Redexis

2022 First Half Results

Madrid, 29th of July 2022

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1. Highlights
2. Operational review
3. Financial review
4. Conflict in Ukraine - Update
5. Conclusions

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Highlights

Delivering growth across all business segments

- New 29k connection points added (+3,9% YoY), including LPG add-ons
- Growth in energy volumes: +4,4% in residential, +10,0% in tertiary and +6,5% in industrial (ex impact from cogeneration, see page 7)
- Contracted 1.095 GWh of annualized demand from new industrial and tertiary clients

Consistent financial performance, cash generation profile

- Revenue €142,1m (+9,9% YoY, 4,4% ex LPG dilution) more than offsetting the impacts of the remuneration review through growth
- EBITDA growth of +2,7% YoY, reaching € 91,8m. Cash conversion above 90%
- Ordinary net result of €21,4m

Proactive debt management, fully funded with strong liquidity position

- New ESG-linked financing of €300m, with 5+1+1 years maturity to support Redexis growth plan, clearing relevant debt maturities until 2025 and lowering average financial cost
- Solid liquidity position of €478m available, widely covering business financial needs
- S&P affirmed investment grade rating BBB- outlook stable, in October 2021

Recognition of Redexis ESG achievements

- Recognition of Redexis ESG achievements from Moody's ESG Solutions, tracking +68% from 2018, upgrading from Robust to Advance, and entering in the Top-20 of the sector
- New ESG-linked financing, reinforcing Redexis sustainability commitments

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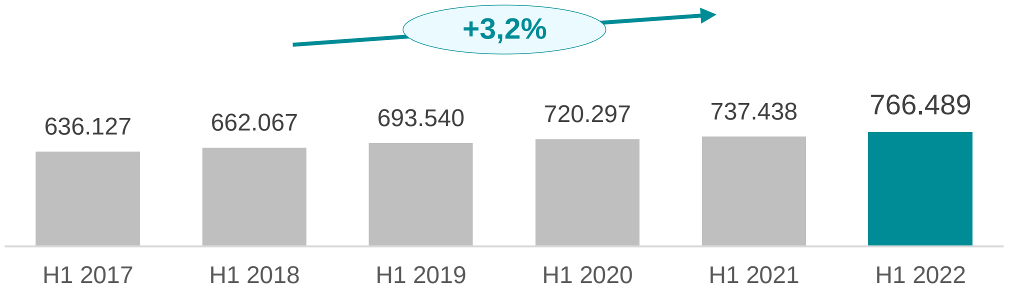
Operational review

Operating highlights (H1)	Unit	2021	2022	%change
Distribution Connection Points				
Natural Gas (P<4b)	#	636.704	648.924	1,9%
LPG (*)	#	100.410	117.236	16,8%
Natural Gas (P>4b)	#	324	329	1,5%
Total	**#**	**737.438**	**766.489**	**3,9%**
Municipalities served	**#**	**865**	**981**	**13,4%**
Network length				
Distribution network	Km	10.176	10.322	1,4%
Transmission network	Km	1.643	1.645	0,2%
Total	**Km**	**11.819**	**11.967**	**1,3%**
Energy distributed				
P<4b	GWh	3.600	3.771	4,7%
LPG	GWh	303	336	10,6%
4b<P<60b	GWh	4.768	4.581	-3,9%
Conventional demand	GWh	8.672	8.688	0,2%
P>60b	GWh	9.795	7.178	-26,7%
Total demand	**GWh**	**18.468**	**15.866**	**-14,1%**

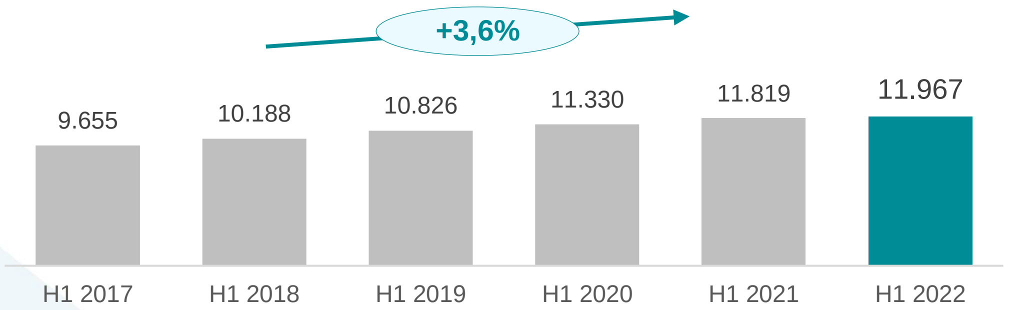
(*) Including the LPG CPs pending to be integrated from the purchases executed in 2021

