Redexis

2023 First Half Results

Madrid, 26th of September 2023

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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

- Added 10,4k new connection points, resulting in 5k net connections points added on 1H23, +0,7% YoY
- Growth in industrial volumes +9,3% (vs -8,9% of the sector) underpinned by the recovery of cogeneration consumption, and volumes from newly connected clients. Tertiary and residential volumes drop below the sector (16,1%)
- Signed +244 new tertiary and industrial contracts contributing new volumes of 625GWh of annualised demand
- Proactive promotion of renewable gas projects

Consistent financial performance, cash generation profile

- Revenue €135,8m, -4,4% YoY, affected by (i) unusually high winter temperatures (ii) energy and economic context
- EBITDA, -7,0% YoY, impacted by an unusually warm winter and the effect of the regulatory reform, partly mitigated by the recovery of industrial volumes, growth and cost management
- Consistent cash conversion above 80% Free Cash Flow growth of +22,4% through CAPEX optimisation, tuned to commercial activity allowing to deleverage through amortizing facilities
- Ordinary net result of €12,9m

Proactive debt management, fully funded with strong liquidity position

- Fully funded in the medium term and excellent liquidity position to cover business financial needs together with own cash generation
- Solid liquidity position of €367m available, fully funded and covering funding needs
- Redexis waived the drawdown of €75m still available under the term loan facility to optimise financial cost and structure

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 2022

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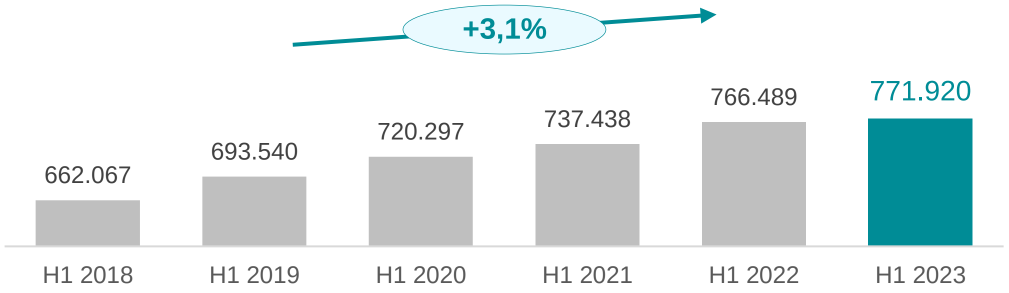
Operational review – gas networks

Operating highlights (H1)	Unit	2022	2023	%change
Distribution Connection Points				
Natural Gas (P<4b)	#	648.924	653.304	0,7%
LPG (*)	#	117.236	118.278	0,9%
Natural Gas (P>4b)	#	329	338	2,7%
Total	**#**	**766.489**	**771.920**	**0,7%**
Municipalities served	**#**	**981**	**982**	**0,1%**
Network length				
Distribution network	Km	10.322	10.448	1,2%
Transmission network	Km	1.645	1.645	0,0%
Total	**Km**	**11.967**	**12.093**	**1,1%**
Energy distributed				
P<4b	GWh	3.771	3.243	(14,0%)
LPG	GWh	336	349	3,9%
4b<P<60b	GWh	4.581	5.029	9,8%
Conventional demand	GWh	8.688	8.621	(0,8%)
P>60b	GWh	7.178	6,655	(7,3%)
Total demand	**GWh**	**15.866**	**15.276**	**(3,7%)**

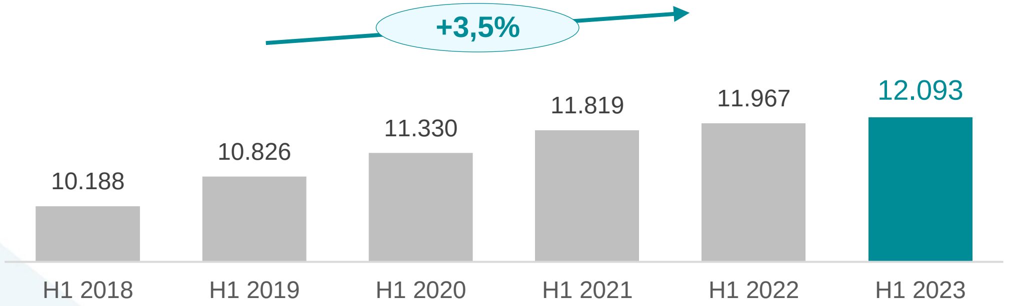
(*) Including last LPG CPs integrations

- Added 10,4k new connection points, resulting in 5k net connections points added on 1H23, +0,7% YoY
- Record-high temperatures, especially 1Q23 winter temperatures (in line with 4Q22), resulting on -13,7% residential & tertiary volumes drop, below the sector (-16,1%)
- Growth in industrial volumes (+9,3%) on the back of cogeneration consumption recovery, and volumes from newly connected clients, vs sector's drop of -8,9%
- 982 municipalities served
- 27 NGV stations in service
- Commissioned 2 biomethane injection points into Redexis networks

