Redexis

2024 First Half Results

Madrid, September 2024

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1. Highlights
2. Operational review
3. Financial review
4. Conclusions

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Highlights

Sustained growth on most accretive segments	• Reached 773k connection points in service, +0,4% YoY • Conventional volumes +0,6% underpinned by volumes from new industrial clients. Tertiary and residential volumes stable, vs sector's -3.2% • Proactive promotion of renewable gas injection projects, including the execution of the 1st hydrogen pipeline and injection point into gas networks in Baleares
Cash generation profile, discretionary CAPEX consistent with financial performance	• Revenue €130,4m, -4,0% YoY, driven by warm winter temperatures and '21-26 remuneration framework • EBITDA of €84,3m, -1,3% YoY. The warm winter and the effect of the regulatory reform, were partly mitigated by the recovery of industrial volumes, growth and proactive cost management. In July 2024, implemented restructuring and efficiency measures further improving profitability • Consistent cash conversion from EBITDA of 90%. • Free Cash Flow growth through CAPEX optimisation, tuned to commercial activity allowing to deleverage through amortizing facilities
Proactive debt management, fully funded with strong liquidity position	• Proactive management of maturities, having successfully issued €350m seven-year senior unsecured notes with 4x oversubscription • Formalised a €300m sustainability linked RCF, 7-year tenor (5 years + 2 one-year extensions) with 6 top-class banks • Excellent liquidity position of €0,7bn, fully covering upcoming 2025 SUN maturity of €500m
Commitment to ESG and Investment Grade	• Improvement of Moody's ESG score, maintaining the maximum award Advance and the Top-20 position of the sector • Fulfilment of KPI features of the ESG-linked facilities allowing to enhance the financial cost • S&P affirmed investment grade rating BBB- outlook stable, in September 2023

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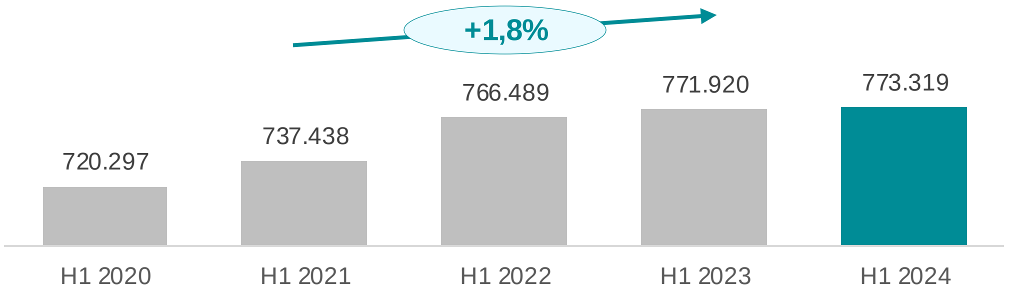
Operational review – gas networks

Operating highlights (H1)	Unit	2023	2024	%change
Distribution Connection Points				
Natural Gas (P<4b)	#	653.304	656.542	0,5%
LPG (*)	#	116.492	116.431	(0,1%)
Natural Gas (P>4b)	#	338	346	2,4%
Total	**#**	**770.134**	**773.319**	**0,4%**
Municipalities served	**#**	**920**	**934**	**1,5%**
Network length				
Distribution network	Km	10.448	10.498	0,5%
Transmission network	Km	1.645	1.645	0,0%
Total	**Km**	**12.093**	**12.143**	**0,4%**
Energy distributed				
P<4b	GWh	3.243	3.246	0,1%
LPG	GWh	349	343	(1,6%)
4b<P<60b	GWh	5.029	5.084	1,1%
Conventional demand	GWh	8.621	8.673	0,6%
P>60b	GWh	6.655	7,915	18,9%
Total demand	**GWh**	**15.276**	**16.588**	**8,6%**