- New 29k connection points added (+3,9% YoY), including LPG add-ons
- Residential volumes growth of +4,4% YoY, driven by client base growth and weather
- Tertiary volumes growth of +10% YoY, exceeding pre Covid levels
- New industrial additions contributed to +6,5% YoY industrial volumes growth, excluding the decrease on cogeneration clients consumption motivated by regulatory uncertainty around clients' cogeneration activity remuneration (overall -3,9% YoY)
- 981 municipalities (including those on integration) + 92 authorised

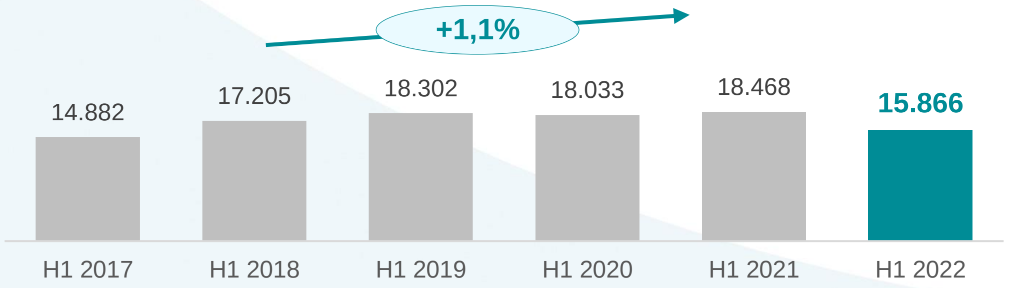
Connection points (CPs)



Network length (Km)



Energy distributed (GWh)

