ENDESA, S.A.

and Subsidiaries

Consolidated Management Report

for the year ended 31 December 2020

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

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ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Contents.

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

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

ENDESA has prepared this Consolidated Management Report for the year ended 31 December 2020 in accordance with the “Guide for the Preparation of Management Reports of Listed Companies” issued by the Group of Experts appointed by the CNMV (National Securities Market Commission).

1. Position of the entity

1.1. Main areas of business

ENDESA, S.A. was established on 18 November 1944 and has its registered office at Calle Ribera del Loira 60, Madrid.

Its corporate object is the electricity business in its various industrial and commercial activities; the exploitation of primary energy resources of all types; the provision of industrial services or services related to its main business, particularly those relating to gas and those that are preparatory or complementary to the activities included in the corporate object, and the management of the business Group consisting of investments in other companies. The Company carries out its corporate objects in Spain and abroad directly or through its investments in other companies.

The main sector of the National Classification of Economic Activities (“CNAE”) into which the corporate object of ENDESA fits is that corresponding to section D, division 35.

ENDESA, S.A. and its subsidiaries (ENDESA or the Company) carry out their activities in the electricity and gas business mainly in the market of Spain and Portugal. To a lesser extent, they also sell electricity and gas in other European markets as well as other products and services related to their main business.

The organisation is divided into the generation, supply and distribution businesses, each of which includes electricity and in some cases gas activities and other products and services.

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

1.2. Organisational structure

ENDESA, S.A. and its subsidiaries are part of the ENEL Group, which is headed by ENEL Iberia, S.L.U. in Spain.

At 31 December 2020 the ENEL Group held 70.1% of the share capital of ENDESA, S.A., through ENEL Iberia, S.L.U. (see Notes 1 and 14.1.1 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020).

At the date on which this Consolidated Management Report was drawn up, the composition of ENDESA S.A.'s Executive Management Committee, the functions of which include the implementation of the strategies adopted by the Company, was as follows:

Position	Member
Chief Executive Officer	José Damián Bogas Gálvez
General Manager - Communication	Ignacio Jiménez Soler
General Manager - Energy Management	Juan María Moreno Mellado
General Manager - People and Organisation	Paolo Bondi
General Manager - Generation	Rafael González Sánchez
General Manager - Infrastructure and Networks	Gianluca Caccialupi
General Manager - Supply	Javier Uriarte Monereo
General Manager - Institutional Relations and Regulation	José Casas Marín
General Manager - Media	Pablo Azcoitia Lorente
General Manager - ENDESA X	Josep Trabado Farré
General Manager - Nuclear Power	Gonzalo Carbó de Haya
General Manager - Audit	Patricia Fernández Salís
General Manager - ICT Digital Solutions	Manuel Fernando Marín Guzmán
General Manager - Sustainability	María Malaxechevarría Grande
General Manager - Purchasing	Ignacio Mateo Montoya
General Manager - Administration, Finance and Control	Luca Passa
General Secretary to the Board of Directors and General Manager - Legal Counsel and Corporate Affairs	Francisco de Borja Acha Besga

The Annual Corporate Governance Report, which describes the organisation of the Board of Directors of ENDESA, S.A. and of the bodies to which it delegates its decisions, forms an integral part of this Consolidated Management Report.

The general principles relating to ENDESA's corporate governance strategy establish that the internal corporate rules are set so as to ensure transparency and the reconciliation of the interests of all shareholder groups, as well as equal treatment of all shareholders of the same kind and in the same situation.

1.3. Business Model.

ENDESA is making progress in its commitment to lead the energy transition, in line with the United Nations Sustainable Development Goals (SDGs), and more specifically, in developing a business model aligned with the objectives of the Paris Agreement to achieve the decarbonization goal and thus contain the average increase in global temperature to below 2 ºC compared to pre-industrial levels (see Notes 2.2.2 and 39 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020).

This business model is aligned with the strategic vision of becoming the leading actor in the energy transformation that Spain is facing, and taking advantage of such new opportunities as may arise deriving from this great challenge.

1.3.1. Vision, Mission and Values.

Vision.

ENDESA strives to be at the forefront of developments in the energy sector in order to bring safe, affordable and sustainable energy to millions of people. ENDESA is acutely aware of the profound changes that the industry is going through and is positioning itself in a new era of energy, which is more open, participatory and digital.

This strategic positioning is summarised in the concept "**Open Power**", which constitutes ENDESA's Mission, Vision and Values.

Mission.

ENDESA's mission is defined in the following pillars:

- **Opening up access to safe and sustainable energy** for a greater number of people.

- **Opening up the world of energy to new technologies** to generate and distribute more sustainable energy, with particular attention to renewable sources and smart distribution networks.

- **Opening up energy management to consumers** to help them use energy more efficiently, with particular attention to smart meters and digitisation.

- **Opening up possibilities of new uses of energy** to address global challenges, with particular attention to connectivity and electric mobility.

- **Opening ourselves up to a greater number of alliances** to form a network of collaborators in research, technology, product development and marketing to build new solutions together.

Values.

ENDESA's values are the pillars of the company's behaviour and reflect the focus on people:

- **Responsibility:** Every employee is responsible for the success of ENDESA, at all levels, always acting within the framework of the social responsibility strategy and compliance with tax regulations.

- **Innovation:** ENDESA works to open up energy to new uses, technologies and people, taking into account both errors and successes.

- **Trust:** ENDESA acts competently, honestly and transparently, to gain the trust of its employees, customers and external collaborators, valuing individual differences.

- **Proactiveness:** ENDESA continuously analyses global scenarios and challenges in order to anticipate changes, redefining priorities if the context so requires.

1.3.2. Business Lines and Main Markets.

In order to effectively face all risks and take advantage of all the opportunities of an Energy Sector in constant change, ENDESA's business model is structured in different Business Lines to act with agility in the markets where it operates and take into account the needs of its clients in the territories and businesses in which it is present.

These Business Lines correspond to the electricity and gas generation, distribution and supply activities carried out by ENDESA, mainly in Spain and Portugal, and to a lesser extent from its platform in Spain to other European markets, in particular Germany, France and the Netherlands.

With the exception of the mainland coal-fired thermal power plants, ENDESA manages its generation and supply businesses jointly, thus optimising this integrated position compared with managing the two activities separately.

the current context, the activities relating to the supply of electricity which ENDESA companies carry out have been confirmed as essential activities and are carried out under specific frameworks.

Up to the date of approval of this Consolidated Management Report, ENDESA has continued to provide its services without any particular problems other than those existing prior to the emergence of COVID-19 and, although it has had to adapt some processes to the circumstances deriving from the health crisis, its ability to provide services has not been significantly compromised (see Notes 2.2.1 and 38 of the Notes to the Consolidated Financial Statements for the year ended December 31, 2020 and Section 5. COVID-19 Health Crisis of this Consolidated Management Report).

The markets in which ENDESA carries out its activities are described as follows:

Spanish market

- **Electricity generation** ENDESA carries out its electricity generation activities in the mainland system and in the Non-mainland Territories ("TNP"), the latter comprising the Balearic and Canary Islands and the autonomous cities of Ceuta and Melilla.

    - On the mainland, conventional and renewable generation is a deregulated business covered by a specific remuneration regime.

- On the other hand, conventional generation in the Non-mainland Territories ("TNP") is subject to specific regulations addressing the particularities deriving from their geographical location, and remuneration is regulated. There are incentives for investment in generation from renewable sources in the Non-mainland Territories ("TNP") to reduce costs.

– **Supply of electricity, gas and other products and services**: This activity consists of supplying energy on the market and the sale of other products and services to customers. The supply of energy is a deregulated activity.

– **Electricity distribution**: The purpose of the electricity distribution activity is to distribute electricity to the consumption points. Electricity distribution is a regulated activity.

Section 2.6. Statistical Appendix to this Consolidated Management Report provides a breakdown of ENDESA's key figures at 31 December 2020.

Portuguese market

– **Electricity generation** Electricity generation in Portugal is carried out in a competitive environment.

– **Supply of electricity and gas and other products and services**: This activity is deregulated in Portugal.

1.4. Corporate Map

ENDESA, S.A.'s activity is structured by Business Lines, giving the Company flexibility and the ability to respond to the needs of its customers in the territories and businesses in which it operates.

For the organisation of the various Business Lines, ENDESA, S.A. works primarily through the following Companies:

Energy generation: ENDESA Generación, S.A.U.

This company was set up on 22 September 1999 with a view to concentrating ENDESA's generation and mining assets in it.

ENDESA Generación, S.A.U. brings together, among others, the holdings in Gas y Electricidad Generación, S.A.U. (100%), Unión Eléctrica de Canarias Generación, S.A.U. (100%), which manage the generation assets located in the Non-mainland Territories ("TNP") and in ENEL Green Power España, S.L.U. (EGPE) (100%), which manages assets generated from renewable sources.

At 31 December 2020, ENDESA's total net installed capacity in Spain amounted to 21,652 MW, of which 17,326 MW in the mainland electricity system and 4,326 MW in the Non-mainland Territories ("TNP") of the Balearic and Canary Islands, Ceuta and Melilla. At that date, net installed capacity in renewables was 7,781 MW, of which 7,719 MW correspond to the mainland electricity system, representing 45% of its net installed capacity (see Section 2.6. Statistical Appendix to this Consolidated Management Report).

ENDESA's power plants reached a total net production of 56,269 GWh in 2020 (see Section 2.6. Statistical Appendix to this Consolidated Management Report).

Energy Distribution: ENDESA Red, S.A.U.

This company was set up on 22 September 1999, marking the culmination of the process of integrating ENDESA S.A.'s regional distribution companies in Spain.

This company holds, among others, Edistribución Redes Digitales, S.L.U. (100%), which engages in regulated electricity distribution, and ENDESA Ingeniería, S.L.U. (100%).

At 31 December 2020, ENDESA distributed electricity in 24 Spanish provinces (La Coruña, Almería, Badajoz, Barcelona, Cádiz, Córdoba, Gerona, Granada, Huelva, Huesca, Balearic Islands, Jaén, Las Palmas, León, Lérida, Málaga, Ourense, Santa Cruz de Tenerife, Seville, Soria, Tarragona, Teruel, Zamora and Zaragoza) of eight Autonomous Regions (Andalusia, Aragón, Canary Islands, Castilla y León, Catalonia, Extremadura, Galicia and Balearic Islands) and in the Autonomous City of Ceuta, with a total area of 195,488 km^2 and a population of close to 21 million.

The number of clients with an access contract to ENDESA's distribution networks exceeded 12 million at that date and the total energy distributed by ENDESA's networks, reached 124,658 GWh in 2020 (see Section 2.6. Statistical Appendix to this Consolidated Management Report).

Supply of energy and other products and services: ENDESA Energía, S.A.U. and ENDESA X Servicios S.L.U.

ENDESA Energía, S.A.U. was established on 3 February 1998 to carry out supply activities, responding to the demands deriving from the deregulation process of the Spanish electricity sector. Its main business is the supply of energy to customers wishing to exercise their right to choose their supplier and receive the service on the deregulated market, and other products and services related to the development of efficient energy infrastructures and maintenance services.

In addition, ENDESA Energía, S.A.U. holds 100% of Energía XXI Comercializadora de Referencia, S.L.U., a trading company in the regulated market, ENDESA Operaciones y Servicios Comerciales, S.L.U., whose purpose is to provide commercial services linked to the supply of energy and ENDESA Energía Renovable, S.L.U., which is dedicated to the supply of electricity and natural gas specifically from renewable sources.

ENDESA Energía, S.A.U. also supplies energy to the deregulated markets of Germany, France, the Netherlands and Portugal.

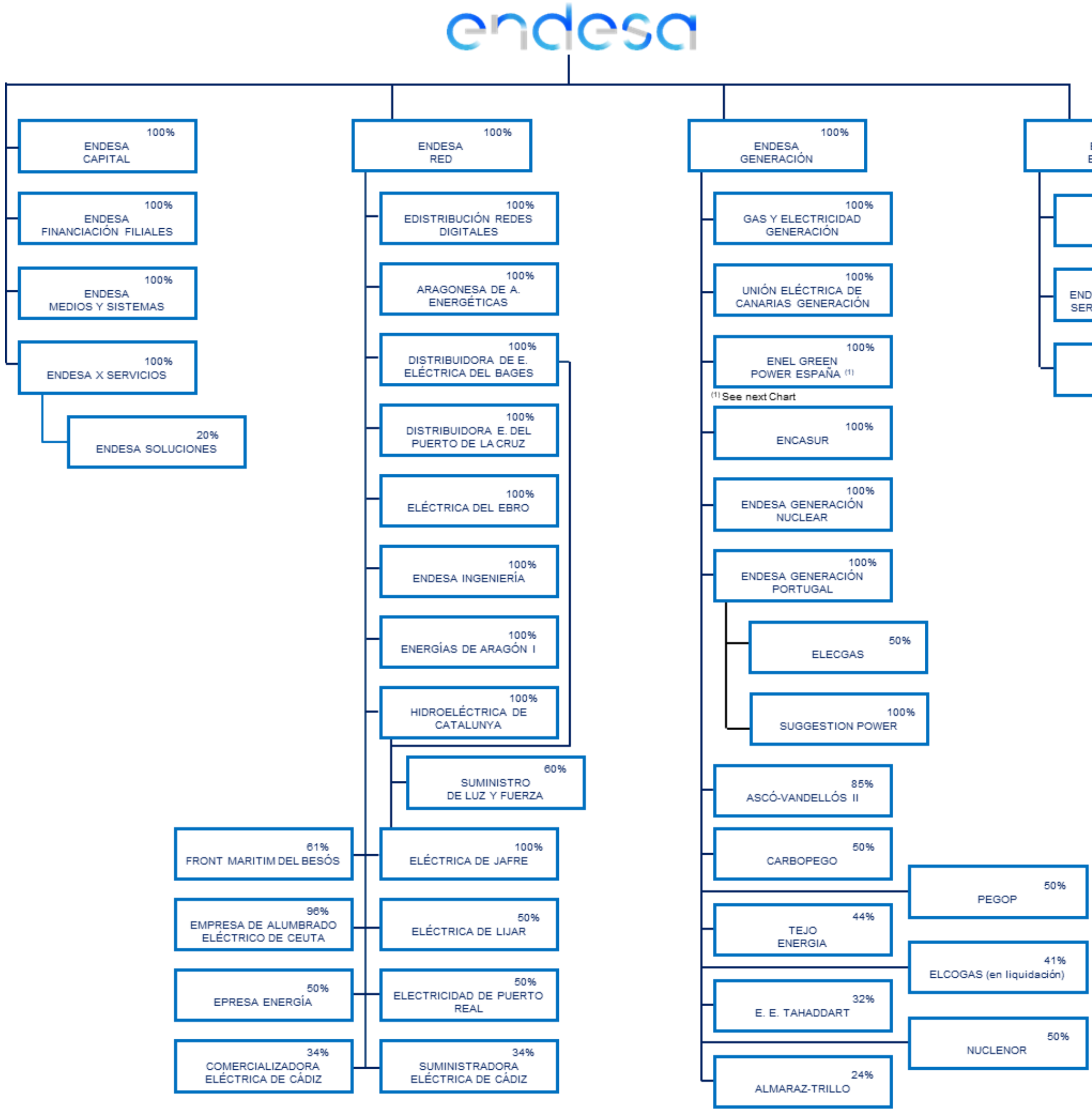
On 1 September 2020, ENDESA X Servicios, S.L.U. was incorporated, through the partial spin-off of ENDESA Energía, S.A.U. and ENDESA Ingeniería, S.L.U., to carry out development and marketing activities for new services adapted to the evolution of the energy market. Its activity is focused on four lines of action: e-Home, e-Industries, e-City and e-Mobility (see Note 2.3.1 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 2.5. Scope of Consolidation of this Consolidated Management Report).

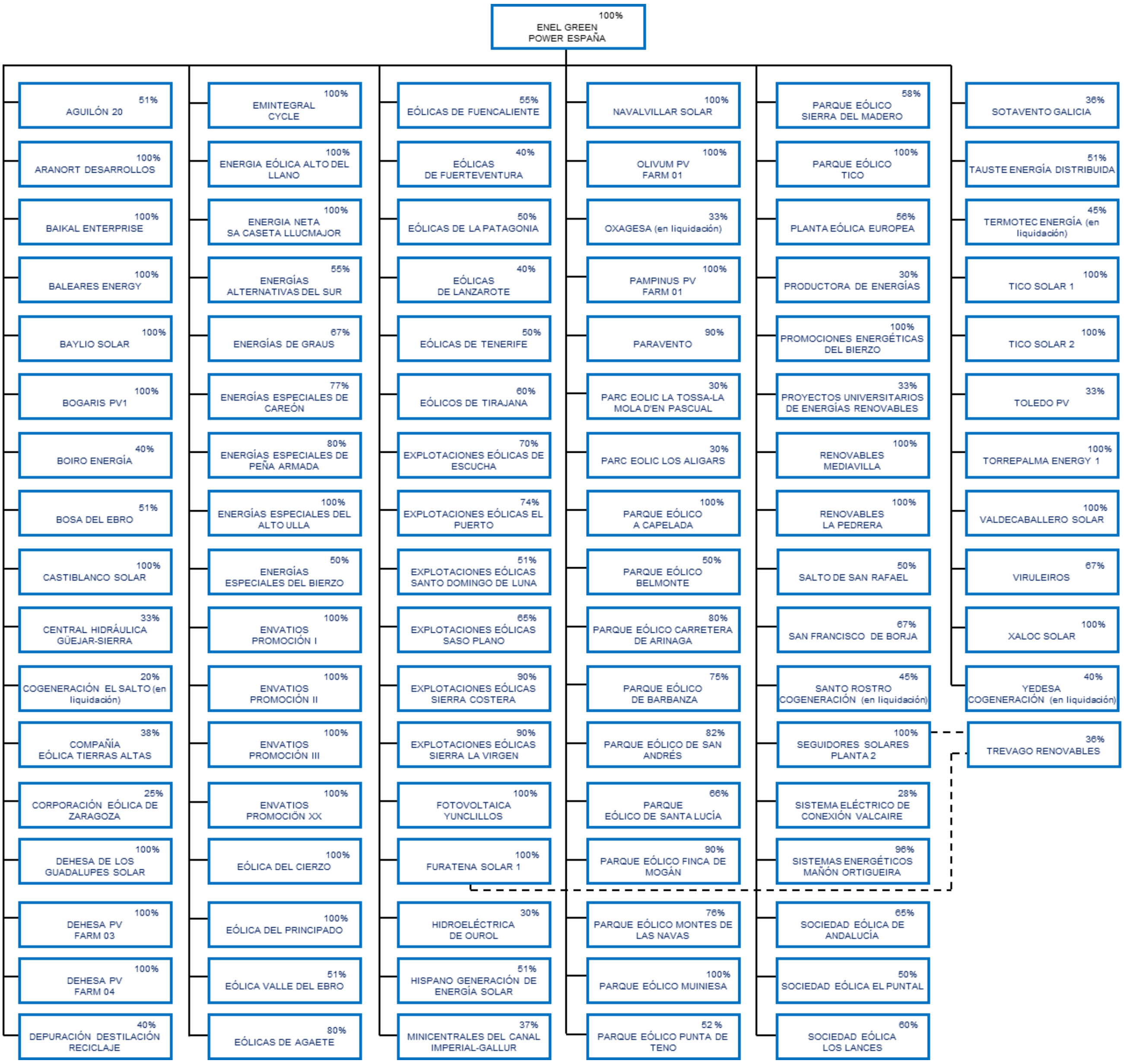
In 2020, net electricity sales amounted to 80,772 GWh and at 31 December 2020, the customer portfolio in the electricity market consisted of 10.4 million supply points. The total volume of gas sold in 2020 amounted to 70,045 GWh and at 31 December 2020 the customer portfolio in the conventional natural gas market consisted of 1.7 million supply points (see Section 2.6. Statistical Appendix to this Consolidated Management Report).

Appendix I to the Consolidated Financial Statements for the year ended 31 December 2020 lists ENDESA's subsidiaries and joint operations.

Appendix II to the Consolidated Financial Statements for the year ended 31 December 2020 lists ENDESA's associates and joint ventures.

There follows a corporate map of ENDESA showing in diagram form its main investees at 31 December 2020:


100% ENDESA CAPITAL
100% ENDESA FINANCIACIÓN FILIALES
100% ENDESA MEDIOS Y SISTEMAS
100% ENDESA X SERVICIOS
20% ENDESA SOLUCIONES
100% ENDESA RED
100% EDISTRIBUCIÓN REDES DIGITALES
100% ARAGONESA DE A. ENERGÉTICAS
100% DISTRIBUIDORA DE E. ELÉCTRICA DEL BAGES
100% DISTRIBUIDORA E. DEL PUERTO DE LA CRUZ
100% ELÉCTRICA DEL EBRO
100% ENDESA INGENIERÍA
100% ENERGÍAS DE ARAGÓN I
100% HIDROELÉCTRICA DE CATALUNYA
60% SUMINISTRO DE LUZ Y FUERZA
100% ELÉCTRICA DE JAFRE
50% ELÉCTRICA DE LIJAR
50% ELECTRICIDAD DE PUERTO REAL
34% SUMINISTRADORA ELÉCTRICA DE CÁDIZ
61% FRONT MARITIM DEL BESÓS
96% EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA
50% EPRESA ENERGÍA
34% COMERCIALIZADORA ELÉCTRICA DE CÁDIZ
100% ENDESA GENERACIÓN
100% GAS Y ELECTRICIDAD GENERACIÓN
100% UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN
100% ENEL GREEN POWER ESPAÑA (1)
(1) See next Chart
100% ENCASUR
100% ENDESA GENERACIÓN NUCLEAR
100% ENDESA GENERACIÓN PORTUGAL
50% ELECGAS
100% SUGGESTION POWER
85% ASCÓ-VANDELLÓS II
50% CARBOPEGO
44% TEJO ENERGIA
32% E. E. TAHADDART
24% ALMARAZ-TRILLO
50% PEGOP
41% ELCOGAS (en liquidación)
50% NUCLENOR
100% ENDESA ENERGÍA
100% ENERGÍA XXI
100% ENDESA OPERACIONES Y SERVICIOS COMERCIALES
100% ENDESA ENERGÍA RENOVABLE



Additions, removals and changes in ENDESA's corporate map during 2020 are described in Notes 2.3, 2.4 and 2.5 to the Consolidated Financial Statements for the year ended 31 December 2020.

2. Business trends and results in 2020

2.1. Consolidated Results.

ENDESA reported net income of Euros 2,132 million (+36.5%) in 2020.

