



Consolidated Financial **Statements**

30 September 2020

REN – Redes Energéticas Nacionais, SGPS, S.A.

INDEX

1. FINANCIAL PERFORMANCE	2
1.1 RESULTS FOR THE 3 RD QUARTER OF 2020	2
1.2 AVERAGE RAB AND CAPEX	5
1.3 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 JULY TO 30 SEPTEMBER 2020 AND 2019	7
2. CONSOLIDATED FINANCIAL STATEMENTS	9
3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020	14
1 GENERAL INFORMATION	14
2 BASIS OF PRESENTATION	17
3 MAIN ACCOUNTING POLICIES	18
4 SEGMENT REPORTING	20
5 TANGIBLE AND INTANGIBLE ASSETS	23
6 GOODWILL	27
7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES	28
8 INCOME TAX	30
9 FINANCIAL ASSETS AND LIABILITIES	34
10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	36
11 TRADE AND OTHER RECEIVABLES	38
12 DERIVATIVE FINANCIAL INSTRUMENTS	39
13 CASH AND CASH EQUIVALENTS	44
14 EQUITY INSTRUMENTS	44
15 RESERVES AND RETAINED EARNINGS	44
16 BORROWINGS	45
17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS	47
18 PROVISIONS FOR OTHER RISKS AND CHARGES	48
19 TRADE AND OTHER PAYABLES	49
20 SALES AND SERVICES RENDERED	50
21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES	50
22 OTHER OPERATING INCOME	51
23 EXTERNAL SUPPLIES AND SERVICES	51
24 PERSONNEL COSTS	52
25 OTHER OPERATING COSTS	52
26 FINANCIAL COSTS AND FINANCIAL INCOME	53
27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR	53
28 EARNINGS PER SHARE	54
29 DIVIDENDS PER SHARE	54
30 CONTINGENT ASSETS AND LIABILITIES	54
31 RELATED PARTIES	55
32 SUBSEQUENT EVENTS	58
33 EXPLANATION ADDED FOR TRANSLATION	58

1. FINANCIAL PERFORMANCE

1.1 RESULTS FOR THE 3RD QUARTER OF 2020

In the first 9 months of 2020, net income reached 76.1 million euros, a 10.3 million euros drop (-11.9%) over the same period of the previous year. Net income reduction reflected mainly the drop of 20.9 million euros in the domestic business EBITDA (-22.4 million euros in EBIT), following the decrease in Portugal's sovereign bond yields which negatively impacts asset remuneration, and the increase of 3.8 million euros (+15.5%) in the Extraordinary Levy on the Energy Sector, reflecting the inclusion of Portugal's levy. On the other hand, the EBITDA from international businesses increased 5.4 million euros (+98.7%) when compared to the same period of the previous year, reflecting Transemel's acquisition in October of 2019, and financial results increased 2.8 million euros (+7.0%).

Similarly to the previous years, the results for 2020 reflect the continuation of the Extraordinary Levy on the Energy Sector (28.2 million euros in 2020 and 24.4 million euros in 2019¹).

Investment was 103.7 million euros, a 6.0% y.o.y decrease y.o.y (-6.6 million euros) and transfers to RAB decreased 38.3 million euros to 21.9 million euros. Average RAB dropped by 64.9 million euros (-1.7%), to 3,652.9 million euros.

The average cost of debt was 1.9%, a 0.3p.p. decrease y.o.y., and net debt reached 2,743.0 million euros, a 6.1% increase (+156.5 million euros) over the same period of the previous year.

MAIN INDICATORS (MILLIONS OF EUROS)	September	September	VAR. %
	2020	2019	
EBITDA	352.5	368.0	-4.2%
Financial results ²	-36.7	-39.4	7.0%
Net income ¹	76.1	86.3	-11.9%
Recurrent net income	98.6	110.7	-10.9%
Total Capex	103.7	110.3	-6.0%
Transfers to RAB ³ (at historic costs)	21.9	60.1	-63.6%
Average RAB (at reference costs)	3 652.9	3 717.8	-1.7%
Net debt	2 743.0	2 586.5	6.1%
Average cost of debt	1.9%	2.2%	-0.3p.p.

¹ The full amount of the levy was recorded in the 1st quarter of 2020 and 2019, according to the Portuguese Securities Market Commission (CMVM) recommendations.

² The net gain of 0.1 and 0.2 million euros in September 2019 and September 2020, respectively, from electricity interconnection capacity auctions between Spain and Portugal – referred to as FTR (Financial Transaction Rights) was reclassified from financial income to Revenue.

³ Includes direct acquisitions (RAB related).

Operational results – EBITDA

Domestic Power Transmission and Distribution Business

EBITDA for the domestic business reached 341.6 million euros in the first 9 months of 2020, a 5.8% (-20.9 million euros) drop over the same period of the previous year.

EBITDA - TRANSMISSION (MILLIONS OF EUROS)	September 2020	September 2019	VAR. %
1) Revenues from assets	317.9	332.2	-4.3%
RAB remuneration	125.0	140.5	-11.1%
Lease revenues from hydro protection zone	0.5	0.5	-1.2%
Economic efficiency of investments	18.8	18.8	0.0%
Recovery of amortizations (net of investment subsidies)	159.8	159.0	0.5%
Amortização dos subsídios ao Investimento	13.9	13.3	3.8%
2) Revenues from opex	97.1	97.7	-0.6%
3) Other revenues	12.2	11.7	3.9%
4) Own works (capitalised in investment)	13.2	13.9	-4.9%
5) Earnings on Construction (excl. own works capitalised in investment) – Concession assets	81.2	96.4	-15.7%
6) OPEX	98.5	92.7	6.3%
Personnel costs ⁴	41.2	41.7	-1.2%
External costs	57.3	51.0	12.4%
7) Construction costs – Concession assets	81.2	96.4	-15.7%
8) Provisions	0.0	0.0	n.m.
9) Impairments	0.3	0.3	0.0%
10) EBITDA (1+2+3+4+5-6-7-8-9)	341.6	362.5	-5.8%

The decrease in EBITDA resulted mainly from:

- The decrease of 15.6 million euros in RAB remuneration (-11.1%) arising from:
 - The 4.9 million euros drop in the remuneration of electricity transmission regulated assets reflecting (i) the reduction in the base rate of return (RoR) from 4.9% in September 2019 to 4.6% in September 2020 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills, and (ii) the decrease of 10.6 million euros (-0.2%) in electricity transmission average RAB;
 - Reduction of 7.5 million euros in the remuneration of natural gas transmission regulated assets reflecting (i) the reduction in the rate of return from 5.4% in September 2019 to 4.6% in September 2020 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 42.0 million euros (-4.2%) in natural gas transmission average RAB;
 - Reduction of 3.2 million euros in the remuneration of natural gas distribution regulated assets, reflecting the reduction in the rate of return from 5.7% in September 2019 to 4.8% in September 2020 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills, despite the increase of 0.2 million euros in natural gas distribution average RAB.

⁴ Includes training and seminars costs.

- Increase of 5.8 million euros in Opex (+6.3%), despite the decrease of 0.5 million euros in personnel costs, which was more than compensated by the increase of 6.3 million euros in external costs. The increase in external costs reflects mostly, (i) the 3.8 million euros increase in pass-through costs (costs accepted in the tariff), of which +2.4 million euros correspond to costs with cross-border and system services costs; and (ii) the 4.2 million euros increase in forest clearing costs, partially offset by the decrease in other costs.

With respect to domestic business it is also important to note that the natural gas distribution business contributed with EBITDA of 33.3 million euros.

International Business - Chile

The EBITDA for international businesses reached 10.9 million euros in the first 9 months of 2020, a 5.4 million euros (+98.7%) increase over the same period of the previous year, resulting mainly from:

- EBITDA of Transemel – an electrical power transmission company in Chile – which was 5.3 million euros. It should be noted that the results for the first 9 months of 2019 doesn't include results of Transemel, as the company was acquired only in October of 2019;
- The decrease of 0.1 million euros (-73.9%) in Aerio Chile costs. The recognized income from the 42.5% stake held by REN in the Chilean company Electrogás was stable, and reached 5.4 million euros.

EBITDA - INTERNATIONAL (MILLIONS OF EUROS)	September 2020	September 2019	VAR. %
1) Revenues from the Transmission of Electrical Power	7.5	-	
2) Other revenues	5.7	5.7	0.4%
3) OPEX	2.3	0.1	
Personnel costs ⁵	0.1	0.0	
External costs	2.2	0.1	
4) EBITDA (1+2-3)	10.9	5.5	98.7%

Net income

Overall, the Group's net income for the first 9 months of 2020 reached 76.1 million euros, a 10.3 million euros y.o.y. decrease (-11.9%). This decrease resulted mostly from (i) the 19.6 million euros drop in the Group's EBIT (-15.5 million euros in EBITDA) reflecting the decrease in Domestic Power Transmission and Distribution business (-20.9 million euros in EBITDA and -22.4 million euros in EBIT), despite the increase in the contribution of international businesses (+5.4 million euros in EBITDA and +2.8 million euros in EBIT), and (ii) the increase of 3.8 million euros (+15.5%) in the Extraordinary Levy on the Energy Sector, reflecting the inclusion of Portgás' levy. On the other hand, financial results increased 2.8 million euros (+7.0%) reflecting the decrease in the average cost of debt to 1.9% (-0.3p.p.) and the increase in dividends from associates (+0.4 million euros), despite the increase in net debt to 2,743.0 million euros (+156.5 million euros; +6.1%) reflecting the acquisition of Transemel (155.5 million euros) and the consolidation of the new subsidiary's debt (7.2 million euros).

⁵ Includes training and seminars costs.

Excluding non-recurring items, Net Income for the first 9 months of 2020 dropped 12.1 million euros (-10.9%). Non-recurring items considered in the first 9 months of 2020 and 2019 are as follows:

- i) In 2020: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2020 (28.2 million euros); and ii) gains with the recovery of previous years taxes (5.6 million euros);
- ii) In 2019: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2019 (24.4 million euros).

NET INCOME (MILLIONS OF EUROS)	September 2020	September 2019	VAR. %
EBITDA	352.5	368.0	-4.2%
Depreciations and amortizations	179.9	175.8	2.3%
Financial results	-36.7	-39.4	7.0%
Income tax expenses	31.7	42.0	-24.5%
Extraordinary levy on the energy sector ⁶	28.2	24.4	15.5%
Net income	76.1	86.3	-11.9%
Non-recurring items	22.5	24.4	-7.6%
Recurrent net income	98.6	110.7	-10.9%

1.2 AVERAGE RAB AND CAPEX

In the first 9 months of 2020, Capex reached 103.7 million euros, a 6.0% y.o.y. increase (-6.6 million euros), and transfers to RAB decrease 38.3 million euros (-63.6%) to 17.8 million euros.

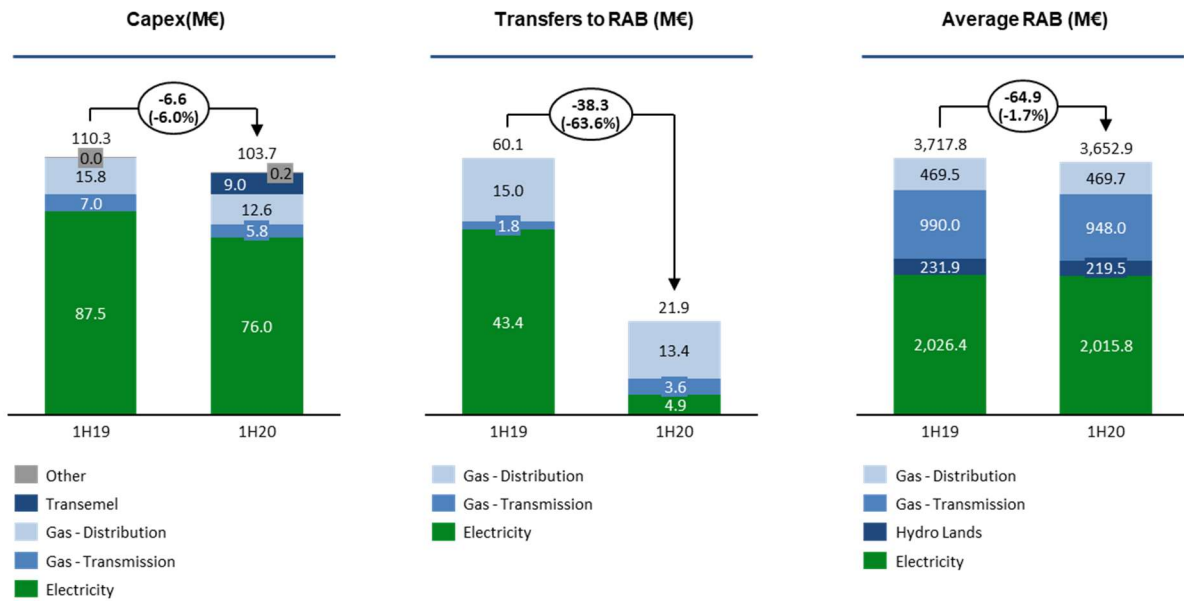
In electricity, investment was 76.0 million euros, a 13.1% decrease (-11.5 million euros) over the same period of 2019, of which should be highlighted the projects of the connection at 400kV between Fundão and Falagueira (15.1 million euros), the connection at 220kV between Vila Pouca de Aguiar and Carrapatelo (11.3 million euros), the new axis at 400Kv between the regions of Porto and Minho (10.0 million euros), and the connection at 400kV between Ribeira de Pena and Feira (7.6 million euros). Transfers to RAB were 4.9 million euros, a y.o.y. decrease of 38.6 million euros (-88.8%).

In natural gas transmission, investment reached 5.8 million euros, a decrease of 17.1% (-1.2 million euros) and transfers to RAB were 3.6 million euros, an increase of 104.9% (+1.9 million euros).

