

**ENDESA, S.A.
and Subsidiaries**

**Consolidated Management Report
for the six-month period
ended 30 June 2021**

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

Madrid, 26 July 2021

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR THE
SIX-MONTH PERIOD ENDED
30 JUNE 2021

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

1. Most significant figures.

Main figures	SDG ⁽¹⁾	Unit	January-June 2021	January-June 2020	% Var.
Revenue		€M	10,272	8,883	15.6
Gross operating profit (EBITDA) ⁽²⁾		€M	1,879	2,315	(18.8)
Net income		€M	832	1,128	(26.2)
Net ordinary income ⁽²⁾		€M	832	1,128	(26.2)
Net financial debt ⁽²⁾		€M	8,184 ⁽³⁾	6,899 ⁽⁴⁾	18.6
Cash flows from operating activities		€M	492	995	(50.6)
Gross investments in property, plant and equipment and		€M	895	789	13.4
Net installed capacity		MW	21,666 ⁽³⁾	21,652 ⁽⁴⁾	0.1
Net installed mainland renewable capacity	7	MW	7,720 ⁽³⁾	7,719 ⁽⁴⁾	0.0
Net installed mainland renewable capacity	7	%	45 ⁽³⁾	45 ⁽⁴⁾	-
Additional installed renewable capacity	7	MW	15 ⁽³⁾	391 ⁽⁴⁾	(96.2)
Electricity generation		GWh	27,592	27,575	0.1
Generation of renewable electricity	7	GWh	7,182	7,396	(2.9)
Distribution and transmission networks	9	km	315,847 ⁽³⁾	315,365 ⁽⁴⁾	0.2
Energy distributed ⁽⁵⁾	9	GWh	64,191	58,788	9.2
End users ⁽⁶⁾		Thousands	12,318 ⁽³⁾	12,291 ⁽⁴⁾	0.2
List of digitalised customers ⁽⁷⁾	9	%	100.0 ⁽³⁾	100.0 ⁽⁴⁾	N/A
Net electricity sales ⁽⁸⁾		GWh	39,420	39,038	1.0
Number of customers (electricity) ^{(9) (10)}		Thousands	10,212 ⁽³⁾	10,420 ⁽⁴⁾	(2.0)
Deregulated market ⁽¹¹⁾		Thousands	5,668 ⁽³⁾	5,690 ⁽⁴⁾	(0.4)
Public and private electricity charging stations	11	Units	8,009 ⁽³⁾	7,072 ⁽⁴⁾	13.2
Final headcount		No. of employees	9,274 ⁽³⁾	9,591 ⁽⁴⁾	(3.3)

€M = million euros.

(1) Sustainable Development Goals.

(2) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(3) At 30 June 2021.

(4) At 31 December 2020.

(5) Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

(6) Customers of distribution companies.

(7) Number of digitalised customers / End users (%).

(8) Sales to end customers.

(9) Supply points.

(10) Customers of supply companies.

(11) Customers of deregulated supply companies.

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

The accounting policies used to prepare this Consolidated Management Report are the same as those applied in the Consolidated Financial Statements for the year ended 31 December 2020, except for the following new standards, amendments and interpretations adopted by the European Union and applied for the first time to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021:

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

The application of these amendments and changes has not had a material impact on the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021.

3. Reference scenario.

3.1. Performance of the Main Market Indicators.

Market indicators	January-June 2021	January-June 2020	% Var.
Arithmetic average price in the wholesale electricity market (€/MWh) ⁽¹⁾	58.6	29.0	102.0
ICE Brent average price (\$/bbl) ⁽²⁾	65.2	42.1	54.9
Average price of carbon dioxide (CO ₂) emission rights (€/t) ⁽³⁾	43.8	22.0	99.1
Average price of coal (€/MWh) ⁽⁴⁾	77.8	45.8	69.8
Average price of gas (€/MWh) ⁽⁵⁾	21.7	7.5	189.3

(1) Source: Iberian Energy Market Operator - Polo Español (OMIE).

(2) Source: ICE: Brent Crude Futures.

(3) Source: ICE: ECX Carbon Financial Futures Daily.

(4) Source: Api2 index.

(5) Source: TTF index.

Closing Exchange Rates ⁽¹⁾	30 June 2021	31 December 2020	Difference
Closing exchange rate (Euros / US Dollar)	1,1894	1,2270	(0,0376)
Closing exchange rate (Euros / Pound Sterling)	0,8577	0,8980	(0,0403)

(1) Source: Thomson Reuters.

Average Exchange Closing and interest rates	30 June 2021	30 June 2020	Difference
Average exchange rate (Euros / US Dollar) ⁽¹⁾	1,2051	1,1018	0,1033
6-month Euribor (period average) ⁽²⁾	(0.42)	(0.29)	(0.13)

(1) Source: Thomson Reuters.

(2) Source: Bloomberg.

Percentage (%)

Estimated annual inflation ⁽¹⁾	30 June 2021	30 June 2020	
Spain		2.6	(0.3)

(1) Source: INE (Spanish Official Statistics Institute).

3.2. Electricity and gas market.

Electricity.

The changes in electricity demand at 30 June 2021 and 2020 are as follows:

Percentage (%)				
Trends in electricity demand ⁽¹⁾	Non-adjusted for working days and temperature		Adjusted for working days and temperature	
	January-June 2021	January-June 2020	January-June 2021	January-June 2020
Mainland	5.5	(7.8)	5.1	(7.8)
Non-mainland Territories (TNP)	1.0	(13.2)	0.3	(23.1)

(1) Source: Red Eléctrica de España, S.A. (REE). In power plant busbars.

During the first six months of 2021, accumulated mainland electricity demand rose by 5.5% relative to the same period of the previous year (5.1% correcting for working days and temperature).

The accumulated electricity demand in Non-mainland Territories (TNP) ended the first half of 2021 with an 8.3% increase in the Balearic Islands and a 3.2% decrease in the Canary Islands relative to the same period of the previous year (6.8% and -3.4% respectively, adjusted for the effect of working days and temperature).

As at 30 June 2021 and 2020, mainland electricity demand in the territories in which ENDESA distributes electricity, by activity segment, is as follows:

Percentage (%)

Changes in mainland electricity demand: ENDESA area ⁽¹⁾	January-June 2021	January-June 2020
ENDESA	4.5	(7.0)
Industrial	3.7	(8.8)
Services	9.1	(13.1)
Residential	0.7	0.8
ENDESA adjusted for working days and temperature	3.8	(7.4)

(1) Source: In-house.

The first half of 2021 was characterised by extraordinarily high prices, with the arithmetic average price in the wholesale electricity market standing at Euros 58.6/MWh (+102.0%), mainly due to changes in the prices of commodities and carbon dioxide (CO₂) emission rights.

The contribution of renewable energies to total mainland production in the first half of 2021 was 65.8% (59.7% in the first half of 2020).

At 30 June 2021, ENDESA held the following electricity market shares:

Percentage (%)

Market share (electricity) ⁽¹⁾	30 June 2021	31 December 2020
Mainland generation ⁽²⁾	17.9	18.0
Distribution	42.3	42.9
Supply	29.9	32.4

(1) Source: In-house.

(2) Includes renewable energies.

Gas.

The changes in gas demand at 30 June 2021 and 2020 are as follows:

Percentage (%)

Trend in demand for gas ⁽¹⁾	January-June 2021	January-June 2020
Domestic market	2.3	(11.3)
Domestic - conventional	6.1	(8.5)
Electricity sector	(11.9)	(21.2)

(1) Source: Enagás, S.A.

During the first half of 2021, conventional demand for gas increased by 6.1% relative to the same period of the previous year, due, among other things, to the negative impact of the COVID-19 health crisis on demand for gas during the first half of 2020.

At 30 June 2021, ENDESA had the following market share for gas:

Percentage (%)

Market share (gas) ⁽¹⁾	30 June 2021	31 December 2020
Deregulated market	15.0	14.3

(1) Source: In-house.

4. Main risk factors and uncertainties for ENDESA's business

During the first half of 2021, ENDESA followed the same general risk management policy described in its Consolidated Financial Statements for the year ended 31 December 2020.

The information regarding the main risks and uncertainties associated with ENDESA's activity is described in section 7. Main Risks and Uncertainties in connection with ENDESA's Business of the Consolidated Management Report for the year ended 31 December 2020.

The economic crisis resulting from COVID-19 has led to a new and more difficult macroeconomic situation, with new risks becoming prominent and other becoming more volatile. As a result, ENDESA has been

operating against a backdrop of greater uncertainty in which the focus is on protecting people and achieving the strategic plan in a context dominated by digitalisation, remote working and a focus on ESG (Environmental, Social and Governance) trends.

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

The current situations involves risks that are difficult to manage and to determine the likelihood of. These include changes to regulations for electricity generation, potential tax reforms, slow recovery of demand and increasing competition. All of these challenges could add to the pressure of achieving the Plan objectives.

The main risks and uncertainties ENDESA faces in the second half of 2021 include:

Strategic Risks.

- ENDESA’s activities are subject to extensive rules and regulation, and potential regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows (see Section 10. Regulatory Framework in this Consolidated Management Report and Note 3 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).
- If the economic situation in Spain, Portugal or other euro area economies deteriorates or recovery from COVID-19 is slow, this could adversely affect energy demand and, consequently, the results of ENDESA's business activities.

Financial Risks.

- Electricity prices and fuel prices in the wholesale market, specifically, coal, gas and CO₂ emission rights, will impact business costs and sale prices. Although ENDESA has fuel price hedges in place and has arranged contracts for power sold to customers for the next few months, fluctuations in both the market price for fuel and for electricity will affect the Group’s costs and revenue, and therefore, margins.
- Potential levels of rainfall and wind will also affect electricity production costs and market prices, in turn affecting margins in the second half of 2021.
- Interest rates will have an impact on ENDESA’s results in the second half of 2021, due to the portion of the Group’s net financial debt held at floating interest rates. In order to offset this impact, ENDESA has a policy of hedging interest rate risk through derivatives (see Note 15.1 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).
- The profit and loss of investees over which ENDESA does not exercise control and which are accounted for in the Consolidated Financial Statements for the equity method may also affect earnings in the second half of 2021 (see Section 6.3.4. Net Income of Companies Accounted for Using the Equity Method in this Consolidated Management Report and Note 7 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Operational Risks.

- ENDESA is exposed to risks of breakdown and accidents that can temporarily interrupt the operation of its plants and services to its customers. Any such events would negatively impact its results.

Other Risks.

- ENDESA is involved in some legal proceedings, the Resolution of which could have an impact on the Consolidated Financial Statements (see Notes 16.3 in the Notes to the Consolidated Financial Statements for the year ended 31 December 2020 and Note 12.2 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

5. Significant events in the period.

5.1. Changes in the consolidation scope.

In the first half of 2021, the following transactions were carried out:

Companies	Transaction	Date	Activity	Stake at 30 June 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Ownership	Control	Ownership
Arena Power Solar 11, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 12, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 13, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 4, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 5, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 6, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 33, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 34, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Arena Power Solar 35, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 9, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Savanna Power Solar 10, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	-	-
Energía Eólica Galeña, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	-	-
Energía Eólica Gregal, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	-	-
Energía Eólica Abrego, S.L.	Acquisition	17 May 2021	Wind	100.00	100.00	-	-
Energía Base Natural, S.L.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	-	-
Energía y Naturaleza, S.L.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	-	-
Ateca Renovables, S.L. (1)	Formed	18 June 2021	Photovoltaic	50.00	50.00	-	-
Terrer Renovables, S.L. (1)	Formed	18 June 2021	Photovoltaic	29.57	29.57	-	-
Planta Eólica Europea, S.A. (2)	Acquisition	24 June 2021	Wind	100.00	100.00	56.12	56.12

(1) Companies included in the Consolidated Financial Statements by the equity method with a value of less than Euros 1 million

(2) This transactions had no impact on the income statement, but had an impact of Euros 1 million on equity.

No subsidiaries, associates, joint operations or joint ventures were removed from the consolidation scope in the six months ended 30 June 2021 and 2020 (see Notes 2.3, 2.4 and 2.5 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Corporate acquisitions in the renewable energy business.

During the first half of 2021, all corporate acquisitions formalised corresponded to the renewable energy business.

The total transaction price was Euros 47 million, of which Euros 26 million was still payable at 30 June 2021, subject to compliance with certain contractual stipulations (see Section 7.5. Cash Flows Statement in this Consolidated Management Report).

The acquisition of these companies led to an accounting entry under “Intangible assets” in the consolidated statement of financial position of Euros 46 million, relating almost in full to the value of the licences for the development of wind farms and photovoltaic plants.

The companies acquired are currently applying for permits and licences to carry out their projects and/or are in the construction phase. Therefore, construction work has not yet started on the renewable energy facilities, and no ordinary revenue has been generated since the acquisition date.

Through the acquisition of wind and photovoltaic projects that are under development, ENDESA will bolster its presence in the Iberian generation market, expanding its portfolio of renewable energy assets in its production mix, consistently with the strategic approaches set out in the 2021-2023 Strategic Plan (see Section 6. Outlook of the Consolidated Management Report for the year ended 31 December 2020).

5.2. COVID-19 health crisis.

Given the complexity of the current situation, ENDESA is constantly monitoring the evolution of the COVID-19 pandemic, together with the changes in macroeconomic, financial and trade variables, as well as the regulatory measures in force, to update the estimate of the possible effects on the Consolidated Financial Statements, in line with the recommendations of the European Securities and Markets Authority (ESMA) and the Spanish Securities Market Commission (CNMV).