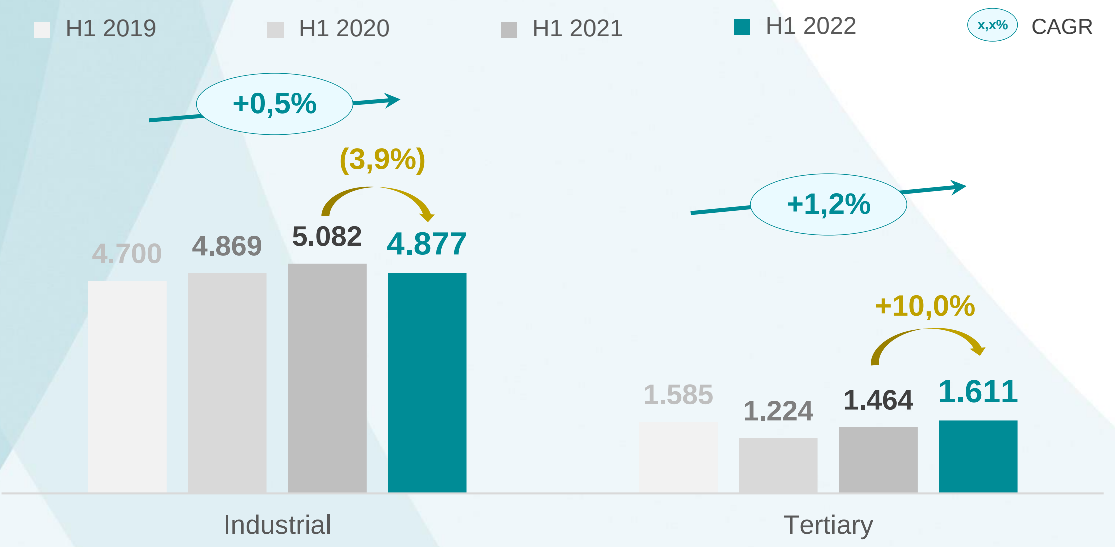


x,x% CAGR

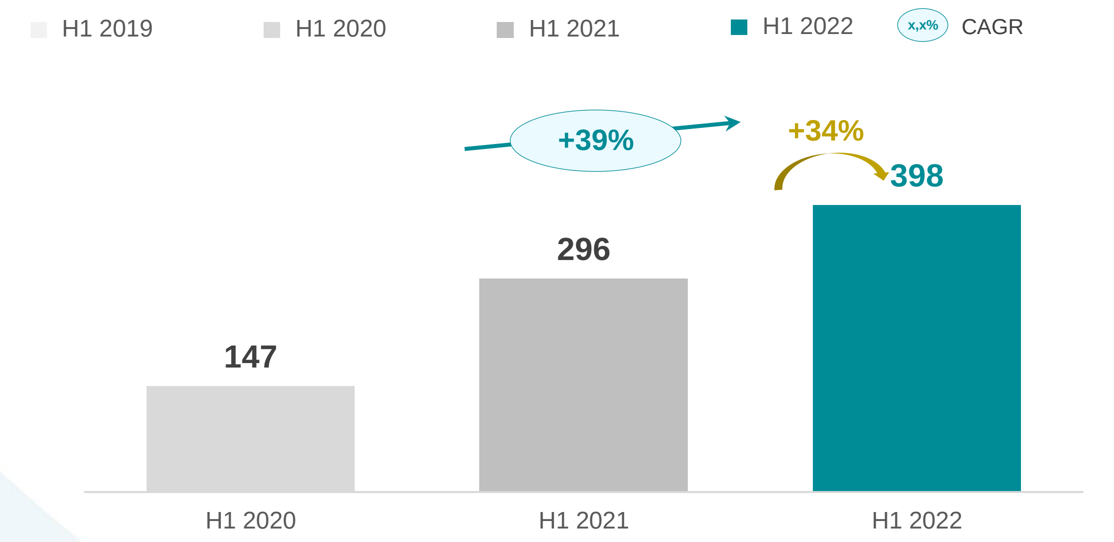
Operational review

Industrial and tertiary segments

Energy distributed[(1)] (in GW/h)



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



Comments

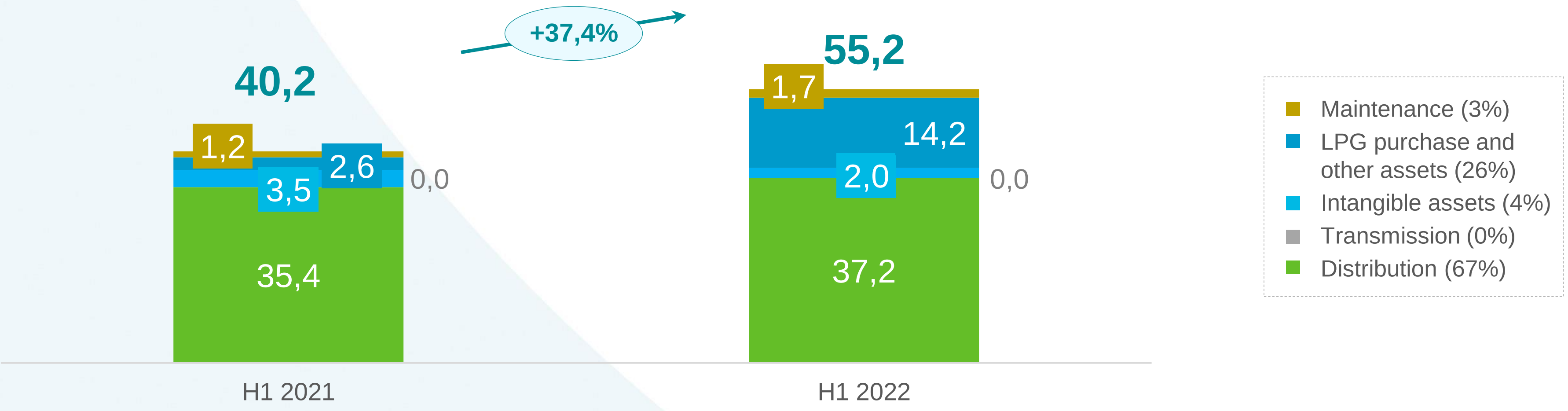
- Tertiary and industrial volumes exceeding pre-covid levels, underpinned by demand recovery and tertiary and industrial client base growth
  - Industrial energy distributed reaching 4.877GWh, driven by the connection of new industrials, yet affected by the decrease on cogeneration clients' volumes motivated by regulatory uncertainty around clients' cogeneration activity remuneration (overall -3,9% YoY). New industrial additions contributed to +6,5% YoY industrial volumes growth
  - Tertiary volumes grew by +10,0% YoY, exceeding pre covid volume levels, after strong new client additions and the recovery of the tourism activity
- Strong contracting performance, +34% in number of new tertiary and industrial CPs and +16% on volumes (1.095 GWh)