ENDESA reported net ordinary income of Euros 2,132 million in 2020, representing an increase of 36.5% on the previous year.

Net income attributable to the Parent Company amounted to Euros 1,394 million in 2020, as against the Euros 171 million obtained in the previous year.

To analyse the performance during the period, the following factors must be taken into account:

- Signing of the “V ENDESA Framework Collective Agreement”:

  The “V ENDESA Framework Collective Agreement”, effective from 23 January 2020, establishes a modification of certain social benefits, basically the employee electricity tariff, which now also includes retired employees. As a result of the valuations of the previous actuarial liability and the new actuarial liability at the effective date of the “V ENDESA Framework Collective Agreement”, a positive impact of Euros 386 million was recognised in the Consolidated Income Statement for 2020.

- Impairment of the assets of the mainland coal-fired thermal power plants.

  Recognition in 2019 of an impairment equal to the entire carrying amount of the assets of the mainland coal-fired thermal power plants, namely Euros 1,105 million, in accordance with the decision adopted on 27 September 2019 to decommission them. In 2020, a reversal of Euros 6 million of this impairment was recognised.

- Impairment of the assets of the Cash Generating Units (CGUs) of the Non-mainland Territories (“TNP”).

  In 2020 and 2019, an impairment of the Cash Generating Units (CGUs) for each of the Non-mainland Territories (“TNP”) of the Balearic Islands, Canary Islands, Ceuta and Melilla for a total amount of Euros 253 million and Euros 304 million, respectively, in order to adjust the net book value of these assets to their recoverable value.

- Provisions for workforce restructuring.

  Recognition of a provision in the amount of Euros 569 million in the Consolidated Income Statement for 2020 in the context of the “Agreement on Voluntary Suspension or Termination of Employment Contracts” and the communications made by ENDESA to the union representation regarding the non-exercise of the right to terminate the individual employment suspension agreements relating to certain contracts. This amount includes Euros 160 million in respect of ENDESA's commitment to decarbonisation, the decision taken to decommission the mainland coal-fired power plants and the reorganisation of activities deriving from the energy transition, and Euros 290 million relating to ENDESA's commitment in its Strategic Plan 2021-2023 to improving efficiency by various means, particularly the digitisation of processes.

- COVID-19 Health Crisis.

  In the current context of the COVID-19 health crisis and as part of its commitment to society, ENDESA has designed a Public Responsibility Plan, endowed with Euros 25 million (Euros 22 million euros net of the tax effect) for direct aid for the purchase of material, special supply conditions and donations to alleviate the main health and social needs caused by the health crisis, as well as programmes to support the relaunch of the economy in the worst affected sectors. During the 2020 financial year, this Plan accrued in its entirety.

The breakdown of net income and ordinary (recurring) net income for 2020 among ENDESA's Businesses and their variation relative to the previous year is presented hereunder (see Section 2.4. Results by Segment in this Consolidated Management Report):

Millions of euros

	Net Income (1)				Net Ordinary Income (2)			
	2020	2019	% Var.	% Contribution to Total	2020	2019	% Var.	% Contribution to Total
Generation and Supply	558	(823)	(167.8)	40.0	1,035	586	76.6	48.5
Distribution	989	1,077	(8.2)	70.9	1,157	1,059	9.3	54.3
Structure and Others (3)	(153)	(83)	84.3	(11.0)	(60)	(83)	(27.7)	(2.8)
TOTAL	**1,394**	**171**	**715.2**	**100.0**	**2,132**	**1,562**	**36.5**	**100.0**

(1) Net Income = Net Income of the Parent Company.
(2) Net Ordinary Income = Net Income of the Parent Company - Net Gains and Losses on Disposals of Non-Financial Assets (over Euros 10 million) - Net Losses due to Impairment of Non-Financial Assets (over Euros 10 million) - Initial Endowment Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan and the Digitisation of Processes - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.
(3) Structure, Services and Adjustments.

2.2. Changes in Accounting Principles.

The accounting policies used in drawing up this Consolidated Management Report are described in Note 2.1 to the Consolidated Financial Statements for the year ended 31 December 2020.

2.3. Analysis of Results.

The table below presents the details of the most significant figures in ENDESA's Consolidated Income Statement for 2020 and their variation compared with the previous year:

Millions of euros

	Reference (1)	Most Significant Figures		
		2020	2019	% Var.
Income	24	**17,579**	**20,158**	**(12.8)**
Procurements and Services	25	**(11,573)**	**(14,252)**	**(18.8)**
Contribution Margin (2)		**6,006**	**5,906**	**1.7**
Self-constructed Assets	3a.1 and 3d.2	275	295	(6.8)
Personnel Expenses	26	(1,147)	(1,022)	12.2
Other Fixed Operating Expenses	27	(1,351)	(1,338)	1.0
Gross Operating Profit (EBITDA) (3)		**3,783**	**3,841**	**(1.5)**
Depreciation, Amortisation and Impairment Losses	28	(1,897)	(3,453)	(45.1)
Operating Profit (EBIT) (4)		**1,886**	**388**	**386.1**
Net Financial Income/(Expense) (5)	29	**(134)**	**(184)**	**(27.2)**
Income before Tax		**1,788**	**230**	**677.4**
Net Income (6)		**1,394**	**171**	**715.2**
Net Ordinary Income (7)		**2,132**	**1,562**	**36.5**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Contribution margin = Revenue - Procurements and Services.
(3) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.
(4) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.
(5) Net finance income/(loss) = Finance income - Financial Expense + Net exchange differences.
(6) Net Income = Net Income of the Parent Company.
(7) Net Ordinary Income = Net Income of the Parent Company - Net Gains and Losses on Disposals of Non-Financial Assets (over Euros 10 million) - Net Losses due to Impairment of Non-Financial Assets (over Euros 10 million) - Initial Endowment Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan and the Digitisation of Processes - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

EBITDA for 2020 amounted to Euros 3,783 million, down by 1.5% on the previous year.

Without the items recognised under “Personnel Expenses” in the Consolidated Income Statement for 2020 relating to the "V ENDESA Framework Collective Agreement", the Decarbonisation Plan and the digitisation of processes, for a total amount of Euros 244 million, gross operating profit (EBITDA) would have increased by 4.8% compared with the previous year (see Section 2.3.2. Operating Expenses in this Consolidated Management Report).

Operating profit (EBIT) for 2020 increased by Euros 1,498 million or 386.1% compared with the previous year, coming in at Euros 1,886 million.

Without taking into account the impacts described for gross operating profit (EBITDA), the provision for impairment of the coal-fired plants recognised in 2019 for Euros 1,366 million or its subsequent reversal in 2020 for Euros 17 million, operating profit (EBIT) would have increased by 20.5% compared with the previous year (see Section 2.3.2. Operating Expenses in this Consolidated Management Report).

Excluding the impacts described above on EBITDA, as well as the net impairment charge recorded at the mainland coal-fired thermal power plants (reversal of Euros 17 million in 2020 and impairment charge of Euros 1,366 million in 2019) and at the Non-mainland Territories (“TNP”) Cash Generating Units (CGUs) (Euros 338 million and Euros 404 million in 2020 and 2019, respectively), operating income (EBIT) would have increased by Euros 293 million (+13.6%) compared to the previous year (see Section 2.3.2. Operating Costs of this Consolidated Management Report).

2.3.1. Income.

Income in 2020 totalled Euros 17,579 million, Euros 2,579 million or 12.8% less than in 2019.

The following are the details of the “Income” heading in the Consolidated Income Statement for 2020 and its variation relative to the previous year:

Millions of euros

	Reference (1)	Income			
		2020	2019	Difference	% Var.
Sales	24.1	16,644	19,258	(2,614)	(13.6)
Other Operating Income	24.2	935	900	35	3.9
TOTAL	**24**	**17,579**	**20,158**	**(2,579)**	**(12.8)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Market situation.

Electricity demand trends in 2020, affected by the COVID-19 health crisis, were as follows:

- Total mainland electricity demand fell by 5.1% compared with the previous year (-5.1% adjusted for the effect of working days and temperature).
- Demand for electricity in the Non-mainland Territories ("TNP") in 2020 decreased by 19.2% in the Balearic Islands and 10.5% in the Canary Islands compared with the previous year (-18.0% and -10.5% respectively when adjusted for the effect of working days and temperature).

2020 was characterised by lower prices, with the arithmetic mean price in the wholesale electricity market standing at Euros 33.96 per MWh (down by -28.8%), mainly as a consequence of the decrease in demand and trends in raw material prices.

During 2020 there was also a narrowing of the "thermal gap" (the percentage of demand not covered by renewables or nuclear and therefore met by conventional coal-fired or CC plants) due to the weakness of electricity demand, the increase in imports and the increase in renewable production. In this regard the contribution of renewable energies to total mainland production in 2019 was 45.5% (52.4% in 2019).

In this context:

- ENDESA's mainland electricity production in 2020 was 56,269 GWh, 8.4% less than in the previous year, as per the following details:

GWh

Electricity Generation (1)	2020	2019	% Var.
Mainland	**46,142**	**49,582**	**(6.9)**
Renewables	13,415	10,090	33.0
Hydroelectric	7,681	5,861	31.1
Wind (2)	5,235	4,127	26.8
Photovoltaic (3)	498	101	393.1
Biomass	1	1	-
Nuclear	25,839	26,279	(1.7)
Coal	1,211	5,647	(78.6)
Combined Cycles (CCGTs) (4)	5,677	7,566	(25.0)
Non-mainland Territories ("TNP")	**10,127**	**11,820**	**(14.3)**
Coal	222	1,996	(88.9)
Fuel-gas	4,217	5,703	(26.1)
Combined Cycles (CCGTs) (4)	5,688	4,121	38.0
TOTAL	**56,269**	**61,402**	**(8.4)**

(1) In power plant busbars.
(2) In 2020 it includes 112 GWh corresponding to Non-mainland Territories ("TNP") (123 GWh in 2019).
(3) In 2020, it includes 1 GWh corresponding to Non-mainland Territories ("TNP").
(4) Corresponding to natural gas.

- Non-emitting, renewable and nuclear technologies represented 69.8% of ENDESA's generation mix in 2020, (59.2% in 2019) compared with 80.8% for the rest of the sector (71.3% in 2019).

At 31 December 2020 ENDESA's market shares for electricity were:

- 18.0% in mainland electricity generation, including renewables.
- 42.9% in electricity distribution.
- 32.4% in electricity supply.

In 2020 conventional gas demand was down by 5.3% compared with the previous year, and at 31 December 2020 ENDESA had secured a market share of 14.3% in gas sales to customers in the deregulated market.

Sales.

The table below presents the details of the heading "Sales" in the Consolidated Income Statement for 2020 and the changes from the previous year:

Millions of euros

	Reference (1)	Sales			
		2020	**2019**	**Difference**	**% Var.**
Electricity sales		11,969	13,801	(1,832)	(13.3)
Deregulated market sales		8,245	9,404	(1,159)	(12.3)
Deregulated market sales - Spain		7,201	8,320	(1,119)	(13.4)
Deregulated market sales - other than Spain		1,044	1,084	(40)	(3.7)
Sales at regulated prices		1,839	2,055	(216)	(10.5)
Wholesale market sales		619	843	(224)	(26.6)
Compensation for Non-mainland Territories ("TNP")		1,111	1,376	(265)	(19.3)
Remuneration for Renewable Energy Investment		135	105	30	28.6
Other electricity sales		20	18	2	11.1
Gas sales		1,865	2,450	(585)	(23.9)
Deregulated market sales		1,812	2,369	(557)	(23.5)
Sales at regulated prices		53	81	(28)	(34.6)
Regulated income from electricity distribution		2,175	2,266	(91)	(4.0)
Other sales and services rendered		635	741	(106)	(14.3)
TOTAL	**24.1**	**16,644**	**19,258**	**(2,614)**	**(13.6)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Electricity sales to customers in the deregulated market.

At 31 December 2020, ENDESA had 5,690,390 electricity customers in the deregulated market, 2.4% fewer than at 31 December 2019, as per the following breakdown:

- 4,444,091 (-3.8%) in the Spanish mainland market.
- 838,600 (-2.4%) in the Non-mainland Territories ("TNP") market.
- 407,699 (+16.6%) in deregulated markets outside Spain.

ENDESA sold a net total of 69,430 GWh to these customers in 2020, 11.1% less than in 2019, as per the following breakdown:

- 59,800 GWh (-11.9%) in the Spanish deregulated market.
- 9,630 GWh (-5.6%) in deregulated markets outside Spain.

In monetary terms, sales on the deregulated market in 2020 totalled Euros 8,245 million (-12.3%), as per the following breakdown:

- Sales in the Spanish deregulated market totalled Euros 7,201 million, Euros 1,119 million or -13.4% down on the previous year, due basically to the decline in the number of physical units sold.
- Revenues from sales to customers in deregulated markets outside Spain amounted to Euros 1,044 million, down slightly (-3.7%) on 2019, basically due to movements in the unit price and the decrease in the number of physical units sold.

Sales of electricity at regulated prices.

At 31 December 2020, ENDESA had 4,730,105 electricity customers in the deregulated market, 1.6% fewer than at year-end 2019.

In 2020 ENDESA sold 11,342 GWh to customers to who regulated prices apply, through its supplier of reference, in line with its 2019 sales (-0.4%).

These sales entailed revenues of Euros 1,839 million, which was 10.5% lower than the figure for 2019, basically as a result of the decline in price.

Gas sales.

At 31 December 2020, ENDESA had 1,673,424 gas customers, 1.5% more than at 31 December 2019, as per the following breakdown:

- 233,066 (+1.3%) in the regulated market.
- 1,440,358 (+1.5%) in the deregulated market.

ENDESA sold 70,045 GWh to customers in the natural gas market in 2020, which represents a decrease of 12.2% relative to 2019.

In monetary terms, revenue from gas sales totalled Euros 1,865 million in 2020, down by Euros 585 million or 23.9% on the figure for 2019, as per the following breakdown:

- Gas sales in the deregulated market totalled Euros 1,812 million, Euros 557 million or 23.5% down on the figure for 2019, due basically to the decrease in the number of physical units sold and the lower selling price in the B2B segment.
- Revenue from gas sales to customers at regulated prices amounted to Euros 53 million, Euros 28 million or -34.6% less than in 2019, due basically to the decline in the price.

Compensation for generation in Non-mainland Territories ("TNP").

In 2020, compensation for the extra cost of generation in Non-mainland territories ("TNP"), determined in accordance with the new remuneration parameters that have come into force for the 2020-2025 regulatory period, amounted to Euros 1,111 million, Euros 265 million or -19.3% less than in 2019, mainly as a consequence of lower production due to the decrease in demand and trends in commodity prices.

Electricity distribution.

ENDESA distributed 124,658 GWh in the Spanish market in 2020, 1.4% less than in 2019.

Regulated income from the distribution activity in 2020 amounted to Euros 2,175 million, which was Euros 91 million or -4.0% down on the previous year, mainly due to the application of the new remuneration parameters that have come into effect for the 2020-2025 regulatory period (see Note 4 to the Consolidated Financial Statements for 2020 and Section 3. Regulatory Framework in this Consolidated Management Report).

Other Operating Income.

The table below presents the details of other operating income in 2020 and the variations compared with the previous year:

Millions of euros

	Reference (1)	Other Operating Income			
		2020	2019	Difference	% Var.
Change in energy derivatives		540	550	(10)	(1.8)
Grants released to income (2)	15 and 24.2	28	23	5	21.7
Allocation to Profit and Loss of Customer Transferred Installations and Fees for Extension Service Connections and Liabilities under Contracts with Customers	22 and 24.2	164	158	6	3.8
Provision of Services in Facilities		4	4	-	-
Third Party Indemnities		21	14	7	50.0
Others		178	151	27	17.9
TOTAL		**935**	**900**	**35**	**3.9**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Includes Euros 16 million relating to capital grants and Euros 12 million of operating grants in 2020 (Euros 18 million and Euros 5 million respectively in 2019).
(3) Includes Euros 237 million relating to revenue from ordinary activities from contracts with customers in 2020 (Euros 257 million 2019).

In 2020, other operating income amounted to Euros 935 million, representing an increase of 3.9%, and includes the Euros 10 million decrease (-1.8%) in income from the valuation and settlement of energy derivatives, due mainly to the evolution of the valuation and settlement of gas derivatives, which is considered together with the reduction of Euros 358 million (-54.7%) in expenses for this same item recognised under “Other Variable Procurements and Services” in the Consolidated Income Statement (see Section 2.3.2. Operating Expenses in this Consolidated Management Report).

The derivatives and hedging transactions entered into by ENDESA basically concern transactions arranged to hedge exchange rate risk or price risk on commodities such as electricity, fuel and CO_2 emission rights and their purpose is to eliminate or significantly reduce these risks in the underlying hedged transactions. In the current context, ENDESA has checked to make sure that they continue to meet the criteria established by the regulations for applying hedge accounting.

2.3.2. Operating expenses.

Operating expenses in 2020 amounted to Euros 15,693 million, down by 20.6% compared with the previous year.

The table below presents the details of operating expenses in 2020 and their variation compared with the previous year:

Millions of euros

	Reference (1)	Operating expenses			
		2020	2019	Difference	% Var.
Procurements and Services		11,573	14,252	(2,679)	(18.8)
Energy purchased	25.1	3,631	4,904	(1,273)	(26.0)
Fuel consumption	25.2	1,100	1,780	(680)	(38.2)
Transmission costs		5,000	5,302	(302)	(5.7)
Other Variable Procurements and Services	25.3	1,842	2,266	(424)	(18.7)
Self-constructed Assets	3a.1 and 3d.2	(275)	(295)	20	(6.8)
Personnel Expenses	26	1,147	1,022	125	12.2
Other Fixed Operating Expenses	27	1,351	1,338	13	1.0
Depreciation, Amortisation and Impairment Losses	28	1,897	3,453	(1,556)	(45.1)
TOTAL		**15,693**	**19,770**	**(4,077)**	**(20.6)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Procurements and services (variable costs).

Procurements and services (variable costs) totalled Euros 11,573 million in 2020, 18.8% less than in the previous year.

Changes in these costs in 2020 were as follows:

– Energy purchases decreased by Euros 1,273 million (-26.0%) to Euros 3,631 million as a consequence, mainly, of the decrease in the number of physical units and the arithmetic mean price in the wholesale electricity market, which was Euros 33.96 per MWh (-28.8%).

  This heading includes an amount of Euros 9 million (Euros 6 million net of the tax effect) corresponding to the impairment of inventories of the mainland coal-fired plants (Euros 82 million and Euros 62 million respectively in 2019) (see Sections 2.3.6. Corporation Tax and 2.3.7. Net Income in this Consolidated Management Report).

– Fuel consumption amounted to Euros 1,100 million, with a decrease of Euros 680 million (-38.2%) due to lower thermal production in the period (-32.0%).

– Items under Other Variable Procurements and Services in the Consolidated Income Statement totalled Euros 1,842 million, down by Euros 424 million (-18.7%) on 2019, details being as follows:

Millions of euros

	Reference (1)	Other Variable Procurements and Services			
		2020	2019	Difference	% Var.
Change in energy derivatives		296	654	(358)	(54.7)
Carbon dioxide (CO_2) emission rights		229	372	(143)	(38.4)
Tax on Electricity Production		234	225	9	4.0
Treatment of radioactive waste		213	181	32	17.7
Works licences/Street lighting		172	195	(23)	(11.8)
Nuclear Taxes and Fees		125	97	28	28.9
"Bono Social" discount rate		51	51	-	-
Catalan Environmental Tax		54	-	54	N/A
Water Tax		30	34	(4)	(11.8)
Others		438	457	(19)	(4.2)
TOTAL	25.3	**1,842**	**2,266**	**(424)**	**(18.7)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

This amount includes:

- The decrease of Euros 358 million (-54.7%) relative to the amount recognised in 2019 for expenses in respect of the valuation and settlement of energy derivatives, due mainly to developments in the valuation and settlement of gas derivatives, which is considered together with the Euros 10 million (-1.8%) decrease in income in respect of this same item, recognised under "Other Operating Income" in the Consolidated Income Statement (see Section 2.3.1. Income in this Consolidated Management Report).
- The decrease of Euros 143 million (-38.4%) in CO_2 emission rights due to the lower thermal production in the period (-32.0%).
- The expenditure of Euros 54 million in 2020 relating to the tax on facilities that affect the environment in the Autonomous Region of Catalonia as a result of the publication of Law 5/2020 of 29 April of the "Generalitat" (Catalan regional government) (see Section 3. Regulatory Framework of this Consolidated Management Report) and the Euros 27 million reversal of the Catalan nuclear tax recognised in 2019, as a result of its having been declared unconstitutional by the Constitutional Court in its ruling of 12 April 2019.

Fixed operating costs.

The table below presents the details of fixed operating costs in 2020 and their variation relative to the previous year:

Millions of euros

	Reference (1)	Fixed Operating Costs			
		2020	2019	Difference	% Var.
Self-constructed Assets	3a.1 and 3d.2	(275)	(295)	20	(6.8)
Personnel Expenses	26	1,147	1,022	125	12.2
Other Fixed Operating Expenses	27	1,351	1,338	13	1.0
TOTAL		**2,223**	**2,065**	**158**	**7.7**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Fixed operating costs amounted to Euros 2,223 million in 2020, representing an increase of Euros 158 million (+7.7%) compared with the previous year. To analyse the changes during 2020, the following factors must be taken into account:

- Signing of the "V ENDESA Framework Collective Agreement":

  After more than two years of fruitless negotiations, on 4 December 2019, the majority trade union in ENDESA, General Workers Union (UGT), and ENDESA agreed to submit to a "binding equity arbitration" some of the most significant aspects discussed in the negotiation of the "V ENDESA Framework Collective Agreement".

  ENDESA and the aforesaid majority union agreed before the Interconfederal Mediation and Arbitration Service ("SIMA") the procedure and matters subject to arbitration, and that the terms of the decision of the arbitrator would be incorporated into the Collective Agreement that was agreed upon. Following the appointment by common accord of Mr Manuel Pimentel Siles as sole arbitrator, the procedure was carried out during the months of December 2019 and January 2020 in the terms agreed by the parties, ending with the issue of a mandatory Arbitration Award on 21 January 2020.

  In accordance with the agreement between the parties, the content of the Arbitration Award and other aspects resulting from the agreement at the negotiating table not submitted to arbitration were incorporated into the "V ENDESA Framework Collective Agreement" which was approved and signed by the Company and the Trade Union Section of the General Workers' Union (UGT), and has general effect since the UGT is the majority union in the Company, on 23 January 2020. On the same date, the new "Guarantee Framework Agreement" and "Agreement on Voluntary Suspension or Termination of Employment Contracts" were signed, in this case by all unions represented in ENDESA.