In accordance with the foregoing, the information relating to the main impacts for ENDESA related to the COVID-19 health crisis are described in the following notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 and sections in this Consolidated Management Report at 30 June 2021:

Matters	Reference (1)	Sections	Contents
Going concern	2.1	-	Impact of the health crisis on the activities performed by the Group companies.
COVID-19 health crisis	2.2.1	-	-
Leases	4.1.1 and 4.1.2	7.2	Effect of the health crisis on the lease arrangements signed (modification, renegotiation or cancellation of clauses).
Investments	4.2	7.6	Impact of the pandemic on the implementation of the investment plan.
Insurance	4.4 and 8.3	-	Effect of the pandemic on insurance contracts concluded.
Inventories	8.2	-	Effect of the economic context on contracts with “take or pay” clauses.
Credit risk	9.1 and 15.3	7.2	Impact of the health crisis.
Provisions	12.1.1 and 12.1.2		Actuarial assumptions used.
Financial debt	13.2.2	7.2	Refinancing of borrowings.
Liquidity risk	13.2.1 and 15.2	7.2	Financial transactions arranged.
Classification of financial assets	14.1	-	Modification of the business model and of the contractual characteristics of the cash flows from financial assets, and reclassification among the categories of such assets.
Derivatives and Hedging transactions	14.3 and 15.1	6.3.1	Compliance with the criteria established by the regulations to apply hedges.
Fair value measurement	14.3	-	Changes in the measurement bases used to determine the fair value.
Concentration risk	15.4	-	Effect of the pandemic on the concentration risk.
Corporate income tax	16.1	6.3.6	Recovery of deferred tax assets.

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Taken together, the effects of the health crisis in the period January-June 2021 did not have a significant impact on gross operating profit (EBITDA) or operating profit (EBIT) (negative impact of Euros 80 million and Euros 100 million, respectively, in the period January-June 2020), in addition to the costs accruing from the Public Accountability Plan, in the amount of Euros 12 million.

6. Changes in ENDESA's operations and profit and loss in the first half of 2021.

6.1. Operating performance.

Operating figures	SDG ⁽¹⁾	Unit	January-June 2021	January-June 2020	% Var.
Electricity generation		GWh	27,592	27,575	0.1
Generation of renewable electricity	7	GWh	7,182	7,396	(2.9)
Gross installed capacity		MW	22,479 ⁽²⁾	22,465 ⁽³⁾	0.1
Net installed capacity		MW	21,666 ⁽²⁾	21,652 ⁽³⁾	0.1
Net installed mainland renewable capacity	7	MW	7,720 ⁽²⁾	7,719 ⁽³⁾	0.0
Net installed mainland renewable capacity	7	%	45 ⁽²⁾	45 ⁽³⁾	-
Additional installed renewable capacity	7	MW	15 ⁽²⁾	391 ⁽³⁾	(96.2)
Energy distributed ⁽⁴⁾	9	GWh	64,191	58,788	9.2
Digitalised customers ⁽⁵⁾	9	Thousands	12,451 ⁽²⁾	12,389 ⁽³⁾	0.5
Distribution and transmission networks	9	km	315,847 ⁽²⁾	315,365 ⁽³⁾	0.2
End users ⁽⁶⁾		Thousands	12,318 ⁽²⁾	12,291 ⁽³⁾	0.2
Digitalised customers Ratio ⁽⁷⁾		(%)	100.0 ⁽²⁾	100.0 ⁽³⁾	N/A
Gross electricity sales ⁽⁸⁾		GWh	43,721	42,908	1.9
Net electricity sales ⁽⁹⁾		GWh	39,420	39,038	1.0
Gas sales ⁽¹⁰⁾		GWh	40,742	33,995	19.8
Number of customers (electricity) ^{(11) (12)}		Thousands	10,212 ⁽²⁾	10,420 ⁽³⁾	(2.0)
Deregulated market ⁽¹³⁾		Thousands	5,668 ⁽²⁾	5,690 ⁽³⁾	(0.4)
Public and private electricity charging stations	11	Units	8,009 ⁽²⁾	7,072 ⁽³⁾	13.2
Public lighting points	11	Units	101 ⁽²⁾	100 ⁽³⁾	1.0
Final headcount		No. of employees	9,274 ⁽²⁾	9,591 ⁽³⁾	(3.3)
Average headcount		No. of employees	9,375	9,818	(4.5)

(1) Sustainable Development Goals.

(2) At 30 June 2021.

(3) At 31 December 2020.

(4) Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

(5) Activated smart meters.

(6) Customers of distribution companies.

(7) Number of digitalised customers / End users (%).

(8) In power plant busbars.

(9) Sales to end customers.

(10) Without in-house generation consumption.

(11) Supply points.

(12) Customers of supply companies.

(13) Customers of unregulated supply companies.

Electricity generation.

ENDESA's electricity production during the first half of 2021 was 27,592 GWh, similar to the same period of the previous year, as detailed below:

Electricity generation ⁽¹⁾	January-June 2021		January-June 2020		% Var.
	GWh	Percentage (%)	GWh	Percentage (%)	
Mainland	22,809	82.7	22,601	82.0	0.9
Renewable energy plants	7,182	26.0	7,396	26.8	(2.9)
Hydroelectric	3,703	13.4	4,714	17.1	(21.4)
Wind ⁽²⁾	2,983	10.8	2,424	8.8	23.1
Photovoltaic ⁽³⁾	495	1.8	258	0.9	91.9
Rest	1	0.0	-	-	N/A
Nuclear power	12,815	46.4	12,672	46.0	1.1
Coal	391	1.4	664	2.4	(41.1)
Combined cycle (CCGT)	2,421	8.8	1,869	6.8	29.5
Non-mainland Territories (TNP)	4,783	17.3	4,974	18.0	(3.8)
Coal	39	0.1	(9) ⁽⁴⁾	-	N/A
Fuel-gas	1,752	6.4	2,042	7.4	(14.2)
Combined cycle (CCGT)	2,992	10.8	2,941	10.6	1.7
TOTAL	27,592	100.0	27,575	100.0	0.1

(1) In power plant busbars.

(2) The period from January-June 2021 includes 53 GWh corresponding to Non-mainland Territories (TNP) (28 GWh in the period from January-June 2020).

(3) The period from January-June 2021 includes 24 GWh corresponding to Non-mainland Territories (TNP) (0 GWh in the period from January-June 2020).

(4) Own consumption.

Non-emitting renewable and nuclear technologies accounted for 87.7% of ENDESA's mainland generation mix in the first half of 2021, compared to 87.7% for the rest of the sector (88.8% and 83.5%, respectively in the first half of 2020).

Gross and Net Installed Capacity

ENDESA's gross and net installed capacity at 30 June 2021 and 31 December 2020 was 22,479 MW and 21,666 MW, respectively, as detailed below:

Gross installed capacity	30 June 2021		31 December 2020		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,743	78.9	17,729	78.9	0.1
Renewables ^{(1) (2)}	7,838	34.9	7,825	34.8	0.2
Hydroelectric	4,791	21.3	4,793	21.3	(0.0)
Wind ⁽³⁾	2,422	10.8	2,423	10.8	(0.0)
Photovoltaic ⁽⁴⁾	625	2.8	609	2.7	2.6
Nuclear power	3,453	15.4	3,453	15.4	-
Coal	2,628	11.7	2,627	11.7	0.0
Combined cycle (CCGT)	3,824	17.0	3,824	17.0	-
Non-mainland Territories (TNP)	4,736	21.1	4,736	21.1	-
Coal	260	1.2	260	1.2	-
Fuel-gas	2,619	11.7	2,619	11.7	-
Combined cycle (CCGT)	1,857	8.3	1,857	8.3	-
TOTAL	22,479	100.0	22,465	100.0	0.1

(1) At 30 June 2021 and 31 December 2020, additional capacity was 15 MW and 391 MW, respectively.

(2) At 30 June 2021, mainland gross installed renewable energy capacity accounted for 44% of the total mainland gross installed capacity (44% at 31 December 2020).

(3) At 30 June 2021 and 31 December 2020, it included 40 MW relating to Non-mainland Territories (TNP).

(4) At 30 June 2021, it included 35 MW relating to Non-mainland Territories (TNP) (22 MW at 31 December 2020).

Net installed capacity	30 June 2021		31 December 2020		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,402	80.3	17,388	80.3	0.1
Renewables ^{(1) (2)}	7,795	36.0	7,781	35.9	0.2
Hydroelectric	4,748	21.9	4,749	21.9	(0.0)
Wind ⁽³⁾	2,422	11.2	2,423	11.2	(0.0)
Photovoltaic ⁽⁴⁾	625	2.9	609	2.8	2.6
Nuclear power	3,328	15.4	3,328	15.4	-
Coal	2,523	11.6	2,523	11.7	-
Combined cycle (CCGT)	3,756	17.3	3,756	17.3	-
Non-mainland Territories (TNP)	4,264	19.7	4,264	19.7	-
Coal	241	1.1	241	1.1	-
Fuel-gas	2,334	10.8	2,334	10.8	-
Combined cycle (CCGT)	1,689	7.8	1,689	7.8	-
TOTAL	21,666	100.0	21,652	100.0	0.1

(1) At 30 June 2021 and 31 December 2020, additional capacity was 15 MW and 391 MW, respectively.

(2) At 30 June 2021, mainland net installed renewable energy capacity accounted for 45% of the total mainland net installed capacity (45% at 31 December 2020).

(3) At 30 June 2021 and 31 December 2020, it included 40 MW relating to Non-mainland Territories (TNP).

(4) At 30 June 2021, it included 35 MW relating to Non-mainland Territories (TNP) (22 MW at 31 December 2020).

Electricity and gas sales.

Electricity.

At 30 June 2021, ENDESA had 10,212,484 electricity customers, down 2.0% on 31 December 2020, as shown in the following breakdown:

Thousands				
Number of customers (Electricity) ^{(1) (2)}	30 June 2021	31 December 2020	% Var.	
Regulated market	4,544	4,730	(3.9)	
Mainland Spain	3,865	4,020	(3.9)	
Non-mainland Territories (TNP)	679	710	(4.4)	
Deregulated market	5,668	5,690	(0.4)	
Mainland Spain	4,398	4,444	(1.0)	
Non-mainland Territories (TNP)	844	838	0.7	
Outside Spain	426	408	4.4	
TOTAL	10,212	10,420	(2.0)	
Revenue / Supply points ⁽³⁾	2.4	1.1	-	

(1) Supply points.

(2) Customers of supply companies.

(3) Relationship between annualised revenue from electricity sales and the number of electricity supply points (Thousands of euros / Supply points).

ENDESA's gross and net sales to these customers in the first half of 2021 totalled 43,721 GWh and 39,420 GWh, up 1.9% and 1.0%, respectively, with respect to the first half of 2020, as follows:

GWh

	Gross electricity sales ⁽¹⁾			Net electricity sales ⁽²⁾		
	January-June 2021	January-June 2020	% Var.	January-June 2021	January-June 2020	% Var.
Regulated price	6,459	6,440	0.3	5,441	5,523	(1.5)
Deregulated market	37,262	36,468	2.2	33,979	33,515	1.4
Spanish	31,807	31,568	0.8	28,843	28,885	(0.1)
Outside Spain	5,455	4,900	11.3	5,136	4,630	10.9
TOTAL	43,721	42,908	1.9	39,420	39,038	1.0

(1) In power plant busbars.

(2) Sales to end customers.

Gas.

At 30 June 2021, ENDESA had 1,655,934 gas customers, down 1.0% on 31 December 2020, as shown in the following breakdown:

Thousands

Number of customers (gas) ⁽¹⁾	30 June 2021	31 December 2020	% Var.
Regulated market	236	233	1.3
Mainland Spain	213	209	1.9
Non-mainland Territories (TNP)	23	24	(4.2)
Deregulated market	1,420	1,440	(1.4)
Mainland Spain	1,226	1,252	(2.1)
Non-mainland Territories (TNP)	70	71	(1.4)
Outside Spain	124	117	6.0
TOTAL	1,656	1,673	(1.0)
Revenue / Supply points ⁽²⁾	1.6	1.1	-

(1) Supply points.

(2) Relationship between annualised revenue from gas sales and the number of gas supply points (Thousands of euros / Supply points).

In the first half of 2021, ENDESA sold 40,742 GWh to customers in the natural gas market, up 19.8% on the first half of 2020.

GWh

Gas sales	January-June 2021	January-June 2020	% Var.
Deregulated market	21,719	20,391	6.5
Regulated market	719	650	10.6
International market	9,926	9,047	9.7
Wholesale business	8,378	3,907	114.4
TOTAL ⁽¹⁾	40,742	33,995	19.8

(1) Excluding own generation consumption.

Electricity distribution.

Supply quality measures	January-June 2021	January-June 2020	% Var.
Energy distributed (GWh) ⁽¹⁾	64,191	58,788	9.2
Energy losses (%) ⁽²⁾	7.4	7.7	-
Installed capacity equivalent interruption time (average) – ICEIT (minutes) ⁽³⁾	31.3	31.5	(0.6)
Duration of interruptions in the distribution grid – SAIDI (minutes) ⁽⁴⁾	77.1	72.3	6.6
Number of interruptions in the distribution grid – SAIDI (minutes) ⁽⁴⁾	1.5	1.4	7.1

(1) Energy supplied to customers with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distributors).

(2) Input of energy in the distribution grid (or energy injected into the distribution grid), less distributed energy divided among the energy input to the distributor (or energy injected into the distribution grid).

(3) Criteria of the Spanish regulator Includes figures for own, programmed and transport ICEIT.

(4) Source: In-house. Figures for the last 12 months.

6.2. Climate change and protecting the environment

Information relating to climate change is provided in Note 39. Climate Change in the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

During the first half of 2021, ENDESA continued making progress with its commitment to lead the energy transition, in line with the United Nation's Sustainable Development Goals (SDGs). This involves developing a business model consistent with the objectives of the Paris Agreement to achieve the challenge of decarbonisation and so contain the average increase in global temperatures to below 2° C compared to pre-industrial levels (see Note 2.2.2. of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Key performance indicators (KPIs) related to climate change and protecting the environment.