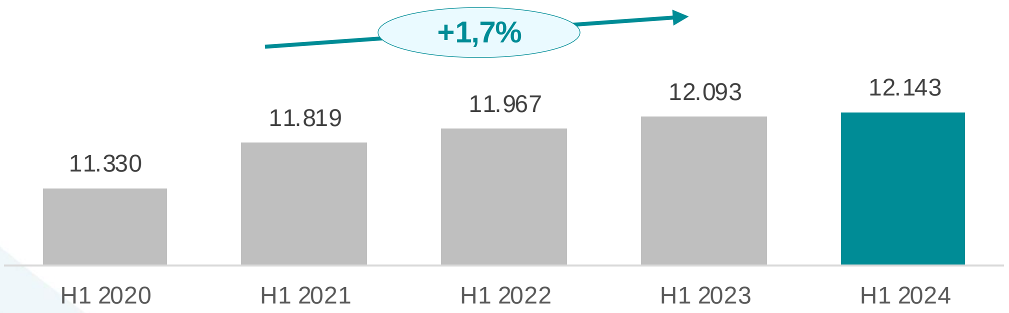
(*) Including last LPG CPs integrations

- Reached 773k connection points in service, +0,4% YoY
- 1H24 residential & tertiary volumes in line with 1H23 (0% YoY), vs sector's -3.2%
- Growth in industrial volumes (+1,1%) on the back of volumes from newly connected clients
- 934 municipalities served

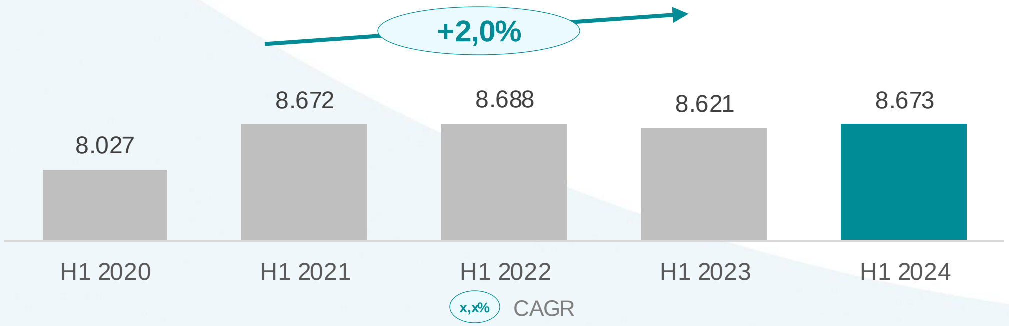
Connection points (CPs)



Network length (Km)



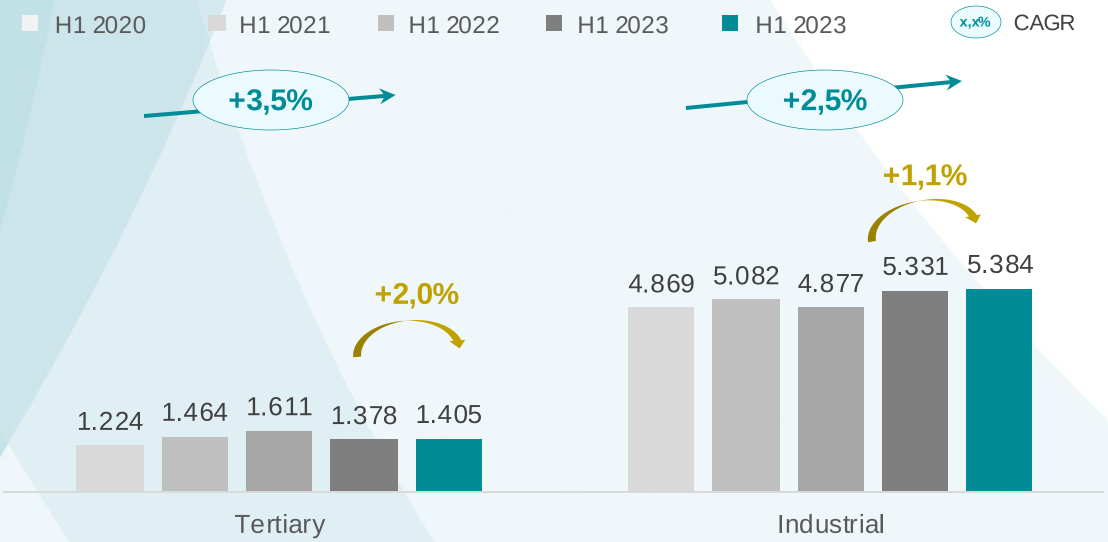
Energy distributed – Conventional demand (GWh)