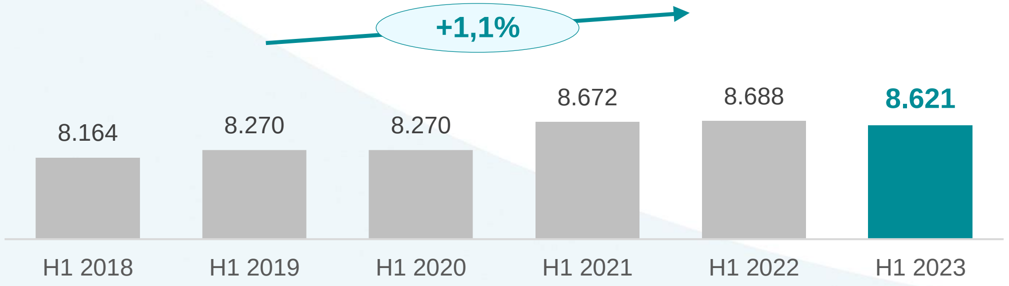
Connection points (CPs)



Network length (Km)



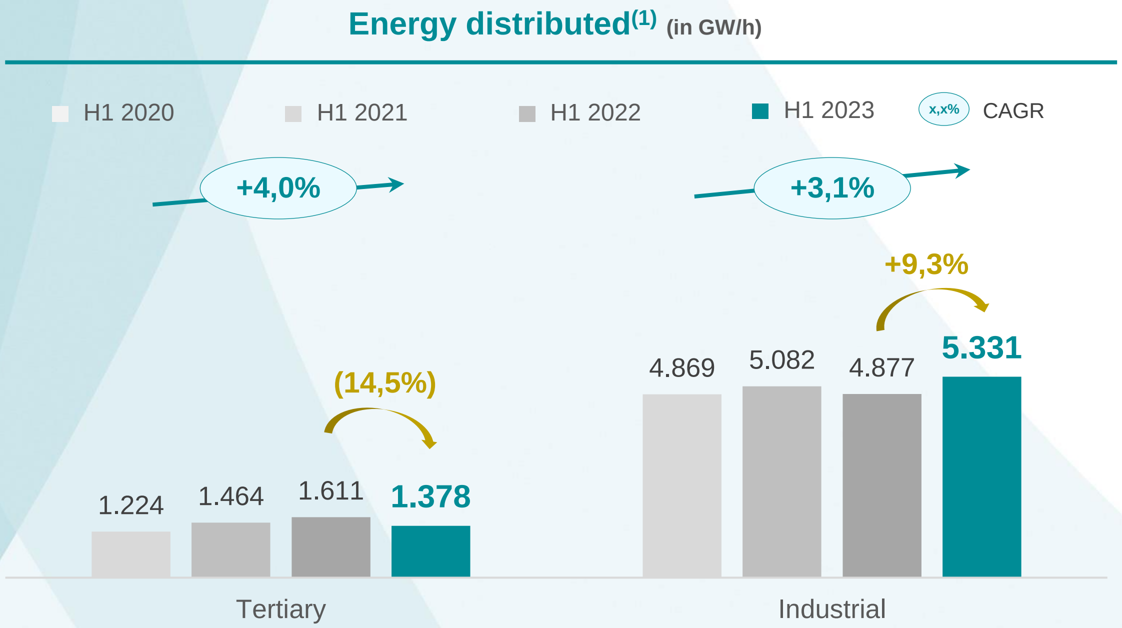
Energy distributed – Conventional demand (GWh)