In the periods from January to June 2021 and 2020, the key performance indicators (KPIs) relating to the environment performed were as follows:

Key performance indicators (KPIs) ⁽¹⁾	Unit	Description	January-June 2021	January-June 2020
CO ₂ emissions, scope 1 greenhouse gasses (GHG)	Tonnes (t)	Emissions of greenhouse gasses (GHG) in scope 1 of the carbon footprint, which includes direct emissions of greenhouse gasses from sources controlled by the Company (including emissions from electricity generation in thermal power plants, use of sulphur hexafluoride (SF ₆), methane leaks generated in hydropower plant reservoirs, air conditioning of offices and its own vehicle fleet).	4,523,069	5,046,756
CO ₂ emissions, scope 3 greenhouse gasses (GHG)	Tonnes (t)	Emissions of greenhouse gasses (GHG) in scope 3 of the carbon footprint, which include emissions resulting from ENDESA's activity but not produced by sources its controls.	11,472,523	10,751,755
CO ₂ emissions, scope 3 greenhouse gasses (GHG) attributable to gas sales	Tonnes (t)	Emissions of greenhouse gasses (GHG) in scope 3 of the carbon footprint, which include emissions resulting from ENDESA's activity but not produced by sources its controls. These relate specifically to Gas Sales.	8,140,469	7,567,990
CO ₂ emissions	g/kWh	Specific emissions of CO ₂ .	161	180
ENDESA's specific sulphur dioxide (SO ₂) emissions	gSO ₂ /kWh	Specific emissions of sulphur dioxide (SO ₂).	0.13	0.17
Specific nitrogen oxide (NO _x) emissions	gNO _x /kWh	Specific nitrogen oxide (NO _x) emissions.	0.71	0.77
Specific particle emissions	g/kWh	Specific particle emissions.	0.01	0.01
Extraction of fresh water in areas of water stress	%	Capture of fresh water by facilities in areas of water scarcity with respect to total industrial water withdrawn at the same plants.	13.4	13.7
Specific water extraction for total production	l/kWh	Specific water consumption for total production	0.074	0.091
Area covered by facilities in natural spaces	km ²	Area covered by facilities in protected natural spaces.	661.9	661.9

(1) Source: In-house.

6.3. Analysis of results.

ENDESA reported net income of Euros 832 million in the first half of 2021, a decrease of 26.2% compared to the Euros 1,128 million reported in the same period of the previous year.

In order to analyse this performance the following factors should be taken into account:

- ENDESA's net income for the period from January-June 2020 included a net positive impact of Euros 267 million due to the entry into force of the "V ENDESA Framework Collective Bargaining Agreement" and the recognition of certain workforce restructuring provisions relating to the "Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts" (see Section 6.3.2. Operating Expenses in this Consolidated Management Report).
- The net income for the period from January-June 2021 included a net positive impact of Euros 194 million corresponding to ENDESA's right to be compensated for the reduction in its remuneration as a generating company, reflecting the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan ("PNA" in Spanish), which it does not have a legal duty to bear (see Sections 6.3.1. Revenue, 6.3.3. Net Financial Income/(Expense) and 10. Regulatory Framework in this Consolidated Management Report).

Net ordinary income in the first six months of 2021 and 2020 was the same as net income in both periods.

The table below presents the detail of the most relevant figures in ENDESA's Consolidated Income Statement in the first half of 2021 and the variation relative to the same period of the previous year:

Millions of Euros

	Reference ⁽¹⁾	Most significant figures		
		January-June 2021	January-June 2020	% Var.
Revenue	19.3	10,272	8,883	15.6
Procurements and services		(7,426)	(5,961)	24.6
Contribution margin ⁽²⁾		2,846	2,922	(2.6)
Self-constructed assets		106	97	9.3
Personnel expenses		(466)	(95)	390.5
Other fixed operating expenses		(607)	(609)	(0.3)
Gross operating profit (EBITDA) ⁽²⁾		1,879	2,315	(18.8)
Depreciation and amortisation and impairment losses		(785)	(760)	3.3
Operating profit (EBIT) ⁽²⁾		1,094	1,555	(29.6)
Net financial income/(expense) ⁽²⁾		20	(48)	(141.7)
Income before tax		1,114	1,513	(26.4)
Net income ⁽²⁾		832	1,128	(26.2)
Net ordinary income ⁽²⁾		832	1,128	(26.2)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

Gross operating profit (EBITDA) for the first half of 2021 stood at Euros 1,879 million (-18.8%).

Operating profit (EBIT) in the first half of 2021 fell by 29.6% relative to the same period of the previous year, standing at Euros 1,094 million.

6.3.1. Revenue.

In the first half of 2021, revenue stood at Euros 10,272 million, Euros 1,389 million higher (15.6%) than in the first half in 2020.

Below are details of the revenue for the first half of 2021 and its variations relative to the same period of the previous year:

Millions of Euros

	Reference ⁽¹⁾	Revenue			
		January-June 2021	January-June 2020	Difference	% Var.
Sales		8,685	8,265	420	5.1
Other operating income		1,587	618	969	156.8
TOTAL	19.3	10,272	8,883	1,389	15.6

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Sales

The table below presents the detail of ENDESA sales in the first half of 2021 and the variations relative to the same period of the previous year:

Millions of Euros

	Reference ⁽¹⁾	Sales			
		January-June 2021	January-June 2020	Difference	% Var.
Electricity sales		6,211	5,810	401	6.9
Sales to the deregulated market		4,046	4,065	(19)	(0.5)
Sales to the Spanish deregulated market		3,486	3,561	(75)	(2.1)
Sales to customers in deregulated markets outside		560	504	56	11.1
Sales at regulated prices		1,063	872	191	21.9
Wholesale market sales		563	239	324	135.6
Compensation from Non-mainland Territories (TNP)		490	555	(65)	(11.7)
Remuneration for investment in renewable energies		37	69	(32)	(46.4)
Other electricity sales		12	10	2	20.0
Gas sales		1,130	1,083	47	4.3
Sales to the deregulated market		1,092	1,048	44	4.2
Sales at regulated prices		38	35	3	8.6
Regulated revenue from electricity distribution		1,025	1,055	(30)	(2.8)
Other sales and services rendered		319	317	2	0.6
TOTAL	19.3	8,685	8,265	420	5.1

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Electricity sales to deregulated market customers.

In the first half of 2021, sales in the deregulated market amounted to Euros 4,046 million (-0.5%), in accordance with the following details:

- Sales in the Spanish deregulated market were Euros 3,486 million, down Euros 75 million (-2.1%) with respect to the same period of the previous year due, mainly, to the decrease in the physical units sold.
- Revenue from sales to customers in deregulated markets outside of Spain amounted to Euros 560 million, up Euros 56 million (+11.1%) with respect to the same period of the previous year due, mainly, to the changes in the unit price.

Electricity sales at a regulated price.

These sales generated income of Euros 1,063 million, up 21.9% on the first half of 2020 as a result mainly of the increased price.

Electricity sales in the wholesale market.

Income from electricity sales in the wholesale market in the first half of 2021 amounted to Euros 563 million and included recognition by ENDESA of Euros 188 million in relation to its right to be compensated for the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan ("PNA"), which it does not have a legal duty to bear (See Sections 6.3.3. Net financial result and 10. Regulatory Framework of this Consolidated Management Report and Note 3 of the Explanatory Notes forming part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021).

Gas sales.

Revenue from gas sales in the first half of 2021 amounted to Euros 1,130 million, up Euros 47 million (4.3%) on those of the first half of 2020, as follows:

- Gas sales in the deregulated market totalled Euros 1,092 million, which is Euros 44 million (4.2%) higher than the figure for the first half of 2020, due mainly to the increase in the number of physical units sold.
- Income from gas sales to customers at a regulated price amounted to Euros 38 million, up Euros 3 million (8.6%) on the same period in the previous year, due, mainly, to the increase in the number of physical units sold.

Compensation from Non-mainland Territories (TNP).

In the first half of 2021, compensation for Non-mainland Territories (TNP) generation stranded costs amounted to Euros 490 million, down Euros 65 million (-11.7%) on the same period in the previous year, due mainly to lower production in the period and changes in commodity prices.

Electricity distribution.

During the first half of 2021, ENDESA distributed 64,191 GWh in the Spanish market, which is 9.2% higher than the first half of 2020.

Regulated revenue from the distribution activity in the first half of 2021 amounted to Euros 1,025 million, representing a reduction of Euros 30 million (-2.8%) with respect to the same period in the previous year, due mainly to application of the new financial remuneration rate applicable from 1 January 2021.

Other operating income

The table below presents the detail of other operating income in the first half of 2021 and its variation relative to the same period of the previous year:

Millions of Euros

Millions of Euros					
	Reference (1)	Other operating income			
		January-June 2021	January-June 2020	Difference	% Var.
Changes in energy stock derivatives		1,378	463	915	197.6
Grants released to income (2)		24 (3)	10	14	140.0
Recognition of liabilities from contracts with customers in profit or loss		82	82	-	-
Rendering of services at plants		1	1	-	-
Trading rights		21	18	3	16.7
Third party compensation		10	7	3	42.9
Other		71	37	34	91.9
TOTAL	19.3	1,587	618	969	156.8

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) In the first half of 2021, Euros 8 million were included corresponding to grants related to assets and Euros 16 million corresponding to grants related to operations (Euros 8 million and Euros 2 million, respectively, in the first half of 2020).

(3) Includes recognition of a grant to Empresa Carbonífera del Sur, ENCASUR, S.A.U. of Euros 10 million to cover non-recurring costs arising from closure of coal production units under the Spanish Closure Plan for uncompetitive coal mining.

In the first half of 2021, other operating income totalled Euros 1,587 million, up Euros 969 million (+156.8%), compared to the first half of 2020. This can be attributed, in large part, to the Euros 915 million (+197.6%) increase in revenue from the valuation and settlement of energy stock derivatives due, mainly, to changes in the valuation and settlement of gas derivatives.

This income is considered jointly with the Euros 928 million (+266.3%) increase in costs under the same heading recognised in "Other variable procurements and services" in the Consolidated Income Statement (see Section 6.3.2. Operating Expenses in this Consolidated Management Report).

The derivatives and hedging transactions performed by ENDESA relate mainly to transactions arranged to hedge foreign currency risk or commodity price risk (electricity, fuel and CO₂ emission rights), the purpose of which is to eliminate or significantly reduce these risks in the underlying hedged transactions. In the current context, ENDESA has checked to make sure that they continue to meet the criteria established by the regulations for applying hedge accounting.

6.3.2. Operating expenses.

Operating expenses for January-June 2021 amounted to Euros 9,178 million, which is 25.2% higher than the same period in the previous year.

The table below presents the detail of operating expenses in the first half of 2021 and the variation relative to the same period of the previous year:

Millions of Euros

	Operating expenses			
	January-June 2021	January-June 2020	Difference	% Var.
Procurements and services	7,426	5,961	1,465	24.6
Power purchases	2,369	1,809	560	31.0
Fuel consumption	569	570	(1)	(0.2)
Transmission costs	2,390	2,523	(133)	(5.3)
Other variable procurements and services	2,098	1,059	1,039	98.1
Self-constructed assets	(106)	(97)	(9)	9.3
Personnel expenses	466	95	371	390.5
Other fixed operating expenses	607	609	(2)	(0.3)
Depreciation and amortisation and impairment losses	785	760	25	3.3
TOTAL	9,178	7,328	1,850	25.2

Procurements and services (variable costs).

Procurements and services (variable costs) totalled Euros 7,426 million in the first half of 2021, 24.6% more than in the same period of the previous year.

Changes in these costs in the first half of 2021 were:

- Power purchases rose by Euros 560 million (+31.0%) to Euros 2,369 million, mainly as a result of the increased arithmetic average price in the wholesale electricity market, which stood at Euros 58.6/MWh (102.0%).
- Fuel consumption totalled Euros 569 million, similar to the same period in the previous year.
- “Other variable procurements and services” in the Consolidated Income Statement stood at Euros 2,098 million, up by Euros 1,039 million (98.1%) on the same period in the previous year, as follows:

Millions of Euros				
	Other variable procurements and services			
	January-June 2021	January-June 2020	Difference	% Var.
Changes in energy stock derivatives	1,276	348	928	266.7
CO ₂ emission rights	128	102	26	25.9
Tax on electricity production	153	106	47	44.3
Treatment of radioactive waste	105	104	1	1.0
Street lighting / works licences	91	81	10	12.3
Nuclear charges and taxes	62	62	-	-
"Bono Social" discount rate	29	23	6	26.1
Catalonia environmental tax	53	-	53	N/A
Water tax	(24)	17	(41)	(241.2)
Other	225	216	9	4.2
TOTAL	2,098	1,059	1,039	98.1

This amount includes:

- An increase of Euros 928 million (266.3%) relative to the amount recognised in the first half of 2021 for expenses in respect of the valuation and settlement of energy stock derivatives, due mainly to developments in the valuation and settlement of gas derivatives. These costs are considered jointly with the Euros 915 million (+197.6%) increase in respect of this same item, recognised under "Other operating income" in the Consolidated Income Statement (see Section 6.3.1. Revenue in this Consolidated Management Report).
- A Euros 47 million increase (44.3%) in electricity production tax, due, mainly, to changes in the arithmetic average price in the electricity wholesale market, as a result, among other things, of commodity prices in the first half of 2021.
- An expense of Euros 53 million in the first half of 2021 relating to the tax on facilities that affect the environment in the Autonomous Region of Catalonia as a result of the publication of Law 5/2020, of 29 April, of the Provincial Government of Catalonia.
- In the period January-June 2021, the changes in fees payable on hydroelectric production includes, among other things, a reversal of Euros 48 million due to the declaration of the unenforceability of the state water tax under the Supreme Court ruling of 19 April 2021 (see Section 6.3.3. Financial Income/(Expense) in this Consolidated Management Report).

Fixed operating expenses.

