Annual Report 2020

Redexis

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Annual Report

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Letter from the **Execute Chairman**

“I WOULD LIKE TO BEGIN WITH A FEW WORDS OF HOPE, TAKING INTO ACCOUNT THE ECONOMIC AND SOCIAL RECOVERY THAT IS TAKING PLACE WORLDWIDE”

2020 has been a milestone for the Spanish society and, although the pandemic has not yet been overcome, I would like to start with a few words of hope given the economic and social recovery we are experiencing worldwide thanks to the progress of the COVID-19 vaccination process.

In light of redefining normality, we have maintained our investment and growth rate, allowing us to reach positive operating figures in the year end, in line with our goals set. This further confirms we are an active benchmarking agent within the Spanish gas industry. We have strengthened our position in activities related to the energy transition by inaugurating new vehicular natural gas stations, developing renewable gas and hydrogen projects, and deploying distributed solar generation facilities.

2020 has been a significant year for the energy industry as the broad lines of energy policy have started to be outlined in order to reach a long-term emission-neutral economy in which gas and electricity will play complementary roles.

At Redexis, we positively value the progress made in the energy transition field and support the approach of both Spanish and European institutions regarding the fundamental role that gas, biomethane and green hydrogen will play in achieving the climate neutrality goal; and especially in countries which have extraordinary potential to produce renewable gases, like Spain.

While the current regulatory framework 2021-2026 defines incentives to operate gas infrastructures, the connection of new industrial clients and the connection of gas stations, as means to reduce emissions in the short term, the recent Climate Change Act and the Integrated National Energy and Climate Plan 21-30 outline investment plans and regulatory changes necessary to develop renewable gases that contribute to the long-term goal of carbon neutrality.

In this context, gas infrastructures are still short and long term essential strategic assets. Due to their size, capillarity and availability, they contribute to immediately displacing fuels with higher emissions, in a competitive way and affecting all segments: residential, business and transport. Furthermore, in the medium and long term, natural gas from networks can be substituted by biomethane and renewable hydrogen, enabling neutral emissions in the same current uses of natural gas. This environment promotes new investments in gas infrastructures, aimed at replacing other more polluting fuels.

At Redexis we have continued to invest in developing energy infrastructures to provide communities with clean and efficient energy, promoting their progress and well-being. We have built 575 kilometres of transmission and distribution infrastructure networks, reaching 11,715 kilometres, giving access to our network to 733,174 network supply points, a 2.6% increase compared to 2019. Through our networks, we have conveyed 36,260 GWh, a 1.7% increase compared to 2019, in a context marked by mobility and economic activity restrictions. Likewise, we have strengthened our position as the second national channelled propane operator after acquiring 4,230 LPG points from Repsol.

In such an extraordinary year, Redexis has shown a robust and resilient business model, maintaining an EBITDA level of €170 million, in line with the previous year. In 2020, more than €120 million have been invested to deploy networks, accumulating investments of more than €1,500 million in the last ten years.

This investment capacity is possible thanks to the trust of our shareholders and the financial community. This trust has been reflected again in 2020 by successfully completing an upfront refinancing of our €650 million bond, receiving a six-fold oversubscription in the issuance of a €500 million bond and formalizing a sustainable bank financing for €150 million. At the same time, the company has been confirmed the investment grade credit rating by Standard & Poor's.

In 2020 we have strengthened our investments in innovation and technology to support our growth, efficiency, and safety. We have improved our robotisation and process automation level to be more efficient and we have developed projects such as 'Simual', which results in greater safety through the virtualisation of our LNG plants. Moreover, we have launched the Anidia brand, which, through the digital environment and based on advanced data-based segmentations, offers comprehensive energy solutions adjusted to the needs of residential customers.

Redexis is aligned with the energy transition goals set by the European institutions and promoted by both the industry regulations and the Plans of the Spanish government. Therefore, we continue to invest in projects that contribute to neutral emissions, such as sustainable mobility through the expansion of natural gas for vehicles (NGV), a more economical and environmentally friendly transport alternative. In 2020 we have put into operation twelve new NGV refuelling stations, and in 2021 we hope to complete a network of stations to cover the main national heavy transport corridors through the agreement entered into with CEPSA.

Likewise, we are actively participating in initiatives to enable an affordable energy transition through the development of renewable gases and green hydrogen. Biomethane is now a reality and in 2020 we have started promoting the first biomethane injection point in our Murcia networks. Regarding hydrogen, we are part of consortia which are materializing pioneering injection and transmission projects, such as 'Green Hysland', which includes the development of all assets in the hydrogen value chain, from production to consumption; or 'Higgs', which assesses the tolerance of the current natural gas networks to various levels of hydrogen mixture.

As in previous years, we publish the Sustainability Report, which shows our environmental progress and commitments and regarding our stakeholders. Among other improvements, during 2020 we have reduced Redexis' carbon footprint and all our facilities are supplied with electricity with a 100% renewable guarantee of origin certificate. Likewise, we have associated our bank financing and its costs to the attainment of sustainability goals. Thanks to our good performance in this area, we have accessed a more advantageous financial cost.

Throughout this year we have deployed additional measures to guarantee the health and safety of our employees, establishing protocols for social distancing and disinfection in the workplace, and implementing . Likewise, we have adapted our training, with online training plans, and we launched the 'Redexis Healthy' programme, promoting healthy habits and helping employees in a teleworking environment. All of this has allowed us to increase our rating in the healthy company certification by 13.5%.

In the social field, the Redexis Foundation has helped during the most difficult times of the pandemic. We have channelled more than €100.000 in direct financial aid to purchase sanitary material through public administrations, food for the Spanish Federation of the Food Bank and charging batteries for patients admitted in the IFEMA field hospital. Furthermore, we opened a direct aid line to pay LPG bills and the energy supply was guaranteed at all times.

Our ESG commitments and actions have been valued by the international agencies GRESB and Vigeo Eiris. This year we have been awarded a 5-star rating and a Robust grade, respectively, accumulating an improvement of 20 points in each of them in the last two years.

Our performance in 2020 would not have been possible without the commitment and professionalism of our employees, the company's main asset. I would like to express my appreciation, and that of the rest of the directors, to all the people who make up Redexis for their dedication and efficiency, especially in such a unique year. Building on our progress in 2020, we strengthened our role as a relevant agent in the development of the industry and look to the future with optimism.

Fernando Bergasa
Executive Chairman

Letter from the **Chief Operating Officer**

"Despite the events, the company has continued to guarantee the continuity of supply and the rhythm of our activity, essential for the functioning of society"

I would like to begin the review of the year 2020 by remembering all the people who have suffered the consequences of the COVID-19 pandemic, and

to acknowledge the efforts made by all the people who in some ways have helped to minimise its effects. Fortunately, we have ensured a hopeful present thanks to the progress of the vaccination processes and we trust that 2021 will be a turning point.

Despite the past events, the company has continued to guarantee the continuity of supply and the rhythm of our activity at all times, essential for the functioning of society. Moreover, we have implemented extra preventive measures to reinforce and guarantee the safety of all the employees and to support vulnerable groups. To mention but a few, there is the creation of a Monitoring Committee, telework, periodic communications to employees and collaborators regarding protocols and actions in terms of disinfection of work centres, the suspension of gas cuts to vulnerable groups and aid to administrations and institutions to fight against the health crisis, among others. Thus, the operational continuity of the company has been ensured throughout the year, strictly complying at all times with the recommendations from the health authorities.

In terms of operations, in 2020, we have developed the business processes to be adjusted to this new normality, and also to incorporate the new opportunities offered by the energy and digital transition, which will boost development in our industry, allowing us to continue to be a benchmark.

To begin a detailed review of 2020, we ended the year with revenue of €241.7 million, in line with our expectations and confirming our robust business model against the adverse impact caused by the health crisis, such as the limitations on commercial activity and the energy consumption reduction in the most affected industries, such as tourism. Thanks to the efforts of the organisation and the operational improvement plan implemented during the year, the gross operating result reached €169.5 million, in line with the 2019 income. Taking into account taxes, depreciation and interest rates and excluding extraordinary effects, our company generated a net profit of €7 million.

