



# Consolidated Financial Statements

**31 March 2020**

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

## INDEX

<b>1. FINANCIAL PERFORMANCE</b>	<b>2</b>
1 RESULTS FOR THE 1 <sup>ST</sup> QUARTER OF 2020	2
2 AVERAGE RAB AND CAPEX	5
<b>2. CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>7</b>
<b>3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020</b>	<b>12</b>
1 GENERAL INFORMATION	12
2 BASIS OF PRESENTATION	15
3 MAIN ACCOUNTING POLICIES	16
4 SEGMENT REPORTING	17
5 TANGIBLE AND INTANGIBLE ASSETS	20
6 GOODWILL	24
7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES	24
8 INCOME TAX	26
9 FINANCIAL ASSETS AND LIABILITIES	30
10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	32
11 TRADE AND OTHER RECEIVABLES	33
12 DERIVATIVE FINANCIAL INSTRUMENTS	34
13 CASH AND CASH EQUIVALENTS	39
14 EQUITY INSTRUMENTS	39
15 RESERVES AND RETAINED EARNINGS	40
16 BORROWINGS	40
17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS	42
18 PROVISIONS FOR OTHER RISKS AND CHARGES	43
19 TRADE AND OTHER PAYABLES	44
20 SALES AND SERVICES RENDERED	45
21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES	45
22 OTHER OPERATING INCOME	46
23 EXTERNAL SUPPLIES AND SERVICES	46
24 PERSONNEL COSTS	47
25 OTHER OPERATING COSTS	47
26 FINANCIAL COSTS AND FINANCIAL INCOME	48
27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR	48
28 EARNINGS PER SHARE	49
29 DIVIDENDS PER SHARE	49
30 CONTINGENT ASSETS AND LIABILITIES	49
31 RELATED PARTIES	50
32 SUBSEQUENT EVENTS	53
33 EXPLANATION ADDED FOR TRANSLATION	53

## 1. FINANCIAL PERFORMANCE

### 1 RESULTS FOR THE 1<sup>ST</sup> QUARTER OF 2020

In the first quarter of 2020, net income reached 4.3 million euros, a 8.9 million euros drop (-67.5%) over the same period of the previous year. Net income reduction reflected mainly the drop of 8.2 million euros in the domestic business EBITDA (-9.2 million euros in EBIT), following the decrease in Portugal's sovereign bond yields which negatively impacts asset remuneration, and the increase of 3.8 million euros (+15.5%) in the Extraordinary Levy on the Energy Sector, reflecting the inclusion of Portgás' levy. On the other hand, the EBITDA from international businesses increased 1.8 million euros (+97.8%) when compared to the same period of the previous year, reflecting Transemel's acquisition in October of 2019, and financial results increased 1.9 million euros.

Similarly to the previous years, the results for 2020 reflect the continuation of the Extraordinary Levy on the Energy Sector (28.2 million euros in 2020 and 24.4 million euros in 2019<sup>1</sup>).

Investment increased 60.5% y.o.y (+10.2 million euros) to 27.0 million euros and transfers to RAB increased 1.2 million euros to 4.9 million euros. Average RAB dropped by 28.8 million euros (-0.8%), to 3,714.2 million euros.

The average cost of debt was 1.8%, a 0.4p.p. y.o.y. decrease, and net debt reached 2,750.3 million euros, a 5.2% increase (+136.4 million euros) over the same period of the previous year.

MAIN INDICATORS (MILLIONS OF EUROS)	March 2020	March 2019	VAR.%
EBITDA	118,9	125,3	-5,1%
Financial results <sup>2</sup>	-13,6	-15,5	12,0%
Net income <sup>1</sup>	4,3	13,2	-67,5%
Recurrent net income	32,5	37,6	-13,7%
Total Capex	27,0	16,8	60,5%
Transfers to RAB <sup>3</sup> (at historic costs)	4,9	3,7	32,2%
Average RAB (at reference costs)	3.714,2	3.743,0	-0,8%
Net debt	2.750,3	2.613,9	5,2%
Average cost of debt	1,8%	2,3%	-0,4p.p.

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

<sup>2</sup> The net financial cost of 0.1 million euros in March 2019 from electricity interconnection capacity auctions between Spain and Portugal – referred to as FTR (Financial Transaction Rights) was reclassified from financial income to Revenue.

<sup>3</sup> Includes direct acquisitions (RAB related).

## Operational results – EBITDA

### Domestic Power Transmission and Distribution Business

EBITDA for the domestic business reached 115.3 million euros in the first 3 months of 2020, a 6.7% (-8.2 million euros) drop over the same period of the previous year.

<b>EBITDA - TRANSMISSION</b> (MILLIONS OF EUROS)	<b>March 2020</b>	<b>March 2019</b>	<b>VAR.%</b>
1) Revenues from assets	106.4	111.9	-5.0%
RAB remuneration	42.1	48.2	-12.6%
Lease revenues from hydro protection zone	0.2	0.2	-1.2%
Economic efficiency of investments	6.3	6.3	0.0%
Recovery of amortizations (net of investment subsidies)	53.4	52.8	1.1%
Amortização dos subsídios ao Investimento	4.5	4.5	-0.3%
2) Revenues from opex	33.4	33.4	-0.1%
3) Other revenues	3.4	4.3	-21.1%
4) Own works (capitalised in investment)	4.3	4.5	-4.7%
5) Earnings on Construction (excl. own works capitalised in investment) – Concession assets	21.0	12.3	70.5%
6) OPEX	32.0	30.5	5.1%
Personnel costs <sup>4</sup>	13.6	13.6	-0.1%
External costs	18.4	16.9	9.2%
7) Construction costs – Concession assets	21.0	12.3	70.5%
8) Provisions	0.0	0.0	n.m.
9) Impairments	0.1	0.1	0.0%
<b>10) EBITDA (1+2+3+4+5-6-7-8-9)</b>	<b>115.3</b>	<b>123.5</b>	<b>-6.7%</b>

The decrease in EBITDA resulted mainly from:

- The decrease of 6.1 million euros in RAB remuneration (-12.6%) arising from:
  - The 2.6 million euros drop in the remuneration of electricity transmission regulated assets, reflecting the reduction in the base rate of return (RoR) from 5.1% in March 2019 to 4.6% in March 2020 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills, despite the increase of 17.2 million euros (+0.8%) in electricity transmission average RAB;
  - Reduction of 2.5 million euros in the remuneration of natural gas transmission regulated assets, reflecting (i) the reduction in the rate of return from 5.4% in March 2019 to 4.6% in March 2020 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 43.0 million euros (-4.3%) in natural gas transmission average RAB;
  - Reduction of 1.0 million euros in the remuneration of natural gas transmission regulated assets, reflecting the reduction in the rate of return from 5.7% in March 2019 to 4.8% in March 2020 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills, despite the increase of 9.5 million euros (+2.0%) in natural gas distribution average RAB.
- Increase of 1.5 million euros in Opex (+5.1%).

With respect to domestic business it is also important to note that the natural gas distribution business contributed with EBITDA of 11.6 million euros.

<sup>4</sup> Includes training and seminars costs

### International Business

The EBITDA for international businesses reached 3.6 million euros in the first 3 months of 2020, a 1.8 million euros (+97.8%) increase over the same period of the previous year, resulting mainly from:

- EBITDA of Transemel – an electrical power transmission company in Chile – which was 1.6 million euros. It should be noted that the results for the first quarter of 2019 doesn't include results of Transemel, as the company was acquired only in October of 2019;
- The increase of 0.2 million euros (+8.2%) in recognized income from the 42.5% stake held by REN in the Chilean company Electrogas.

<b>EBITDA - INTERNATIONAL</b> (MILLIONS OF EUROS)	<b>March 2020</b>	<b>March 2019</b>	<b>VAR.%</b>
1) Revenues from the Transmission of Electrical Power	2.4		
2) Other revenues	2.0	1.9	8.0%
3) OPEX	0.8	0.0	
Personnel costs <sup>5</sup>	0.0	0.0	
External costs	0.8	0.0	
<b>4) EBITDA (1+2-3)</b>	<b>3.6</b>	<b>1.8</b>	<b>97.8%</b>

### Net income

Overall, the Group's net income for the first quarter of 2020 reached 4.3 million euros, a 8.9 million euros y.o.y. decrease (-67.5%). This decrease resulted mostly from the 7.8 million euros drop in the Group's EBIT (-6.4 million euros in EBITDA) reflecting the decrease in Domestic Power Transmission and Distribution business (-8.2 million euros in EBITDA and -9.2 million euros in EBIT), despite the increase in the contribution of international businesses (+1.8 million euros in EBITDA and +1.4 million euros in EBIT). On the other hand, financial results increased 1.9 million euros (+12.0%) reflecting the decrease in the average cost of debt to 1.8% (-0.4p.p.), despite the increase in net debt to 2,750.3 million euros (+136.4 million euros; +5.2%) reflecting the acquisition of Transemel (155.5 million euros) and the consolidation of the new subsidiary's debt (19.1 million euros).