The table below presents the detail of fixed operating expenses in the first half of 2021 and their variation relative to the same period of the previous year:

Millions of Euros

	Fixed operating expenses			
	January-June 2021	January-June 2020	Difference	% Var.
Self-constructed assets	(106)	(97)	(9)	9.3
Personnel expenses	466	95	371	390.5
Other fixed operating expenses	607	609	(2)	(0.3)
TOTAL	967	607	360	59.3

In the first half of 2021, fixed operating expenses amounted to Euros 967 million, representing an increase of Euros 360 million (+59.3%) compared with the first half of 2020, mainly as a result of the following aspects:

- The implementation in the period January-March 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of certain workforce restructuring provisions relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts” had a positive effect on the Income Statement in the amount of Euros 356 million (Euros 267 million, net of the tax effect) (see Section 6.3. Profit/(Loss) Analysis in this Consolidated Management Report).
- The updating of provisions for current workforce restructuring plans led to a negative impact of Euros 4 million in the Consolidated Income Statement for January-June 2021 (profit of Euros 44 million in the period from January-June 2020).
- The period provision for compensation and other risks of a tax and employment nature amounting to Euros 4 million in the first half of 2021 (Euros 9 million in the first half of 2020).
- The recognition in the period January-June 2020 of a cost of Euros 12 million corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis (see Section 5.2. COVID-19 Health Crisis in this Consolidated Management Report).

Excluding the effects described in the foregoing paragraphs, fixed operating expenses in the first half of 2021 would have fallen by Euros 27 million (-2.7%) on the same period in the previous year in line with the Company's fixed cost containment policy and the reduction in ENDESA's average workforce (-4.5%) (see Section 8.1. Headcount of this Consolidated Management Report).

Depreciation and amortisation and impairment losses

The table below presents the detail of depreciation and amortisation and impairment losses in the first half of 2021 and the variations compared to the previous year:

Millions of Euros

	Depreciation and amortisation and impairment losses			
	January-June 2021	January-June 2020	Difference	% Var.
DEPRECIATION AND AMORTISATION	736	707	29	4.1
Provision for the depreciation of property, plant and equipment	626	602	24	4.0
Provision for amortisation of intangible assets	110	105	5	4.8
IMPAIRMENT LOSSES	49	53	(4)	(7.5)
Non-financial assets	5	(3)	8	(266.7)
Provision for impairment losses on property, plant and equipment and investment property	5	(1)	6	(600.0)
Provision for impairment losses on intangible assets	-	(2)	2	(100.0)
Financial assets	44	56	(12)	(21.4)
Provision for impairment losses on receivables from contracts with customers	44	62	(18)	(29.0)
Provision for impairment losses on other financial assets	-	(6)	6	(100.0)
TOTAL	785	760	25	3.3

Depreciation and amortisation and impairment losses for the first half of 2021 amounted to Euros 785 million, up Euros 25 million (3.3%) relative to the same period of the previous year, as a result, mainly, of the Euros 29 million increase in the depreciation and amortisation charge, due, among others, to the entry into operation of renewable energy generation assets.

In the period January-June 2021, impairment losses amounted to Euros 49 million, Euros 4 million lower than in the same period of the previous year. This change includes a Euros 18 million reduction corresponding to impairment losses on contracts with customers as a result, mainly, of the current backdrop of economic recovery in Spain and Portugal and the intensification of collection management, which was temporarily suspended in the period January-June 2020 due to the extraordinary measures in response to the economic situation caused by COVID-19.

6.3.3. Net financial income/(expense)

Net financial income/(expense) in the first half of 2021 and in the first half of 2020 amounted to Euros 20 million and to Euros -48 million, respectively.

The table below presents the detail of net financial income/(expense) in the first half of 2021 and the variation relative to the same period of the previous year:

Millions of Euros

	Net financial income/(expense) ⁽¹⁾			
	January-June 2021	January-June 2020	Difference	% Var.
Net financial expense ⁽²⁾	23	(50)	73	(146.0)
Financial income	108	27	81	300.0
Financial expense	(85)	(77)	(8)	10.4
Net exchange differences	(3)	2	(5)	(250.0)
TOTAL	20	(48)	68	(141.7)

(1) Net financial income/(expense) = Financial income - Financial expense + Net exchange differences.

(2) Net financial expense = Financial income - Financial expense.

In the first half of 2021, net financial expense amounted to Euros 23 million, down Euros 73 million (-146.0%) on the same period of the previous year

In analysing changes in net financial expense during the first half of 2021, the following effects need to be taken into account:

Millions of Euros

	Net financial expense ⁽¹⁾			
	January-June 2021	January-June 2020	Difference	% Var.
Net expense in respect of financial liabilities at amortised cost	(72)	(66)	(6)	9.1
Income from financial assets at amortised cost	-	1	(1)	(100.0)
Update of provisions for workforce restructuring plans, dismantling of facilities and impairment of financial assets in accordance with IFRS 9 "Financial Instruments"	4	9	(5)	(55.6)
Interest on late payment of corporate income tax 2016-2017	-	7	(7)	(100.0)
Interest on late payment of compensation on carbon dioxide (CO ₂) emission rights from 2006 and state water tax	82	-	82	N/A
Other	9	(1)	10	N/A
TOTAL	23	(50)	73	(146.0)

(1) Net financial expense = Financial income - Financial expense.

Net expenses for financial liabilities at amortised cost amounted to Euros 72 million, up Euros 6 million (9.1%) on those recognised in the same period in the previous year, due to the combination of the following effects (see Section 7.2. Financial Management in this Consolidated Management Report):

- The lower average cost of gross financial debt, which fell from 1.8% in the first half of 2020 to 1.7% in the first half of 2021.
- The increase in the average gross financial debt (see Appendix I - Alternative Performance Measures (APMs) of this Consolidated Management Report) between both periods, which rose from Euros 7,822 million in the first half of 2020 to Euros 8,237 million in the first half of 2021.

The net financial expense for the period January-June 2021 includes Euros 71 million for late payment interest in relation to ENDESA's right to be compensated for the reduction of its remuneration as a generating company, in the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan ("PNA"), which it does not have a legal duty to bear, and late payment interest stemming from the declaration of the unenforceability of the state water tax under the Supreme Court

ruling of 19 April 2021 (see Sections 6.3. Analysis of Results and 6.3.2. Operating Expenses in this Consolidated Management Report).

6.3.4. Net profit/(loss) of companies accounted for using the equity method

In the first half of 2021 and 2020, the net income of the companies accounted for using the equity method amounted to Euros 12 million and Euros 11 million, respectively, as follows:

Millions of Euros		
	Net profit/(loss) of companies accounted for using the equity method	
	January-June 2021	January-June 2020
Associates	1	2
Tecnatom, S.A.	(1)	1
Gorona del Viento El Hierro, S.A.	1	-
Other	1	1
Joint Ventures	11	9
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	4	4
Front Marítim del Besòs, S.L.	-	-
Nuclenor, S.A.	-	-
Énergie Électrique de Tahaddart, S.A.	1	-
Suministradora Eléctrica de Cádiz, S.A.	2	1
Other	4	4
TOTAL	12	11

6.3.5. Gains/(losses) on disposal of assets

In the first half of 2021, gains/(losses) on disposal of assets amounted to Euros 12 million compared to Euros 5 million, both negative, in the first half of 2020, the detail being as follows:

Millions of Euros		
	Reference ⁽¹⁾	Gains/(losses) on disposal of assets
		January-June 2021 January-June 2020
Non-financial assets		(1) 6
Transfer of optical fibre use rights		- 4
Other gains and losses		(1) 2
Disposals of investments in group companies and other		- -
Disposals of property, plant and equipment ⁽²⁾		(1) 2
Financial assets		(11) (11)
Factoring transaction fees	9.1	(11) (11)
TOTAL		(12) (5)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Corresponds to results generated by the sale of land and buildings.

6.3.6. Corporate Income Tax.

In the first half of 2021, the income tax expense amounted to Euros 277 million, down Euros 105 million (-27.5%) with respect to the amount recognised in the first half of 2020, mainly as a result of the changes in gross operating profit (EBITDA) and operating profit (EBIT).

The effective rate for the period January-June 2021 is 24.9%, mainly as a result of the materialisation of tax credits and deductions charged to income, the allocation of non-deductible provisions and the limitation in the exemption of dividends and capital gains in force since 1 January 2021 (25.2% in the period January-June 2020).

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

6.3.7. Net income

The net income and net ordinary income attributable to the Parent in the first half of 2021 stood at Euros 832 million, a decrease of Euros 296 million (-26.2%) compared with the amount obtained in the same period of the previous year.

Economic indicators.

Euros

Key figures ⁽¹⁾	January-June 2021	January-June 2020	% Var.
Net ordinary earnings per share	0,786	1,065	(26.2)
Net earnings per share	0,786	1,065	(26.2)
Cash flow per share	0,465	0,940	(50.6)
Book value per share	6,492 ⁽²⁾	6,909 ⁽³⁾	(6.0)

(1) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

(2) At 30 June 2021.

(3) At 31 December 2020.

Profitability indicators (%) ⁽¹⁾	January-June 2021	January-June 2020
Ordinary Return on equity	20.72	25.21
Ordinary Return on assets	4.40	6.23
Economic profitability	9.33	12.92
Return on capital employed (ROCE)	4.50	6.44
Return on invested capital (ROIC)	9.98	13.55

(1) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

6.4. Value created for stakeholders.

The economic value generated and distributed by ENDESA during the periods January-June 2021 and 2020 was as follows:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Direct economic value generated			10,272	8,889
Sales	19.3	6.3.1	8,685	8,265
Other operating income	19.3	6.3.1	1,587	618
Net profit/(loss) of companies accounted for using the equity method		6.3.1	12	11
Gains/(losses) on disposal of assets		6.3.5	(12)	(5)
Economic value distributed to:			(8,864)	(7,131)
Shareholders			-	-
Companies: Customers, suppliers and contractors.			(7,939)	(6,437)
Power purchases		6.3.2	(2,369)	(1,809)
Fuel consumption		6.3.2	(569)	(570)
Transmission costs		6.3.2	(2,390)	(2,523)
Other variable procurements and services		6.3.2	(2,098)	(1,059)
Other fixed operating expenses		6.3.2	(607)	(609)
(Taxes and charges)			94	98
Employees		6.3.2	(466)	(95)
Public authorities			(371)	(480)
Corporate income tax		6.3.6	(277)	(382)
Taxes and charges			(94)	(98)
Investment in social development ⁽²⁾			(5)	(17)
Financial community		6.3.3	(83)	(67)
Financial expense			(85)	(77)
Financial income from derivative financial instruments			2	10
Economic value retained			1,408	1,758

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Financial and in-kind investment.

7. Equity and financial analysis.

7.1. Net invested capital and financing.

Below are the details of the breakdown and changes in ENDESA's net invested capital at 30 June 2021 and 31 December 2020:

Millions of Euros

	Reference ⁽¹⁾	Sections	30 June 2021	31 December 2020	Difference	% Var.
Net non-current assets:						
Property, plant and equipment and intangible assets	4 and 5		22,974	22,753	221	1.0
Goodwill	6		462	462	-	-
Investments accounted for using the equity method	7		208	217	(9)	(4.1)
Other net non-current assets/(liabilities)			(4,173)	(4,350)	177	4.1
Total net non-current assets ⁽²⁾			19,471	19,082	389	2.0
Net working capital:						
Trade and other receivables	9		5,378	3,151	2,227	70.7
Inventories	8		1,037	1,077	(40)	(3.7)
Other net current assets/(liabilities)			851	1,091	(240)	(22.0)
Suppliers and other payables	17		(7,907)	(6,194)	(1,713)	(27.7)
Total net working capital ⁽²⁾			(641)	(875)	234	26.7
Gross invested capital ⁽²⁾			18,830	18,207	623	3.4
Deferred tax assets and liabilities and provisions:						
Provisions for pensions and similar obligations	12		(606)	(701)	95	13.6
Other provisions	12		(3,285)	(3,480)	195	5.6
Deferred tax assets and liabilities	16		270	338	(68)	(20.1)
Total deferred tax assets and liabilities and provisions			(3,621)	(3,843)	222	5.8
Non-current assets classified as held for sale and discontinued operations			-	-	-	N/A
Net invested capital ⁽²⁾			15,209	14,364	845	5.9
Equity	11	7.3	7,025	7,465	(440)	(5.9)
Net financial debt ⁽²⁾		7.2	8,184	6,899	1,285	18.6

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

At 30 June 2021, net invested capital stood at Euros 15,209 million. The changes in the first half of 2021 were as follows:

- The increase in "Property, plant and equipment and intangible assets" amounted to Euros 221 million (1.0%), as a result, among others, of investments in the period January-June 2021 amounting to Euros 895 million (see Section 7.6. Investments in this Consolidated Management Report), offset partially by the depreciation and amortisation for the period, amounting to Euros 736 million (see Section 6.3.2. Operating Expenses in this Consolidated Management Report).
- The increase in "Net working capital" totalled Euros 234 million (26.7%), mainly as a result of the payment of the 2020 interim dividend on 4 January 2021, in the sum of Euros 741 million (see Sections 7.5. Cash flows Statement and 11.2. Dividends in this Consolidated Management Report).

7.2. Financial management.

Financial debt.

As at 30 June 2021, ENDESA had net financial debt of Euros 8,184 million, an increase of Euros 1,285 million (+18.6%) compared to 31 December 2020.

The reconciliation of ENDESA's gross and net financial debt at 30 June 2021 and 31 December 2020 is as follows:

Millions of Euros

	Reference ⁽¹⁾	Reconciliation of financial debt			
		30 June 2021	31 December 2020	Difference	% Var.
Non-current financial debt	13.1	6,342	5,937	405	6.8
Current financial debt	13.1	2,025	1,372	653	47.6
Gross financial debt ⁽²⁾		8,367	7,309	1,058	14.5
Cash and cash equivalents	10	(177)	(403)	226	(56.1)
Financial derivatives recognised in financial assets	14.3.1	(6)	(7)	1	(14.3)
Net financial debt		8,184	6,899	1,285	18.6

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) At 30 June 2021, this includes Euros 25 million corresponding to financial derivatives recognised in financial liabilities (Euros 36 million at 31 December 2020).