  The "V ENDESA Framework Collective Agreement" establishes a modification of certain social benefits, basically the employee electricity tariff, which now also includes retired employees, which led to the following accounting entries:

  - Valuation of the previous actuarial liability for the uninsured defined benefit commitments at the effective date of the "V ENDESA Framework Collective Agreement", which had a positive impact of Euros 10 million on the Consolidated Statement of Other Comprehensive Income for 2020.
  - Valuation of the new actuarial liability at the effective date of the "V ENDESA Framework Collective Agreement", taking account of the new commitments assumed, mainly in relation to electricity supply, which had a positive impact of Euros 515 million on the Consolidated Income Statement for 2020 (Euros 386 million net of the tax effect) (see Sections 2.1. Consolidated Results and 2.3.6. Corporate Income Tax in this Consolidated Management Report).

  Additionally, at 31 December 2020, ENDESA revalued the actuarial liability for defined benefit commitments, with a net negative impact of Euros 70 million on the Consolidated Statement of Other Comprehensive Income for 2020.

- Workforce restructuring plans:

  - Recognition of a provision in the amount of Euros 159 million in the Consolidated Income Statement for 2020 (Euros 119 million net of the tax effect) as a result of the communication made to the union representation regarding the non-exercise of the right to terminate individual suspension of employment agreements in respect of certain contracts signed with employees in the framework of the "Agreement on Voluntary Measures for Suspension or Termination of Employment Contracts" (see Sections 2.1. Consolidated Results and 2.3.6. Corporation Tax in this Consolidated Management Report).
  - Recognition of a provision in the amount of Euros 213 million in the Consolidated Income Statement for 2020 (Euros 160 million net of the tax effect) in respect of the Decarbonisation Plan, the decision adopted on 27 September 2019 to decommission the coal-fired power plants and the reorganisation of activities deriving from the energy transition (see Sections 2.1. Consolidated Results, 2.3.6. Corporation Tax and 2.3.7. Net Income in this Consolidated Management Report).

This transition is being carried out through a process negotiated and agreed with the union representation which envisages on the one hand the internal relocation of part of the affected personnel with the aid of training measures, and on the other hand the departure of approximately 577 employees affected by the change of energy model.

- Provisioning of Euros 387 million in the Consolidated Income Statement for 2020 (Euros 290 million net of the tax effect) in respect of ENDESA's commitment, in its Strategic Plan 2021-2023, to effecting improvements in efficiency, which involves the departure of approximately 1,200 employees affected, among other things, by the digitisation of processes (see Sections 2.1. Consolidated Results, 2.3.6. Corporation Tax, 2.3.7 and Net income in this Consolidated Management Report).

- Update of the provisions for current workforce restructuring plans, which had a positive impact of Euros 44 million on the Consolidated Income Statement for 2020 (Euros 1 million, positive, in 2019).

- Expense relating to sanctions and penalties in an amount of Euros 42 million (Euros 57 million in 2019).

- Impairment of other materials related to the mainland coal-fired power plants in 2019 amounting to Euros 21 million (Euros 16 million net of the tax effect) (see Section 2.3.7. Net Income in this Consolidated Management Report).

- Within the framework of the Public Responsibility Plan and procurement of supplies related to the COVID-19 health crisis, ENDESA recognised costs of Euros 25 million in 2020 (Euros 22 million net of the tax effect) (see Notes 2.2.1, 33.2.1 and 38 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020 and Sections 2.3.7. Net income and 5. COVID-19 Health Crisis in this Consolidated Management Report).

Excluding the effects described in the foregoing paragraphs, fixed operating costs in 2020 would have decreased by Euros 32 million (-1.6%).

Depreciation and amortisation and impairment losses.

The table below presents the breakdown of depreciation and amortisation and impairment losses in 2020 and the variations compared with the previous year:

Millions of euros

	Reference (1)	Depreciation, Amortisation and Impairment Losses			
		2020	2019	Difference	% Var.
AMORTISATIONS		**1,464**	**1,553**	**(89)**	**(5.7)**
Provision for the depreciation of property, plant and equipment	6	1,221	1,302	(81)	(6.2)
Provision for the amortisation of intangible assets	8	243	251	(8)	(3.2)
IMPAIRMENT LOSSES		**433**	**1,900**	**(1,467)**	**(77.2)**
Non-Financial Assets		**323**	**1,769**	**(1,446)**	**(81.7)**
Impairment of property, plant and equipment and investment property	33.2	325	1,757	(1,432)	(81.5)
Mainland coal-fired thermal power plants	3e.4 and 6	(17) (2)	1,352 (3)	(1,369)	(101.3)
CGUs of the Non-mainland Territories (“TNP”)	3e.4 and 6	338	401 (3) (4)	(63)	(15.7)
Other Property, Plant and Equipment and Investment Property	6 and 7	4	4	-	-
Impairment of intangible assets	8 and 33.2	(2)	(5)	3	(60.0)
Other Intangible Assets		(2)	(5)	3	(60.0)
Impairment Losses on Goodwill	9 and 33.2	-	17	(17)	(100.0)
Iberian Peninsula Generation CGU	3e.4	-	14 (3)	(14)	(100.0)
Canary Islands CGU	3e.4	-	3 (3)	(3)	(100.0)
Financial Assets	**18.4.1 and 33.2**	**110**	**131**	**(21)**	**(16.0)**
Addition to provision for Impairment of Accounts Receivable from Contracts with Customers	12.1	120 (5)	128	(8)	(6.3)
Addition to provision for Impairment losses on other Financial Assets	18.1.1	(10)	3	(13)	(433.3)
TOTAL		**1,897**	**3,453**	**(1,556)**	**(45.1)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Includes the provision for impairment of the Los Barrios Port Terminal (Cádiz) (Euros 10 million), as well the reversal of impairment of non-financial assets (Euros 1 million) and the update of provisions for dismantling (Euros 26 million).
(3) Euros 1,332 million net of the tax effect (see Section 2.3.7. Net Income in this Consolidated Management Report)
(4) Euros 14 million were allocated to the Alcudia Thermal Power Plant (Balearic Islands).
(5) Includes impairment losses on trade receivables related to the impact of COVID-19 of Euros 50 million.

Depreciation and amortisation, and impairment losses in 2020 totalled Euros 1,897 million, down by Euros 1,556 million (-45.1%) on 2019, mainly as a result of the following aspects:

- Impairment of the mainland coal-fired thermal power plants.

  Recognition in 2019 of an impairment of the mainland coal-fired thermal power plants in the amount of Euros 1,366 million, in accordance with the decision adopted on 27 September 2019 to decommission them. In 2020 the net provision recognised under this head involved a reversal of Euros 17 million euros (see Notes 3c, 3e.4, 6.4, 9 and 28 to the Consolidated Financial Statements for the year ended 31 December 2020 and Sections 2.3.6. Corporation Tax and 2.3.7. Net Income in this Consolidated Management Report).

- Impairment of the CGUs of each of the Non-mainland Territories ("TNP") - the Balearic Islands, the Canary Islands, Ceuta and Melilla.

  On 28 December 2019, Order TEC/1260/2019 of 26 December was published. It establishes the technical and economic parameters to be used in calculating remuneration for electricity production in Non-mainland Territories ("TNP") with additional remuneration regimes during the 2020-2025 regulatory period (see Note 4 to the Consolidated Financial Statements for the year ended 31 December 2020). This revision of technical and economic parameters implied for ENDESA, among other things, a decrease in the remuneration of operating and maintenance costs for the 2020-2025 regulatory period, and as a consequence, the recoverable amount of the CGUs for each of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands and Ceuta and Melilla is lower than its carrying amount, for which reason an impairment loss has been recognised in the Consolidated Income Statement for a total amount of Euros 404 million (see Notes 3c, 3e.4, 9 and 28 to the Consolidated Financial Statements for the year ended 31 December 2020 and Sections 2.3.6. Corporation Tax and 2.3.7. Net Income in this Consolidated Management Report).

  At 31 December 2020 a re-estimate of the recoverable value of the assets of the Non-mainland Territories ("TNP") was carried out, taking into account, among other aspects, the publication on 7 August 2020 in the Official State Gazette ("BOE"), of Order TED/776/2020 of 4 August revising the product and logistics prices to be used in determining the price of fuel and establishing a maximum value for the start-up settlement time per standard facility applicable to production facilities located in Non-mainland Territories ("TNP") (TNP) covered by the additional remuneration regime (see Note 4 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 3. Regulatory Framework of this Consolidated Management Report). As a consequence of this re-estimation, an impairment of the CGUs was recognised for each of the Non-mainland Territories ("TNP") - the Balearic Islands, the Canary Islands, Ceuta and Melilla - for a total amount of Euros 338 million (see Notes 3e.4, 6.4 and 28 to the Consolidated Financial Statements for the year ended 31 December 2020 and Sections 2.3.6. Corporation Tax and 2.3.7. Net Income in this Consolidated Management Report).

- Depreciation and amortisation charges.

  Depreciation and amortisation charges decreased by Euros 89 million in 2020, reflecting on the one hand the decrease of Euros 156 million as a result of the impairments described in the foregoing paragraphs, and on the other the increase of Euros 29 million due to the commissioning of power generation assets from renewable sources.

- Loss due to impairment of accounts receivable.

  Lower impairment losses from customer contracts of Euros 8 million, mainly as a result of lower electricity and gas sales to customers, especially in the Business to Business (B2B) segment, due to lower demand and prices in 2020, better payment behaviour of public administrations and other factors, including intensified collection management in the Business to Business (B2B) segment, with a favourable impact on the allowance of Euros 21 million, Euros 8 million and Euros 29 million, respectively, which were partially offset, in the opposite direction, by the Euros 50 million impairment losses from contracts with customers in the Business to Customer (B2C) segment, as a result of the increase in bad debts due to the ban on supply cut-off for a large part of 2020 due to the extraordinary measures related to the economic situation caused by COVID-19 (see Notes 2. 2.1, 3g.3, 4, 19.5, 28 and 38 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020 and Sections 3. Regulatory Framework and 5. COVID-19 Health Crisis of this Consolidated Management Report).

Without taking into account the effects described in the foregoing paragraphs, the depreciation and amortisation charge for 2020 would have increased Euros 27 million (+1.7%) compared with 2019.

2.3.3. Net finance income/(expense).

Net finance income/(expense) in 2020 and 2019 was negative in the amounts of Euros 134 million and Euros 184 million respectively.

The table below presents the details of net finance income/(expense) in 2020 and its variations compared with the previous year:

Millions of euros

	Reference (1)	Net Finance Income/(Expense) (2)			
		2020	2019	Difference	% Var.
Net Financial Expense (3)		(146)	(185)	39	(21.1)
Finance Income		28	27	1	3.7
Financial Expense		(174)	(212)	38	(17.9)
Net Exchange Differences		12	1	11	1,100.0
TOTAL	29	**(134)**	**(184)**	**50**	**(27.2)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Net finance income/(loss) = Finance income - Financial Expense + Net exchange differences.
(3) Net Financial Expense = Finance Income - Financial Expense.

In 2020, net Financial Expense totalled Euros 146 million, Euros 39 million (-21.1%) less than in the previous year.

In 2020, net exchange differences amounted to Euros 12 million, positive (Euros 1 million, positive, in 2019), mainly due to the financial debt in US dollars (USD) associated with rights of use corresponding to charter contracts for the transport of LNG.

In considering the evolution of net Financial Expense in 2020 the following factors need to be taken into account:

Millions of euros

	Net Financial Expense (1)			
	2020	2019	Difference	% Var.
Net Expense in respect of Financial Liabilities at Amortised Cost	(132)	(133)	1	(0.8)
Income from Financial Assets at Amortised Cost	1	2	(1)	(50.0)
Update of Provisions for Workforce Restructuring Plans, Dismantling of Facilities and Impairment of Financial Assets in accordance with IFRS 9 "Financial Instruments"	(6)	(49)	43	(87.8)
Interest on late payment of Corporate Income Tax 2016-2017	7	-	7	N/A
Others	(16)	(5)	(11)	220.0
TOTAL	**(146)**	**(185)**	**39**	**(21.1)**

(1) Net Financial Expense = Finance Income - Financial Expense.

Net expenses for financial liabilities at amortised cost amounted to Euros 132 million, Euros 1 million (-0.8%) less than in the previous year, due to the combination of the following effects (see Section 4.1. Financial Management in this Consolidated Management Report):

– The lower average cost of gross financial debt, which declined from 1.8% in 2019 to 1.7% in 2020.

– The increase in average gross financial debt, from Euros 7,431 million in 2019 to Euros 8,104 million in 2020.

As a result of the Constitutional Court's ruling Royal Decree Law 2/2016 of 30 September unconstitutional, income of Euros 7 million was recognised in 2020 in respect of the delay interest on the amounts of fractional payments for Corporation Tax for 2016 and 2017, for the difference between the previously effective rate and the increased rate introduced by this Royal Decree Law which has now been annulled.

Apart from this, as a consequence of the decommissioning of the Litoral thermal power plant in Almería, in 2019 this heading included an impairment loss of Euros 21 million corresponding to the compensation due to ENDESA Generación, S.A. by the Port Authority of Almeria in the context of the partial termination of its concession for the Port of Carboneras.

2.3.4. Net Profit/(Loss) of Companies accounted for using the equity method.

In 2020 and 2019 net income of companies accounted for using the equity method amounted to Euros 34 million and Euros 15 million respectively, the breakdown being as follows:

Millions of euros

	Reference (1)	Net Profit/(Loss) of Companies accounted for using the equity method	
		2020	2019
Associates		**1**	**5**
Tecnatom, S.A.		(2)	1
Gorona del Viento El Hierro, S.A.		-	1
Boiro Energía, S.A.		1	-
Compañía Eólica Tierras Altas, S.A.		-	-
Others		2	3
Joint Ventures		**33**	**10**
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.		(3)	(7)
Front Marítim del Besòs, S.L.		(4)	-
Nuclenor, S.A.		25	-
Énergie Électrique de Tahaddart, S.A.		1	2
Suministradora Eléctrica de Cádiz, S.A.		5	4
Others		9	11
TOTAL	10	**34**	**15**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Nuclenor, S.A.

The results of the 50% stake in Nuclenor, S.A. for an amount of Euros 25 million reflect the effect of Ruling 84/2020 of the Constitutional Court dated 15 July 2020 declaring a regional tax unconstitutional. The tax in question was the tax on the environmental impact caused by certain uses of dammed water by wind farms and high voltage electric power transport facilities regulated in the revised text of the legal provisions of the Autonomous Region of Castilla y León regarding own and assigned taxes.

Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.

In 2020 and 2019 the results of the 43.75% holding in Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A. include the provisions made for the termination in November 2021 of the long-term electricity sale contract with Rede Eléctrica Nacional, S.A. (REN).

2.3.5. Gains/(losses) on disposal of assets

Net gains on disposal of assets in 2020 and 2019 amounted to Euros 2 million and Euros 11 million respectively, broken down as follows:

Millions of euros

	Reference (1)	Net gains/(losses) on disposal of assets	
		2020	2019
Non-Financial Assets		**26**	**40**
Transfer of Optical Fibre Use Rights		6	24 (3)
Other gains/losses		20	16
Disposals of Investments in Group Companies and Other		-	1 (4)
Disposals of property, plant and equipment (2)		20	15
Financial Assets		**(24)**	**(29)**
Factoring transaction fees	12.1	(24)	(29)
TOTAL	**30**	**2**	**11**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Corresponds to capital gains generated by the sale of land and buildings.
(3) Euros 18 million net of the tax effect (see Section 2.3.7. Net Income in this Consolidated Management Report).
(4) Corresponds to the gross result generated by the divestment of Eólica del Noroeste, S.L. and Ufefys, S.L. (in liquidation) (see Notes 2.3 and 2.4 to the Consolidated Financial Statements for the year ended 31 December 2020).

On 31 July 2020, ENDESA Energía, S.A.U. sold assets and contracts with customers to ENDESA Soluciones, S.L. relating to a photovoltaic plant located in El Acebuche–Retamar (Almería) for Euros 17 million. Subsequently, on 30 November 2020, ENDESA Soluciones, S.L. sold these assets to a third party, generating a total gross capital gain of Euros 9 million.

On 19 December 2019 ENDESA Ingeniería, S.L.U. and Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. signed an agreement with a third party assigning exclusive long-term usage rights for their surplus dark fibre optic network for an amount of Euros 132 million, generating a gross capital gain of Euros 24 million. During the year 2020 there was an update of this capital gain in accordance with the events that finally occurred.

2.3.6. Corporate income tax.

Corporate income tax expense for 2020 amounted to Euros 388 million, Euros 338 million more than the amount recognised for 2019, mainly as a result of:

- The impacts recognised under “Personnel Expenses” in the Consolidated Income Statement for 2020 relating to the Company's Decarbonisation Plan, the digitisation of processes and the “V ENDESA Framework Collective Agreement” for a total amount of Euros 244 million, the tax effect of which was Euros 61 million (see Section 2.3.2. Operating Expenses in this Consolidated Management Report).

- The impairment recognised in 2019 relating to the assets of the mainland coal-fired thermal power plants for a total of Euros 1,469, the tax effect of which amounted to Euros 364 million, and its subsequent net reversal in 2020 in an amount of Euros 8 million, the tax effect of which was Euros 2 million (see Section 2.3.2. Operating Expenses in this Consolidated Management Report).

- The impairment recognised in 2020 and 2019 relating to the Cash Generating Units (CGUs) for each of the Non-mainland Territories (“TNP”) of the Balearic Islands, Canary Islands, Ceuta and Melilla for a total amount of Euros 338 million and Euros 404 million, respectively, whose tax effects amounted to Euros 85 million and Euros 100 million, respectively (see Section 2.3.2. Operating costs of this Consolidated Management Report).

Without taking into account the effects described in the foregoing paragraphs, Corporation Tax expense for 2020 would have increased by Euros 18 million or 3.5% compared with the previous year and the effective rate would have been 22.5% (24.4% in 2019) as a consequence, basically, of greater deductions for investments in the Canary Islands recognised in profit and loss and the regularisation of the declaration for 2019 recognised in 2020.

At the date of approval of this Consolidated Management Report, the recovery of deferred tax assets is not affected by the current context and the effective rate does not reflect any legislative changes affecting Corporate Income Tax.

2.3.7. Net Income

Net income attributable to the Parent company in 2020 came to Euros 1,394 million, representing an increase of Euros 1,223 million relative to 2019 (+715.2%).

Net ordinary income attributable to the Parent in 2020 amounted to Euros 2,132 million (+36.5%), as per the following breakdown:

Millions of euros

	Sections	2020	2019	Difference	% Var.
Net Income (1)		**1,394**	**171**	**1,223**	**715.2**
Net Gains/(Losses) on Disposal of Non-Financial Assets (2)	2.3.5	-	(18)	18	(100.0)
Transfer of Optical Fibre Use Rights		-	(18)	18	(100.0)
Net Impairment Losses on Non-Financial Assets (2)	2.3.2	266	1,409	(1,143)	(81.1)
Mainland coal-fired thermal plants, inventories and other materials		13	1,105	(1,092)	(98.8)
CGUs of the Non-mainland Territories ("TNP")		253	304	(51)	(16.8)
Net Initial Provisioning of Personnel Expenses in respect of Workforce Restructuring Plans relating to the Decarbonisation Plan and the Digitisation of Processes	2.3.2	450	-	450	N/A
Net Expenditure Corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis	2.3.2	22	-	22	N/A
Net Ordinary Income (3)		**2,132**	**1,562**	**570**	**36.5**

(1) Net Income = Net Income of the Parent Company.
(2) Greater than Euros 10 million.
(3) Net Ordinary Income = Net Income of the Parent Company - Net Gains and Losses on Disposals of Non-Financial Assets (over Euros 10 million) - Net Losses due to Impairment of Non-Financial Assets (over Euros 10 million) - Initial Endowment Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan and the Digitisation of Processes - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

2.4. Results by Segment.

Segment information is provided in Note 33 to the Consolidated Financial Statements for the year ended 31 December 2020.

The following is a breakdown of the most significant figures in the Consolidated Income Statement among ENDESA's Businesses for the years 2020 and 2019:

Millions of euros

	2020						
	Generation and Supply				Distribution	Structure and Others (1)	Total
	Generation in Non-mainland Territories ("TNP")	Other Generation and Supply	Adjustments	Total			
Income	**1,612**	**14,158**	**(555)**	**15,215**	**2,720**	**(356)**	**17,579**
Sales	1,606	13,460	(556)	14,510	2,461	(327)	16,644
Other Operating Income	6	698	1	705	259	(29)	935
Procurements and Services	**(1,078)**	**(11,155)**	**547**	**(11,686)**	**(174)**	**287**	**(11,573)**
Contribution Margin (2)	**534**	**3,003**	**(8)**	**3,529**	**2,546**	**(69)**	**6,006**
Self-constructed Assets	6	101	-	107	148	20	275
Personnel Expenses	(109)	(459)	2	(566)	(302)	(279)	(1,147)
Other Fixed Operating Expenses	(220)	(915)	6	(1,129)	(420)	198	(1,351)
Gross Operating Profit (EBITDA) (3)	**211**	**1,730 (8)**	**-**	**1,941**	**1,972**	**(130)**	**3,783**
Depreciation, Amortisation and Impairment Losses	(431)	(857)	89	(1,199)	(635)	(63)	(1,897)
Operating Profit (EBIT) (4)	**(220)**	**873**	**89**	**742**	**1,337**	**(193)**	**1,886**
Net Financial Income/(Expense) (5)	**(18)**	**(53)**	**-**	**(71)**	**(56)**	**(7)**	**(134)**
Income before Tax	**(238)**	**833**	**89**	**684**	**1,304**	**(200)**	**1,788**
Net Income (6)	**(136)**	**605**	**89**	**558**	**989**	**(153)**	**1,394**
Net Ordinary Income (7)	**145**	**801**	**89**	**1,035**	**1,157**	**(60)**	**2,132**

(1) Structure, Services and Adjustments.
(2) Contribution margin = Revenue - Procurements and Services.
(3) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.
(4) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.
(5) Net finance income/(loss) = Finance income - Financial Expense + Net exchange differences.
(6) Net Income = Net Income of the Parent Company.
(7) Net Ordinary Income = Net Income of the Parent Company - Net Gains and Losses on Disposals of Non-Financial Assets (over Euros 10 million) - Net Losses due to Impairment of Non-Financial Assets (over Euros 10 million) - Initial Endowment Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan and the Digitisation of Processes - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.
(8) Includes the EBITDA of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 209 million.