<sup>5</sup> Inclui custos com formação e seminários

Excluding non-recurring items, Net Income for the first 3 months of 2020 dropped 5.2 million euros (-13.7%). Non-recurring items considered in the first 3 months of 2020 and 2019 are as follows:

- i) In 2020: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2020 (28.2 million euros);
- ii) In 2019: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2019 (24.4 million euros).

NET INCOME (MILLIONS OF EUROS)	March 2020	March 2019	VAR. %
EBITDA	118.9	125.3	-5.1%
Depreciations and amortizations	59.9	58.5	2.3%
Financial results	-13.6	-15.5	12.0%
Income tax expenses	12,9	13,7	-5,7%
Extraordinary levy on the energy sector <sup>6</sup>	28,2	24,4	15,5%
<b>Net income</b>	<b>4,3</b>	<b>13,2</b>	<b>-67,5%</b>
Non-recurring items	28,2	24,4	15,5%
<b>Recurrent net income</b>	<b>32,5</b>	<b>37,6</b>	<b>-13,7%</b>

## 2 AVERAGE RAB AND CAPEX

In the first 3 months of 2020, Capex reached 27.0 million euros, a 60.5% y.o.y. increase (+10.2 million euros), and transfers to RAB reached 4.9 million euros, a 1.2 million euros increase.

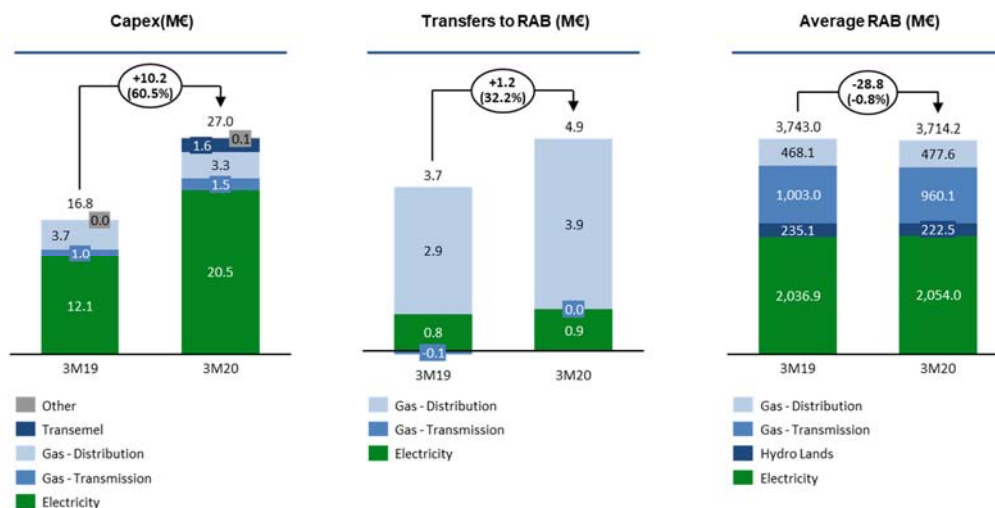
In electricity, investment was 20.5 million euros, a 69.2% increase (8.4 million euros) over the same period of 2019, of which should be highlighted the projects of the new axis at 400Kv between the regions of Porto and Minho (2.0 million euros) and the connection at 400kV between Fundão and Falagueira (2.7 million euros). Transfers to RAB were 0.9 million euros, a y.o.y. increase of 0.1 million euros (+12.9%).

In natural gas transmission, investment reached 1.5 million euros, 50.6% higher than the same period of the previous year, and there were no transfers to RAB.

In natural gas distribution, investment was 3.3 million euros, 46% for new supply points and 46% with the expansion of the distribution network, and transfers to RAB increased 1.0 million euros (+34.2%) to 3.9 million euros.

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

Average RAB was 3,714.2 million euros, a 28.8 million euros (-0.8%) y.o.y decrease. In electricity, the average RAB (excluding lands) reached 2,054.0 million euros (+17.2 million euros, +0.8%), of which 1,076.7 million euros in assets remunerated at a premium rate of return, while lands reached 222.5 million euros (-12.5 million euros, -5.3%). In natural gas transmission, the average RAB was 960.1 million euros (-43.0 million euros, -4.3%), while in natural gas distribution the average RAB reached 477.6 million euros (+9.5 million euros, +2.0%).



## 2. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2020 AND 31 DECEMBER 2019

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

	Notes	Mar 2020	Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	119,610	125,649
Intangible assets	5	4,181,169	4,214,916
Goodwill	6	5,875	5,969
Investments in associates and joint ventures	7	178,353	172,278
Investments in equity instruments at fair value through other comprehensive income	9 and 10	147,229	155,676
Derivative financial instruments	9 and 12	30,349	27,229
Other financial assets	9	78	71
Trade and other receivables	9 and 11	108,669	114,509
Deferred tax assets	8	93,615	93,666
		<b>4,864,949</b>	<b>4,909,964</b>
<b>Current assets</b>			
Inventories		3,966	3,919
Trade and other receivables	9 and 11	333,036	353,725
Current income tax recoverable	8 and 9	5,988	14,921
Derivative financial instruments	9 and 12	1,717	1,732
Cash and cash equivalents	9 and 13	37,869	21,044
		<b>382,575</b>	<b>395,341</b>
<b>Total assets</b>	<b>4</b>	<b>5,247,524</b>	<b>5,305,305</b>
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital	14	667,191	667,191
Own shares	14	(10,728)	(10,728)
Share premium		116,809	116,809
Reserves	15	306,469	316,681
Retained earnings		360,118	242,853
Other changes in equity		(5,561)	(5,561)
Net profit for the period		4,302	118,899
<b>Total equity</b>		<b>1,438,600</b>	<b>1,446,144</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	9 and 16	2,014,773	2,112,296
Liability for retirement benefits and others	17	104,597	103,309
Derivative financial instruments	9 and 12	27,829	24,848
Provisions	18	8,416	8,416
Trade and other payables	19	335,748	340,627
Deferred tax liabilities	8	140,224	141,774
		<b>2,631,587</b>	<b>2,731,269</b>
<b>Current liabilities</b>			
Borrowings	9 and 16	798,331	757,158
Trade and other payables	19	379,005	370,733
		<b>1,177,336</b>	<b>1,127,891</b>
<b>Total liabilities</b>	<b>4</b>	<b>3,808,923</b>	<b>3,859,160</b>
<b>Total equity and liabilities</b>		<b>5,247,524</b>	<b>5,305,305</b>

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 March 2020.

The Accountant

The Board of Directors



## CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2020 AND 2019

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

	Notes	Mar 2020	Mar 2019
Services rendered	4 and 20	138,079	139,084
Revenue from construction of concession assets	4 and 21	25,288	16,803
Gains / (losses) from associates and joint ventures	7	2,046	2,802
Other operating income	22	7,440	9,652
<b>Operating income</b>		<b>172,854</b>	<b>168,341</b>
Cost of goods sold		(165)	(160)
Costs with construction of concession assets	21	(21,032)	(12,338)
External supplies and services	23	(13,211)	(9,499)
Personnel costs	24	(13,493)	(13,537)
Depreciation and amortizations	5	(59,920)	(58,550)
Provisions		-	1
Impairments	6	(94)	(94)
Other expenses	25	(5,970)	(7,313)
<b>Operating costs</b>		<b>(113,884)</b>	<b>(101,491)</b>
<b>Operating results</b>		<b>58,969</b>	<b>66,850</b>
Financial costs	26	(14,953)	(17,526)
Financial income	26	1,341	1,981
<b>Financial results</b>		<b>(13,611)</b>	<b>(15,545)</b>
<b>Profit before income tax and ESEC</b>		<b>45,358</b>	<b>51,305</b>
Income tax expense	8	(12,891)	(13,673)
Energy sector extraordinary contribution (ESEC)	27	(28,165)	(24,390)
<b>Net profit for the year</b>		<b>4,302</b>	<b>13,243</b>
<b>Attributable to:</b>			
Equity holders of the Company		4,302	13,243
Non-controlled interest		-	-
<b>Consolidated profit for the year</b>		<b>4,302</b>	<b>13,243</b>
Earnings per share (expressed in euro per share)	28	0.01	0.02

The accompanying notes form an integral part of the consolidated statement of profit and loss for the three-month period ended 31 March 2020.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2020 AND 2019