When assessing the variations in net financial debt, it must be borne in mind that on 4 January 2021 ENDESA, S.A. paid shareholders an interim dividend out of 2020 profit, for a gross amount of Euros 0.70 per share, involving a pay-out of Euros 741 million, in addition to the investment during the first half of 2021 (see Sections 7.5. Cash flows Statement and 11.2. Dividends in this Consolidated Management Report).

Structure.

The structure of ENDESA's gross financial debt at 30 June 2021 and 31 December 2020 was as follows:

Millions of Euros

	Structure of gross financial debt			
	30 June 2021	31 December 2020	Difference	% Var.
Euro	8,161	7,222	939	13.0
US dollar (USD)	206	87	119	136.8
TOTAL	8,367	7,309	1,058	14.5
Fixed rate	5,013	4,716	297	46.3
Floating rate	3,354	2,593	761	29.3
TOTAL	8,367	7,309	1,058	14.5
Sustainable financing (%) ⁽¹⁾	49	45	-	-
Average life (years) ⁽¹⁾	4.7	4.6	-	-
Average cost (%) ⁽¹⁾	1.7	1.7	-	-

(1) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

At 30 June 2021, 60% of the gross financial debt was at fixed interest rates, while 40% was at floating rates. At this date, 98% of the Company's gross financial debt was denominated in euros.

Maturity.

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

Millions of Euros

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

(1) Not including Euros 25 million corresponding to financial derivatives.

Main financial transactions.

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

- ENDESA has registered a new Euro Commercial Paper (ECP) SDG7 issue programme for Euros 4,000 million, the outstanding balance being Euros 1,606 million at 30 June 2021, renewable with the backing

of irrevocable bank credit lines. This Programme incorporates sustainability objectives, in line with ENDESA's Strategic Plan.

- Likewise, at the date of authorisation of this Consolidated Management Report, the following financial transactions were performed, all of which incorporated sustainability goals:

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

(1) Transactions described as sustainable as they include a performance indicator (KPI) in relation to ENDESA's commitment to ensure that its net installed mainland capacity from renewable sources is 55% of total net installed capacity at 31 December 2022.

(2) Corresponds to a current financial transaction in "Club Deal" format renewed at the signature date.

(3) Corresponds to the new credit lines in force renewed at the signature date.

(4) The credit conditions of this transactions are tied, for the first time for ENDESA, to the objective established in the Company's Strategic Plan to reduce specific emission of Scope 1 CO₂ equivalent to 150g CO₂eq/kWh in 2023.

(5) The formalisation of this credit line coincided with the cancellation of two lines of credit that ENDESA held with ENEL Finance International, N.V. until that date, for the amount of Euros 1,000 million and Euros 700 million, respectively.

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

Likewise, during the first half of 2021, ENDESA did not modify, renegotiate or cancel clauses contained in those lease arrangements in which it acts as lessee hence, consequently, no modifications were made to either the asset for the right of use that represents the right of use of the leased asset or the liability that represents the present value of the obligation to make lease payments during its term.

Financial stipulations

The financial debt of some ENDESA companies includes the usual covenants in this type of agreement. At the date of approval of this Consolidated Management Report, neither ENDESA, S.A. nor any of its subsidiaries were in breach of their financial obligations or any obligations that could require early repayment of their liabilities (see Note 13.2.3 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

Liquidity

At 30 June 2021, ENDESA had liquidity of Euros 4,005 million (Euros 4,493 million at 31 December 2020) as detailed below:

Millions of Euros					
	Reference ⁽¹⁾	Liquidity			
		30 June 2021	31 December 2020	Difference	% Var.
Cash and cash equivalents	10	177	403	(226)	(56.1)
Unconditional availability in credit lines ⁽²⁾		3,828	4,090	(262)	(6.4)
TOTAL		4,005	4,493	(488)	(10.9)
Debt maturity coverage (number of months) ⁽³⁾		39	17	22	129.4

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) At 30 June 2021 and 31 December 2020, Euros 1,700 million corresponded to the available credit line with ENEL Finance International N.V. (see Notes 13.1.2 and 20.1.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

(3) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

ENDESA has a solid financial position and unconditional credit lines contracted with first-tier entities available for significant amounts. This, together with the implementation of specific plans to improve and efficiently manage liquidity, has enabled ENDESA to address the impact of the economic situation (see Section 5.2. COVID-19 Health Crisis in this Consolidated Management Report).

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

Any restrictions that might affect the availability of funds to ENDESA, S.A. are set out in Notes 10 and 13.2.3 to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021.

The undrawn credit lines secure the refinancing of the current debt presented in "Non-current interest-bearing loans and borrowings" in the accompanying consolidated statement of financial position, amounting to Euros 32 million and Euros 33 million at 30 June 2021 and 31 December 2020, respectively (see Note 13.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

At 30 June 2021, ENDESA had negative working capital of Euros 2,885 million. The undrawn amount on its non-current lines of credit, together with its current assets, provide sufficient coverage of the Company's current payment obligations and provide assurance that ENDESA will be able to obtain sufficient financial resources to continue to operate, and to realise its assets and settle its liabilities for the amounts shown in the consolidated statement of financial position.

7.3. Capital management.

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

Capital.

At 30 June 2021, ENDESA had share capital of Euros 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euros 1.2 each, subscribed and fully paid up and all admitted for trading on the Spanish Stock Exchanges.

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

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

Leverage.

ENDESA uses its consolidated leverage as an indicator for monitoring its financial position. Details of this ratio at 30 June 2021 and 31 December 2020 are as follows:

Millions of Euros				
	Reference ⁽¹⁾	Leverage		% Var.
		30 June 2021	31 December 2020	
Net financial debt:		8,184	6,899	18.6
Non-current financial debt	13.1	6,342	5,937	6.8
Current financial debt	13.1	2,025	1,372	47.6
Cash and cash equivalents	10	(177)	(403)	(56.1)
Financial derivatives recognised in financial assets	14.3.1	(6)	(7)	(14.3)
Equity:	11	7,025	7,465	(5.9)
Of the Parent		6,873	7,315	(6.0)
Of non-controlling interests		152	150	1.3
Leverage (%) ⁽²⁾		116.50	92.42	N/A

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) See the definition in Appendix I. Alternative Performance Measurements (APMs) of this Consolidated Management Report.

The Directors of ENDESA, S.A. consider that its leverage enables it to optimise the cost of capital while maintaining a high solvency ratio.

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

Financial indicators.

Financial indicators ⁽¹⁾	30 June 2021	31 December 2020
Liquidity ratio	0.74	0.73
Solvency ratio	0.89	0.91
Debt ratio (%)	53.81	48.03
Debt coverage ratio	2.29	1.82
Net financial debt / Fixed assets ⁽²⁾ (%)	34.84	29.64
Net financial debt / Funds from operations ⁽³⁾	2.88	2.23
(Funds from operations + Interest expenses) / Interest expenses ⁽⁴⁾	19.24	23.71

(1) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(2) Fixed Assets = Property, Plant and Equipment + Investment Property + Intangible Assets + Goodwill.

(3) Annualised Funds from Operations.

(4) For the periods January-June 2021 and January-June 2020, respectively.

7.4. Credit rating

ENDESA's credit ratings are as follows:

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

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

ENDESA's credit rating is conditioned by that of its Parent, ENEL, in accordance with the methods used by the rating agencies. At the date of approval of this Consolidated Management Report it was classified as "investment grade" by all the rating agencies.

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

7.5. Statement of Cash Flows.

At 30 June 2021 and 31 December 2020, cash and cash equivalents were as follows (see Section 7.2. Financial Management in this Consolidated Management Report):

Millions of Euros					
	Reference ⁽¹⁾	Cash and cash equivalents			
		30 June 2021	31 December 2020	Difference	% Var.
Cash in hand and at banks		177	403	(226)	(56.1)
Other cash equivalents		-	-	-	N/A
TOTAL	10	177	403	(226)	(56.1)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

In the first six months of 2021 and 2020, ENDESA's net cash flows, classified by activities (operating, investing and financing) were as follows:

Millions of Euros				
	Statement of cash flows			
	January-June 2021	January-June 2020	Difference	% Var.
Net cash flows from operating activities	492	995	(503)	(50.6)
Net cash flows from investing activities	(894)	(821)	(73)	8.9
Net cash flows from financing activities	176	(18)	194	(1,077.8)

In the first half of 2021, net cash flows from operating activities (Euros 492 million), and net cash flows from financing activities (Euros 176 million), and the Euros 226 million reduction in cash and cash equivalents covered the net cash flows used in investing activities (Euros 894 million).

Net cash flows from operating activities

In the first half of 2021, net cash flows from operating activities amounted to Euros 492 million, up 50.6% relative to the same period of the previous year (Euros 995 million in the first half of 2020), with the following breakdown:

Millions of Euros	Reference ⁽¹⁾	January-June 2021	January-June 2020	Difference	% Var.
Gross profit before taxes and non-controlling interests		1,114	1,513	(399)	(26.4)
Adjustments for:		720	355	365	102.8
Depreciation and amortisation and impairment losses		785	760	25	3.3
Other adjustments (net)		(65)	(405)	340	(84.0)
Changes in working capital:		(1,037)	(692)	(345)	49.9
Trade and other receivables		(593)	255	(848)	(332.5)
Inventories		(311)	(174)	(137)	78.7
Current financial assets		66	35	31	88.6
Trade payables and other current liabilities		(199)	(808) ⁽²⁾	609	(75.4)
Other cash flows from operating activities:		(305)	(181)	(124)	68.5
Interest received		15	15	-	-
Dividends received		17	9	8	88.9
Interest paid ⁽³⁾		(78)	(70)	(8)	11.4
Corporate income tax paid		(85)	(22)	(63)	286.4
Other proceeds from/(payments for) operating activities ⁽⁴⁾		(174)	(113)	(61)	54.0
NET CASH FLOWS FROM OPERATING ACTIVITIES	18.1	492	995	(503)	(50.6)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) In the first half of 2020, ENDESA, as part of its commitment to society, designed a Public Responsibility Plan for direct aid to purchase material, with special supply conditions and donations to alleviate the main health and social needs caused by the COVID-19 health crisis. The amount disbursed for this and the purchase of supplies in relation to COVID-19 amounted to Euros 12 million (Euros 10 million, net of the tax effect) (see Note 19.2.1).

(3) Includes interest paid on borrowings for rights of use amounting to Euros 13 million and Euros 16 million, respectively (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

(4) Corresponding to payments of provisions.

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

- The lower cash flow from the net amount of gross profit before tax and non-controlling interests net of depreciation and amortisation and other adjustments (Euros 34 million).
- Changes in working capital between the two periods amounting to Euros 345 million, mainly as a result of the decrease in trade payables of Euros 609 million, the negative performance of trade and other receivables (Euros 848 million) and increased payments for inventories (Euros 137 million), positive changes in regulatory receivables of Euros 37 million (Euros 149 million for the tariff deficit, Euros -144 million for compensation for the extra costs of generation in Non-mainland Territories (TNP) and Euros 32 million of remuneration for investment in renewable energies).
- The variation in corporate income tax between the two periods amounting to Euros 63 million.
- The increase in other net payments for operating activities of Euros 61 million.

In the first half of 2021, the Company also continued its active policy of managing current assets and liabilities, focusing among other aspects on improving processes, factoring accounts receivable and reaching agreement to extend payment terms with suppliers.

At 30 June 2021, 31 December 2020 and 30 June 2020, working capital comprised the following items:

Millions of Euros

	Reference ⁽¹⁾	Sections	Working capital		
			30 June 2021	31 December 2020	30 June 2020
Current Assets ⁽²⁾			8,079	5,831	5,730
Inventories	8		1,037	1,077	853
Trade and other receivables	9		5,953	3,577	3,689
Current financial assets	14		1,089	1,177	1,188
Compensation for extra costs of generation in Non-mainland Territories (TNP)			709	602	519
Collection rights for the financing of the deficit of regulated activities			117	277	375
Remuneration of distribution activity			211	246	203
Other			52	52	91
Current liabilities ⁽³⁾			9,116	7,183	6,714
Current provisions	12.1		396	477	313
Trade payables and other current liabilities	17		8,720	6,706	6,401
Dividend of the Parent	11.4	11.2	1,391	741	821
Other			7,329	5,965	5,580

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Excludes cash and cash equivalents and financial derivatives recognised as assets corresponding to debt.

(3) Excludes "Current financial debt" and financial derivatives recognised as liabilities corresponding to debt.

Net cash flows from/used in investing activities.

In the first half of 2021, net cash flows used in investment activities amounted to Euros 894 million, up 8.9% relative to the same period of the previous year (Euros 821 million in the first half of 2020), and include:

- Net cash flows used to acquire property, plant and equipment and intangible assets:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Acquisitions of property, plant and equipment and intangible assets			(798)	(776)
Acquisitions of property, plant and equipment ⁽²⁾	4.2	7.6	(621)	(577)
Acquisitions of intangible assets	5.1	7.6	(123)	(72)
Facilities transferred from customers			53	21
Suppliers of property, plant and equipment			(107)	(148)
Proceeds from sale of property, plant and equipment and intangible assets			7	4
Grants and other deferred income			43	48
TOTAL			(748)	(724)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) The period January-June 2021 does not include additions for rights of use amounting to Euros 151 million (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

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

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Investments in Group companies			(34)	-
Companies acquired by ENEL Green Power España, S.L.U. (EGPE) ⁽²⁾	2.3	5.1	(34)	-
Disposals of investments in Group companies			-	21
ENDESA Soluciones, S.L.	2.3 and 2.4		-	21
TOTAL			(34)	21

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Includes Euros 14 million in payments corresponding to the acquisition of the company Parque Eólico Tico, S.L.U. on 7 July 2020, which were still pending and contingent on compliance with various contractual stipulations.

