIG) whose activity is the leasing of assets managed by another entity unrelated to the Group and which retains both the majority of profits as well as the risks related to the activities, with the Group only availing itself of the regulated tax incentives in Spanish legislation. The Company attributes the carry-forward tax losses generated by these EIGs against shares and taking into account the debt registered with the Tax Authorities, recognising the corresponding financial income. The main change with respect to 2019 is due to the disbursement of pending contributions by Enagás Financiaciones during 2020.

Additionally, 419,924 thousands of euros (413,154 thousands of euros at December 31, 2019), corresponding to the recovery of the financial investment in GSP and the credit rights associated with the recovery of the guarantees executed against the Enagás Group as a result of the termination of the concession contract in GSP, are included. Both amounts are updated and are expected to be recovered by December 31, 2022.

Gasoducto Sur Peruano ("GSP")

In relation to the investment in Gasoducto Sur Peruano, S.A. (hereinafter "GSP") as indicated in Note 3.3. to the Consolidated Annual Accounts of the Enagás Group for 2019, on January 24, 2017 the Directorate General of Hydrocarbons of the Peruvian Government's Ministry of Energy and Mines (hereinafter the "State of Peru") sent an official letter to GSP stating "the termination of the concession agreement owing to causes attributable to the concession holder", in accordance with the terms of Clause 6.7 of the "Improvements to the Energy Security of the Country and the Development of the Gasoducto Sur Peruano" (hereinafter "the Project") concession agreement, because the financial close had not been evidenced within the period established in the agreement (January 23, 2017), and proceeded to the immediate enforcement of the totality of the guarantee for full compliance given by GSP (262.5 million dollars), to ensure fulfilment of the obligations relating to the concession, which in the case of Enagás generated a payment of 65.6 million dollars. Also in January 2017, they paid bank financing sureties to Enagás amounting to 162 million dollars, including both principal and interest pending payment. In December 2017, the process for delivering the Concession Assets held by GSP was substantially completed with the Peruvian State assuming control over them.

As a result of the termination of the concession contract, the Peruvian State had the obligation to apply Clause 20 of the Concession Contract, calculating the Net Carrying Amount (hereinafter NCA) of the Concession Assets, calling three auctions to award the Concession, with the auction result being to pay GSP the NCA, based on the opinion of the external and internal legal advisors of Enagás. With the amount that GSP would have received for the NCA of the Concession Assets, it would have been able to settle its obligations to third parties and, if possible, reimburse the capital contributions made by its shareholders, as explained in the Consolidated Annual Accounts of the Enagás Group for the 2016-2019 period.

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

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

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

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

In relation to the aforementioned contracts of subordination of rights and assignment of claims, their effectiveness and form of application has been successively questioned by Enagás' partners in GSP through different arbitration proceedings. The arbitration proceedings filed by Graña y Montero questioning the legitimacy of Enagás to claim its claims against GSP are still pending. Likewise, the INDECOPI authority has recognised the full effectiveness of the aforementioned agreements in GSP's bankruptcy process. In relation to this arbitration procedure, the company's Peruvian legal advisors consider that the possibility that such arbitration procedure will conclude with a negative result for Enagás is remote, considering such agreements to be fully valid and applicable.

There have been no changes in the amount of the NCA and the valuation made at June 30, 2020 by a firm of independent experts hired by Enagás has an updated NCA total value of 1,966 million dollars.

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

With respect to this arbitration procedure before the ICSID, with Enagás' statement of claim having been submitted on January 20, 2020, a response was received from the Peruvian State on July 17, 2020.

Based on the conclusions determined by the external and internal legal advisers of Enagás, the recoverability of the totality of the Enagás investment in GSP, consisting of receivables in relation to the aforementioned enforced guarantees to the total of 226,8 million dollars, interests of 1.8 million dollars, various invoices for professional services provided to the amount of 7.6 million dollars and the share capital contributed to GSP for the amount of 275.3 million dollars, is considered likely.

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

Based on this, the amounts outlined in the preceding paragraph are recorded at their updated value in the Consolidated Balance Sheet dated June 30, 2020 for a total amount of 419,924 thousands of euros (413,154 thousands of euros at December 31, 2019).

Other related matters

As indicated in the 2019 Annual Accounts, on March 12, 2018, Law no. 30737 was published "guaranteeing immediate payment to the Peruvian government to repair civil damage caused by corruption and related crimes". On May 9, 2018, Supreme Decree 096-2018-EF was published, enacting the regulations of the aforementioned Law No. 30737.

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

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

In this sense, the Peruvian State's response to the ICSID claim also failed to provide new evidence that consistently or demonstrably links GSP to corruption.

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

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

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

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

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

The total amount of the Trust, estimated at 50% of the total average net equity, corresponding to its participation in GSP, confirmed with the Ministry of Justice, amounts to 65.5 million dollars. At present, once the trust agreement with the banks has been executed, it is submitted to the Ministry of Justice of Peru in accordance with the established terms, pending its approval.