In a context in which activity and investment levels had to be adapted, and in strict compliance with the confinement and de-escalation measures in force, Redexis has invested more than €120 million, leading us to deploy 575 kilometres of gas networks, a 5.2% increase compared to 2019, allowing us to reach a total network extension of 11,715km, serving 864 municipalities in 38 provinces. Redexis has invested €120.6 million throughout this year.

Furthermore, Redexis has organically continued to grow in the LPG business through the acquisition of 4,230 LPG points from Repsol in 11 municipalities in which the company already operated and in 35 new municipalities close to its operational areas, significantly increasing its geographical footprint. In this way, Redexis reinforces its position as the second national piped LPG operator with more than 100,000 clients, having invested more than €200 million in the last four years.

During 2020 we have added more than 31 thousand new clients, including organic growth such as the LPG points acquired from Repsol, closing the year with 733,174 new supply points, representing a 2.6% growth compared to 2019, all this despite the limitations on door-to-door marketing and community meetings with residents. It is worth noting the growth in the connection of new industries and companies in the tertiary sector, which, due to the commercial reinforcement of Redexis in this segment, achieved a 4.4% increase, demonstrating how significant natural gas continues to be for businesses in terms of energy bill savings compared to other energies, reduction of emissions due to displacement of other more polluting fuels and security of supply.

Through our networks, we supplied 36,260 GWh of energy, 1.7% more than in the previous year. Regarding the residential sector demand recovered in the second half of the year following a warm first half of the year, in the industrial sector, demand increased by 2.2%. In the tertiary sector, despite the positive contracting progress, demand was affected by mobility restrictions such as tourism.

In terms of the piped LPG business, we have continued to grow organically where natural gas networks cannot reach. In the piped tertiary and industrial sector, 12GWh of new demand has been contracted, a volume 3 times higher than in 2019. Regarding the operation of the piped LPG asset base, new digital models have been launched for remote monitoring of stock levels and actions to improve the security and energy management of the supply point by replacing meter readings and implementing fraud identification.

During this year we have continued to make large investments in innovation and digitisation of our operations focusing mainly on two aspects. The first is the launching of the native digital brand Anidia to modernise and support our distribution business growth by incorporating a multi-channel data-supported strategy from our clients' preferences. The second is the robotisation and automation of business processes in order to achieve higher productivity and efficiency. Moreover, with the SIMUAL project, we have made progress in the virtualisation of our LNG plants, which results in greater safety at our facilities.

In line with the sustainable mobility business, Redexis has continued to develop the deployment of natural gas for vehicles (NGV) infrastructures by inaugurating 12 new vehicular natural gas stations in Madrid, Zaragoza, Murcia and the Balearic Islands, reaffirming its mobility commitment to reduced and competitive emissions. Among the stations, it is worth noting the stations deployed for the Murcia Health Service, Intermodal Bus Transport in Palma de Mallorca and two new stations created by virtue of the agreement entered into with CEPSA which will soon be the backbone of the country's main transport corridors. As part of our promotion of this NGV stations network, Redexis materialises a new contribution to reduce transport emissions, in line with one of the priorities of the energy transition.

As key players in the energy transition, we have continued to promote renewable gases, especially biomethane and hydrogen, key to the decarbonisation of the energy system. We are currently actively promoting projects financed by the European Union in consortia with European partners. It is worth noting the Higgs project, in which the tolerance of current gas networks is being tested at different levels of hydrogen injection; the Oceans H2 project, in which we are investigating the configuration of the first "offshore" plant for the production, storage and transmission of renewable hydrogen; and the 'Green Hysland' project in Mallorca, to deploy the first project which fully covers the hydrogen ecosystem, among others. Moreover, we promoted the first biomethane injection point in the Murcia networks in Lorca. Furthermore, we continue to implement collaboration agreements with the Spanish Hydrogen Association and the European Association for Clean Hydrogen (ECH2A); and we work together with the Spanish Gas Association, SEDIGAS, in the 'Think Thank' plan to study the injection and storage of hydrogen in gas networks.

Redexis maintains its commitment to sustainability and annually publishes the Sustainability Report which consist of all the actions carried out in terms of ESG. In 2020 the company has been recognised by the sustainability agencies GRESB and Vigeo Eiris, improving the rating compared to the previous year and once again obtaining a 5 stars and "Robust" ratings in 2020, respectively. Likewise, we reduced emissions by 0.6% and we entered into an agreement for the supply of 100% renewable electricity to Redexis' facilities. Furthermore, we have ISO 50001 2018 certification for the energy efficiency management system, ISO 14001 for the environmental management system, and ISO 45001 for occupational health and safety management systems.

By setting up the Redexis Foundation we deepen our commitment to society and the local communities in which we operate. Thanks to it, we can act as an active direct agent in the energy transition and carry out sponsorship, social, educational and cultural work. At the beginning, the first actions of the Foundation have been aimed at alleviating the adverse effects caused by the COVID-19 pandemic. Slowly going back to normality, the Foundation has likewise been developing actions in the field of education in the energy transition, such as the dissemination of the publication "Hydrogen, Key to a Sustainable Energy Model".

I would like to take the opportunity to thank the Redexis team for their effort and dedication in ensuring the availability of an essential service for the society and the economy in an unprecedented context. They are the main asset of Redexis, and we are committed to their well-being through initiatives such as "Redexis Healthy", and training courses to allow them to adapt to the challenges of the energy industry.

The talent and professionalism of the Redexis staff has proven to be, once again, a guarantee to continue being a benchmark.

Cristina Ávila
Chief Operating Officer

Review of the year

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Redexis

Operating **Figures**

Redexis is an infrastructure energy company dedicated to developing gas and renewable energy infrastructures such as hydrogen or biomethane. Through its networks, numerous residential, industrial and service sector customers have access to natural gas.

It is the second largest gas transmission operator, fourth in gas distribution and second in the liquefied petroleum gas distribution and commercialisation business.

WE KEEP OUR **COMMITMENT TO GROWTH**

733,174
SUPPLY POINTS
+ 4.0 %
TACC 4 YEARS

963
AUTHORISED AND IN SERVICE MUNICIPALITIES
+ 11.2 %
TACC 4 YEARS

11,715
KM OF OWN NETWORKS
+ 5.6 %
TACC 4 YEARS

36,260
GWH DISTRIBUTED ENERGY
+ 8,6 %
TACC 4 YEARS

THROUGHOUT **SPAIN**

Presence in:

11 **communities**

38 **provinces**

Redexis is the **leading natural gas distributor** in **Aragon**, the **Balearic Islands** and **Murcia**

WITH A **RESILIENT AND SUSTAINABLE BUSINESS MODEL**

+242
M EUROS OF INCOME
+ 3.4 %
TACC 4 YEARS

+170
M EUROS EBITDA
+ 2 %
TACC 4 YEARS

+121
M EUROS OF INVESTMENT
+ 152
M EUR AVERAGE
4 YEARS

COMMITED TO **OUR EMPLOYEES,**

348
EMPLOYEES

99%
EMPLOYEES WITH
A FIXED CONTRACT

0.9%
ACCIDENT FREQUENCY RATE
(own and subcontracted employees)

TO THE **ENVIRONMENT** AND THE **SOCIETY**

GRESB

★★★★★ 2020

V.E
VIGEO.EIRIS

Rating grade: ROBUST

Foundation
Redexis

Milestones of the Year

JANUARY

- Partnership with **Fiat Professional** to promote sustainable mobility through NGV
- THE **BSI certifies** our Management System under the new ISO 45001 standard
- '**HIGGS Project**', key to reducing emissions in Europe through Hydrogen
- Inauguration of '**LAB DAY', a day without school at Redexis**