Millions of euros

	2019						
	Generation and Supply				Distribution	Structure and Others (1)	Total
	Generation in Non-mainland Territories ("TNP")	Other Generation and Supply	Adjustments	Total			
Income	**2,034**	**16,405**	**(902)**	**17,537**	**2,828**	**(207)**	**20,158**
Sales	2,030	15,718	(902)	16,846	2,566	(154)	19,258
Other Operating Income	4	687	-	691	262	(53)	900
Procurements and Services	**(1,496)**	**(13,603)**	**895**	**(14,204)**	**(182)**	**134**	**(14,252)**
Contribution Margin (2)	**538**	**2,802**	**(7)**	**3,333**	**2,646**	**(73)**	**5,906**
Self-constructed Assets	8	88	-	96	175	24	295
Personnel Expenses	(93)	(450)	1	(542)	(280)	(200)	(1,022)
Other Fixed Operating Expenses	(186)	(937)	6	(1,117)	(442)	221	(1,338)
Gross Operating Profit (EBITDA) (3)	**267**	**1,503 (8)**	**-**	**1,770**	**2,099**	**(28)**	**3,841**
Depreciation, Amortisation and Impairment Losses	(543)	(2,216)	-	(2,759)	(626)	(68)	(3,453)
Operating Profit (EBIT) (4)	**(276)**	**(713)**	**-**	**(989)**	**1,473**	**(96)**	**388**
Net Financial Income/(Expense) (5)	**(23)**	**(92)**	**-**	**(115)**	**(63)**	**(6)**	**(184)**
Income before Tax	**(298)**	**(684)**	**(130)**	**(1,112)**	**1,444**	**(102)**	**230**
Net Income (6)	**(202)**	**(491)**	**(130)**	**(823)**	**1,077**	**(83)**	**171**
Net Ordinary Income (7)	**102**	**614**	**(130)**	**586**	**1,059**	**(83)**	**1,562**

(1) Structure, Services and Adjustments.
(2) Contribution margin = Revenue - Procurements and Services.
(3) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.
(4) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.
(5) Net finance income/(loss) = Finance income - Financial Expense + Net exchange differences.
(6) Net Income = Net Income of the Parent Company.
(7) Net Ordinary Income = Net Income of the Parent Company - Net Gains and Losses on Disposals of Non-Financial Assets (over Euros 10 million) - Net Losses due to Impairment of Non-Financial Assets (over Euros 10 million).
(8) Includes the EBITDA of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 223 million.

2.4.1. Contribution Margin

Generation and Supply Segment.

The contribution margin in 2020 amounted to Euros 3,529 million, representing an increase of Euros 196 million (+5.9%) compared with the previous year, basically as a result of the decrease in variable costs (-17.7%) which in turn was due to the lower thermal production of the period (-32.0%).

Distribution Segment.

In 2020 the contribution margin amounted to Euros 2,546 million, Euros 100 million or 3.8% less than the previous year, mainly due to the Euros 91 million (-4.0%) reduction in regulated income of the distribution activity due to the application of the new remuneration parameters that have come into force for the 2020-2025 regulatory period (see Note 4 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 3. Regulatory Framework in this Consolidated Management Report).

Structure and Others.

In 2020 the contribution margin was a negative Euros 69 million, in line with the amount of the previous year.

2.4.2. EBITDA

Generation and Supply Segment.

In 2020, EBITDA amounted to Euros 1,941 million (+9.7%), mainly as a result of:

- The 5.9% increase in the contribution margin.
- The income recognised as a consequence of the changes in employee benefits, due to the entry into force of the "V ENDESA Framework Collective Agreement", for an amount of Euros 215 million.
- Recognition of a provision workforce restructuring plans relating to the Company's Decarbonisation Plan, the digitisation of processes and other plans within the framework of the "Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts" for a total amount of Euros 310 million.

- The updating of provisions for workforce restructuring plans in place (Euros 17 million, positive, in 2020 and Euros 4 million, negative, in 2019).

- Impairment of other materials related to the mainland coal-fired power plants in 2019 amounting to Euros 21 million (Euros 16 million net of the tax effect).

Distribution Segment.

In 2020, EBITDA amounted to Euros 1,972 million (-6.1%), including, *inter alia*:

- The -3.8% decline in the contribution margin.

- The income recognised as a consequence of the changes in employee benefits, due to the entry into force of the “V ENDESA Framework Collective Agreement”, for an amount of Euros 269 million.

- Recognition of a provision for workforce restructuring plans relating, mainly, to the digitisation of processes and other plans within the framework of the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts” for a total amount of Euros 315 million.

- The updating of provisions for workforce restructuring plans in place (Euros 5 million, positive, in 2020 and Euros 1 million, positive, in 2019).

Structure and Others.

In 2020, EBITDA amounted to a negative Euros 130 million, including, *inter alia*:

- The income recognised as a consequence of the changes in employee benefits, due to the entry into force of the “V ENDESA Framework Collective Agreement”, for an amount of Euros 31 million.

- Recognition of a provision workforce restructuring plans within the framework of the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts” for Euros 134 million.

- The updating of provisions for workforce restructuring plans in place (Euros 22 million, positive, in 2020 and Euros 4 million, positive, in 2019).

- The expenditure by way of donations corresponding to the Public Responsibility Plan and purchases of supplies related to COVID-19 for an amount of Euros 25 million (Euros 22 million net of the tax effect).

2.4.3. EBIT

Generation and Supply Segment.

Operating profit (EBIT) for 2020 was Euros 742 million, which was Euros 1,731 million more than in 2019, mainly as a result of:

- A 9.7% increase in EBITDA.

- Recognition in 2019 of an impairment of the mainland coal-fired thermal power plants in the amount of Euros 1,366 million, in accordance with the decision adopted on 27 September 2019 to decommission them, and its subsequent net reversal in 2020 for Euros 17 million.

- Recognition in 2020 of an impairment of the CGUs of the Non-mainland Territories (“TNP”) of Balearic Islands, Canary Islands, Ceuta and Melilla for a total amount of Euros 338 million (Euros 404 million in 2019).

Distribution Segment.

EBIT in 2020 amounted to Euros 1,337 million, -9.2% down on the previous year, mainly as a result of the 6.1% decrease in EBITDA.

Structure and Others.

Operating profit (EBIT) for 2020 amounted to a negative Euros 193 million.

2.5. Scope of Consolidation.

The following transactions were carried out in 2020:

	Reference (1)	Transaction	Date	Activity	Equity stake at 31 December 2020 (%)		Equity stake at 31 December 2019 (%)	
					Control	Economic	Control	Economic
Empresa de Alumbrado Eléctrico de Ceuta, S.A. (2)	2.3.1	Acquisition	18 February 2020	Supply and Distribution	96.37	96.37	96.29	96.29
Energía Ceuta XXI Comercializadora de Referencia, S.A.U. (2)	2.3.1	Acquisition	18 February 2020	Supply	100.00	96.37	100.00	96.29
Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. (2)	2.3.1	Acquisition	18 February 2020	Distribution	100.00	96.37	100.00	96.29
Hidromondego - Hidroeléctrica do Mondego, Lda. (3)	2.3.1	Winding up	12 March 2020	Electricity Production and Supply	-	-	100.00	100.00
ENDESA Soluciones, S.L. (4)	2.3.1, 2.4 and 10.1	Sale	11 May 2020	Supply of Energy Products and Services	20.00	20.00	100.00	100.00
Parque Eólico Tico, S.L.U. (5)	2.3.1 and 5	Acquisition	7 July 2020	Wind	100.00	100.00	-	-
Tico Solar 1, S.L.U. (5)	2.3.1 and 5	Acquisition	7 July 2020	Photovoltaic	100.00	100.00	-	-
Tico Solar 2, S.L. U. (5)	2.3.1 and 5	Acquisition	7 July 2020	Photovoltaic	100.00	100.00	-	-
Centrales Nucleares Almaraz-Trillo, A.I.E. (6)	2.5.1	Acquisition	29 July 2020	Nuclear Power Plant Management	24.18	24.18	24.26	23.92
Parque Eólico Farlán, S.L.U. (7)	2.3.1	Merger	5 August 2020	Wind	-	-	100.00	100.00
ENDESA X Servicios, S.L.U. (8)	2.3.1	Incorporation	1 September 2020	Supply of Energy Products and Services	100.00	100.00	-	-
Suggestion Power, Unipessoal, Lda. (9)	2.3.1 and 5	Acquisition	14 September 2020	Photovoltaic	100.00	100.00	-	-
Sistemas Energéticos Alcohujate, S.A.U. (7)	2.3.1	Merger	22 September 2020	Wind	-	-	100.00	100.00
Sistemas Energéticos Campoliva, S.A.U. (7)	2.3.1	Merger	22 September 2020	Wind	-	-	100.00	100.00
Sistemas Energéticos Sierra del Carazo, S.L.U. (7)	2.3.1	Merger	22 September 2020	Wind	-	-	100.00	100.00
ENDESA X, S.A.U. (in liquidation) (10)	2.3.1	Winding up	10 November 2020	Supply of Energy Products and Services	-	-	100.00	100.00
Trévago Renovables, S.L. (11)	2.4 and 10.1	Incorporation	18 November 2020	Photovoltaic	35.50	35.50	-	-
Almussafes Servicios Energéticos, S.A.U. (7)	2.3.1	Merger	18 November 2020	Wind	-	-	100.00	100.00
International ENDESA B.V. (in liquidation) (12)	2.3.1	Winding up	30 December 2020	International financial transaction company	-	-	100.00	100.00

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Interest acquired by ENDESA Red, S.A.U. for an amount of less than Euros 1 million.
(3) The gross gain amounted to Euros 2 million.
(4) Holding sold by ENDESA Energía, S.A.U. for Euros 21 million, net of the cash available in the company sold (see Note 32.2 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 4.4. Cash Flows in this Consolidated Management Report). The gross loss on the divestment transaction was less than Euros 1 million. Subsequently, on 21 December 2020, ENDESA Energía, S.A.U. sold its stake in this company to ENDESA X Servicios, S.L.U.
(5) Companies acquired by ENEL Green Power España, S.L.U. (EGPE) for Euros 40 million the actual cash outflow being Euros 14 million in the year to 31 December 2020 (see Note 32.2 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 4.4. Cash Flows in this Consolidated Management Report).
(6) Shareholding acquired by ENDESA Generación, S.A.U. for a non-material amount.
(7) Companies acquired by ENEL Green Power España, S.L.U. (EGPE) by means of merger.
(8) Company incorporated by ENDESA, S.A. (99.525% stake) and ENDESA Red, S.A.U. (0.475% stake) through the partial spin-off of ENDESA Energía, S.A.U. and ENDESA Ingeniería, S.L.U., respectively. Subsequently, on 15 October 2020, ENDESA Red, S.A.U. sold its stake in the newly incorporated company to ENDESA, S.A.
(9) Company acquired by ENDESA Generación Portugal, S.A. for Euros 6 million, the effective cash outflow being Euros 3 million at 30 December 2020 (see Note 32.2 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 4.4. Cash Flows in this Consolidated Management Report).
(10) The figures for this company were not material.
(11) Company in which ENEL Green Power España, S.L.U. (EGPE) has a 35.50% stake, through Furatena Solar 1, S.L.U. (17.73%) and Seguidores Solares Planta 2, S.L.U. (17.77%).
(12) The gross loss amounted to Euros 8 million.

Corporate acquisitions in the renewables business.

On 7 July 2020, an agreement was signed, through ENEL Green España, S.L.U. (EGPE) for the acquisition of 100% stakes in Parque Eólico Tico, S.L.U., Tico Solar 1, S.L.U. and Tico Solar 2, S.L.U. Likewise, on 14 September 2020, ENDESA, through ENDESA Generación Portugal, S.A., formalised the acquisition of a 100% stake in Suggestion Power, Unipessoal, Lda.

The total price of these transactions was Euros 46 million, of which, at 31 December 2020, Euros 29 million were pending disbursement, subject to certain contractual stipulations being fulfilled (see Notes 2.3.1, 5 and 8 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 4.4. Cash Flows in this Consolidated Management Report).

The acquisition of these companies led to the recognition, under the heading “Intangible Assets” in the Consolidated Statement of Financial Position for 2020 of an amount of Euros 46 million corresponding almost entirely to the value of licences for the development of the wind farm and photovoltaic plant projects.

The companies acquired are currently applying for the permits and licences to carry out their projects, so construction of the renewable energy facilities has not yet started and no ordinary revenue has been generated since acquisition date.

These transactions are aimed at strengthening ENDESA's presence in the Iberian generation market by expanding the portfolio of renewable assets in its production mix.

2.6. Statistical appendix

Industrial Data

Electricity Generation (1)	2020		2019		% Var.
	GWh	Percentage (%)	GWh	Percentage (%)	
Mainland	**46,142**	**82.0**	**49,582**	**80.7**	**(6.9)**
Renewables	**13,415**	**23.8**	**10,090**	**16.4**	**33.0**
Hydroelectric	7,681	13.6	5,861	9.5	31.1
Wind (2)	5,235	9.3	4,127	6.7	26.8
Photovoltaic (3)	498	0.9	101	0.2	393.1
Others	1	0.0	1	0.0	-
Nuclear	25,839	45.9	26,279	42.8	(1.7)
Coal	1,211	2.2	5,647	9.2	(78.6)
Combined Cycles (CCGTs) (4)	5,677	10.1	7,566	12.3	(25.0)
Non-mainland Territories (“TNP”)	**10,127**	**18.0**	**11,820**	**19.3**	**(14.3)**
Coal	222	0.4	1,996	3.3	(88.9)
Fuel-gas	4,217	7.5	5,703	9.3	(26.1)
Combined Cycles (CCGTs) (4)	5,688	10.1	4,121	6.7	38.0
TOTAL	**56,269**	**100.0**	**61,402**	**100.0**	**(8.4)**

(1) In power plant busbars.
(2) In 2020 it includes 112 GWh corresponding to Non-mainland Territories (“TNP”) (123 GWh in 2019).
(3) In 2020, it includes 1 GWh corresponding to Non-mainland Territories (“TNP”).
(4) Corresponding to natural gas.

Gross Installed Capacity	31 December 2020		31 December 2019		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	**17,729**	**78.9**	**19,498**	**80.5**	**(9.1)**
Renewables (1)	**7,825**	**34.8**	**7,452**	**30.8**	**5.0**
Hydroelectric	4,793	21.3	4,792	19.8	0.0
Wind (2)	2,423	10.8	2,308	9.5	5.0
Photovoltaic (3)	609	2.7	352	1.5	73.0
Nuclear	3,453	15.4	3,443	14.2	0.3
Coal	2,627	11.7	4,780	19.7	(45.0)
Combined Cycles (CCGTs) (4)	3,824	17.0	3,823	15.8	0.0
Non-mainland Territories (“TNP”)	**4,736**	**21.1**	**4,733**	**19.5**	**0.1**
Coal	260	1.2	260	1.1	-
Fuel-gas	2,619	11.7	2,619	10.8	-
Combined Cycles (CCGTs) (4)	1,857	8.3	1,854	7.7	0.2
TOTAL	**22,465**	**100.0**	**24,231**	**100.0**	**(7.3)**

(1) At 31 December 2020 and 2019 the additional capacity was 391 MW and 926 MW respectively.
(2) At 31 December 2020 and 2019 it includes 40 MW corresponding to Non-mainland Territories (“TNP”).
(3) At 31 December 2020 it includes 22 MW corresponding to Non-mainland Territories (“TNP”).
(4) Corresponding to natural gas.

Net Installed Capacity	31 December 2020		31 December 2019		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	**17,388**	**80.3**	**19,066**	**81.6**	**(8.8)**
Renewables (1)	**7,781**	**35.9**	**7,408**	**31.7**	**5.0**
Hydroelectric	4,749	21.9	4,748	20.3	0.0
Wind (2)	2,423	11.2	2,308	9.9	5.0
Photovoltaic (3)	609	2.8	352	1.5	73.0
Nuclear	3,328	15.4	3,318	14.2	0.3
Coal	2,523	11.7	4,584	19.6	(45.0)
Combined Cycles (CCGTs) (4)	3,756	17.3	3,756	16.1	-
Non-mainland Territories (“TNP”)	**4,264**	**19.7**	**4,299**	**18.4**	**(0.8)**
Coal	241	1.1	241	1.0	-
Fuel-gas	2,334	10.8	2,334	10.0	-
Combined Cycles (CCGTs) (4)	1,689	7.8	1,724	7.4	(2.0)
TOTAL	**21,652**	**100.0**	**23,365**	**100.0**	(7.3)

(1) At 31 December 2020 and 2019 the additional capacity was 391 MW and 926 MW respectively.
(2) At 31 December 2020 and 2019 it includes 40 MW corresponding to Non-mainland Territories (“TNP”).
(3) At 31 December 2020 it includes 22 MW corresponding to Non-mainland Territories (“TNP”).
(4) Corresponding to natural gas.

GWh

Gross electricity sales (1)	2020	2019	% Var.
Regulated Price	13,258	13,335	(0.6)
Deregulated market	75,665	85,117	(11.1)
Spanish	65,471	74,367	(12.0)
Outside Spain	10,194	10,750	(5.2)
TOTAL	**88,923**	**98,452**	**(9.7)**

(1) In power plant busbars.

GWh

Net electricity sales (1)	2020	2019	% Var.
Regulated Price	11,342	11,385	(0.4)
Deregulated market	69,430	78,056	(11.1)
Spanish	59,800	67,860	(11.9)
Outside Spain	9,630	10,196	(5.6)
TOTAL	**80,772**	**89,441**	**(9.7)**

(1) Sales to end customers.

Thousands

Number of customers (Electricity) (1) (2)	31 December 2020	31 December 2019	% Var.
Regulated market	4,730	4,807	(1.6)
Mainland Spain	4,020	4,074	(1.3)
Non-mainland Territories ("TNP")	710	733	(3.1)
Deregulated market	5,690	5,828	(2.4)
Mainland Spain	4,444	4,619	(3.8)
Non-mainland Territories ("TNP")	838	859	(2.4)
Outside Spain	408	350	16.6
TOTAL	**10,420**	**10,635**	**(2.0)**
Income / Supply Points (3)	**1.1**	**1.3**	**-**

(1) Supply points.
(2) Customers of the supply companies.
(3) Ratio of revenues from electricity sales to the number of electricity supply points (Thousands of euros / Supply Points).

Percentage (%)

Trends in electricity demand (1)	2020	2019
Mainland (2)	(5.1)	(1.7)
Non-mainland Territories ("TNP") (3)	(13.7)	0.6

(1) Source: Red Eléctrica de España, S.A.U. (REE) (the national grid). In power plant busbars.
(2) Corrected labour and temperature effects: -5.1% in 2020 and -2.7% in 2019.
(3) Corrected labour and temperature effects: -13.3% in 2020 and +1.3% in 2019.

Percentage (%)

Market share (electricity) (1)	31 December 2020	31 December 2019
Mainland Generation (2)	18.0	19.1
Distribution	42.9	44.1
Supply	32.4	34.1

(1) Source: In-house.
(2) Includes renewables.

GWh

Gas sales	2020	2019	% Var.
Deregulated market	39,665	45,584	(13.0)
Regulated market	1,225	1,295	(5.4)
International market	17,440	19,968	(12.7)
Wholesale business	11,715	12,937	(9.4)
TOTAL (1)	**70,045**	**79,784**	**(12.2)**

(1) Excluding own generation consumption.

Thousands

Number of customers (gas) (1)	31 December 2020	31 December 2019	% Var.
Regulated market	233	230	1.3
Mainland Spain	209	206	1.5
Non-mainland Territories ("TNP")	24	24	-
Deregulated market	1,440	1,419	1.5
Mainland Spain	1,252	1,255	(0.2)
Non-mainland Territories ("TNP")	71	72	(1.4)
Outside Spain	117	92	27.2
TOTAL	**1,673**	**1,649**	**1.5**
Income / Supply Points (2)	**1.1**	**1.5**	**-**

(1) Supply points.
(2) Ratio of revenues from gas sales to the number of gas supply points (Thousands of euros / Supply Points).

Percentage (%)

Trend in demand for gas (1)	2020	2019
Domestic market	(9.6)	14.0
Domestic - conventional	(5.3)	(0.2)
Electricity sector	(20.7)	80.0

(1) Source: Enagás, S.A.

Percentage (%)

Market share (gas) (1)	31 December 2020	31 December 2019
Deregulated market	14.3	15.6

(1) Source: In-house.

Distribution Business	31 December 2020	31 December 2019	% Var.
Distribution and Transmission Networks (km.)	315,365	316,320	(0.3)
Digitised Customers (1)	12,389	12,178	1.7
End Users (2)	12,291	12,235	0.5
Ratio of Digitised Customers (3)	100.8	99.5	-
Public and Private Electric Recharging Points (Units)	7,072	5,000	41.4

(1) Smart meters activated (Thousands).
(2) Customers of distribution companies (Thousands).
(3) Number of Digitised Customers / End Users (%).

Supply Quality Measures	2020	2019	% Var.
Energy Distributed (GWh) (1)	124,658	126,454	(1.4)
Energy Losses (%) (2)	7.1	7.5	-
Installed Capacity Equivalent Interruption Time (Average) – ICEIT (Minutes) (3)	46.9	60.6	(22.6)
System Average Interruption Duration Index – SAIDI (Minutes) (2)	74.5	75.8	(1.7)
System Average Interruption Frequency Index – SAIFI (2)	1.4	1.4	-

(1) Energy supplied to customers, with or without a contract, auxiliary consumption of generators and outflows to other grids (transmission or distributors).
(2) Energy inputs to the distribution grid (or energy injected into the distribution grid) minus distributed energy divided by energy inputs to the distributor (or energy injected into the distribution grid).
(3) In accordance with the calculation procedure of Royal Decree 1995/2000, of 1 December 2000.
(4) Source: In-house on the basis of supplier busbars.

Financial Data.