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

	Notes	Mar 2020	Mar 2019
Consolidated Net Profit for the period		4,302	13,243
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial gains / (losses) - gross of tax		(2,335)	1,243
Tax effect on actuarial gains / (losses)	8	700	(373)
Other changes in equity		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		(2,132)	2,964
Increase / (decrease) in hedging reserves - cash flow derivatives	12	(2,045)	(7,845)
Tax effect on hedging reserves	8 and 12	512	1,765
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(8,447)	(2,680)
Tax effect on items recorded directly in equity	8 and 10	1,901	603
Other changes in equity		-	(17)
<b>Comprehensive income for the period</b>		<b>(7,544)</b>	<b>8,903</b>
<b>Attributable to:</b>			
Equity holders of the company		(7,544)	8,903
Non-controlled interest		-	-
		<b>(7,544)</b>	<b>8,903</b>

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the three-month period ended 31 March 2020.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 AND 2019

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

Changes in the year	Notes	Attributable to shareholders										
		Share capital	Own shares	Share premium	Legal Reserve	Fair Value reserve (Note 10)	Hedging reserve (Note 12)	Other reserves	Other changes in equity	Retained earnings	Profit for the year	Total
At 1 January 2019		667,191	(10,728)	116,809	113,152	57,711	(10,577)	166,620	(5,561)	253,505	115,715	1,463,837
Net profit of the period and other comprehensive income		-	-	-	-	(2,077)	(6,080)	2,947	-	870	13,243	8,903
Transfer to other reserves		-	-	-	-	-	-	-	-	115,715	(115,715)	-
At 31 March 2019		667,191	(10,728)	116,809	113,152	55,634	(16,657)	169,567	(5,561)	370,090	13,243	1,472,740
At 1 January 2020		667,191	(10,728)	116,809	118,828	51,966	(19,901)	165,787	(5,561)	242,853	118,899	1,446,144
Net profit of the period and other comprehensive income		-	-	-	-	(6,546)	(1,533)	(2,132)	-	(1,635)	4,302	(7,544)
Transfer to other reserves		-	-	-	-	-	-	-	-	118,899	(118,899)	-
At 31 March 2020		667,191	(10,728)	116,809	118,828	45,420	(21,434)	163,655	(5,561)	360,118	4,302	1,438,600

The accompanying notes form an integral part of the consolidated statement of changes in equity for the three-month period ended 31 March 2020.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2020 AND 2019

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

	Notes	Mar 2020	Mar 2019
<b><u>Cash flow from operating activities:</u></b>			
Cash receipts from customers		664,797 a)	548,290 a)
Cash paid to suppliers		(508,520) a)	(423,709) a)
Cash paid to employees		(15,106)	(14,975)
Income tax received/paid		(2,195)	(1,594)
Other receipts / (payments) relating to operating activities		(8,079)	(18,462)
<b>Net cash flows from operating activities (1)</b>		<b>130,896</b>	<b>89,551</b>
<b><u>Cash flow from investing activities:</u></b>			
<b>Receipts related to:</b>			
Investment grants		184	569
Interests and other similar income		-	8
Dividends	7 and 10	1,477	1,477
<b>Payments related to:</b>			
Property, plant and equipment		(1,926)	(20)
Intangible assets - Concession assets		(42,567)	(36,673)
<b>Net cash flow used in investing activities (2)</b>		<b>(42,833)</b>	<b>(34,639)</b>
<b><u>Cash flow from financing activities:</u></b>			
<b>Receipts related to:</b>			
Borrowings		815,500	1,279,000
<b>Payments related to:</b>			
Borrowings		(869,312)	(1,328,271)
Interests and other similar expense		(17,637)	(19,549)
<b>Net cash from / (used in) financing activities (3)</b>		<b>(71,449)</b>	<b>(68,820)</b>
<b>Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)</b>		<b>16,614</b>	<b>(13,909)</b>
Effect of exchange rates		(877)	2
Cash and cash equivalents at the beginning of the year	13	20,521	34,096
<b>Cash and cash equivalents at the end of the period</b>	<b>13</b>	<b>36,259</b>	<b>20,189</b>
<b><u>Detail of cash and cash equivalents</u></b>			
Cash	13	28	25
Bank overdrafts	13	(1,610)	(346)
Bank deposits	13	37,841	20,511
		<b>36,259</b>	<b>20,189</b>

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

The accompanying notes form an integral part of the consolidated statement of cash flow for the three-month period ended 31 March 2020.

The Accountant

The Board of Directors

### 3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

#### 1 GENERAL INFORMATION

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

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

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

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

The Electricity business includes the following companies:

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

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

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

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

The Gas business includes the following companies:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of 31 March 2020, REN also holds:

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

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

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

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

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

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

## 1.1 Consolidation perimeter

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

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

## Changes in the consolidation perimeter

### - 2020

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

### - 2019

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

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

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

## 1.2 Approval of the consolidated financial statements

These interim consolidated financial statements were approved by the Board of Directors at a meeting held on 7 May 2020. The Board of Directors believes that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards for interim financial statements as endorsed by the European Union (IAS 34).

## 2 BASIS OF PRESENTATION

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

The Board of Directors evaluated the Group's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. Particularly, as of 31 March 2020, current liabilities in the amount of 1,117,336 thousand Euros are greater than current assets, which total 382,575 thousand Euros.

However, in addition to the consolidated results and cash flows estimated for 2020, the Group has, as of 31 March 2020, credit lines in the form of commercial paper available for use in the amount of 858,500 thousands Euros, with a substantial part with guaranteed placement (Note 16). Additionally, the Group has, as of 31 March 2020, 80,000 thousand Euros in credit lines contracted and not used (Note 16).

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

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



### 3 MAIN ACCOUNTING POLICIES

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

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

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

#### Adoption of new standards, interpretations, amendments and revisions

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

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

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

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

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

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

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

There are no standards, interpretations, amendments and revisions endorsed by the European Union with mandatory application in future economic exercises at the date of 31 March 2020.

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

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

Standard	Applicable for financial years beginning	Resume
IFRS 17 - Insurance Contracts	01/jan/21	This standard is intended to replace IFRS 4 and requires that all insurance contracts to be accounted for consistently.
Amendment to IFRS 3 - Business Combinations	01/jan/20	These amendments: (i) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (ii) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; (iii) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.  These amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa.
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01/jan/22	

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 31 March 2020 consolidated financial statements.

## 4 SEGMENT REPORTING

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

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

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

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

The results by segment for the three-month period ended 31 March 2020 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	88,640	49,682	1,688	8,515	(10,446)	138,079
Inter-segments	493	1,521	-	8,432	(10,446)	-
Revenues from external customers	88,147	48,162	1,688	83	-	138,079
Revenue from construction of concession assets	20,494	4,794	-	-	-	25,288
Cost with construction of concession assets	(17,310)	(3,722)	-	-	-	(21,032)
Gains / (losses) from associates and joint ventures	-	-	-	2,046	-	2,046
Personnel costs	(12,653)	(9,179)	(691)	(2,761)	12,072	(13,211)
Employee compensation and benefit expense	(4,493)	(3,045)	(72)	(5,883)	-	(13,493)
Other expenses and operating income	3,000	(44)	(3)	(21)	(1,626)	1,306
Operating cash flow	77,678	38,487	922	1,896	-	118,983
Non reimbursable expenses						
Depreciation and amortizations	(39,460)	(20,411)	(5)	(44)	-	(59,920)
Impairments	-	-	-	(94)	-	(94)
Financial results						
Financial income	260	1,188	6	37,227	(37,340)	1,341
Financial costs	(10,523)	(4,789)	-	(36,980)	37,340	(14,953)
Profit before income tax and ESEC	27,956	14,475	923	2,004	-	45,358
Income tax expense	(8,101)	(3,985)	(221)	(584)	-	(12,891)
Energy sector extraordinary contribution (ESEC)	(17,392)	(10,773)	-	-	-	(28,165)
Profit for the year	2,463	(283)	701	1,420	-	4,302

The results by segment for the three-month period ended 31 March 2019 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	87,938	51,892	1,509	8,407	(10,662)	139,084
Inter-segments	358	1,987	-	8,318	(10,662)	-
Revenues from external customers	87,580	49,905	1,509	90	-	139,084
Revenue from construction of concession assets	12,110	4,693	-	-	-	16,803
Cost with construction of concession assets	(8,704)	(3,634)	-	-	-	(12,338)
Gains / (losses) from associates and joint ventures	-	-	-	2,802	-	2,802
Personnel costs	(9,342)	(9,207)	(581)	(2,485)	12,116	(9,499)
Employee compensation and benefit expense	(4,599)	(2,965)	(70)	(5,904)	-	(13,537)
Other expenses and operating income	3,420	325	(4)	(108)	(1,454)	2,178
Operating cash flow	80,823	41,104	855	2,712	-	125,493
Non reimbursable expenses						
Depreciation and amortizations	(38,545)	(19,950)	(8)	(47)	-	(58,550)
Provisions	-	-	-	1	-	1
Impairments	-	-	-	(94)	-	(94)
Financial results						
Financial income	336	1,682	8	37,864	(37,910)	1,981
Financial costs	(10,893)	(5,574)	(0)	(38,969)	37,910	(17,526)
Profit before income tax and ESEC	31,721	17,262	855	1,467	-	51,305
Income tax expense	(8,719)	(4,686)	(201)	(66)	-	(13,673)
Energy sector extraordinary contribution (ESEC)	(17,434)	(6,955)	-	-	-	(24,390)
Profit for the year	5,568	5,620	654	1,401	-	13,243