(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

Capex

CAPEX breakdown



Comments

- €55,2m investments during 1H2022, fundamentally focused on distribution growth in high cash conversion segments (€37,2m) and on LPG acquisitions (€14,2m)
- Maintenance capex remains below 5% of total capex
- Intangible capex: execution of remunerated IT projects on transmission digitalisation to improve operational efficiency

Operational review

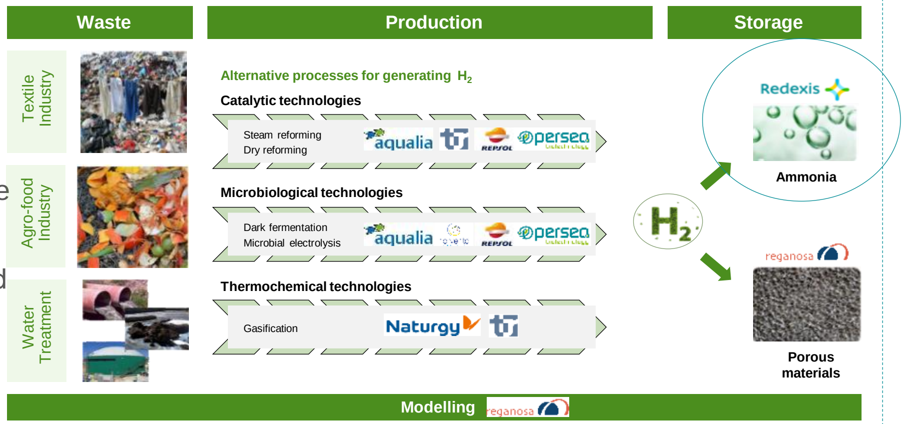
Contributing to long term carbon neutrality through renewable gases and hydrogen

Project example

Zeppelin: Green hydrogen production and storage technologies

Financiado por la Unión Europea
NextGenerationEU

- R&D Project on green hydrogen production and storage technologies based on the use of waste and by-products to improve cost and efficiency
- New models to obtain green H2 in a water stress scenario, under the principles of the Circular Economy and digitalisation
- Supported under “Science and Innovation Missions” programme and subsidised by the CDTI and Next Generation EU fund
- Redexis role: storage of green hydrogen in the form of ammonia



Gas for vehicles stations

- Total of 25 gas refuelling station in service in 8 autonomous communities, +10 stations vs. H1 2021

  Private stations for local fleets (10 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 stations for professional mobility (15 stations)

  - Located in 8 autonomous communities : Madrid (4), Murcia (1), Zaragoza (3), Castilla La Mancha (2), Galicia (2), Castilla y León (1), Extremadura (1), País Vasco (1)
  - 11 LNG stations covering the most relevant long haul traffic corridors in Spain, 10 of them under CEPSA agreements
  - 4 CNG stations in Madrid and Zaragoza, 2 of them under CEPSA agreements

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
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Financial review

Business Income Statement

P&L account *(in € m)*	**H1 2021**	**H1 2022**	**%change**
Distribution – regulated	58,1	59,7	2,8%
Other regulated distribution income	13,6	14,8	8,3%
Transmission - regulated	29,1	30,1	3,3%
LPG regulated business	17,5	25,7	46,7%
Other Operating Income	3,4	4,5	32,6%
Self-constructed non-current assets	7,6	7,4	(2,7%)
Total Revenues and other income	**129,3**	**142,1**	**9,9%**
Supplies	(12,6)	(20,7)	63,7%
Personnel expenses	(14,0)	(13,8)	(1,0%)
Other operating expenses	(13,4)	(15,8)	18,2%
EBITDA	**89,4**	**91,8**	**2,7%**
EBITDA margin (%)	*69,1%*	*64,6%*	*6,5pp*
EBITDA Margin ex LPG dilution (%)	*76,1%*	*74,8%*	*(1,7pp)*
Depreciation and amortisation	(46,7)	(48,7)	4,4%
Impairment on non-current assets	(0,2)	(0,3)	12,9%
Restructuring and other non-recurring expenses	(0,2)	(0,0)	(89,5%)
EBIT	**42,3**	**42,8**	**1,2%**
Net financial result	(14,7)	(14,5)	(1,4%)
EBT	**27,6**	**28,3**	**2,5%**
Income tax	(6,9)	(8,2)	19,1%
Net result for the period	**20,7**	**20,1**	**(3,0%)**
Result attributable to owners of the Parent	20,7	20,1	(3,0%)
Result attributable to non-controlling interests	0,0	0,0	
Ordinary net result (ex one off tax impact)	**20,7**	**21,4**	**3,2%**