Moreover, Law No. 30737 imposes a ban on companies included on the list from making transfers outside of Peru, which, based on the conclusions of the external and internal legal advisers of Enagás, would only be applicable to investment in GSP, notwithstanding a restriction on dividends receivable from COGA and TGP, also considering that investment in the latter is protected by the Legal Stability Agreement in Peru.

In light of the above, the Enagás Group believes that these regulations do not have a negative effect on the recovery of accounts receivable through the international arbitration process indicated above.

Based on all of the above, the directors of Enagás, in line with the opinion of their external and internal legal advisers, and of an independent expert and independent expert accountant, consider these facts to have no bearing on the estimation for recovery of the investment in the stake in GSP and the previously mentioned receivables to the amount of 419,924 thousands of euros (413,154 thousands of euros at December 31, 2019).

Impairment losses on assets

At the end of June 2020, the impact resulting from the analysis of the expected loss in accordance with IFRS 9 for the Enagás Group financial assets amounts to 669 thousands of euros.

Furthermore, and except for the recording of the expected loss, as per IFRS 9, and considering the economic situation caused by Covid-19 **(Note 1.10)**during the first six months of 2020, there were no additional movements with respect to the provisions for impairment losses of assets held by the Group.

b) Financial liabilities

Class / Categories	Fair Value with changes in Profit and Loss		Amortised cost		Derivatives designated as hedging instruments		Total	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Debts with credit institutions **(Note 3.4)**	-	-	1,276,481	1,407,698		-	1,276,481	1,407,698
Debt settlement costs and accrued interest payable	-	-	*(6,947)*	*(6,745)*		-	*(6,947)*	*(6,745)*
Debentures and other marketable securities **(Note 3.4)**	-	-	3,000,000	3,010,000		-	3,000,000	3,010,000
Debt settlement costs and accrued interest payable	-	-	*(71,542)*	*(80,168)*		-	*(71,542)*	*(80,168)*
Derivatives **(Note 3.4)**	-	-		-	102,722	74,449	102,722	74,449
Trade payables	-	-	309	322		-	309	322
Other financial liabilities **(Note 3.4)**	15,600	15,600	317,268	323,101		-	332,868	338,701
Total non-current financial liabilities	**15,600**	**15,600**	**4,515,569**	**4,654,208**	**102,722**	**74,449**	**4,633,891**	**4,744,257**
Debts with credit institutions **(Note 3.4)**	-	-	375,137	124,433		-	375,137	124,433
Debt settlement costs and accrued interest payable	-	-	*4,277*	*8,714*		-	*4,277*	*8,714*
Debentures and other marketable securities **(Note 3.4)**	-	-	10,000	-		-	10,000	-
Debt settlement costs and accrued interest payable	-	-	*12,584*	*31,294*	-	-	*12,584*	*31,294*
Derivatives **(Note 3.4)**	-	-		-	13,311	13,879	13,311	13,879
Trade creditors **(*)** **(Note 2.3)**	-	-	335,979	178,481	-	-	335,979	178,481
Other financial liabilities **(Note 3.4)**	-	-	298,060	55,789		-	298,060	55,789
Total current financial liabilities	**-**	**-**	**1,036,037**	**398,711**	**13,311**	**13,879**	**1,049,348**	**412,590**
Total financial liabilities	**15,600**	**15,600**	**5,551,606**	**5,052,919**	**116,033**	**88,328**	**5,683,239**	**5,156,847**

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

The amounts and characteristics of the main instruments included under the headings "Debentures and other marketable securities" and "Debts with credit institutions" at June 30, 2020 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	256,667
	Loan	Fixed rate	EUR	2031	150,000
	Loan	EURIBOR + Margin	EUR	2027	41,364
	Loan	Fixed rate	EUR	2030	100,000
	Loan	EURIBOR + Margin	EUR	2022	40,000
	Loan	EURIBOR + Margin	EUR	2023	150,000
Banking debt	Credit line	LIBOR + Margin	USD	2020	53,399
	Loan	LIBOR + Margin	USD	2024	409,391
	Credit line	LIBOR + Margin	USD	2024	204,696
	Credit line	LIBOR + Margin	USD	2024	46,101
	Loan	EURIBOR + Margin	EUR	2021	200,000
				Nominal outstanding	**1,651,618**
				Debt settlement expenses	(7,038)
				Accrued interest payable	4,368
				Total financial debts with credit institutions	**1,648,948**

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	4.23%	EUR	2021	10,000
	EMTN bonus	2.50%	EUR	2022	750,000
	EMTN bonus	1.25%	EUR	2025	600,000
	EMTN bonus	1.00%	EUR	2023	400,000
	EMTN bonus	1.38%	EUR	2028	750,000
	EMTN bonus	0.75%	EUR	2026	500,000
				Nominal outstanding	**3,010,000**
				IFRS 9 and others	(71,542)
				Accrued interest payable	12,584
				Total debentures and other marketable securities	**2,951,042**