FEBRUARY

- Redexis delivers the food collected in the 'Operación Kilo Online' to the Food Bank of Madrid
- **The Redexis Foundation is born**
- Agreement with **Cepsa** for the acquisition of 11,366 LPG points
- Investment of **€4.5 million** to facilitate the distribution of natural gas in Jaén
- **Susana Lorenzo,** new Director of Corporate Resources

MARCH

- Redexis signs an **agreement with FECE** for the commercialisation of photovoltaic energy solutions
- Inauguration of the **first NGV refuelling station** together **with Cepsa** in Puerto Lumbreras (Murcia)
- Participation in the launch day of the **'Microgrid Blue' project**
- Redexis guarantees its activity by implementing **contingency plans against COVID-19**
- The Redexis Foundation launches direct help lines to protect **vulnerable customers** against COVID-19 and provides technical material to those admitted to the **IFEMA hospital**

APRIL

- Redexis joins the **#The200Challenge initiative**
- The Redexis Foundation **donates** €50,000 euros to the **Community of Madrid** yand €25,000 euros to **Aragon underway' to tackle COVID-19**

MAY

- The Redexis Foundation **donates** €10,000 to the **Spanish Food Bank Federation** and €15,000 to **SESCAM**
- Redexis is **trusted by investors and financial institutions** by successfully completing the bond issue for €500 million and by formalizing a **sustainable financing** of €150 million, to be added to the 300 million of sustainable revolving credit
- Redexis obtains the **'Robust' rating granted** by Vigeo Eiris in **terms of ESG**

JUNE

- Inauguration of **seven gas stations** at the service of the ambulance fleet of the Murcian Health Service
- Pioneering installation of a **hydrogen cell in the gas pipeline network** in Spain

JULY

- **Agreement with FECE** to attract new **natural gas** clientscustomers
- **'SIMUAL' Project:** Redexis' LNG plants move to the world of **virtual reality**
- Redexis obtains the **ISO 50001:2018 Certificate** for its Energy Efficiency Management System

SEPTEMBER

- Launching of a new **'low cost' maintenance service** for boilers and gas heaters
- The Redexis Foundation presents its first publication **'Hydrogen, Key to a Sustainable Energy Model'**
- Launching of the **Anidia brand**

NOVEMBER

- **'Fuel Cell Integration',** a project selected by "Acciones por el Clima" as a business example
- Redexis maintains the **highest five-star rating** in the **GRESB 2020** index
- Redexis guarantees the **supply of 100% renewable electricity** for its facilities
- Redexis **achieves a 0.60% carbon footprint reduction**

OCTOBER

- Redexis joins the **European Clean Hydrogen Alliance**
- The **'Green Hysland'** Project is funded by Europe as the first hydrogen initiative
- Redexis inaugurates in Alcorcón its **first gas station in the Community of Madrid**

DECEMBER

- New **gas station in Mercazaragoza** (Zaragoza)
- Substitution of plastic bottles for **100% recyclable containers** in the company
- Inauguration of **two gas stations** in Felanitx and Calviá (Son Buadelles) that serve the Balearic Islands Intermodal Transport (TIB, for its Spanish acronym)
- Redexis **increases by 13.5%** its rating in the **healthy company** certification

History

AN **EXCELLENT TRACK RECORD**

S.XIX

- **First gas plant** of the Group in Zaragoza
- *Societé pour léclairage des villes de Biarritz et Saragosse* acquires the plant and other assets

1927

- Incorporation of **Gas de Zaragoza** as a part of Eléctricas Reunidas de Zaragoza

1985

- Incorporation of **Gas Huesca**
- Endesa acquires **Eléctricas Reunidas de Zaragoza** and its respective holdings

1989

- **100,000** **connection points**

1993

- Merger of Distribuidora de Gas de Zaragoza and Gas Huesca creating **Gas Aragón**

1997

- Incorporation of **Endesa Gas** comprised of various distribution companies

2001

- Incorporation of **Endesa Gas Transportista and Transportista Regional del Gas** starting the transport activity.

2007

+ 300,000 connection points

+ 3,000 km of networks

2010

- Two investment funds administered by Goldman Sachs acquire 80% of the capital of the asset-holding parent company of Endesa Gas T&D.

+ 364,000 connection points.

+ 4,700 km of networks.

2014

- Acquisition of **Redexis Gas Murcia** and other additional distribution assets to EDP
- **First bond issue** (€650 million, maturity in 2021)

+ 366,500 connection points

+ 5,800 km of networks

2015

- **Corporate reorganisation**
- Successful **integration of Redexis Gas Murcia** and other additional distribution assets.
- **Acquisition** of 71,500 **LPG connection** points from **Repsol**
- New **bond issue** (€250 million, maturity in 2027)
- Formalisation **of a loan with the EIB** (€160 million, maturity in 2036)
- Signing of the **I Collective Agreement**

2016

- Integration of **71,500 LPG** points acquired from Repsol in 2015
- Acquisition and integration of **3,400 additional LPG points** from Repsol
- Purchase of approximately **4,700 LPG points from Cepsa**

2017

- The European pension funds **USS and ATP** agree to increase their share in Redexis Gas to **49.9%**
- **New bond issuance** (€250 million)
- Milestone in **job creation**, an increase of **5.6%** in the number of direct workers
- Development of **artificial intelligence** tools

2018

- **New shareholding structure**: ATP 33.3%, USS 33.3% and GT Fund and CNIC joint 33.3%
- Formalisation of **loan with the EIB** (€125 million with a 20 years repayment term)
- Promoting the **development of renewable gases** such as hydrogen or biomethane
- Signing of the **II Collective Agreement**
- Development of **new artificial intelligence tools**

+ 680,500 **Connection points**

+ 10,400 **kilometres of network**

2019

- **Industry leader in the Infrastructure Sustainability** Index according to GRESB
- Commitment to **Energy Transition** and compliance with the 2030 Agenda
- Development of **hydrogen and biomethane** projects
- Promotion of **photovoltaic solar energy projects**
- **Bank credit line** made sustainable
- **Collaboration agreements with FEBT**, Cepsa and Seat to promote vehicular natural gas
- Development of **innovation and digitisation** projects
- Signing of the **II Equality Plan**

714,681 **connection points**

11,140 **km of networks**

2020

- The **Redexis Foundation is created**
- **Union European Clean Hydrogen Alliance**
- **Highest rating GRESB 2020 Index**, 82/100
- **'Robust' rating** from the rating ESG Vigeo Eiris
- Agreement with **Cepsa** for the acquisition of **11,366 LPG points**
- Moving **LNG plants** to the world of **virtual reality**
- Deployment of **14 natural gas vehicular stations**
- Deployment of **solar generation facilities** distributed in the tertiary and industrial sector

733,174 **connection points**

11,715 **km of networks**

TO **KEEP GROWING**

Corporate **Governance**

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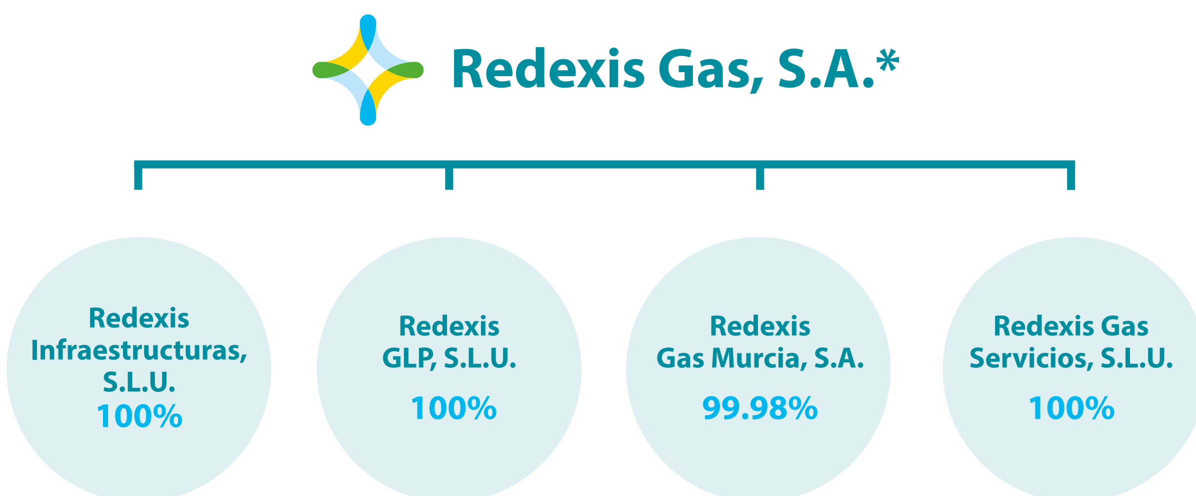
Governing Bodies

Group structure

The Redexis Group is made up of a group of companies dedicated to developing and operate natural gas transmission and distribution infrastructures, to distribute and commercialise liquefied petroleum gas and to promote renewable applications such as biomethane and hydrogen.