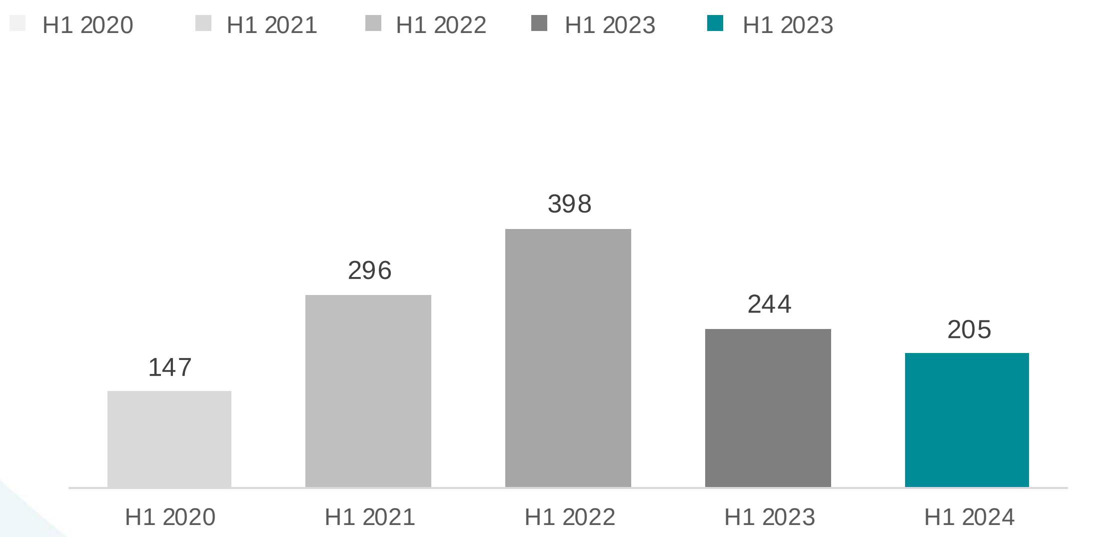
Operational review – gas networks

Industrial and tertiary segments

Energy distributed[1] (in GW/h)



Industrial and tertiary CPs growth [2] (# of CPs added)



Comments

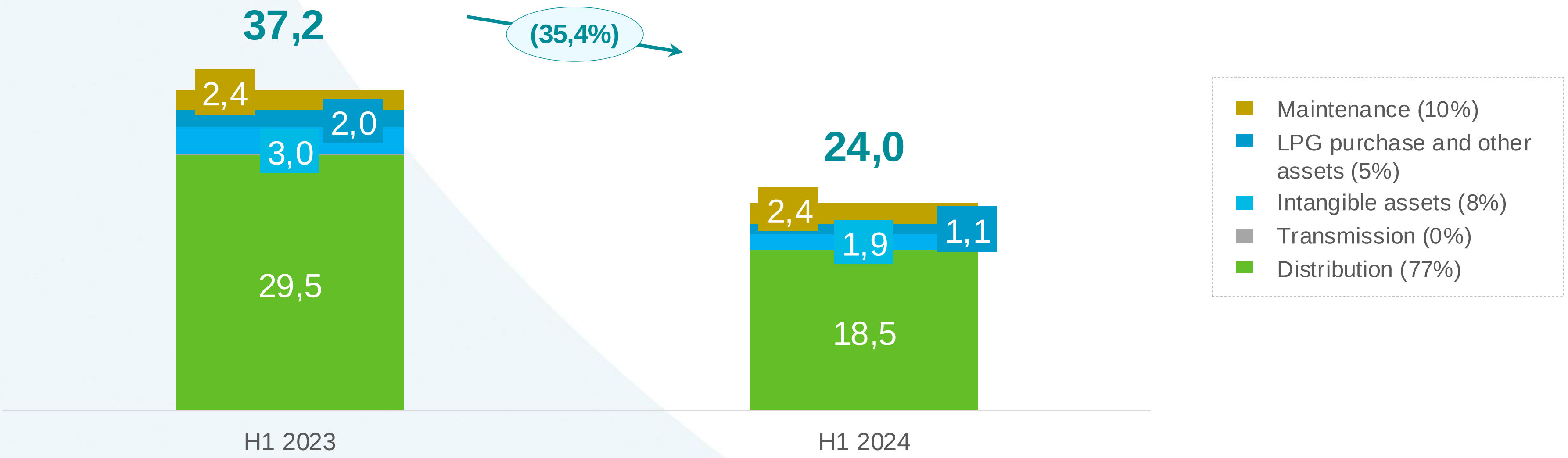
- Industrial volumes growth of +1,1% YoY underpinned by volumes from newly connected clients and consolidating volumes recovered in 2022
- Tertiary volumes up by +2,0% YoY
- Signed +205 new tertiary and industrial contracts