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

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

Assets and liabilities by segment as well as capital expenditures for the three-month period ended 31 March 2020 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Segment assets</b>						
Group investments held	-	862,667	-	2,099,409	(2,962,076)	-
Property, plant and equipment and intangible assets	2,708,563	1,591,840	10	366	-	4,300,779
Other assets	459,193	353,609	6,059	6,323,147	(6,195,263)	946,745
<b>Total assets</b>	<b>3,167,756</b>	<b>2,808,116</b>	<b>6,069</b>	<b>8,422,922</b>	<b>(9,157,339)</b>	<b>5,247,524</b>
<b>Total liabilities</b>	<b>2,347,429</b>	<b>1,314,897</b>	<b>3,402</b>	<b>6,338,458</b>	<b>(6,195,263)</b>	<b>3,808,923</b>
<b>Capital expenditure - total</b>	<b>22,112</b>	<b>4,794</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>26,973</b>
Capital expenditure - property, plant and equipment (Note 5)	1,618	-	-	67	-	1,685
Capital expenditure - other intangible assets (Note 5)	-	-	-	-	-	-
Capital expenditure - intangible assets (Note 5)	20,494	4,794	-	-	-	25,288
Investments in associates (Note 7)	-	-	-	175,714	-	175,714
Investments in joint ventures (Note 7)	-	-	-	2,639	-	2,639

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

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

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

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



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

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

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

	Mar 2020	Dec 2019
<i>Electricity segment:</i>		
Power line construction (150 KV, 220 KV and others)	1,386	61,597
Power line construction (400 KV)	9,930	33,007
Construction of new substations	4,076	3,990
Substation Expansion	3,258	21,252
Other renovations in substations	509	7,296
Telecommunications and information system	854	7,129
Pilot zone construction - wave energy	41	170
Buildings related to concession	135	1,191
Transmission and transformation of electricity in Chile	1,618	4,563
Other assets	306	5,235
<i>Gas segment:</i>		
Expansion and improvements to gas transmission network	725	7,749
Construction project of cavity underground storage of natural gas in Pombal	166	1,091
Construction project and operating upgrade - LNG facilities	579	7,342
Natural gas distribution projects	3,324	26,894
<i>Others segments:</i>		
Other assets	67	171
<b>Total of additions</b>	<b>26,973</b>	<b>188,678</b>

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

	Mar 2020	Dec 2019
<i>Electricity segment:</i>		
Power line construction (150 KV, 220 KV and others)	-	73,829
Power line construction (400 KV)	-	19,895
Substation Expansion	524	40,082
Other renovations in substations	287	4,829
Telecommunications and information system	-	7,299
Buildings related to concession	-	695
Other assets under concession	25	2,345
<i>Gas segment:</i>		
Expansion and improvements to natural gas transmission network	-	6,808
Construction project of cavity underground storage of natural gas in Pombal	-	604
Construction project and operating upgrade - LNG facilities	-	4,576
Natural gas distribution and transmission projects	3,921	25,904
<b>Total of transfers</b>	<b>4,756</b>	<b>186,866</b>

The intangible assets in progress at 31 March 2020 and 31 December 2019 are as follows:

	Mar 2020	Dec 2019
<i>Electricity segment:</i>		
Power line construction (150KV/220KV e 400KV)	62,643	51,179
Substation Expansion	19,523	16,566
New substations projects	13,406	9,331
Buildings related to concession	2,495	2,359
Transmission and transformation of electricity in Chile	20,281	20,743
Other projects	2,715	1,800
<i>Gas segment:</i>		
Expansion and improvements to natural gas transmission network	8,036	7,310
Construction project of cavity underground storage of natural gas in Pombal	2,986	2,820
Construction project and operating upgrade - LNG facilities	3,336	2,758
Natural gas distribution projects	2,802	3,483
<b>Total of assets in progress</b>	<b>138,223</b>	<b>118,349</b>

Borrowing costs capitalized on intangible assets in progress in the three-month period ended 31 March 2020 amounted to 452 thousand Euros (2,562 thousand Euros as of 31 December 2019), while overhead, management and other costs capitalized amounted to 3,804 thousand Euros (16,745 thousand Euros as of 31 December 2019) (Note 21).

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

	Mar 2020	Dec 2019
Cost	7,109	7,066
Accumulated depreciation and amortization	(3,323)	(3,036)
<b>Net book value</b>	<b>3,786</b>	<b>4,030</b>



## 6 GOODWILL

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

Subsidiaries	Year of acquisition	Acquisition cost	%	Mar 2020	Dec 2019
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	2,170	2,264
REN Portgás Distribuição, S.A.	2017	503,015	100%	1,235	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2019	155,482	100%	2,470	2,470
				<b>5,875</b>	<b>5,969</b>

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

Subsidiaries	At 1 January 2019	Increases	Decreases	At 31 December 2019	Increases	Decreases	At 31 March 2020
REN Atlântico, Terminal de GNL, S.A.	2,642	-	(377)	2,264	-	(94)	2,170
REN Portgás Distribuição, S.A.	1,235	-	-	1,235	-	-	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	-	2,470	-	2,470	-	-	2,470
	<b>3,877</b>	<b>2,470</b>	<b>(377)</b>	<b>5,969</b>	-	<b>(94)</b>	<b>5,875</b>

## 7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

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

	Activity	Head office	31 March 2020								Carrying amount	Group share of profit / (loss)	
			Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital			%
<b>Equity method:</b>													
<b>Associate:</b>													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	915	28,349	263	-	140	69	29,002	40	11,394	33
Electrogas, S.A.	Gas Transportation	Chile	19,411	12,791	41,417	3,790	10,235	8,694	4,759	40,183	42.5	164,321	2,010
												<b>175,714</b>	<b>2,043</b>
<b>Joint venture:</b>													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,412	120	1,241	6	385	7	5,285	50	2,639	3
												<b>178,353</b>	<b>2,046</b>

	Activity	Head office	31 December 2019								Carrying amount	Group share of profit / (loss)	
			Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital			%
<b>Equity method:</b>													
<b>Associate:</b>													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	990	28,228	300	-	1,086	553	28,919	40	11,360	1,835
Electrogas, S.A.	Gas Transportation	Chile	18,930	7,666	41,495	4,346	10,268	32,292	16,760	34,548	42.5	158,282	7,148
												<b>169,642</b>	<b>8,983</b>
<b>Joint venture:</b>													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,405	64	1,182	8	1,656	2	5,278	50	2,636	1
												<b>172,278</b>	<b>8,984</b>

## Associates

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

Investments in associates	
At 1 de January de 2019	165,207
Effect of applying the equity method	8,983
Currency Translation Reserves	2,952
Dividends of Electrogas	(7,168)
Receipt of Supplementary Obligations of OMIP	(292)
Other changes in equity	(40)
At 31 December 2019	169,642
Effect of applying the equity method	2,043
Currency Translation Reserves	4,029
At 31 March 2020	175,714

The proportional value of the OMIP, SGPS includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application. This participation is recorded as an Associate.