The amounts and characteristics of the main instruments included under the headings "Debentures and other marketable securities" and "Debts with credit institutions" at December 31, 2019 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	280,000
	Loan	Fixed rate	EUR	2031	150,000
	Loan	EURIBOR + Margin	EUR	2027	47,273
	Loan	Fixed rate	EUR	2030	110,000
	Loan	EURIBOR + Margin	EUR	2022	50,000
	Loan	EURIBOR + Margin	EUR	2023	175,000
Banking debt	Credit line	LIBOR + Margin	USD	2020	2,690
	Loan	LIBOR + Margin	USD	2024	409,811
	Credit line	LIBOR + Margin	USD	2024	204,905
	Credit line	LIBOR + Margin	USD	2024	102,452
				Nominal outstanding	**1,532,131**
				Debt settlement expenses	(6,850)
				Accrued interest payable	8,819
				Total financial debts with credit institutions	**1,534,100**

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	4.23%	EUR	2021	10,000
	EMTN bonus	2.50%	EUR	2022	750,000
	EMTN bonus	1.25%	EUR	2025	600,000
	EMTN bonus	1.00%	EUR	2023	400,000
	EMTN bonus	1.38%	EUR	2028	750,000
	EMTN bonus	0.75%	EUR	2026	500,000
				Nominal outstanding	**3,010,000**
				IFRS 9 and others	(80,163)
				Accrued interest payable	31,289
				Total debentures and other marketable securities	**2,961,126**

3.4 Financial debts

	06.30.2020	12.31.2019
Debentures and other marketable securities	2,951,042	2,961,126
Debts with credit institutions	1,648,948	1,534,100
Other receivables	630,928	394,490
Total financial debts	**5,230,918**	**4,889,716**
Non-current financial debts (Note 3.3.b)	**4,530,860**	**4,669,486**
Current financial debts (Note 3.3.b)	**700,058**	**220,230**

The fair value of debts owed to credit institutions as well as debentures and other marketable securities at June 30, 2020 and at December 31, 2019 is as follows:

	06.30.2020	12.31.2019
Debts with credit institutions	1,665,391	1,550,985
Debentures and other marketable securities	3,172,160	3,161,936
Fair value total	**4,837,551**	**4,712,921**
Carrying amount total	**4,599,990**	**4,495,226**

a) Debts with credit institutions

The following are among the most significant events of financial year 2020:

- On May 11, 2020, Enagás Financiaciones, S.A.U. renewed the Euro Medium Term Note (EMTN) programme for a maximum amount of 1,000 million euros, registered in the Luxembourg Stock Exchange in 2012, with Enagás, S.A. as guarantor.
- Additionally, on May 13, 2020, Enagás Financiaciones, S.A.U. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of 1,000 million euros, registered in the Irish Stock Exchange on May 4, 2017.
- On March 31, 2020, Enagás Financiaciones, S.A.U. arranged a loan of 200 million euros maturing on March 31, 2021.

At June 30, 2020, the Group had access to credit lines in the amount of 1,927,191 thousands of euros (1,927,628 thousands of euros at December 31, 2019), of which 1,622,995 thousands of euros had not been drawn down (1,617,580 thousands of euros in 2019) **(Note 3.6)** In the opinion of the Directors of the Company, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

b) Other receivables

At June 30, 2020, "Other debts" mainly includes the financial liability associated with IFRS 16 on leases, amounting to 348,990 thousands of euros. At June 30, 2020, an expense of 2,960 thousands of euros was recognised for the financial restatement of this liability and lease payments of 18,508 thousands of euros.

This heading also includes the liability for the final and extraordinary dividend of the Parent Company, Enagás, S.A., out of the profit for 2019, amounting to 251 million euros **(Note 1.7)**.

c) Net financial debt

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

	06.30.2020	12.31.2019
Debts with credit institutions	1,648,948	1,534,100
Debentures and other marketable securities	2,951,042	2,961,126
Loans from the General Secretariat of Industry, General Secretariat of Energy and Oman Oil.	3,478	3,379
Leases (IFRS 16)	348,990	355,349
Gross financial debt	**4,952,458**	**4,853,954**
Cash and cash equivalents (Note 3.6)	(862,874)	(1,098,985)
Net financial debt	**4,089,584**	**3,754,969**

3.5 Derivative financial instruments

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

The details of the accounting hedging and risk management policies followed by the Enagás Group are provided in Notes 3.6 and 3.7 to the 2019 consolidated annual accounts.

Category	Type	Maturity	Notional contracted	Fair value 06.30.2020	Fair value 12.31.2019
Cash flow hedges					
Interest rate swap (*)	Floating to fixed	Jan-20	-	-	(82)
Interest rate swap (*)	Floating to fixed	Mar-20	-	-	(186)
Net investment coverage					
Cross Currency Swap	Fixed to fixed	Apr-22	400,291	(100,139)	(83,950)
Cross Currency Swap	Fixed to fixed	May-28	237,499	(15,894)	(697)
Total			**637,790**	**(116,033)**	**(84,915)**

(*) Expired at June 30, 2020

3.6 Cash and cash equivalents

a) Cash and cash equivalents

	06.30.2020	12.31.2019
Treasury	762,874	1,004,472
Other cash equivalents	100,000	94,513
Total	**862,874**	**1,098,985**

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

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

b) Available funds

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

Available funds	06.30.2020	12.31.2019
Cash and cash equivalents	862,874	1,098,985
Other available funds (Note 3.4)	1,622,995	1,617,580
Total available funds	**2,485,869**	**2,716,565**

4. Other information

Relevant aspects

Remuneration for the Board of Directors and Senior Management

- Remuneration for the Board of Directors, without taking into account insurance premiums, amounted to 2,862 thousands of euros at June 30, 2020 (2,805 thousands of euros at June 30, 2019) **(Note 4.2)**.
- Remuneration for Senior Management, without taking into account insurance premiums, amounted to 3,144 thousands of euros (2,831 thousands of euros at June 30, 2019) **(Note 4.2)**.