Millions of euros

	Consolidated Income Statement		
	2020	2019	% Var.
Sales	16,644	19,258	(13.6)
Procurements and Services	(11,573)	(14,252)	(18.8)
Contribution margin (1)	6,006	5,906	1.7
EBITDA (2)	3,783	3,841	(1.5)
EBIT (3)	1,886	388	386.1
Net Financial Income/(Expense) (4)	(134)	(184)	(27.2)
Income before Tax	1,788	230	677.4
Net Income (5)	1,394	171	715.2
Net Ordinary Income (6)	2,132	1,562	36.5

(1) Contribution margin = Revenue - Procurements and Services.
(2) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.
(3) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.
(4) Net finance income/(loss) = Finance income - Financial Expense + Net exchange differences.
(5) Net income: Profit of the Parent.
(6) Net Ordinary Income = Net Income of the Parent Company - Net Gains and Losses on Disposals of Non-Financial Assets (over Euros 10 million) - Net Losses due to Impairment of Non-Financial Assets (over Euros 10 million) - Initial Endowment Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan and the Digitisation of Processes - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

Euros

Valuation parameters	2020	2019	% Var.
Ordinary Earnings per Share (1)	2.0136	1.475	36.5
Earnings per Share (2)	1.317	0.162	715.2
Cash Flow per Share (3)	2.787	3.004	(7.2)
Book Value per Share (4)	6.909 (5)	7.261 (6)	(4.9)

(1) Net Ordinary Earnings per Share = Net Income of the Parent / Number of shares at year-end.
(2) Net Result per Share = Net Result of the Parent Company / Number of Shares at year-end.
(3) Cash Flow per Share = Net cash flow from operating activities / Number of shares at year-end.
(4) Book value per share = Equity of the Parent / No. of shares at year-end.
(5) At 31 December 2020.
(6) At 31 December 2019.

Millions of euros

	Reference (1)	Consolidated Statement of Financial Position		
		31 December 2020	31 December 2019	% Var.
Total assets		32,062	31,981	0.3
Equity	14	7,465	7,837	(4.7)
Net Financial Debt (2)	17	6,899	6,377	8.2

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Net financial debt = Non-current financial debt + Current financial debt – Cash and cash equivalents – Derivatives recognised as financial assets.

Profitability Indicators (%)	2020	2019
Return on equity (1)	28.42	18.68
Return on assets (2)	6.66	4.91
Economic profitability (3)	8.84	1.80
Return on capital employed (ROCE) (4)	4.61	0.95
Return on Capital Invested (RCI) (5)	10.39	2.14

(1) Return on Equity = Net Ordinary Income of the Parent / Average Equity of the Parent.
(2) Return on Assets = Ordinary Income of the Parent / Average Total Assets.
(3) Economic Profitability = Operating Income (EBIT) / Average Property, plant and equipment.
(4) Return on Capital Employed = Operating Result After Taxes / (Average Non-Current Assets + Average Current Assets).
(5) Return on Capital Invested (RCI) = Operating Income After Taxes / (Net Equity of the Parent Company + Net Financial Debt)

Financial Indicators	31 December 2020	31 December 2019
Liquidity ratio (1)	0.73	0.72
Solvency ratio (2)	0.91	0.91
Debt Ratio (3) (%)	48.03	44.86
Debt coverage ratio (4)	1.82	1.66
Net Financial Debt (5) / Fixed Assets (6) (%)	29.64	27.46
Net Financial Debt (5) / Funds from Operations (7)	2.23	2.05
	2020	2019
(Funds from Operations (7) + Interest Expense (8)) / Interest Expense (8)	21.32	23.91

(1) Liquidity = Current assets / Current liabilities.
(2) Solvency = (Equity + Non-current liabilities) / Non-current assets.
(3) Debt ratio = Net financial debt / (Equity + Net financial debt) (%).
(4) Debt coverage = Net financial debt / EBITDA.
(5) Net financial debt = Non-current financial liabilities + Current financial liabilities – Cash and cash equivalents – Financial derivatives recognised under financial assets.
(6) Fixed Assets = Property, Plant and Equipment + Investment Property + Intangible Assets + Goodwill.
(7) Funds from Operations = Cash Flows from Operating Activities + Changes in Working Capital - Work carried out by the Group for its Assets.
(8) Interest Expense = Interest Payments (see Section 4.4. Cash Flows in this Consolidated Management Report).

3. Regulatory Framework.

Information on the regulatory framework is set out in Note 4 to the Consolidated Financial Statements for the year ended 31 December 2020.

The main changes in the Spanish regulatory framework either approved in 2020 or with a material impact on the Consolidated Financial Statements for that year are described below.

Electricity tariff for 2020.

Order TEC/1258/2019 of 20 December establishing access tariffs for 2020 was published in the Official State Gazette on 28 December 2019. In accordance with said Order, the access tariffs remain unchanged until the entry into force of the tariffs set by the National Commission on Markets and Competition (CNMC).

On 14 October 2020, Order TED/952/2020 of 5 October was published in the Official State Gazette, whereby the surplus of the Electricity System is applied to cover temporary imbalances and mismatches between income and costs for the years 2019 and 2020. This Order establishes that the National Commission of Markets and Competition (CNMC), as the body in charge of settlements of the System, will transfer from the specific electricity surplus account to the settlement account the amount needed to cover such temporary imbalances between Income and costs of the Electricity System for 2019 as may occur, in accordance with the best forecast available at the time of preparing the closing settlement proposal and with the aim of closing the year in balance. Also, if there are any funds remaining after the approval of the settlement at the close of 2019, the CNMC will use them until they are exhausted in the successive provisional settlements for 2020 as well as, if still available, the closing settlement itself, in order to cover any deviations or imbalances that may occur. By virtue of this, in the definitive settlement for 2019, Euros 528 million were applied to compensate the deficit for an equivalent amount that occurred in the final settlement of 2019. The remaining balance of the accumulated surplus, amounting to Euros 506 million, has been included in the settlements of regulated activities for the year 2020.

Electricity tariff for 2021.

Ministerial Order TEC/1271/2020 of 22 December establishing access tariffs for 2021 was published in the Official State Gazette on 29 December 2020. Electricity access tariffs remain unchanged until the tariffs to be set by the CNMC come into force.

Natural gas tariff for 2020.

On 28 December 2019 Order TEC/1259/2019 of 20 December was published in the Official State Gazette ("BOE"), establishing the gas access tariffs for 2020, which were maintained unchanged, and on 30 December 2019 the Resolution of 23 December of the General Directorate of Energy Policy and Mines was published, with the "Last Resort" Rates ("TUR") for natural gas to be applied from 1 January 2020, resulting in an average reduction of between 3.3% and 4.2% depending on whether "TUR1" or "TUR2" is concerned, respectively, due to the reduction in the cost of the raw material.

On 30 June 2020, the Resolution of 23 June 2020, of the General Directorate for Energy Policy and Mines was published in the Official State Gazette ("BOE"), publishing the new last resort tariff ("TUR") for natural gas that came into effect on 1 July 2020, resulting in an average reduction of 4.5% and 6.0% depending on whether it "TUR1" or "TUR2" is concerned, respectively, due to the reduction in the cost of the raw material.

On 29 September 2020 the "BOE" published Order TED/902/2020 of 25 September, modifying the methodology for calculating the rate of last resort for natural gas. This Order adapts gas tolls and fees to the new toll structure of the Gas System of Circular 6/2020 of 22 July, being applicable from 1 October 2021, with the exception of some access tolls to regasification facilities, application of which began on 1 October 2020.

On 30 September 2020, the Resolution of 29 September 2020, of the General Directorate for Energy Policy and Mines was published in the Official State Gazette ("BOE"), publishing the new last resort tariff for natural gas that came into effect on 1 October 2020, resulting in an average reduction of 2.4% and 5.5% depending on whether it is the Last Resort Tariff 1 ("TUR1") or the Last Resort Tariff 2 ("TUR2"), respectively, due to the reduction in the cost of the raw material.

Natural gas tariff for 2021.

CNMC Circular 6/2020 of 22 July approved the methodology for the calculation of transmission tolls, local networks and natural gas regasification and among other aspects established that the CNMC must set the values of the access tolls to the regasification facilities and, where appropriate, the billing terms of the term of conduction of the transport and distribution tolls, applicable from 1 October 2020.

On 29 December 2020 the "BOE" published the Resolution of 23 June 2020 of the General Directorate for Energy Policy and Mines, establishing the Last Resort Tariff ("TUR) for natural gas to be applied from 1 January 2021, resulting in an average increase of 4.6% or 6.3% depending on whether "TUR1" or "TUR2" is concerned, due to the increase in the cost of the raw material.

Energy Efficiency.

Order TED/287/2020 of 23 March establishes a contribution by ENDESA to the National Fund for Energy Efficiency of Euros 27.5 million in respect of its 2020 obligations.

In December 2020, the Ministry for the Ecological Transition (now the Ministry for the Ecological Transition and the Demographic Challenge) began processing a proposed Order establishing the contribution to the National Fund for Energy Efficiency for 2021, ENDESA's proposed share in which is Euros 26.6 million.

“Bono Social” discount rate.

On 13 August 2020, Order TEC/788/2020 of 24 July was published in the Official State Gazette (“BOE”), establishing the distribution of the financing of the 2020 Social Bonus, ENDESA’s percentage being 35.57%.

Strategic Framework for Energy and Climate.

On 11 January 2021 the Resolution of 30 December 2020 of the General Directorate of Environmental Quality and Assessment was published in the Official State Gazette (“BOE”), formulating the strategic environmental statement of the National Integrated Energy and Climate Plan (“PNIEC”) 2021-2030. This must be approved by the European Commission through a structured process of dialogue culminating in its definitive approval (see Notes 2.2.2 and 39 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020).

Likewise, the Government has sent the Draft Law on Climate Change and Energy Transition to parliament. It includes the following aspects, among others:

- It would set two time paths: by 2030, objectives of reducing GHG emissions by at least 20% compared with 1990, generating 70% of electricity from renewable sources, and improving energy efficiency by at least 35% compared with the trend scenario; and by 2050, achieving climate-neutrality and a 100% renewable electricity system.

- Renewable energy promotion measures through a remuneration framework based on the long-term recognition of a fixed energy price.

- The new hydro concessions will be aimed at supporting the integration of non-manageable renewables.

- Introduction of new parties in the Electricity Sector as owners of storage facilities or independent aggregators.

- Limits are established in the exploitation of hydrocarbons, restricting fossil fuel subsidies and reviewing their taxation.

- Promotion of energy efficiency measures and use of renewables in the field of building.

- Boosting of electric mobility with the aim of having a fleet of vehicles without direct emissions of carbon dioxide (CO_2) in 2050 and that since 2040 the new passenger cars/light commercial vehicles have no direct emissions. Likewise, the establishment of low-emission areas in municipalities with more than 50,000 inhabitants and island territories and the obligation to develop recharging infrastructures at petrol stations are pursued no later than 2023.

- Mobilisation of resources for the fight against climate change: at least Euros 450 million of the proceeds from auctions of CO_2 rights will be used annually to cover costs of the Electric System.

Lastly, on 22 September 2020 the National Plan for Adaptation to Climate Change (“PNACC”) for 2021-2030 was approved by the Council of Ministers. It constitutes the basic planning framework for promoting coordinated action to cope with the effects of climate change.

The National Plan for Adaptation to Climate Change (“PNACC”) defines various objectives, criteria, areas of work and lines of action, with attainment indicators, with the common objective of avoiding or reducing vulnerability and potential impacts on social, economic and environmental systems facing climate change, as well as improving their ability to recover from climate change events and re-establish themselves. In the field of energy, the aim is to guarantee an energy system that is resilient to the effects of climate change in a scenario of rapid decarbonisation, through lines of action focused on:

- Improving knowledge about the impacts of climate change on the potential for renewable energy production.
- The functionality and resilience of energy generation, distribution and storage.
- The effect on demand, to avoid or limit peaks in demand.
- The identification of risks deriving from extreme events in critical infrastructures to avoid their loss of functionality.

Order revising the remuneration parameters for facilities under specific remuneration regimes.

Order TED/171/2020 of 24 February, published in the Official State Gazette on 28 February 2020, updates the remuneration parameters for standard facilities applicable to certain facilities producing electricity from renewable energy sources, cogeneration and waste, for application to the regulatory period starting on 1 January 2020. This Order updates the values that will be applicable in the second regulatory period (2020-2025) for the various parameters that determine the remuneration of these facilities, in accordance with the methodology established in the relevant general regulations, and without prejudice to the periodic update mechanisms established therein. The values of the different parameters are applicable from 1 January 2020, in accordance with the provisions of Royal Decree Law 17/2019, of 22 November. The Order also approves the market price provided for each year of the 2020-2022 semi-period.

Draft of the Seventh General Radioactive Waste Plan.

The Ministry for the Ecological Transition and the Demographic Challenge has started the ordinary environmental strategic evaluation procedure of the Seventh General Radioactive Waste Plan ("PGRR"). The procedure includes the environmental assessment, the public information process to receive input from civil society and the mandatory consultations with the Nuclear Safety Council and the Autonomous Regions. Subsequently, the Ministry for the Ecological Transition and the Demographic Challenge will carry out a technical analysis of the complete file to formulate the Strategic Environmental Declaration of the General Radioactive Waste Plan, a step prior to its approval by the Council of Ministers. Subsequently, it must be reported to Parliament and will also be forwarded to the European Commission, in compliance with the EU directive on radioactive waste management.

Declaration of the State of alarm as a consequence of the advance of COVID-19 and regulatory measures approved.

On 11 March 2020, the World Health Organisation (WHO) raised the level of the public health emergency caused by COVID-19 to that of a pandemic. The rapid evolution of events, at the national and international levels, required the adoption of immediate and effective measures to face this situation. The extraordinary circumstances prevailing constitute without a doubt an unprecedented health crisis of enormous magnitude, due both to the large number of citizens affected and the risk to their rights. As a consequence, on 14 March 2020, Royal Decree 463/2020 of 14 March was published in the "BOE", declaring a State of alarm for the management of the COVID-19 health crisis.

At the same time, and in order to counteract the economic and social impact of this exceptional situation, the Spanish government approved a series of legislative provisions encompassing various measures on all fronts to face this impact. Specifically, and among others, 18 March 2020 saw the publication of Royal Decree Law 8/2020 of 17 March on extraordinary urgent measures to face the economic and social impact of COVID-19; on 1 April 2020 Royal Decree-Law 11/2020 of 31 March was published, adopting urgent complementary measures in the social and economic fields to deal with COVID-19; 8 July 2020 saw the publication of Royal Decree Law 26/2020 of 7 July on economic recovery measures to address the impact of COVID-19 in the areas of transport and housing, and lastly on 30 September 2020 Royal Decree Law 30/2020 of 29 September on social measures in defence of employment was published.

With regard to the Electricity Sector, the most significant urgent measures adopted were the following:

- “Bono Social” discount rate: The validity of the ‘Bono Social’ (special reduced rate for electricity) was extended until 30 September 2020 for beneficiaries for whom the 2-year period of validity established in Royal Decree 897/2017 of 6 October expired before that date. At the same time, the right to the “Bono Social” discount rate was extended to customers with supply points in their name, or any member of their family unit, with the status of self-employed or sole proprietor and who were entitled to benefit because they had had to cease their activity or had seen their billings significantly reduced, and met certain income levels in the immediately preceding year, this right being limited to the period for which these circumstances persisted, with a maximum of 6 months. Likewise, as a result of Royal Decree Law 30/2020 of 29 September, the beneficiary group was expanded to include those who could prove, upon the entry into force of this law, that the holder of the supply point or a member of the family unit was unemployed, furloughed or had had his or her working hours reduced due to care, in the case of entrepreneurs, or other similar circumstances that involved a substantial loss of income in the month prior to the filing of the application for the Social Bonus, as a result of which the total household income did not reach certain thresholds. This right will expire when the circumstances for its granting cease, and, in any case, on 30 June 2021, without prejudice to the possibility of benefiting from the status of beneficiary of the Social Bonus in accordance with the general regulations.

- Guarantee of supply: Prohibition of suspension of the supply of electricity, water and natural gas during the month following the entry into force of Royal Decree Law 8/2020 of 17 March, to consumers who had the status of vulnerable or severely vulnerable consumers or consumers at risk of social exclusion according to the criteria of Royal Decree 897/2017 of 6 October. This term, initially valid for one month and extended during the State of alarm, was extended by Royal Decree Law 26/2020 of 7 July until 30 September 2020, establishing that the supply of electricity, water, natural gas and other petroleum derivatives to natural persons in their habitual residence, could not be cut off except for reasons of safety of supply, people and facilities. Finally, by means of Royal Decree Law 37/2020 of 22 December on urgent measures to face situations of social and economic vulnerability in the field of housing and in the field of transport, during the State of alarm prohibited the suspension of supply to consumers who were vulnerable, severely vulnerable or at risk of social exclusion, and this prohibition was extended to consumers who, without being able to prove ownership of the supply contract, comply with the requirements established in Royal Decree 897/2017 of 6 October.

- Flexibility measures for electricity supply contracts of self-employed and businesses: Possibility, during the State of alarm, for consumers to suspend or modify their contracts to contract another alternative offer with their supplier to adapt to new consumption patterns, without any charge or penalty, as well as to change power or access toll. A period of 3 months was set, after the end of the State of alarm, for the reactivation of the contract or modification of the power, at no cost, except in certain situations. Future General State Budget Laws approved after the entry into force of Royal Decree Law 11/2020 of 31 March will include the corresponding items to compensate the Electricity Sector for the reduction in income that these measures entail. Similar measures are provided for the Natural Gas Sector.

- Suspension of supply invoices: Possibility during the State of alarm for self-employed persons and SMEs with supply points in their name to ask their supplier, or distributor as the case may be, by remote (non-physical) means, to suspend payment of bills corresponding to billing periods that contain days covered by the State of alarm. In this case, the supplier will be exempt from paying transmission and distribution tolls to the distributor until such time as the customer pays the bill in full. The supplier will also be exempt from paying VAT, the special tax on electricity, and, where applicable, the special tax on hydrocarbons for electricity generation until the customer pays the full invoice or until 6 months have elapsed from the end of the State of alarm. However, the option to delay the payment of these taxes has not been exercised in any case by ENDESA. Once the State of alarm is over, the debt will be regularised in equal parts in the invoices of the billing periods that make up the following 6 months. Likewise, suppliers who see their income reduced, or distributors whose toll income is reduced, may request the guarantees defined in Royal Decree Law 8/2020 of 17 March or any other line created for this purpose.

- Rights of access: The term was extended for access rights that expired on 31 March 2020 and the new term was set at two months after the end of the State of alarm or its extensions.

In this context, likewise, through Order SND/260/2020 of 19 March, the activation of the interruptibility demand management service was suspended for economic reasons while the state of alarm was in force.

Finally, it should be noted that after the end last June of the initial State of alarm declared through Royal Decree 463/2020 of 14 March, the subsequent negative evolution of the pandemic led the Government to declare a new State of alarm through Royal Decree 926/2020 of 25 October declaring the State of alarm to contain the spread of COVID-19 infections.

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

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

The Recovery Plan will involve a significant volume of public and private investment in the coming years, which will be financed with funds from the European Union Recovery Plan ("Next Generation EU"), which will allow Spain to obtain up to Euros 140,000 million, of which Euros 72,000 million will be non-refundable grants and the rest loans. The Government, in order to speed up the timetable for the execution of this Plan, plans to incorporate Euros 27,000 million in the next General State Budget.

The Plan includes ten key policies that are considered driving forces because they have a direct impact on the productive sectors with the greatest capacity to transform the economic and social fabric, namely:

1. Urban and rural agenda, fight against depopulation and development of agriculture.
2. Resilient infrastructures and ecosystems.
3. Fair and inclusive energy transition.
4. An Administration for the twenty-first century.
5. Modernisation and digitisation of the industrial fabric and of SMEs, recovery of tourism and promotion of an entrepreneurial nation.
6. Pact for science and innovation. Strengthening the capacities of the National Health System.
7. Education and knowledge, continuous training and capacity building.
8. New economics of care and employment policies.
9. Boosting culture and sports.
10. Modernisation of the tax system for inclusive and sustainable growth.

Investment in ecological transition will represent more than 37% of the total Plan and digitisation 33%.

In the field of energy, the foregoing policies include actions such as the massive deployment of renewable generation, smart grids and electrical infrastructures; the development of a renewable hydrogen roadmap and its sectoral integration; the development of a Just Transition Strategy to guarantee employment in areas affected by the energy transition; and the promotion of sustainable mobility and the refurbishment of buildings as well as the promotion of energy efficiency measures.

Finally, in order to ensure the proper execution of the funds, the Plan provides a Governance model for the selection, evaluation and coordination of the various projects. A specific collaboration will be implemented with the Autonomous Regions and Cities and an Interministerial Commission and a Monitoring Unit will be created. The Government also intends to eliminate the obstacles that hinder the execution of projects, so that the bureaucracy is not a brake on the development of the Plan.

Under the framework of the Recovery, Transformation and Resilience Plan, various consultations have been launched from different Ministries to collect information on expressions of interest from the various agents regarding possible projects in certain areas of action of the Plan, with a view to preparing the Plan to present to the European authorities.

Likewise, on 31 December 2020, Royal Decree Law 36/2020 of 30 December was published, approving urgent measures for the modernisation of the Public Administration and for the execution of the Recovery, Transformation and Resilience Plan, including a series of measures to facilitate the management of the Next Generation EU funds, such as streamlining procedures, improving public-private collaboration, through introduction of such new concepts as the Strategic Projects for Economic Recovery and Transformation ("PERTE"), as a key element for the execution of the various driving projects of the Plan; and the development of specific governance mechanisms.

European Commission Decision C(2020)3401 on electricity production activity in Spanish Non-mainland Territories ("TNP").

On 28 May 2020 the European Commission approved the regulatory scheme established in Royal Decree 738/2015 of 31 July relating to electricity production in Non-mainland Territories ("TNP"), concluding that It meets the criteria of the Services of General Economic Interest and that it is compatible with the internal market. The scheme is initially approved until 31 December 2025 in the case of the Balearic Islands, and until 31 December 2029 in the case of the Canary Islands, Ceuta and Melilla, and Spain may ask before those dates for the measures to be kept in place.

Order for the revision of fuel prices in the Non-mainland Territories ("TNP").

Order TEC/1260/2019, of 26 December, revises the technical and economic parameters for the remuneration of generation facilities in the Electricity Systems of the Non-mainland Territories ("TNP") for the second regulatory period (2020-2025). In relation to fuel prices, the aforementioned Order established that within three months, product and logistics prices will be reviewed by Ministerial Order, with effect from 1 January 2020. Order TEC/776/2020 of 4 August revising these references was published in the Official State Gazette on 7 August 2020.

Definitive costs of the generation facilities of the Non-mainland Territories ("TNP") of 2015.

1 October 2020 saw the publication of the Resolution of the General Directorate of Energy Policy and Mines of 19 September approving the definitive amount of the generation costs of the production activity in the Non-mainland Territories ("TNP") for the year 2015 corresponding to the facilities owned by ENDESA.