Comments

- +2,7% EBITDA YoY, driven by growth on: (i) client base (ii) residential and tertiary energy volumes, and (iii) incentives to overperformance on low gas losses and transmission efficiency
- Revenue growth across all revenue lines, +9,9% YoY (4,4% ex LPG dilution), despite the impact of the ’21-26 remuneration review
- Distribution remuneration grew by 2,8%, supported by energy volumes growth and incremental connection points
- Transmission remuneration growth of 3,3%, driven by: incentives to overperformance on low gas losses, the execution of remunerated IT projects to improve transmission efficiency, and €0,7m pass-through revenue from operation gas costs/supplies
- LPG business performed +47% YoY by the recovery on volumes, the integration of last add-on purchases, and incremental regulated prices of LPG which are also reflected in higher supplies
- Cost increase aligned with activity growth, and reflective of pass-throughs
- ’22 income tax impacted by one-off €1,3m tax deduction elimination after the reclassification of certain R&D expenses as non-deductible
- Net result of €21,4m (+3,2% YoY), not counting the one-off tax impact

Financial review

Business Cash Flow

Business Cash Flow *(in € m)*	**H1 2021**	**H2 2022**	**%change**
EBITDA	**89,4**	**91,8**	**2,7%**
Adjustment for non-cash items (included in EBITDA):			
Change in provisions	(0,0)	0,2	(820,7%)
Government grants taken to income	(0,6)	(0,8)	36,8%
Net change in working capital	(20,7)	(4,1)	(80,4%)
Cash flow from operating activities	**68,2**	**87,2**	**27,9%**
Acquisition of GLPs	(1,0)	(16,1)	1.518,6%
Acquisition of property, plants and equipment	(44,8)	(52,1)	16,2%
Income tax paid	(2,2)	(3,7)	65,5%
Free Cash Flow	**20,1**	**15,4**	**(23,6%)**
Interest paid	(33,9)	(24,1)	(28,9%)
Interest received	0,1	0,1	(32,0%)
Cash flow ex financing activities	**(13,6)**	**(8,6)**	**(36,6%)**
Acquisition financial assets	-	-	- %
Proceeds / Repayment of loans and borrowings	-	75,0	- %
Proceeds / Repayment of on loan agreem. (Bonds)	(494,1)	-	(100,0%)
Dividends	-	(1,9)	- %
Proceeds from other financial liabilities	(0,7)	(1,1)	61,0%
Restructuring and other non-recurring expenses	(0,2)	(0,2)	2,0%
Net increase / decrease in cash and equivalents	**(508,6)**	**63,2**	**- %**
Cash and cash equivalents BOP	591,7	40,1	(93,2%)
Cash and cash equivalents EOP	83,1	103,3	24,3%

Comments

- +2,7% EBITDA growth YoY
- Net change in WC left behind one-off Castor effect on the system's settlements
- Sustained high cash conversion from EBITDA of 90%
- CAPEX on distribution growth and integration of '21 LPG acquisitions
- Net interest normalisation after bond refinancing exercise was completed on 2021
- Positive cash flow ex-financing activities, excluding inorganic LPG connection point purchases
- Cash reinforcement by new financing, disposal of €75m euros from €150m available
- Dividend payment of €1,9m: withholding tax of dividends distributed in December 2021

Financial review

Balance sheet

Assets *(in € m)*	**H1 2021**	**H1 2022**
Property, plant and equipment	1.314,9	1.327,2
Goodwill	219,2	219,2
Other intangible assets	560,1	560,9
Right of Use Assets	12,1	12,0
Non-current financial assets	7,2	7,4
Total non-current assets	**2.113,5**	**2.126,7**
Inventories	6,2	12,7
Trade and other receivables	44,7	53,9
Other current financial assets	0,1	0,1
Other current assets	6,4	7,6
Cash and cash equivalents	83,1	103,3
Total current assets	**140,6**	**177,7**
Total assets	**2.254,1**	**2.304,4**