4.1 Related party transactions and balances

Income and expenses	Directors and executives	Group employees, companies or entities	Other related parties	Total (1)
06.30.2020				
Expenses:				
Financial expenses	-	-	2,523	**2,523**
Services received	-	15,940	239	**16,179**
Other expenses	5,976	-	-	**5,976**
Total Expenses	**5,976**	**15,940**	**2,762**	**24,678**
Income:				
Financial income	-	592	6	**598**
Rendering of services	-	5,224	-	**5,224**
Other income	-	1,553	-	**1,553**
Total income	**-**	**7,369**	**6**	**7,375**
06.30.2019				
Expenses:	-	-		
Financial expenses	-	-	5,669	**5,669**
Services received	-	21,937	137	**22,074**
Other expenses	5,636	-	-	**5,636**
Total Expenses	**5,636**	**21,937**	**5,806**	**33,379**
Income:				
Financial income	-	2,240	5	**2,245**
Rendering of services	-	5,239	-	**5,239**
Gains on the sale or derecognition of assets	-	3	-	**3**
Other income	-	1,553	-	**1,553**
Total income	**-**	**9,035**	**5**	**9,040**

(1) No transactions with significant shareholders took place during 2020 and 2019 in addition to those described in the table below.

Other transactions	Significant shareholders	Group employees, companies or entities	Other related parties	Total
06.30.2020				
Guarantees for related party debts **(Note 1.8)**		575,455		**575,455**
Guarantees and sureties granted - Other **(Note 1.8)**		723	15,426	**16,149**
Investment commitments **(Note 1.8)**		8,906		**8,906**
Dividends and other earnings distributed **(1)**	50,315			**50,315**
06.30.2019				
Guarantees for related party debts **(Note 1.8)**	-	506,362	-	**506,362**
Guarantees and sureties granted - Other **(Note 1.8)**	-	1,311	23,002	**24,313**
Investment commitments **(Note 1.8)**	-	306,165	-	**306,165**
Dividends and other earnings distributed	35,099	-	-	**35,099**

(1) The balance corresponds to the final dividend for 2020 approved at the General Shareholders' Meeting. This dividend was paid on July 9, 2020. Information on the number of shares held by significant shareholders has been obtained from the information available on the CNMV (Spanish National Securities Market Commission) website.

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

	Interest rate	Maturity	06.30.2020	12.31.2019
Non-current loans to related parties (*)			**36,657**	**36,492**
Gasoducto de Morelos, S.A.P.I. de C.V.	7.50%	September-2033	10,916	10,617
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	Jun-2025	24,475	25,185
Gas to Move Transport Solutions, S.L.	(**)	Nov-2021	1,260	690
Seab Power, LTD	4%	Mar - 2021	6	-
Current loans and interest with related parties			**256**	**11**
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	Jun-2025	12	11
Gas to Move Transport Solutions, S.L.	(**)		11	-
Seab Power, LTD	4%	Mar - 2021	233	-

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

(**) Includes a loan maturing in Nov-21 amounting to 940 thousands of euros, with interest of 1.80%. And a loan amounting to 320 thousands of euros with an interest rate of the average cost of the Group plus a market spread, and maturing also in Nov-21.

In addition, the balance pending collection with Axent amounted to 251 thousands of euros, 34 thousands of which are included under the current heading (242 thousands of euros at December 31, 2019, 35 thousands of which were included under the current heading).

During the first six months of 2020 and during 2019, the Banco Santander Group fulfilled the criteria for consideration as a related party.

Of the transactions disclosed in the above table, 2,523 thousands of euros of finance expenses correspond to this entity for the first six months of 2020 (5,669 thousands of euros during the same period in 2019), including finance expenses arising out of the interest rate hedging contracts, and 14,208 thousands of euros of guarantees and sureties granted at June 30, 2020 (14,424 thousands of euros at December 31, 2019).

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

- The Enagás Group maintains a multi-currency club deal for financing purposes, in which the related party represents 9.63% of all banks participating in this financing source.
- At June 30, 2020, the balance drawn down in the company's current accounts amounted to 368,261 thousands of euros. And the balance drawn down in credit lines amounts to 304,196 thousands of euros.
- The Directors consider that no additional significant liabilities will arise in connection with the transactions disclosed in this note other than those already recognised in the accompanying consolidated balance sheet.