In natural gas distribution, investment was 12.6 million euros, 36% for new supply points and 60% with the expansion of the distribution network, and transfers to RAB decreased 1.6 million euros (-10.4%) to 13.4 million euros.

⁶ The full amount of the levy was recorded in the 1st quarter of 2020 and 2019, according to the Portuguese securities market commission (CMVM) recommendations.

Average RAB was 3,652.9 million euros, a 64.9 million euros (-1.7%) y.o.y decrease. In electricity, the average RAB (excluding lands) reached 2,015.8 million euros (-10.6 million euros, -0.5%), of which 1,062.4 million euros in assets remunerated at a premium rate of return, while lands reached 219.5 million euros (-12.5 million euros, -5.4%). In natural gas transmission, the average RAB was 948.0 million euros (-42.0 million euros, -4.2%), while in natural gas distribution the average RAB reached 469.7 million euros (+0.2 million euros).



1.3 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 JULY TO 30 SEPTEMBER 2020 AND 2019

Consolidated statements of profit and loss

(Amounts expressed in thousands of euros – tEuros)

	01.07.2020 to 30.09.2020	01.07.2019 to 30.09.2019
Sales	30	34
Services rendered	135,629	138,943
Revenue from construction of concession assets	40,439	60,381
Gains from associates and joint ventures	1,788	1,909
Other operating income	5,965	6,801
Operating income	183,851	208,069
Cost of goods sold	(211)	(172)
Cost with construction of concession assets	(35,941)	(56,030)
External supplies and services	(14,789)	(13,336)
Employee compensation and benefit expense	(13,391)	(13,055)
Depreciation and amortizations	(60,134)	(58,570)
Impairments	(50)	(94)
Other expenses	(4,127)	(4,983)
Operating costs	(128,643)	(146,241)
Operating results	55,208	61,828
Financial costs	(16,074)	(15,843)
Financial income	1,040	2,005
Investment income - dividends	(109)	1,443
Financial results	(15,144)	(12,394)
Profit before income taxes and ESEC	40,064	49,434
Income tax expense	(10,062)	(14,187)
Extraordinary contribution on energy sector (ESEC)	-	-
Net profit for the period	30,002	35,246
Attributable to:		
Equity holders of the Company	30,002	35,246
Non-controlled interest	-	-
Consolidated profit for the period	30,002	35,246
Earnings per share (expressed in euro per share)	0.04	0.05

Consolidated statements of comprehensive income

(Amounts expressed in thousands of euros - tEuros)

	01.07.2020 to 30.09.2020	01.07.2019 to 30.09.2019
Net Profit for the year	30,002	35,246
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains / (losses)	170	(68)
Tax effect on actuarial gains / (losses)	(51)	20
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(6,485)	7,037
Increase/(decrease) in hedging reserves - cash flow derivatives	(121)	(5,382)
Tax effect on hedging reserves	30	1,211
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	(3,195)	1,733
Tax effect on items recorded directly in equity	719	(390)
Other changes in equity	1	(2)
Comprehensive income for the year	21,069	39,405
Attributable to:		
Shareholders of the company	21,069	39,405
Non-controlling interests	-	-
	21,069	39,405

2. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of financial position originally issued in Portuguese - Note 33)

	Notes	Sep 2020	Dec 2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	126,424	125,649
Intangible assets	5	4,132,348	4,214,916
Goodwill	6	5,686	5,969
Investments in associates and joint ventures	7	166,383	172,278
Investments in equity instruments at fair value through other comprehensive income	9 and 10	145,191	155,676
Derivative financial instruments	9 and 12	27,646	27,229
Other financial assets	9	94	71
Trade and other receivables	9 and 11	199,702	114,509
Deferred tax assets	8	85,883	93,666
		4,889,357	4,909,964
Current assets			
Inventories		3,985	3,919
Trade and other receivables	9 and 11	237,034	353,725
Current income tax recoverable	8 and 9	236	14,921
Derivative financial instruments	9 and 12	1,654	1,732
Cash and cash equivalents	9 and 13	24,794	21,044
		267,704	395,341
Total assets	4	5,157,061	5,305,305
EQUITY			
Shareholders' equity			
Share capital	14	667,191	667,191
Own shares	14	(10,728)	(10,728)
Share premium		116,809	116,809
Reserves	15	298,194	316,681
Retained earnings		241,887	242,853
Other changes in equity		(5,561)	(5,561)
Net profit for the period		76,070	118,899
Total equity		1,383,862	1,446,144
LIABILITIES			
Non-current liabilities			
Borrowings	9 and 16	2,288,365	2,112,296
Liability for retirement benefits and others	17	100,577	103,309
Derivative financial instruments	9 and 12	29,961	24,848
Provisions	18	8,323	8,416
Trade and other payables	19	350,758	340,627
Deferred tax liabilities	8	145,250	141,774
		2,923,234	2,731,269
Current liabilities			
Borrowings	9 and 16	501,405	757,158
Trade and other payables	19	348,560	370,733
		849,965	1,127,891
Total liabilities	4	3,773,199	3,859,160
Total equity and liabilities		5,157,061	5,305,305

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 September 2020.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of profit and loss originally issued in Portuguese - Note 33)

	Notes	Sep 2020	Sep 2019
Sales	4 and 20	30	51
Services rendered	4 and 20	414,380	419,378
Revenue from construction of concession assets	4 and 21	94,460	110,270
Gains / (losses) from associates and joint ventures	7	5,926	7,499
Other operating income	22	19,815	20,143
Operating income		534,610	557,341
Cost of goods sold		(459)	(539)
Costs with construction of concession assets	21	(81,233)	(96,362)
External supplies and services	23	(44,672)	(36,406)
Personnel costs	24	(41,155)	(41,412)
Depreciation and amortizations	5	(179,851)	(175,753)
Provisions	18	-	1
Impairments	6	(238)	(283)
Other expenses	25	(14,545)	(14,514)
Operating costs		(362,153)	(365,269)
Operating results		172,457	192,072
Financial costs	26	(46,452)	(50,499)
Financial income	26	4,128	5,805
Investment income - dividends	10	5,823	5,377
Financial results		(36,501)	(39,317)
Profit before income tax and ESEC		135,955	152,755
Income tax expense	8	(31,721)	(42,042)
Energy sector extraordinary contribution (ESEC)	27	(28,165)	(24,390)
Net profit for the year		76,070	86,324
Attributable to:			
Equity holders of the Company		76,070	86,324
Non-controlled interest		-	-
Consolidated profit for the year		76,070	86,324
Earnings per share (expressed in euro per share)	28	0.11	0.13

The accompanying notes form an integral part of the consolidated statement of profit and loss for the nine-month period ended 30 September 2020.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of other comprehensive income originally issued in Portuguese - Note 33)

	Notes	Sep 2020	Sep 2019
Consolidated Net Profit for the period		76,070	86,324
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses) - gross of tax		(274)	1,815
Tax effect on actuarial gains / (losses)	8	82	(545)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	15	(11,462)	7,998
Increase / (decrease) in hedging reserves - cash flow derivatives	12	(6,851)	(19,819)
Tax effect on hedging reserves	8 and 12	1,713	4,459
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(10,485)	(3,097)
Tax effect on items recorded directly in equity	8 and 10	2,363	697
Other changes in equity	7	(11)	(31)
Comprehensive income for the period		51,144	77,801
Attributable to:			
Equity holders of the company		51,144	77,801
Non-controlled interest		-	-
		51,144	77,801

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the nine-month period ended 30 September 2020.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of changes in equity originally issued in Portuguese - Note 33)

Changes in the year	Notes	Attributable to shareholders										Total
		Share capital	Own shares	Share premium	Legal Reserve	Fair Value reserve (Note 10)	Hedging reserve (Note 12)	Other reserves	Other changes in equity	Retained earnings	Profit for the year	
At 1 January 2019		667,191	(10,728)	116,809	113,152	57,711	(10,577)	166,620	(5,561)	253,505	115,715	1,463,837
Net profit of the period and other comprehensive income		-	-	-	-	(2,400)	(15,360)	7,967	-	1,270	86,324	77,801
Transfer to other reserves		-	-	-	5,676	-	-	-	-	110,039	(115,715)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
At 30 September 2019		667,191	(10,728)	116,809	118,828	55,311	(25,937)	174,587	(5,561)	251,388	86,324	1,428,212
At 1 January 2020		667,191	(10,728)	116,809	118,828	51,966	(19,901)	165,787	(5,561)	242,853	118,899	1,446,144
Net profit of the period and other comprehensive income		-	-	-	-	(8,122)	(5,138)	(11,473)	-	(192)	76,070	51,144
Transfer to other reserves		-	-	-	6,247	-	-	-	-	112,652	(118,899)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
At 30 September 2020		667,191	(10,728)	116,809	125,075	43,844	(25,039)	154,314	(5,561)	241,887	76,070	1,383,862

The accompanying notes form an integral part of the consolidated statement of changes in equity for the nine-month period ended 30 September 2020.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of cash flow originally issued in Portuguese - Note 33)

	Notes	Sep 2020	Sep 2019
Cash flow from operating activities:			
Cash receipts from customers		1,620,533 a)	1,794,353 a)
Cash paid to suppliers		(1,242,296) a)	(1,381,425) a)
Cash paid to employees		(54,554)	(54,634)
Income tax received/paid		(4,334)	(883)
Other receipts / (payments) relating to operating activities		924	(36,493)
Net cash flows from operating activities (1)		320,272	320,917
Cash flow from investing activities:			
Receipts related to:			
Investments in associates	7	220	292
Investment grants		21,653	6,283
Interests and other similar income		-	24
Dividends	7 and 10	11,587	8,070
Payments related to:			
Property, plant and equipment		(11,077)	(73)
Intangible assets - Concession assets		(102,635)	(105,393)
Net cash flow used in investing activities (2)		(80,252)	(90,797)
Cash flow from financing activities:			
Receipts related to:			
Borrowings		1,692,500	3,938,550
Payments related to:			
Borrowings		(1,782,320)	(3,882,722)
Interests and other similar expense		(34,986)	(41,129)
Dividends	29	(113,426)	(113,426)
Net cash from / (used in) financing activities (3)		(238,232)	(98,726)
Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)		1,789	131,394
Effect of exchange rates		(441)	(28)
Cash and cash equivalents at the beginning of the year	13	20,521	34,096
Cash and cash equivalents at the end of the period	13	21,868	165,463
Detail of cash and cash equivalents			
Cash	13	22	26
Bank overdrafts	13	(2,926)	(6,011)
Bank deposits	13	24,772	171,448
		21,868	165,463

a) These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

The accompanying notes form an integral part of the consolidated statement of cash flow for the nine-month period ended 30 September 2020.

The Accountant

The Board of Directors

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020

(Translation of notes originally issued in Portuguese - Note 33)

1 GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN” or “the Company” together with its subsidiaries, referred to as “the Group” or “the REN Group”), with head office in Avenida Estados Unidos da América, 55 – Lisbon, resulted from the spin-off of the EDP Group, in accordance with Decree-Laws 7/91 of 8 January and 131/94 of 19 May, approved by the Shareholders’ General Meeting held on 18 August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26 September 2006 the REN Group’s operations were concentrated on the electricity business through REN – Rede Eléctrica Nacional, S.A. On 26 September 2006, as a result of the unbundling transaction of the natural gas business, the Group went through a significant change with the purchase of assets and financial participations relating to the transport, storage and re-gasification of natural gas activities, comprising a new business.

In the beginning of 2007, the Company was transformed into a holding company and, after the transfer of the electricity business to a new company incorporated on 26 September 2006, renamed REN – Serviços de Rede, S.A., changed its name to REN – Rede Eléctrica Nacional, S.A..

The Group presently has two main business segments, Electricity and Gas, and a secondary business of Telecommunications.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., incorporated on 26 September 2006, whose activities are carried out under a concession contract for a period of 50 years as from 2007 which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., was incorporated on 13 June 2007, whose main function is the management of Power Purchase Agreements (“PPA”) from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual – CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, to domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was incorporated on 14 October 2010, its capital being fully owned by REN - Redes Energéticas Nacionais, SGPS, S.A., with the main activity being management of the concession to operate a pilot area for the production of electric energy from sea waves;

d) Empresa de Transmissão Eléctrica Transemel, S.A. (“Transemel”), was incorporated on 1 October 2019, following the expansion of the electricity business in Chile. The company’s activity consists of providing electricity transmission and transformation services and the development, operation and commercialization of transmission systems, allowing free access to the different players in the electricity market in Chile.

The Gas business includes the following companies:

a) REN Gás, S.A. was incorporated on 29 March 2011, with the corporate purpose of promoting, developing and carrying out projects and developments in the natural gas sector, as well as defining the overall strategy and coordination of the companies in which it has direct interests;

b) REN Gasodutos, S.A., was incorporated on 26 September 2006, the capital of which was paid up through carve-in of the gas transport infrastructures (network, connections and compression);

c) REN Armazenagem, S.A., was incorporated on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated “SGNL – Sociedade Portuguesa de Gás Natural Liquefeito”. The operations of this company comprise the supply, reception, storage and re-gasification of natural liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures;

e) REN Portgás Distribuição, S.A. ("REN Portgás"), acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the distribution of natural gas in low and medium pressure, as well as production and distribution of other channelled fuel gases and other activities related, namely the production and sale of flaring equipment.

The operations of the companies indicated in b) to d) above are developed in accordance with the three concession contracts separately granted for periods of 40 years starting 2006. The company indicated in e) above develops its activities in accordance with one concession contract granted for 40 years starting 2008.

The telecommunications business is managed by RENTELECOM – Comunicações, S.A. whose activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the optical fibre excess capacity of the installations owned by REN Group.

REN SGPS fully owns REN Serviços, S.A., a company whose purpose is the rendering of services in the energetic area and the general services of business development support to group companies and third parties, receiving a fee for the services rendered, as well as the management of financial participations in other companies.

