



Consolidated Financial **Statements**

30 September 2021

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

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1. FINANCIAL PERFORMANCE

1.1 RESULTS FOR THE 3RD QUARTER OF 2021

In the first 9 months of 2021, net income reached 68.4 million Euros, a 7.7 million Euros decrease (-5.6%) over the same period of the previous year. Net income decreased reflecting mainly the following effects: (i) decrease of 9.1 million Euros in the Group EBITDA (-9.8 million Euros in EBIT); (ii) increase of 4.6 million Euros in income taxes (+14.4%); partially offset by (iii) the increase of 5.5 million Euros in financial results (+15.1%) and (iv) the reduction of 1.1 million Euros in the Extraordinary Levy on the Energy Sector.

Similarly to the previous years, the results for 2021 reflect the continuation of the Extraordinary Levy on the Energy Sector (27.1 million Euros in 2021 and 28.2 million Euros in 2020¹).

Investment was 141.7 million Euros, a 36.7% y.o.y increase (+38.0 million Euros) and transfers to RAB increased 58.6 million Euros to 80.5 million Euros. Average RAB dropped by 134.4 million Euros (-3.7%), to 3,518.5 million Euros.

The average cost of debt was 1.6%, a 0.3 p.p. decrease y.o.y., and net debt reached 2,378.2 million Euros, a 13.3% decrease (-364.8 million Euros) over the same period of the previous year.

MAIN INDICATORS (MILLIONS OF Euros)	September	September	Var.%
	2021	2020	
EBITDA	343.4	352.5	-2.6%
Financial results ²	-31.1	-36.7	15.1%
Net income ¹	68.4	76.1	-10.1%
Recurrent net income	93.0	98.6	-5.6%
Total Capex	141.7	103.7	36.7%
Transfers to RAB ³ (at historic costs)	80.5	21.9	267.6%
Average RAB (at reference costs)	3 518.5	3 652.9	-3.7%
Net debt	2 378.2	2 743.0	-13.3%
Average cost of debt	1.6%	1.9%	-0.3p.p.

¹ The full amount of the levy was recorded in the 1st quarter of 2021 and 2020, according to the Portuguese Securities Market Commission (CMVM) recommendations.

² The net cost of 0.2 million Euros in September 2021 and net revenue of 0.2 million Euros in September 2020 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 333.4 million Euros in the first 9 months of 2021, a 2.4% (-8.2 million Euros) drop over the same period of the previous year.

EBITDA - TRANSMISSION (MILLIONS OF EUROS)	September	September	VAR. %
	2021	2020	
1) Revenues from assets	313.6	317.9	-1.3%
RAB remuneration	118.4	125.0	-5.3%
Lease revenues from hydro protection zone	0.5	0.5	-1.2%
Economic efficiency of investments	20.2	18.8	7.5%
Recovery of amortizations (net of investment subsidies)	160.6	159.8	0.5%
Amortização dos subsídios ao Investimento	14.0	13.9	1.2%
2) Revenues from opex	102.0	97.1	5.0%
3) Other revenues	10.8	12.2	-11.1%
4) Own works (capitalised in investment)	15.3	13.2	15.7%
5) Earnings on Construction (excl. own works capitalised in investment) – Concession assets	123.1	81.2	51.5%
6) OPEX	108.0	98.5	9.6%
Personnel costs ¹	41.9	41.2	1.6%
External costs	66.1	57.3	15.4%
7) Construction costs – Concession assets	123.1	81.2	51.5%
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)	333.4	341.6	-2.4%

The decrease in EBITDA resulted mainly from:

- The decrease of 6.6 million Euros in RAB remuneration (-5.3%) arising from:
 - The 4.3 million Euros drop in the remuneration of electricity transmission regulated assets reflecting (i) the reduction in the base rate of return (RoR) from 4.6% in September 2020 to 4.5% in September 2021 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills, and (ii) the decrease of 80.0 million Euros (-4,0%)² in electricity transmission average RAB;
 - Reduction of 2.0 million Euros in the remuneration of natural gas transmission regulated assets reflecting (i) the reduction in the rate of return from 4.6% in September 2020 to 4.5% in September 2021 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 42.8 million Euros (-4.5%) in natural gas transmission average RAB;
 - Reduction of 0.3 million Euros in the remuneration of natural gas distribution regulated assets, reflecting (i) the reduction in the rate of return from 4.8% in September 2020 to 4.7% in September 2021 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; despite (ii) the increase of 0.8 million Euros in natural gas distribution average RAB.
- Increase of 9.5 million Euros in Opex (+9.6%), explained by the increase of 8.8 million Euros in external costs, of which +2.9 million Euros in pass-through costs (costs accepted in the tariff), and +0.7 million Euros in personnel costs.

¹ Includes training and seminars costs.

² Excludes hydroland (-12.3 million Euros).

With respect to domestic business it is also important to note that the natural gas distribution business contributed with EBITDA of 33.1 million Euros.

International Business - Chile

The EBITDA for international businesses reached 10.0 million Euros in the first 9 months of 2021, a 0.9 million Euros (-8.4%) decrease over the same period of the previous year, resulting mainly from:

- EBITDA of Transemel – an electrical power transmission company in Chile – was 5.6 million Euros, a y.o.y. increase of 0.3 million Euros (+6.3%) reflecting the increase of 0.7 million Euros in revenues (+9.9%), despite the increase of 0.4 million Euros in opex (+16.1%);
- The decrease of 1.2 million Euros (-22.0%) in the recognized income from the 42.5% stake held by REN in the Chilean company Electrogas.

EBITDA - INTERNATIONAL (MILLIONS OF EUROS)	September	September	VAR.%
	2021	2020	
1) Revenues from the Transmission of Electrical Power	8.3	7.5	9.9%
2) Other revenues	4.4	5.7	-22.0%
3) OPEX	2.7	2.3	16.1%
Personnel costs ¹	0.4	0.1	n.m.
External costs	2.3	2.2	4.4%
4) EBITDA (1+2-3)	10.0	10.9	-8.4%

Net income

Overall, the Group's net income for the first 9 months of 2021 reached 68.4 million Euros, a 7.7 million Euros y.o.y. decrease (-10.1%).

This increase reflect mostly the following effects:

- decrease of 9.1 million Euros in the Group EBITDA (-9.8 million Euros in EBIT), impacted by the decrease of 8.2 million Euros in the Domestic Power Transmission and Distribution business (-9,0 million Euros in EBIT) and the decrease of 0.9 million Euros in the contribution of international businesses (-0.8 million Euros in EBIT).
- increase of 4.6 million Euros in income taxes (+14.4%), reflecting mainly the decrease in gains with the recovery of previous years taxes (-3.2 million Euros);
- partially offset by the (a) increase of 5.5 million Euros in financial results (+15.1%) reflecting the decrease in the average cost of debt to 1.6% (-0.3 p.p.), the decrease in net debt to 2,378.2 million Euros (-364.8 million Euros; -13.3%) and the increase in dividends from associate companies (+1.2 million Euros), and (b) the reduction of 1.1 million Euros in the Extraordinary Levy on the Energy Sector (-3.9%) reflecting the decrease in the regulated asset base;

¹ Includes training and seminars costs.

Excluding non-recurring items, Net Income for the first 9 months of 2021 dropped 5.6 million Euros (-5.6%). Non-recurring items considered in the first 9 months of 2021 and 2020 are as follows:

- i) In 2021: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2021 (27.1 million Euros), and ii) recovery of income taxes from previous years (2.4 million Euros);
- ii) In 2020: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2020 (28.2 million Euros), and ii) recovery of income taxes from previous years (5.6 million Euros).

NET INCOME (MILLIONS OF EUROS)	September	September	VAR.%
	2021	2020	
EBITDA	343.4	352.5	-2.6%
Depreciations and amortizations	180.5	179.9	0.4%
Financial results	-31.1	-36.7	15.1%
Income tax expenses	36.3	31.7	14.4%
Extraordinary levy on the energy sector ¹	27.1	28.2	-3.9%
Net income	68.4	76.1	-10.1%
Non-recurring items	24.7	22.5	9.6%
Recurrent net income	93.0	98.6	-5.6%

1.2 AVERAGE RAB AND CAPEX

In the first 9 months of 2021, Capex reached 141.7 million Euros, a 36.7% y.o.y. increase (+38.0 million Euros), and transfers to RAB increased 58.6 million Euros to 80.5 million Euros.