The corporate headquarters are located in Madrid, with working centres in Madrid, Valladolid, Ávila, Palma de Mallorca, Ibiza, Alicante, Murcia, Granada, Almería, Cádiz, Badajoz, Zaragoza, Teruel, Huesca and Gerona.



* In May 2021, the company changed its corporate name to Redexis S.A.

Shareholders

The Group is equally owned by two pension funds, Universities Superannuation Scheme ("USS") and Arbejdsmarkedets Tillægspension ("ATP"), and by the infrastructure funds Guoxin Guotong Fund LLP ("GT Fund") and CNIC Corporation Limited ("CNIC"), which participate jointly.

- **ATP**: It is the pension fund for the majority of the Danish workforce and is the fourth largest pension fund manager in Europe. It manages assets worth €121,000 million.

- **USS:** It is the UK's largest private pension scheme for academics and staff at British universities. It manages assets worth €87,000 million.

- **CNIC/GTFund:** They are two Chinese sovereign wealth funds, long-term financial investors. Its mandate includes investing in infrastructure assets around the world. The funds have significant investment capacity.

Board of Directors:

Mr. Gavin Bruce Merchant
July 24, 2017
Director representing controlling shareholders (proposed by USS)
Director

Mr. Stephen Alan John Deeley
April 11, 2019
Director representing controlling shareholders (proposed by USS)
Director

Mr. Ignacio Pereña Pinedo
March 19, 2013
Non-Director Secretary

Mr. Fernando Bergasa Cáceres
May 19, 2016
Executive
Chairman of the Board of Directors

Mrs. Cristina Ávila García
April 11, 2019
Executive
Chief Operating Officer

Mr. Ulrik Dan Weuder*
April 11, 2019
Director representing controlling shareholders (proposed by ATP)
Director

Mr. Niels Konstantin Jensen
May 23, 2019
Director representing controlling shareholders (proposed byATP)
Director

Mr. Ng Chik Sum Jackson*
June 20, 2018
Director representing controlling shareholders (proposed by Guotong)
Director

Mr. Oliver Jan Schubert*
June 20, 2018
Director representing controlling shareholders (proposed by Guotong)
Director

* During 2021, the Directors ceased to be members of the Board of Directors and were replaced by Mr. Holm Sorensen Alverde, Mr. Li Bo and Mr. Liu Yuan.

Board **Meetings**

Throughout 2020, the Board held ten sessions. It is worth noting the commitment from the members of the Board of Directors in the exercise of their functions, highlighting the high participation and attendance at Board meetings, which registered a 87.5% in 2020.

In 2018 the Appointments and Remuneration Committee and the Audit and Risks Committee were voluntarily set up within the Board of Directors as there is no legal obligation in this regard; throughout 2020 three and two meetings were held, respectively:

- The Appointments and Remuneration Committee members are Mr. Niels Konstantin Jensen, Mr. Steve Deeley and Mr. Oliver Schubert.
- The Audit and Risk Committee members are Mr. Niels Konstantin Jensen, Mr. Steve Deeley and Mr. Ng Chik Sum Jackson.

Executive Committee

Mr. Fernando Bergasa Cáceres

Presidente

- Executive Chariman of Redexis Gas, S.A.
- PhD in Chemistry at Princeton University and executive training at Harvard and Chicago universities.
- Between 2007 and 2011 he was Chief Executive Officer of Naturgas Energia and Director at HC Energia.
- Previously, he held different executive offices in Endesa S.A. and was a consultant at Mckinsey&Co.
- Fernando Bergasa has also been a Director and Vice-chairman of the Executive Board of Sedigas
- He is a member of the American Chemical Society and member of the Alumni Advisory Board of the Universidad Autónoma de Madrid.

Mrs. Cristina Ávila García

Consejera Directora General

- Chief Operating Officer of Redexis Gas, S.A.
- Industrial Engineer from ICAI and MBA from IESE.
- Between 2007 and 2011 she was the Chief Operating Officer at Naturgas Energia and Director at Naturgas Energía Transporte and Naturgas Energía Distribución.
- Previously, she held executive roles in Endesa and was a consultant at Arthur D. Little.
- Cristina Ávila is also a member of the Executive Board of Sedigas.

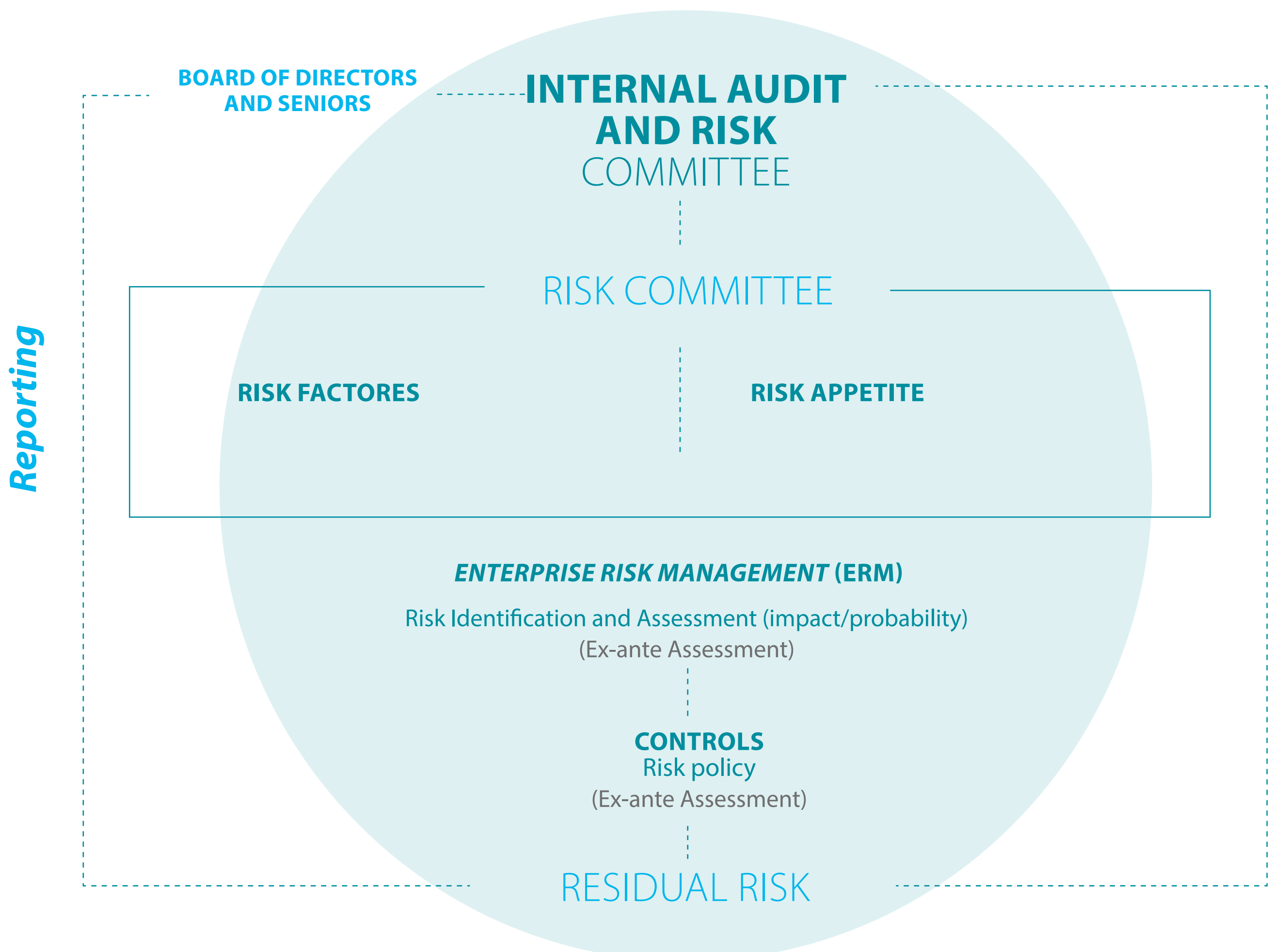
- **D. Fernando Bergasa Cáceres, Executive Chairman**
- **Dª. Cristina Ávila García, Chief Operating Officer**
- **D. Antonio España Contreras, Chief Financial Officer***
- **D. Ignacio Pereña Pinedo, General Counsel and Company Secretary**
- **D. Borja Polo Baños, Director of Strategy and Business Development****
- **D. Javier Crespo Millán, Director of Operations**
- **D. Diego Sánchez Muslera, Director of Networks, Facilities and Transportation Execution**
- **D. Andrés Oliva García, Residencial Commercial Director (B2C)**
- **D. Javier Migoya Peláez, Business and Industrial Director (B2B)**
- **Da. Susana Lorenzo De la Orden, Director of Corporate Resources**
- **D. Miguel Mayrata Vicens, Director de Diversificación de Negocio**
- **Da. Estefanía Somoza Villar, Directora de Comunicación Corporativa, Relaciones Institucionales y RSC**
- **Da. Mireya Martínez San Martín, Directora de Auditoría Interna**