On 10 May 2013 REN Finance, B.V., a company based in Netherlands and fully owned by REN SGPS, whose purpose is to participate, finance, collaborate and lead the management of group companies, was incorporated.

Additionally, on 24 May 2013, together with China Electric Power Research Institute, a State Grid Group company, Centro de Investigação em Energia REN – State Grid, S.A. ("Centro de Investigação") was incorporated under a Joint Venture Agreement on which REN holds 1,500,000 shares representing 50% of the total share capital.

The purpose of this company is to implement a Research and Development centre in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

On 14 December 2016, Aerio Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations.

In addition, on November 21, 2018, REN PRO, S.A. was incorporated, a company fully owned by REN, headquartered in Lisbon, whose purpose is to provide support services, namely administrative, logistical, communication and development support of the business, as well as business consulting, in a remunerated manner, either to companies that are in a group relation or to any third party, and IT consulting.

On 17 July 2019, Apolo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations of entities essentially related to the electric transmission sector.

As of 30 September 2020, REN also holds:

a) 42.5% interest in the share capital of Electrogas, S.A., a provider of natural gas and other fuels transportation. The participation was acquired on 7 February 2017;

b) 40% interest in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), being its purpose the management of participations in other companies as an indirect way of exercising economic activities;

c) 10% interest in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole Operator;

d) 1% interest in the share capital of Red Eléctrica Corporación, S.A. ("REE"), entity in charge of the electricity network management in Spain;

e) 7.9% interest in the share capital of Coreso, S.A. ("Coreso"), entity that assists the European transmission system operators ("TSO"), in coordination and safety activities to ensure the reliability of Europe's electricity supply;

f) Participations in the share capital of: (i) Hidroeléctrica de Cahora Bassa, S.A. ("HCB"), participation of 7.5%; (ii) MIBGÁS, S.A., participation of 6.67%; and (iii) MIBGÁS Derivatives, S.A., participation of 9.7%.

1.1 Consolidation perimeter

The following companies were included in the consolidation perimeter as of 30 September 2020 and 31 December 2019:

Designation / adress	Activity	Sep 2020		Dec 2019	
		Group	Individual	Group	Individual
Parent company:					
REN - Redes Energéticas Nacionais, SGPS, S.A.	Holding company	-	-	-	-
Subsidiaries:					
REN - Rede Eléctrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Praça de Alvalade, nº7 - 12º Dto, Lisboa	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
Enondas-Energia das Ondas, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Management of the concession to operate a pilot area for the production of electric energy from ocean waves	100%	100%	100%	100%
RENTELECOM - Comunicações S.A. Av. Estados Unidos da América, 55 - Lisboa	Telecommunications network operation	100%	100%	100%	100%
REN - Serviços, S.A. Av. Estados Unidos da América, 55 - Lisboa	Back office and management of participations	100%	100%	100%	100%
REN Finance, B.V. De Cuserstraat, 93, 1081 CN Amsterdam, The Netherlands	Participate, finance, collaborate, conduct management of companies related to REN Group	100%	100%	100%	100%
REN PRO, S.A. Av. Estados Unidos da América, 55 - Lisboa	Communication and Sustainability, Marketing, Business Management, Business Development and Consulting and IT Projects	100%	100%	100%	100%
REN Atlântico , Terminal de GNL, S.A. Terminal de GNL - Sines	Liquefied Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
Owned by REN Serviços, S.A.:					
REN Gás, S.A. Av. Estados Unidos da América, 55 -12º - Lisboa	Management of projects and ventures in the natural gas sector	100%	-	100%	-
Aério Chile SPA Santiago do Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Apolo Chile SPA Santiago do Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Owned by REN Gás, S.A.:					
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Underground storage development, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-
REN Portgás Distribuição, S.A. Rua Linhas de Torres, 41 - Porto	Distribution of natural gas	100%	-	100%	-
Owned by Apolo Chile SPA (99.99%) and Aerio Chile SPA (<0.001%):					
Empresa de Transmisión Eléctrica Transemel, S.A. Santiago do Chile	Transmission and transformation of electricity, allowing free access to different players in the electricity market in Chile	100%	-	100%	-

Changes in the consolidation perimeter

- 2020

There were no changes to the consolidation perimeter in 2020 compared to that reported on 31 December 2019.

- 2019

On January 22, 2019, a merger of the entities REN Gás, S.A. and REN Gás Distribuição SGPS, S.A. was effected by means of the global transfer of the assets of REN Gás Distribuição SGPS, S.A. to REN Gás, S.A..

Additionally, on 17 July 2019, Apolo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Chile.

Finally, on 1 October 2019, Empresa de Transmisión Eléctrica Transemel, SA ("Transemel"), headquartered in Chile, was held by Apolo Chile SPA (99.99%) and Aerio Chile SPA (<0.001 %). The REN Group, taking into account the change in the perimeter, appropriated the results of the company acquired since the acquisition date.

1.2 Approval of the consolidated financial statements

These interim consolidated financial statements were approved by the Board of Directors at a meeting held on 13 November 2020. The Board of Directors believes that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards for interim financial statements as endorsed by the European Union (IAS 34).

2 BASIS OF PRESENTATION

The consolidated financial statements for the nine-month period ended 30 September 2020 were prepared in accordance with IAS 34 - Interim Financial Reporting Standards, therefore do not include all information required for annual financial statements so should be read in conjunction with the annual financial statements issued for the year ended 31 December 2019.

The Board of Directors evaluated the Group's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. Particularly, as of 30 September 2020, current liabilities in the amount of 849,965 thousand Euros are greater than current assets, which total 267,704 thousand Euros.

However, in addition to the consolidated results and cash flows estimated for the following twelve months, the Group has, as of 30 September 2020, credit lines in the form of commercial paper available for use in the amount of 1,025,000 thousands Euros, with a substantial part with guaranteed placement (Note 16). Additionally, the Group has, as of 30 September 2020, 80,000 thousand Euros in credit lines contracted and not used (Note 16). Also, the Group has 600,000 thousand euros relative to an Euro-Commercial Paper Program, being the total amount of the program available for utilization in the nine-month period ended 30 September 2020 (Note 16).

In result of this assessment, the Board concludes that the Group has the adequate resources to proceed its activity, not intending to cease its operations in short term, and therefore considers adequate the use of a going concern basis in the preparation of the financial statements.

The consolidated financial statements are presented in thousands of Euros – tEuros, rounded to the thousand closer.

As a result of the pandemic corona virus (COVID-19), there was a general worsening of the global climate of uncertainty, with negative effects on the prospects for the world economy evolution and financial markets.

The REN Group is actively monitoring this situation, has activated all the necessary plans and, although the situation is unpredictable, REN Group does not have or estimate to have, as of this date, significant effects on its operability and regulatory duties. It should be noted that the REN Group operates, essentially, in two business areas, Electricity and Gas, according to concession contracts attributed to the Group. These concession contracts are regulated, which in a certain way minimizes the possible impacts of the pandemic.

Additionally, it should be noted, and although there are no significant impacts as mentioned, there was some delay in the execution of some investment projects, in the period from March to April 2020, coinciding with the moment of general confinement in the country, but we estimate a partial recovery of these delays until the end of the year 2020. Regarding electricity consumption, there was a decrease compared to the same period last year, but the impact will be reduced at REN, with no impact on the revenue recognized in the income statement and only circumscribed in one time lag in terms of cash flows, in compliance with the tariff regulation.

There were no significant changes in the long-term expectation of recovery of the Group's investments and financial holdings.

On the present date, and taking into account the above and Note 5 - Main Estimates and Judgments, disclosed in the annex to the 2019 consolidated financial statements, the Group does not foresee any changes in the most relevant estimates, in the case of Provisions, Assumptions Actuarial, Tangible and Intangible Fixed Assets, Impairment, Fair Value of Financial Instruments and Impairment of Goodwill.

3 MAIN ACCOUNTING POLICIES

The consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the accounting standards in force in Portugal, adjusted in the consolidation process so that the financial statements are presented in accordance with interim Financial Reporting Standards as endorsed by the European Union in force for the years beginning as from 1 January 2020.

Such Financial Reporting standards include International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), issued by the International Accounting Standards Committee ("IASC") and respective IFRIC and SIC interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standard Interpretation Committee ("SIC"), that have been endorsed by the European Union. The standards and interpretations are hereinafter referred generically to as IFRS.

The accounting policies used to prepare these consolidated financial statements are consistent, in all material respects, with the policies used to prepare the consolidated financial statements for the year ended 31 December 2019, as explained in the notes to the consolidated financial statements for 2019, except for the adoption of new effective standards for periods beginning on or after 1 January 2020. The Group has not previously adopted any standard, interpretation or amendment that is not yet in force.

The estimates and assumptions with impact on REN's consolidated financial statements are continuously evaluated, representing at each reporting date the Board of Directors best estimates, considering historical performance, past accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable. There were no changes in the main estimates and judgments presented in relation to the nine-month period ended on 30 September 2020 and compared to the year ended on 31 December 2019.

Adoption of new standards, interpretations, amendments and revisions

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in effective for annual periods beginning on or after 1 January 2020:

- **Amendments to References to the Conceptual Framework in IFRS**

The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 1 and IAS 8: Definition of Material**

The changes in Definition of Material all relate to a revised definition of 'material' which is "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform**

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

- **Amendment to IFRS 3 - Business Combinations**

These amendments: (i) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (ii) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; (iii) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired. The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

- **Amendment to IFRS 16 - Leases: Covid 19 - Related Rent Concessions**

These amendments change IFRS 16 to: provide lessees with an exemption from assessing whether a Covid 19 - Related rent concession is a lease modification; require lessees that apply the exemption to account for Covid 19 - Related rent concessions as if they were not lease modifications; require lessees that apply the exemption to disclose that fact and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures. The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

There are no standards, interpretations, amendments and revisions endorsed by the European Union with mandatory application in future economic exercises at the date of approval of these financial statements.

Standards and interpretations, amended or revised, not endorsed by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future years, have not, until the date of preparation of these consolidated financial statements, been endorsed by the European Union:

Standard	Applicable for financial years beginning	Resume
IFRS 17 - Insurance Contracts	01/jan/23	This standard is intended to replace IFRS 4 and requires that all insurance contracts to be accounted for consistently.
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01/jan/23	These amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	01/jan/22	These amendments clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. Amendments to IFRS 3 update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37 specify which costs a company includes when assessing whether a contract will be loss-making. Annual Improvements make minor amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and the illustrative examples accompanying IFRS 16 - Leases.
Amendments to IFRS 4 - Insurance Contracts: Deferral of IFRS 9	01/jan/21	These amendments are related to the previous insurance contracts Standard (IFRS 4), so that eligible insurers can still apply IFRS 9 - Financial Instruments alongside IFRS 17. The amendment provides some entities with a temporary exemption from application of IFRS 9 and gives all entities with insurance contracts the option, following full adoption of IFRS 9, to present changes in fair value on qualifying designated financial assets in other comprehensive income (OCI) instead of profit or loss (referred to as the "overlay approach").
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2	01/jan/21	These amendments finalises the Board's response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks. These amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform.

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 30 September 2020 consolidated financial statements.

4 SEGMENT REPORTING

The REN Group is organized in two main business segments, Electricity and Gas and one secondary segment. The electricity segment includes the transmission of electricity in very high voltage, overall management of the public electricity system and management of the power purchase agreements (PPA) not terminated at 30 June 2007, the pilot zone for electricity production from sea wave and the transmission and transportation of electricity in Chile. The gas segment includes high pressure gas transmission and overall management of the national natural gas supply system, as well as the operation of regasification at the LNG Terminal, the distribution of natural gas in low and medium pressure and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to the same users and they are complementary services, it was considered that it is subject to the same risks and benefits.

The telecommunications segment is presented separately although it does not qualify for disclosure.

Management of external loans are centrally managed by REN SGPS, S.A. for which the Company choose to present the assets and liabilities separate from its eliminations that are undertaken in the consolidation process, as used by the main responsible operating decision maker.

The results by segment for the nine-month period ended 30 September 2020 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	266,417	148,617	5,089	26,047	(31,761)	414,410
Inter-segments	1,428	4,508	-	25,824	(31,761)	-
Revenues from external customers	264,988	144,109	5,089	224	-	414,410
Revenue from construction of concession assets	76,017	18,443	-	-	-	94,460
Cost with construction of concession assets	(66,127)	(15,106)	-	-	-	(81,233)
Gains / (losses) from associates and joint ventures	-	-	-	5,926	-	5,926
Personnel costs	(43,480)	(26,763)	(2,121)	(8,483)	36,175	(44,672)
Employee compensation and benefit expense	(13,576)	(9,398)	(219)	(17,961)	-	(41,155)
Other expenses and operating income	9,164	398	(31)	(307)	(4,414)	4,811
Operating cash flow	228,415	116,191	2,718	5,222	-	352,546
Investment income - dividends	-	-	-	5,823	-	5,823
Non reimbursable expenses						
Depreciation and amortizations	(118,481)	(61,220)	(9)	(141)	-	(179,851)
Impairments	45	-	-	(283)	-	(238)
Financial results						
Financial income	658	3,517	17	111,106	(111,170)	4,128
Financial costs	(30,691)	(14,272)	-	(112,659)	111,170	(46,452)
Profit before income tax and ESEC	79,947	44,216	2,725	9,067	-	135,955
Income tax expense	(22,230)	(11,859)	(650)	3,017	-	(31,721)
Energy sector extraordinary contribution (ESEC)	(17,392)	(10,773)	-	-	-	(28,165)
Profit for the year	40,325	21,585	2,075	12,085	-	76,070

The results by segment for the nine-month period ended 30 September 2019 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	260,671	159,962	4,904	27,141	(33,250)	419,429
Inter-segments	1,252	5,824	-	26,173	(33,250)	-
Revenues from external customers	259,419	154,138	4,904	968	-	419,429
Revenue from construction of concession assets	87,467	22,803	-	-	-	110,270
Cost with construction of concession assets	(76,866)	(19,496)	-	-	-	(96,362)
Gains / (losses) from associates and joint ventures	-	-	-	7,499	-	7,499
Personnel costs	(33,519)	(29,894)	(1,972)	(8,548)	37,526	(36,406)
Employee compensation and benefit expense	(13,903)	(9,207)	(213)	(18,089)	-	(41,412)
Other expenses and operating income	9,320	262	(31)	(184)	(4,277)	5,089
Operating cash flow	233,171	124,430	2,688	7,819	-	368,108
Investment income - dividends	-	-	-	5,377	-	5,377
Non reimbursable expenses						
Depreciation and amortizations	(115,668)	(59,931)	(25)	(130)	-	(175,753)
Provisions	-	-	-	1	-	1
Impairments	-	-	-	(283)	-	(283)
Financial results						
Financial income	939	4,769	21	113,665	(113,589)	5,805
Financial costs	(32,415)	(16,450)	-	(115,223)	113,589	(50,499)
Profit before income tax and ESEC	86,027	52,818	2,685	11,225	-	152,755
Income tax expense	(25,045)	(14,437)	(631)	(1,929)	-	(42,042)
Energy sector extraordinary contribution (ESEC)	(17,434)	(6,955)	-	-	-	(24,390)
Profit for the year	43,548	31,426	2,054	9,296	-	86,324

Inter-segment transactions are carried out under normal market conditions, equivalent to transactions with third parties.