## Joint ventures

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

Investments in joint ventures	
At 1 January 2019	2,635
Effect of applying the equity method	1
At 31 December 2019	2,636
Effect of applying the equity method	3
At 31 March 2020	2,639

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

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

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

	31 March 2020					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
<b>Joint venture:</b>						
Centro de Investigação em Energia						
REN - STATE GRID, S.A.	5,239	5	6	(8)	(1)	(4)

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

## 8 INCOME TAX

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

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

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

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

In the year ended 31 December 2019, the computation of the deferred taxes, was updated in accordance with Law 71/2018, of 31 December, that established a Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros; (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 9% for taxable profits in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 31 March 2020, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Income tax registered in the periods ended 31 March 2020 and 2019 was as follows:

	Mar 2020	Mar 2019
Current income tax	11,130	15,380
Adjustments of income tax from previous years	4	-
Deferred income tax	1,756	(1,708)
<b>Income tax</b>	<b>12,891</b>	<b>13,673</b>

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

	Mar 2020	Mar 2019
Consolidated profit before income tax	45,358	51,305
<u>Permanent differences:</u>		
Non deductible/taxable Costs/Income	2,549	(1,135)
<u>Timing differences:</u>		
Tariff deviations	(11,252)	8,522
Provisions and impairment	(15)	(13)
Revaluations	(810)	(1,140)
Pension, helthcare assistance and life insurance plans	(1,031)	(412)
Derivative financial instruments	-	(5)
Others	(88)	(12)
<b>Taxable income</b>	<b>34,711</b>	<b>57,110</b>
	-	-
Income tax	7,191	11,879
State surcharge tax	2,900	2,425
Municipal surcharge	831	872
Autonomous taxation	208	204
<b>Current income tax</b>	<b>11,130</b>	<b>15,380</b>
Deferred income tax	1,756	(1,708)
Adjustments of income tax from previous years	4	-
<b>Income tax</b>	<b>12,891</b>	<b>13,673</b>
Effective tax rate	28.4%	26.6%

## Income tax

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

	Mar 2020	Dec 2019
<u>Income tax:</u>		
Corporate income tax - estimated tax	(11,130)	(35,559)
Corporate income tax - payments on account	2,837	49,255
Income withholding tax by third parties	493	845
Income recoverable / (payable)	13,788	380
<b>Income tax recoverable</b>	<b>5,988</b>	<b>14,921</b>

## Deferred taxes

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

	Mar 2020	Dec 2019
<b>Impact on the statement of profit and loss:</b>		
Deferred tax assets	(1,300)	(5,518)
Deferred tax liabilities	(457)	(12,161)
	<b>(1,756)</b>	<b>(17,679)</b>
<b>Impact on equity:</b>		
Deferred tax assets	1,249	6,689
Deferred tax liabilities	1,903	808
	<b>3,152</b>	<b>7,497</b>
<b>Net impact of deferred taxes</b>	<b>1,396</b>	<b>(10,182)</b>

The changes in deferred tax by nature were as follows:

### Change in deferred tax assets – March 2020

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2020	2,705	30,953	33,967	4,659	19,264	2,116	93,666
Increase/decrease through reserves	-	700	-	511	-	37	1,249
Reversal through profit and loss	-	(312)	(390)	(40)	(557)	(1)	(1,300)
Change in the period	-	388	(390)	471	(557)	36	(51)
At 31 March 2020	2,705	31,341	33,577	5,131	18,707	2,152	93,615

### Change in deferred tax assets – December 2019

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

Deferred tax assets at 31 March 2020 correspond essentially to: (i) to liabilities for benefit plans granted to employees; (ii) tariff deviations liabilities to be settled in subsequent years; and (iii) revalued assets.

### Evolution of deferred tax liabilities – March 2020

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2020	53,526	19,981	52,357	11,795	4,115	141,774
Increase/decrease through equity	-	-	-	(1,901)	(3)	(1,903)
Reversal trough profit and loss	-	(339)	(476)	-	(182)	(996)
Increase through profit and loss	1,453	-	-	-	-	1,453
Exchange rate differences	-	-	-	-	(103)	(103)
Change in the period	1,453	(339)	(476)	(1,901)	(288)	(1,550)
At 31 March 2020	54,979	19,642	51,881	9,895	3,828	140,224

### Evolution of deferred tax liabilities – December 2019

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

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

The legal documents that establish these revaluations were the following:

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

## 9 FINANCIAL ASSETS AND LIABILITIES

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

### - March 2020

	Notes	Financial assets at amortized cost - Debt instruments	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
<b>Assets</b>								
Cash and cash equivalents	13	-	-	-	-	37,869	37,869	37,869
Trade and other receivables	11	441,705	-	-	-	-	441,705	441,705
Other financial assets		-	-	-	-	78	78	78
Investments in equity instruments at fair value through other comprehensive income	10	-	147,229	-	-	-	147,229	147,229
Income tax receivable	8	5,988	-	-	-	-	5,988	5,988
Derivative financial instruments	12	-	17,102	14,964	-	-	32,066	32,066
		<b>447,693</b>	<b>164,332</b>	<b>14,964</b>	<b>-</b>	<b>37,946</b>	<b>664,935</b>	<b>664,935</b>
<b>Liabilities</b>								
Borrowings	16	-	-	-	2,813,105	-	2,813,105	2,875,977
Trade and other payables	19	-	-	-	455,999	-	455,999	455,999
Derivative financial instruments	12	-	24,324	3,505	-	-	27,829	27,829
		<b>-</b>	<b>24,324</b>	<b>3,505</b>	<b>3,269,103</b>	<b>-</b>	<b>3,296,933</b>	<b>3,359,806</b>

### - December 2019

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

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

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

The range of market rates used to calculate the fair value ranges between -0.437% and 0.065% (maturities of one day and twelve years, respectively).

The fair value of borrowings contracted by the Group at 31 March 2020 is 2,875,977 thousand Euros (at 31 December 2019 was 3,004,161 thousand Euros), of which 412,326 thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from movements in interest rates (at 31 December 2019 was 411,262 thousand Euros).

## Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2020 in accordance with the following hierarchy levels of fair value:

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

During the three-month period ended 31 March 2020, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

	Mar 2020				Dec 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Investments in equity instruments at fair value through other comprehensive income								
Financial assets at fair value	88,613	55,035	-	143,648	97,060	55,035	-	152,095
Financial assets at fair value	-	17,102	-	17,102	-	13,712	-	13,712
Financial assets at fair value	-	14,964	-	14,964	-	15,249	-	15,249
	<b>88,613</b>	<b>87,101</b>	<b>-</b>	<b>175,714</b>	<b>97,060</b>	<b>83,996</b>	<b>-</b>	<b>181,056</b>
<b>Liabilities:</b>								
Financial liabilities at fair value	-	412,326	-	412,326	-	411,262	-	411,262
Financial liabilities at fair value	-	24,324	-	24,324	-	21,670	-	21,670
Financial liabilities at fair value through profit and loss	-	3,505	-	3,505	-	3,177	-	3,177
	<b>-</b>	<b>440,156</b>	<b>-</b>	<b>440,156</b>	<b>-</b>	<b>436,109</b>	<b>-</b>	<b>436,109</b>

During the three-month period ended 31 March 2020, REN proceeded to a valuation of the financial interests held Hidroeléctrica de Cahora Bassa, S.A., which is classified as Investments in equity instruments at fair value through other comprehensive income (Note 10). The fair value of this asset reflects the price at which the asset would be sold in an orderly transaction.

For this purpose, REN has opted for a revenue approach, which reflects current market expectations regarding future amounts. Despite the fact that the entity is not listed, the data used in the price calculation is observable market information. The fair value of the investment amounted to 55,035 thousand Euros for the three-month period ended on 31 March 2020.

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

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

## Financial risk management

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



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

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

	Head office			Book value	
	City	Country	% owned	Mar 2020	Dec 2019
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Red Eléctrica Corporación, S.A. ("REE")	Madrid	Spain	1.00%	88,613	97,060
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	55,035	55,035
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGÁS, S.A.	Madrid	Spain	6.67%	202	202
MIBGÁS Derivatives, S.A.	Madrid	Spain	9.70%	48	48
				<b>147,229</b>	<b>155,676</b>

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	Total
At 1 January 2019	3,167	53,409	105,562	164	202	48	162,552
Fair value adjustments	-	1,626	(8,502)	-	-	-	(6,876)
At 31 December 2019	<b>3,167</b>	<b>55,035</b>	<b>97,060</b>	<b>164</b>	<b>202</b>	<b>48</b>	<b>155,676</b>
At 1 January 2020	3,167	55,035	97,060	164	202	48	155,676
Fair value adjustments	-	-	(8,447)	-	-	-	(8,447)
At 31 March 2020	<b>3,167</b>	<b>55,035</b>	<b>88,613</b>	<b>164</b>	<b>202</b>	<b>48</b>	<b>147,229</b>

Red Eléctrica Corporación, S.A. ("REE") is the transmission system operator of electricity in Spain. The Group acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid's index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 31 March 2020.

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

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

On 31 March 2020, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

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

On 31 March 2020, REN also holds a 9.7% financial interest, acquired for the amount of 48 thousand Euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

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

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS and MIBGÁS Derivatives at 31 March 2020.

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

Fair value reserve (Note 15)	
1 January 2019	57,711
Changes in fair value	(6,876)
Tax effect	1,131
31 December 2019	<u>51,966</u>
1 January 2020	51,966
Changes in fair value	(8,447)
Tax effect	1,901
31 March 2020	<u>45,420</u>

There is no amount recognized in the consolidated statement of profit and loss for the three-month period ended 31 March 2020, referring to dividends from associates. However, the amount of 1,477 thousand Euros, received in the year of 2020, related to dividends recognized in the year of 2019, is reflected in the cash flow statement.