4.2 Remuneration for the Board of Directors and Senior Management

	06.30.2020	06.30.2019
Members of the Board of Directors	**2,862**	**2,805**
Fixed remuneration	750	750
Variable remuneration	900	846
Remuneration for Board membership	1,124	1,121
Other	88	88
Management	**3,114**	**2,831**
Remuneration received	3,114	2,831

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

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

Members of Senior Management (members of the Management Committee) are equally beneficiaries of the 2019-2021 Long-Term Incentive Plan. As approved by the General Shareholders' Meeting, the Board has assigned them a total of 160,236 rights relating to shares as well as an incentive in cash amounting to 950 thousands of euros. Said rights do not constitute acquisition of shares or collection of any amounts until the programme has finalised, the final bonus depending on the degree to which the programme objectives have been met.

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

Share-based payments

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

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

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

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

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

- Accumulated results corresponding to the Funds for Operations ("FFO") of the Enagás Group. This metric shows the financial soundness and net profit growth, which are the cornerstones of the Enagás Group Strategic Plan. This takes into account both the EBITDA of the regulated business and the dividends received from the subsidiaries that are not controlled by Enagás. It is a benchmark indicator for investors. Meeting this objective will satisfy the Company's forecasts for the distribution of Group's dividend, investment and debt amortisation. It accounts for 25% of the total objectives.

- Accumulated cash flows received from affiliates ("Dividend"). This shows the focus on international growth and a realistic and profitable investment plan as the cornerstones of the Strategic Plan. It measures the profitability of the international business compared with the annual remuneration objective which measures the year's international investment volume. It accounts for 35% of the total objectives.

- Total shareholder return ("TSR"). Ensures appropriate, competitive shareholder remuneration. It takes into account share performance and the dividend policy. This objective comprises two components, each with a relative importance of 15% of the total objectives:

    a) The absolute TSR is measured as the acquisition of a target share price at the end of 2021. The target price has been established by investing estimated share dividends and is based on profitability and market parameters.

    b) Relative TSR: relative TSR shall be understood as the difference (expressed as a percentage) between the final value of an investment in ordinary shares and the initial value of that investment, bearing in mind that the calculation of said final value will consider dividends or other similar items (i.e. script dividends) received by the shareholder for said investment during the corresponding period. This metric shall be calculated against the Comparison Group formed by fifteen companies.

- Compliance with the Sustainability Plan. It reflects the company's commitment to creating long-term value responsibly in the social and environmental context. It will account for 10% of the total objectives, and will consist of three indicators:

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

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

    c) Investment associated with the increased presence of renewable gases in the energy mix.

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

a) The beneficiary will receive 50% of the incentive within thirty (30) days following approval of the 2021 annual accounts by the General Shareholders' Meeting. This 50% will apply to the assets part of the incentive as well as the cash part of the incentive;

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

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

The portion of said plan to be settled in Enagás, S.A. shares is considered a share-based transaction payable in equity instruments in accordance with IFRS 2 and, in keeping with said standard, the fair value of services received, as consideration for the equity instruments granted, is included in the Consolidated Income Statement at June 30, 2020, under "Personnel expenses" in the amount of 1,100 thousands of euros (1,139 thousands of euros at June 30, 2019) and a credit to "Other equity instruments" in the consolidated balance sheet at June 30, 2020.

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

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

(1) This number of shares reflects the maximum number of shares to be delivered under the plan, and includes both the possibility of achieving

the maximum degree of fulfilment of objectives established in the plan (125%), as well as the possibility that new hiring, staff mobility within the Group, or changes in professional levels, lead to the inclusion of new beneficiaries during the measurement period.

With respect to that part of the bonus payable in cash, the Enagás Group recognised the rendering of services corresponding to this plan as personnel expenses amounting to 354 thousands of euros with a credit to "Provisions" under non-current liabilities in the consolidated balance sheet at June 30, 2020 (356 thousands of euros at June 30, 2019). As in the case of the share-based payment plan component, the Enagás Group accrues the estimated fair value of the cash-settled amount over the term of the plan (January 1, 2019 to December 31, 2021) and the service conditions established for the period of time required for the consolidation of the remuneration.

4.3 Information by segments

a) Primary business segments

Regulated activities - Infrastructure Activity

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

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

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

Regulated activities - Activity of the Technical Manager of the System

The Enagás Group continued carrying out its functions as Technical Manager of the System in 2018 in compliance with Royal Decree 6/2000 of June 23 and Royal Decree 949/2001 of August 3, with a view to guaranteeing supply continuity and safety, as well as the correct coordination among the access points, storage, transmission, and distribution points.