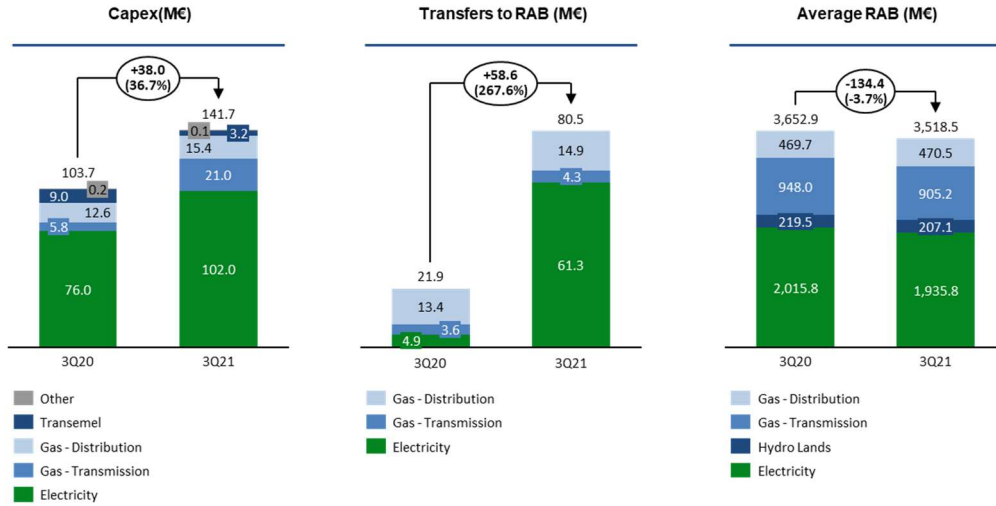
In electricity, investment was 102.0 million Euros, a 34.2% increase (+26.0 million Euros) over the same period of 2020, of which should be highlighted the projects of passage at 400 kV of the axis Falagueira-Estremoz-Divor-Pegões (20.0 million Euros), the connection at 400 kV between Vieira do Minho - Ribeira de Pena - Feira (17.8 million Euros) and the connection at 400 kV between Fundão and Falagueira (8.5 million Euros). Transfers to RAB were 61.3 million Euros, a y.o.y. increase of 56.4 million Euros.

In natural gas transmission, investment reached 21.0 million Euros, an increase of 15.2 million Euros and transfers to RAB were 4.3 million Euros, an increase of 0.7 million Euros.

In natural gas distribution, investment was 15.4 million Euros, 33% for new supply points and 62% with the expansion of the distribution network, and transfers to RAB increased 1.4 million Euros (+10.8%) to 14.9 million Euros.

¹ The full amount of the levy was recorded in the 1st quarter of 2021 and 2020, according to the Portuguese securities market commission (CMVM) recommendations.

Average RAB was 3,518.5 million Euros, a 134.4 million Euros (-3.7%) y.o.y decrease. In electricity, the average RAB (excluding lands) reached 1,935.8 million Euros (-80.0 million Euros, -4.0%), of which 1,015.0 million Euros in assets remunerated at a premium rate of return, while lands reached 207.1 million Euros (-12.3 million Euros, -5.6%). In natural gas transmission, the average RAB was 905.2 million Euros (-42.8 million Euros, -4.5%), while in natural gas distribution the average RAB reached 470.5 million Euros (+0.8 million Euros, +0.2%).



1.3 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 JULY TO 30 SEPTEMBER 2021 AND 2020

Consolidated statements of profit and loss

(Amounts expressed in thousands of euros – tEuros)		
	01.07.2021 to 30.09.2021	01.07.2020 to 30.09.2020
Sales	69	30
Services rendered	139,183	135,629
Revenue from construction of concession assets	61,851	40,439
Gains from associates and joint ventures	1,575	1,788
Other operating income	6,234	5,965
Operating income	208,912	183,851
Cost of goods sold	(275)	(211)
Cost with construction of concession assets	(56,563)	(35,941)
External supplies and services	(18,810)	(14,789)
Employee compensation and benefit expense	(13,503)	(13,391)
Depreciation and amortizations	(60,304)	(60,134)
Impairments	(94)	(50)
Other expenses	(4,063)	(4,127)
Operating costs	(153,611)	(128,643)
Operating results	55,301	55,208
Financial costs	(14,630)	(16,074)
Financial income	1,378	1,040
Investment income - dividends	73	(109)
Financial results	(13,179)	(15,144)
Profit before income taxes and ESEC	42,122	40,064
Income tax expense	(13,308)	(10,062)
Extraordinary contribution on energy sector (ESEC)	-	-
Net profit for the period	28,814	30,002
Attributable to:		
Equity holders of the Company	28,814	30,002
Non-controlled interest	-	-
Consolidated profit for the period	28,814	30,002
Earnings per share (expressed in euro per share)	0.04	0.04

Consolidated statements of comprehensive income

(Amounts expressed in thousands of euros - tEuros)

	01.07.2021 to 30.09.2021	01.07.2020 to 30.09.2020
Net Profit for the year	28,814	30,002
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains / (losses)	20	170
Tax effect on actuarial gains / (losses)	(6)	(51)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(9,341)	(6,485)
Increase/(decrease) in hedging reserves - cash flow derivatives	4,080	(121)
Tax effect on hedging reserves	(842)	30
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	9,564	(3,195)
Tax effect on items recorded directly in equity	(2,167)	719
Other changes in equity	4	1
Comprehensive income for the year	30,125	21,069
Attributable to:		
Equity holders of the Company	30,125	21,069
Non-controlling interests	-	-
	30,125	21,069

2. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

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

	Notes	Sep 2021	Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	5	118,777	127,119
Intangible assets	5	4,086,189	4,130,562
Goodwill	6	4,916	5,367
Investments in associates and joint ventures	7	167,074	158,845
Investments in equity instruments at fair value through other comprehensive income	9 and 10	152,791	150,850
Derivative financial instruments	9 and 12	19,319	25,685
Other financial assets	9	128	102
Trade and other receivables	9 and 11	82,531	45,507
Deferred tax assets	8	122,208	92,575
		4,753,932	4,736,611
Current assets			
Inventories		2,534	2,450
Trade and other receivables	9 and 11	316,351	448,099
Derivative financial instruments	9 and 12	949	-
Cash and cash equivalents	9 and 13	455,595	61,499
		775,430	512,048
Total assets	4	5,529,362	5,248,658
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	300,314	289,887
Retained earnings		231,216	240,853
Other changes in equity		(5,561)	(5,561)
Net profit for the period		68,353	109,249
Total equity		1,367,595	1,407,700
LIABILITIES			
Non-current liabilities			
Borrowings	9 and 16	2,490,266	2,260,875
Liability for retirement benefits and others	17	97,477	100,507
Derivative financial instruments	9 and 12	24,397	29,215
Provisions	18	8,508	8,508
Trade and other payables	19	484,311	371,886
Deferred tax liabilities	8	113,164	144,969
		3,218,123	2,915,960
Current liabilities			
Borrowings	9 and 16	354,987	562,557
Trade and other payables	19	513,075	353,800
Income tax payable	8 and 9	75,582	8,641
		943,644	924,999
Total liabilities	4	4,161,767	3,840,958
Total equity and liabilities		5,529,362	5,248,658

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 September 2021.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 AND 2020

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

	Notes	Sep 2021	Sep 2020
Sales	4 and 20	115	30
Services rendered	4 and 20	412,855	414,380
Revenue from construction of concession assets	4 and 21	138,387	94,460
Gains / (losses) from associates and joint ventures	7	4,670	5,926
Other operating income	22	21,660	19,815
Operating income		577,686	534,610
Cost of goods sold		(748)	(459)
Costs with construction of concession assets	21	(123,085)	(81,233)
External supplies and services	23	(53,907)	(44,672)
Personnel costs	24	(42,109)	(41,155)
Depreciation and amortizations	5	(180,533)	(179,851)
Impairments	6	(283)	(238)
Other expenses	25	(13,943)	(14,545)
Operating costs		(414,608)	(362,153)
Operating results		163,078	172,457
Financial costs	26	(41,319)	(46,452)
Financial income	26	2,934	4,128
Investment income - dividends	10	7,020	5,823
Financial results		(31,365)	(36,501)
Profit before income tax and ESEC		131,713	135,955
Income tax expense	8	(36,290)	(31,721)
Energy sector extraordinary contribution (ESEC)	27	(27,070)	(28,165)
Net profit for the period		68,353	76,070
Attributable to:			
Equity holders of the Company		68,353	76,070
Non-controlled interest		-	-
Consolidated profit for the period		68,353	76,070
Earnings per share (expressed in euro per share)	28	0.10	0.11

The accompanying notes form an integral part of the consolidated statement of profit and loss for the nine-month period ended 30 September 2021.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 AND 2020

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

	Notes	Sep 2021	Sep 2020
Consolidated Net Profit for the period		68,353	76,070
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses) - gross of tax		181	(274)
Tax effect on actuarial gains / (losses)	8	(54)	82
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(4,286)	(11,462)
Increase / (decrease) in hedging reserves - cash flow derivatives	12	9,625	(6,851)
Tax effect on hedging reserves	8 and 12	(2,165)	1,713
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	1,941	(10,485)
Tax effect on items recorded directly in equity	8 and 10	(413)	2,363
Other changes in equity	7	138	(11)
Comprehensive income for the period		73,320	51,144
Attributable to:			
Equity holders of the company		73,320	51,144
Non-controlled interest		-	-
		73,320	51,144

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the nine-month period ended 30 September 2021.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 AND 2020