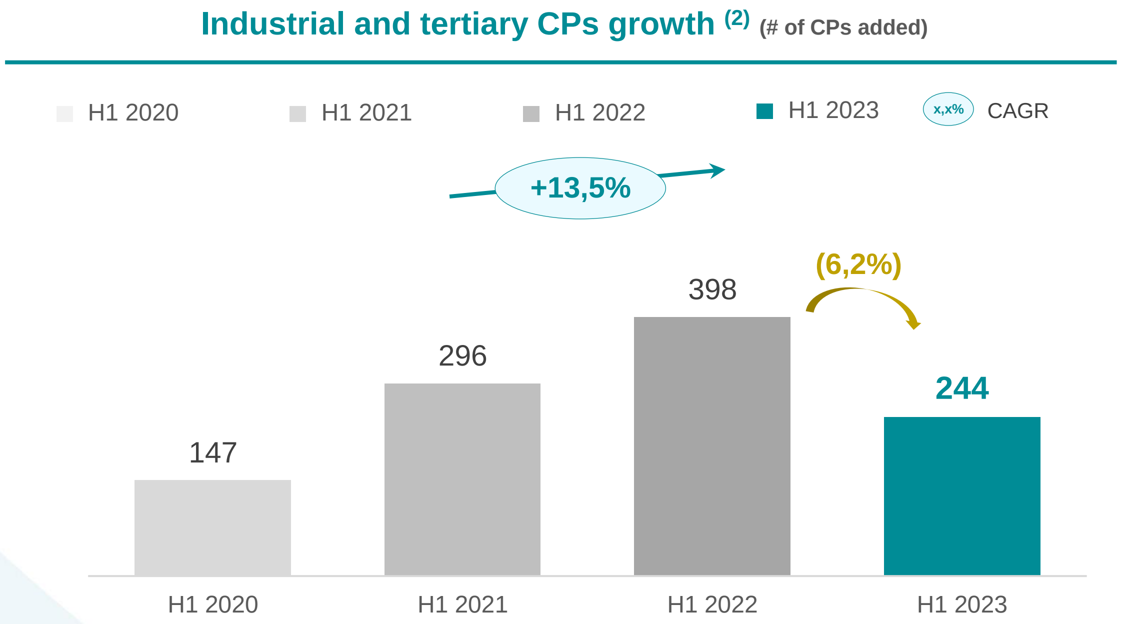


x,x% CAGR

Operational review – gas networks

Industrial and tertiary segments





Comments

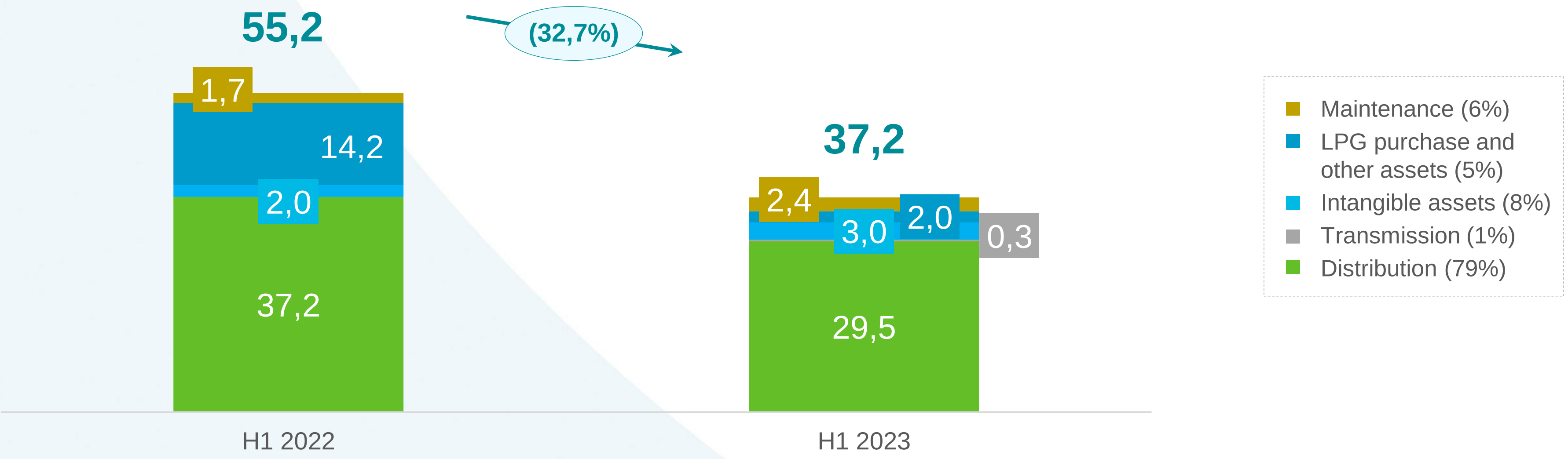
- Industrial volumes growth of +9,3% YoY (vs sector's -8,9% drop) underpinned by the recovery in the consumption of cogeneration clients (12,6%) and volumes from newly connected clients
- Tertiary volumes down by -14,5%YoY, influenced by warm weather conditions during 1H23
- Signed +244 new tertiary and industrial contracts contributing new volumes of 625GWh of annualised demand