(1) Tertiary includes tariff groups 3.3, 3.4, and industrial 3.5 and G.2
(2) Tertiary and industrial base clients considering all tariffs

Operational review – gas networks

Capex

CAPEX breakdown



Comments

- €24,0m investments during 1H23, fundamentally on distribution growth (€18,5m)
  - Discretional CAPEX, adjustable to commercial activity
  - Focused on distribution segment, prioritising highest cash conversion through industrial connections and saturation of existi ng network
- Maintenance capex c.10% of total capex
- Intangible capex: investments on digitalisation to improve operational efficiency

Operational review – renewable gas injection

Commissioned the 1st hydrogen pipeline and injection point into gas networks in Baleares

- First H2 pipeline in Spain that will transport 100% green H2 produced locally
- H2 blending point, which mixes H2 and natural gas and injects the blend into Balearic islands network (2% blend)
- Allows more than 115,000 homes and 2,000 industrial and tertiary consumers on the island to receive green hydrogen without the need to modify their facilities
- Supported by ”Fuel Cells and Hydrogen Joint Undertaking” (FCH JU) of the European Commission

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Financial review

Business Income Statement

P&L account *(in € m)*	H1 2023	H1 2024	%change
Regulated distribution revenues	56,9	55,4	(2,6%)
Other regulated distribution revenue	13,5	14,2	5,2%
Regulated transmission revenue	26,3	25,1	(4,8%)
Regulated LPG business	25,1	22,1	(11,9%)
Other operating income	6,6	8,3	25,6%
Self-constructed non-current assets	7,4	5,3	(28,3%)
Total Revenue, other income and scnca	**135,9**	**130,4**	**(4,0%)**
Supplies	(23,0)	(20,2)	(12,2%)
Employee benefits expense	(13,8)	(9,6)	(30,1%)
Other recurrent operating expenses	(13,8)	(16,3)	18,5%
Total operating expenses	**(50,5)**	**(46,1)**	**(8,7%)**
EBITDA	**85,4**	**84,3**	**(1,3%)**
EBITDA margin (%)	62,8%	64,6%	1,8 p.p.
EBITDA Margin ex LPG dilution (%)	73,4%	74,4%	1,0 p.p.
Depreciation and amortisation	(50,4)	(50,5)	0,3%
Impairment on non-current assets	(0,2)	(0,5)	90,2%
Restructuring and other non-recurring expenses	(0,0)	(10,9)	-%
Result from operating activities	**34,7**	**22,4**	**(35,4%)**
Finance profit/(loss)	(17,2)	(17,7)	2,9%
Profit before income tax	**17,5**	**4,7**	**(73,1%)**
Income tax (expense)/revenue	(4,6)	(1,3)	(71,7%)
Profit/loss for the period	**12,9**	**3,4**	**(73,6%)**
Result attributable to owners of the Parent	12,9	3,1	(76,1%)
Result attributable to non-controlling interests	0,0	0,3	-%

Comments

- €84,3m EBITDA, -1,2% YoY, influenced by warm weather and the effect of the ’21-26 remuneration framework, partly mitigated by the recovery of industrial volumes, growth and cost management
- Distribution remuneration declined by -2,6% YoY. Growth strategy on network saturation and new industrials, partially offset lower demand on residential and tertiary because of extraordinary weather conditions, and regulatory reform
- Transmission remuneration decreased by -4,8% YoY by the effect of the ’21-26 remuneration framework
- LPG business revenues -11,9% YoY, on the back of residential demand and lower LPG regulated prices
- Proactive operating expense management delivering efficiencies
- One off restructuring provision of €10,9m, mainly due to personnel expenses associated with the restructuring plan
  - In July 2024, a workforce reduction plan was negotiated to adjust the size and capacity of the workforce to the company's needs
- Net result of €3,1m