- Net cash payments for acquisitions and/or disposals of other investments:

Millions of Euros

	January-June 2021	January-June 2020
Acquisitions of other investments	(123)	(139)
Non-Current Distribution Activity Remuneration	(105)	(130)
Other Financial Assets	(18)	(9)
Disposals of other investments	11	21
TOTAL	(112)	(118)

Net cash flows from/used in financing activities.

In the first half of 2021, the cash flows from financing activities came to Euros 176 million, positive, (Euros 18 million, negative, in the first half of 2020), mainly including the following items:

– Cash flows in respect of equity instruments:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Return of contribution of ENDESA Soluciones, S.L.	7		4	-
Acquisition of non-controlling interest in Planta Eólica Europea, S.A.	2.3	5.1	(1)	-
Funds contribution by Bosa del Ebro, S.L.			(2)	-
TOTAL			1	-

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Drawdowns of non-current financial debt:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Drawdowns on the CaixaBank, S.A., Bankia, S.A. and Kutxabank, S.A. loan.	13.2.2	7.2	150	300
Drawdowns on credit line with ENEL Finance International, N.V.			-	500
Unicaja Banco, S.A. drawdowns	13.2.2	7.2	75	-
Drawdowns on credit lines			266	-
Other			3	9
TOTAL	13.1		494	809

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Reimbursements of non-current financial debt:

Millions of Euros

	Reference ⁽¹⁾	January-June 2021	January-June 2020
Repayment of ENEL Finance International, N.V. credit line		-	(500)
Repayment of other credit lines		-	(67)
Other		(2)	(7)
TOTAL	13.1	(2)	(574)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Amortisation and drawdowns of current financial debt:

Millions of Euros

	Reference ⁽¹⁾	Sections	January-June 2021	January-June 2020
Drawdowns				
Issues of Euro Commercial Paper (ECP)	13.2.2	7.2	6,440	8,430
Cash collateral			172	-
Other			17	21
Amortisation				
Amortisation of Euro Commercial Paper (ECP)	13.2.2	7.2	(5,996)	(7,881)
Payments of right-of-use contracts			(36)	(34)
Amortisation of European Investment Bank (EIB) Green Loan			(133)	-
Other			(36)	(43)
TOTAL	13.1		428	493

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

– Dividends paid:

Millions of Euros

	Reference ⁽¹⁾	January-June 2021	January-June 2020
Dividends of the Parent paid	11.4 and 17	(741)	(741)
Dividends paid to non-controlling interests ⁽²⁾		(4)	(5)
TOTAL		(745)	(746)

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Corresponding to ENEL Green Power España, S.L.U. (EGPE) companies.

7.6. Investments.

In the first half of 2021, ENDESA made gross investments of Euros 908 million. Of this amount, Euros 895 million related to investments in property, plant and equipment and intangible assets, and the remaining Euros 13 million to financial investments, as follows:

Millions of Euros				
	References ⁽¹⁾	Investments ⁽²⁾		
		January-June 2021	January-June 2020	% Var.
Generation and Supply		444	411	8.0
Non-mainland Territories generation (TNP)		19	31	(38.7)
Other generation and supply		425	380	11.8
Distribution		325	235	38.3
Structure and Others ⁽³⁾		3	71	(95.8)
TOTAL PROPERTY, PLANT AND EQUIPMENT ^{(4) (5)}	4.2	772	717	7.7
Generation and Supply		94	55	70.9
Non-mainland Territories generation (TNP)		-	-	N/A
Other generation and supply		94	55	70.9
Distribution		21	11	90.9
Structure and Others ⁽³⁾		8	6	33.3
TOTAL INTANGIBLE ASSETS ⁽⁵⁾	5.1	123	72	70.8
FINANCIAL INVESTMENTS		13	8	62.5
TOTAL GROSS INVESTMENTS		908	797	13.9
Capital grants and facilities sold		(96)	(69)	39.1
Generation and Supply		-	(4)	(100.0)
Distribution		(96)	(65)	47.7
TOTAL NET INVESTMENTS ⁽⁶⁾		812	728	11.5

(1) Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

(2) Does not include corporate acquisitions made during the period (see Section 5.1 Changes in the Consolidation scope in this Consolidated Management Report).

(3) Structure, services and adjustments.

(4) The period January-June 2021 includes additions for rights of use amounting to Euros 151 million; Euros 140 million in the period January-June 2020 (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021).

(5) The first half of 2021 includes Euros 864 million, 96.5%, relating to investments in low carbon products, services and technologies (Euros 613 million, (77.6%, in the first half of 2020).

(6) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

Investments in property, plant and equipment.

In the first half of 2021, gross investment in generation included investments in the construction of electricity generation plants based on renewable energy sources, amounting to Euros 173 million (Euros 192 million in the first half of 2020), and recognition of a right-of-use asset corresponding to the land where some renewable energy generation facilities are located, amounting to Euros 22 million.

The gross supply investments relate mainly to recognition of a right-of-use asset corresponding to the charter contract for a methane tanker for shipping liquefied natural gas (LNG), amounting to Euros 126 million (see Note 4.1 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021) and to activities related to new products and services, amounting to Euros 7 million (Euros 8 million in the period January-June 2020).

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

Gross structural and other investments in the first half of 2020 include recognition of a right-of-use asset corresponding to renewal of the lease contract for ENDESA's headquarters.

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

Investment in intangible assets.

Gross investments in intangible assets in the first half of 2021 corresponded to IT applications and ongoing investments in ICT activities for Euros 67 million and to the capitalisation of incremental costs incurred in obtaining customer contracts for Euros 56 million (Euros 36 million and Euros 36 million, respectively, in the first half of 2020).

Financial investments.

Gross investments in the first half of 2021 consisted mainly of various financial credits.

8. Commitment to People.

8.1. Personnel

At 30 June 2021, ENDESA had 9,274 employees, a decrease of 3.3% compared to 31 December 2020. By gender, men represented 75% and women 25% of the workforce at 30 June 2021.

ENDESA's average workforce in the first half of 2021 was 9,375 employees (-4.5%).

ENDESA's final headcount by category and gender at 30 June 2021 and at 31 December 2020 was as follows.

Number of employees

	Final headcount						% Var.
	30 June 2021			31 December 2020			
	Male	Female	Total	Male	Female	Total	
Generation and Supply	3,479	1,029	4,508	3,596	1,041	4,637	(2.8)
Distribution	2,368	462	2,830	2,503	440	2,943	(3.8)
Structure and Others (1)	1,094	842	1,936	1,136	875	2,011	(3.7)
TOTAL	6,941	2,333	9,274	7,235	2,356	9,591	(3.3)

(1) Structure and services.

In the first half of 2021 and 2020, ENDESA's average workforce, distributed by Segment and gender, is as follows:

Number of employees

	Average headcount							% Var.
	January-June 2021			January-June 2020				
	Male	Female	Total	Male	Female	Total		
Generation and Supply	3,514	1,020	4,534	4,104	1,111	5,215	(13.1)	
Distribution	2,457	439	2,896	2,499	434	2,933	(1.3)	
Structure and Others ⁽¹⁾	1,107	838	1,945	888	782	1,670	16.5	
TOTAL	7,078	2,297	9,375	7,491	2,327	9,818	(4.5)	

(1) Structure and services.

Information concerning ENDESA's workforce is included in Note 21 of the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

Key performance indicators (KPIs) relating to the workforce.

At 30 June 2021 and 31 December 2020, the KPIs relating to the workforce were as follows:

Key performance indicators (KPIs)	Description	30 June 2021			31 December 2020		
		Male	Female	Total	Male	Female	Total
Hiring rate (%)	Percentage of new hires compared to final workforce.	3.2%	3.8%	3.3%	2.5%	3.1%	2.6%
Rotation rate (%)	Percentage of contracts ending compared to final workforce.	7.1%	4.3%	6.4%	6.9%	4.2%	6.2%

8.2. Occupational health and safety

ENDESA considers Occupational Health And Safety (OHS) a priority and a core value to be preserved at all times for all those who work for it, without distinguishing between its own staff and its partner companies. This goal is integrated into ENDESA's strategy through implementation of the occupational health and safety (OHS) policy at all companies in the ENDESA Group.

Key performance indicators (KPIs) related to occupational health and safety (OHS).

In the first half of 2021 and 2020, the occupational health and safety (OHS) indicators were as follows:

Key performance indicators (KPIs)	January-June 2021		January-June 2020	
	In-house personnel	Subcontracted personnel	In-house personnel	Subcontracted personnel
Number of hours worked.	7,784,763	16,377,151	8,143,506	15,608,096
Number of accidents ⁽¹⁾	1	8.71	2.85	6.85
Frequency index ⁽²⁾	0.13	0.53	0.35	0.44
Number of serious accidents ⁽³⁾	1	2	1	1
Frequency of serious accidents index	0.13	0.12	0.12	0.06
Number of fatal accidents	-	-	-	-
Frequency of fatal accidents index	-	-	-	-
Degree of severity ⁽⁴⁾	0.03	0.06	0.08	0.07

(1) Includes accidents computable under ENEL Group Policy 106.

(2) Frequency index = (Number of accidents or Number of serious accidents or Number of fatal accidents / Number of hours worked) x 10⁶.

(3) Includes: accidents that resulted in more than six months off work at 30 June 2021 and 2020; accidents that are ongoing and considered serious (initial prognosis >30 days) at 30 June 2021 and 2020; accidents classified as "Life Changing Accidents" (LCA), irrespective of the resulting number of days off work.

(4) Seriousness index = (Number of days lost / Number of hours worked) x 10³.

8.3. Training

As part of its commitment to its employees, ENDESA focuses on their training and offers a comprehensive catalogue of learning activities to equip them with and improve the technical qualifications they need to perform their duties and enhance their personal development.

During the first half of 2021, employees received an average of 18.24 hours of training (18.21 hours per employee in the first half of 2020).

8.4. Responsible relationships with local communities.

ENDESA is committed to the communities where it operates. The company fosters initiatives supported, managed and/or subsidised voluntarily that meet the needs of the environment and generate benefits for the society in which it operates, beyond the normal scope of its business, or that promote efficiency or improvements in the company's internal management.

ENDESA's sustainability projects are organised into categories in line with United Nations Sustainable Development Goals 4, 7 and 8, "Quality education", "Decent work and economic growth" and "Affordable and clean energy", respectively, which the company has made a public commitment to pursue.

The number of beneficiaries of such projects in the first half of 2021 and 2020 was as follows:

	Number of beneficiaries	
	January-June 2021	January-December 2020
Access to energy ⁽¹⁾	203,510	225,563
Socio-economic development ⁽²⁾	154,512	139,228
Education ⁽³⁾	81,305	112,365

(1) Includes: projects to minimise economic barriers preventing access to energy; the promotion of technical training in the energy area; promotion of energy efficiency; awareness-raising in the use of energy; and technological development and development of infrastructures to facilitate access, and access to electricity for vulnerable groups.

(2) Includes projects to promote employment and generate economic activity in the community, the transfer of knowledge and training and support for local business activities.

(3) Includes projects supporting training activities involving students, families, schools and universities, and fostering academic training, in general, not related to energy, through grants, professorships, etc.

9. Results by segment.

Segment information is provided in Note 19.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

The following is a breakdown of the most significant figures in the Consolidated Income Statement among ENDESA's businesses in the first halves of 2021 and 2020:

Millions of Euros

	January-June 2021					
	Generation and Supply				Distribution	Structure and Others ⁽¹⁾
	Non-mainland Territories generation (TNP)	Other Generation and Supply	Adjustments	Total		
Revenue	829	8,592	(352)	9,069	1,288	(85)
Sales	827	7,116	(353)	7,590	1,165	(70)
Other operating income	2	1,476	1	1,479	123	(15)
Procurements and services	(572)	(7,169)	348	(7,393)	(85)	52
Contribution margin ⁽²⁾	257	1,423	(4)	1,676	1,203	(33)
Self-constructed assets	2	40	-	42	58	6
Personnel expenses	(40)	(203)	-	(243)	(131)	(92)
Other fixed operating expenses	(62)	(482)	4	(540)	(174)	107
Gross operating profit (EBITDA) ^{(2) (3)}	157	778 ⁽³⁾	-	935	956	(12)
Depreciation and amortisation and impairment losses	(53)	(388)	-	(441)	(313)	(31)
Operating profit (EBIT) ⁽²⁾	104	390	-	494	643	(43)
Net financial income/(expense) ⁽²⁾	(7)	48	-	41	(25)	4
Income before tax	97	436	-	533	619	(38)
Net income ⁽²⁾	84	322	-	406	457	(31)
Net ordinary income ⁽²⁾	84	322	-	406	457	(31)

(1) Structure, Services and Adjustments.

(2) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(3) Includes the gross operating profit (EBITDA) of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 151 million.

Millions of Euros

	January-June 2020					
	Generation and Supply				Distribution	Structure and Others ⁽¹⁾
	Non-mainland Territories generation (TNP)	Other Generation and Supply	Adjustments	Total		
Revenue	755	7,173	(267)	7,661	1,309	(87)
Sales	752	6,663	(266)	7,149	1,191	(75)
Other operating income	3	510	(1)	512	118	(12)
Procurements and services	(559)	(5,638)	264	(5,933)	(80)	52
Contribution margin ⁽²⁾	196	1,535	(3)	1,728	1,229	(35)
Self-constructed assets	-	32	-	32	58	7
Personnel expenses	(30)	(29)	-	(59)	57	(93)
Other fixed operating expenses	(86)	(451)	3	(534)	(178)	103
Gross operating profit (EBITDA) ^{(2) (3)}	80	1,087 ⁽³⁾	-	1,167	1,166	(18)
Depreciation and amortisation and impairment losses	(44)	(377)	-	(421)	(313)	(26)
Operating Income (EBIT) ⁽²⁾	36	710	-	746	853	(44)
Net financial income/(expense) ⁽²⁾	(9)	(29)	-	(38)	(17)	7
Income before tax	27	680	-	707	843	(37)
Net income ⁽²⁾	21	506	-	527	633	(32)
Net ordinary income ⁽²⁾	21	506	-	527	633	(32)

(1) Structure, Services and Adjustments.