(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

- €37,2m investments during 1H23, fundamentally on distribution growth (€29,5m)
  - Discretional CAPEX, adjustable to commercial activity
  - Focused on distribution segment, prioritising highest cash conversion through industrial connections and saturation of existing network
  - Low LPG expenditure, once most of LPG add-ons have been integrated
- Maintenance capex c.6% of total capex
- Intangible capex: investments on digitalisation to improve operational efficiency

Operational review
Natural gas for vehicles

Gas for vehicles stations

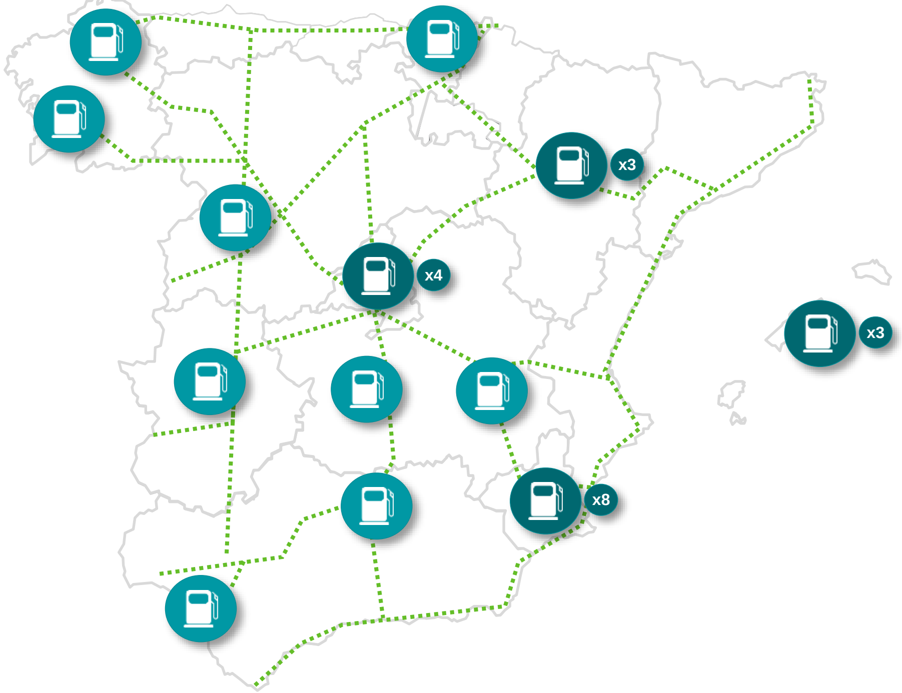
Total of 27 gas refuelling station in service in 10 autonomous communities

Private stations for local fleets (11 stations)

- Ambulance fleet of Murcia's Health Service: CNG refuelling stations for c.400 vehicles
- Intermodal transport in Mallorca, (partnership with Consortium Transport of Mallorca)
- Public bus transport in Chiclana (Andalucía)

Public stations for professional mobility (16 stations)

- Located in 9 autonomous communities : Madrid (4), Murcia (1), Zaragoza (3), Castilla La Mancha (2), Galicia (2), Castilla y León (1), Extremadura (1), País Vasco (1), Andalucía (1)
- 12 LNG stations covering the most relevant long haul traffic corridors in Spain, 10 of them in CEPSA stations
- 4 CNG stations in Madrid and Zaragoza, 2 of in CEPSA stations



Operational review – gas networks

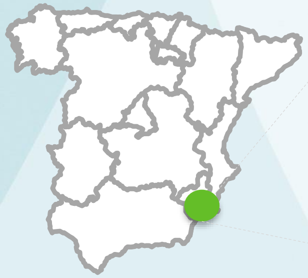
Commissioned two biomethane injection points for third parties: Galivi in Murcia and Biolvegas in Soria

Biomethane injection points commissioning – Injection unit + pipeline + connection point

$BioCH_4$

Province of Murcia

(Murcia)



Capacity

40

GWh/year

Equivalent consumption

c.8.000

households

Province of Soria

(Castilla y León)

Capacity

38

GWh/year

Equivalent consumption

c.8.000

households

Operational review – renewable gas

Developing biomethane projects to contribute to long term carbon neutrality

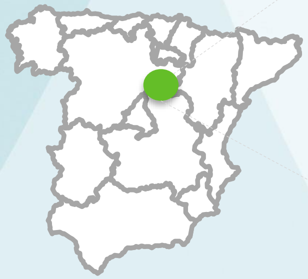
Project example

Development of biomethane production plant - Energy Green Almazán

BioCH$_4$

Province of Soria

(Castilla y León)