Financial review

Business Cash Flow

Business Cash Flow *(in € m)*	**H1 2023**	**H1 2024**	**%change**
EBITDA	**85,4**	**84,3**	**(1,3%)**
Adjustments for:			
Change in provisions	0,3	(1,5)	-%
Government grants taken to income	(0,7)	(0,8)	14,6%
Net change in working capital	(14,9)	(5,8)	(61,2%)
Cash flow from operating activities	**70,1**	**76,2**	**8,7%**
Acquisition of LPGs	(2,6)	-	(100,0%)
Acquisition of property, plants and equipment	(46,2)	(31,0)	(32,9%)
Disposal of property, plants and equipment	-	11,3	- %
Income tax paid	(2,5)	-	(100,0%)
Free Cash Flow	**18,8**	**56,5**	**200,6%**
			- %
Interest paid	(26,3)	(27,5)	4,7%
Interest received	0,2	1,3	695,3%
Cash flow ex financing activities	**(7,4)**	**30,2**	**-%**
Acquisition of financial assets	-	(353,2)	- %
Disposal of financial assets	-	22,3	- %
Proceeds/repayment of loans and borrowings	(3,1)	(7,4)	139,8%
Proceeds/repayment of debentures & bonds	-	344,1	- %
Dividends to parent company	-	(46,0)	- %
Proceeds from other financial liabilities	(3,4)	(4,2)	25,6%
Restructuring and other non-recurring expenses	(0,0)	(0,7)	-%
Net increase / decrease in cash and equivalents	**(13,8)**	**(14,8)**	**-%**
Cash and cash equivalents BOP	81,1	92,3	13,8%
Cash and cash equivalents at EOP	67,3	77,5	15,1%

Note: Unaudited figures. Non IFRS grouping and breakdown. See IFRS Cash Flow in the appendix

Comments

- Sustained high cash conversion from EBITDA of 90%
- Improvement in working capital consistent with residential and industrial volumes evolution
- Continued Free Cash Flow growth due to lower LPG expenditure and discretionary CAPEX, tuned to commercial activity and focus on high cash-conversion clients
- Net interest +€1,2m due to Euribor performance on the term loan, being 87,5% of total debt fixed rate. Compensated by interest received on cash balance
- Proceeds of €344m from the issuance of the new notes retained in short term cash deposits, recorded as acquisition of current financial assets
- Dividends to parent company of €46m in the context of corporate reorganisation, to separate regulated gas network activities and future renewable gas production. Subsequent, cash collection from the disposal at book value of PPE (€11,3m) and financial assets (€22,3m) associated to the transfer of assets to group companies
- Cash flow ex-financing activities, devoted to deleverage and enhance liquidity position

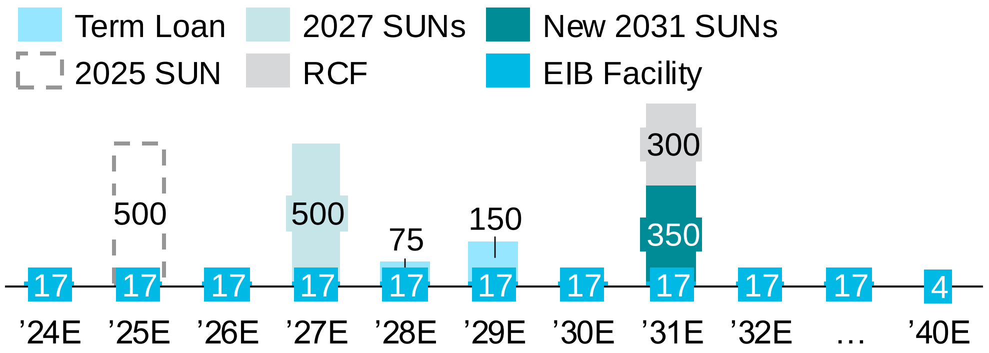
Financial review

Disciplined investment grade financial policy, strong liquidity profile and fully funded

Liquidity Position (in € m)

Instrument	Amount	Drawn	Available
Bonds (on-loan agreement)	1.000	1.000	-
Bonds	350	350	
RCF (ESG-linked)	300	-	300
EIB loans	237	237	-
Term Loan (ESG-linked)	225	225	-
Cash & Eq	422	-	422
	2.534	**1.812**	**722**