(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 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
At 1 January 2021		667,191	(10,728)	116,809	125,075	48,905	(25,545)	141,452	(5,561)	240,853	109,249	1,407,700
Net profit of the period and other comprehensive income		-	-	-	-	1,528	7,460	(4,148)	-	127	68,353	73,320
Transfer to other reserves		-	-	-	5,587	-	-	-	-	103,662	(109,249)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
At 30 September 2021		667,191	(10,728)	116,809	130,662	50,433	(18,085)	137,304	(5,561)	231,216	68,353	1,367,595

The accompanying notes form an integral part of the consolidated statement of changes in equity for the nine-month period ended 30 September 2021.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 AND 2020

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

	Notes	Sep 2021	Sep 2020
Cash flow from operating activities:			
Cash receipts from customers		1,853,130 a)	1,620,533 a)
Cash paid to suppliers		(1,133,373) a)	(1,242,296) a)
Cash paid to employees		(55,833)	(54,554)
Income tax received/paid		(28,027)	(4,334)
Other receipts / (payments) relating to operating activities		(15,981)	924
Net cash flows from operating activities (1)		619,916	320,272
Cash flow from investing activities:			
Receipts related to:			
Investments in associates	7	199	220
Investment grants		25,368	21,653
Dividends	7 and 10	13,218	11,587
Payments related to:			
Property, plant and equipment		(2,142)	(11,077)
Intangible assets - Concession assets		(143,736)	(102,635)
Net cash flow used in investing activities (2)		(107,094)	(80,252)
Cash flow from financing activities:			
Receipts related to:			
Borrowings		1,585,000	1,692,500
Payments related to:			
Borrowings		(1,554,397)	(1,782,320)
Interests and other similar expense		(35,088)	(34,986)
Dividends	29	(113,426)	(113,426)
Net cash from / (used in) financing activities (3)		(117,911)	(238,232)
Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)		394,911	1,789
Effect of exchange rates		(538)	(441)
Cash and cash equivalents at the beginning of the year	13	61,169	20,521
Cash and cash equivalents at the end of the period	13	455,542	21,868
Detail of cash and cash equivalents			
Cash	13	22	22
Bank overdrafts	13	(54)	(2,926)
Bank deposits	13	455,574	24,772
		455,542	21,868

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 2021.

The Accountant

The Board of Directors

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

(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 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 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 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 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 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, Aéreo 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 2021, REN also holds:

a) 42.5% interest in the share capital of Electrogas, S.A., a provider of 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 2021 and 31 December 2020:

Designation / adress	Activity	Sep 2021		Dec 2020	
		% Owned		% Owned	
		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 - Carricho- 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 - Carricho- 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 Aério 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

- 2021

There were no changes to the consolidation perimeter in 2021 compared to that reported on 31 December 2020.

- 2020

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

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 11 November 2021. 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 2021 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 2020.

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 2021, current liabilities in the amount of 943,644 thousand Euros are greater than current assets, which total 775,430 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 2021, credit lines in the form of commercial paper available for use in the amount of 1,425,000 thousands Euros (Note 16). Additionally, the Group has, as of 30 September 2021, 80,000 thousand Euros in credit lines contracted and not used (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 recovery of these delays until the end of the year 2021.

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 2020 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, Impairment of Goodwill and Tariff deviations.

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 2021.

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 2020, as explained in the notes to the consolidated financial statements for 2020, except for the adoption of new effective standards for periods beginning on or after 1 January 2021.

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 2021 and compared to the year ended on 31 December 2020.

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 2021:

- **Amendments to IFRS 4 - Insurance Contracts: Deferral of IFRS 9**

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"). The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2**

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. The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IFRS 16 – Leases: Covid-19 Related Rent Concessions beyond 30 June 2021**

These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021). The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in future economic exercises:

- **Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020 (new standard to be applied for periods beginning on or after 1 January 2022)**

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. The future adoption of this standard is not expected to have significant impacts on REN's consolidated 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 including Amendments to IFRS 17	01/jan/23	This standard is intended to replace IFRS 4 and requires that all insurance contracts to be accounted for consistently. The amendments are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. 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 IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01/jan/23	These amendments aim to change the requirements in IAS 1 with regard to disclosure of accounting policies. An entity discloses its material accounting policies, instead of its significant accounting policies, so there are examples and explanations to identify a material accounting policy. The materiality concept is demonstrated in IFRS 2 through the "four-step materiality process".
Amendments to IAS 1 and IFRS 2 - Disclosure of Accounting policies	01/jan/23	These amendments clarify the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change of this type used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	01/jan/23	The main change in these amendments is an exemption from the initial recognition exemption. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/jan/23	

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 30 September 2021 consolidated financial statements.

4 SEGMENT REPORTING

The REN Group is organised 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.

The results by segment for the nine-month period ended 30 September 2021 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	266,503	146,893	5,380	28,904	(34,711)	412,970
Inter-segments	1,475	4,864	-	28,371	(34,711)	-
Revenues from external customers	265,028	142,029	5,380	533	-	412,970
Revenue from construction of concession assets	102,009	36,378	-	-	-	138,387
Cost with construction of concession assets	(90,799)	(32,286)	-	-	-	(123,085)
Gains / (losses) from associates and joint ventures	-	-	-	4,670	-	4,670
Personnel costs	(48,382)	(32,055)	(2,192)	(10,352)	39,073	(53,907)
Employee compensation and benefit expense	(13,515)	(9,578)	(227)	(18,789)	-	(42,109)
Other expenses and operating income	10,834	(53)	(59)	610	(4,363)	6,969
Operating cash flow	226,650	109,300	2,902	5,043	-	343,894
Investment income - dividends	-	-	-	7,020	-	7,020
Non reimbursable expenses						
Depreciation and amortizations	(118,111)	(62,274)	(4)	(144)	-	(180,533)
Impairments	-	-	-	(283)	-	(283)
Financial results						
Financial income	581	3,376	7	85,486	(86,517)	2,934
Financial costs	(17,668)	(13,681)	(2)	(96,485)	86,517	(41,319)
Profit before income tax and ESEC	91,452	36,721	2,903	636	-	131,713
Income tax expense	(26,106)	(10,271)	(691)	778	-	(36,290)
Energy sector extraordinary contribution (ESEC)	(16,605)	(10,465)	-	-	-	(27,070)
Profit for the period	48,741	15,986	2,212	1,415	-	68,353

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 period	40,325	21,585	2,075	12,085	-	76,070

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 2021 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	878,535	-	2,170,323	(3,048,858)	-
Property, plant and equipment and intangible assets	2,670,579	1,533,956	-	430	-	4,204,965
Other assets	551,473	385,020	12,283	6,697,778	(6,322,157)	1,324,397
Total assets	3,222,052	2,797,510	12,284	8,868,532	(9,371,015)	5,529,362
Total liabilities	2,352,374	1,270,727	7,977	6,852,847	(6,322,157)	4,161,767
Capital expenditure - total	105,217	36,378	-	111	-	141,705
Capital expenditure - property, plant and equipment (Note 5)	3,207	-	-	111	-	3,318
Capital expenditure - intangible assets (Note 5)	102,010	36,378	-	-	-	138,387
Investments in associates (Note 7)	-	-	-	164,311	-	164,311
Investments in joint ventures (Note 7)	-	-	-	2,763	-	2,763

Assets and liabilities by segment at 31 December 2020 as well as investments on tangible assets and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	891,981	-	2,220,494	(3,112,474)	-
Property, plant and equipment and intangible assets	2,697,339	1,559,871	5	467	-	4,257,681
Other assets	542,035	386,983	8,621	6,249,669	(6,196,330)	990,977
Total assets	3,239,374	2,838,834	8,625	8,470,629	(9,308,804)	5,248,658
Total liabilities	2,350,210	1,286,030	4,069	6,396,979	(6,196,330)	3,840,958
Capital expenditure - total	138,496	34,452	-	347	-	173,294
Capital expenditure - property, plant and equipment (Note 5)	12,091	-	-	347	-	12,438
Capital expenditure - intangible assets (Note 5)	126,405	34,452	-	-	-	160,856
Investments in associates (Note 7)	-	-	-	156,183	-	156,183
Investments in joint ventures (Note 7)	-	-	-	2,662	-	2,662

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 2021, the changes in tangible and intangible assets were as follows:

	Property, plant and equipment					Intangible assets				Total	
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment in progress	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets		Total
Cost:											
At 1 January 2021	97,396	958	712	1,231	32,260	132,557	8,377,108	176,374	60,587	8,614,069	8,746,626
Additions	-	90	21	-	3,207	3,318	1,786	136,601	-	138,387	141,705
Disposals, write-offs and impairments	-	(202)	(8)	-	-	(210)	(36,668)	-	-	(36,668)	(36,878)
Transfers	-	-	-	-	-	-	59,456	(59,456)	-	-	-
Exchange rate differences	(8,446)	(1)	125	-	(2,390)	(10,712)	-	-	(4,452)	(4,452)	(15,164)
At 30 September 2021	88,950	845	850	1,231	33,077	124,953	8,401,682	253,519	56,135	8,711,336	8,836,289
Accumulated depreciation:											
At 1 January 2021	(4,047)	(516)	(582)	(32)	(261)	(5,437)	(4,483,720)	-	212	(4,483,508)	(4,488,946)
Depreciation charge	(2,430)	(151)	(35)	-	-	(2,616)	(177,867)	-	(50)	(177,917)	(180,533)
Depreciation of disposals and write-offs and other reclassifications	-	199	8	-	261	468	36,632	-	-	36,632	37,100
Exchange rate differences	1,323	1	86	-	-	1,410	-	-	(354)	(354)	1,056
At 30 September 2021	(5,154)	(467)	(523)	(32)	-	(6,175)	(4,624,955)	-	(192)	(4,625,147)	(4,631,323)
Net book value:											
At 1 January 2021	93,349	442	131	1,199	31,999	127,119	3,893,388	176,374	60,799	4,130,562	4,257,681
At 30 September 2021	83,796	378	328	1,199	33,077	118,777	3,776,727	253,519	55,943	4,086,189	4,204,966

The changes in tangible and intangible assets in the in the year ended 31 December 2020 were as follows:

	Property, plant and equipment					Intangible assets				Total	
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment in progress	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets		Total
Cost:											
At 1 January 2020	103,937	944	685	1,270	20,743	127,579	8,356,669	97,606	66,581	8,520,856	8,648,435
Additions	-	312	35	-	12,091	12,438	4,807	156,049	-	160,856	173,294
Disposals, write-offs and impairments	-	(297)	-	-	-	(297)	(61,649)	-	-	(61,649)	(61,946)
Transfers	-	-	-	-	-	-	77,281	(77,281)	-	-	-
Exchange rate differences	(6,541)	(1)	(8)	(39)	(574)	(7,163)	-	-	(5,994)	(5,994)	(13,157)
At 31 December 2020	97,396	958	712	1,231	32,260	132,557	8,377,108	176,374	60,587	8,614,069	8,746,626
Accumulated depreciation:											
At 1 January 2020	(1,000)	(567)	(333)	(30)	-	(1,929)	(4,305,938)	-	(2)	(4,305,940)	(4,307,869)
Depreciation charge	(3,246)	(213)	(27)	(2)	-	(3,488)	(237,665)	-	(12)	(237,677)	(241,165)
Depreciation of disposals and write-offs and other reclassifications	199	264	(222)	-	(261)	(20)	59,883	-	225	60,108	60,088
At 31 December 2020	(4,047)	(516)	(582)	(32)	(261)	(5,437)	(4,483,720)	-	212	(4,483,508)	(4,488,946)
Net book value:											
At 1 January 2020	102,937	377	353	1,240	20,743	125,649	4,050,731	97,606	66,579	4,214,916	4,340,564
At 31 December 2020	93,349	442	131	1,199	31,999	127,119	3,893,388	176,374	60,799	4,130,562	4,257,681

The main additions verified in the periods ended 30 September 2021 and 31 December 2020 are made up as follows:

	Sep 2021	Dec 2020
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	15,567	16,660
Power line construction (400 KV)	34,701	48,811
Construction of new substations	20,092	20,561
Substation Expansion	19,427	21,249
Other renovations in substations	3,250	3,419
Telecommunications and information system	5,250	8,933
Pilot zone construction - wave energy	139	178
Buildings related to concession	1,306	1,029
Transmission and transformation of electricity in Chile	3,207	12,091
Other assets	2,275	5,564
Gas segment:		
Expansion and improvements to gas transmission network	16,906	6,442
Construction project of cavity underground storage of natural gas in Pombal	2,949	2,200
Construction project and operating upgrade - LNG facilities	1,111	3,224
Natural gas distribution projects	15,412	22,586
Others segments:		
Other assets	111	347
Total of additions	141,705	173,294

The main transfers that were concluded and began activity during the periods ended 30 September 2021 and 31 December 2020 are made up as follows:

	Sep 2021	Dec 2020
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	1,520	3,856
Power line construction (400 KV)	24,840	8,896
Substation Expansion	12,439	12,516
Other renovations in substations	1,258	5,945
Telecommunications and information system	194	8,367
Buildings related to concession	-	1,973
Other assets under concession	99	1,863
Gas segment:		
Expansion and improvements to natural gas transmission network	1,780	5,484
Construction project of cavity underground storage of natural gas in Pombal	1,876	1,050
Construction project and operating upgrade - LNG facilities	429	5,323
Natural gas distribution and transmission projects	15,021	22,008
Total of transfers	59,456	77,281

The tangible and intangible assets in progress at 30 September 2021 and 31 December 2020 are as follows:

	Sep 2021	Dec 2020
Electricity segment:		
Power line construction (400 KV, 220 KV, 150 KV and others)	127,955	104,047
Substation Expansion	37,861	22,773
New substations projects	43,810	29,892
Buildings related to concession	2,722	1,416
Transmission and transformation of electricity in Chile	33,077	31,999
Other projects	7,880	1,719
Gas segment:		
Expansion and improvements to natural gas transmission network	22,573	7,700
Construction project of cavity underground storage of natural gas in Pombal	4,943	3,875
Construction project and operating upgrade - LNG facilities	1,229	548
Natural gas distribution projects	4,547	4,404
Total of assets in progress	286,596	208,373

Borrowing costs capitalized on intangible assets in progress in the nine-month period ended 30 September 2021 amounted to 2,477 thousand Euros (2,392 thousand Euros as of 31 December 2020), while overhead, management and other costs capitalized amounted to 12,825 thousand Euros (16,429 thousand Euros as of 31 December 2020) (Note 21).

The net book value of the intangible assets acquired through finance lease contracts at 30 September 2021 and 31 December 2020 was as follows:

	Sep 2021	Dec 2020
Cost	8,230	8,251
Accumulated depreciation and amortization	(4,354)	(3,705)
Net book value	3,876	4,546

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 2021 and 31 December 2020 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Sep 2021	Dec 2020
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	1,604	1,887
REN Portgás Distribuição, S.A.	2017	503,015	100%	1,235	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2019	155,482	100%	2,077	2,245
				4,916	5,367

The movement in the Goodwill caption for the periods ended 30 September 2021 and 31 December 2020 was:

Subsidiaries	At 1 January 2020	Increases	Decreases	Exchange rate differences	At 31 December 2020	Increases	Decreases	Exchange rate differences	At 30 September 2021
REN Atlântico, Terminal de GNL, S.A.	2,264	-	(377)	-	1,887	-	(283)	-	1,604
REN Portgás Distribuição, S.A.	1,235	-	-	-	1,235	-	-	-	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2,470	-	-	(225)	2,245	-	-	(168)	2,077
	5,969	-	(377)	(225)	5,367	-	(283)	(168)	4,916

7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 30 September 2021 and 31 December 2020, the financial information regarding the financial interest held is as follows:

		30 September 2021										Carrying amount	Group share of profit / (loss)
Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%			
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. (i)	Holding company	Lisbon	2,610	369	28,701	258	-	783	392	28,813	40	11,318	136
Electrogas, S.A.	Gas Transportation	Chile	18,366	9,659	32,732	2,842	7,378	20,831	10,410	32,171	42.5	152,993	4,425
											164,311	4,561	
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,598	92	1,158	-	1,313	218	5,532	50	2,763	109
(i) Financial Statements at 31 August 2021.											167,074	4,670	

		31 December 2020										Carrying amount	Group share of profit / (loss)
Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%			
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	902	28,295	277	-	1,091	524	28,919	40	11,381	240
Electrogas, S.A.	Gas Transportation	Chile	17,330	8,843	33,619	3,652	7,425	31,247	17,016	31,385	42.5	144,802	7,232
											156,183	7,472	
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,486	98	1,251	3	1,549	51	5,329	50	2,662	26
											158,845	7,498	

Associates

The changes in the caption "Investments in associates" during the periods ended at 30 September 2021 and 31 December 2020 was as follows:

Investments in associates	
At 1 de January de 2020	169,642
Effect of applying the equity method - Net Profit	7,472
Currency Translation Reserves	(13,231)
Dividends of Electrogas	(7,469)
Receipt of Supplementary Obligations of OMIP	(220)
Other changes in equity	(11)
At 31 December 2020	156,183
Effect of applying the equity method - Net Profit	4,561
Currency Translation Reserves	8,736
Dividends of Electrogas	(5,107)
Receipt of Supplementary Obligations of OMIP	(199)
Other changes in equity	138
At 30 September 2021	164,311

The total amount of dividends recognized by associates was 5,107 thousand Euros, during the nine-month period ended 30 September 2021, relating to the distribution of 2020 results, of which 5,017 thousand Euros were received and included in 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 2021 and 31 December 2020 was as follows:

Investments in joint ventures	
At 1 January 2020	2,636
Effect of applying the equity method	26
At 31 December 2020	2,662
Effect of applying the equity method	109
Dividends distribution	(8)
At 30 September 2021	2,763

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.

The total amount of dividends recognized by joint ventures was 8 thousand Euros, during the nine-month period ended 30 September 2021, relating to the distribution of 2020 results. This amount was received and included in included in the cash flow statement.