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

On 24 June 2020, Royal Decree-Law 23/2020, of 23 June, was published, approving measures in the field of energy and in other areas for economic reactivation. The most relevant aspects of this Royal Decree-Law are the following:

- Improvement of the regulation of access permits and connection to the grid of renewable energies, to avoid speculation, considering specific mechanisms to grant access capacity in network nodes affected by just transition processes.
- New auction model for future renewable energy developments, based on the long-term recognition of a fixed price for energy, distinguishing between different technologies. Small projects and demonstrators may be exempted from auctions.
- Introduction of new figures: storage owners, independent aggregators and renewable energy communities.
- Simplification of procedures for renewable installations and their electrical infrastructure, rapid recharge infrastructures (250 kW) and demonstrations or R&D and innovation projects.
- The accumulated surplus of the Electric System may be used to cover imbalances in 2019 and 2020.
- Increase of the maximum limit of remunerative investment in distribution in 2020-2022, going from 0.13% to 0.14% of Gross Domestic Product (GDP).
- The purpose of the Institute for the Just Transition is defined, which will seek to reduce the impacts on employment and the depopulation of areas affected by the transition process.

Royal Decree 960/2020 of 3 November regulating the economic remuneration regime for renewable energy for electrical energy production facilities.

On 24 June 2020, Royal Decree Law 23/2020 of 23 June was published, approving measures in the field of energy and in other areas for economic recovery. This is dealt with later in this document. Among other things, this Royal Decree Law introduces a new model for auctions of future renewable energy developments, based on the long-term recognition of a fixed price for energy, distinguishing among different technologies.

Subsequently, on 4 November 2020, Royal Decree 960/2020 of 3 November was published in the Official State Gazette ("BOE"), regulating the development of the new remuneration scheme for future developments of renewable energies, calling it the Renewable Energy Economic Regime (REER). This economic regime will be granted by means of auctions regulated by Ministerial Order, which will set a maximum volume of energy or power to be suctioned and may distinguish among different technologies according to their technical characteristics, size, manageability, location or technological maturity. The product to be auctioned will be the installed power, electrical energy or a combination of both, and the price per unit of electrical energy will be offered in euros per MWh.

Regarding the remuneration of energy, the price to be received for each unit sold in the daily or intraday market will be the bid price (for adjustment and balance services, it will be the price of the respective markets). Alternatively, incentives for participation or exposure in the market may be established, through a market adjustment percentage to be applied to the daily market price, the correction percentage of which on the price set in the auction will be defined in each call.

All the facilities of this Scheme will participate in the market and the Iberian Energy Market Operator - Spanish Division ("OMIE") will make a settlement for the differences between the prices of the daily or intraday market and the award price of the facilities.

An auction calendar will be established by Ministerial Order for a minimum period of 5 years, updateable at least annually, and which may include deadlines, frequency, capacity and technologies. This calendar was published on 5 December 2020 by means of Order TED/1161/2020 of 4 December regulating the first auction mechanism for the granting of the economic regime of renewable energies and establishing the indicative calendar for the period 2020-2025. This calendar will be updated annually and will be aimed at achieving the renewable production objectives established in the National Integrated Energy and Climate Plan ("PNIEC"). The auctions will be called by means of a Resolution of the Secretary of State for Energy.

Renewables auctions in the Iberian Peninsula.

On 5 August 2020, Orders TED/765/2020 and TED/766/2020 of 3 August, were published in the Official State Gazette ("BOE"), establishing the regulatory bases of auctions for investment aid for facilities for the production of thermal energy and electricity, respectively, from renewable sources, all of which may be co-financed with European Union funds. The aid will be granted by means of non-refundable grants through competitive bidding procedures applicable to the entire national territory, the applicable geographical scope being specified in each call for tenders. The actions must be completely finished before 30 June 2023, unless a more restrictive period is expressly established in the calls. The Institute for Diversification and Saving of Energy ("IDAE") has already issued several calls for tenders for aid for investment in facilities through competitive bidding procedures for various regions of the country.

In this regard, on 12 December the Resolution of 10 December 2020, of the Secretariat of State for Energy was published in the Official State Gazette ("BOE"), calling the first auction for the granting of the economic regime for renewable energies under the aforementioned Order TED/1161/2020, envisaging a minimum of 3,000 MW, of which at least 1,000 MW will be from wind energy and 1,000 MW from photovoltaic energy. The schedule set for receiving offers ended on 26 January 2021. On 27 January 2021 the Ministry for the Ecological Transition and the Demographic Challenge published the Resolution that resolves said auction and approves the list of successful bidders, among which ENDESA, through ENEL Green Power España, S.L.U. (EGPE), has been awarded 50 MW of capacity at an award price of Euros 28.90 per MWh for a photovoltaic technology facility.

Auctions for renewables in the non-mainland electricity systems.

During 2020, the Institute for the Diversification and Saving of Energy (IDAE) approved three Resolutions calling auctions of investment aid for renewable energy facilities co-financed with European Regional Development Funds (ERDF) in the Non-mainland Territories ("TNP"), as shown below:

Date	Facility	Location	Amount of aid (Millions of Euros)	Deadline for Submission of Applications	Deadline for Completion of Actions
24 June 2020	Photovoltaic	Canary Islands	20	5 October 2020 (Completed)	30 December 2022
4 December 2020	Wind	Canary Islands	54	15 March 2021	31 December 2022
17 December 2020	Photovoltaic	Balearic Islands	21	24 March 2021	20 March 2023

Law 5/2020, of 29 April, of the "Generalitat" of Catalonia.

On 2 June 2020, Law 5/2020, of 29 April, of the "Generalitat" (regional government) of Catalonia, on fiscal, financial, administrative and public sector measures and creation, has been published in the Official State Gazette ("BOE") tax on facilities that affect the environment.

Among other aspects, this Law includes the creation and regulation of a tax on facilities that affect the environment in the area of the Autonomous Region of Catalonia. Specifically, this new tax is imposed on the production, storage, transformation and transport of electrical energy in Catalonia. In the field of generation, energy production is taxed at a general rate of Euros 5 per MWh, which will be Euros 1 per MWh for combined cycles, excluding in any case hydroelectric generation and generation from renewable sources, as well as from biomass, biogas, high-efficiency cogeneration or slurry. In the field of transport, a quota is established based on the voltage level of the facilities, with those with a voltage lower than 30 kV and evacuation facilities of renewable production being exempt.

Electro-intensive consumers.

During 2018, and as a result of Royal Decree-Law 20/2018, of 7 December, on urgent measures to boost economic competitiveness in the sector of industry and commerce in Spain, the Government announced the preparation of a Statute for electro-intensive industrial consumers, that collect their peculiarities. In 2019, the processing of a draft Royal Decree was initiated in this regard, which regulates the figure of the electro-intensive consumer, the potential compensation mechanisms that they could avail themselves of, as well as their obligations. Likewise, said project regulates the possibility of granting guarantees to the subscription by electro-intensive consumers of long-term contracts with electricity suppliers, especially from renewable installations that do not receive specific remuneration, and which was completed with a Draft Law that regulated a fund to cover the risks of these contracts.

In this sense, on 27 June 2020, Royal Decree-Law 24/2020, of 26 June, on social measures to reactivate employment and protect self-employment and competitiveness of the industrial sector, in which the Spanish Reserve Fund for Guarantees of Electro-intensive Entities ("FERGEI") is created, for the coverage by the State of the risks derived from medium and long-term purchase and sale operations of subscribed electricity supply by consumers who have the status of electro-intensive consumers. This Fund will be endowed with Euros 200 million per year, to cover a maximum of Euros 600 million of investment in 3 years.

Also, on 17 December 2020 the "BOE" published Royal Decree 1106/2020 of 15 December which regulated the statute of electro-intensive consumers. Specifically, this Royal Decree regulates electro-intensive consumers, their obligations and the compensation mechanisms available to them, among which:

- A compensation mechanism of up to 85% of the costs attributable to electricity charges for financing the costs of renewable energy, high-efficiency cogeneration and the extra cost of Non-mainland Territories ("TNP").
- A mechanism for hedging risks deriving from the acquisition of electricity in the medium and long term to promote the long-term contracting of electricity by these consumers, through the aforementioned Spanish Reserve Fund for Guarantees of Electro-intensive Entities ("FERGEI").

Methodology for calculating the charges of the Electric and Gas Systems.

On 7 July 2020, the Ministry for the Ecological Transition and the Demographic Challenge began the hearing of two Royal Decree projects with the methodologies for calculating the charges of the Electric and Gas Systems, which will complement the methodologies for calculating the Access tolls to be approved by the National Commission of Markets and Competition (CNMC). At the date of approval of this Consolidated Management Report, the methodology for the Electricity System is still pending approval, while that for the Gas System was approved by Royal Decree 1184/2020 of 29 December.

Royal Decree 647/2020, of 7 July, on network codes.

On 8 July 2020, Royal Decree 647/2020, of 7 July, which regulates aspects necessary for the implementation of the connection network codes of certain electrical installations.

This Royal Decree includes certain elements associated with the adaptation of Spanish regulations to the European network codes set forth in Regulations (EU) 2016/631, 2016/1388 and 2016/1447 of the European Commission, of 14 April, 17 August and 26 August, respectively, which establish the framework of minimum technical requirements for design and operation that generation facilities, demand and high-voltage systems connected to direct current must comply with for connection to the electricity grid. It also includes other amendments to other provisions, such as Royal Decree 413/2014 of 6 June regulating the production of electricity from renewable energy sources, cogeneration and waste and Royal Decree 738/2015 of 31 July regulating generation in the Non-mainland Territories ("TNP") electrical systems.

Orders executing certain rulings of the Supreme Court in relation to the remuneration of electricity distribution.

On 21 September 2020 Orders TED/865/2020 and TED/866/2020 of 15 September were published in the Official State Gazette ("BOE"), executing various rulings of the Supreme Court in relation to the remuneration of electricity distribution, establishing new values for certain parameters.

Regulations on permits for access and connection to electricity transmission and distribution networks.

In accordance with the new responsibilities entrusted to the CNMC by Royal Decree Law 1/2019 of 11 January, the specific regulations on permits for access and connection must be developed by both the Government, through Royal Decree, and the CNMC, through a Circular, in accordance with their respective competences.

On 23 November 2019, Royal Decree Law 17/2019 of 22 November was published in the Official State Gazette ("BOE"), adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system (financial remuneration rate) and responding to the rapid process of cessation of activity of thermal power plants, in order to boost the industrial reactivation of the areas affected. As regards the process of closures of coal-fired or nuclear power plants, in granting access and connection permits account may be taken of environmental and social criteria in addition to the current technical and economic requirements. Similarly, the granting of water concessions may involve the assessment of economic, social and environmental criteria, which do not figure in the current regulations.

On 30 December 2020 Royal Decree 1183/2020 of 29 December on access and connection to the electricity transmission and distribution networks was published in the Official State Gazette ("BOE"). This Royal Decree regulates the criteria and procedure for granting access and connection permits for both producers and consumers. The general criterion will be "first come first served". However, in order to boost the penetration of energy from renewable sources, exceptions to this general criterion are established in cases of hybridisation of existing generation facilities and of competitive bidding processes for access capacity in new nodes of the transmission network or at those nodes where power capacity is deregulated or increases substantially.

The possibility is established that, through Ministerial Order, calls for tenders for capacity may be issued only applicable in new nodes that are introduced through a new planning process, or those in which a certain volume of access capacity is released. Participants must be operators of renewable generation facilities, which may also include storage.

Aspects relating to storage and hybridisation of facilities are also regulated, as well as the guarantee regime.

Finally, exemptions are introduced for permits for access and connection to self-consumption facilities, and the single node interlocutor, until now in charge of processing permits for access and connection when there were connection requests from multiple actors for the same node, is eliminated, so that from now on each promoter will talk directly to the network manager.

Also, on 22 January 2021, CNMC Circular 1/2021 of 20 January was published in the "BOE", establishing the methodology and conditions of electricity production facilities' access and connection to the transmission and distribution networks. This Circular regulates the procedures, deadlines and criteria for the evaluation of the access capacity and the granting of permits.

Royal Decree Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, and in tax matters.

On 18 November the "BOE" published Royal Decree Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, and in tax matters, by means of which the transfers of the income from the auctions of GHG emission rights to the Electricity Sector were extended for 2020, depending on the amount actually collected, and up to a maximum of Euros 1,000 million. For the year 2021, Law 11/2020 of 30 December on General State Budgets provides an equivalent measure.

Draft Bill of Law creating the National Fund for the Sustainability of the Electricity System.

On 16 December 2020 the Ministry for the Ecological Transition and the Demographic Challenge initiated a process of public consultation on a Draft Law creating the National Fund for the Sustainability of the Electricity System, whose purpose is to finance, total or partially, the costs associated with the specific remuneration scheme for renewable energies, cogeneration and waste, currently included in electricity access tolls. This Fund will be endowed with the contributions of the operators of the various energy sectors, not only electricity, the taxes deriving from Law 15/2012 of 27 December, the income from the auctions of CO_2 emission rights, as well as other contributions, with a limit of 10% of the annual income of the Fund, from items of the General State Budget or from community funds. In this way, this Preliminary Draft envisages a mechanism aimed at redistributing the cost associated with meeting the existing renewable objectives at country level among all energy sectors. The Preliminary Draft envisages a gradual process of assumption over a five-year period.

4. Liquidity and Capital Resources.

4.1. Financial Management

Within the framework of an efficient cost management and optimisation policy, the finance function in Spain is centralised in ENDESA, S.A.

At the date of approval in this Consolidated Management Report, the Company had the necessary liquidity and access to medium/long-term financial resources to ensure the availability of the funds required to meet its future investment obligations and debt maturities.

ENDESA uses principles of prudence that are similar to those applied until now in its level of indebtedness and financing structure by obtaining long-term financing that enables it to adjust its maturity schedule to its capacity to generate cash flow envisaged in the business plan. To do this, it:

- Uses external financing, especially through the banking and capital markets.
- Obtains funds from public authorities that offer attractive terms for very long-term loans.
- Has short-term financing in place that helps optimise the management of its working capital requirements and improve the overall cost of debt. This financing is obtained through bank credit lines with leading financial institutions or through the issue of Euro Commercial Paper (ECP).

ENDESA, S.A. also carries out transactions with ENEL Group companies in which the applicable transfer pricing regulations are followed.

Financial position

The year 2020 will be remembered as the year of the COVID-19 health crisis and its devastating consequences in the economic sphere, which could have been even more dramatic had it not been for the rapid and forceful reaction of both Governments and Central Banks and other institutions.

The year began with Brexit, which meant the break, on 31 January 2020, of the link between the United Kingdom and the European Union, which marked the beginning of a complicated transition period that ended on 31 December 2020.

However, the most significant event of the year at all levels was the declaration by the World Health Organisation (WHO) on 11 March 2020 raising the public health emergency situation caused by COVID-19 to that of a pandemic (see Notes 2.2.1 and 38 of the Notes to the Consolidated Annual Accounts for the year ended 31 December 2020 and Section 5. COVID-19 Health Crisis of this Consolidated Management Report) and the consequences that this has caused in the world economy.

The European Central Bank (ECB), in its meeting of 12 March 2020, announced a first package of measures to strengthen liquidity and increased asset purchases to face the health and economic crisis. Additionally, on 18 March 2020, the Pandemic Emergency Purchasing Programme (PEPP) was launched, with an amount of Euros 750,000 million to improve the financial markets of the euro area. At the June meeting, the volume of the Programme was increased by Euros 600,000 million. In December, in view of the severity of the second wave of the pandemic, the ECB extended this Programme to March 2022 and endowed it with an additional Euros 500,000 million, making a total of Euros 1,850,000 million.

Additionally, on 21 July 2020, the European Council agreed to an exceptional temporary recovery instrument known as the European Union Recovery Plan ("Next Generation EU") for an amount of Euros 750,000 million, which has ensured a coordinated EU response among Member States to deal with the economic and social consequences of the pandemic.

For its part, the US Federal Reserve cut its reference interest rate by 50 bps in the first week of March, bringing it to a range of between 1.00% and 1.25%, to counteract the impact of COVID-19 on markets and the economy. Two weeks later, in coordination with other central banks, the Federal Reserve again cut interest rates, by 100 bps to a range of 0.00% to 0.25%.

During 2020 we saw financial markets struggling to recover from a major stoppage. The yield on Spanish 10-year bonds began the year at 0.46%, rose to a maximum of 1.22% on 18 March 2020, returning later to minimum levels of 0.04% at the end of 2020. German bonds started the year with a negative yield of -0.19%, which increased to the minimum of -0.86% in March before starting a moderate recovery to -0.57% at the end of the year. As a consequence, risk premiums (spreads relative to German 10-year bonds) in EU countries increased considerably. Risk premiums in Spain and Italy, which at the worst moments of the health and economic crisis reached 154 bps and 279 bps respectively, stood at 62 bps and 111 bps respectively at the end of the year.

During 2020 the long-term euro interest rate (10-year swap) decreased by 47 bps to -0.26% at the end of the year. The short-term interest rate (3-month Euribor) declined by 17 bps to end the year at -0.55%. Long-term US dollar interest rates fell in 2020 from 1.90% to 0.92%, while the 3-month rate fell from 1.91% at the beginning of the year to 0.24% at year-end.

As for the exchange rate, in 2020 the euro appreciated by 9.3% against the US dollar, the EUR/USD exchange rate going from 1.1231 at the beginning of the year to 1.2270 at year-end.

The following table presents the changes during 2020 in some of the indicators listed in the foregoing paragraphs:

	31 December 2020	31 December 2019	Difference	% Var.
Exchange Rate (EUR/USD)	1.2270	1.1231	0.1039	9.3
Long-Term Euro Interest Rate (10-year Swap) (%)	(0.26)	0.21	(0.47)	(223.8)
Short-Term Euro Interest Rate (3-month Euribor) (%)	(0.55)	(0.38)	(0.17)	44.7
Long-Term US Dollar Interest Rate (10-year swap) (%)	0.92	1.90	(0.98)	(51.6)
Short-term US Dollar Interest Rate (3-month LIBOR) (%)	0.24	1.91	(1.67)	(87.4)
German 10-Year Bond (%) (1)	(0.57)	(0.19)	(0.38)	200.0
German 30-Year Bond (%) (2)	(0.16)	0.35	(0.51)	(145.7)
Spanish 10-Year Bond (%)	0.04	0.46	(0.42)	(91.3)
Spain's Country Risk Premium (bps) (3)	62	65	(3)	(4.6)
Italy's Country Risk Premium (bps) (3)	111	160	(49)	(30.6)
European Central Bank (ECB) Reference Rates (%)	0.00	0.00	-	-
European Central Bank (ECB) Deposit Facility (%) (4)	(0.50)	(0.50)	-	-
Federal Reserve Reference Rates (%)	0.00 - 0.25	1.50 - 1.75	(1.5)	(100.0) - (85.7)

(1) All-Time Low in March 2020: -0.86%
(2) Quoted negative yields from July 2020.
(3) Differential with the German 10-year bond.
(4) Rate that the European Central Bank (ECB) charges banks for their deposits.
bps = basis points.

Financial debt.

At 31 December 2020, ENDESA had net financial debt of Euros 6,899 million, an increase of Euros 522 million (+8.2%) compared with 31 December 2019.

The reconciliation of ENDESA's gross and net financial debt at 31 December 2020 and 2019 is as follows:

Millions of euros

	Reference (1)	Reconciliation of Financial Debt			
		31 December 2020	31 December 2019	Difference	% Var.
Non-current Financial Debt	17.1	5,937	5,652	285	5.0
Current Financial Debt	17.1	1,372	955	417	43.7
Gross Financial Debt (2)		**7,309**	**6,607**	**702**	**10.6**
Cash and Cash Equivalents	13	(403)	(223)	(180)	80.7
Financial Derivatives Recognised in Financial Assets	18.6.1	(7)	(7)	-	-
Net Financial Debt		**6,899**	**6,377**	**522**	**8.2**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) At 31 December 2020, this includes Euros 36 million corresponding to financial derivatives recognised under financial liabilities (Euros 21 million at 31 December 2019).

When analysing the changes in net financial debt, it must be borne in mind that in 2020 ENDESA, S.A. paid its shareholders dividends of gross Euros 1.475 per share, with a pay-out of Euros 1,562 million (see Sections 4.4. Cash flows and 6. Dividend Policy in this Consolidated Management Report).

The structure of ENDESA's gross financial debt at 31 December 2020 and 2019, is shown hereunder:

Millions of euros

	Structure of Gross Financial Debt			
	31 December 2020	31 December 2019	Difference	% Var.
Euros	7,222	6,498	724	11.1
US dollar (USD)	87	109	(22)	(20.2)
TOTAL	**7,309**	**6,607**	**702**	**10.6**
Fixed rate	4,716	4,639	77	1.7
Floating rate	2,593	1,968	625	31.8
TOTAL	**7,309**	**6,607**	**702**	**10.6**
Average Life (years) (1)	4.6	5.2	-	-
Average Cost (%) (2)	1.7	1.8	-	-

(1) Average Life of Gross Financial Debt (number of years) = (Principal * Number of Days of Validity) / (Principal Outstanding at the Close of the Period * Number of Days in the Period).
(2) Average Cost of Gross Financial Debt (%) = Cost of Gross Financial Debt / Average Gross Financial Debt.

At 31 December 2020, 65% of gross financial debt was at fixed interest rates and the remaining 35% at floating rates. At this date, 99% of the gross financial debt was denominated in euros.

In line with its Strategic Plan, ENDESA promotes innovative financial solutions on competitive terms and encourages its partners and stakeholders to share a long-term sustainable vision. Thus, at 31 December 2020, sustainable financing represented 45% of ENDESA's gross financial debt.

Certain ENDESA companies' loans and borrowings contain the usual covenants in this type of agreement. At the date of formulation of this Consolidated Management Report, neither ENDESA, S.A. nor any of its subsidiaries were in breach of their financial obligations or of any type of obligation that might give rise to early maturity of their financial commitments (see Note 17.2.3 to the Consolidated Financial Statements for the year ended 31 December 2020).

At the date of approval of this Consolidated Management Report, ENDESA has not had to resort to refinancing processes for its financial debt as a consequence of the health crisis caused by COVID-19.

Similarly, in the current context ENDESA has not amended, renegotiated or cancelled any clauses contained in lease agreements in which it acts as lessee, and therefore neither right-of-use assets nor liabilities representing the present value of the obligation to make lease payments over the term of the leases have been modified.

Information concerning the maturities of gross financial debt is set out in Note 17 to the Consolidated Financial Statements for the year ended 31 December 2020.