(2) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(3) Includes the gross operating profit (EBITDA) of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 87 million.

9.1. Generation and Supply.

The main figures of the segment in the period January-June 2021 and of their variations with respect to the same period of the previous year are as follows:

Millions of Euros				
	Generation and Supply segment			
	January-June 2021	January-June 2020	Difference	% Var.
Contribution margin	1,676	1,728	(52)	(3.0)
Gross operating profit (EBITDA)	935	1,167	(232)	(19.9)
Operating Income (EBIT)	494	746	(252)	(33.8)

Contribution margin.

In the first half of 2021, the contribution margin of the Generation and Supply segment amounted to Euros 1,676 million, down Euros 52 million compared with the previous year (-3.0%), due to the increase in the cumulative arithmetic price (Euros 58.6/MWh; +102.0%) in the wholesale electricity market and commodity prices, partially offset by the recognition of the right to be compensated for the reduction of its remuneration as a generating company in an amount equivalent to the internalisation of the CO₂ emission rights assigned free of charge by the National Emissions Allocation Plan (PNA), which it does not have a legal duty to bear, amounting to Euros 188 million, and the relative reversal of the state water tax.

Gross operating profit (EBITDA).

Gross operating profit (EBITDA) for the Generation and Supply segment amounted to Euros 935 million (-19.9%) in the first half of 2021. The following factors must be taken into account when analysing the changes in the first half of 2021:

- The 3.0% reduction in the contribution margin.
- The update of provisions for current workforce restructuring plans had no impact in the first half of 2021 (Euros 16 million, positive, in the first half of 2020).
- The implementation in the first half of 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of a restructuring provision relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts”, generating a positive impact in the income statement of Euros 186 million.

Operating profit (EBIT)

In the first half of 2021, operating profit (EBIT) for the Generation and Supply segment was Euros 494 million, down Euros 252 million, mainly as a result of:

- A 19.9% decrease in gross operating profit (EBITDA).
- The increase in depreciation expense of Euros 22 million which includes, among other things, the bringing into operation of power generation assets from renewable sources.

9.2. Distribution

The main figures for the Distribution segment in the period January-June 2021 and the variations with respect to the same period of the previous year are as follows:

Millions of Euros

	Distribution segment			
	January-June 2021	January-June 2020	Difference	% Var.
Contribution margin	1,203	1,229	(26)	(2.1)
Gross operating profit (EBITDA)	956	1,166	(210)	(18.0)
Operating Income (EBIT)	643	853	(210)	(24.6)

Contribution margin.

The contribution margin of the Distribution segment in the first half of 2021 amounted to Euros 1,203 million, which represents a decrease of Euros 26 million (-2.1%) compared to the same period in the previous year. This can mostly be attributed to the reduction in regulated income from distribution activity, totalling Euros 30 million (-2.8%), due mainly to application of the new financial remuneration rate applicable from 1 January 2021.

Gross operating profit (EBITDA).

Gross operating profit (EBITDA) for the Distribution segment amounted to Euros 956 million (-18.0%) in the first half of 2021. The following factors must be taken into account when analysing the changes in the first half of 2021 relative to the same period of the previous year:

- The negative performance of the contribution margin (-2.1%).
- The update of provisions for current workforce restructuring plans had no impact in the first half of 2021 (Euros 8 million, positive, in the first half of 2020).
- The implementation in the first half of 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of a restructuring provision relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts”, generating a positive impact in the income statement of Euros 178 million.

Operating profit (EBIT)

Operating profit (EBIT) for the Distribution segment in the first half of 2021 fell by Euros 210 million (-24.6%) relative to the same period of the previous year, mainly as a result of the 18.0% decrease in gross operating profit (EBITDA).

9.3. Structure and Others.

The main figures of Structure and Others in the period January-June 2021 and their variations relative to the same period of the previous year are as follows:

Millions of Euros

	Structure and Others			
	January-June 2021	January-June 2020	Difference	% Var.
Contribution margin	(33)	(35)	2	(5.7)
Gross operating profit (EBITDA)	(12)	(18)	6	(33.3)
Operating Income (EBIT)	(43)	(44)	1	(2.3)

Contribution margin.

The contribution margin of Structure and Others in the first half of 2021 was down Euros 33 million relative to the same period of the previous year.

Gross operating profit (EBITDA).

Gross operating profit (EBITDA) in the first half of 2021 in Structure and Others increased by Euros 6 million relative to the same period of the previous year, mainly as a result of:

- The updates of the provisions for current workforce restructuring costs for Euros 4 million (negative) in the first half of 2021 and Euros 20 million (positive) in the first half of 2020.
- The implementation in the first half of 2020 of the “V ENDESA Framework Collective Bargaining Agreement” and the recognition of a provision for workforce restructuring costs relating to the “Agreement on Voluntary Measures of Suspension or Termination of Employment Contracts”, generating a negative impact in the Income Statement of Euros 8 million.
- The recognition in the period January-June 2020 of a cost of Euros 12 million corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis (see Section 5.2. COVID-19 Health Crisis in this Consolidated Management Report).

Operating profit (EBIT)

Operating Income (EBIT) in the first half of 2021 in Structure and Others segment totalled Euros 43 million, negative.

10. Regulatory Framework

Information relating to climate change is provided in Note 3. Sector Regulation in the Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

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

Electricity tariff for 2021

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

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

Natural gas tariff for 2021

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

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

Energy efficiency.

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

“Bono Social” discount rate.

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

Strategic Framework for Energy and Climate.

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

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

Recovery, Transformation and Resilience Plan of the Economy.

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

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

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

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

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

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

The methodology approved will apply jointly with the new transmission and distribution tolls from the Spanish Markets and Competition Commission (CNMC) and not before 1 June 2021.

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

Energy Storage Strategy.

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

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

Draft law on the remuneration of CO₂ not emitted.

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

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

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

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

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

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

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

Proposed market capacity order.

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

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

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

Proposed Royal Decree on closed electricity distribution grids.

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

11. Other Information.

11.1. Stock market information.

The changes in the share price of ENDESA, S.A. and the major benchmark indexes in the periods from January-June 2021 and 2020 were as follows:

Percentage (%)			
Share price performance ⁽¹⁾	January-June 2021	January-June 2020	
ENDESA, S.A.	(8.5)	(7.8)	
Ibex-35	9.3	(24.3)	
Euro Stoxx 50	14.4	(13.6)	
Euro Stoxx Utilities	(3.5)	(0.7)	

(1) Source: Madrid Stock Exchange.

Stock market information		30 June 2021	31 December 2020	% Var.
Market capitalisation ⁽¹⁾	Millions of Euros	21,662	23,663	(8.5)
Number of shares outstanding		1,058,752,117	1,058,752,117	-
Nominal share value	Euros	1.2	1.2	-
Cash ⁽²⁾	Millions of Euros	4,435	9,696	(54.3)
Continuous market	Shares			
Trading volume ⁽³⁾		200,514,258	430,957,400	(53.5)
Average daily trading volume ⁽⁴⁾		1,591,383	1,676,877	(5.1)
Price to earnings ratio (PER) Ordinary ⁽¹⁾		14.73	11.10	-
Price to earnings ratio (PER) ⁽¹⁾		14.73	16.97	-
Price / Book value ⁽¹⁾		3.15	3.23	-

(1) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(2) Cash = Sum of all the transactions performed on the shares during the reference period (Source: Madrid Stock Exchange).

(3) Trading Volume = Total volume of ENDESA, S.A. securities traded in the period (Source: Madrid Stock Exchange).

(4) Average Daily Trading Volume = Arithmetic mean of stock in ENDESA, S.A. traded per session during the period (Source: Madrid Stock Exchange).

Euros			
ENDESA share price ⁽¹⁾	January-June 2021	2020	% Var.
Maximum	23,650	26,120	(9.5)
Minimum	20,320	15,500	31.1
Period average	22,061	22,677	(2.7)
Period close	20,460	22,350	(8.5)

(1) Source: Madrid Stock Exchange.

The world's leading stock markets ended the first half of 2021 with gains, boosted by the acceleration of the global vaccination process and the resulting resurgence of economic activity. Against this optimistic backdrop, Spain's Ibex-35 index ended the first half of the year up 9.3%, at 8,821.2 points, with 25 of its 35 component securities in positive territory.

ENDESA's share price ended the first half of 2021 down 8.46%, at Euros 20.46 per share, impacted in June by an increased perception of regulatory risk, which affected the prices of all shares in the sector.

Considering the total dividend in 2020 of Euros 2,0136 gross per share, ENDESA's shareholders obtained an additional dividend yield of 9.01% in 2021, which would offset the accumulated stock market performance in the period (-8.46%).

ENDESA's securities recorded a low for the half-year period on 3 March 2021, at Euros 20.32 per share, a fall of 9.1%. From that level, they recovered ground peaking on 28 May 2021 at Euros 23.65, 5.8% higher than their price at the start of the year.

The announcement on 1 June of the start of processing of regulatory measures to reduce the impact of electricity prices on the end consumer led to a sharp correction among the leading companies in the electricity sector (see Section 10. Regulatory Framework in this Consolidated Management Report and Note 3 of the Explanatory Notes that form part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021). In ENDESA's case, the sales in that month, together with the reduction in the share price due to the dividend payment, took the share price back to near its lowest levels for the year, closing at Euros 20.46 per share.

At the end of the half year, ENDESA's market cap stood at Euros 21,662 million, making it the security with the ninth highest capitalisation in the IBEX-35.

11.2. Dividends.

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

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

- For 2020, the ordinary dividend per share to be distributed in respect of these years will be equivalent to 100% of net ordinary income attributable to the Parent as per the Consolidated Financial Statements of the Group headed by the Company.
- For 2021, the Board of Directors will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 80% of the net ordinary income attributable to the Parent as per the Group's Consolidated Financial Statements.
- For the 2022 and 2023 financial years, the Board of Directors of ENDESA, S.A. will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 70% of the net ordinary income attributable to the Parent as per the Group's Consolidated Financial Statements.

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

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

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting on 30 April 2021 to pay shareholders a total dividend charged against 2020 profit of Euros 2,0136 gross per share (Euros 2,132 million in total).

Including the interim dividend of Euros 0.70 gross per share (Euros 741 million) paid on 4 January 2021 (see Sections 7.2. Financial Management and 7.5. Cash Flows Statement in this Consolidated Management Report), the final dividend paid against 2020 profit amounts to Euros 1,3136 gross per share (Euros 1,391 million), which was paid out on 1 July 2021.

The breakdown of these dividends is as follows:

	Reference ⁽¹⁾	Sections	Approval date	Euros per share, gross	Amount (Millions of Euros)	Payment date
Interim dividend	18.3	7.5.	25 November 2020	0,700	741	4 January 2021
Final dividend			30 April 2021	1,3136	1,391	1 July 2021
Total dividend paid against 2020 profit	11.4 and 17			2,0136	2,132	

(1) Notes to the Interim Consolidated Financial Statements for the six months ended 30 June 2021.

In accordance with the foregoing, details of ENDESA, S.A.'s dividends per share in 2020 and 2019 are as follows:

		2020	2019	% Var.
Share capital	Millions of Euros	1,270.5	1,270.5	-
Number of shares		1,058,752,117	1,058,752,117	-
Consolidated net ordinary income	Millions of Euros	2,132	1,562	36.5
Consolidated net income	Millions of Euros	1,394	171	715.2
Individual net income	Millions of Euros	2,330	1,642	41.9
Net ordinary earnings per share ⁽¹⁾	Euros	2,0136	1,475	36.5
Net earnings per share ⁽¹⁾	Euros	1,317	0,162	715.2
Gross dividend per share	Euros	2,0136 ⁽²⁾	1,475 ⁽³⁾	-
Consolidated ordinary pay-out ⁽¹⁾	%	100.0	100.0	-
Consolidated pay-out ⁽¹⁾	%	152.9	913.3	-
Individual pay-out ⁽¹⁾	%	91.5	95.1	-

(1) See definition in Appendix I, Alternative Performance Measures (APMs) of this Consolidated Management Report.

(2) Interim dividend equal to Euros 0.7 gross per share paid on 4 January 2021 plus the final dividend equal to Euros 1,3136 gross per share paid on 1 July 2021.

(3) Interim dividend of Euros 0.7 gross per share, paid out on 2 January 2020, plus the final dividend of Euros 0,775 gross per share paid out on 1 July 2020.

11.3. Contingent assets and liabilities.

There were no one-off events involving significant amounts during the first half of 2021 other than those discussed herein.

Therefore, during the first half of 2021, no new significant contingent liabilities arose other than those described in the Consolidated Financial Statements for the year ended 31 December 2020.

Information on lawsuits, arbitration proceedings and contingent assets is included in Note 12.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

12. Information on related-party transactions.

Information concerning related-party transactions is included in Note 20 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

13. Events after the reporting period.

Information concerning events after the reporting period is included in Note 23 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021.