## 11 TRADE AND OTHER RECEIVABLES

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

	Mar 2020			Dec 2019		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	189,351	155	189,506	215,699	155	215,854
Impairment of trade receivables	(2,964)	-	(2,964)	(2,964)	-	(2,964)
Trade receivables net	<u>186,387</u>	<u>155</u>	<u>186,542</u>	<u>212,735</u>	<u>155</u>	<u>212,890</u>
Tariff deviations	116,281	108,514	224,795	100,153	114,354	214,507
State and Other Public Entities	30,367	-	30,367	40,837	-	40,837
Trade and other receivables	<u>333,036</u>	<u>108,669</u>	<u>441,705</u>	<u>353,725</u>	<u>114,509</u>	<u>468,234</u>

The most relevant balances included in the trade receivables caption as of 31 March 2020 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 85,445 thousand Euros (92,763 thousand Euros at 31 December 2019); (ii) the receivable of Galp Gás Natural, S.A., in the amount of 6,854 thousand Euros (12,973 thousand Euros at 31 December 2019); and (iii) the amount of 2,925 thousand Euros, as defined by the regulator ERSE in the context of sustainability measures of the National Electric System (4,388 thousand Euros at 31 December 2019).

In the trade and other receivables also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 10,835 thousand Euros (19,006 thousand Euros at 31 December 2019) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 49 thousand Euros (49 thousand Euros at 31 December 2019) regarding the CMEC, also reflected in the caption "Suppliers and other accounts payable" (Note 19).

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

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

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

## 12 DERIVATIVE FINANCIAL INSTRUMENTS

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

	Notional	31 March 2020			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
<b>Derivatives designated as cash flow hedges</b>					
Interest rate swaps	600,000 TEUR	-	-	-	24,324
Currency swaps	72,899 TEUR	-	17,102	-	-
		-	17,102	-	24,324
<b>Derivatives designated as fair value hedges</b>					
Interest rate swaps	400,000 TEUR	1,717	13,247	-	-
		1,717	13,247	-	-
<b>Trading derivatives</b>					
Trading derivatives	60,000 TEUR	-	-	-	3,505
		-	-	-	3,505
<b>Derivative financial instruments</b>		<b>1,717</b>	<b>30,349</b>	<b>-</b>	<b>27,829</b>

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

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

The amount recognized in this item refers to:

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

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

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

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

The disclosed amount includes receivable or payable accrued interest, at 31 March 2020 related to these financial instruments, in the net amount receivable of 1,106 thousand Euros (at 31 December 2019 it was 2,323 thousand Euros receivable).

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

	Notional	REN pays	REN receives	Maturity	Fair value at 31 March 2020	Fair value at 31 December 2019
<b>Cash flow hedge:</b>						
Interest rate swaps	600,000 TEuros	[0.75%; 1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024; feb-2025]	(24,324)	(21,670)
Currency swaps	72,899 Teuros	[Euribor 6m; + 1.9%]	2.71%	[jun-2024]	17,102	13,712
					<u>(7,222)</u>	<u>(7,958)</u>
<b>Fair value hedge:</b>						
Interest rate swaps	300,000 TEuros	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	13,247	13,516
Interest rate swaps	100,000 TEuros	[Euribor 6m]	[1.724%]	[oct-2020]	1,717	1,732
					<u>14,964</u>	<u>15,249</u>
<b>Trading:</b>						
Interest rate swaps	60,000 Teuros	[Euribor 6m]	[0.99%]	[jun-2024]	(3,505)	(3,177)
					<u>(3,505)</u>	<u>(3,177)</u>
				<b>Total</b>	<u>4,237</u>	<u>4,114</u>

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

The breakdown of the notional of derivatives at 31 March 2020 is presented in the following table:

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

## Swaps:

### Cash Flow Hedge - Interest Rate Swaps

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

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

The fair value of the interest rate swaps, at 31 March 2020, is negative 24,324 thousand Euros (at 31 December 2019 it was negative 21,670 thousand Euros).

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

The amount recognised in reserves, relating to the cash flow hedges referred to above, was 24,159 thousand Euros (at 31 December 2019 it was 21,517 thousand Euros).

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

	Maturity	Hedged notional	Interest rate	Hedged Carrying Amount	Note
<b>Cash Flow Hedging Instruments</b>					
European Investment Bank (EIB) Loan	16/12/2024	300,000 TEuros	Euribor 3m	299,164	16
Bond Issue (Euro Medium Term Notes) <sup>1</sup>	12/02/2025	300,000 TEuros	2.5%	298,996	16

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

### Cash Flow Hedge – Interest and Exchange Rate Swaps

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

The fair value of the cross currency swap at 31 March 2020 is positive 17,102 thousand Euros (at 31 December 2019 it was positive 13,712 thousand Euros).

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

- the offsetting of the exchange rate effect of the spot revaluation of the hedged item (bond issue in yen) at each reference date, arising from the hedging of the exchange rate risk<sup>1</sup>;
- the ineffective effect of the hedge arising from the accounting designation made (REN contracted a trading derivative to economically hedge this ineffectiveness - see Trading Derivative)<sup>2</sup>. This inefficiency is caused by the change in the interest profile of the hedging instrument, which pays a variable rate in the period from 2019 to 2024.

<sup>1</sup> The currency effect of the underlying (loan), at 31 March 2020, was unfavorable in the amount of 2,097 thousand Euros, and was offset, in the same amount, by the favourable effect of the hedging instrument in the income statement for the year (as of 31 December 2019 was unfavorable in 2,548 thousand Euros).

<sup>2</sup> The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was positive 414 thousand Euros which was offset by the effect of the trading derivative negotiated in negative 126 thousand Euros (as of 31 December 2019 it was positive 2,287 thousand Euros against negative 1,088 thousand Euros of the effect of the trading derivative). Therefore, the net effect on the income statement for the three-month period ended on 31 March 2020 amounted to positive 288 thousand Euros (as of 31 December 2019 was positive 1,199 thousand Euros).

**Integral Income:**

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

**- March 2020**

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	(2,641)	(2,641)	-	-
Swaps of exchange rate	3,107	596	414	2,097
	466	(2,045)	414	2,097

**- December 2019**

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	(10,773)	(10,773)	-	-
Swaps of exchange rate	2,721	(2,114)	2,287	2,548
	(8,052)	(12,887)	2,287	2,548

**Hedging Reserve:**

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

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
1 January 2019	(13,647)	3,071	(10,577)
Changes in fair value and ineffectiveness	(12,887)	3,563	(9,324)
31 December 2019	(26,534)	6,634	(19,901)
1 January 2020	(26,534)	6,634	(19,901)
Changes in fair value and ineffectiveness	(2,045)	512	(1,533)
31 March 2020	(28,579)	7,146	(21,434)

**Fair Value Hedge**

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

At 31 March 2020, the Group has a total of three fair value hedging derivative contracts amounting to 400,000 thousand Euros (as of 31 December 2019 it was 400,000 thousand Euros). The hedged risk corresponds to the change in fair value of debt issues attributable to movements in the market interest rate index (Euribor). Credit risk is not being hedged. At 31 March 2020, the fair value of interest rate swaps designated as fair value hedging instruments was positive 14,964 thousand Euros (as of 31 December 2019 it was positive 15,249 thousand Euros).

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

#### - March 2020

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2020	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	16/10/2020	100,000 TEuros	4.75%	94,637	475	339	16
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	286,194	(12,802)	(1,403)	16
					(12,326)	(1,064)	

#### - December 2019

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2019	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	16/10/2020	100,000 TEuros	4.75%	97,188	136	1,546	16
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	304,761	(11,398)	(6,472)	16
					(11,262)	(4,926)	

At 31 March 2020, the change in fair value of the debt related to interest rate risk recognized in the income statement was negative 1,064 thousand Euros (at 31 December 2019 it was negative 4,926 thousand Euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately negative 63 thousand Euros (at 31 December 2019 it was positive 83 thousand Euros). The ineffectiveness recognized is related to the effect of the fixed leg spread of the hedging instruments that is not reflected in the hedged item.

#### Integral Income:

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

#### - March 2020

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	(63)

#### - December 2019

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	83

### Trading Derivative

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

The notional amount of this trading derivative is 60,000 thousand Euros as of 31 March 2020 (at 31 December 2019 it was 60,000 thousand Euros). Credit risk is not being hedged. The fair value of the trading derivative, on 31 March 2020, is negative 3,505 thousand Euros (on 31 December 2019 it was negative 3,177 thousand Euros).

Changes in the fair value of the trading derivative are recorded directly in the income statement. The impact in the income statement, as of 31 March 2020, related to the effect of the fair value of the trading derivative was negative 126 thousand Euros (as of 31 December 2019 it was 1,088 thousand Euros negative).