Maturity profile (in € m)



Rating S&P
BBB–
stable outlook
(Affirmed in Sep 2023)

Available liquidity
€ 722m

Avg. Financial cost (2)
3,0%
(87,5% fixed rate)

Avg. debt maturity (2)
3,9y

H1 2024 Financing Milestones

- Proactive management of maturities, successfully issuing €350 million seven-year senior unsecured notes in May 2024, with 4x oversubscription
- Formalised a €300m sustainability linked RCF, 7-year tenor (5 years + 2 one year extensions), no covenants, with 6 top-class banks
- Excellent liquidity position of €0,7bn, fully covering upcoming 2025 SUN maturity of €500m
- Commitment to ESG: improvement of Moody's ESG score, maintaining the maximum award of Advance, and fulfilment of KPI features of the ESG-linked facilities allowing to enhance the financial cost
- S&P affirmed investment grade rating BBB- outlook stable, in September 2023

(1) Notes fully funded through and liquidity available after the issuance of the new €350m notes maturing in 2031

(2) Including bond maturing in 2025

Financial review

Refinanced part of the €500m SUNs due in May 2025 and the €300m RCF

Pre-transaction capital structure (€m)

Instrument	Amount	Drawn	Available
Bond 2025	500	500	-
Bonds 2027	500	500	-
EIB loans	237	237	-
Term Loan (ESG-linked)	225	225	-
RCF (ESG-linked; 2026)	300	-	300

Post-transaction capital structure (€m)

Instrument	Amount	Drawn	Available
Bond 2025	500	500	-
Bond 2027	500	500	-
EIB loans	237	237	-
Term Loan (ESG-linked)	225	225	-
RCF (ESG-linked; 2029)	300	-	300
Bond 2031	350	350	-

Transaction summary

New bond €350m – 7Yr	
Issuer	Redexis S.A.U.
Issue rating	BBB-
Status	Senior unsecured
Size	€350m
Coupon	4,375%
Maturity date	31.05.2031 (+7years)

ESG linked RCF €300m – 5Yr	
Borrower	Redexis S.A.U.
Amount	€300m
Tenor	5 years +1+1
Maturity date	03.07.2029
N. banks	6
Other terms	Sustainable, no covenants

Financial review

Balance sheet

Assets *(in € m)*	H1 2023	H1 2024
Property, plant and equipment	1.311,5	1.263,1
Goodwill	219,2	219,2
Other intangible assets	561,1	558,9
Right of Use Assets	9,4	8,2
Trade and other receivables	13,3	9,7
Investments in companies accounted for by the equity method	0,0	0,0
Non-current financial assets	1,5	1,5
Total non-current assets	**2.116,0**	**2.060,6**
Inventories	15,7	12,6
Trade and other receivables	54,4	72,7
Other current financial assets	0,1	346,0
Other current assets	5,2	5,7
Cash and cash equivalents	67,3	77,5
Total current assets	**142,8**	**514,5**
TOTAL ASSETS	**2.258,8**	**2.575,1**

Shareholders' equity and liabilities *(in € m)*	H1 2023	H1 2024
Equity attributable to equity holders of the parent	579,8	541,9
Non-controlling interest	0,0	0,0
Total equity	**579,8**	**541,9**
Deferred income	21,3	22,9
Long term liabilities (Bonds)	0,0	344,1
Long term liabilities (On Loan Agreement)	994,7	497,6
Loans and borrowings (Banks)	460,0	443,7
Loans and borrowings (Group Companies)	0,0	4,5
Other financial liabilities	10,8	9,8
Deferred tax liabilities	106,3	105,9
Provisions for employee benefits	0,1	4,0
Other provisions	2,3	3,8
Total non-current liabilities	**1.595,5**	**1.436,5**
Short term liabilities (Bond)	0,0	1,3
Short term liabilities (On Loan Agreement)	2,7	501,6
Loans and borrowings (Banks)	18,9	18,8
Loans and borrowings (Group Companies)	0,0	8,5
Fixed asset suppliers	26,4	17,4
Trade and other payables	28,3	36,6
Current income tax liabilities	2,8	1,1
Provisions for employee benefits	0,0	6,4
Other current liabilities	4,5	4,9
Total currrent liabilities	**83,5**	**596,7**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2.258,8**	**2.575,1**