APPENDIX I

Alternative Performance Measures (APMs)

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			January-June 2021	January-June 2020	
(EBITDA)	€M	Income - Procurements and services + Work carried out by the Group for its assets - Personnel expenses - Other fixed operating expenses.	1,879 M€ = 10,272 M€ - 7,426 M€ + 106 M€ - 466 M€ - 607 M€	2,315 M€ = 8,883 M€ - 5,961 M€ + 97 M€ - 95 M€ - 609 M€	Measure of operating return excluding interest, taxes, provisions and depreciation and amortisation.
EBIT	€M	EBITDA - Depreciation and amortisation and impairment losses.	1,094 M€ = 1,879 M€ - 785 M€	1,555 M€ = 2,315 M€ - 760 M€	Measure of operating return excluding interest and taxes
Net ordinary income	€M	Net ordinary result = Net result of the Parent - Net result on sales of non-financial assets (greater than 10 million euros) - Net impairment losses on non-financial assets (greater than 10 million euros) - Initial net expenses of personnel under staff restructuring plans related to the decarbonisation plan and the digitalisation of processes - Net expenses corresponding to the public responsibility plan for the COVID-19 health crisis.	832 M€ = 832 M€ - 0 M€ - 0 M€ - 0 M€ - 0 M€	1,128 M€ = 1,128 M€ - 0 M€ - 0 M€ - 0 M€ - 0 M€	Measure of profit for the period isolating non-recurring effects of more than Euros 10 million.
Contribution margin	€M	Income - Procurements and services	2,846 M€ = 10,272 M€ - 7,426 M€	2,922 M€ = 8,883 M€ - 5,961 M€	Measure of operating profitability taking account of direct variable production costs
Procurements and services	€M	Power purchases + Fuel consumption + Transmission costs + Other variable procurements and services	7,426 M€ = 2,369 M€ + 569 M€ + 2,390 M€ + 2,098 M€	5,961 M€ = 1,809 M€ + 570 M€ + 2,523 M€ + 1,059 M€	Goods and services for production
Net financial income/(expense)	€M	Financial income - Financial expense + Net exchange differences	20 M€ = 108 M€ - 85 M€ - 3 M€	(48) M€ = 27 M€ - 77 M€ + 2 M€	Measure of financial cost
Net financial expense	€M	Financial income - Financial expense	23 M€ = 108 M€ - 85 M€	(50) M€ = 27 M€ - 77 M€	Measure of financial cost
Net investments	€M	Gross investments - Capital grants and facilities disposed of	812 M€ = 908 M€ - 96 M€	728 M€ = 797 M€ - 69 M€	Measure of investment activity
Ordinary Return on equity	%	Net ordinary income of the Parent / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2)	20.72% = (((832-194) * 12 months / 6 months) M€ + 194 M€) / ((6,873 + 7,315) / 2) M€	25.21% = (((1,128 - 267) * 12 months / 6 months) M€ + 267 M€) / ((8,094 + 7,688) / 2) M€	Measure of the capacity to generate profits on shareholder investments
Ordinary Return on assets	%	Net ordinary income of the Parent / ((Total assets (n) + Total assets (n-1)) / 2)	4.40% = (((832-194) * 12 months / 6 months) M€ + 194 M€) / ((34,723 + 32,062) / 2) M€	6.23% = (((1,128 - 267) * 12 months / 6 months) M€ + 267 M€) / ((31,895 + 31,981) / 2) M€	Measure of business profitability
Economic profitability	%	EBIT / ((PP&E (n) + PP&E (n-1)) / 2)	9.33% = (((1,094-188) * 12 months / 6 months) M€ + 188 M€) / ((21,517 + 21,354) / 2) M€	12.92% = (((1,555 - 356) * 12 months / 6 months) M€ + 356 M€) / ((21,307 + 21,329) / 2) M€	Measure of the capacity of the assets and capital invested to generate income
Return on capital employed (ROCE)	%	Operating profit after tax / ((Non-current assets (n) + Non-current assets (n-1)) / 2) + (Current assets (n) + Current assets (n-1)) / 2)	4.50% = (((822 - 141) * 12 months / 6 months) M€ + 141 M€) / ((26,467 + 25,828) / 2 + (8,256 + 6,234) / 2) M€	6.44% = (((1,162 - 267) * 12 months / 6 months) M€ + 267 M€) / ((25,786 + 25,881) / 2 + (6,109 + 6,100) / 2) M€	Measure of return on capital employed
Return on invested capital (ROIC)	%	Operating income after taxes / (Net equity of the Parent + Net financial debt)	9.98% = (((822 - 141) * 12 months / 6 months) M€ + 141 M€) / ((6,873 M€ + 8,184 M€)	13.55% = (((1,162 - 267) * 12 months / 6 months) M€ + 267 M€) / (8,094 M€ + 7,092 M€)	Measure of return on capital invested
Funds from operations	€M	Cash flows from operating activities + Changes in working capital - Work carried out by the group for its assets	1,423 M€ = 492 M€ + 1,037 M€ - 106 M€	1,590 M€ = 995 M€ + 692 M€ - 97 M€	Measure of cash generated by the company's business available to make investments, amortise debt and distribute dividends to shareholders
Interest expenses	€M	Interest paid	78 M€	70 M€	Measure of interest payments
Net ordinary earnings per share	€	Net ordinary income of the Parent / Number of shares at the end of the year	0,786 € = 832 M€ / 1,058,752,117 shares	1,065 € = 1,128 M€ / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the year.
Net earnings per share	€	Net ordinary income of the Parent / Number of shares at the end of the year	0,786 € = 832 M€ / 1,058,752,117 shares	1,065 € = 1,128 M€ / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the year
Cash flow per share	€	Net cash flow from operating activities / Number of shares at the end of the reporting year	0,465 € = 492 M€ / 1,058,752,117 shares	0,940 € = 995 M€ / 1,058,752,117 shares	Measurement of the portion of funds generated corresponding to each share at the end of the year.

M€ = millions of euros; € = euros.

n = 31 March of the year being calculated.

n-1 = 31 December of the year before the year being calculated.

(1) Annualised income, discounting the effects, net of the tax effect, amounting to Euros 194 million, described in section 6.3. Profit/(Loss) Analysis in this Consolidated Management Report).

(2) Annualised income, discounting the effects, amounting to Euros 188 million, described in section 6.3.1. Revenue in this Consolidated Management Report

(3) Annualised income, discounting the effects, net of the tax effect, amounting to Euros 141 million, described in section 6.3.1. Revenue in this Consolidated Management Report

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			30 June 2021	31 December 2020	
Net financial debt	€M	Non-current borrowings + Current borrowings – Cash and cash equivalents – Financial derivatives recognised under financial assets	8,184 M€ = 6,342 M€ + 2,025 M€ - 177 M€ - 6 M€	6,899 M€ = 5,937 M€ + 1,372 M€ - 403 M€ - 7 M€	Short- and long-term financial debt, less cash and financial investments equivalent to cash
Sustainable financing	%	Sustainable gross financial debt / Gross financial debt	49% = 4,082 M€ / 8,367 M€	45% = 3,264 M€ / 7,309 M€	Measurement of the weight of gross financial debt with sustainability clauses as a share of total gross financial debt
Leverage	%	Net financial debt / Equity	116.50% = 8,184 M€ / 7,025 M€	92.42% = 6,899 M€ / 7,465 M€	Measure of the weight of external funds in the financing of business activities
Debt ratio	%	Net financial debt / (Equity + Net financial debt)	53.81% = 8,184 M€ / (7,025 M€ + 8,184 M€)	48.03% = 6,899 M€ / (7,465 M€ + 6,899 M€)	Measure of the weight of external funds in the financing of business activities
Average life of gross financial debt	Number of years	(Principal * Number of days validity) / (Principal outstanding at the end of the period * Number of days in the period)	4.7 years = 38,985 / 8,337	4.6 years = 33,484 / 7,268	Measure of the duration of financial debt to maturity
Average Gross Financial Debt	€M	(Total Drawdowns or Debt Positions * Number of Days Outstanding of each Drawdown or Position) / (Number of Days Outstanding Accumulated)	8,237 M€	8,104 M€	Measure of average gross financial debt in the period, for the calculation of the average cost of gross financial debt
Average cost of gross financial debt	%	(Cost of gross financial debt) / Gross average financial debt	1.7% = ((66 M€ * 12 months / 6 months) + 5 M€) / 8,237 M€	1.7% = 139 M€ / 8,104 M€	Measure of the effective rate of financial debt
Debt maturity coverage	Number of months	Maturity period (months) of core debt that could be covered with the liquidity available	39 months	17 months	Measure of the capacity to meet debt maturities
Liquidity ratio	N/A	Current assets / Current liabilities.	0.74 = 8,256 M€ / 11,141 M€	0.73 = 6,234 M€ / 8,555 M€	Measure of the capacity to meet short term commitments
Solvency ratio	N/A	(Equity + Non-current liabilities) / Non-current assets	0.89 = (7,025 M€ + 16,557 M€) / 26,467 M€	0.91 = (7,465 M€ + 16,042 M€) / 25,828 M€	Measure of the capacity to meet obligations
Debt coverage ratio	N/A	Net financial debt / EBITDA	2.29 = 8,184 M€ / (((1,879 - 188) * 12 months / 6 months) M€ + 188 M€) ⁽¹⁾	1.82 = 6,899 M€ / 3,783 M€	Measurement of the amount of available cash flow to meet payments of principal on financial debt.
Fixed assets	€M	Property, plant and equipment + Real estate investments + Intangible assets + Goodwill	23,493 M€ = 21,517 M€ + 57 M€ + 1,457 M€ + 462 M€	23,273 M€ = 21,354 M€ + 58 M€ + 1,399 M€ + 462 M€	Assets of the Company, whether tangible or intangible, not convertible into short-term liquidity, necessary for the Company to operate and not intended for sale.
Total net non-current assets	€M	Fixed assets + Intangible assets + Goodwill + Investments accounted for using the equity method + Real estate investments + Non-current financial assets - Deferred income - Other non-current assets - Financial derivatives recognised under non-current financial assets	19,471 M€ = 21,517 M€ + 1,457 M€ + 462 M€ + 208 M€ + 57 M€ + 1,304 M€ - 4,529 M€ - 999 M€ - 6 M€	19,082 M€ = 21,354 M€ + 1,399 M€ + 462 M€ + 217 M€ + 58 M€ + 947 M€ - 4,517 M€ - 831 M€ - 7 M€	Measurement of non-current assets excluding deferred tax assets, less the value of deferred income and other non-current liabilities.
Total net working capital	€M	Trade and other receivables + Inventories + Current financial assets - Financial derivatives recognised under current financial assets + Current income tax assets - Current income tax liabilities - Suppliers and other payables	(641) M€ = 5,378 M€ + 1,037 M€ + 1,089 M€ - 0 M€ + 575 M€ - 813 M€ - 7,907 M€	(875) M€ = 3,151 M€ + 1,077 M€ + 1,177 M€ - 0 M€ + 426 M€ - 512 M€ - 6,194 M€	Measurement of current assets excluding cash and financial investments equivalent to cash, less suppliers and other payables and current corporate income tax liabilities
Gross invested capital	€M	Total net non-current assets + Total net working capital	18,830 M€ = 19,471 M€ - 641 M€	18,207 M€ = 19,082 M€ - 875 M€	Total net non-current assets plus total net working capital
Net invested capital	€M	Gross capital invested - Provisions for pensions and similar obligations - Other non-current provisions - Current provisions+ Deferred tax assets - Deferred tax liabilities + Net non-current assets held for sale and discontinued operations	15,209 M€ = 18,830 M€ - 606 M€ - 2,889 M€ - 396 M€ + 1,462 M€ - 1,192 M€ + 0 M€	14,364 M€ = 18,207 M€ - 701 M€ - 3,003 M€ - 477 M€ + 1,391 M€ - 1,053 M€ + 0 M€	Measurement of gross capital invested less provisions and deferred tax assets and liabilities
Book value per share	€	Equity of the Parent / Number of shares at the end of the reporting period	6,492 € = 6,873 M€ / 1,058,752,117 shares	6,909 € = 7,315 M€ / 1,058,752,117 shares	Measure of the portion of equity corresponding to each share at the end of the year.
Market capitalisation	€M	Number of shares at the end of the period * Share price at the end of the year	21,662 M€ = 1,058,752,117 shares * 20,460 €	23,663 M€ = 1,058,752,117 shares * 22,350 €	Measurement of total enterprise value according to the share price
Price to earnings ratio (PER) ordinary	N/A	Share price at the end of the year / Net ordinary earnings per share	14.73 = 20,460 € / (((0,786 - 0,183) * 12 months / 6 months) + 0,183) ⁽²⁾	11.10 = 22,350 € / 2,0136 €	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price to earnings ratio (PER)	N/A	Share price at the end of the year / Net earnings per share	14.73 = 20,460 € / (((0,786 - 0,183) * 12 months / 6 months) + 0,183) ⁽²⁾	16.97 = 22,350 € / 1,317 €	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price / Book value	N/A	Market capitalisation / Equity of the Parent	3.15 = 21,662 M€ / 6,873 M€	3.23 = 23,663 M€ / 7,315 M€	Measurement comparing total enterprise value according to the share price with the carrying amount
			2020	2019	
Consolidated ordinary pay-out	%	(Gross dividend per share * Number of shares at the end of the reporting period) / Net ordinary income of the Parent.	100.0% = (2,0136 € * 1,058,752,117 shares) / 2,132 M€	100.0% = (1,475 € * 1,058,752,117 shares) / 1,562 M€	Measure of the part of ordinary income obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Consolidated pay-out	%	Gross dividend per share * Number of shares at the end of the reporting period / Profit of the Parent for the year	152.9% = (2,0136 € * 1,058,752,117 shares) / 1,394 M€	913.3% = (1,475 € * 1,058,752,117 shares) / 171 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual pay-out	%	(Gross dividend per share * Number of shares at the end of the reporting period / Profit of ENDESA, S.A. for the year	91.5% = (2,0136 € * 1,058,752,117 shares) / 2,330 M€	95.1% = (1,475 € * 1,058,752,117 shares) / 1,642 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

M€ = millions of euros; € = euros.

(1) Annualised income, discounting the effects, amounting to Euros 188 million, described in section 6.3.1. Revenue in this Consolidated Management Report.

(2) Annualised income, discounting the effects, net of the tax effect, amounting to Euros 194 million, described in section 6.3. Profit/(Loss) Analysis in this Consolidated Management Report).