- Energy Green Gas Almazán S.L. ("EGA") is an operating company that manages a slurry treatment plant in Almazán (Castilla y León) under a 30-year administrative concession
- In addition, EGA holds an authorisation to receive up to 18 different types of organic waste, including animal by-products that can be converted into biogas, flour and fats for animal feed and composting.
- Redexis signed an agreement to acquire EGA and execute an investment plan to revamp the plant and produce up to 20GWh/year biomethane to be injected into the gas grid. This is equivalent to the consumption of 3.170 households and contributes 3.660 $TnCO_2$ emission reduction
- The plant will process 58,5k Tn/year waste, providing an optimal solution for waste management and contributing to the development of a local circular economy

Waste processing
58,5k
Tn/year

Target production
20
GWh/year

Equivalent consumption
3.170
households

Emission reduction
3.660
$TnCO_2$

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Operational review – renewable gas

Hydrogen projects to contribute to net zero emissions

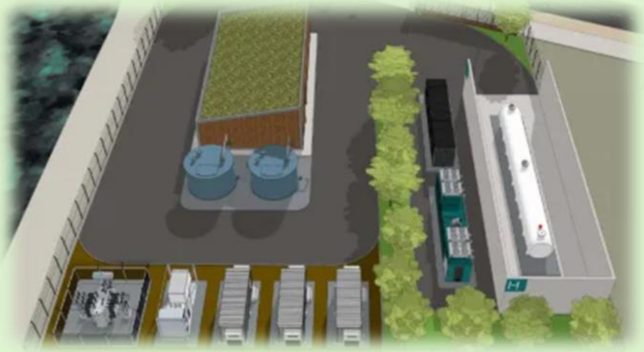
Project example

Development of green hydrogen production plant – Garray project in Soria

H2

Renewable generation

Green hydrogen production



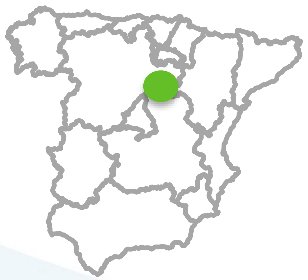
2,5 MW PEM electrolyser

H2 transport infrastructure

Hydroduct to supply industry

Province of Soria

(Castilla y León)



- Redexis was awarded the construction of an electrolyser plant by a public body of Castilla y León (SOMACYL)
- The hydrogen production plant will have a capacity of 2.5 MW (PEM) with a H2 production target of 300Tn/year
- The plant is estimated to avoid CO2 emissions of up to 2,000 Tn/year.
- First hydrogen production plant in Castilla y Leon, with applications in industrial and mobility, allowing to develop local areas

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Financial review

Business Income Statement

P&L account *(in € m)*	H1 2022	H1 2023	%change
Distribution – regulated	59,7	56,9	(4,7%)
Other regulated distribution income	14,8	13,5	(8,6%)
Transmission - regulated	30,1	26,3	(12,4%)
LPG regulated business	25,7	25,1	(2,0%)
Other Operating Income	4,5	6,6	47,4%
Self-constructed non-current assets	7,4	7,4	(0,4%)
Total Revenues and other income	**142,1**	**135,9**	**(4,4%)**
Supplies	(22,5)	(23,0)	1,6%
Personnel expenses	(13,8)	(13,8)	(0,4%)
Other operating expenses	(13,9)	(13,8)	(1,1%)
EBITDA	**91,8**	**85,4**	**(7,0%)**
EBITDA margin (%)	*64,6%*	*62,8%*	*(1,8pp)*
EBITDA Margin ex LPG dilution (%)	*74,8%*	*73,4%*	*(1,4pp)*
Depreciation and amortisation	(48,7)	(50,4)	3,4%
Impairment on non-current assets	(0,3)	(0,2)	(7,6%)
Restructuring and other non-recurring expenses	(0,0)	(0,0)	(99,3%)
EBIT	**42,8**	**34,7**	**(18,8%)**
Net financial result	(14,5)	(17,2)	19,1%
EBT	**28,3**	**17,5**	**(38,2%)**
Income tax	(8,2)	(4,6)	(44,4%)
Net result for the period	**20,1**	**12,9**	**(35,7%)**
Result attributable to owners of the Parent	20,1	12,9	(35,7%)
Result attributable to non-controlling interests	0,0	0,0	(13,2%)