Shareholders' equity and liabilities *(in € m)*	**H1 2021**	**H1 2022**
Equity attributable to equity holders of the parent company	611,4	588,5
Non-controlling interest	0,0	0,0
Total equity	**611,4**	**588,6**
Deferred income	21,5	20,9
Long term liabilities (on-loan/Bonds)	990,3	992,8
Loans and borrowings (Banks)	413,8	479,4
Other financial liabilities	13,1	13,0
Deferred tax liabilities	100,9	104,4
Provisions for employee benefits	0,4	1,0
Other provisions	0,9	4,2
Total non-current liabilities	**1.541,0**	**1.615,7**
Short term liabilities (on-loan/Bonds)	3,4	2,7
Loans and borrowings (Banks)	11,9	11,6
Fixed asset suppliers	36,0	33,7
Trade and other payables	42,9	42,1
Current income tax liabilities	2,8	5,5
Provisions for employee benefits	0,0	0,2
Other current liabilities	4,6	4,3
Total current liabilities	**101,6**	**100,1**
Total shareholders' equity and liabilities	**2.254,1**	**2.304,4**

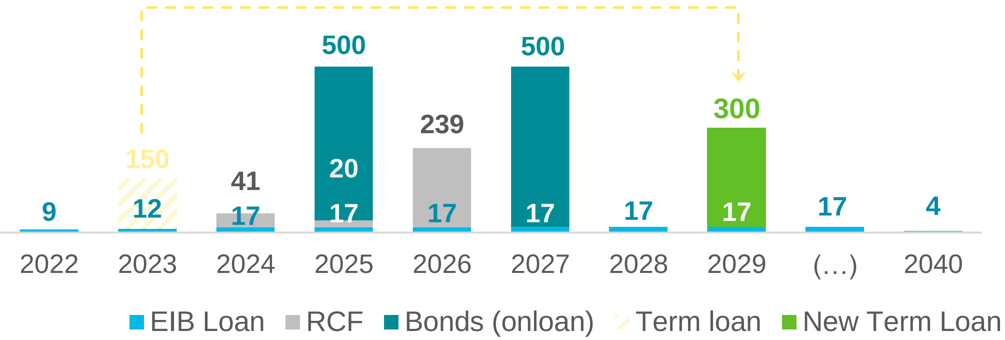
Financial review

Disciplined investment grade financial policy, strong liquidity profile, fully funded, limited exposure to macro

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	266,2	266,2	-
Term Loan (ESG-linked)	300,0	225,0	75,0
Cash & Eq	103,3	-	103,3
	1.969,5	**1.491,2**	**478,3**

Maturity profile (in € m)



Rating S&P

BBB–

stable outlook

(Affirmed on Oct 2021)

Available liquidity

€ 478m

Avg. Financial cost

1,51%

Avg. debt maturity

4,9y

2022 Financing Milestones

- On June 2022, Redexis successfully formalised an ESG-linked facility of €300m, 7 years tenor (5 years + 2 one year extensions, up to 2029) with 6 top-class banks, fulfilling initial objectives:
  - ✓ Proactive debt management: advanced repayment of €150m term loan, one year before maturity
  - ✓ Sustainable financing, continuous improvement of Redexis ESG profile
  - ✓ Avoid relevant maturities in the coming years, lengthening the average debt maturity and reducing the financial cost.
  - ✓ Strong liquidity position, flexible and well-diversified debt structure to support Redexis' growth plan
- Moodys ESG Solutions (formerly Vigeo Eiris) improved of Redexis ESG rating, upgrading to "Advanced" profile
- S&P rating affirmed on October 2021: BBB- outlook stable, complying with Redexis financial policy

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 the investment grade rating and growth over shareholder remuneration.*
- *Our expectation of a **resilient financial performance** over 2021 and 2022, with FFO to debt and debt to EBITDA above 9% and below 8x, respectively, 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.*

Oct 2021

ESG RATING

Moody's | ESG Solutions vigeoeiris

Rating grade: Advanced

Upgraded from "Robust"