Ratings

Stable IG credit rating affirmed, sustained improvement on ESG rating

CREDIT RATING

S&P Global Ratings

BBB–

stable outlook

Our stable outlook on Redexis captures:

- *Our view that the company will continue to adhere to its **disciplined financial policy that prioritizes preserving credit quality***
- *Our expectation that **management will pursue a clear deleveraging trend** such that the company consolidated FFO to debt is close to 12% **as it approaches the next regulatory period in 2026***
- *The Spanish regulatory framework not changing until the next reset*
- *Redexis being able to achieve the EBITDA trajectory embedded in our base-case scenario, underpinned by a **gradual recovery in gas demand.***

Sep 2023

ESG RATING

Moody's | ESG Solutions vigeo eiris

Rating grade: Advanced

66 / 100

2018	2019	2020	2021	2022	2023
37	51	57	62	64	**66**

ESG Breakdown

Environment	73 / 100
Social	68 / 100
Governance	58 / 100

GRESB ★ ★ ★ ★ ★ 2023

95 / 100

2018	2019	2020	2021	2022	2023
63	74	82	91	95	**95**

ESG Breakdown

Environment	27 / 27
Social	45 / 46
Governance	23 / 27

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Conclusions

- Growth on most selective and accretive segments, development of renewable gas projects
- High cash generation, flexible CAPEX allocation tuned to commercial activity
- Solid liquidity position and cash generation
- Commitment to stable investment grade credit rating, proactive debt management
- Increasing ESG footprint throughout Redexis, upgrade in ESG ratings

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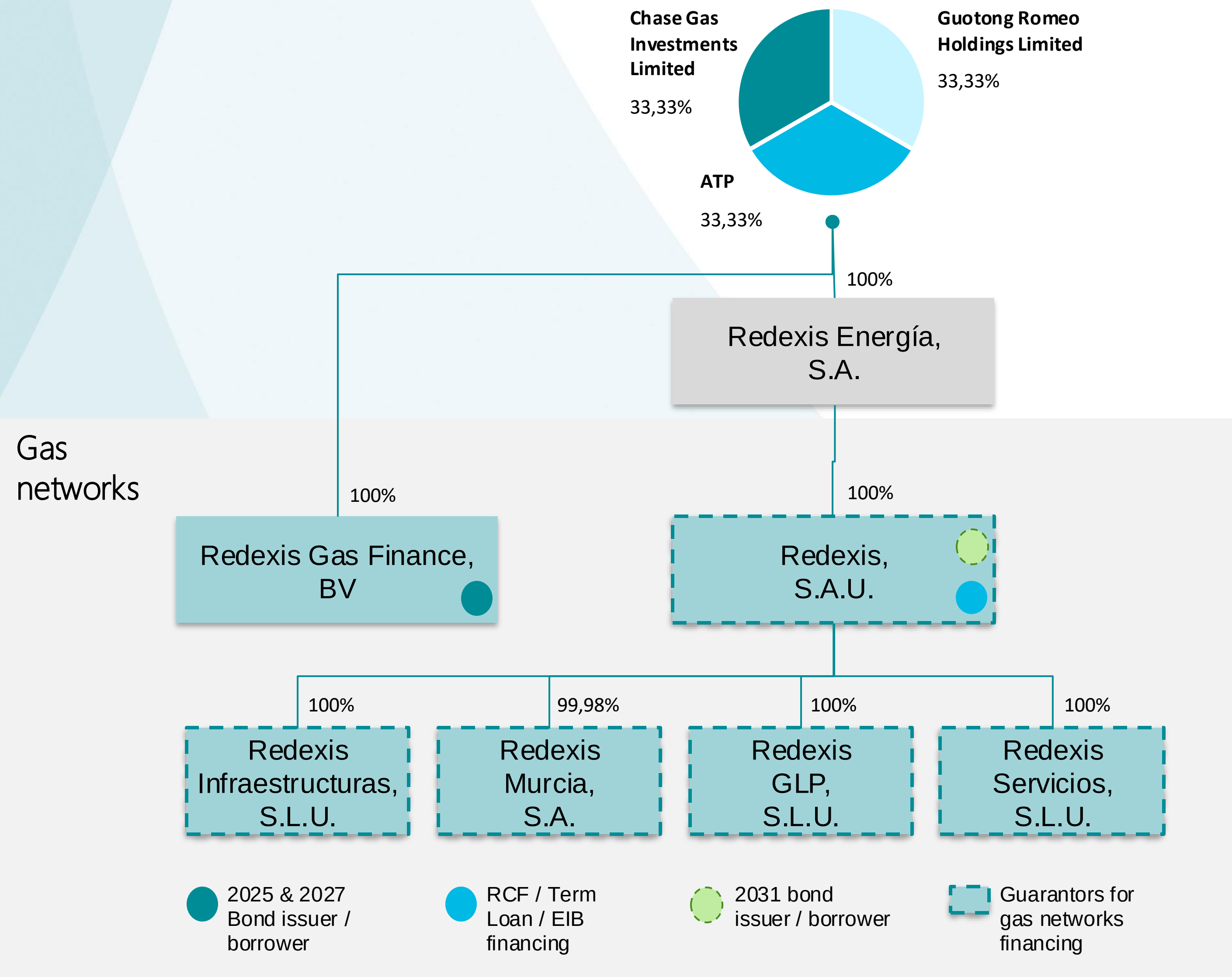
Cashflow IFRS