At 30 September 2021 and 31 December 2020, the financial information of the joint venture was as follows:

	30 September 2021					
	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.	5,673	2	-	(38)	(1)	(2)
	31 December 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.	5,625	5	3	(42)	(2)	(4)

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 2018 to 2021 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 2021 and 31 December 2020.

In 2021, 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 2021, 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 2021 and 2020 was as follows:

	Sep 2021	Sep 2020
Current income tax	101,546	22,554
Adjustments of income tax from previous years	(2,394)	(6,457)
Deferred income tax	(62,861)	15,624
Income tax	36,290	31,721

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

	Sep 2021	Sep 2020
Consolidated profit before income tax	131,713	135,955
Permanent differences:		
Non deductible/taxable Costs/Income	8,226	6,625
Timing differences:		
Tariff deviations	262,895	(58,591)
Provisions and impairment	(25)	(63)
Revaluations	(2,446)	(2,426)
Pension, helthcare assistance and life insurance plans	(2,812)	(3,086)
Derivative financial instruments	-	71
Others	953	155
Taxable income	398,503	78,641
Income tax	83,989	16,334
State surcharge tax	11,011	4,350
Municipal surcharge	5,958	1,317
Autonomous taxation	587	553
Current income tax	101,546	22,554
Deferred income tax	(62,861)	15,624
Adjustments of income tax from previous years	(2,394)	(6,457)
Income tax	36,290	31,721
Effective tax rate	27.6%	23.3%

Income tax

The caption "Income tax" payable and/or receivable at 30 September 2021 and 31 December 2020 is made up as follows:

	Sep 2021	Dec 2020
Income tax:		
Corporate income tax - estimated tax	(101,546)	(41,194)
Corporate income tax - payments on account	24,511	30,759
Income withholding tax by third parties	1,186	1,576
Income recoverable / (payable)	267	218
Income tax recoverable	(75,582)	(8,641)

Deferred taxes

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

	Sep 2021	Dec 2020
Impact on the statement of profit and loss:		
Deferred tax assets	31,740	(3,648)
Deferred tax liabilities	31,121	(6,458)
	62,861	(10,105)
Impact on equity:		
Deferred tax assets	(2,107)	2,556
Deferred tax liabilities	684	3,263
	(1,424)	5,818
Net impact of deferred taxes	61,438	(4,287)

The changes in deferred tax by nature were as follows:

Change in deferred tax assets – September 2021

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2021	2,759	30,117	34,027	6,391	16,898	2,380	92,575
Increase/decrease through reserves	-	(54)	-	(2,165)	-	112	(2,107)
Reversal through profit and loss	-	(867)	-	(132)	(1,595)	-	(2,594)
Increase through profit and loss	-	-	34,334	-	-	-	34,334
Change in the period	-	(922)	34,334	(2,298)	(1,595)	112	29,633
At 30 September 2021	2,759	29,195	68,362	4,094	15,303	2,493	122,208

Change in deferred tax assets – December 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	-	524	-	1,881	-	150	2,556
Reversal through profit and loss	(102)	(1,360)	-	(161)	(2,366)	-	(3,990)
Increase through profit and loss	156	-	60	12	-	114	342
Change in the period	54	(836)	60	1,732	(2,366)	264	(1,092)
At 31 December 2020	2,759	30,117	34,027	6,391	16,898	2,380	92,575

Deferred tax assets at 30 September 2021 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 2021

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2021	63,909	18,623	50,521	10,030	1,887	144,969
Increase/decrease through equity	-	-	-	413	-	413
Reversal through profit and loss	(27,745)	(1,011)	(1,383)	-	(981)	(31,121)
Exchange rate differences	-	-	-	-	(1,097)	(1,097)
Change in the period	(27,745)	(1,011)	(1,383)	413	(2,078)	(31,805)
At 30 September 2021	36,164	17,612	49,138	10,443	(191)	113,164

Evolution of deferred tax liabilities – December 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	-	-	-	(1,765)	(12)	(1,777)
Reversal through profit and loss	-	(1,358)	(1,836)	-	(731)	(3,925)
Increase through profit and loss	10,383	-	-	-	-	10,383
Exchange rate differences	-	-	-	-	(1,486)	(1,486)
Change in the period	10,383	(1,358)	(1,836)	(1,765)	(2,229)	3,195
At 31 December 2020	63,909	18,623	50,521	10,030	1,887	144,969

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 2021

	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	-	-	-	-	455,595	455,595	455,595
Trade and other receivables	11	398,882	-	-	-	-	398,882	398,882
Other financial assets		-	-	-	-	128	128	128
Investments in equity instruments at fair value through other comprehensive income	10	-	152,791	-	-	-	152,791	152,791
Derivative financial instruments	12	-	20,268	-	-	-	20,268	20,268
		398,882	173,059	-	-	455,723	1,027,664	1,027,664
Liabilities								
Borrowings	16	-	-	-	2,845,254	-	2,845,254	2,936,295
Trade and other payables	19	-	-	-	722,586	-	722,586	722,586
Income tax payable	8	-	-	-	75,582	-	75,582	75,582
Derivative financial instruments	12	-	21,883	2,514	-	-	24,397	24,397
		-	21,883	2,514	3,643,421	-	3,667,818	3,758,859

- December 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	-	-	-	-	61,499	61,499	61,499
Trade and other receivables	11	493,606	-	-	-	-	493,606	493,606
Other financial assets		-	-	-	-	102	102	102
Investments in equity instruments at fair value through other comprehensive income	10	-	150,850	-	-	-	150,850	150,850
Derivative financial instruments	12	-	25,685	-	-	-	25,685	25,685
		493,606	176,534	-	-	61,601	731,741	731,741
Liabilities								
Borrowings	16	-	-	-	2,823,432	-	2,823,432	2,932,603
Trade and other payables	19	-	-	-	444,531	-	444,531	444,531
Income tax payable	8	-	-	-	8,641	-	8,641	8,641
Derivative financial instruments	12	-	26,019	3,196	-	-	29,215	29,215
		-	26,019	3,196	3,276,605	-	3,305,819	3,414,990

Loans obtained, as referred to in Note 3.6 to the annual consolidated financial statements for the period ended December 31, 2020, 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 -0.568% and 0.1628% (maturities of one week and ten years, respectively).

The fair value of borrowings contracted by the Group at 30 September 2021 is 2,936,295 thousand Euros (at 31 December 2020 was 2,932,603 thousand Euros), of which 607,217 thousand Euros are partially recorded at amortized cost and includes an element of fair value resulting from movements in interest rates (at 31 December 2020 was 313,831 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 2021 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 2021, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

	Sep 2021				Dec 2020			
	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	93,730	-	55,479	149,209	90,833	-	56,435	147,268
Financial assets at fair value	-	9,303	-	9,303	-	9,755	-	9,755
Financial assets at fair value	-	10,964	-	10,964	-	15,930	-	15,930
	93,730	20,268	55,479	169,477	90,833	25,685	56,435	172,953
Liabilities:								
Financial liabilities at fair value	-	607,217	-	607,217	-	313,831	-	313,831
Financial liabilities at fair value	-	20,132	-	20,132	-	26,019	-	26,019
Financial liabilities at fair value	-	1,751	-	1,751	-	-	-	-
Financial liabilities at fair value through profit and loss	-	2,514	-	2,514	-	3,196	-	3,196
	-	631,614	-	631,614	-	343,046	-	343,046

During the nine-month period ended 30 September 2021, 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 55,479 thousand Euros for the nine-month period ended on 30 September 2021.

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 2021, 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 2020. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2020.

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

The assets recognised in this caption at 30 September 2021 and 31 December 2020 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 2021	Dec 2020
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%	93,730	90,833
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	55,479	56,435
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
				152,791	150,850

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	Total
At 1 January 2020	3,167	55,035	97,060	164	202	48	155,676
Fair value adjustments	-	1,400	(6,227)	-	-	-	(4,826)
At 31 December 2020	3,167	56,435	90,833	164	202	48	150,850
At 1 January 2021	3,167	56,435	90,833	164	202	48	150,850
Fair value adjustments	-	(956)	2,897	-	-	-	1,941
At 30 September 2021	3,167	55,479	93,730	164	202	48	152,791

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 2021.

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 2021, 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 Electricidade – 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 2021, 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.

These investments (OMEL, MIBGÁS, MIBGÁS Derivatives and Coreso) are recognised at fair value through other comprehensive income, however, as there are no available market price for these investments 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 2020.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS and MIBGÁS Derivatives at 30 September 2021.

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
AMPORTO - Área Metropolitana do Porto
AREA ALTO MINHO - Ag. Reg. Energia e Amb. Alto Minho
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 2021 and 31 December 2020 is made up as follows:

Fair value reserve (Note 15)	
1 January 2020	51,966
Changes in fair value	(4,826)
Tax effect	1,765
31 December 2020	48,905
1 January 2021	48,905
Changes in fair value	1,941
Tax effect	(413)
30 September 2021	50,433

In the nine-month period ended 30 September 2021, the total amount of 7,020 thousand Euros recognized in the consolidated statement of profit and loss is relative to associated companies' dividends, of which 6,716 thousand Euros were received during 2021. Additionally, the amount of 1,477 thousand Euros was received relative to dividends recognized during the year ended 31 December 2020. These amounts were included in the cash flows statement.