Comments

- €85,4m EBITDA, -7,0% YoY, impacted by an unusually warm winter and the effect of the regulatory reform, partly mitigated by the recovery of industrial volumes, growth and cost management
- Distribution remuneration dropped by 4,7%. Growth strategy on network saturation and new industrials, together with recovery of industrial demand, partially offset lower demand on residential and tertiary demand as a result of extraordinary conditions, and regulatory reform
- Transmission remuneration decreased by -12,4%, as in 1H23 there were no incentives to the execution of remunerated IT projects like in 1H22 and the effect of the regulatory reform
- LPG business revenues -2,0% YoY, on the back of lower residential demand and lower LPG regulated prices
- Cost management and efficiency gains offsetting inflationary effects, sustaining organic growth activity levels in a backdrop conditioned by warm weather and regulatory reform effects
- Proactive operating expense management delivering efficiencies
- Financial result increase by €2,7m, related to the financing at a variable interest rate (85% fixed)
- Net result of €12,9m (-35,7% YoY)

Financial review

Business Cash Flow

Business Cash Flow *(in € m)*	H1 2022	H1 2023	%change
EBITDA	**91,8**	**85,4**	**(7,0%)**
Adjustment for non-cash items (included in EBITDA):			
Change in provisions	0,2	0,3	76,7%
Government grants taken to income	(0,8)	(0,7)	(3,9%)
Net change in working capital	(4,1)	(14,9)	266,8%
Cash flow from operating activities	**87,2**	**70,1**	**(19,6%)**
Acquisition of LPGs	(16,1)	(2,6)	(83,8%)
Acquisition of property, plants and equipment	(52,1)	(46,2)	(11,2%)
Income tax paid	(3,7)	(2,5)	(33,1%)
Free Cash Flow	**15,4**	**18,8**	**22,4%**
Interest paid	(24,1)	(26,3)	9,1%
Interest received	0,1	0,2	64,1%
Cash flow ex financing activities	**(8,6)**	**(7,4)**	**(15,1%)**
Acquisition financial assets	-	-	- %
Proceeds / Repayment of loans and borrowings	75,0	(3,1)	- %
Proceeds / Repayment of on loan agreem. (Bonds)	-	-	-%
Dividends	(1,9)	-	(100,0%)
Proceeds from other financial liabilities	(1,1)	(3,4)	215,0%
Restructuring and other non-recurring expenses	(0,2)	(0,0)	(99,9%)
Net increase / decrease in cash and equivalents	**63,2**	**(13,8)**	**- %**
Cash and cash equivalents BOP	40,1	81,1	102,1%
Cash and cash equivalents EOP	103,3	67,3	(34,8%)

Comments

- -7,0% EBITDA drop YoY
- Net change in WC driven by lower distribution inflows from retailers and system settlements
- Sustained high cash conversion from EBITDA, above 80%
- Delivering Free Cash Flow growth of +22,4% thanks to CAPEX optimisation, tuned to commercial activity and focus on high conversion clients, and lower LPG expenditure once last add-on acquisition are being integrated
- Net interest +€2m due to higher interest rate on the variable loan (85% fixed)
- Cash optimisation drives deleveraging through EIB amortizing loans and waiving the drawdown of the €75m that was still available under the term loan

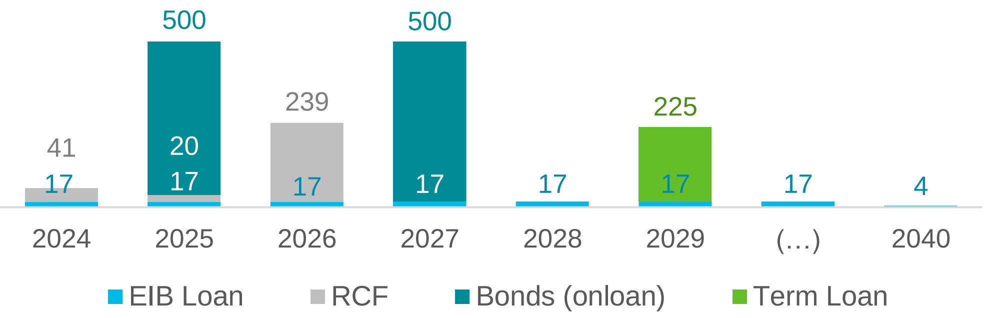
Financial review

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

Liquidity Position (in € m)

Instrument	Amount	Drawn	Available
Bonds (on-loan agreement)	1.000,0	1.000,0	-
RCF (ESG-linked)	300,0	-	300,0
EIB loans	253,8	253,8	-
Term Loan (ESG-linked)	225,0	225,0	-
Cash & Eq	67,3	-	67,3
	1.846,1	**1.478,8**	**367,3**