## 13 CASH AND CASH EQUIVALENTS

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

	Mar 2020	Dec 2019
Cash	28	-
Bank deposits	37,841	21,044
<b>Cash and cash equivalents in the statement of financial position</b>	<b>37,869</b>	<b>21,044</b>
Bank overdrafts (Note 16)	(1,610)	(523)
<b>Cash and cash equivalents in cash flow statement</b>	<b>36,259</b>	<b>20,521</b>

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

## 14 EQUITY INSTRUMENTS

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

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

At 31 March 2020, REN SGPS had the following own shares:

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

No own shares were acquired or sold in the three-month period ended 31 March 2020.

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



## 15 RESERVES AND RETAINED EARNINGS

The caption "Reserves" in the amount of 306,469 thousand Euros includes:

- **Legal reserve:** The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. This reserve can only be used to cover losses or to increase capital. At 31 March 2020 this caption amounts to 118,828 thousand Euros;
- **Fair value reserve:** includes changes in the fair value of available for sale financial assets (45,420 thousand Euros positive), as detailed in Note 10;
- **Hedging reserve:** includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (negative 21,434 thousand Euros) as detailed in Note 12; and
- **Other reserves:** This caption is changed by (i) application of the results of previous years, being available for distribution to shareholders; except for the limitation set by the Companies Code in respect of own shares, (ii) exchange rate changes associated to the financial investment whose functional currency is different of Euros and (iii) changes in equity of associates recorded under the equity method. On 31 March 2020, this caption amounts to 163,655 thousand Euros.

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

## 16 BORROWINGS

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

	Mar 2020			Dec 2019		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	267,755	1,447,840	1,715,595	297,755	1,445,327	1,743,082
Bank Borrowings	74,418	580,120	654,538	75,736	581,675	657,411
Commercial Paper	441,500	-	441,500	364,000	100,000	464,000
Bank overdrafts (Note 13)	1,610	-	1,610	523	-	523
Leases	1,341	2,212	3,553	1,488	2,386	3,874
	<b>786,624</b>	<b>2,030,173</b>	<b>2,816,797</b>	<b>739,502</b>	<b>2,129,388</b>	<b>2,868,890</b>
Accrued interest	19,100	-	19,100	25,396	-	25,396
Prepaid interest	(7,393)	(15,400)	(22,793)	(7,740)	(17,092)	(24,832)
<b>Borrowings</b>	<b>798,331</b>	<b>2,014,773</b>	<b>2,813,104</b>	<b>757,158</b>	<b>2,112,296</b>	<b>2,869,454</b>

The borrowings settlement plan was as follows:

	2020	2021	2022	2023	2024	Following years	Total
Debt - Non current	-	109,652	108,223	617,793	230,025	964,479	2,030,173
Debt - Current	685,855	100,769	-	-	-	-	786,624
	<b>685,855</b>	<b>210,421</b>	<b>108,223</b>	<b>617,793</b>	<b>230,025</b>	<b>964,479</b>	<b>2,816,797</b>

Detailed information regarding bond issues as of 31 March 2020 is as follows:

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

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 31 March 2020, the Group has seven commercial paper programs in the amount of 1,300,000 thousand Euros, of which 858,500 thousand Euros are available for utilization. Of the total amount, 530,000 thousand Euros have a guaranteed placement and are totally available for utilization.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 31 March 2020 amounted to 439,560 thousand Euros (at 31 December 2019 it was 435,714 thousand Euros).

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

The balance of the caption Prepaid interest includes the amount of 15,516 thousand Euros (16,733 thousand Euros in 31 December 2019) related with the refinancing of bonds through an exchange offer completed in 2016.

As a result of the fair value hedge related to the debt emission in the amount of 400,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in an amount of 1,064 thousand Euros (negative) (at 31 December 2019 was 4,926 thousand Euros (negative)) (Note 12).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Gearing (ratio of total consolidated equity to the amount of the Group's total concession assets). The Gearing ratio comfortably meets the limits defined being 83% above the minimum.

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

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

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

The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by hedge derivative in place. The average interest rates for borrowings including commissions and other expenses were 1.84% at 31 March 2020 and 2.08% at 31 December 2019.

## Leases

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

	Mar 2020	Dec 2019
<b>Lease liabilities - minimum lease payments</b>		
No later than 1 year	1,365	1,515
Later than 1 year and no later than 5 years	2,235	2,413
	<b>3,600</b>	<b>3,928</b>
Future finance charges on leases	(46)	(54)
<b>Present value of lease liabilities</b>	<b>3,553</b>	<b>3,874</b>
	Mar 2020	Dec 2019
<b>The present value of lease liabilities is as follows</b>		
No later than 1 year	1,341	1,488
Later than 1 year and no later than 5 years	2,212	2,386
	<b>3,553</b>	<b>3,874</b>

## 17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

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

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

	Mar 2020	Dec 2019
<b>Liability on statement of financial position</b>		
Pension plan	59,046	57,696
Healthcare plan and other benefits	45,551	45,613
	<b>104,597</b>	<b>103,309</b>

During the three-month periods ended 31 March 2020 and 2019, the following operating expenses were recorded regarding benefit plans with employees:

	Mar 2020	Mar 2019
<b>Charges to the statement of profit and loss (Note 24)</b>		
Pension plan	743	792
Healthcare plan and other benefits	260	311
	<b>1,003</b>	<b>1,103</b>

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

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

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

## 18 PROVISIONS FOR OTHER RISKS AND CHARGES

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

	Mar 2020	Dec 2019
<b>Beginning balance</b>	<b>8,416</b>	<b>8,852</b>
Increases	-	124
Reversing	-	(434)
Utilization	-	(126)
<b>Ending balance</b>	<b>8,416</b>	<b>8,416</b>
Non-current provision	8,416	8,416
	<b>8,416</b>	<b>8,416</b>

At 31 March 2020, the caption "Provisions" corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a restructuring provision amounting to 415 thousand Euros related to the on-going restructuring process.

## 19 TRADE AND OTHER PAYABLES

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

	Mar 2020			Dec 2019		
	Current	Non current	Total	Current	Non current	Total
<b>Trade payables</b>						
Current suppliers (Note 9)	152,668	-	152,668	149,388	-	149,388
<b>Other creditors</b>						
Other creditors (Note 9)	91,286	58,040	149,326	62,236	59,051	121,287
Tariff deviations (Note 9)	65,976	37,125	103,101	66,595	37,688	104,283
Fixed assets suppliers (Note 9)	34,304	-	34,304	54,530	-	54,530
<b>Tax payables (Note 9) (i)</b>	<b>9,887</b>	<b>-</b>	<b>9,887</b>	<b>16,367</b>	<b>-</b>	<b>16,367</b>
<b>Deferred income</b>						
Grants related to assets	18,171	240,583	258,754	16,428	243,888	260,316
<b>Accrued costs</b>						
Holidays and holidays subsidies (Note 9)	6,713	-	6,713	5,189	-	5,189
<b>Trade and other payables</b>	<b>379,005</b>	<b>335,748</b>	<b>714,753</b>	<b>370,733</b>	<b>340,627</b>	<b>711,360</b>

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

The caption "Trade and other payables" includes: (i) the amount of 48,091 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (40,507 thousand Euros at 31 December 2019); (ii) the amount of 14,323 thousand Euros of investment projects not yet invoiced (15,013 thousand Euros at 31 December 2019); (iii) the amount of 10,835 thousand Euros (19,006 thousand Euros at 31 December 2019) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 49 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (49 thousand Euros at 31 December 2019), also reflected in the caption "Trade receivables" (Note 11).

This transaction sets a pass-through in the consolidated income statement of REN.

The caption "Other creditors" includes: (i) the amount of 17,115 thousand Euros (19,326 thousand Euros at 31 December 2019) related with the Efficiency Promotion Plan on Energy Consumption ("PPEC"), which aims to financially support initiatives that promote efficiency and reduce electricity consumption, which should be used to finance energy efficiency projects, according to the evaluation metrics defined by ERSE and (ii) the responsibility for the extraordinary contribution on the energy sector in the amount of 28,347 thousand Euros (Note 27) (at 31 March 2019 was 24,390 thousand Euros).