Main financial transactions.

In 2020 ENDESA S.A. registered a new Euro Commercial Paper (ECP) SDG7 issue programme for Euros 4,000 million, the outstanding balance at 31 December 2020 being Euros 1,162 million, renewable with the backing of irrevocable bank credit lines. This Programme incorporates, for the first time, sustainability objectives, in line with ENDESA's Strategic Plan.

The following financial transactions were also concluded in 2020:

Millions of euros

	Counterparty	Date of Signing	Expiry Date	Amount
Loan (1) (2)	Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	17 April 2020	19 April 2022	300
Credit Line (1) (2)	Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	17 April 2020	19 April 2022	250
Intercompany Line of Credit (2)	ENEL Finance International, N.V.	03 June 2020	03 June 2022	700
Loan (3)	European Investment Bank (EIB)	30 July 2020	3 September 2035	35
TOTAL				**1,285**

(1) They include sustainability clauses.
(2) Financial transactions carried out to strengthen the liquidity position and ensure the continuity of business activity in the current context.
(3) Financial transaction carried out to promote ENDESA's electric mobility plan and partly finance more than 8,500 electric recharging points in Spain. It was disbursed on 1 September 2020. This drawdown is at a variable rate of interest, repayable from September 2024.

On 30 September 2020 ENDESA, S.A. formalised the novation of a bond, together with the associated derivative, for an amount of Euros 12 million, until now issued by International ENDESA B.V. (in liquidation) With this transaction, the financial activity of International ENDESA, B.V. (in liquidation) came to an end, and the company was liquidated on 30 December 2020 (see Note 2.3.1 of the Notes to the Consolidated Annual Accounts for the year ended 31 December 2020 and Section 2.5. Scope of Consolidation in this Consolidated Management Report).

Liquidity.

At 31 December 2020, ENDESA had liquidity of Euros 4,493 million (Euros 3,300 million at 31 December 2019) and is detailed as follows:

Millions of euros

	Reference (1)	Liquidity			
		31 December 2020	31 December 2019	Difference	% Var.
Cash and Cash Equivalents	13	403	223	180	80.7
Unconditional availability in credit lines (2)	19.4 and 34.1.2	4,090	3,077	1,013	32.9
TOTAL	**17.2.1**	**4,493**	**3,300**	**1,193**	**36.2**
Debt Maturity Coverage (number of months) (3)		17	26	-	-

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) At 31 December 2020 and 2019, Euros 1.000 million were accounted for by the committed and irrevocable credit line arranged with ENEL Finance International, N.V. In addition, at 31 December 2020, Euros 700 million correspond to the credit line available with ENEL Finance International, N.V.
(3) Coverage of debt maturities (number of months) = maturity period (number of months) for long-term debt that could be covered with the liquidity available.

ENDESA has a solid financial situation and unconditional credit lines contracted with first-tier entities available for significant amounts. This, together with the implementation in the current context of specific plans to strengthen and improve the liquidity position and ensure the continuity of the business activity, is estimated to enable it to face the impact caused by the difficulties of the economic situation (see Notes 2.2.1 and 38 of the Notes to the Consolidated Annual Accounts for the year ended 31 December 2020 and Section 5. COVID-19 Health Crisis of this Consolidated Management Report).

At 31 December 2020, ENDESA had negative working capital of Euros 2,321 million. The undrawn amount under the Company's long-term credit lines provides assurance that ENDESA can obtain sufficient financial resources to continue its operations, realise its assets and settle its liabilities for the amounts shown in the statement of financial position.

The undrawn credit lines also guarantee the refinancing of the short-term debt presented under "Non-Current Financial Debt" in the Consolidated Statement of Financial Position, the amount of which totals Euro 33 million at 31 December 2020 (Euros 29 million at 31 December 2019).

The amount of these lines, together with current assets, sufficiently covers ENDESA's short-term payment obligations.

Treasury investments considered as cash and cash equivalents are highly liquid and entail no risk of changes in value, mature within 3 months of their contract date and accrue interest at the market rates for such instruments.

Any restrictions that might affect the availability of funds to ENDESA, S.A. are set out in Notes 13 and 14.1.13 to the Consolidated Financial Statements for the year ended 31 December 2020.

4.2. Capital management

ENDESA's capital management focuses on maintaining a solid financial structure that optimises the cost of capital and the availability of financial resources to guarantee business continuity over the long term. This policy of financial prudence makes it possible to maintain an adequate level of value creation for shareholders while guaranteeing ENDESA S.A.'s liquidity and solvency.

The level of consolidated leverage is defined as an indicator for monitoring the financial situation, data at 31 December 2020 and 2019 being as follows:

Millions of euros

	Reference (1)	Leverage		% Var.
		31 December 2020	31 December 2019	
Net Financial Debt:		**6,899**	**6,377**	**8.2**
Non-current Financial Debt	17.1	5,937	5,652	5.0
Current Financial Debt	17.1	1,372	955	43.7
Cash and Cash Equivalents	13	(403)	(223)	80.7
Financial Derivatives Recognised in Financial Assets	18.3	(7)	(7)	-
Equity:	**14**	**7,465**	**7,837**	**(4.7)**
Of the Parent	14.1	7,315	7,688	(4.9)
Of Non-Controlling Interests	14.2	150	149	0.7
Leverage (%) (2)		**92.42**	**81.37**	**N/A**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Leverage (%) = Net financial debt / equity.

The Company's Directors consider that its leverage will enable it to optimise the cost of capital while maintaining a high solvency ratio. Therefore, in due consideration of expectations of earnings and the investment plan, the future dividend policy will maintain a leverage ratio to achieve the aforementioned capital management target.

At the date on which this Consolidated Management Report was drawn up, ENDESA, S.A. had no commitments to obtain funds through its own sources of finance.

Information on capital management is provided in Note 14.1.12 to the Consolidated Financial Statements for the year ended 31 December 2020.

Information on the shareholder remuneration is provided in Section 6. Dividend Policy in this Consolidated Management Report.

4.3. Management of Credit Ratings.

During 2020 the rating agencies kept the sovereign rating of the Kingdom of Spain unchanged. The only change that occurred was in Standard & Poor's outlook, which went from Stable to Negative, announced in September. This change was justified by the economic weakness caused by the COVID-19 crisis and the possibility at that time that an agreement would not be reached to approve the General State Budget for 2021, which finally happened at the end of the year.

The Standard & Poor's rating thus ended the year at A, with a Negative outlook, while those of Moody's and Fitch remained unchanged at Baa1 and A-, both with a stable outlook.

As regards ENDESA, the situation was very similar, with no changes in various agencies' ratings in 2020.

On 14 January 2021, Moody's announced an upgrade of ENDESA's credit rating from Baa2 to Baa1, with a stable outlook. In its statement, Moody's highlighted the solid business and financial profile of the Company and its position within the ENEL Group. In this regard, the large proportion of regulated activities within the business combination, resulting in stable income, was seen as a positive factor, as was the low level of leverage.

As for the other agencies, Standard & Poor's has kept its rating unchanged since 2017 at the BBB + level / Stable outlook, last confirmed in a report published in November. For its part, on 17 February 2021, Fitch has reaffirmed the A- rating / Stable outlook that had been communicated in February 2019.

In its latest reports on the Sector, published in July 2020, Fitch considers that the integrated electricity companies in the Iberian market show reasonable resistance to the economic crisis generated by COVID-19, thanks to the defensive nature of their business mix, with a percentage of regulated income above the European average, their solid liquidity positions, the hedging of energy sales already carried out and the stability provided by the recently revised regulatory framework.

Moody's, in its report published in November 2020, highlights the fact that its outlook for the Electricity Sector for 2021 remains stable, reflecting its forecast that companies will continue to be resistant to the pandemic and improve their results, while at the same time maintaining the uncertainty that exists about the pace of economic recovery and electricity demand in the current situation.

The evolution of ENDESA's credit ratings in 2020 can be summarised as follows:

	Credit Rating						
	31 December 2020 (1)				31 December 2019 (1)		
	Long-term	Short-term	Outlook	Date of Last Report	Long-term	Short-term	Outlook
Standard & Poor's	BBB+	A-2	Stable	**26 November 2020**	BBB+	A-2	Stable
Moody's	Baa1	P-2	Stable	**14 January 2021**	Baa2	P-2	Positive
Fitch	A-	F2	Stable	**17 February 2021**	A-	F2	Stable

(1) At the respective dates of formulation of the Consolidated Management Report.

ENDESA's credit rating is conditioned by that of its parent company ENEL in accordance with the methods used by the rating agencies, and at 31 December 2020 it was classed as investment grade by all the rating agencies.

ENDESA works to maintain its investment grade credit rating in order to efficiently access money markets and bank financing, and to obtain preferential terms from its main suppliers.

4.4. Cash Flows

At 31 December 2020 and 2019 the amount of cash and cash equivalents breaks down as follows (see Section 4.1. Financial Management in this Consolidated Management Report):

Millions of euros

	Reference (1)	Cash and Cash Equivalents			
		31 December 2020	31 December 2019	Difference	% Var.
Cash in hand and at banks		403	223	180	80.7
Other Cash Equivalents		-	-	-	N/A
TOTAL	13	**403**	**223**	**180**	**80.7**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

In 2020 and 2019 ENDESA's net cash flows, broken down into operating, investing and financing activities, were as follows:

Millions of euros

	Statement of cash flows			
	2020	2019	Difference	% Var.
Net cash flows from operating activities	2,951	3,181	(230)	(7.2)
Net cash flows from investing activities	(1,726)	(1,951)	225	(11.5)
Net cash flows from financing activities	(1,045)	(1,251)	206	(16.5)

In financial year 2020, the net cash flows generated by operating activities (Euros 2,951 million) made it possible to meet net payments for investment activities (Euros 1,726 million) and financing activities (Euros 1,045 million).

Information on ENDESA's Consolidated Statement of Cash Flows is set out in Note 32 to the Consolidated Financial Statements for the year ended 31 December 2020.

Net cash flows from operating activities

In 2020, net cash flows from operating activities amounted to Euros 2,951 million, down by 7.2% compared with the previous year (Euros 3,181 million in 2019), the breakdown being as follows:

Millions of euros

	Reference (1)	2020	2019	Difference	% Var.
Gross Profit Before Taxes and Non-Controlling Interests		1,788	230	1,558	677.4
Adjustments for:		2,153	3,981	(1,828)	(45.9)
Depreciation and amortisation and impairment losses	28	1,897	3,453	(1,556)	(45.1)
Other adjustments (net)		256	528	(272)	(51.5)
Changes in working capital:		(413)	(230)	(183)	79.6
Trade and other receivables		31	(157)	188	(119.7)
Inventories		(225)	(296)	71	(24.0)
Current financial assets		28	(85)	113	(132.9)
Trade payables and other current liabilities (2)		(247)	308	(555)	(180.2)
Other cash flows from/(used in) operating activities:		(577)	(800)	223	(27.9)
Interest received		34	27	7	25.9
Dividends received		28	26	2	7.7
Interest paid (3)		(152)	(136)	(16)	11.8
Corporation tax paid		(229)	(440)	211	(48.0)
Other proceeds from/(payments for) operating activities (4)		(258)	(277)	19	(6.9)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**2,951**	**3,181**	**(230)**	**(7.2)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) ENDESA, as part of its commitment to society, has designed a Public Responsibility Plan for direct aid to the purchase of material, special supply conditions and donations to alleviate the main health and social needs caused by the COVID-19 health crisis. The amount disbursed under this head was Euros 25 million (Euros 22 million, net of the tax effect) (see Notes 2.2.1, 27, 32.1, 33.2.1 and 38 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 5. COVID-19 Health Crisis in this Consolidated Management Report).
(3) Includes payment of interest on financial liabilities for rights of use amounting to Euros 33 million and Euros 30 million respectively (see Note 6.1 to the Consolidated Financial Statements for the year ended 31 December 2020).
(4) Corresponding to provisions payments.

The variations in the various items determining the net cash flows from operating activities include:

- The lower gross profit before tax and non-controlling interests net of depreciation and amortisation and other adjustments for the period (Euros 270 million).
- Changes in working capital between the two years amounting to Euros 183 million as a consequence, mainly, of the increase in trade payables (Euros 555 million), the positive evolution of trade and other receivables (Euros 188 million), lower payments for inventories (Euros 71 million) and the positive evolution of regulatory items receivable amounting to Euros 113 million (Euros 264 million, positive, in respect of the tariff deficit, Euros 90 million, negative, for compensation for the extra costs of generation in Non-mainland Territories ("TNP") and Euros 61 million euros, negative, for the remuneration for investment in renewable energy).
- The variation in corporation tax in both years amounting to Euros 211 million.

In 2020, the company also continued its active policy of managing current assets and liabilities, focusing among other aspects on improving processes, factoring accounts receivable and reaching agreement to extend payment terms with suppliers (see Notes 12 and 22 to the Consolidated Financial Statements corresponding to the year ending 31 December 2020).

At 31 December 2020 and 2019, working capital broke down as follows:

Millions of euros

	Reference (1)	Working Capital 31 December 2020	Working Capital 31 December 2019
Current Assets (2)		**5,831**	**5,877**
Inventories	11	1,077	1,177
Trade and other receivables	12	3,577	3,485
Current financial assets	18	1,177	1,215
Compensation for Extra Costs of Generation in Non-mainland Territories ("TNP")		602	561
Collection Rights for the Financing of the Deficit of Regulated Activities		277	389
Remuneration of Distribution Activity		246	178
Others		52	87
Current Liabilities (3)		**7,183**	**7,510**
Current provisions	23	477	576
Trade Payables and Other Current Liabilities	22	6,706	6,934
Parent Company Dividend (4)	14.1.10 and 14.1.12	741	741
Others		5,965	6,193

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Does not include "Cash and cash equivalents" or "Financial Asset Derivatives" corresponding to financial debt.
(3) Does not include "Current Financial Debt" or "Financial Liability Derivatives" corresponding to financial debt.
(4) See Section 6. Dividend Policy in this Consolidated Management Report.

Net cash flows used in investing activities

During 2020, net cash flows used in investing activities amounted to Euros 1,726 million (Euros 1,951 million in 2019) and included, *inter alia*:

– Net cash payments used to acquire property, plant and equipment and intangible assets:

Millions of euros

	Reference (1)	Sections	2020	2019
Acquisition of Property, Plant and Equipment and Intangible Assets			**(1,704)**	**(1,821)**
Acquisition of Property, Plant and Equipment (2)	6.2	4.5	(1,407)	(1,791)
Acquisition of intangible assets	8.1	4.5	(234)	(234)
Facilities transferred from customers			29	45
Suppliers of property, plant and equipment			(92)	159
Proceeds from sales of property, plant and equipment and intangible assets			**49**	**94 (3)**
Grants and other deferred income			**106**	**137 (4)**
TOTAL			**(1,549)**	**(1,590)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Not including recognition of right-of-use assets amounting to Euros 182 million
(3) Includes Euros 70 million corresponding to the transaction assigning the rights of use for the surplus fibre optics (see Section 2.3.5. Net Gains/(Losses) on Disposal of Assets of this Consolidated Management Report).
(4) Included Euros 50 million corresponding to advance receipt in respect of the obligation to transfer the rights of use relating to the surplus optical fibre (see Section 2.3.5 Net Gains/(Losses) on Disposal of Assets of this Consolidated Management Report).

– Net cash payments for investments and/or receipts from disposals of holdings in Group companies:

Millions of euros

	Reference (1)	Sections	2020	2019
Equity investments in Group Companies			**(17)**	**(37)**
Companies acquired by ENEL Green Power España, S.L.U. (EGPE)	2.3.1, 5 and 8	2.5	(14)	(37)
Suggestion Power, Unipessoal, Lda.	2.3.1, 5 and 8	2.5	(3)	-
Disposals of investments in Group Companies			**21**	**-**
ENDESA Soluciones, S.L.	2.3.1, 2.4 and 10.1	2.5	21	-
TOTAL			**4**	**(37)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Net cash flows used in financing activities.

During 2020, net cash flows used in financing activities amounted to Euros 1,045 million (Euros 1,251 million in 2019) and mainly included the following items:

– Cash flows in respect of equity instruments:

Millions of euros

	Reference (1)	2020	2019
Treasury shares	14.1.8	(2)	-
Contribution of Funds, San Francisco de Borja, S.A.	14.2	3	-
Capital reduction of Énergie Électrique de Tahhadart, S.A.	10.1	3	
Funds contribution by Bosa del Ebro, S.L.	14.2	-	10
TOTAL		**4**	**10**

(1) Reference to the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

– Drawdowns of non-current financial debt:

	Reference (1)	2020	2019
Drawdowns on the loan from Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	17.2.2	300	-
Drawdowns on credit lines with ENEL Finance International, N.V.	17.2.2	500	-
Drawdowns of the European Investment Bank (EIB) Green Loan		35	335
Drawdowns of the Official Credit Institute ("ICO") Green Loan		-	300
Drawdowns of other credit lines		-	-
Others		8	35
TOTAL	**17.1**	**843**	**670**

(1) Reference to the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

– Reimbursements of non-current financial debt:

Millions of euros

	Reference (1)	2020	2019
Repayments of ENEL Finance International N.V. credit lines		(500)	-
Repayment of other credit lines		(68)	(172)
Repayments of European Investment Bank (EIB) Green Loan		-	(6)
Others		(7)	(19)
TOTAL	**17.1**	**(575)**	**(197)**

(1) Reference to the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

– Amortisation and drawdowns of current financial debt:

Millions of euros

	Reference (1)	Sections	2020	2019
Drawdowns				
Euro Commercial Paper (ECP) issues	17.2.2	4.1	13,913	10,848
Others			67	77
Amortisation				
Amortisation of Euro Commercial Paper (ECP)	17.2.2	4.1	(13,548)	(10,956)
Payments of Right-of-Use Contracts		2.2	(73)	(57)
Amortisation of European Investment Bank (EIB) Green Loan			(46)	-
Others			(58)	(126)
TOTAL	**17.1**		**255**	**(214)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

– Dividends paid:

Millions of euros

	Reference (1)	2020	2019
Dividends of the Parent paid	14.1.10 and 14.1.12	(1,562)	(1,511)
Dividends paid to non-controlling interests (2)	14.2	(10)	(9)
TOTAL		**(1,572)**	**(1,520)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Corresponding to companies of ENEL Green Power España, S.L.U. (EGPE).

4.5. Investments.

In 2020 ENDESA made gross investments of Euros 1,846 million. Of this amount, Euros 1,823 million were related to investments in property, plant and equipment and intangible assets, and the remaining Euros 23 million to financial investments, as follows:

Millions of euros

	Reference (1)	Investments (2)		
		2020	2019	% Var.
Generation and Supply		897	1,290	(30.5)
Generation in Non-mainland Territories ("TNP")		102	80	27.5
Other Generation and Supply		795	1,210	(34.3)
Distribution		614	609	0.8
Structure and Others (3)		78	26	200.0
TOTAL PROPERTY, PLANT AND EQUIPMENT (4) (5)	**6.2**	**1,589**	**1,925**	**(17.5)**
Generation and Supply		185	160	15.6
Generation in Non-mainland Territories ("TNP")		3	5	(40.0)
Other Generation and Supply		182	155	17.4
Distribution		22	40	(45.0)
Structure and Others (3)		27	34	(20.6)
TOTAL INTANGIBLE ASSETS (5)	**8.1**	**234**	**234**	**-**
FINANCIAL INVESTMENTS		**23**	**43**	**(46.5)**
TOTAL GROSS INVESTMENTS		**1,846**	**2,202**	**(16.2)**
Capital grants and Facilities Sold		(135)	(133)	1.5
Generation and Supply		(7)	(4)	75.0
Distribution		(128)	(129)	(0.8)
TOTAL NET INVESTMENTS (6)		**1,711**	**2,069**	**(17.3)**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Does not include corporate acquisitions made during the year (see Note 5 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 2.5. Scope of Consolidation in this Consolidated Management Report).
(3) Structure, Services and Adjustments.
(4) Includes recognition of rights of use amounting to Euros 182 million (Euros 138 million in 2019) (see Note 6.1 to the Consolidated Financial Statements for the year ended 31 December 2020).
(5) In 2020 it includes Euros 1,647 million relating to investments for low-carbon products, services and technologies (Euros 1,931 million in 2019).
(6) Net investments = Gross investments – Capital grants and facilities sold.

Investments in property, plant and equipment.

Gross investments in generation in 2020 related mainly to investments for the construction of power plants based on renewable sources for an amount of Euros 394 million. They also include the recognition of a right of use asset, corresponding to the land where certain renewable generation facilities are located, for an amount of Euros 97 million.

The reduction in gross investments in generation and supply (-30.5%) compared with 2019 was mainly due to the fact that in 2019 the investments mainly concerned the construction of wind and photovoltaic power awarded in the auctions held in 2017, commissioning of which took place in 2019.

Gross investments in supply correspond mainly to the development of activity related to new products and services amounting to Euros 24 million.

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

With regard to gross structural and other investments, they include the recognition of a right-of-use asset for the amount of Euros 57 million corresponding to the renewal of the lease contract for ENDESA's headquarters.

Investments in intangible assets.

Gross investments in intangible assets in 2020 corresponded mainly to IT applications and ongoing investments in ICT activities for Euros 130 million, prominent among which were those associated with the strategic objective of digitisation and the capitalisation of the incremental costs incurred in obtaining customer contracts for an amount of Euros 98 million.

Financial investments.

Gross investments in 2020 consisted mainly of various financial credits.

4.6. Contractual obligations and off-balance sheet transactions

Details of future purchase commitments at 31 December 2020 and 2019 are as follows:

Millions of euros

	Reference (1)	Future purchase commitments	
		31 December 2020	31 December 2019
Property, plant and equipment	6.3	1,020	636
Intangible assets	8.2	19	27
Financial investments		-	-
Provision of Services and Rights of Use	6.3 and 12	219	235
Purchases of fuel stocks and others	11.2	14,722	19,578
Purchases of fuel stocks		14,606	19,559
Electricity purchases		20	-
Purchases of CO_2 emission rights, Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) (2)	34.1.2	96	19
TOTAL		**15,980**	**20,476**

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2020.
(2) Committed to Group companies.

ENDESA has no special purpose entities, understood as entities which, without necessarily holding a controlling interest in them, it effectively controls, meaning that it substantially obtains most of the profits earned by the entity and retains most of the risks involved.

5. COVID-19 Health Crisis.

The coronavirus epidemic (COVID-19) was first reported to the World Health Organization (WHO) in late December 2019.

On 11 March 2020, the World Health Organisation (WHO) confirmed that the COVID-19 health emergency had reached the level of a pandemic.