Maturity profile (in € m)



Rating S&P
BBB–
stable outlook
(Affirmed in Sep 2022)

Available liquidity
€ 367m

Avg. Financial cost
2,04%
(85% fixed rate)

Avg. debt maturity
3,8y

H1 2023 Financing Milestones

- Fully funded in the medium term and excellent liquidity position to cover business financial needs together with own cash generation
- Redexis waived the drawdown of €75m available under the ESG-linked term loan signed in June 2022 to optimise financial cost and structure, given current liquidity position covers funding needs
- Commitment to ESG: improvement of Moody's ESG rating and fulfilment of KPI features of the ESG-linked facilities allowing to enhance the financial cost
- S&P rating affirmed on September 2022: BBB- outlook stable, complying with Redexis financial policy, and upgraded the liquidity assessment to strong

Financial review

Balance sheet

Assets *(in € m)*	H1 2022	H1 2023
Property, plant and equipment	1.327,2	1.311,5
Goodwill	219,2	219,2
Other intangible assets	560,9	561,1
Right of Use Assets	12,0	9,4
Non-current financial assets	7,4	14,8
Total non-current assets	**2.126,7**	**2.116,0**
Inventories	12,7	15,7
Trade and other receivables	53,9	54,4
Other current financial assets	0,1	0,1
Other current assets	7,6	5,2
Cash and cash equivalents	103,3	67,3
Total current assets	**177,7**	**142,8**
Total assets	**2.304,4**	**2.258,8**

Shareholders' equity and liabilities *(in € m)*	H1 2022	H1 2023
Equity attributable to equity holders of the parent company	588,5	579,7
Non-controlling interest	0,0	0,0
Total equity	**588,6**	**579,7**
Deferred income	20,9	21,3
Long term liabilities (on-loan/Bonds)	992,8	994,7
Loans and borrowings (Banks)	479,4	460,0
Other financial liabilities	13,0	10,8
Deferred tax liabilities	104,4	106,3
Provisions for employee benefits	1,0	0,1
Other provisions	4,2	2,3
Total non-current liabilities	**1.615,7**	**1.595,5**
Short term liabilities (on-loan/Bonds)	2,7	2,7
Loans and borrowings (Banks)	11,6	18,9
Fixed asset suppliers	33,7	26,4
Trade and other payables	42,1	28,3
Current income tax liabilities	5,5	2,8
Provisions for employee benefits	0,2	0,0
Other current liabilities	4,3	4,5
Total current liabilities	**100,1**	**83,5**
Total shareholders' equity and liabilities	**2.304,4**	**2.258,8**

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:

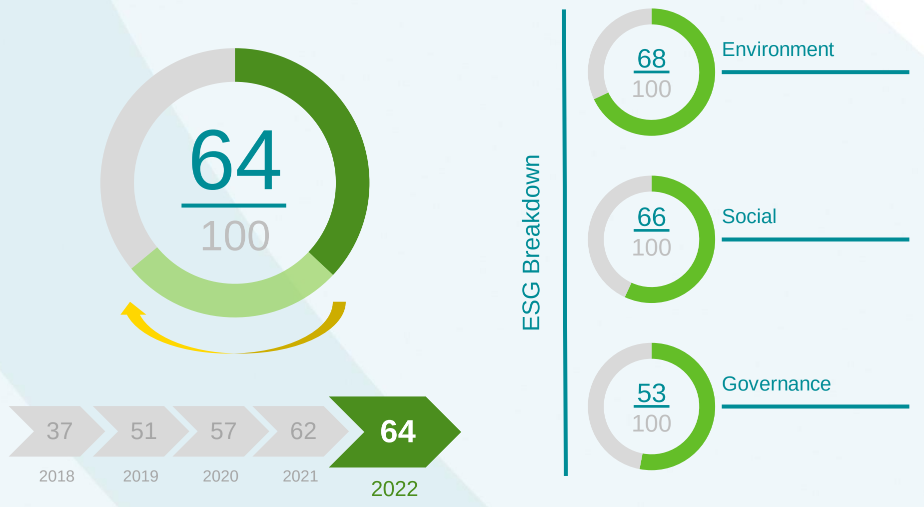
- *Our view that the company will continue to adhere to its **disciplined financial policy** that prioritizes **preserving credit quality and investing for growth** over shareholder remuneration*
- ***Our expectation of resilient financial performance over 2022-2024,** with FFO to debt above 9% and debt to EBITDA below 8x, thanks to the vast majority of Redexis' **earnings coming from fully regulated** gas distribution and transmission segments, which are **less exposed to macroeconomic uncertainties***
- ***Redexis being able to achieve above-average organic growth over the next regulatory period**, mainly in its distribution segment.*