## 20 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss for the three-month periods ended 31 March 2020 and 2019 is made up as follows:

	Mar 2020	Mar 2019
<b>Services - Domestic market:</b>		
Electricity transmission and overall systems management	85,278	86,736
Natural gas transmission	19,811	20,000
Natural gas distribution	13,680	14,687
Regasification	10,304	11,348
Underground gas storage	4,367	3,870
Telecommunications network	1,688	1,509
Trading	432	838
Others	83	96
<b>Services - External market (Chile):</b>		
Transmission and transformation of electricity (i)	2,436	-
	<b>138,079</b>	<b>139,084</b>
<b>Total sales and services rendered</b>	<b>138,079</b>	<b>139,084</b>

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

## 21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets for the three-month periods ended 31 March 2020 and 2019 were made up as follows:

	Mar 2020	Mar 2019
<b>Revenue from construction of concession assets</b>		
Acquisitions	21,032	12,338
Own work capitalised :		
Financial expenses (Note 5)	452	566
Overhead and management costs (Note 5)	3,804	3,899
	<b>25,288</b>	<b>16,803</b>
<b>Cost of construction of concession assets</b>		
Acquisitions	21,032	12,338
	<b>21,032</b>	<b>12,338</b>

## 22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the three-month periods ended 31 March 2020 and 2019 is made up as follows:

	Mar 2020	Mar 2019
Recognition of investment subsidies in profit and loss	4,450	4,463
Underground occupancy tax	2,277	3,967
Supplementary income	271	285
Disposal of unused materials	50	570
Others	392	367
	<b>7,440</b>	<b>9,652</b>

## 23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the three-month periods ended 31 March 2020 and 2019 is made up as follows:

	Mar 2020	Mar 2019
Maintenance costs	3,597	1,678
Fees relating to external entities i)	2,087	2,154
Electric energy costs	1,898	2,183
Cross border interconnection costs ii)	1,458	828
Gas transport subcontracts	1,221	378
Insurance costs	1,080	672
Security and surveillance	508	469
Travel and transportation costs	303	165
Advertising and communication costs	241	183
Other	817	789
External supplies and services	<b>13,211</b>	<b>9,499</b>

i)The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.

ii)The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity.

## 24 PERSONNEL COSTS

Personnel costs for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

	Mar 2020	Mar 2019
<b>Remuneration:</b>		
Board of directors	722	727
Personnel	9,209	9,158
	<b>9,931</b>	<b>9,885</b>
<b>Social charges and other expenses:</b>		
Social security costs	2,000	1,976
Post-employment and other benefits cost (Note 17)	1,003	1,103
Social support costs	495	524
Other	63	49
	<b>3,561</b>	<b>3,653</b>
<b>Total personnel costs</b>	<b>13,493</b>	<b>13,537</b>

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

## 25 OTHER OPERATING COSTS

Other operating costs for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

	Mar 2020	Mar 2019
ERSE operating costs i)	2,764	2,553
Underground occupancy tax	2,277	3,967
Donations and quotizations	708	471
Others	221	322
	<b>5,970</b>	<b>7,313</b>

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



## 26 FINANCIAL COSTS AND FINANCIAL INCOME

Financial costs and financial income for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

	Mar 2020	Mar 2019
<b>Financial costs</b>		
Interest on bonds issued	10,997	12,512
Other borrowing interests	3,311	2,596
Interest on commercial paper issued	143	912
Derivative financial instruments	167	1,069
Other financing expenditure	334	438
	<b>14,953</b>	<b>17,526</b>
<b>Financial income</b>		
Derivative financial instruments	822	910
Other financial investments	520	1,071
	<b>1,341</b>	<b>1,981</b>

## 27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR

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

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

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

To the extent that it is a present obligation whose facts originating already occurred, with timing and amounts certain or ascertainable, REN recorded liabilities in the amount of 28,347 thousand Euros (Note 19) (for the three-month period ended 31 March 2019 was 24,390 thousand Euros) against a cost in the statement of profit and loss.

The ECES line of the income statement, amounting to 28,165 thousand Euros (25,333 thousand Euros at 31 March 2019) for the three-month period ended 31 March 2020 includes the amount of 182 thousand Euros (negative), related to the regularization of CESE from previous years.

## 28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Mar 2020	Mar 2019
Consolidated net profit used to calculate earnings per share	(1)	4,302	13,243
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	667,191,262
Effect of treasury shares (note 14) (average number of shares)		3,881,374	3,881,374
Number of shares in the period	(3)	<u>663,309,888</u>	<u>663,309,888</u>
Basic earnings per share (euro per share)	(1)/(3)	0.01	0.02

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

## 29 DIVIDENDS PER SHARE

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

## 30 CONTINGENT ASSETS AND LIABILITIES

### 30.1. Contingent liabilities

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

According to the CAE, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the CAE with Tejo Energia and Turbogás. According to the information received, the total costs incurred by these companies until 31 March 2020 amounts to, approximately, 65 million Euros.

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

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

## 30.2. Guarantees given

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

Beneficiary	Scope	Mar 2020	Dec 2019
European Investment Bank (EIB)	To guarantee loans	212,155	212,924
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	23,788	23,788
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	8,416	8,416
Judge of District Court	Guarantee for expropriation processes	5,549	5,549
Municipal Council of Seixal	Guarantee for litigation	3,133	3,133
Portuguese State	Guarantee for litigation	2,185	2,185
Municipal Council of Maia	Guarantee for litigation	1,564	1,564
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Municipal Council of Porto	Guarantee for litigation	368	368
Municipal Council of Silves	Guarantee for expropriation processes	352	352
EP - Estradas de Portugal	Guarantee for litigation	245	195
NORSCUT - Concessionária de Auto-estradas	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
District Court of Lisbon	Guarantee for suspension of continuation of pending enforcement proceedings	140	10,707
Others (loss then 100 thousand Euros)	Guarantee for litigation	59	144
		<b>259,274</b>	<b>270,646</b>

## 31 RELATED PARTIES

### Main shareholders and shares held by corporate bodies

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

	Mar 2020		Dec 2019	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Grupo State Grid)	166,797,815	25.0%	166,797,815	25.0%
Mazoon B.V. (Grupo Oman Oil Company S.A.O.C.)	80,100,000	12.0%	80,100,000	12.0%
Lazard Asset Management LLC	46,611,245	7.0%	46,611,245	6.7%
Fidelidade - Companhia de Seguros, S.A.	35,496,424	5.3%	35,496,424	5.3%
Red Eléctrica Internacional, S.A.U.	33,359,563	5.0%	33,359,563	5.0%
The Capital Group Companies, Inc.	-	0.0%	25,365,000	3.8%
Great-West Lifeco, Inc.	18,225,165	2.7%	18,225,165	2.7%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	282,719,676	42.4%	257,354,676	38.6%
	<b>667,191,262</b>	<b>100%</b>	<b>667,191,262</b>	<b>100%</b>

## Management remuneration

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

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

Remuneration of the Board of Directors of REN, SGPS in the three-month period ended 31 March 2020 amounted to 598 thousand Euros (604 thousand Euros in 31 March 2019), as shown in the following table:

	Mar 2020	Mar 2019
Remuneration and other short term benefits	384	390
Management bonuses (estimate)	214	214
	<b>598</b>	<b>604</b>

## Transaction of shares by the members of the Board of Directors

During the three-month period ended 31 March 2020, there were no transactions carried out by members of the corporate bodies.

## Transactions with group or dominated companies

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

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

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

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

During the three-month periods ended 31 March 2020 and 2019, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

### Revenue

	Mar 2020	Mar 2019
<b>Sales and services provided</b>		
Invoicing issued - REE	138	643
Invoicing issued - Centro de Investigação em Energia REN - State Grid	22	85
	<b>160</b>	<b>728</b>

**Expenses**

	Mar 2020	Mar 2019
<b>External supplies and services</b>		
Invoicing received - REE	1,177	2,058
Invoicing received - CMS Rui Pena & Arnaut <sup>1</sup>	11	35
	<b>1,188</b>	<b>2,093</b>

**Balance**

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

	Mar 2020	Dec 2019
<b>Trade and other receivables</b>		
Centro de Investigação em Energia REN - State Grid - Other receivables	10	31
REE - Trade receivables	16	154
	<b>26</b>	<b>186</b>
<b>Trade and other payables</b>		
REE - Trade payables	306	583
CMS - Rui Pena & Arnaut - Trade payables <sup>1</sup>	13	9
	<b>319</b>	<b>592</b>

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

## 32 SUBSEQUENT EVENTS

As a result of the pandemic corona virus (COVID-19), there was a general worsening of the global climate of uncertainty, with negative effects on the prospects for the world economy evolution and financial markets in the short term. Additionally, and as a result of this pandemic, a state of emergency was declared in Portugal.

The REN Group is actively monitoring this situation, has activated all the necessary plans and, although the situation is unpredictable, REN Group does not estimate, as of this date, significant effects on its operability and regulatory duties and considers that the medium and long term perspectives, which were incorporated into the impairment tests, remain unchanged.

## 33 EXPLANATION ADDED FOR TRANSLATION

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

## The Accountant

Pedro Mateus

## The Board of Directors

Rodrigo Costa

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

João Faria Conceição

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

Gonçalo Morais Soares

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

Guangchao Zhu

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

Mengrong Cheng

(Member of the Board of Directors)

Li Lequan

(Member of the Board of Directors)

Ana Pinho

(Member of the Board of Directors)

Omar Al Wahaibi

(Member of the Board of Directors)

Jorge Magalhães Correia

(Member of the Board of Directors)

Manuel Sebastião

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

Gonçalo Gil Mata

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

Maria Estela Barbot

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

José Luis Arnaut

(Member of the Board of Directors)

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