Revenue included in the segment "Others" is essentially related to the services provided by the management and back office to Group entities as well as third parties.

Assets and liabilities by segment as well as capital expenditures for the nine-month period ended 30 September 2020 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	883,294	-	2,183,817	(3,067,111)	-
Property, plant and equipment and intangible assets	2,693,795	1,564,591	6	380	-	4,258,772
Other assets	495,371	360,758	8,121	6,166,492	(6,132,453)	898,289
Total assets	3,189,166	2,808,643	8,127	8,350,689	(9,199,563)	5,157,061
Total liabilities	2,315,320	1,272,930	4,086	6,313,316	(6,132,453)	3,773,199
Capital expenditure - total	85,050	18,443	-	210	-	103,703
Capital expenditure - property, plant and equipment (Note 5)	9,033	-	-	210	-	9,243
Capital expenditure - other intangible assets (Note 5)	-	-	-	-	-	-
Capital expenditure - intangible assets (Note 5)	76,017	18,443	-	-	-	94,460
Investments in associates (Note 7)	-	-	-	163,718	-	163,718
Investments in joint ventures (Note 7)	-	-	-	2,665	-	2,665

Assets and liabilities by segment at 31 December 2019 as well as investments on tangible assets and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	794,895	-	2,240,687	(3,035,581)	-
Property, plant and equipment and intangible assets	2,732,838	1,607,368	15	344	-	4,340,565
Other assets	516,262	410,651	7,474	6,341,104	(6,310,752)	964,739
Total assets	3,249,099	2,812,914	7,490	8,582,135	(9,346,333)	5,305,305
Total liabilities	2,373,095	1,342,211	3,015	6,451,071	(6,310,232)	3,859,160
Capital expenditure - total	145,431	43,075	-	171	-	188,678
Capital expenditure - property, plant and equipment (Note 5)	4,396	-	-	171	-	4,567
Capital expenditure - other intangible assets (Note 5)	167	-	-	-	-	167
Capital expenditure - intangible assets (Note 5)	140,868	43,075	-	-	-	183,944
Investments in associates (Note 7)	-	-	-	169,642	-	169,642
Investments in joint ventures (Note 7)	-	-	-	2,636	-	2,636

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN Finance, BV for financing the several activities of the Group.

The captions of the statement of financial position and profit and loss for each segment result of the amounts considered directly in the individual financial statements of each company that belongs to the Group included in the perimeter of each segment, corrected with the eliminations of the inter-segment transactions.

5 TANGIBLE AND INTANGIBLE ASSETS

During the nine-month period ended 30 September 2020, the changes in tangible and intangible assets were as follows:

	1 January 2020			Changes							30 September 2020		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals, write-offs and impairments	Transfers	Depreciation charge	Depreciation of disposals and write-offs and other reclassifications	Exchange rate differences	Cost	Accumulated depreciation	Net book value	
Property, plant and equipment:													
Transmission and electronic equipment	103,937	(1,000)	102,937	-	-	-	(2,592)	188	(3,670)	100,267	(3,404)	96,863	
Transport equipment	944	(567)	377	205	(197)	-	(122)	164	(1)	951	(525)	426	
Office equipment	685	(333)	353	5	-	-	(32)	(210)	(21)	669	(575)	95	
Property, plant and equipment in progress	1,270	(30)	1,240	-	-	-	(11)	-	(99)	1,171	(41)	1,130	
Assets in progress	20,743	-	20,743	9,033	-	-	-	(193)	(1,673)	28,103	(193)	27,910	
	127,579	(1,929)	125,649	9,243	(197)	-	(2,757)	(51)	(5,464)	131,161	(4,737)	126,424	
	1 January 2020			Changes							30 September 2020		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals, write-offs and impairments	Transfers	Depreciation charge	Depreciation of disposals and write-offs and other reclassifications	Exchange rate differences	Cost	Accumulated depreciation	Net book value	
Intangible assets:													
Other intangible assets	66,581	(2)	66,579	-	-	-	(57)	214	(96)	66,485	155	66,640	
Concession assets	8,356,669	(4,305,938)	4,050,731	1,623	(2,076)	20,550	(177,037)	2,024	-	8,376,766	(4,480,951)	3,895,815	
Concession assets in progress	97,606	-	97,606	92,837	-	(20,550)	-	-	-	169,893	-	169,893	
	8,520,856	(4,305,940)	4,214,916	94,460	(2,076)	-	(177,094)	2,238	(96)	8,613,144	(4,480,796)	4,132,348	
Total of property, plant and equipment and intangible assets	8,648,435	(4,307,869)	4,340,564	103,703	(2,273)	-	(179,851)	2,187	(5,560)	8,744,305	(4,485,533)	4,258,772	

The changes in tangible and intangible assets in the in the year ended 31 December 2019 were as follows:

	1 January 2019			Changes							31 December 2019		
	Cost	Accumulated depreciation	Net book value	Changes in the perimeter	Additions	Disposals, write-offs and impairments	Transfers	Depreciation charge	Depreciation of disposals and write-offs and other reclassifications	Exchange rate differences	Cost	Accumulated depreciation	Net book value
Property, plant and equipment:													
Transmission and electronic equipment	107	(107)	-	107,051	-	-	-	(893)	-	(3,221)	103,937	(1,000)	102,937
Transport equipment	1,008	(572)	437	3	159	(226)	-	(208)	213	-	944	(567)	377
Office equipment	404	(288)	116	316	13	(27)	-	(51)	6	(21)	685	(333)	353
Property, plant and equipment in progress	27	(19)	8	1,330	-	-	-	(11)	-	(87)	1,270	(30)	1,240
Assets in progress	-	-	-	17,489	4,396	-	-	-	-	(1,142)	20,743	-	20,743
	1,546	(985)	561	126,189	4,567	(253)	-	(1,163)	219	(4,470)	127,579	(1,929)	125,649
Intangible assets:													
Other intangible assets	-	-	-	66,503	167	(17)	-	(2)	-	(72)	66,581	(2)	66,579
Concession assets	8,161,166	(4,073,426)	4,087,740	-	4,352	4,285	186,866	(234,461)	1,949	-	8,356,669	(4,305,938)	4,050,731
Concession assets in progress	104,880	-	104,880	-	179,592	-	(186,866)	-	-	-	97,606	-	97,606
	8,266,046	(4,073,426)	4,192,619	66,503	184,111	4,268	-	(234,463)	1,949	(72)	8,520,856	(4,305,940)	4,214,916
Total of property, plant and equipment and intangible assets	8,267,591	(4,074,411)	4,193,180	192,692	188,678	4,015	-	(235,626)	2,168	(4,542)	8,648,435	(4,307,869)	4,340,564

The main additions verified in the periods ended 30 September 2020 and 31 December 2019 are made up as follows:

	Sep 2020	Dec 2019
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	7,201	61,597
Power line construction (400 KV)	33,476	33,007
Construction of new substations	12,748	3,990
Substation Expansion	12,612	21,252
Other renovations in substations	2,110	7,296
Telecommunications and information system	4,936	7,129
Pilot zone construction - wave energy	133	170
Buildings related to concession	605	1,191
Transmission and transformation of electricity in Chile	9,033	4,563
Other assets	2,197	5,235
Gas segment:		
Expansion and improvements to gas transmission network	3,177	7,749
Construction project of cavity underground storage of natural gas in Pombal	677	1,091
Construction project and operating upgrade - LNG facilities	1,943	7,342
Natural gas distribution projects	12,646	26,894
Others segments:		
Other assets	210	171
Total of additions	103,703	188,678

The main transfers that were concluded and began activity during the periods ended 30 September 2020 and 31 December 2019 are made up as follows:

	Sep 2020	Dec 2019
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	472	73,829
Power line construction (400 KV)	32	19,895
Substation Expansion	2,221	40,082
Other renovations in substations	632	4,829
Telecommunications and information system	72	7,299
Buildings related to concession	-	695
Other assets under concession	25	2,345
Gas segment:		
Expansion and improvements to natural gas transmission network	1,250	6,808
Construction project of cavity underground storage of natural gas in Pombal	20	604
Construction project and operating upgrade - LNG facilities	2,226	4,576
Natural gas distribution and transmission projects	13,601	25,904
Total of transfers	20,550	186,866

The tangible and intangible assets in progress at 30 September 2020 and 31 December 2019 are as follows:

	Sep 2020	Dec 2019
Electricity segment:		
Power line construction (400 KV, 220 KV, 150 KV and others)	91,501	51,179
Substation Expansion	28,436	16,566
New substations projects	22,079	9,331
Buildings related to concession	2,965	2,359
Transmission and transformation of electricity in Chile	27,910	20,743
Other projects	6,772	1,800
Gas segment:		
Expansion and improvements to natural gas transmission network	9,186	7,310
Construction project of cavity underground storage of natural gas in Pombal	3,398	2,820
Construction project and operating upgrade - LNG facilities	2,474	2,758
Natural gas distribution projects	3,083	3,483
Total of assets in progress	197,803	118,349

Borrowing costs capitalized on intangible assets in progress in the nine-month period ended 30 September 2020 amounted to 1,685 thousand Euros (2,562 thousand Euros as of 31 December 2019), while overhead, management and other costs capitalized amounted to 11,542 thousand Euros (16,745 thousand Euros as of 31 December 2019) (Note 21).

The net book value of the intangible assets acquired through finance lease contracts at 30 September 2020 and 31 December 2019 was as follows:

	Sep 2020	Dec 2019
Cost	7,050	7,066
Accumulated depreciation and amortization	(3,999)	(3,036)
Net book value	3,051	4,030

6 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of the companies acquired, with reference to the acquisition date, and at 30 September 2020 and 31 December 2019 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Sep 2020	Dec 2019
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	1,981	2,264
REN Portgás Distribuição, S.A.	2017	503,015	100%	1,235	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2019	155,482	100%	2,470	2,470
				5,686	5,969

The movement in the Goodwill caption for the periods ended 30 September 2020 and 31 December 2019 was:

Subsidiaries	At 1 January 2019	Increases	Decreases	At 31 December 2019	Increases	Decreases	At 30 September 2020
REN Atlântico, Terminal de GNL, S.A.	2,642	-	(377)	2,264	-	(283)	1,981
REN Portgás Distribuição, S.A.	1,235	-	-	1,235	-	-	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	-	2,470	-	2,470	-	-	2,470
	3,877	2,470	(377)	5,969	-	(283)	5,686

On 1 October 2019, the REN Group acquired, through its subsidiaries Apolo Chile SpA and Aerio Chile SPA, the entire share capital of Empresa de Transmisión Eléctrica Transemel, SA.. The defined acquisition value, with reference to 1 October 2019, amounted to 155,482 thousand Euros.

The purchase price allocation process (PPA - Purchase Price Allocation) was provisionally recorded on 31 December 2019, resulting in the recognition of Goodwill as follows:

Acquisition value	155,482
Fair value of assets acquired and liabilities assumed	153,012
Goodwill	(2,470)

7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 30 September 2020 and 31 December 2019, the financial information regarding the financial interest held is as follows:

30 September 2020													
Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. i)	Holding company	Lisbon	2,610	1,042	28,189	306	-	885	530	28,925	40	11,363	222
Electrogas, S.A.	Gas Transportation	Chile	18,164	8,814	36,502	1,870	9,164	23,146	12,830	34,281	42.5	152,355	5,675
											163,718	5,897	
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	5,989	109	759	3	1,155	58	5,336	50	2,665	29
											166,383	5,926	

(i) Financial Statements at 31 August 2020.

31 December 2019													
Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	1,033	28,210	278	-	988	578	28,965	40	11,360	1,835
Electrogas, S.A.	Gas Transportation	Chile	18,930	7,666	41,495	4,346	10,268	32,292	16,760	34,548	42.5	158,282	7,148
											169,642	8,983	
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,405	64	1,182	8	1,656	2	5,278	50	2,636	1
											172,278	8,984	

Associates

The changes in the caption "Investments in associates" during the periods ended at 30 September 2020 and 31 December 2019 was as follows:

Investments in associates	
At 1 de January de 2019	165,207
Effect of applying the equity method - Net Profit	8,983
Currency Translation Reserves	2,952
Dividends of Electrogas	(7,168)
Receipt of Supplementary Obligations of OMIP	(292)
Other changes in equity	(40)
At 31 December 2019	169,642
Effect of applying the equity method - Net Profit	5,897
Currency Translation Reserves	(6,265)
Dividends of Electrogas	(5,325)
Receipt of Supplementary Obligations of OMIP	(220)
Other changes in equity	(11)
At 30 September 2020	163,718

The total amount of dividends recognized as associates was 5,325 thousand Euros, during the nine-month period ended 30 September 2020, and 702 thousand Euros, during the period ended 31 December 2019, related to the distribution of results 2019, of which 5,810 thousand Euros were received and included in the cash flow statement, with an exchange rate difference between the date of recognition and the date of receipt of dividends.