September 2022

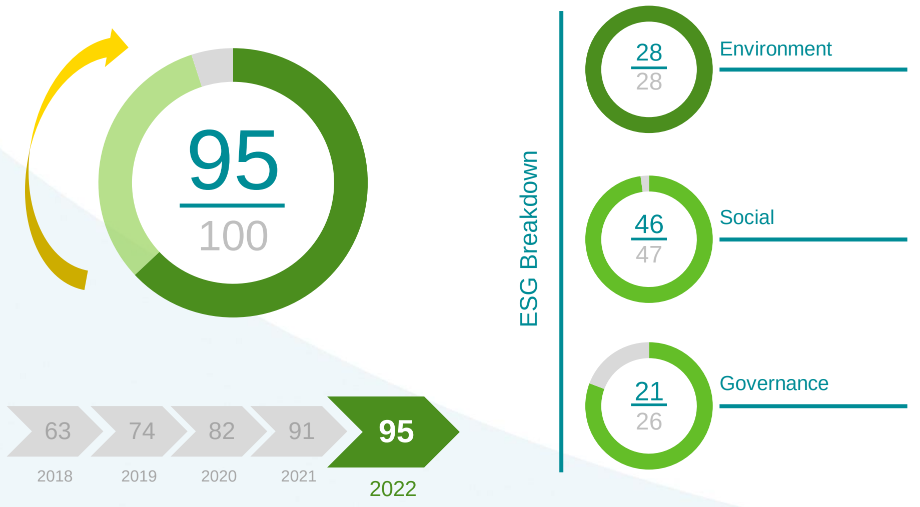
ESG RATING

Moody's | ESG Solutions

Rating grade: **Advanced**



GRESB ★ ★ ★ ★ ★ **2022**



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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 to fund growth strategy
- Commitment to stable investment grade credit rating
- Increasing ESG footprint throughout Redexis, upgrade in ESG ratings

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Cashflow IFRS

Cash Flow IFRS (in € m)	H1 2022	H1 2023	%change
Cash flows from operating activities			
Profit for the year before tax	28,3	17,5	(38,2%)
Adjustments for:			
Depreciations and Amortisations	48,7	50,4	3,4%
Impairment losses on non-current assets	0,3	0,2	(7,6%)
Change in provisions	2,0	0,3	(85,2%)
Government grants taken to income	(0,8)	(0,7)	(3,9%)
Finance income	(0,1)	(0,2)	60,0%
Finance costs	14,6	17,4	19,4%
Cash generated from operations	**93,1**	**84,9**	**(8,7%)**
Changes in working capital	**(6,1)**	**(14,9)**	**143,3%**
Inventories	(3,0)	(2,4)	(20,3%)
Trade and Other Receivables	14,4	3,7	(74,4%)
Other current assets	1,5	(3,1)	(305,1%)
Trade and other payables	(19,2)	(14,3)	(25,5%)
Other current liabilities	0,0	0,1	365,5%
Other non-current assets and liabilities	0,2	1,1	408,2%
Cash generated from operations	**87,0**	**70,1**	**(19,4%)**
Interest and commissions paid	(24,1)	(26,3)	9,1%
Interest received	0,1	0,2	64,1%
Income tax paid	(3,7)	(2,5)	(33,1%)
Net cash from operating activities	**59,3**	**41,5**	**(30,0%)**
Cash flows from investing activities			
Payments for purchases of distribution and LPG assets in use	(16,1)	(2,6)	(83,8%)
Payments for acquisition of property, plant and equipment and intangible assets	(52,1)	(46,2)	(11,2%)
Net cash used in investing activities	**(68,1)**	**8,2**	**(112,0%)**
Cash flows from financing activities			
Payments for acquisition of financial assets	-	-	- %
Proceeds from loans and borrowings	75,0	(5,4)	- %
Payments from the on-loan agreement / bonds and other marketable securities	-	-	- %
Payments of lease liabilities	(1,1)	(1,0)	(7,2%)
Dividends paid	(1,9)	--	(100,0%)
Net cash from financing activities	**72,0**	**(6,4)**	**- %**
Net increase (decrease) in cash and cash equivalents	63,2	(13,8)	(121,8%)
Cash and cash equivalents BOP	40,1	81,1	102,1%)
Cash and cash equivalents at EOP	103,3	67,3	(34,8%)