* In March 2020, Mr. Antonio España left the company to take on new professional challenges.
** In May 2021, Mr. Borja Polo was appointed Financial Economic Director, keeping the Strategy and Business Development Department under his control.

Risk manage-ment

Redexis has launched the Enterprise Risk Management (ERM) Risk Management System, with the objective of providing a global and reliable overviewof all the risks that may affect the Company, taking advantage of the opportunities and minimising the negative effects that may occur.

The system is based on COSO international standards and ISO 31000.



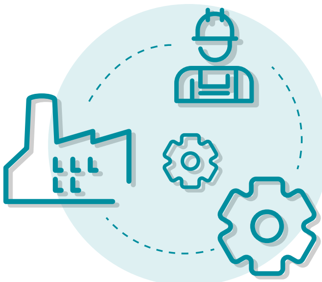
On February 20, 2020, the Board of Directors approved the Risk Control and Management Policy, with the objective of establishing the basic principles and general framework of risk management actions in order to promote compliance with the corporate objectives, within a framework of rigour and excellence, focused on safety and service to develop activities.

In order to manage said commitment, Redexis' Board of Directors, together with the Audit and Risks Committee, collaborates with the Internal Audit and Risks department, which coordinates the activities included in the risk management process.

Risk assessment process:

1. IDENTIFICATION of risks	**2. ASSESSMENT** of risks	**3. RESPONSE** strategies	**4. CONTROL** activities	**5. COORDINATION** and reporting

This process has a preventive approach focused on identifying and mitigating risks associated with the activity itself, as well as looking for opportunities, involving all departments and stakeholders taking part in the business life cycle. This process is supervised by the Audit and Risk Committee.



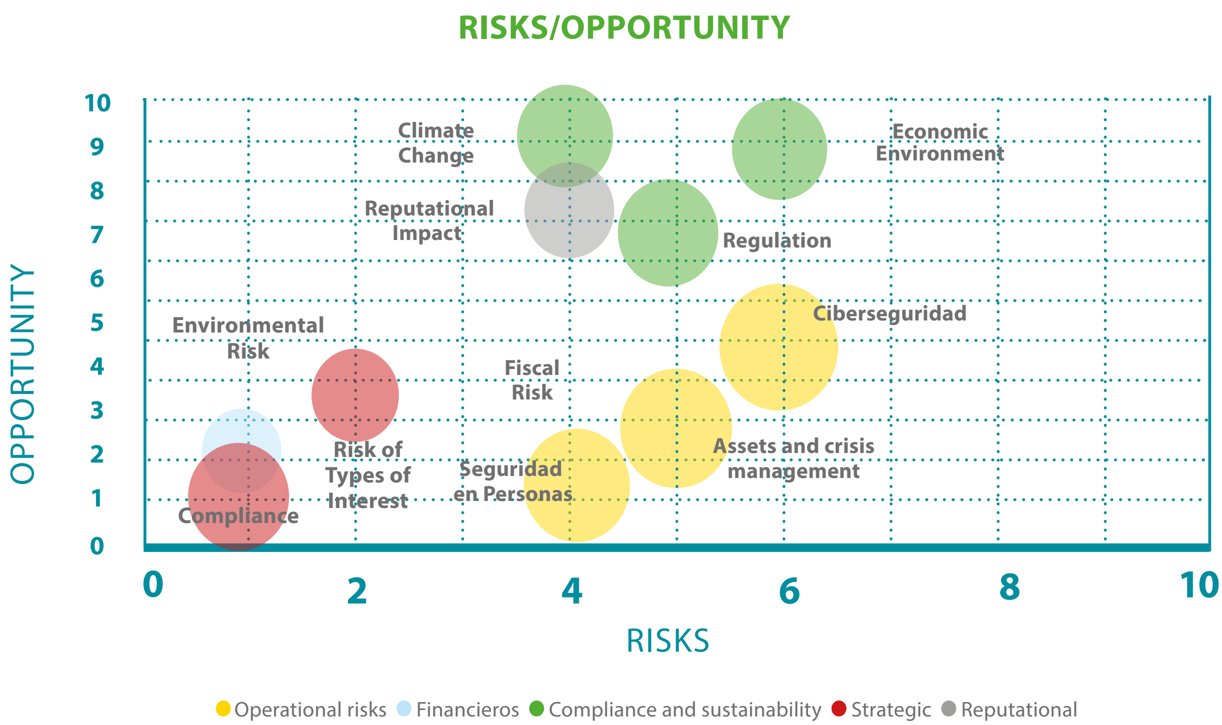
The main functions of the **Audit and Risk Committee** are as follows:

- **TO REVIEW AND EVALUATE POLICIES AND PRACTICES** regarding risk management and internal control.
- **TO MONITOR THE EFFECTIVENESS OF THE** internal control and risk management systems.
- **TO REVIEW THE COMPANY'S ABILITY TO** identify and manage new types of risks.
- **TO CONTROL THE EFFECTIVENESS OF THE** Risk Management System and the internal control of the Group.
- **TO ENSURE THAT THE BOARD OF DIRECTORS** receives periodic reports.
- **TO CONTROL COMPLIANCE** with the applicable external legal and regulatory requirements and the Code of Ethics, and other Company's risk management and internal control policies.

Redexis risks are classified into five main categories, mainly:

- **STRATEGIC RISKS:** related to external environmental factors such as political, legal, economic, socio-cultural, technological and environmental (where we include climate change), as well as all those that can have a significant impact on the strategic planning of the company.
- **OPERATIONAL RISKS:** associated with the safety of people, processes and infrastructures, with the quality of service and efficiency at work, as well as with the security of information technologies (ICTs).
- **FINANCIAL RISKS:** related to the financial management of a company (liquidity management, solvency, interest rates...).
- **SUSTAINABILITY/COMPLIANCE RISKS:** related to environment, people management, ethics, integrity and regulations compliance.
- **REPUTATIONAL RISKS:** related to the brand image and its communication with stakeholders. They may arise from external problems in the Group's activity sector or other events which may affect the perception of the company.