In the nine-month periods ended 30 September 2021 and 2020, the dividends attributable to the Group are as follows:

	Sep 2021	Sep 2020
Red Electrica Corporación, S.A. ("REE")	3,938	4,219
Hidroeléctrica de Cahora Bassa, S.A ("HCB")	3,033	1,523
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	49	81
	7,020	5,823

11 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 30 September 2021 and 31 December 2020 are made up as follows:

	Sep 2021			Dec 2020		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	282,488	576	283,064	226,542	576	227,118
Impairment of trade receivables	(2,951)	-	(2,951)	(2,951)	-	(2,951)
Trade receivables net	279,537	576	280,113	223,591	576	224,167
Tariff deviations i)	25,064	81,955	107,019	208,332	44,931	253,263
State and Other Public Entities	11,750	-	11,750	16,176	-	16,176
Trade and other receivables	316,351	82,531	398,882	448,099	45,507	493,606

- i) During the month of August 2021, REN Trading S.A. ("REN Trading") agreed to sell part of the tariff adjustment for the months of October and November 2021 (unexpired portion), in the amount of 24,607 thousand Euros. In this sale of assets, REN Trading fully and without recourse granted the right to receive tariff adjustments to which it is the creditor, within the scope of the Commercial Agent's Electricity Purchase and Sale activity.

The most relevant balances included in the trade and other receivables caption as of 30 September 2021 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 86,410 thousand Euros (94,060 thousand Euros at 31 December 2020) and (ii) the receivable of Galp Gás Natural, S.A., in the amount of 9,131 thousand Euros (12,918 thousand Euros at 31 December 2020).

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 4 thousand Euros (4 thousand Euros at 31 December 2020) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 5,989 thousand Euros (104 thousand Euros at 31 December 2020) 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 2021	Dec 2020
Beginning balance	(2,951)	(2,964)
Increases	-	(17)
Reversing	-	30
Ending balance	(2,951)	(2,951)

12 DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2021 and 31 December 2020, the REN Group had the following derivative financial instruments contracted:

	Notional	30 September 2021			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	-	1,359	-	20,132
Currency swaps	72,899 TEUR	-	6,995	-	-
Non-Deliverable Forward	8,214 TEUR	949	-	-	-
		949	8,354	-	20,132
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	10,964	-	1,751
		-	10,964	-	1,751
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	2,514
		-	-	-	2,514
Derivative financial instruments		949	19,319	-	24,397

	Notional	31 December 2020			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	600,000 TEUR	-	-	-	26,019
Currency swaps	72,899 TEUR	-	9,755	-	-
		-	9,755	-	26,019
Derivatives designated as fair value hedges					
Interest rate swaps	400,000 TEUR	-	15,930	-	-
		-	15,930	-	-
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	3,196
		-	-	-	3,196
Derivative financial instruments		-	25,685	-	29,215

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:

- eleven 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;
- a non deliverable forward contract negotiated by REN Serviços in order to hedge the exchange risk of exposure to the Chilean Peso of sales denominated in the same currency by Transemel.

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 2021 related to these financial instruments, in the net amount receivable of 1,841 thousand Euros (at 31 December 2020 it was 1,960 thousand Euros receivable).

The characteristics of the derivative financial instruments negotiated at 30 September 2021 and 31 December 2020 were as follows:

	Notional	REN pays	REN receives	Maturity	Fair value at 30 September 2021	Fair value at 31 December 2020
Cash flow hedge:						
Interest rate swaps	600,000 TEuros	[0.75%;1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024;apr-2029]	(18,773)	(26,019)
Currency swaps	72,899 TEuros	[Euribor 6m; + 1.9%]	[2.71%]	[jun-2024]	6,995	9,755
Non-Deliverable Forward	8,214 TEuros	[854,4 to 893,1 CLP]	[854,4 to 893,1 EUR]	[jul-2021;dec-2023]	949	-
					(10,828)	(16,264)
Fair value hedge:						
Interest rate swaps	300,000 TEuros	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	10,964	15,930
Interest rate swaps	300,000 TEuros	[Euribor 6m]	[-0.095%]	[apr-2029]	(1,751)	-
					9,213	15,930
Trading:						
Interest rate swaps	60,000 TEuros	[0.99%]	[Euribor 6m]	[jun-2024]	(2,514)	(3,196)
					(2,514)	(3,196)
				Total	(4,129)	(3,530)

The periodicity of the cash flows, paid and received, from the derivative financial instruments portfolio is monthly, 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 2021 and 31 December 2020 is presented in the following table:

	2021	2022	2023	2024	2025	Following years	Total
Interest rate swap (cash flow hedge)	-	-	-	300,000	300,000	300,000	900,000
Currency swap (cash flow hedge)	928	3,682	3,605	72,899	-	-	81,113
Interest rate swap (fair value hedge)	-	-	-	-	300,000	300,000	600,000
Interest rate swap (trading)	-	-	-	60,000	-	-	60,000
Total	928	3,682	3,605	432,899	600,000	600,000	1,641,113

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 2021, the Group has a total of six cash flow hedging interest rate swap contracts for a total amount of 900,000 thousand Euros (as of 31 December 2020 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 2021, is negative 18,773 thousand Euros (at 31 December 2020 it was negative 26,019 thousand Euros).

Of the derivatives described above, four contracts in a total amount of 600,000 thousand Euros (at 31 December 2020 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 18,600 thousand Euros (at 31 December 2020 it was 25,836 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	299,371	16
Bond Issue (Euro Medium Term Notes) ¹	12/02/2025	300,000 TEuros	2.5%	295,253	16
Bond Issue (Euro Medium Term Notes) ²	16/04/2029	300,000 TEuros	0.50%	299,310	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.

² 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 2029 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 2021 is positive 6,995 thousand Euros (at 31 December 2020 it was positive 9,755 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.

Cash Flow Hedge – Non Deliverable forward

During the second quarter of 2021, the Group hedged the exchange risk of sales denominated in Chilean Pesos by Transmel, in a total amount of 7,950,000 thousand Chilean Pesos (CLP), by contracting a structure of thirty monthly non deliverable forwards on the monthly average of the EUR/CLP exchange with maturity between 2021 and 2023.

As of 30 September 2021, the Group has a total of twenty-seven active non-deliverable forward contracts denominated as cash flow hedge instruments in the global amount of 8,214 thousand Euros. The hedged risk is the foreign exchange exposure of sales made in CLP upon consolidation of the Group's entity, Transmel. Credit risk is not being hedged.

The fair value of the non-deliverable forward at 30 September 2021 is positive 949 thousand Euros.

The amount recognised in reserves, relating to the cash flow hedges referred to above, as at 30 September 2021, is 964 thousand Euros. Additionally, an amount of 15 thousand Euros was recorded in the income statement as a cost of hedging, corresponding to the forward points of the hedging instruments that are not designated as part of the hedging relationship.

¹ The currency effect of the underlying (loan), in the period ended 30 September 2021, was favorable in the amount of 1,939 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 2020 was favorable in 1,206 thousand Euros).

² The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was negative 2,512 thousand Euros which was offset by the effect of the trading derivative negotiated in positive 909 thousand Euros (as of 30 September 2020 it was positive 1,491 thousand Euros against negative 138 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 2021 amounted to negative 1,603 thousand Euros (as of 30 September 2020 was positive 1,353 thousand Euros).

The instrument covered by the cash flow hedge ratio corresponds to a proportion of total sales denominated in CLP, corresponding to a monthly sales amount of 265,000 thousand Chilean Pesos.

Integral Income:

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

- September 2021

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	7,236	7,236	-	-
Swaps of exchange rate	(3,025)	1,426	(2,512)	(1,939)
Non-Deliverable Forward	949	(964)	-	-
	5,160	7,697	(2,512)	(1,939)

- 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)

Hedging Reserve:

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

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
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)
1 January 2021	(34,059)	8,515	(25,545)
Changes in fair value and ineffectiveness	9,625	(2,165)	7,460
30 September 2021	(24,434)	6,350	(18,085)

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 2021, the Group has a total of four fair value hedging derivative contracts amounting to 600,000 thousand Euros (as of 31 December 2020 it was 300,000 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 2021, the fair value of interest rate swaps designated as fair value hedging instruments was positive 9,213 thousand Euros (as of 31 December 2020 it was positive 15,930 thousand Euros).

Changes in the fair value of hedged items arising from interest rate risk are recognised in the income statement in order to offset changes in the fair value of the hedging instrument, which are also recognised in the income statement.