Cash Flow IFRS (in € m)	H1 2023	H1 2024	%change
Cash flows from operating activities			
Profit for the year before tax	17,5	4,7	(73,1%)
Adjustments for:			
Depreciations and Amortisations	50,4	50,5	0,3%
Impairment losses on non-current assets	0,2	0,5	90,2%
Change in provisions	0,3	8,7	2.795,3%
Government grants taken to income	(0,7)	(0,8)	14,6%
Finance income	(0,2)	(2,4)	1.443,6%
Finance costs	17,4	20,2	15,9%
Cash generated from operations	**84,9**	**81,3**	**(4,3%)**
Changes in working capital	**(14,9)**	**(5,8)**	**(61,2%)**
Inventories	(2,4)	0,5	(120,3%)
Trade and Other Receivables	3,7	14,3	288,9%
Other current assets	(3,1)	(4,4)	45,7%
Trade and other payables	(14,3)	(17,4)	21,2%
Other current liabilities	0,1	(0,1)	(212,5%)
Other non-current assets and liabilities	1,1	1,4	18,3%
Cash generated from operations	**70,1**	**75,5**	**7,8%**
Interest and commissions paid	(26,3)	(27,5)	4,7%
Interest received	0,2	1,3	695,3%
Income tax paid	(2,5)	-	(100,0%)
Net cash from operating activities	**41,5**	**49,3**	**18,8%**
Cash flows from investing activities			
Payments for purchases of distribution and LPG assets in use	(2,6)	-	(100,0%)
Payments for acquisition of property, plant and equipment and intangible assets	(46,2)	(31,0)	(32,9%)
Collections from acquisition of property, plant and equipment and intangible assets	-	11,3	- %
Net cash used in investing activities	**(48,8)**	**(19,7)**	**(59,6%)**
Cash flows from financing activities			
Payments for acquisition of financial assets	-	(353,2)	- %
Proceeds from disposal of financial assets	-	22,3	- %
Proceeds from loans and borrowings	(5,4)	(10,6)	94,0%
Payments from the on loan agreement / bonds and other marketable securities	-	344,1	- %
Payments of lease liabilities	(1,0)	(1,0)	3,4%
Dividends paid	-	(46,0)	- %
Net cash from financing activities	**(6,4)**	**(44,4)**	**590,0%**
Net increase (decrease) in cash and cash equivalents	(13,8)	(14,8)	7,6%
Cash and cash equivalents BOP	81,1	92,3	13,8%
Cash and cash equivalents at EOP	67,3	77,5	15,1%

Organizational chart



At the end of 2023, a process of corporate reorganisation was initiated to separate regulated gas network activities and future renewable gas production activity which is not part of the existing bond perimeter on gas networks. As a result of this corporate reorganisation, the shares of Redexis, S.A.U. are now wholly owned by its parent company Redexis Energía, S.A., which is therefore the sole shareholder of Redexis, S.A.U..