Here follows the **RISKS/OPPORTUNITIES** matrix, showing the main uncertainty scenarios faced by Redexis, as well as its potential to generate new opportunities.



Redexis has specific action plans for all the above mentioned for mitigating and control purposes, as well as actions focused on developing opportunities.

Actions continuously carried out to mitigate risks:

- Design of alternative plans to achieve the objectives set.
- Analysis of the brand impact on social media and the press.
- Diagnosis of vulnerabilities and focused action plans.
- Review and update of contingency plans for assets and conducting drills.
- Objectives for continuous improvement in environmental indicators.
- Continuous training on security issues and compliance.
- Constant and fluid communication with the competent institutions and bodies.

Specific actions carried out during 2020:

- Approval of the company's tax policy.
- Approval of the IT security policy.
- Follow-up of the agreements with the company's suppliers.
- Early debt refinancing.
- Strengthening the design of our communications network.
- Expansion of cyber intelligence efforts.

Sustainable Business Model

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Regulation of the sector 39

THE VALUE CHAIN OF THE GAS INDUSTRY

he company transports natural gas from the delivery points of the main or primary network in Spain to the points of consumption, homes or industries. In the case of homes and businesses, access to gas through Redexis' infrastructure contributes to competitiveness, ensures supply continuity, allows the introduction of technologies to improve energy use and generates direct and indirect jobs.

Actividad liberalizada

PRODUCER OR IMPORTER

Carries out the exploration, research, and exploitation of hydrocarbon deposits.
The production of renewable gases.

Regulated activity

REGASIFICATION PLANT

Owner of regasification plants transforming liquefied natural gas shipped and introduced in the system.

UNDERGROUND STORAGE

Owner of natural gas storage facilities in gaseous state.

TRANSMISSION

Owner of the natural gas transmission infrastructure in Spain for main networks with a pressure higher than 60 bar and backbone networks with a pressure level between 60 and 16 bar.

Redexis

DISTRIBUTION

Owner of the natural gas distribution infrastructure connecting the transmission system with connection points. It facilitates work at a maximum pressure equal to or lower than 16 bar.

Liberalised activity

RETAILER

Purchases natural gas from producers to subsequently sell it to users.
It uses the Spanish gas system to take gas to consumption points.

About Redexis

> Since its inception, Redexis has contributed to the deployment of gas in Spain, facilitating access to clean, comfortable and efficient energy

Redexis is an integral energy infrastructure company dedicated to the regulated activities of natural gas distribution and transmission, and to the distribution and supply of piped LPG for homes, businesses, industries and mobility. The company operates in regions and markets where gas penetration is lower than the national average and the average in other European countries.

The main activity of Redexis is gas transmission and distribution for the trading companies which sell the gas to customers. Redexis develops and operates infrastructures to transport natural gas from the trunk transmission networks in Spain to the points of consumption in homes, businesses, industries and service stations.

Natural gas and LPG transmission and distribution are carried out under a scheme of administrative authorisations and these activities are regulated by the Ministry of Energy Transition and by the National Commission of Markets and Competition which define the technical, administrative and economic standards of the industry. Regulated gas activities have a stable, transparent regulatory framework promoting market development.

Since its inception, Redexis' strategy has been aligned with energy policy guidelines and has contributed to the deployment of gas in Spain, facilitating access to clean, comfortable and efficient energy, and having invested more than €1,500 million since 2010.

Furthermore, the Redexis Group, through its subsidiary Redexis Servicios, develops new energy transition-related business opportunities, in the areas of natural gas refuelling infrastructure for vehicles, infrastructure for renewable energy sources, of solutions for energy efficiency and fibre infrastructures.

With more than 733,000 connection points and a distributed energy volume of 36TWh, the company facilitates access to a sustainable and efficient energy source, natural gas and LPG, serving 864 municipalities in 38 provinces through more than 11,000 kilometres of its own energy infrastructure. It is licensed to operate in the Autonomous Communities of Aragon, Andalusia, the Balearic Islands, Castilla-La Mancha, Castilla y León, Catalonia, the Community of Madrid, the Valencian Community, Extremadura, Navarra and Murcia.

Moreover, the company operates a network of 15 gas stations in service nationwide facilitating access to a competitive mobility alternative with low emissions.

91% of Redexis' activity is regulated and is aimed at providing an optimal, safe, efficient service, focusing on the end user in order to make decisions. All this is achieved by designing, building, maintaining and improving the transmission and distribution infrastructures to guarantee natural gas supply.

The company headquarters are in Madrid and has 17 work centres throughout Spain. It has a young and dynamic team with 348 full-time employees, whose experience allows Redexis to stand out as a leading company in the industry.

Redexis adheres to the United Nations Global Compact initiative as an integral part of its strategy and advocates for human rights. Moreover, it is committed to working in line with the sustainable development goals 2015-2030 approved by the UN in September 2015.

Mission

Being an **integral energy infrastructure company,** maximising growth and efficiency, and contributing decisively to sustainable development, being environmentally responsible and generating value for its stakeholders

Values

Moving forward
Living
Overcoming
Taking Care
Inspiring

"Redexis is committed to the energy transition and promotes the development of sustainable infrastructures, outstandingly managing its networks"

Visión

Being a reference energy infrastructures company, firmly **committed** to its customers, employees and shareholders, and admired for its **capacity for achievement and the creation of value** in the communities in which it operates

Strategic Model

Redexis is an energy infrastructure company committed to economic development, energy efficiency and respect for the environment. Through its infrastructures, the company facilitates access to safe, comfortable, efficient and low-emission energy sources for people, industries and businesses.

- **Transmission of natural gas**
- **Distribution of natural gas**
- **Piped GLP**
- **Assets for improving energy efficiency**
- **Refuelling infrastructure for low-emission mobility**
- **Injection of renewable gases, including biomethane and hydrogen**

A business model that responds to the challenges of the future

The company operates in regions where gas penetration is lower than the national average and in other European countries, representing an opportunity for gas expansion in the residential, business, industrial and mobility sectors.

Redexis maintains a solid and continuous expansion plan for its energy infrastructures, aimed at providing clean and efficient energy to the communities in which it operates, promoting their development and well-being.

Redexis designs its strategy according to future challenges, aligned with energy policy guidelines, and seeking sustainable growth and operation guaranteeing sustained profitability over time.

- Through the European Green Deal, the European Union has adopted the ambitious goal of achieving carbon neutrality by 2050.
- European Union and Spanish regulations foresee that natural gas and renewable gases will play a prominent and complementary role to electricity in terms of reducing emissions during the energy transition and in a long-term carbon-neutral economy.
- The Spanish Integrated National Energy and Climate Plan '21-30 foresees that until 2030 natural gas will maintain or increase its relevance in the energy mix, due to its proven contribution to reducing emissions, its flexibility and its competitiveness.
- Consequently, the recently published regulatory framework 21-26 for gas distribution and transmission promotes an extensive use of available infrastructure and the sustainable development of a new residential and industrial market. Likewise, the new framework includes additional incentives to connect new gas demand in the industrial and mobility sectors, expanding the role of gas infrastructure in reducing emissions by displacing other more polluting conventional fuels.
- According to the European Commission's study "Impact of the Use of the Biomethane and Hydrogen Potential on Trans-European Infrastructure", Spain has an extraordinary potential to produce renewable gas, neutral in emissions, and which can be exchanged for natural gas.
- Therefore, in the medium and long term, gas networks are aimed to play a central role in achieving the carbon neutrality goal, since they can be economically adapted to the distribution of renewable gases without emissions.
- Due to their capillarity, existing gas infrastructures can facilitate the deployment of renewable gases, since due to economies of scale of renewable gas production, gas networks allow renewable gas producers to access these economies by connecting and incorporating the gas demand at an economical transmission cost.
- Redexis' geographic footprint allows access to a renewable gas production potential equivalent to the natural gas volume currently distributed.
- Recently, through the implementation of the climate change and energy transition act, and the hydrogen and biogas roadmaps, the first steps are taken to harness the potential of renewable gas and long-term carbon neutral distribution networks, and to provide visibility and sustainability to invest in gas infrastructures.