The proportional value of the OMIP, SGPS includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application.

Joint ventures

The movement in the caption "Investments in joint ventures" during the periods ended 30 September 2020 and 31 December 2019 was as follows:

Investments in joint ventures	
At 1 January 2019	2,635
Effect of applying the equity method	1
At 31 December 2019	2,636
Effect of applying the equity method	29
At 30 September 2020	2,665

Following a joint agreement of technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), in May 2013 an R&D centre in Portugal dedicated to power systems designed – Centro de Investigação em Energia REN – STATE GRID, S.A. ("Centro de Investigação") was incorporated, being jointly controlled by the above mentioned two entities.

The Research Centre aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

At 30 September 2020 and 31 December 2019, the financial information of the joint venture was as follows:

	30 September 2020					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,134	5	3	(31)	(2)	(6)

	31 December 2019					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,658	7	8	(62)	(2)	(7)

8 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all companies located in Portugal that REN detains directly or indirectly at least 75% of the share capital, which should give at more than 50% of the voting rights, and comply with the conditions of the article 69º of the Corporate Income Tax law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or appeals in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2017 to 2020 are still subject to review.

The Company's Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 30 September 2020 and 31 December 2019.

In 2020, the Group is taxed in Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros; (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 9% for taxable profits in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 30 September 2020, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Income tax registered in the periods ended 30 September 2020 and 2019 was as follows:

	Sep 2020	Sep 2019
Current income tax	22,554	20,129
Adjustments of income tax from previous years	(6,457)	(123)
Deferred income tax	15,624	22,036
Income tax	31,721	42,042

The amount of 6,457 thousand Euros, on 30 September 2020, relates essentially to the recovery of corporate income tax from previous years regarding the deductibility of financial interests and tax benefits.

Reconciliation between tax calculated at the nominal tax rate and tax recorded in the consolidated statement of profit and loss is as follows:

	Sep 2020	Sep 2019
Consolidated profit before income tax	135,955	152,755
Permanent differences:		
Non deductible/taxable Costs/Income	6,625	2,290
Timing differences:		
Tariff deviations	(58,591)	(82,145)
Provisions and impairment	(63)	(35)
Revaluations	(2,426)	(1,458)
Pension, helthcare assistance and life insurance plans	(3,086)	(3,553)
Derivative financial instruments	71	(3)
Others	155	(29)
Taxable income	78,641	67,821
Income tax	16,334	13,820
State surcharge tax	4,350	4,261
Municipal surcharge	1,317	1,444
Autonomous taxation	553	604
Current income tax	22,554	20,129
Deferred income tax	15,624	22,036
Adjustments of income tax from previous years	(6,457)	(123)
Income tax	31,721	42,042
Effective tax rate	23.3%	27.5%

Income tax

The caption "Income tax" payable and receivable at 30 September 2020 and 31 December 2019 is made up as follows:

	Sep 2020	Dec 2019
Income tax:		
Corporate income tax - estimated tax	(22,554)	(35,559)
Corporate income tax - payments on account	21,845	49,255
Income withholding tax by third parties	1,113	845
Income recoverable / (payable)	(168)	380
Income tax recoverable	236	14,921

Deferred taxes

The effect of the changes in the deferred tax captions in the years presented was as follows:

	Sep 2020	Dec 2019
Impact on the statement of profit and loss:		
Deferred tax assets	(9,690)	(5,518)
Deferred tax liabilities	(5,934)	(12,161)
	(15,624)	(17,679)
Impact on equity:		
Deferred tax assets	1,907	6,689
Deferred tax liabilities	2,371	808
	4,279	7,497
Net impact of deferred taxes	(11,346)	(10,182)

The changes in deferred tax by nature were as follows:

Change in deferred tax assets – September 2020

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2020	2,705	30,953	33,967	4,659	19,264	2,116	93,666
Increase/decrease through reserves	-	82	-	1,713	-	112	1,907
Reversal through profit and loss	(26)	(901)	(7,083)	(121)	(1,622)	(1)	(9,754)
Increase through profit and loss	-	-	47	18	-	-	64
Change in the period	(26)	(819)	(7,036)	1,610	(1,622)	111	(7,783)
At 30 September 2020	2,680	30,134	26,931	6,269	17,642	2,227	85,883

Change in deferred tax assets – December 2019

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2019	2,818	29,403	38,621	1,259	18,360	2,034	92,495
Increase/decrease through reserves	-	2,964	-	3,563	-	162	6,689
Reversal through profit and loss	(113)	(1,414)	(4,654)	(162)	-	(80)	(6,423)
Increase through profit and loss	-	-	-	-	904	-	904
Change in the period	(113)	1,550	(4,654)	3,401	904	82	1,171
At 31 December 2019	2,705	30,953	33,967	4,659	19,264	2,116	93,666

Deferred tax assets at 30 September 2020 correspond essentially to: (i) to liabilities for benefit plans granted to employees; (ii) tariff deviations liabilities to be settled in subsequent years; and (iii) revalued assets.

Evolution of deferred tax liabilities – September 2020

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2020	53,526	19,981	52,357	11,795	4,115	141,774
Increase/decrease through equity	-	-	-	(2,363)	(9)	(2,371)
Reversal trough profit and loss	-	(1,018)	(1,427)	-	(370)	(2,816)
Increase through profit and loss	8,750	-	-	-	-	8,750
Exchange rate differences	-	-	-	-	(87)	(87)
Change in the period	8,750	(1,018)	(1,427)	(2,363)	(466)	3,476
At 30 September 2020	62,276	18,963	50,930	9,433	3,650	145,250

Evolution of deferred tax liabilities – December 2019

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2019	37,784	21,398	37,855	12,926	3,682	113,644
Changes in the perimeter	-	-	16,004	-	780	16,784
Increase/decrease through equity	-	-	-	(1,131)	323	(808)
Reversal trough profit and loss	-	(1,416)	(1,502)	-	(662)	(3,581)
Increase through profit and loss	15,742	-	-	-	-	15,742
Exchange rate differences	-	-	-	-	(7)	(7)
Change in the period	15,742	(1,416)	14,502	(1,131)	434	28,130
At 31 December 2019	53,526	19,981	52,357	11,795	4,115	141,774

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under legislation. The effect of these deferred taxes reflects the non-tax deductibility of 40% of future depreciation of the revaluation component (included in the assets considered cost at the time of the transition to IFRS).

The legal documents that establish these revaluations were the following:

Legislation (Revaluation)	
Electricity segment	Natural gas segment
Decree-Law n° 430/78	Decree-Law n° 140/2006
Decree-Law n° 399-G/81	Decree-Law n° 66/2016
Decree-Law n° 219/82	
Decree-Law n° 171/85	
Decree-Law n° 118-B/86	
Decree-Law n° 111/88	
Decree-Law n° 7/91	
Decree-Law n° 49/91	
Decree-Law n° 264/92	

9 FINANCIAL ASSETS AND LIABILITIES

The accounting policies for financial instruments in accordance with the IFRS 9 categories have been applied to the following financial assets and liabilities:

- September 2020

	Notes	Financial assets at amortized cost - Debt instruments	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
Assets								
Cash and cash equivalents	13	-	-	-	-	24,794	24,794	24,794
Trade and other receivables	11	436,735	-	-	-	-	436,735	436,735
Other financial assets		-	-	-	-	94	94	94
Investments in equity instruments at fair value through other comprehensive income	10	-	145,191	-	-	-	145,191	145,191
Income tax receivable	8	236	-	-	-	-	236	236
Derivative financial instruments	12	-	29,300	-	-	-	29,300	29,300
		436,971	174,492	-	-	24,888	636,351	636,351
Liabilities								
Borrowings	16	-	-	-	2,789,770	-	2,789,770	2,908,739
Trade and other payables	19	-	-	-	429,239	-	429,239	429,239
Derivative financial instruments	12	-	26,454	3,507	-	-	29,961	29,961
		-	26,454	3,507	3,219,010	-	3,248,971	3,367,940

- December 2019

	Notes	Financial assets at amortized cost - Debt instruments	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
Assets								
Cash and cash equivalents	13	-	-	-	-	21,044	21,044	21,044
Trade and other receivables	11	468,234	-	-	-	-	468,234	468,234
Other financial assets		-	-	-	-	71	71	71
Investments in equity instruments at fair value through other comprehensive income	10	-	155,676	-	-	-	155,676	155,676
Income tax receivable	8	14,921	-	-	-	-	14,921	14,921
Derivative financial instruments	12	-	28,961	-	-	-	28,961	28,961
		483,155	184,638	-	-	21,115	688,908	688,908
Liabilities								
Borrowings	16	-	-	-	2,869,454	-	2,869,454	3,004,161
Trade and other payables	19	-	-	-	451,044	-	451,044	451,044
Derivative financial instruments	12	-	21,670	3,177	-	-	24,848	24,848
		-	21,670	3,177	3,320,498	-	3,345,346	3,480,053

Loans obtained, as referred to in Note 3.6 to the annual consolidated financial statements for the period ended December 31, 2019, are measured, initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 12) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption Borrowings, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

The fair value of borrowings and derivatives are calculated by the method of discounted cash flows, using the curve of interest rate on the date of the statement of financial position in accordance with the characteristics of each loan.

The range of market rates used to calculate the fair value ranges between -0.547% and -0.149% (maturities of one week and twelve years, respectively).

The fair value of borrowings contracted by the Group at 30 September 2020 is 2,908,739 thousand Euros (at 31 December 2019 was 3,004,161 thousand Euros), of which 413,982 thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from movements in interest rates (at 31 December 2019 was 411,262 thousand Euros).

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 30 September 2020 in accordance with the following hierarchy levels of fair value:

- **Level 1:** the fair value of financial instruments is based on net market prices as of the date of the statement of financial position;
- **Level 2:** the fair value of financial instruments is not determined based on active market quotes but using valuation models. The main inputs of the models are observable in the market, in relation to derivative financial instruments;
- **Level 3:** the fair value of financial instruments is not determined based on active market quotes, but using valuation models, whose main inputs are not observable in the market.

During the nine-month period ended 30 September 2020, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

		Sep 2020				Dec 2019			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:									
Investments in equity instruments at fair value through other comprehensive income	Shares	86,718	-	54,892	141,610	97,060	-	55,035	152,095
Financial assets at fair value	Cash flow hedge derivatives	-	12,166	-	12,166	-	13,712	-	13,712
Financial assets at fair value	Fair value hedge derivatives	-	17,134	-	17,134	-	15,249	-	15,249
		86,718	29,300	54,892	170,910	97,060	83,996	-	181,056
Liabilities:									
Financial liabilities at fair value	Loans	-	413,982	-	413,982	-	411,262	-	411,262
Financial liabilities at fair value	Cash flow hedge derivatives	-	26,454	-	26,454	-	21,670	-	21,670
Financial liabilities at fair value through profit and loss	Trading derivatives	-	3,507	-	3,507	-	3,177	-	3,177
		-	443,943	-	443,943	-	436,109	-	436,109

During the nine-month period ended 30 September 2020, REN proceeded to a valuation of the financial interests held Hidroeléctrica de Cahora Bassa, S.A., which is classified as Investments in equity instruments at fair value through other comprehensive income (Note 10). The fair value of this asset reflects the price at which the asset would be sold in an orderly transaction.

For this purpose, REN has opted for a revenue approach, which reflects current market expectations regarding future amounts. The fair value of the investment amounted to 54,892 thousand Euros for the nine-month period ended on 30 September 2020.

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

The non-current accounts receivable and accounts payable refers, essentially, to tariff deviations which amounts are communicated by ERSE, being its carrying amount a reasonable approximation of its fair value, given that they include the time value of money, being incorporated in the next two years tariffs.

Financial risk management

From the last annual report period until 30 September 2020, there were no significant changes in the financial risk management of the Company compared to the risks disclosed in the consolidated financial statements as of 31 December 2019. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2019.

10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The assets recognised in this caption at 30 September 2020 and 31 December 2019 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Sep 2020	Dec 2019
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Red Eléctrica Corporación, S.A. ("REE")	Madrid	Spain	1.00%	86,718	97,060
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	54,892	55,035
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGÁS, S.A.	Madrid	Spain	6.67%	202	202
MIBGÁS Derivatives, S.A.	Madrid	Spain	9.70%	48	48
				145,191	155,676

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	Total
At 1 January 2019	3,167	53,409	105,562	164	202	48	162,552
Fair value adjustments	-	1,626	(8,502)	-	-	-	(6,876)
At 31 December 2019	3,167	55,035	97,060	164	202	48	155,676
At 1 January 2020	3,167	55,035	97,060	164	202	48	155,676
Fair value adjustments	-	(143)	(10,342)	-	-	-	(10,485)
At 30 September 2020	3,167	54,892	86,718	164	202	48	145,191

Red Eléctrica Corporación, S.A. ("REE") is the transmission system operator of electricity in Spain. The Group acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid's index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 30 September 2020.

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of HCB, a company incorporated under Mozambican law, at the Hidroeléctrica de Cahora Bassa, SA ("HCB"), as a result of fulfilling the conditions of the contract entered into on April 9, 2012, between REN, Parública - Participações Públicas, SGPS, SA, CEZA - Companhia Eléctrica do Zambeze, SA and EDM - Electricidade de Moçambique, EP. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value (Note 9).