62 / 100

2018	2019	2020	2021
37	51	57	**62**

ESG Breakdown

- Environment: 68 / 100
- Social: 66 / 100
- Governance: 53 / 100

GRESB ★ ★ ★ ★ ★ **2021**

91 / 100

2018	2019	2020	2021
63	74	82	**91**

ESG Breakdown

- Environment: 32 / 32
- Social: 36 / 43
- Governance: 23 / 26

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Conflict in Ukraine

Gas supply in Spain

- Spain natural gas supply is diversified in more than 15 countries. Russian supply represents less than 10%
- Spain has the highest number of regasification plants in Europe and, due to geo-strategic location, has a wide range of LNG supply origins
- The country's diversification of gas supply and the capacity to receive LNG is resulting on Spanish natural gas hub prices being lower than that of the rest of the gas hubs in the EU
- In addition, the Spanish government has rolled out gas price protection mechanisms for gas customers
- The Technical Gas System Operator, in coordination with Spanish Authorities, guarantees gas supply. As of July 2022, Spain gas storage is at >75% capacity (*) to overcome eventual supply disruptions

Redexis position

- Redexis' activities are carried out in Spain
- 90% of revenues are regulated, not exposed to commodity risk
- More than 90% of Redexis suppliers are national. No direct suppliers in Russia, Belarus or Ukraine
- The company maintains a long-term debt profile, with no relevant maturities in the short term and a solid liquidity position of 478 million euros
- c.85% of the debt is fixed rate and therefore not exposed to macro risk
- c.95% of capex is discretionary

(*) Source: Agsi.gie.eu

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Conclusions

- Delivering growth across all business segments
- High cash generation, flexible CAPEX allocation aligned to growth strategy
- Solid liquidity position, fully funded in the long term
- Stable investment grade credit rating
- Positive external recognition of ESG achievements, upgrade in ESG ratings

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Cashflow IFRS

Cash Flow IFRS (in € m)	FY 2020	FY 2021	%change
Cash flows from operating activities			
Profit for the year before tax	27,6	28,3	2,5%
Adjustments for:			
Depreciations and Amortisations	46,7	48,7	4,4%
Impairment losses on non-current assets	0,2	0,3	12,9%
Change in provisions	(0,0)	2,0	(8.704,8%)
Government grants taken to income	(0,6)	(0,8)	36,8%
Finance income	(0,1)	(0,1)	(32,0%)
Finance costs	14,8	14,6	(1,7%)
Cash generated from operations	**88,6**	**93,1**	**5,0%**
Changes in working capital	**(20,4)**	**(6,1)**	**(70,1%)**
Inventories	(0,5)	(3,0)	490,0%
Trade and Other Receivables	9,8	14,4	47,4%
Other current assets	(4,6)	1,5	(132,1%)
Trade and other payables	(26,7)	(19,2)	(28,0%)
Other current liabilities	0,5	0,0	(97,0%)
Other non-current assets and liabilities	1,2	0,2	(80,9%)
Cash generated from operations	**68,2**	**87,0**	**27,6%**
Interest and commissions paid	(33,9)	(24,1)	(28,9%)
Interest received	0,1	0,1	(32,0%)
Income tax paid	(2,2)	(3,7)	65,5%
Net cash from operating activities	**32,2**	**59,3**	**84,1%**
Cash flows from investing activities			
Payments for purchases of distribution and LPG assets in use	(1,0)	(16,1)	1.518,6%
Payments for acquisition of property, plant and equipment and intangible assets	(44,8)	(52,1)	16,2%
Net cash used in investing activities	**(45,8)**	**(68,1)**	**48,7%**
Cash flows from financing activities			
Payments for acquisition of financial assets	-	-	- %
Proceeds from loans and borrowings	-	75,0	- %
Payments from the on loan agreement / bonds and other marketable securities	(494,1)	-	(100,0%)
Payments of lease liabilities	(0,9)	(1,1)	21,0%
Dividends paid	-	(1,9)	- %
Net cash from financing activities	**(495,0)**	**72,0**	**(114,6%)**
Net increase (decrease) in cash and cash equivalents	(508,6)	63,2	(112,4%)
Cash and cash equivalents BOP	591,7	40,1	(93,2%)
Cash and cash equivalents at EOP	83,1	103,3	24,3%