In order to contain the effects of the infection, while waiting for an available vaccine, the governments of the various countries adopted numerous containment measures, essentially aimed at restricting the free movement of people, which were modified depending on their effectiveness and the spread of the virus.

In Spain, on 14 March 2020, the Government declared a first State of alarm throughout the national territory to face the health emergency situation caused by COVID-19. After successive extensions, the state of alarm ended on 21 June 2020. From that moment on, a series of prevention, containment and coordination protocols have been adopted, aimed at dealing with and controlling the pandemic as long as the health crisis situation does not end, consistent with the different regulatory provisions that have been dictated by both the autonomous regional governments and the Central government. In this regard, on 25 October 2020 the Government declared a new State of alarm throughout the national territory to contain the spread of the disease, with initial validity until 9 November 2020, which was extended until 9. May 2021. ENDESA constantly reviews the adaptation of the mentioned protocols to the new provisions issued by national, regional or local authorities based on the evolution of the health crisis.

ENDESA carries out a large part of its activities under regulated frameworks and during the health State of alarm deriving from COVID-19, its activities have been classified as essential, which is why it has continued to develop them, adjusting its protocols when necessary.

During this period, business continuity management has relied on working from home for non-critical positions, as recommended in Royal Decree Law 8/2020 of 17 March for all situations in which it was possible. Working from home was in fact introduced some years ago in the organisation and thanks to investments in digitisation it has proved possible to work remotely with the same level of efficiency and productivity. The use of digitised infrastructures that contribute to the normal operation of production assets, the continuity of the electricity supply and the remote management of all activities relating to the market and customer relations have all become standard. Likewise, measures and procedures have been applied that are helping to work safely and reduce the risks of infection. Although the official preference for remote work over face-to-face work based on the aforementioned Royal Decree Law ended on 21 September 2020, At the date of formulation of this Consolidated Management Report, ENDESA's employees who were working outside the office ("TFO") continue to do so.

Financial and economic impacts of COVID-19.

In this context, ENDESA as part of its commitment to society, designed a Public Responsibility Plan, endowed with Euros 25 million, for direct aid for the purchase of material, special supply conditions and donations to alleviate the main health and social needs caused by the COVID-19 health crisis, as well as programmes to support the relaunch of the economy in the worst affected segments. During the 2020 financial year, this Plan accrued in and paid its entirety (See Notes 27, 32.1, 33.2.1 and 38 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2020 and Sections 2.3.2. Operating Costs, 2.3.7. Net Income and 4.4. Cash Flows of this Consolidated Management Report).)

Taking into account the complexity of the markets due to their globalisation and the time needed for vaccines to reach a substantial proportion of the population, the current context has changed the probability and impact of some of the risks to which ENDESA is exposed, although the consequences for ENDESA's operations are still uncertain and will depend to a large extent on how the pandemic evolves in the coming months, as well as on the responsiveness and adaptability of all the economic agents affected.

Based on this, and in compliance with the recent recommendations by the European Securities and Markets Authority (ESMA) of 11 March 2020, ENDESA, launched an internal analysis to assess the actual and potential impact of COVID-19 on its business activities, financial situation and economic performance, basically concerning the following dimensions of analysis:

- Forecast of potential macroeconomic impacts.
- Forecast of the potential prices of electricity and gas in the energy markets and other commodities.
- Estimation of the impacts on the demand for electricity and gas.
- Analysis of possible delays in supplies and fulfilment of contracts, at the supply chain level.
- Monitoring of financial markets and liquidity situation.

Among the risk factors that affect ENDESA and that could be exacerbated by present and future resurgences of the virus or by the extension of the economic crisis, the following stand out:

- Adverse economic conditions due to the crisis following the COVID-19 pandemic may prolong the negative impact on demand for electricity and gas in the coming months. In this respect, during 2020, cumulative mainland demand for electricity decreased by 5.1% compared with the same period of the previous year, cumulative demand for electricity in the Non-mainland Territories ("TNP") fell by 13.7% and demand for conventional gas fell by 5.3%.
- Variations in demand as a result of possible resurgences of COVID-19 could affect electricity and natural gas supply contracts, or associated hedges, since these are signed on the basis of certain assumptions regarding future market prices for electricity and natural gas.

- ENDESA's business activities are carried out in an environment of fierce competition. ENDESA's ability to contract new clients and to sign value-added service contracts could continue to be affected by the limitations imposed by the management of the health crisis which limits physical visits to clients. At 31 December 2020, ENDESA had 5,690,390 electricity customers in the deregulated market, 2.4% fewer than at 31 December 2019. On that same date, the number of ENDESA's gas customers in the deregulated market was 1,440,358, 1.5% more than at 31 December 2019.

- The adverse economic conditions due to the crisis caused by the COVID-19 pandemic may have a negative impact on the ability of ENDESA's customers to meet their payment commitments. Along these lines, Royal Decree Law 26/2020 of 7 July on economic reactivation measures to face the impact of COVID-19 in the areas of transport and housing, which entered into force on 9 July, extended to 30 September 2020 the period in which, exceptionally, the supply of electricity and gas to the principal residence of private individual customers could not be cut off for reasons other than safety. Finally, by means of Royal Decree Law 37/2020 of 22 December on urgent measures to face situations of social and economic vulnerability in the field of housing and in the field of transport, during the State of alarm prohibited the suspension of supply to consumers who were vulnerable severely vulnerable or at risk of social exclusion, and this prohibition was extended to consumers who, without being able to prove ownership of the supply contract, comply with the requirements established in Royal Decree 897/2017 of 6 October.

  During 2020, the largest provisions recorded in trade customers related to the impact of COVID-19 amounted to Euros 50 million.

- Greater impact of the virus on the population and, consequently, the approval of regulations referring to a limitation of people's mobility or a new confinement, could be limiting factors for ENDESA, due to its need to have contractors to carry out work. In this sense, the actions carried out on the supply chain have made it possible to continue with the investment effort that ENDESA is carrying out without significant incidents. Gross material investments in 2020 amounted to Euros 1,589 million and no material impacts are expected to be caused by the pandemic with respect to start dates of projects.

- The prolongation of the current health situation deriving from COVID-19 in the coming months could limit ENDESA's access to the financial markets and change the terms on which it obtains financing, consequently affecting its business activities, results, financial position and cash flows. To this end, ENDESA has a solid financial position and unconditional credit lines contracted with first-rate entities available for significant amounts. This, together with the implementation of specific plans for the improvement and efficient management of liquidity, is expected to allow it to confront the impact caused by the difficulties of the economic situation (see Section 4.1 Financial Management in this Consolidated Management Report).

Overall, during the 2020 financial year, the effects described above have meant a reduction in the gross operating profit (EBITDA) and in the operating profit (EBIT) of approximately Euros 120 million and Euros 170 million respectively, in addition to the expenses accrued by the Public Responsibility Plan amounting to Euros 25 million.

At the date of formulation of this Consolidated Management Report, it is not possible to make a precise estimate of the possible future impacts of COVID-19 on ENDESA's results during the coming months due, among other aspects, to the uncertain future evolution of macroeconomic variables, financial and commercial measures and their impact on the recovery of the economy, as well as the regulatory measures currently in force and any additional measures that may be adopted in the future by the competent authorities.

In the same way that has been done to date, in the coming months, constant monitoring of developments and continuous monitoring of changes in macroeconomic, financial and trade variables will continue in order to update the estimate of possible impacts in real time, as well as allowing, where appropriate, their mitigation with reaction and contingency plans.

6. Dividend policy

The Board of Directors of ENDESA, S.A. operates an economic-financial strategy to generate a significant amount of cash to maintain Company debt levels and maximise shareholder remuneration. This also achieves the objective of ensuring the sustainability of the business project undertaken.

As a result of this economic-financial strategy, unless any exceptional circumstances arise, which will be duly announced, at a meeting on 25 November 2020 the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2020-2023:

- For financial year 2020: The ordinary dividend per share to be distributed in respect of these years will be equivalent to 100% of net ordinary income attributable to the Parent as per the Consolidated Financial Statements of the Group headed by the Company.

- For financial year 2021, the Board of Directors will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 80% of the net ordinary income attributable to the Parent Company as per the Group's consolidated financial statements.

- For the 2022 and 2023 financial years, the Board of Directors of ENDESA, S.A. will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 70% of the net ordinary income attributable to the Parent Company as per the Group's Consolidated Financial Statements.

The intention of the Board of Directors is that the ordinary dividend be paid solely in cash in two instalments (January and July) on a given date to be determined in each case, which will be duly notified.

Without prejudice to the foregoing, ENDESA's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit and the availability of unrestricted reserves, and therefore no assurance can be given that dividends will be paid out in future years or as to the amount of such dividends if paid.

With regard to the year 2020, in its meeting of 25 November 2020, the Board of Directors of ENDESA, S.A. resolved to distribute to its shareholders an interim dividend from 2020 profit for a gross amount of Euros 0.70 per share, for a total of Euros 741 million paid on 4 January 2021.

The proposed distribution of profit in 2020 to be presented for approval at the General Shareholders' Meeting by ENDESA's Board of Directors will be a total gross dividend of Euros 2.0136 per share. Taking into account the interim dividend referred to in the foregoing paragraph, the complementary dividend in respect of 2020 will be a gross amount of Euro 1.3136 per share.

Details of ENDESA, S.A.'s per-share dividends in 2020 and 2019 are as follows:

		2020	2019	% Var.
Share capital	Millions of euros	1,270.5	1,270.5	-
Number of Shares		1,058,752,117	1,058,752,117	-
Consolidated Net Ordinary Income	Millions of euros	2,132	1,562	36.5
Consolidated Net Income	Millions of euros	1,394	171	715.2
Individual Net Income	Millions of euros	2,330	1,642	41.9
Ordinary Earnings per Share (1)	Euros	2.0136	1.475	36.5
Earnings per Share (2)	Euros	1.317	0.162	715.2
Gross Dividend per Share	Euros	2.0136 (3)	1.475 (4)	-
Consolidated Ordinary Pay-Out (5)	%	100.0	100.0	-
Consolidated pay-out (6)	%	152.9	913.3	-
Individual pay-out (7)	%	91.5	95.1	-

(1) Net ordinary earnings per share (euros) = Net ordinary income of the Parent/ No. of Shares at the end of the year.
(2) Net earnings per Share (euros) = Net Income of the Parent/ No. of Shares at the end of the year.
(3) Gross interim dividend of Euros 0.7 per share paid on 4 January 2021, plus a complementary gross dividend of Euros 1.3136 per share pending approval by the ENDESA, S.A. General Shareholders' Meeting.
(4) Gross interim dividend of Euros 0.7 per share, paid out on 2 January 2020 plus the final dividend of Euros 0.775 per share (gross) paid out on 1 July 2020.
(5) Consolidated ordinary pay-out (%) = (Gross dividend per share * Shares at the end of the reporting period excl. treasury shares) / Net ordinary income of the Parent.
(6) Consolidated pay-out (%) = (Gross dividend per share * Number of shares at the end of year) / Net Income of the Parent.
(7) Individual pay-out (%) = (Gross dividend per share * Number of shares at the end of the year) / Net Income of ENDESA, S.A.

APPENDIX I

Alternative Performance Measures (APMs)

Alternative performance measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of Use
			2020	2019	
EBITDA (1)	M€	Income - Procurements and services + Work carried out by the Group for its assets - Personnel expenses - Other fixed operating expenses	3,783 M€ = 17,579 M€ - 11,573 M€ + 275 M€ - 1,147 M€ - 1,351 M€	3,841 M€ = 20,158 M€ - 14,252 M€ + 295 M€ - 1,022 M€ - 1,338 M€	Measure of operating return excluding interest, taxes, provisions and depreciation and amortisation.
EBIT (1)	M€	EBITDA - Depreciation and amortisation and impairment losses.	1,886 M€ = 3,783 M€ - 1,897 M€	388 M€ = 3,841 M€ - 3,453 M€	Measure of operating return excluding interest and taxes.
Net ordinary income	M€	Net Ordinary Result = Net Result of the Parent Company - Net Result on Sales of Non-Financial Assets (greater than 10 million euros) - Net Impairment Losses of Non-Financial Assets (greater than 10 million euros) - Initial Net Expenses of Personnel by Staff Restructuring Plans related to the Decarbonisation Plan and the Digitalization of Processes - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.	2,132 M€ = 1,394 M€ - 0 M€ + 266 M€ + 450 M€ + 22 M€	1,562 M€ = 171 M€ - 18 M€ + 1,409 M€ + 0 M€ + 0 M€	Measurement of profit for the period isolating non-recurring effects of more than Euros 10 million.
Contribution Margin (1)	M€	Income - Procurements and services	6,006 M€ = 17,579 M€ - 11,573 M€	5,906 M€ = 20,158 M€ - 14,252 M€	Measurement of operating profitability taking account of direct variable production costs
Procurements and Services (1)	M€	Power purchases + Fuel consumption + Transport costs + Other variable procurements and services	11,573 M€ = 3,631 M€ + 1,100 M€ + 5,000 M€ + 1,842 M€	14,252 M€ = 4,904 M€ + 1,780 M€ + 5,302 M€ + 2,266 M€	Goods and services for production
Net Financial Income/(Expense) (1)	M€	Financial income - Financial expense +- Net exchange differences	(134) M€ = 28 M€ - 174 M€ + 12 M€	(184) M€ = 27 M€ - 212 M€ + 1 M€	Measure of financial cost
Net Financial Expense (1)	M€	Financial income - Financial expense	(146) M€ = 28 M€ - 174 M€	(185) M€ = 27 M€ - 212 M€	Measure of financial cost
Net investments	M€	Gross investments - Capital grants and facilities disposed of	1,711 M€ = 1,846 M€ - 135 M€	2,069 M€ = 2,202 M€ - 133 M€	Measure of investment activity
Return on equity	%	Net Ordinary Income of the Parent / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2)	28.42% = 2,132 M€ / (7,315+ 7,688 / 2) M€	18.68% = 1,562 M€ / (7,688 + 9,037 / 2) M€	Measure of the capacity to generate profits on shareholder investments
Return on assets	%	Net Ordinary Income of the Parent / ((Total assets (n) + Total assets (n-1)) / 2)	6.66% = 2,132 M€ / (32,062 + 31,981 / 2) M€	4.91% = 1,562 M€ / (31,981 + 31,656 / 2) M€	Measure of business profitability
Economic profitability	%	EBIT / (PP&E (n) + PP&E (n) + PP&E (n-1) / 2)	8.84% = 1,886 M€ / (21,354 + 21,329 / 2) M€	1.80% = 388 M€ / (21,329 + 21,840 / 2) M€	Measure of the capacity of the assets and capital invested to generate income
Return on capital employed (ROCE)	%	Operating profit after tax / ((Non-current assets (n) + Non-current assets (n-1) / 2) + (Current assets (n) + Current assets (n-1) / 2))	4.61% = 1,476.7 M€ / (25,828 + 25,881 / 2) + (6,234 + 6,100 / 2) M€	0.95% = 303.7 M€ / (25,881 + 26,001 / 2) + (6,100 + 5,655 / 2) M€	Measure of return on capital employee
Return on Capital Invested (RCI)	%	Operating Income After Taxes / (Net Equity of the Parent Company + Net Financial Debt)	10.39% = 1,476.7 M€ / (7,315 + 6,899) M€	2.16% = 303.7 M€ / (7,688 + 6,377) M€	Measure of return on capital invested
Funds from Operations	M€	Cash Flows from Operating Activities + Changes in Working Capital - Work carried out by the Group for its Assets	3,089 M€ = 2,951 M€ + 413 M€ - 275 M€	3,116 M€ = 3,181 M€ + 230 M€ - 295 M€	Measure of cash generated by the company's business available to make investments, amortise debt and distribute dividends to shareholders.
Interest expenses	M€	Interest paid	152 M€	136 M€	Measure of interest payments
Ordinary Earnings per Share	€	Net Ordinary Income of the Parent company / Number of shares at the end of the year	2.0136 € = 2,132 M€ / 1,058,752,117 shares	1.475 € = 1,562 M€ / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the year.
Earnings per Share (1)	€	Net Ordinary Income of the Parent company / Number of shares at the end of the year	1.317 € = 1,394 M€ / 1,058,752,117 shares	0.162 € = 171 M€ / 1,058,752,117 shares	Measurement of the portion of net income corresponding to each share at the end of the year.
Cash flow per share (2)	€	Net cash flow from operating activities / Number of shares at the end of the reporting year	2.787 € = 2,951 M€ / 1,058,752,117 shares	3.004 € = 3,181 M€ / 1,058,752,117 shares	Measurement of the portion of funds generated corresponding to each share at the end of the year.
Total shareholder return (TSR)	%	(Quotation at the end of the year - Quotation at the beginning of the year + Gross Dividend paid in the year) / Quotation at the beginning of the year	0.15% = (22.350 € - 23.790 € + 1.475 €) / 22.350 €	25.27% = (23.790 € - 20.130 € + 1.427 €) / 20.130 €	Measurement of the relationship between the amount invested in a share and the economic result provided, which includes both the effect of the increase in the share price and that of the gross dividend received in cash (without considering its reinvestment)
Consolidated ordinary pay-out	%	(Gross dividend per share * No. of shares at the end of the year) / Net Ordinary income for the year of the Parent.	100.0% = (2.0136 € * 1,058,752,117 shares) / 2,132 M€	100.0% = (1.475 € * 1,058,752,117 shares) / 1,562 M€	Measure of the portion of net ordinary income obtained used to remunerate shareholders through the payment of dividends (Consolidated Group).
Consolidated pay-out	%	(Gross dividend per share * No. of shares at the end of the year) / Net income for the year of the Parent	152.9% = (2.0136 € * 1,058,752,117 shares) / 1,394 M€	913.3% = (1.475 € * 1,058,752,117 shares) / 171 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual pay-out	%	(Gross Dividend per Share * Number of Shares at the end of the Year) / Net Income for the year of ENDESA, S.A.	91.5% = (2.0136 € * (1,058,752,117) shares) / 2,330 M€	95.1% = (1.475 € * 1,058,752,117 shares) / 1,642 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

M€ = millions of euros; € = euros.
n = 31 December of the year being calculated.
n-1 = 31 December of the year before the year being calculated.
(1) See Consolidated Income Statements for the years ended 31 December 2020 and 2019.
(2) See Consolidated Statements of Cash Flows for the years ended 31 December 2020 and 2019.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of Use
			31 December 2020	31 December 2019	
Net Financial Debt (1)	M€	Non-current borrowings + Current borrowings – Cash and cash equivalents – Financial derivatives recognised under financial assets	6,899 M€ = 5,937 M€ + 1,372 M€ - 403 M€ - 7 M€	6,377 M€ = 5,652 M€ + 955 M€ - 223 M€ - 7 M€	Short- and long-term financial debt, less cash and financial investment equivalent to cash
Leverage (1)	%	Net financial debt / Equity	92.42% = 6,899 M€ / 7,465 M€	81.37% = 6,377 M€ / 7,837 M€	Measurement of the weight of external funds in the financing of business activities.
Debt Ratio (1)	%	Net financial debt / (Equity + Net financial debt)	48.03% = 6,899 M€ / (7,465 M€ + 6,899 M€)	44.86% = 6,377 M€ / (7,837 M€ + 6,377 M€)	Measurement of the weight of external funds in the financing of business activities.
Average Life of Gross Financial Debt	No. of Years	(Principal * Number of days validity) / (Principal outstanding at the end of the period * Number of days in the period)	4.6 years = 33,484 / 7,268	5.2 years = 34,031 / 6,581	Measurement of the duration of financial debt to maturity
Average Cost of Gross Financial Debt	%	(Cost of gross financial debt) / Gross average financial debt	1.7% = 139 M€ / 8,104 M€	1.8% = 135 M€ / 7,431 M€	Measurement of the effective rate of financial debt.
Debt maturity coverage	No. of Months	Maturity period (months) of core debt that could be covered with the liquidity available	17 months	26 months	Measure of the capacity to meet debt maturities
Liquidity Ratio (1)	N/A	Current assets / Current liabilities.	0.73 = 6,234 M€ / 8,555 M€	0.72 = 6,100 M€ / 8,465 M€	Measurement of the capacity to meet short-term commitments.
Solvency Ratio (1)	N/A	(Equity + Non-current liabilities) / Non-current assets	0.91 = (7,465 M€ + 16,042 M€) / 25,828 M€	0.91 = (7,837 M€ + 15,679 M€) / 25,881 M€	Measurement of the capacity to meet obligations.
Debt Coverage Ratio (1) (2)	N/A	Net financial debt / EBITDA	1.82 = 6,899 M€ / 3,783 M€	1.66 = 6,377 M€ / 3,841 M€	Measurement of the amount of available cash flow to meet payments of principal on financial debt.
Fixed assets	M€	Property, Plant and Equipment + Real Estate Investments + Intangible Assets + Goodwill	23,273 M€ = 21,354 M€ + 58 M€ + 1,399 M€ + 462 M€	23,227 M€ = 21,329 M€ + 61 M€ + 1,375 M€ + 462 M€	Assets of the Company, whether tangible or intangible, not convertible into short-term liquidity, necessary for the Company to operate and not intended for sale.
Book Value per Share (2)	€	Equity of the Parent / Number of shares at the end of the reporting year	6.909 € = 7,315 M€ / 1,058,752,117 shares	7.261 € = 7,688 M€ / 1,058,752,117 shares	Measure of the portion of equity corresponding to each share at the end of the year.
Market Capitalisation	M€	Number of shares at the end of the period * Share price at the end of the year	23,663 M€ = 1,058,752,117 shares * 22.350 €	25,188 M€ = 1,058,752,117 shares * 23.790 €	Measurement of total enterprise value according to the share price.
Price to Earnings Ratio (P.E.R.) Ordinary	N/A	Share price at the end of the year / Net ordinary earnings per share	11.10 = 22.350 € / 2.0136 €	16.13 = 23.790 € / 1.475 €	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price to Earnings Ratio (P.E.R.)	N/A	Share price at the end of the year / Net earnings per share	16.97 = 22.350 € / 1.317 €	147.30 = 23.790 € / 0.162 €	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price / Book Value	N/A	Market Capitalisation / Equity of the Parent	3.23 = 23,663 M€ / 7,315 M€	3.28 = 25,188 M€ / 7,688 M€	Measurement comparing total enterprise value according to the share price with the carrying amount.

M€ = Millions of Euros; € = Euros.
(1) See Consolidated Statements of Financial Position at 31 December 2020 and 2019.
(2) See Consolidated Income Statements for the years ended 31 December 2020 and 2019.