REN Company holds a financial stake in the Coreso's share capital, a Company which is also hold by other important European TSO's which, as initiative of the Coordination of Regional Security (CRS), assists the TSO's in the safely supply of electricity in Europe. In this context, Coreso develops and executes operational planning activities since several days before until near real time.

On 30 September 2020, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

As part of the process of creating the Single Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Eletricidade – OMI) in 2011 and in accordance with the provisions of the agreement between the Portuguese Republic and the Kingdom of Spain on the establishment of an Iberian electricity market, the Company acquired 10% of the capital stock of OMEL, Operador del Mercado Iberico de Energia, SA, a Spanish operator of the sole operator, for a total value of 3,167 thousand Euros.

On 30 September 2020, REN also holds a 9.7% financial interest, acquired for the amount of 48 thousand Euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

As there are no available market price for these investments (OMEL, MIBGÁS, MIBGÁS Derivatives and Coreso) and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition deducted of impairment losses, as describe in Note 3.6 - Financial Assets and Liabilities of the consolidated financial statements for the year ended 2019.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS and MIBGÁS Derivatives at 30 September 2020.

REN Portgás holds other financial interests, which are recorded at the acquisition cost in the amount of 29 thousand Euros, deducted of impairment losses, with a net value of zero thousand Euros.

Name
PRIMUS MGV - Promoção e Desenv.. Regional, S.A.
ADRAVE - Ag. Desenv. Reg-do Vale do Alve, S.A.
AREALIMA - Ag. Reg. Energia e Amb. Vale Lima
ADEPORTO - Agência de Energia do Porto

The adjustments to investments in equity instruments at fair value through other comprehensive are recognised in the equity caption "Fair value reserve". This caption at 30 September 2020 and 31 December 2019 is made up as follows:

Fair value reserve (Note 15)	
1 January 2019	57,711
Changes in fair value	(6,876)
Tax effect	1,131
31 December 2019	51,966
1 January 2020	51,966
Changes in fair value	(10,485)
Tax effect	2,363
30 September 2020	43,844

In the nine-month period ended 30 September 2020, the total amount of 5,823 thousand Euros recognized in the consolidated statement of profit and loss is relative to associated companies' dividends, of which 4,300 thousand Euros were received during 2020. Additionally, the amount of 1,477 thousand Euros was received relative to dividends recognized during the year ended 31 December 2019. These amounts were included in the cash flows statement.

In the nine-month periods ended 30 September 2020 and 2019, the dividends attributable to the Group are as follows:

	Sep 2020	Sep 2019
Red Electrica Corporación, S.A. ("REE")	4,219	3,847
Hidroeléctrica de Cahora Bassa, S.A ("HCB")	1,523	1,443
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	81	87
	5,823	5,377

11 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 30 September 2020 and 31 December 2019 are made up as follows:

	Sep 2020			Dec 2019		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	176,360	155	176,515	215,699	155	215,854
Impairment of trade receivables	(2,964)	-	(2,964)	(2,964)	-	(2,964)
Trade receivables net	173,396	155	173,551	212,735	155	212,890
Tariff deviations	48,266	199,546	247,813	100,153	114,354	214,507
State and Other Public Entities	15,372	-	15,372	40,837	-	40,837
Trade and other receivables	237,034	199,702	436,735	353,725	114,509	468,234

The most relevant balances included in the trade receivables caption as of 30 September 2020 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 83,036 thousand Euros (92,763 thousand Euros at 31 December 2019) and (ii) the receivable of Galp Gás Natural, S.A., in the amount of 6,059 thousand Euros (12,973 thousand Euros at 31 December 2019). As of 30 September 2020 there is no amount to receive, as defined by the regulator ERSE, in the context of sustainability measures of the National Electric System (4,388 thousand Euros at 31 December 2019).

In the trade and other receivables also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 11,427 thousand Euros (19,006 thousand Euros at 31 December 2019) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 51 thousand Euros (49 thousand Euros at 31 December 2019) regarding the CMEC, also reflected in the caption "Suppliers and other accounts payable" (Note 19).

This transaction is set up as an "Agent" transaction, being off set in the consolidated income statement.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

	Sep 2020	Dec 2019
Beginning balance	(2,964)	(2,942)
Increases	-	(22)
Ending balance	(2,964)	(2,964)

12 DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2020 and 31 December 2019, the REN Group had the following derivative financial instruments contracted:

	Notional	30 September 2020			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	600,000 TEUR	-	-	-	26,454
Currency swaps	72,899 TEUR	-	12,166	-	-
		-	12,166	-	26,454
Derivatives designated as fair value hedges					
Interest rate swaps	400,000 TEUR	1,654	15,480	-	-
		1,654	15,480	-	-
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	3,507
		-	-	-	3,507
Derivative financial instruments		1,654	27,646	-	29,961

	Notional	31 December 2019			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	600,000 TEUR	-	-	-	21,670
Currency swaps	72,899 TEUR	-	13,712	-	-
		-	13,712	-	21,670
Derivatives designated as fair value hedges					
Interest rate swaps	400,000 TEUR	1,732	13,516	-	-
		1,732	13,516	-	-
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	3,177
		-	-	-	3,177
Derivative financial instruments		1,732	27,229	-	24,848

The valuation of the derivative financial instruments portfolio is based on fair value valuations performed by specialized external entities.

The amount recognized in this item refers to:

- eight interest rate swap contracts negotiated by REN SGPS to hedge the interest rate fluctuation risk;
- a cross currency swap contract negotiated by REN SGPS to hedge the exchange rate fluctuation risk.

Counterparties to derivative contracts are international financial institutions with a solid credit rating and first-rate national institutions.

For the purpose of the effectiveness tests of the designated hedging relationships, REN applies the "Dollar offset method" and the linear regression statistical method as methodologies. The effectiveness ratio is given by comparing the changes in fair value of the hedging instrument with the changes in fair value of the hedged item (or hypothetical derivative instrument simulating the conditions of the hedged item).

For the purpose of calculating ineffectiveness, the total change in fair value of the hedging instruments is considered.

The disclosed amount includes receivable or payable accrued interest, at 30 September 2020 related to these financial instruments, in the net amount receivable of 2,833 thousand Euros (at 31 December 2019 it was 2,323 thousand Euros receivable).

The characteristics of the derivative financial instruments negotiated at 30 September 2020 and 31 December 2019 were as follows:

	Notional	REN pays	REN receives	Maturity	Fair value at 30 September 2020	Fair value at 31 December 2019
Cash flow hedge:						
Interest rate swaps	600,000 TEuros	[0.75%;1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024;feb-2025]	(26,454)	(21,670)
Currency swaps	72,899 Teuros	[Euribor 6m; + 1.9%]	2.71%	[jun-2024]	12,166	13,712
					(14,289)	(7,958)
Fair value hedge:						
Interest rate swaps	300,000 TEuros	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	15,480	13,516
Interest rate swaps	100,000 TEuros	[Euribor 6m; +0.3332%]	[1.724%]	[oct-2020]	1,654	1,732
					17,134	15,249
Trading:						
Interest rate swaps	60,000 Teuros	[0.99%]	[Euribor 6m]	[jun-2024]	(3,507)	(3,177)
					(3,507)	(3,177)
				Total	(661)	4,114

The periodicity of the cash flows, paid and received, from the derivative financial instruments portfolio is quarterly, semiannual and annual for cash flow hedging contracts, semiannual and annual for fair value hedging contracts and semiannual for the trading derivative.

The breakdown of the notional of derivatives at 30 September 2020 and 31 December 2019 is presented in the following table:

	2020	2021	2022	2023	2024	Following years	Total
Interest rate swap (cash flow hedge)	-	-	-	-	300,000	300,000	600,000
Currency swap (cash flow hedge)	-	-	-	-	72,899	-	72,899
Interest rate swap (fair value hedge)	100,000	-	-	-	-	300,000	400,000
Interest rate swap (trading)	-	-	-	-	60,000	-	60,000
Total	100,000	-	-	-	432,899	600,000	1,132,899

Swaps:

Cash Flow Hedge - Interest Rate Swaps

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on a portion of future debt interest payments through the designation of interest rate swaps, in order to transform floating rate payments into fixed rate payments.

At 30 September 2020, the Group has a total of four cash flow hedging interest rate swap contracts for a total amount of 600,000 thousand Euros (as of 31 December 2019 it was 600,000 thousand Euros). The hedged risk is the variable rate index associated to the interest payments of the loans. Credit risk is not being hedged.

The fair value of the interest rate swaps, at 30 September 2020, is negative 24,454 thousand Euros (at 31 December 2019 it was negative 21,670 thousand Euros).

Of the derivatives described above, two contracts in a total amount of 300,000 thousand Euros (at 31 December 2019 it was 300,000 thousand Euros) are designated to hedge an aggregated exposure composed by the net effect of floating rate debt and interest rate swaps designated as fair value hedging instruments.

The amount recognised in reserves, relating to the cash flow hedges referred to above, was 26,290 thousand Euros (at 31 December 2019 it was 21,517 thousand Euros).

The hedged instruments of cash flow hedging relationships present the following conditions:

	Maturity	Hedged notional	Interest rate	Hedged Carrying Amount	Note
Cash Flow Hedging Instruments					
European Investment Bank (EIB) Loan	16/12/2024	300,000 TEuros	Euribor 3m	299,122	16
Bond Issue (Euro Medium Term Notes) ¹	12/02/2025	300,000 TEuros	2.5%	295,246	16

¹ This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousand Euros (see conditions on the table above) in an aggregate exposure hedge to Euribor 6 months in the period from 2023 to 2025 and, as such, eligible for cash flow hedge.

Cash Flow Hedge – Exchange Rate Swaps

The Group hedged the exchange rate risk of the 10,000 million yen bond issued through a cross currency swap with the main characteristics similar to the bond with regard to exchange rate risk. Credit risk is not hedged.

The fair value of the cross currency swap at 30 September 2020 is positive 12,166 thousand Euros (at 31 December 2019 it was positive 13,712 thousand Euros).

Changes in the fair value of the hedging instrument are also being recognized in equity hedging reserves, with exception of:

- the offsetting of the exchange rate effect of the spot revaluation of the hedged item (bond issue in yen) at each reference date, arising from the hedging of the exchange rate risk¹;
- the ineffective effect of the hedge arising from the accounting designation made (REN contracted a trading derivative to economically hedge this ineffectiveness - see Trading Derivative)². This inefficiency is caused by the change in the interest profile of the hedging instrument, which pays a variable rate in the period from 2019 to 2024.

Integral Income:

The movements recorded in the statement of comprehensive income through the application of cash flow hedges were as follows:

- September 2020

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	(4,772)	(4,772)	-	-
Swaps of exchange rate	(1,794)	(2,079)	1,491	(1,206)
	(6,566)	(6,851)	1,491	(1,206)

- September 2019

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	(18,600)	(18,600)	-	-
Swaps of exchange rate	6,918	(1,219)	2,556	5,582
	(11,682)	(19,819)	2,556	5,582

¹ The currency effect of the underlying (loan), at 30 September 2020, was favorable in the amount of 1,206 thousand Euros, and was offset, in the same amount, by the unfavourable effect of the hedging instrument in the income statement for the year (as of 30 September 2019 was unfavorable in 5,582 thousand Euros).

² The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was positive 1,491 thousand Euros which was offset by the effect of the trading derivative negotiated in negative 138 thousand Euros (as of 30 September 2019 it was positive 2,556 thousand Euros against negative 2,226 thousand Euros of the effect of the trading derivative). Therefore, the net effect on the income statement for the nine-month period ended on 30 September 2020 amounted to positive 1,353 thousand Euros (as of 30 September 2019 was positive 330 thousand Euros).

Hedging Reserve:

The movements recognized in the hedging reserve (Note 15) were as follows:

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
1 January 2019	(13,647)	3,071	(10,577)
Changes in fair value and ineffectiveness	(19,819)	4,459	(15,360)
30 September 2019	(33,467)	7,531	(25,937)
1 January 2020	(26,534)	6,634	(19,901)
Changes in fair value and ineffectiveness	(6,851)	1,713	(5,138)
30 September 2020	(33,385)	8,347	(25,039)

Fair Value Hedge

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on the fair value of interest payments on fixed-rate debt by negotiating interest rate swaps where it pays a variable rate and receives a fixed rate in order to convert fixed-rate debt payments into variable-rate payments.

At 30 September 2020, the Group has a total of three fair value hedging derivative contracts amounting to 400,000 thousand Euros (as of 31 December 2019 it was 400,000 thousand Euros). The hedged risk corresponds to the change in fair value of debt issues attributable to movements in the market interest rate index (Euribor). Credit risk is not being hedged. At 30 September 2020, the fair value of interest rate swaps designated as fair value hedging instruments was positive 17,134 thousand Euros (as of 31 December 2019 it was positive 15,249 thousand Euros).

Changes in the fair value of hedged items arising from interest rate risk are recognized in the income statement in order to offset changes in the fair value of the hedging instrument, which are also recognized in the income statement. The hedged items of fair value hedging relationships have the following conditions:

- September 2020

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2020	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	16/10/2020	100,000 TEuros	4.75%	88,018	215	79	16
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	281,049	(14,197)	(2,799)	16
					(13,982)	(2,720)	

- September 2019

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2019	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	16/10/2020	100,000 TEuros	4.75%	87,399	(406)	1,004	16
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	278,578	(16,675)	(11,749)	16
					(17,081)	(10,745)	

At 30 September 2020, the change in fair value of the debt related to interest rate risk recognized in the income statement was negative 2,720 thousand Euros (at 30 September 2019 it was negative 10,745 thousand Euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately negative 1,300 thousand Euros (at 30 September 2019 it was positive 70 thousand Euros). The ineffectiveness recognized is related to the effect of the fixed leg spread of the hedging instruments that is not reflected in the hedged item.