The hedged items of fair value hedging relationships have the following conditions:

- September 2021

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2021	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	287,579	(9,565)	4,266	16
Bond Issue (Euro Medium Term Notes)	16/04/2029	300,000 TEuros	0.50%	302,035	2,348	2,348	16
					(7,217)	6,614	

- 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)	

At 30 September 2021, the change in fair value of the debt related to interest rate risk recognized in the income statement was positive 6,614 thousand Euros (at 30 September 2020 it was negative 2,720 thousand Euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately positive 65 thousand Euros (at 30 September 2020 it was negative 1,300 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 2021

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	65

- September 2020

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

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 – Interest and Exchange Rate Swaps).

The notional amount of this trading derivative is 60,000 thousand Euros as of 30 September 2021 (at 31 December 2020 it was 60,000 thousand Euros). Credit risk is not being hedged. The fair value of the trading derivative, on 30 September 2021, is negative 2,514 thousand Euros (on 31 December 2020 it was negative 3,196 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 2021, related to the effect of the fair value of the trading derivative was positive 909 thousand Euros (as of 31 December 2020 it was 16 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 2021 and 31 December 2020 are made up as follows:

	Sep 2021	Dec 2020
Cash	22	-
Bank deposits	455,573	61,499
Cash and cash equivalents in the statement of financial position	455,595	61,499
Bank overdrafts (Note 16)	(54)	(330)
Cash and cash equivalents in cash flow statement	455,542	61,169

In the periods ended 30 September 2021 and 31 December 2020, there are no cash and cash equivalents that are not available for the group to use.

14 EQUITY INSTRUMENTS

As of 30 September 2021 and 31 December 2020, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	Sep 2021		Dec 2020	
	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 2021 and 31 December 2020, 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 2021.

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 300,314 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 2021 this caption amounts to 130,662 thousand Euros;
- **Fair value reserve:** includes changes in the fair value of available for sale financial assets (50,433 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 18,085 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 (Note 14), (ii) exchange rate changes associated to the financial investment whose functional currency is Dollar; (iii) exchange variation of assets and liabilities of financial investments in subsidiaries, namely the exchange rate effect of converting Chilean Peso to Euro and (iv) changes in equity of associates recorded under the equity method. On 30 September 2021, this caption amounts to 137,304 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 2021 and 31 December 2020 was as follows:

	Sep 2021			Dec 2020		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	-	1,734,336	1,734,336	-	1,442,889	1,442,889
Bank Borrowings	93,681	509,955	603,635	96,567	574,897	671,464
Commercial Paper	250,000	250,000	500,000	450,000	250,000	700,000
Bank overdrafts (Note 13)	54	-	54	330	-	330
Leases	1,411	2,513	3,924	1,576	3,207	4,783
	345,146	2,496,804	2,841,949	548,473	2,270,992	2,819,465
Accrued interest	17,724	-	17,724	22,421	-	22,421
Prepaid interest	(7,882)	(6,537)	(14,419)	(8,337)	(10,117)	(18,454)
Borrowings	354,987	2,490,266	2,845,253	562,557	2,260,875	2,823,433

The borrowings settlement plan was as follows:

	2021	2022	2023	2023	2024	Following years	Total
Debt - Non current	-	42,558	632,633	361,703	569,820	890,090	2,496,804
Debt - Current	280,204	64,942	-	-	-	-	345,146
	280,204	107,500	632,633	361,703	569,820	890,090	2,841,949

Detailed information regarding bond issues as of 30 September 2021 is as follows:

30 September 2021					
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
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
16/04/2021	16/04/2029	TEUR 300,000 (ii)	TEUR 300,000	Fixed rate EUR 0.50%	Annual

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 30 September 2021, the Group has eight commercial paper programs in the amount of 1,925,000 thousand Euros, of which 1,425,000 thousand Euros are available for utilization. Of the total amount 500,000 thousand Euros have a guaranteed placement, of which 250,000 thousand Euros are available for utilization at 30 September 2021.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 30 September 2021 amounted to 440,135 thousand Euros (at 31 December 2020 it was 480,840 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 8,184 thousand Euros (11,836 thousand Euros in 31 December 2020) 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 600,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in an amount of 6,614 thousand Euros (positive) (at 30 September 2020 was 2,720 thousand Euros (negative)) (Note 12).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge 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 2021, 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 derivative in place. The average interest rates for borrowings including commissions and other expenses were 1.60% in 30 September 2021 and 1.81% in 31 December 2020.

Leases

Minimal payments regarding lease contracts and the carrying amount of the finance lease liabilities as of 30 September 2021 and 31 December 2020 are made up as follows:

	Sep 2021	Dec 2020
Lease liabilities - minimum lease payments		
No later than 1 year	1,429	1,597
Later than 1 year and no later than 5 years	2,529	3,232
	3,958	4,829
Future finance charges on leases	(34)	(47)
Present value of lease liabilities	3,924	4,783
	Sep 2021	Dec 2020
The present value of lease liabilities is as follows		
No later than 1 year	1,411	1,576
Later than 1 year and no later than 5 years	2,513	3,207
	3,924	4,783

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 long service award is applicable to all Group companies.

At 30 September 2021 and 31 December 2020, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Sep 2021	Dec 2020
Liability on statement of financial position		
Pension plan	51,958	54,726
Healthcare plan and other benefits	45,519	45,781
	97,477	100,507

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

	Sep 2021	Dec 2020
Initial balance	100,507	103,309
Current service costs and Net interest on net defined benefit liability	2,586	3,602
Actuarial gains/(losses)	(181)	1,773
Benefits paid	(5,434)	(8,176)
Final balance	97,477	100,507

During the nine-month periods ended 30 September 2021 and 2020, the following operating expenses were recorded regarding benefit plans with employees:

	Sep 2021	Sep 2020
Charges to the statement of profit and loss (Note 24)		
Pension plan	1,966	2,230
Healthcare plan and other benefits	597	726
	2,564	2,956

The amounts reported to 30 September 2021 and 2020 result from the projection of the actuarial valuation as of 31 December 2020 and 2019, for the nine-month period ended 30 September 2021 and 2020, considering the estimated increase in salaries for 2021 and 2020, 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 2020	Dec 2019
Annual discount rate	Full Yield Curve	1.00%
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	€297
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 periods ended 30 September 2021 and 31 December 2020 were as follows:

	Sep 2021	Dec 2020
Beginning balance	8,508	8,416
Increases	-	669
Reversing	-	(484)
Utilization	-	(93)
Ending balance	8,508	8,508
Non-current provision	8,508	8,508
	8,508	8,508

At 30 September 2021, 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.

19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 30 September 2021 and 31 December 2020 was made up as follows:

	Sep 2021			Dec 2020		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers (Note 9)	280,932	-	280,932	164,595	-	164,595
Other creditors						
Other creditors (Note 9)	103,488	37,123	140,611	52,976	51,650	104,626
Tariff deviations (Note 9)	53,350	192,195	245,545	45,252	59,035	104,287
Fixed assets suppliers (Note 9)	31,742	-	31,742	45,676	-	45,676
Tax payables (Note 9) (i)	16,727	-	16,727	19,927	-	19,927
Deferred income						
Grants related to assets	19,806	254,993	274,799	19,954	261,201	281,155
Accrued costs						
Holidays and holidays subsidies (Note 9)	7,029	-	7,029	5,420	-	5,420
Trade and other payables	513,075	484,311	997,384	353,800	371,886	725,686

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

The caption "Trade and other payables" includes: (i) the amount of 122,711 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (29,441 thousand Euros at 31 December 2020); (ii) the amount of 7,933 thousand Euros of investment projects not yet invoiced (9,994 thousand Euros at 31 December 2020); (iii) the amount of 4 thousand Euros (4 thousand Euros at 31 December 2020) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 5,989 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (104 thousand Euros at 31 December 2020), also reflected in the caption "Trade receivables" (Note 11).

This transaction related to "CMEC" sets a pass-through in the consolidated income statement of REN, fact for which it is compensated in that statement.

The caption "Other creditors" includes: (i) the amount of 6,605 thousand Euros (11,813 thousand Euros at 31 December 2020) 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 27,095 thousand Euros (Note 27) (at 30 September 2020 was 28,347 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 2021 and 2020 is made up as follows:

	Sep 2021	Sep 2020
Goods:		
Domestic market	115	30
	<u>115</u>	<u>30</u>
Services - Domestic market:		
Electricity transmission and overall systems management	255,502	256,122
Natural gas transmission	58,734	59,712
Natural gas distribution	41,208	40,268
Regasification	25,399	31,337
Underground gas storage	16,689	12,792
Telecommunications network	5,266	5,059
Trading	1,294	1,357
Others	536	224
Services - External market (Chile):		
Transmission and transformation of electricity	8,228	7,509
	<u>412,855</u>	<u>414,380</u>
Total sales and services rendered	<u>412,970</u>	<u>414,410</u>

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 2021 and 2020 were made up as follows:

	Sep 2021	Sep 2020
Revenue from construction of concession assets		
Acquisitions	123,085	81,233
Own work capitalised :		
Financial expenses (Note 5)	2,477	1,685
Overhead and management costs (Note 5)	12,825	11,542
	<u>138,387</u>	<u>94,460</u>
Cost of construction of concession assets		
Acquisitions	123,085	81,233
	<u>123,085</u>	<u>81,233</u>

22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the nine-month periods ended 30 September 2021 and 2020 is made up as follows:

	Sep 2021	Sep 2020
Recognition of investment subsidies in profit and loss	14,019	13,850
Underground occupancy tax	3,481	3,413
Supplementary income	1,436	673
Disposal of unused materials	739	149
Others	1,985	1,730
	21,660	19,815

23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the nine-month periods ended 30 September 2021 and 2020 is made up as follows:

	Sep 2021	Sep 2020
Maintenance costs	13,852	13,112
Fees relating to external entities i)	10,586	8,870
Cross border interconnection costs ii)	8,997	6,040
Electric energy costs	6,964	5,316
Gas transport subcontracts	4,313	3,340
Insurance costs	4,064	2,724
Security and surveillance	1,591	1,597
Advertising and communication costs	533	521
Travel and transportation costs	358	455
Other	2,649	2,697
External supplies and services	53,907	44,672

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.