he company continues to make progress in each of its **strategic pillars**, connecting in a sustainable way with regulatory priorities and the real needs of the society:

- **BALANCED AND SUSTAINABLE GROWTH:** focused on organic growth in users and demand from regulated businesses providing security, stability and long-term visibility.
- **OPERATIONAL EXCELLENCE:** based on adopting the most advanced technology, constructive agreements with collaborators and controlling costs and emissions, promoting improved operational efficiency and carbon footprint, growth and the quality of the projects carried out and the services provided.
- **DEVELOPING INNOVATION,** with the aim of improving the efficiency and sustainability of our activities and developing new business opportunities related to the energy transition, such as the gas refuelling infrastructure, the injection of renewable gases and the assets for improving energy efficiency.
- **RISK MANAGEMENT,** identifying Safety, Health and Environmental standards in advance, assessing risks based on their probability of occurrence and their possible impact on the company's strategy.
- The **COMMITMENT TO CREATING VALUE** for the society and to P**ROTECTING THE ENVIRONMENT.**

The **development of these strategic priorities** is supported by the following pillars:

PEOPLE,
who have extensive training and experience and are the driving force behind Redexis.

FINANCIAL STABILITY,
aimed to maintain the "investment grade" credit level and generating long-term growth investments.

SUSTAINABILITY
economic, social and environmental sustainability.

In 2020 the company has exceeded the objectives set and continued to grow above the industry average in number of users and demand. At the end of 2020, Redexis has 733,174 active connection points, transports more than 36.3 TWh of gas, operates a network of 15 vehicular natural gas refuelling stations and has entered into agreements with strategic partners to promote projects to inject renewable gases, biomethane and hydrogen in its networks.

The gas market in **Spain** in **2020**

In 2020, **the gas industry has shown its strength** in a context affected by the global pandemic:

- The technical and commercial availability of the gas system has been 100%, 24/7, every day of the year, in this exceptional context of a global pandemic. The gas sector has worked hard to guarantee the gas supply to all homes and businesses and has also carried out solidarity initiatives to mitigate the effects of the health crisis.

- In 2020, the number of gas connection points grew to 7.89 million, increasing in all sectors - residential, commercial and industrial-, despite the activity restrictions imposed by COVID-19.

- Natural gas demand reached 360GWh in 2020, the second highest figure since 2012. Compared to 2019, the 2020 demand was 10% lower due to the effect of the pandemic on gas consumption for electricity generation and the tertiary/industrial sector; and due to the effect of the warm weather conditions throughout the year. However, demand in 2020 achieved a 4% increase compared to the average registered in the last ten years, confirming a growth trend over the last decades. This is mainly due to the reduced consumption of other fossil fuels such as coal in favour of gas, an energy type which is more environmentally friendly.

- In 2020, investments in the gas industry amounted to €288 million and the transmission and distribution network of the gas system exceeded 94,000 kilometres, providing natural gas service to more than 1,811 municipalities and consolidating the capillarity and strategic importance of the industry and its expansion.

Natural gas represents approximately **25% of the energy consumption nationwide** and is an essential energy source **for the Spanish economy**:

- Around eight million households use natural gas for hot water, heating and cooking.

- In the tertiary sector, natural gas has a 28% penetration. The gas expansion has boosted the competitiveness of strategic sectors such as hotels.

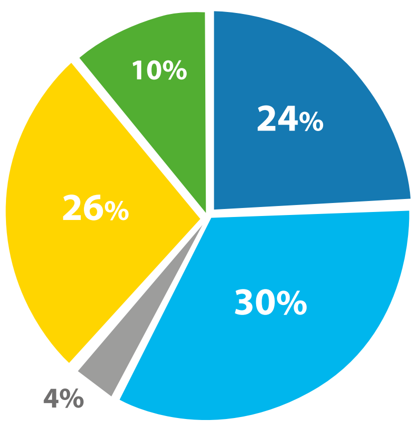
- In the industrial sector natural gas is difficult to be substituted in industries with high thermal requirements (chemical, steel, ceramic, paper, glass, food). More than 35% of the energy demand of the industrial sector is supplied by natural gas.

- In the mobility sector, vehicles powered by natural gas appear to be a mature, comfortable and economical alternative for reducing emissions in the transport sector: 30-50% lower cost per km compared to diesel trucks, up to 40% lower CO_2 emissions when using biomethane as fuel, and refuelling times similar to liquid fuels.

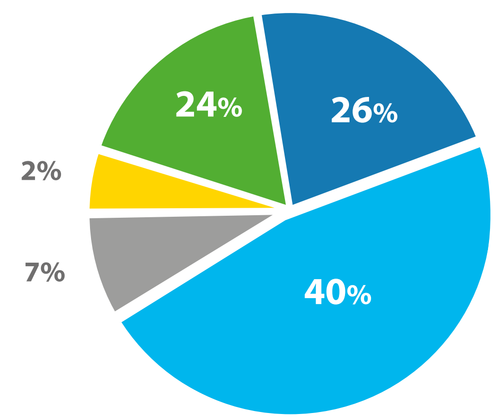
Natural gas is key to the energy transition due to its low emissions, and essential in today's economy due to its competitiveness and flexibility compared to other energy sources

Natural gas represents around 24% of the global and national energy mix

MIX OF ENERGY CONSUMPTION **WORLDWIDE 2020**



MIX OF ENERGY CONSUMPTION **SPAIN 2020**

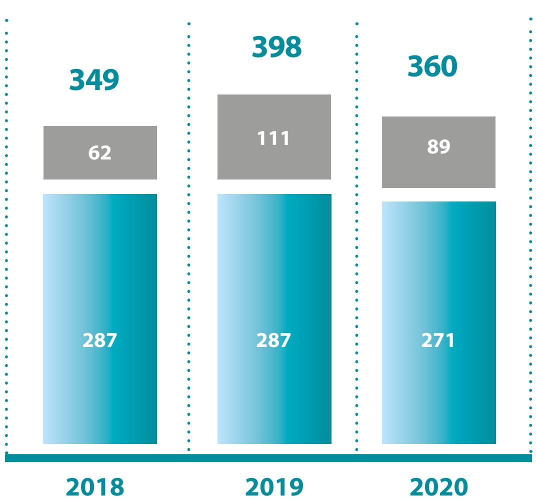


Natural gas · Oil · Biomass · Coal · Electricity

Source: Enerdata (Total world energy production 2019)

Source: Enerdata (Total energy production in Spain 2019)

ANNUAL EVOLUTION OF THE DEMAND FOR **NATURAL GAS** IN **SPAIN**

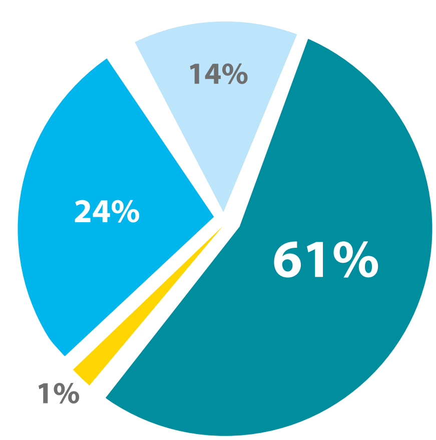


Conventional market

Electricity market

Source: Enagás

NATURAL GAS **DEMAND** IN **2020** BY **INDUSTRY IN SPAIN**



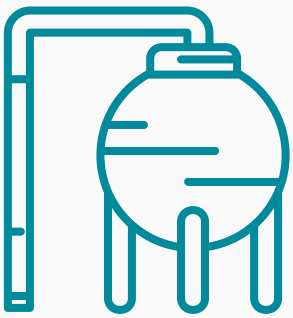
Industrial

D/C y Pymes

Electrical

SMEs

Source: Sedigas



Gas in Spain **still has margin for growth**, considering that:

- There is a low degree of penetration of natural gas in Spanish homes, 30%, compared to the 50% average achieved in the European residential market.
- There is scope to continue displacing more polluting fossil fuels in the industrial segment, and
- The refuelling infrastructure and the natural gas vehicle fleet is under development, recording a double-digit growth in 2020.