Non-regulated activities

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

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

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

INCOME STATEMENT	Infrastructures		Technical Management of the System		Unregulated activities		Adjustments (1)		Total Group	
	06.30.2020	06.30.2019	06.30.2020	06.30.2019	06.30.2020	06.30.2019	06.30.2020	06.30.2019	06.30.2020	06.30.2019
Operating income	537,139	552,460	13,606	13,266	33,675	64,081	(30,645)	(31,047)	**553,775**	**598,760**
Third parties	532,847	547,265	12,439	12,148	1,712	32,598	-	-	**546,998**	**592,011**
Group	4,292	5,195	1,167	1,118	31,963	31,483	(30,645)	(31,047)	**6,777**	**6,749**
Provisions for amortisation of fixed assets	(127,200)	(126,432)	(2,972)	(3,368)	(5,263)	(14,584)	83	79	**(135,352)**	**(144,305)**
Operating profit	299,682	288,602	1,710	1,447	18,916	43,943	67	11,666	**320,375**	**345,658**
Financial income	200	216	118	1	59,903	56,090	(51,387)	(43,424)	**8,834**	**12,883**
Financial expenses	(8,022)	(12,812)	(165)	(70)	(49,171)	(69,285)	3,386	3,424	**(53,972)**	**(78,743)**
Income tax	(69,795)	(67,471)	(442)	(345)	12,965	14,177	(17)	(2,009)	**(57,289)**	**(55,648)**
Net profit	221,560	208,019	1,221	1,033	61,500	37,356	(47,950)	(30,343)	**236,331**	**216,065**

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

The breakdown of operating income by segment, with the breakdown according to IFRS 15 of income from customer contracts for 2019, is as follows:

IFRS 15 Operating income	Infrastructures		Technical Management of the System		Other activities		Adjustments (1)		Total Group	
	06.30.2020	06.30.2019	06.30.2020	06.30.2019	06.30.2020	06.30.2019	06.30.2020	06.30.2019	06.30.2020	06.30.2019
Operating income	537,139	552,460	13,606	13,266	33,675	64,081	(30,645)	(31,047)	**553,775**	**598,760**
Revenue from customer contracts	**28,592**	**26,597**	**5**	**2**	**4,034**	**2,534**	**-**	**-**	**32,631**	**29,133**
Third parties	17,511	17,608	-	-	703	1,235	-	-	**18,214**	**18,843**
Group	11,081	8,989	5	2	3,331	1,299	-	-	**14,417**	**10,290**
Other	**508,547**	**525,863**	**13,601**	**13,264**	**29,641**	**61,547**	**(30,645)**	**(31,047)**	**521,144**	**569,627**
Third parties	515,336	529,657	12,439	12,148	1,009	31,363	-	-	**528,784**	**573,168**
Group	(6,789)	(3,794)	1,162	1,116	28,632	30,184	(30,645)	(31,047)	**(7,640)**	**(3,541)**

BALANCE SHEET	Infrastructures		Technical Management of the System		Unregulated activities		Adjustments (1)		Total Group	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Total assets	5,690,477	5,517,802	150,504	99,114	7,637,057	7,505,796	(4,178,026)	(4,278,488)	**9,300,012**	**8,844,224**
Acquisition of fixed assets	17,510	127,791	1,793	7,514	4,478	11,214	-	-	**23,781**	**146,519**
Non-current liabilities (2)	458,403	461,201	(9,939)	(887)	3,540	1,050	(2,588)	(459)	**432,930**	**460,905**
- Deferred tax liabilities	171,419	174,191	(10,335)	(1,097)	1,079	(748)	(2,588)	(459)	**159,575**	**171,887**
- Provisions	248,180	246,256	396	210	2,461	1,798	-	-	**251,037**	**248,264**
- Other non-current liabilities	38,804	40,754	-	-	-	-	-	-	**38,804**	**40,754**
Current liabilities (2)	469,081	300,919	136,525	85,270	15,508	53,185	(279,818)	(226,981)	**341,296**	**212,393**
-Trade and other payables	469,081	300,919	136,525	85,270	15,508	53,185	(279,818)	(226,981)	**341,296**	**212,393**

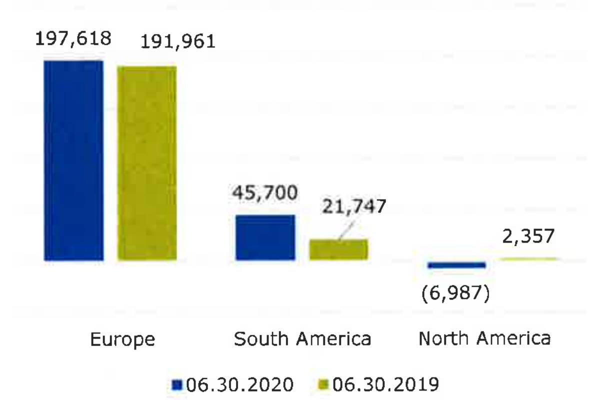
(1) "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credits granted) as well as the elimination of Investments-Shareholders equity.

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

b) Segments by geographical information

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

The distribution of profit at June 30, 2020 and June 30, 2019, broken down by geographical markets, is as follows:



4.4 Subsequent events

Since June 30, 2020, the following events have taken place:

On July 9, 2020, Enagás S.A. distributed a gross dividend per share of 0.96 euros, corresponding to the final dividend of 0.93 euros and an extraordinary dividend of 0.03 euros per share. Thus, together the final dividend and the extraordinary dividend amounted to a total of 1.60 euros gross per share.