Integral Income:

The movements recorded in the statement of comprehensive income through the application of fair value hedges were as follows:

-September 2020

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	(1,300)

- September 2019

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	70

Trading Derivative

The Group negotiated an interest rate swap, with a starting date in 2019 and maturity in 2024, which pays fixed rate and receives variable rate. This instrument, although not designated as hedge accounting considering IFRS 9 criteria, is currently hedging the effect of the ineffectiveness of the cash flow hedge of the interest and exchange rate risks of the bond issue in Yen, relative to the fluctuation of interest rates for the hedging period (see Cash Flow Hedge – Exchange Rate Swaps).

The notional amount of this trading derivative is 60,000 thousand Euros as of 30 September 2020 (at 31 December 2019 it was 60,000 thousand Euros). Credit risk is not being hedged. The fair value of the trading derivative, on 30 September 2020, is negative 3,507 thousand Euros (on 31 December 2019 it was negative 3,177 thousand Euros).

Changes in the fair value of the trading derivative are recorded directly in the income statement. The impact in the income statement, as of 30 September 2020, related to the effect of the fair value of the trading derivative was negative 138 thousand Euros (as of 31 December 2019 it was 1,088 thousand Euros negative).

13 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the periods ended 30 September 2020 and 31 December 2019 are made up as follows:

	Sep 2020	Dec 2019
Cash	22	-
Bank deposits	24,772	21,044
Cash and cash equivalents in the statement of financial position	24,794	21,044
Bank overdrafts (Note 16)	(2,926)	(523)
Cash and cash equivalents in cash flow statement	21,868	20,521

In the periods ended 30 September 2020 and 31 December 2019, there are no cash and cash equivalents that are not available for the group to use.

14 EQUITY INSTRUMENTS

As of 30 September 2020 and 31 December 2019, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	Sep 2020		Dec 2019	
	Number of shares	Share Capital	Number of shares	Share Capital
Share Capital	667,191,262	667,191	667,191,262	667,191

At 30 September 2020 and 31 December 2019, REN SGPS had the following own shares:

	Number of shares	Proportion	Amount
Own shares	3,881,374	0.6%	(10,728)

No own shares were acquired or sold in the nine-month period ended 30 September 2020.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must at all times ensure that there are sufficient Equity Reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

15 RESERVES AND RETAINED EARNINGS

The caption "Reserves" in the amount of 298,194 thousand Euros includes:

- **Legal reserve:** The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. This reserve can only be used to cover losses or to increase capital. At 30 September 2020 this caption amounts to 125,075 thousand Euros;
- **Fair value reserve:** includes changes in the fair value of available for sale financial assets (43,844 thousand Euros positive), as detailed in Note 10;
- **Hedging reserve:** includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (negative 25,039 thousand Euros) as detailed in Note 12; and

- **Other reserves:** This caption is changed by (i) application of the results of previous years, being available for distribution to shareholders; except for the limitation set by the Companies Code in respect of own shares, (ii) exchange rate changes associated to the financial investment whose functional currency is Dollar, (iii) exchange rate changes on assets and liabilities of financial investments in subsidiaries, namely the exchange effect of converting Chilean Peso to Euro and (iv) changes in equity of associates recorded under the equity method. On 30 September 2020, this caption amounts to 154,314 thousand Euros.

In accordance with the Portuguese legislation: (i) increases in equity as a result of the incorporation of positive fair value (fair value reserves and hedging reserves) can only be distributed to shareholders when the correspondent assets have been sold, exercised, extinct, settled or used; and (ii) income and other positive equity changes recognized as a result of the equity method can only be distributed to shareholders when paid-up. Portuguese legislation establishes that the difference between the equity method income and the amount of paid or deliberated dividends is equivalent to legal reserve.

16 BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 30 September 2020 and 31 December 2019 was as follows:

	Sep 2020			Dec 2019		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	267,755	1,444,890	1,712,645	297,755	1,445,327	1,743,082
Bank Borrowings	82,986	603,635	686,621	75,736	581,675	657,411
Commercial Paper	125,000	250,000	375,000	364,000	100,000	464,000
Bank overdrafts (Note 13)	2,926	-	2,926	523	-	523
Leases	1,192	1,723	2,915	1,488	2,386	3,874
	479,859	2,300,249	2,780,108	739,502	2,129,388	2,868,890
Accrued interest	29,347	-	29,347	25,396	-	25,396
Prepaid interest	(7,801)	(11,884)	(19,685)	(7,740)	(17,092)	(24,832)
Borrowings	501,405	2,288,365	2,789,770	757,158	2,112,296	2,869,454

The borrowings settlement plan was as follows:

	2020	2021	2022	2023	2024	Following years	Total
Debt - Non current	-	42,107	108,219	635,723	353,832	1,159,479	2,299,361
Debt - Current	320,542	160,205	-	-	-	-	480,747
	320,542	202,312	108,219	635,723	353,832	1,159,479	2,780,108

Detailed information regarding bond issues as of 30 September 2020 is as follows:

30 September 2020					
Issue date	Maturity	Initial amount	Outstanding amount	Interest rate	Periodicity of interest payment
'Euro Medium Term Notes' programme emissions					
26/06/2009	26/06/2024	TEUR 72,899 (i) (ii)	TEUR 72,899	Fixed rate	Semi-Annual
17/10/2013	16/10/2020	TEUR 400,000 (ii)	TEUR 267,755	Fixed rate EUR 4.75%	Annual
12/02/2015	12/02/2025	TEUR 300,000 (ii)	TEUR 500,000	Fixed rate EUR 2.50%	Annual
01/06/2016	01/06/2023	TEUR 550,000	TEUR 550,000	Fixed rate EUR 1.75%	Annual
18/01/2018	18/01/2028	TEUR 300,000	TEUR 300,000	Fixed rate EUR 1.75%	Annual

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 30 September 2020, the Group has eight commercial paper programs in the amount of 1,400,000 thousand Euros, of which 1,025,000 thousand Euros are available for utilization. Of the total amount, 530,000 thousand Euros have a guaranteed placement and only the amount of 280,000 thousand Euros is available for utilization.

In the nine-month period ended 30 September 2020, the Group negotiated a Euro-Commercial Paper Program in the total amount of 600,000 thousand Euros, of which the total amount is available for utilization. .

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 30 September 2020 amounted to 489,848 thousand Euros (at 31 December 2019 it was 440,329 thousand Euros).

The Group also has credit lines negotiated and not used in the amount of 80,000 thousand Euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose).

The balance of the caption Prepaid interest includes the amount of 13,067 thousand Euros (16,733 thousand Euros in 31 December 2019) related with the refinancing of bonds through an exchange offer completed in 2016.

As a result of the fair value hedge related to the debt emission in the amount of 400,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in an amount of 2,720 thousand Euros (negative) (at 30 September 2019 was 10,745 thousand Euros (negative)) (Note 12).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, ratios of Leverage and Gearing.

The bank loans with BEI include also covenants related with rating and other financial ratios in which the Group may be called upon to present an acceptable guarantee in the event of rating and financial ratios below the established values.

As of 30 September 2020, the REN Group complies with all covenants to which it is contractually bound.

REN and its subsidiaries are a part of certain financing agreements and debt issues, which include change in control clauses typical in this type of transactions (including, though not so expressed, changes in control as a result of takeover bids) and essential to the realization of such transactions on the appropriate market context. In any case, the practical application of these clauses is limited to considering the legal ownership of shares of REN restrictions.

Following the legal standards and usual market practices, contractual terms and free market competition, establish that neither REN nor its counterparts in borrowing agreements are authorized to disclose further information regarding the content of these financing agreements.

The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by hedge derivate in place. The average interest rates for borrowings including commissions and other expenses were 1.87% at 30 September 2020 and 2.08% at 31 December 2019.

Leases

Minimal payments regarding lease contacts and the carrying amount of the finance lease liabilities as of 30 September 2020 and 31 December 2019 are made up as follows:

	Sep 2020	Dec 2019
Lease liabilities - minimum lease payments		
No later than 1 year	1,211	1,515
Later than 1 year and no later than 5 years	1,738	2,413
	2,949	3,928
Future finance charges on leases	(33)	(54)
Present value of lease liabilities	2,915	3,874
	Sep 2020	Dec 2019
The present value of lease liabilities is as follows		
No later than 1 year	1,192	1,488
Later than 1 year and no later than 5 years	1,723	2,386
	2,915	3,874

17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement, early-retirement and survivor pensions (hereinafter referred to as Pension Plan), provides its retirees and pensioners with a health care plan on a similar basis to that of its serving personnel, and grants other benefits such as long service award, retirement award and a death subsidy (referred to as “Other benefits”). The Group also grants their employees life assurance plans. The long service award is applicable to all Group companies.

At 30 September 2020 and 31 December 2019, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Sep 2020	Dec 2019
Liability on statement of financial position		
Pension plan	54,979	57,696
Healthcare plan and other benefits	45,598	45,613
	100,577	103,309

The reconciliation of the remeasurement of liability net of benefits is as follows:

	Set 2020	Dez 2019
Initial balance	103,309	98,288
Current service costs and Net interest on net defined benefit liability	3,009	4,411
Actuarial gains/(losses)	274	9,965
Benefits paid	(6,016)	(9,356)
Final balance	100,577	103,309

During the nine-month periods ended 30 September 2020 and 2019, the following operating expenses were recorded regarding benefit plans with employees:

	Sep 2020	Sep 2019
Charges to the statement of profit and loss (Note 24)		
Pension plan	2,230	2,377
Healthcare plan and other benefits	726	858
	2,956	3,235

The amounts reported to 30 September 2020 and 2019 result from the projection of the actuarial valuation as of 31 December 2019 and 2018, for the nine-month period ended 30 September 2020 and 2019, considering the estimated increase in salaries for 2020 and 2019, respectively.

The actuarial assumptions used to calculate the post-employment benefits are considered by the REN Group and the entity specialized in the actuarial valuation reports to be those that best meet the commitments established in the Pension plan, and related retirement benefit liabilities, and are as follows:

	Dec 2019	Dec 2018
Annual discount rate	1.00%	1.80%
Expected percentage of serving employees eligible for early retirement (more than 60 years of age and 36 years in service) - by Collective work agreement	20.00%	20.00%
Expected percentage of serving employees eligible for early retirement - by Management act	10.00%	10.00%
Rate of salary increase	2.50%	2.50%
Pension increase	1.50%	1.50%
Future increases of Social Security Pension amount	1.30%	1.30%
Inflation rate	1.50%	1.50%
Medical trend	1.50%	1.50%
Management costs (per employee/year)	€297	€290
Expenses medical trend	1.50%	1.50%
Retirement age (number of years)	66	66
Mortality table	TV 88/90	TV 88/90

18 PROVISIONS FOR OTHER RISKS AND CHARGES

The changes in provisions for other risks and charges in the years ended 30 September 2020 and 31 December 2019 were as follows:

	Sep 2020	Dec 2019
Beginning balance	8,416	8,852
Increases	-	124
Reversing	-	(434)
Utilization	(93)	(126)
Ending balance	8,323	8,416
Non-current provision	8,323	8,416
	8,323	8,416

At 30 September 2020, the caption "Provisions" corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a restructuring provision amounting to 415 thousand Euros related to the on-going restructuring process.

19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 30 September 2020 and 31 December 2019 was made up as follows:

	Sep 2020			Dec 2019		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers (Note 9)	154,284	-	154,284	149,388	-	149,388
Other creditors						
Other creditors (Note 9)	82,077	55,951	138,028	62,236	59,051	121,287
Tariff deviations (Note 9)	34,598	44,401	78,999	66,595	37,688	104,283
Fixed assets suppliers (Note 9)	33,866	-	33,866	54,530	-	54,530
Tax payables (Note 9) (i)	17,221	-	17,221	16,367	-	16,367
Deferred income						
Grants related to assets	19,672	250,407	270,079	16,428	243,888	260,316
Accrued costs						
Holidays and holidays subsidies (Note 9)	6,842	-	6,842	5,189	-	5,189
Trade and other payables	348,560	350,758	699,318	370,733	340,627	711,360

(i) Tax payables refer to VAT, personnel income taxes and other taxes

The caption "Trade and other payables" includes: (i) the amount of 36,870 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (40,507 thousand Euros at 31 December 2019); (ii) the amount of 7,868 thousand Euros of investment projects not yet invoiced (15,013 thousand Euros at 31 December 2019); (iii) the amount of 11,427 thousand Euros (19,006 thousand Euros at 31 December 2019) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 51 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (49 thousand Euros at 31 December 2019), also reflected in the caption "Trade receivables" (Note 11).

This transaction related with "CMEC – Custo para a Manutenção do Equilíbrio Contratual" sets a pass-through in the consolidated income statement of REN.

The caption "Other creditors" includes: (i) the amount of 13,105 thousand Euros (19,326 thousand Euros at 31 December 2019) related with the Efficiency Promotion Plan on Energy Consumption ("PPEC"), which aims to financially support initiatives that promote efficiency and reduce electricity consumption, which should be used to finance energy efficiency projects, according to the evaluation metrics defined by ERSE and (ii) the responsibility for the extraordinary contribution on the energy sector in the amount of 28,347 thousand Euros (Note 27) (at 30 September 2019 was 24,390 thousand Euros).

20 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss for the nine-month periods ended 30 September 2020 and 2019 is made up as follows:

	Sep 2020	Sep 2019
Goods:		
Domestic market	30	51
	30	51
Services - Domestic market:		
Electricity transmission and overall systems management	256,122	257,791
Natural gas transmission	59,712	62,956
Natural gas distribution	40,268	44,283
Regasification	31,337	34,961
Underground gas storage	12,792	11,937
Telecommunications network	5,059	4,853
Trading	1,357	1,614
Others	224	982
Services - External market (Chile):		
Transmission and transformation of electricity (i)	7,509	-
	414,380	419,378
Total sales and services rendered	414,410	419,429

(i) The services in Chile are related to the operation of Transemel, acquired on 1 October 2019.