24 PERSONNEL COSTS

Personnel costs for the nine-month periods ended 30 September 2021 and 2020 are made up as follows:

	Sep 2021	Sep 2020
Remuneration:		
Board of directors	2,653	2,142
Personnel	29,077	28,339
	31,730	30,481
Social charges and other expenses:		
Social security costs	6,193	6,093
Post-employment and other benefits cost (Note 17)	2,564	2,956
Social support costs	1,335	1,440
Other	287	185
	10,379	10,674
Total personnel costs	42,109	41,155

The Corporate bodies' remuneration includes remunerations paid to the Board of Directors as well as the General Shareholders meeting attendance.

25 OTHER OPERATING COSTS

Other operating costs for the nine-month periods ended 30 September 2021 and 2020 are made up as follows:

	Sep 2021	Sep 2020
ERSE operating costs i)	7,932	8,607
Underground occupancy tax	3,481	3,412
Donations and quotizations	1,155	1,668
Others	1,375	859
	13,943	14,545

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 2021 and 2020 are made up as follows:

	Sep 2021	Sep 2020
Financial costs		
Interest on bonds issued	24,335	33,062
Other borrowing interests	8,037	8,737
Interest on commercial paper issued	3,234	2,158
Derivative financial instruments	2,527	1,438
Other financing expenditure	3,186	1,056
	41,319	46,452
Financial income		
Derivative financial instruments	570	2,436
Other financial investments	1,743	1,693
Interest income	622	-
	2,934	4,128

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, 31 December, Law 2/2020, of 31 March and Law 75-B/2020, of 31 December.

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 2021 (1 January 2021) 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 2021) 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 27,095 thousand Euros (Note 19) (for the nine-month period ended 30 September 2020 was 28,347 thousand Euros) against a cost in the statement of profit and loss.

The ECES line of the income statement, amounting to 27,070 thousand Euros (28,165 thousand Euros at 30 September 2020) for the nine-month period ended 30 September 2021 includes the amount of 25 thousand Euros (negative) (in the nine-month period ended 30 September 2020 included the negative amount of 182 thousand Euros), related to the regularization of CESE from previous years.

28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Sep 2021	Sep 2020
Consolidated net profit used to calculate earnings per share	(1)	68,353	76,070
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	667,191,262
Effect of treasury shares (note 14)		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)	0.10	0.11

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 23 April 2021, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2020, 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 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.

30 CONTINGENT ASSETS AND LIABILITIES

30.1. Contingent liabilities

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA ("Tejo Energia") and Turbogás - Produtora Energética S.A. ("Turbogás") 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. They also recently expressed their intention to renegotiate the CAE, so as to reflect the amounts to be paid for the costs incurred with the financing of ECES.

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 2021 amounts to, approximately, 66 million Euros.

The processes brought by Tejo Energia regarding the financing of the social tariff and the tax on oil and energy products/carbon tax were already considered by the financial panels provided for in the CAE, which rejected the requests made by the plaintiffs. These two disputes were subsequently the subject of arbitration requests filed by Tejo Energia with the International Chamber of Commerce (ICC), pending the outcome of the proceedings.

The lawsuit brought by Turbogás relating to the financing of the social tariff was the subject of an arbitration decision, the court rejecting Turbogás' claim. The process brought by Turbogás regarding the tax on petroleum and energy products/carbon tax was already considered by the financial panel provided for in the CAE's, which rejected the requests made by the plaintiff.

30.2. Guarantees given

At 30 September 2021 and 31 December 2020, the REN Group had given the following bank guarantees:

Beneficiary	Scope	Sep 2021	Dec 2020
European Investment Bank (EIB)	To guarantee loans	252,704	277,693
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	22,770	24,482
Mibgás	To guarantee the liabilities incurred from the participation in the natural gas organized market	6,500	-
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	2,232	2,242
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	489	555
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
Others (loss then 100 thousand Euros)	Guarantee for litigation	204	109
		320,973	341,294

31 RELATED PARTIES

Main shareholders and shares held by corporate bodies

At 30 September 2021 and 31 December 2020, the shareholder structure of Group REN was as follows:

	Sep 2021		Dec 2020	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Group State Grid)	166,797,815	25.0%	166,797,815	25.0%
Pontegadea Inversiones S.L. i)	80,100,000	12.0%	-	0.0%
Mazoon B.V. (Group Oman Oil Company S.A.O.C.) i)	-	0.0%	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%
Great-West Lifeco, Inc.	24,821,784	3.7%	18,225,165	2.7%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	276,123,057	41.4%	282,719,676	42.4%
	667,191,262	100%	667,191,262	100%

- i) On 30 July 2021, REN received information that Mazoon B.V. transferred to Pontegadea Inversiones S.L. all the shares it held in REN. As a result of this acquisition, Pontegadea Inversiones S.L. directly holds 12.006% of the voting rights in REN, and such voting rights are also attributable to Mr. Amancio Ortega Gaona under the terms of the Portuguese Securities Code.

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 2021 amounted to 2,377 thousand Euros (1,794 thousand Euros in 30 September 2020), as shown in the following table:

	Sep 2021	Sep 2020
Remuneration and other short term benefits	1,227	1,152
Management bonuses (estimate)	1,150	642
	2,377	1,794

Transaction of shares by the members of the Board of Directors

During the nine-month period ended 30 September 2021, 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 2021 and 2020, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

Revenue

	Sep 2021	Sep 2020
<u>Sales and services provided</u>		
Invoicing issued- OMIP	-	45
Invoicing issued - REE	81	350
Invoicing issued - Centro de Investigação em Energia REN - State Grid	295	238
<u>Dividends received</u>		
Electrogás (Note 7)	5,107	7,469
Centro de Investigação em Energia REN - State Grid (Note 7)	8	-
REE (Note 10)	3,938	4,219
	9,429	12,321

Expenses

	Sep 2021	Sep 2020
External supplies and services		
Invoicing received - REE	885	1,639
Invoicing received - CMS Rui Pena & Arnaut ¹	105	59
	990	1,698

Balance

The balances at 30 September 2021 and 31 December 2020 resulting from transactions with related parties were as follows:

	Sep 2021	Dec 2020
Trade and other receivables		
REE - Dividends	-	1,477
Electrogás - Dividends	-	13
Centro de Investigação em Energia REN - State Grid - Other receivables	10	31
	10	1,521
Trade and other payables		
Centro de Investigação em Energia REN - State Grid - Other payables	-	2
REE - Trade payables	-	7
CMS - Rui Pena & Arnaut - Trade payables ¹	11	27
SPECO - Shandong Power Equipment CO ²	589	251
	600	287

¹ Entity related to the Administrator José Luís Arnaut. During 2021, 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 impatience.

² Subsidiary entity of the shareholder State Grid Europe Limited. The operations with this entity are related to acquisitions of concession assets in progress. Also, this entity presents guarantees amounting to 223 thousand Euros.

32 SUBSEQUENT EVENTS

On 15 October 2021, REN became aware of the ERSE Proposal for tariffs and prices for electricity in 2022 and parameters for the regulation period 2022 to 2025. The Proposal will be submitted to the opinion of the Tariff Board, composed of by representatives of consumers, free traders, regulated companies and the National Association of Municipalities. The Tariff Board must issue a non-binding opinion on the aforementioned proposal by 15 November 2021. After examining the position expressed by the Tariff Board, ERSE will proceed with the approval of the final values whose publication should take place by 15 December 2021.

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)

João Faria Conceição

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

Gonçalo Morais Soares

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

Guangchao Zhu

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

Mengrong Cheng

(Member of the Board of Directors)

Li Lequan

(Member of the Board of Directors)

Ana Pinho

(Member of the Board of Directors)

Ana da Cunha Barros

(Member of the Board of Directors)

Jorge Magalhães Correia

(Member of the Board of Directors)

Maria Estela Barbot

(Member of the Board of Directors)

José Luis Arnaut

(Member of the Board of Directors)

Manuel Sebastião

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

Rosa Freitas Soares

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

Gonçalo Gil Mata

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

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