4.5 Explanation added for translation to English

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

Annex I. Regulatory framework

Annex III to the report of the Group's Consolidated Annual Accounts for the year ended December 31, 2019 sets out the regulatory framework in force at that date. The main regulatory updates in the first half of 2020 were as follows:

1. Supranational regulations

Projects of Common Interest

Delegated Regulation (EU) 2020/389 of the Commission of October 31, 2019 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council with regard to the Union's list of projects of common interest.

European Green Deal

Communication from the Commission dated January 14, 2020 on the Investment Plan for a Sustainable Europe.

Sustainable Finance Package

Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.

Other Decisions

Commission Implementing Decision (EU) 2020/669 of May 18, 2020 amending Implementing Decision 2013/801/EU, as regards conferring implementation of the Innovation Fund to the Innovation and Networks Executive Agency.

2. Spanish Regulation

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

Circular 1/2020 of January 9 of the National Commission of Markets and Competition establishing the methodology for the remuneration of the technical manager of the gas system.

Circular 2/2020 of January 9 of the National Commission on Markets and Competition establishing the standards for natural gas balance.

Circular 4/2020 of March 31 of the National Commission on Markets and Competition establishing the methodology for determining the remuneration of natural gas distribution.

Resolution of February 13, 2020, of the Directorate General of Energy Policy and Mines, publishing the assigned and available capacity in basic underground natural gas storage facilities for the period April 1, 2020 to March 31, 2021.

Resolution of February 26, 2020, of the National Commission on Markets and Competition establishing the quota for the financing of the technical manager of the system for 2020.

Royal Decree-Law 23/2020 of June 23, approving measures in the field of energy and other areas for economic recovery.

In relation to the operation of the gas system

Resolution of April 3, 2020, of the National Commission on Markets and Competition, establishing the detailed procedure for the development of market mechanisms for the allocation of capacity in the gas system.

Resolution of April 15, 2020, of the National Commission on Markets and Competition, approving the framework contract for access to gas system facilities.

Resolution of June 9, 2020, of the National Commission on Markets and Competition, approving the procedure for the qualification and deregistration of the balance portfolio of users of the gas system in the virtual balance tank, the virtual balance point and the virtual balance storage; and the framework contract for the balance portfolio.

MANAGEMENT REPORT OF THE ENAGÁS GROUP

Performance of the Group during the first half of 2020

The net profit at the end of the first half of 2020 was 236,331 thousands of euros, representing a 9.4% growth compared to the same period last year.

Total income for the Group at June 30, 2020 amounted to 553,775 thousands of euros; with net turnover totalling 538,809 thousands of euros.

The Enagás Group's investments in the first half of 2020 amounted to 810,778 thousands of euros, of which 24,814 thousands of euros were allocated to investments at national level.

Regarding the rest of the investments, in the international field, they are mainly due to those related to take private process of Tallgrass Energy LP.

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

Order TEC/1259/2019 of December 20, 2019, establishing the tolls and royalties for third-party access to gas facilities and remuneration of regulated activities for 2020.

During the first half of 2020, expansion and improvement of the regasification, transport, and storage installations continued in order to adapt them to the needs anticipated for future demand.

Enagás' gas infrastructure

At June 30, 2020, the Enagás Group's gas infrastructure comprising the Natural Gas Basic Network was as follows:

Spain:

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

Chile:

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

Mexico:

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

Greece, Albania and Italy:

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

Peru:

- Enagás has a 51% stake in Compañía del Gas del Amazonas, S.A.C. (hereinafter "COGA"), the company responsible for operating and maintaining the gas transmission infrastructure in Peru.
- Likewise, the Enagás Group has a 28.94% stake in Transportadora de gas del Peru (TgP), the assets of which comprise the natural gas transmission system via pipelines from Camisea to Lurin and the transmission system of liquefied natural gas via pipelines from Camisea to Costa.

USA:

- On March 11, 2019, Enagás completed the acquisition of an indirect 10.93% stake in Tallgrass Energy LP. On July 31, 2019, Enagás increased its indirect stake to 12.6%, following approval by the Committee on Foreign Investment in the United States ("CFIUS"). On April 17, 2020, a take private process was completed, as a result of which Enagás achieved a 30.2% stake. This transaction fits in with Enagás' strategy of investing in *core business* assets in stable markets with growth opportunities, identified as a priority in its Strategic Plan, while maintaining strict investment criteria.

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

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

Significant aspects of the six-month period ended June 30, 2020

Covid-19 Contingency Plan

The Spanish Gas System has operated normally in spite of the adverse circumstances, without any incidents, of a labour, technical or operational nature. Thus, natural gas has been supplied normally, with full commercial and technical availability:

- The regasification plants have operated at normal levels of use. Since early March and until the end of the State of Alarm, 74 methane tankers have been unloaded in regasification plants in Spain. Likewise, the use of regasification increased, reaching 68.8 TWh in the first half of the year (8% higher than in 2019).
- The 12,000 kilometre pipeline network with the 19 compressor stations has operated without any incidents.