21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets for the nine-month periods ended 30 September 2020 and 2019 were made up as follows:

	Sep 2020	Sep 2019
Revenue from construction of concession assets		
Acquisitions	81,233	96,362
Own work capitalised :		
Financial expenses (Note 5)	1,685	1,805
Overhead and management costs (Note 5)	11,542	12,103
	94,460	110,270
Cost of construction of concession assets		
Acquisitions	81,233	96,362
	81,233	96,362

22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the nine-month periods ended 30 September 2020 and 2019 is made up as follows:

	Sep 2020	Sep 2019
Recognition of investment subsidies in profit and loss	13,850	13,348
Underground occupancy tax	3,413	3,856
Supplementary income	673	1,016
Disposal of unused materials	149	1,004
Others	1,730	919
	19,815	20,143

23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the nine-month periods ended 30 September 2020 and 2019 is made up as follows:

	Sep 2020	Sep 2019
Maintenance costs	13,112	8,375
Fees relating to external entities i)	8,870	7,611
Cross border interconnection costs ii)	6,040	3,633
Electric energy costs	5,316	6,247
Gas transport subcontracts	3,340	2,817
Insurance costs	2,724	1,984
Security and surveillance	1,597	1,538
Advertising and communication costs	521	566
Travel and transportation costs	455	1,060
Other	2,697	2,574
External supplies and services iii)	44,672	36,406

- i) The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.
- ii) The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity.
- iii) As of 30 September 2019, does not contain the amounts relative to Transemel, acquired on 1 October 2019.

24 PERSONNEL COSTS

Personnel costs for the nine-month periods ended 30 September 2020 and 2019 are made up as follows:

	Sep 2020	Sep 2019
Remuneration:		
Board of directors	2,142	2,177
Personnel	28,339	28,193
	30,481	30,369
Social charges and other expenses:		
Social security costs	6,093	6,086
Post-employment and other benefits cost (Note 17)	2,956	3,235
Social support costs	1,440	1,392
Other	185	330
	10,674	11,042
Total personnel costs	41,155	41,412

The Corporate bodies' remuneration includes remunerations paid to the Board of Directors of REN and other entities.

25 OTHER OPERATING COSTS

Other operating costs for the nine-month periods ended 30 September 2020 and 2019 are made up as follows:

	Sep 2020	Sep 2019
ERSE operating costs i)	8,607	8,291
Underground occupancy tax	3,412	3,856
Donations and quotizations	1,668	1,096
Taxes	778	912
Others	81	360
	14,545	14,514

i) The caption "ERSE operating costs" corresponds to ERSE's operating costs, to be recovered through electricity and gas tariffs.

26 FINANCIAL COSTS AND FINANCIAL INCOME

Financial costs and financial income for the nine-month periods ended 30 September 2020 and 2019 are made up as follows:

	Sep 2020	Sep 2019
Financial costs		
Interest on bonds issued	33,062	35,489
Other borrowing interests	8,737	10,010
Interest on commercial paper issued	2,158	1,795
Derivative financial instruments	1,438	2,369
Other financing expenditure	1,056	836
	46,452	50,499
Financial income		
Derivative financial instruments	2,436	2,665
Other financial investments	1,693	3,140
	4,128	5,805

27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR

Law No. 83-C / 2013 of 31 December introduced a specific contribution of entities operating in the energy sector, called Extraordinary Contribution over the Energy Sector ("ECES"), that was extended by Law 82-B / 2014, of 31 December, Law 7-A / 2016, of 30 March, Law 114/2017, of 29 December, Law 71/2018, of 31 December and Law 2/2020, of 31 March.

The regime introduced is aimed at financing mechanisms that promote systemic sustainability of the sector through the setting up of a fund with the main objective of reducing the tariff deficit. The entities subject to this regime are, among others, entities that are dealers of transport activities or distribution of electricity and natural gas.

The calculation of the ECES is levied on the value of the assets with reference to the first day of the financial year 2020 (1 January 2020) that include cumulatively, the tangible fixed assets, intangible assets, with the exception of industrial property elements, and financial assets related with regulated activities. In the case of regulated activities, the ECES is levied on the value of regulated assets (i.e. the amount recognized by ERSE in the calculation of the allowed income with reference to 1 January 2020) if it is greater than the value of those assets, over which the rate of 0.85% is applied.

To the extent that it is a present obligation whose facts originating already occurred, with timing and amounts certain or ascertainable, REN recorded liabilities in the amount of 28,347 thousand Euros (Note 19) (for the nine-month period ended 30 September 2019 was 24,390 thousand Euros) against a cost in the statement of profit and loss.

The ECES line of the income statement, amounting to 28,165 thousand Euros (24,390 thousand Euros at 30 September 2019) for the nine-month period ended 30 September 2020 includes the amount of 182 thousand Euros (negative), related to the regularization of CESE from previous years.

28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Sep 2020	Sep 2019
Consolidated net profit used to calculate earnings per share	(1)	76,070	86,324
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	667,191,262
Effect of treasury shares (note 14) (average number of shares)		3,881,374	3,881,374
Number of shares in the period	(3)	663,309,888	663,309,888
Basic earnings per share (euro per share)	(1)/(3)	0.11	0.13

The basic earnings per share are the same as the diluted earnings as there are no situations that could origin dilution effects.

29 DIVIDENDS PER SHARE

During the Shareholders General Assembly meeting held on 7 May 2020, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2019, in the amount of 114,090 thousand Euros (0.171 Euros per share). The dividends attributable to own shares amounted to 664 thousand Euros, being paid to the shareholders a total amount of 113,426 thousand of Euros.

During the Shareholders General Assembly meeting held on 3 May 2019, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2018, in the amount of 114,090 thousand Euros (0.171 Euros per share). The dividends attributable to own shares amounted to 664 thousand Euros, being paid to the shareholders a total amount of 113,426 thousand of Euros.

30 CONTINGENT ASSETS AND LIABILITIES

30.1. Contingent liabilities

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA ("Tejo Energia") has announced to REN - Rede Eléctrica Nacional, SA ("REN Eléctrica") and REN Trading SA ("REN Trading") its intention to renegotiate the Energy Acquisition Agreement (CAE), in order to reflect in the amounts payable to this producer the costs, which in its opinion would be due, incurred with (i) financing of the social tariff and (ii) with the tax on petroleum products and energy and with the rate of carbon. Turbogás - Produtora Energética S.A. ("Turbogás") also stated its intention to renegotiate the CAE, in order to reflect in the amounts payable the costs incurred with the financing of the social tariff.

According to the CAE, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the CAE with Tejo Energia and Turbogás. According to the information received, the total costs incurred by these companies until 30 September 2020 amounts to, approximately, 65 million Euros.

REN Trading and REN Eléctrica consider that, with the existing legal framework, this possibility depends on the recognition that the associated charges can be considered as general costs of the national electricity system, the only way to guarantee the economic neutrality of REN Trading's contractual position.

All of these disputes have already been dealt with by the financial panels provided for in the PPAs, which rejected the requests made by the plaintiffs. The two disputes with Tejo Energia and the dispute with Turbogás regarding the social tariff were subsequently the subject of arbitration requests submitted by it to the International Chamber of Commerce (ICC).

30.2. Guarantees given

At 30 September 2020 and 31 December 2019, the REN Group had given the following bank guarantees:

Beneficiary	Scope	Sep 2020	Dec 2019
European Investment Bank (EIB)	To guarantee loans	287,579	212,924
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	23,788	23,788
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	14,240	8,416
Judge of District Court	Guarantee for expropriation processes	5,549	5,549
Municipal Council of Seixal	Guarantee for litigation	3,133	3,133
Portuguese State	Guarantee for litigation	2,242	2,185
Municipal Council of Maia	Guarantee for litigation	1,564	1,564
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
EP - Estradas de Portugal	Guarantee for litigation	455	195
Municipal Council of Porto	Guarantee for litigation	368	368
Municipal Council of Silves	Guarantee for expropriation processes	352	352
NORSCUT - Concessionária de Auto-estradas	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
District Court of Lisbon	Guarantee for suspension of continuation of pending enforcement proceedings	140	10,707
Others (loss then 100 thousand Euros)	Guarantee for litigation	109	144
		340,840	270,646

31 RELATED PARTIES

Main shareholders and shares held by corporate bodies

At 30 September 2020 and 31 December 2019, the shareholder structure of Group REN was as follows:

	Sep 2020		Dec 2019	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Grupo State Grid)	166,797,815	25.0%	166,797,815	25.0%
Mazoon B.V. (Grupo Oman Oil Company S.A.O.C.)	80,100,000	12.0%	80,100,000	12.0%
Lazard Asset Management LLC	46,611,245	7.0%	46,611,245	7.0%
Fidelidade - Companhia de Seguros, S.A.	35,496,424	5.3%	35,496,424	5.3%
Red Eléctrica Internacional, S.A.U.	33,359,563	5.0%	33,359,563	5.0%
The Capital Group Companies, Inc. i)	-	-	25,365,000	3.8%
Great-West Lifeco, Inc.	18,225,165	2.7%	18,225,165	2.7%
Norges Bank	14,617,100	2.2%	-	-
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	268,102,576	40.2%	257,354,676	38.6%
	667,191,262	100%	667,191,262	100%

i) On February 26, 2020, The Capital Group Companies, Inc. informed REN of the decrease in the stake held (indirectly), and from that date, it was charged with a stake of less than 2% in the REN Group's shareholder structure. In this sense, and no longer having a qualified participation in REN, The Capital Group Companies, Inc. no longer has the obligation to report changes in the participation held, so the number of shares held by The Capital Group Companies, Inc is included in the "Others" item in the nine-month period ended 30 September 2020.

Management remuneration

The Board of Directors of REN, SGPS was considered, in accordance with IAS 24, to be the only key members in the Management of the Group.

REN has not established any specific retirement benefit system for the Board of Directors.

Remuneration of the Board of Directors of REN, SGPS in the nine-month period ended 30 September 2020 amounted to 1,794 thousand Euros (1,803 thousand Euros in 30 September 2019), as shown in the following table:

	Sep 2020	Sep 2019
Remuneration and other short term benefits	1,152	1,161
Management bonuses (estimate)	642	642
	1,794	1,803

Transaction of shares by the members of the Board of Directors

During the nine-month period ended 30 September 2020, there were no transactions carried out by members of the corporate bodies.

Transactions with group or dominated companies

In its activity, REN maintains transactions with Group entities or with dominated parties. The terms in which these transactions are held are substantially identical to those practiced between independent parties in similar operations.

In the consolidation process, the amounts related to such transactions or open balances are eliminated in the financial statements.

The main transactions held between Group companies were: (i) borrowings and shareholders loans; and (ii) shared services namely, legal services, administrative services and informatics.

Balances and transactions held with shareholders, associates and other related parties

During the nine-month periods ended 30 September 2020 and 2019, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

Revenue

	Sep 2020	Sep 2019
Sales and services provided		
Invoicing issued- OMIP	45	43
Invoicing issued - REE	350	2,146
Invoicing issued - Centro de Investigação em Energia REN - State Grid	238	110
Dividends received		
REE (Note 10)	4,219	3,847
	4,852	6,146

Expenses

	Sep 2020	Sep 2019
External supplies and services		
Invoicing received - REE	1,639	3,352
Invoicing received - CMS Rui Pena & Arnaut ¹	59	86
	1,698	3,438

Balance

The balances at 30 September 2020 and 31 December 2019 resulting from transactions with related parties were as follows:

	Sep 2020	Dec 2019
Trade and other receivables		
Centro de Investigação em Energia REN - State Grid - Other receivables	10	31
REE - Trade receivables	-	154
	10	186
Trade and other payables		
REE - Trade payables	-	583
CMS - Rui Pena & Arnaut - Trade payables ¹	7	9
	7	592

¹ Entity related to the Administrator José Luís Arnaut. During 2020, the contract for the provision of legal services in the area of law and public procurement, awarded in 2017 to the law firm CMS Rui Pena and Arnaut, an entity related to the Director José Luís Arnaut, remained in force. The contract, under a waiver regime, was signed in 2017, for a period of three years. The procedure for awarding this contract took place through consultation with five entities, on a competitive basis and under the terms of REN's Operational Purchasing Manual, which establishes the general principles and relationships with suppliers that are based, namely, on the respect for the competition, transparency, accountability, equality and impartiality.

32 SUBSEQUENT EVENTS

After the date of the statement of financial position, there were no events that give rise to additional adjustments or disclosures in the consolidated financial statements of the Company for the nine-month period ended in 30 September 2020.

33 EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with IAS 34 – Interim Financial Reporting. In the event of discrepancies, the Portuguese language version prevails.

The Accountant

Pedro Mateus

The Board of Directors

Rodrigo Costa

(Chairman of the Board of Directors and Chief Executive Officer)

Omar Al Wahaibi

(Member of the Board of Directors)

João Faria Conceição

(Member of the Board of Directors and Chief Operational Officer)

Jorge Magalhães Correia

(Member of the Board of Directors)

Gonçalo Morais Soares

(Member of the Board of Directors and Chief Financial Officer)

Manuel Sebastião

(Member of the Board of Directors and Chairman of the Audit Committee)

Guangchao Zhu

(Vice-President of the Board of Directors designated by State Grid International Development Limited)

Gonçalo Gil Mata

(Member of the Board of Directors and of the Audit Committee)

Mengrong Cheng

(Member of the Board of Directors)

Maria Estela Barbot

(Member of the Board of Directors and of the Audit Committee)

Li Lequan

(Member of the Board of Directors)

José Luis Arnaut

(Member of the Board of Directors)

Ana Pinho

(Member of the Board of Directors)

Note – The remaining pages of this Report & Accounts were initialled by the members of the Executive Committee and by the Certified Accountant, Pedro Mateus.