- Standardised operation in the three underground storage facilities, taking advantage of low prices in global markets and to be prepared before possible future needs. The maximum contracting reached for the storage facilities is 31.4TWh, which represents 91.55% of total capacity, an increase of +1.4% with respect to the maximum contracting reached during 2019.
- The gas system has been operating efficiently and with absolute flexibility.
- The levels of use of tanker trucks loading remain at the levels of 2019, at 4.3 TWh

Similarly, all the affiliates in which the Enagás Group has an interest are operating normally, contributing to the security of supply in their respective countries. All have implemented a contingency plan against Covid-19 in coordination with Enagás, to ensure business continuity.

Operating highlights

Domestic gas demand reached 173,5 TWh, 11.3% lower than in the first half of 2019, due to the drop in gas deliveries for power generation (-19.7%) and a decrease in industrial consumption (-9.0%) as a result of the situation caused by Covid-19.

Main investments

During the first half of 2020, the following investments were of note:

- The investment in Tallgrass Energy LP on April 17, 2020 to complete the "Take Private" process of this company along with Blackstone Infrastructure Partners, GIC and other partners, involving a disbursement of 836,300 thousands of dollars in the intermediate corporate structure ("Prairie Group") through which both Enagás and the aforementioned partners implemented the acquisition of the TGE class "A" shares of which they were not yet owners.
- Investments were made mainly in regasification, transmission and storage facilities, with the aim of expanding and improving them to adapt to future demand forecasts amounting to 19,259 thousands of euros.

General Shareholders' Meeting

The Enagás General Shareholders' Meeting was held on June 30, 2020. At said meeting, the Annual Accounts and Management Report for financial year 2019 of both Enagás, S.A. and its Consolidated Group were approved together with the allocation of 2019 Enagás, S.A. profits, which included distribution of a gross final dividend of 0.93 euros per share. The distribution of an extraordinary dividend of 0.03 per share was also approved.

Long-Term Incentive Plan

On June 26, 2019, Enagás, S.A. finalised the process for acquiring treasury shares, which amounted to 501,946, representing 0.19% of the Group's total shares. This acquisition took place within the framework of the "Temporary Treasury Shares Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Directors and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2019–2021 Long-Term Incentive Plan (ILP) and Remuneration Policy approved at the General Shareholders' Meeting on March 29, 2019. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 29, 2019.

Management of the Temporary Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process.

Treasury shares

As indicated above, on June 26, 2019, as part of the "Temporary Treasury Shares Buy-Back Scheme", Enagás, S.A. completed the process of acquiring its own shares, which amounted to 501,946, representing 0.19% of the Group's total shares. There were no changes in 2020 as there were no transactions involving treasury shares **(Note 3.1)**.

Events after the reporting period

Since June 30, 2020, the following events have taken place:

- On July 9, 2020, Enagás S.A. distributed a gross dividend per share of 0.96 euros, corresponding to the final dividend of 0.93 euros and an extraordinary dividend of 0.03 euros per share. Thus, together the final dividend and the extraordinary dividend amounted to a total of 1.60 euros gross per share.

On July 27, 2020, the Board of Directors of Enagás, S.A., for purposes of Article 119 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of October 23, prepared the Condensed Consolidated Financial Statements and Interim Consolidated Management Report at June 30, 2020, consisting of the accompanying documents and duly signed on all pages by the Secretary and stamped with the Company seal.

DECLARATION OF RESPONSIBILITY. For the purposes of Article 119.3 of the Securities Market Law and Article 11 of Royal Decree 1362/2007 of October 19, the undersigned directors state that, to the best of their knowledge, the Interim Condensed Consolidated Financial Statements, prepared in accordance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of the Group and that the Group's Interim Management Report includes a fair analysis of the performance and results of the businesses and the situation of the Group, together with the description of the main risks and uncertainties to which it is exposed. They additionally state that to the best of their knowledge the directors not signing below did not express dissent with respect to the Condensed Consolidated Financial Statements or Interim Management Report.

Chairman

(Signed the original in Spanish)

Mr. Antonio Llardén Carratalá

Chief Executive Officer

(Signed the original in Spanish)

Mr. Marcelino Oreja Arburúa

Board members

(Signed the original in Spanish)

Sociedad Estatal de Participaciones Industriales-SEPI
(Represented by Mr. Bartolomé Lora Toro)

(Signed the original in Spanish)

Mr. Antonio Hernández Mancha

(Signed the original in Spanish)

Mr. Santiago Ferrer Costa

(Signed the original in Spanish)

Ms. Ana Palacio Vallelersundi

(Signed the original in Spanish)

Mr. Martí Parellada Sabata

(Signed the original in Spanish)

Ms. Patricia Úrbez Sanz

(Signed the original in Spanish)

Mr. Luis García del Río

(Signed the original in Spanish)

Ms. Rosa Rodríguez Diaz

(Signed the original in Spanish)

Mr. Gonzalo Solana González

(Signed the original in Spanish)

Ms. Isabel Tocino Biscarolasaga

(Signed the original in Spanish)

Mr. Ignacio Grangel Vicente

(Signed the original in Spanish)

Mr. Cristóbal J. Gallego Castillo

(Signed the original in Spanish)

Mr. José Blanco López

(Signed the original in Spanish)

Mr. José Montilla Aguilera

Secretary to the Board of Directors

(Signed the original in Spanish)

Mr. Rafael Piqueras Bautista