Advantages of natural gas supporting its development:

- It is an advantageous power source **in the residential, commercial and industrial segments**.
- It offers **flexibility to electricity generation** in a high penetration of renewable generation scenario.
- In terms of **mobility**, natural gas represents a **mature, comfortable, economical and lower emissions alternative**, compared to liquid fossil fuels.

ECONOMICAL

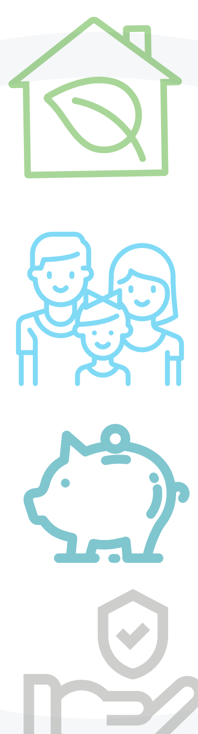
- Its higher performance generates a more economical final consumption.
- The gas consumed is the gas to be paid, and after having been consumed.

RELIABLE

- Continuous and uninterrupted supply, as it is transported by pipeline.

CONVIENIENT

- It does not require storage investment or storage spaces.
- It allows the simultaneous use of the required devices without quality limitation.



ECOLOGICAL

- Low pollution and particulate emissions levels.
- Environmental improvement due to the substitution of fossil fuels such as fuel oil, diesel oil and coal.
- It does not generate solid waste, smoke or bad odours.

FLEXIBLE

- Freely commercialised, allowing choosing the service provider.
- Supply allows quick starts and stops.

SAFE

- Quickly dissolved in case of accident.
- Easy machinery maintenance.

Industry **trends**

As part of the energy industry, the gas infrastructure environment is evolving marked by the EU's ambition to lead the transition towards long-term climate neutrality and recovery from the health crisis caused by COVID-19.

In this context, gas networks are considered a strategic asset considering that, due to their capillarity, they currently allow the economic displacement of other fuels with higher GHG emissions; and, due to their adaptability, in the near future they will be able to transport other renewable energy sources and neutral in emissions, such as biomethane and renewable hydrogen.

Likewise, vehicular natural gas emerges as a real alternative for low-emission mobility. Refuelling infrastructure and gas vehicles are recording a double-digit growth due to the low-emission mobility boost.

> "Gas networks are considered a strategic asset considering that, due to their capillarity, they allow the displacement of other fuels which generate higher emissions"

Energy transition: Targets have been set aimed to achieve long-term emissions neutrality articulated through European and national regulatory developments aiming to provide visibility to investors

The EU has articulated the ambition to achieve emissions neutrality through the European Green Deal, seeking to transform the EU into a modern economy, efficient in the use of resources, neutral in GHG emissions by 2050, without leaving people or places behind.

As a member of the EU, Spain has included the emission reduction ambitions and objectives of the European Green Deal through the Climate Change and Energy Transition Law. The law sets forth mobilizing more than €200,000 million of investment throughout 2021-2030 and develops two major tools included in European regulations which set forth energy policy objectives and guidelines providing visibility to investments: the Integrated National Energy and Climate Plan'21 -30 (ENCP) and the Decarbonisation Strategy in 2050.

These plans contemplate the essential role of natural gas in energy transition and the development of a circular economy based on energy vectors which depend less on non-renewable sources and promote agricultural and municipal waste management, such as biomethane and hydrogen.

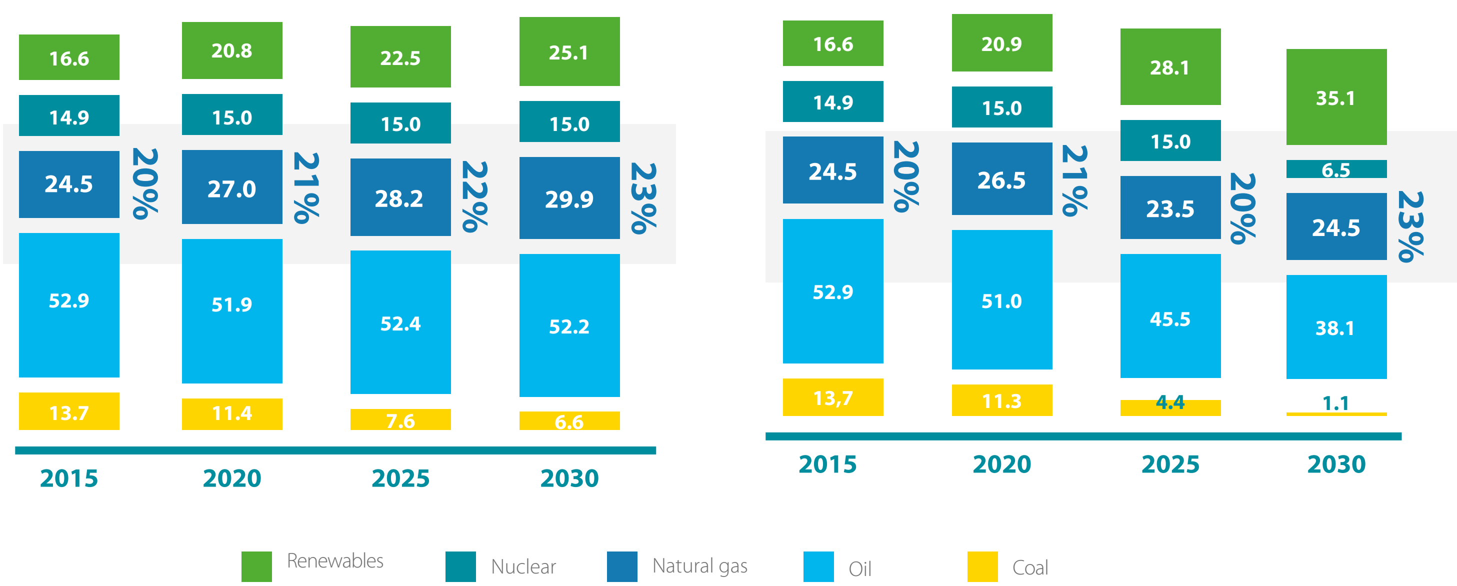
The ENCP foresees that natural gas will be increasingly more significant in the energy mix, or at least be as significant in 2030.

In addition, the ENCP '21 -30 introduces provisions to promote renewable gases, including biogas, biomethane and hydrogen, and the long-term decarbonisation strategy identifies renewable gases as energy vectors necessary to achieve carbon neutrality for industrial, residential and mobility uses

Natural gas will maintain its significance in the energy mix

ENCP Primary Demand Trend Scenario 2021-2030 (Mtep)

ENCP Primary Demand Target Scenario 2021-2030 (Mtep)



Wide investment opportunity and incentives for energy and digital transition projects, as levers for economic recovery after the health emergency

The EU will allocate a third of the €1.8 billion in investments from the Next Generation EU plan and the EU's 7-year budget to develop the European Green Deal.

Therefore, investments in the energy transition have been set as a great opportunity to stimulate the economy and mitigate some of the impacts of the COVID health crisis.

In Spain, the Climate Change and Energy Transition Law provides for leveraging more than €200,000 million of public and private investment throughout the 2021-2030s.

On the other hand, in order to boost economic recovery, the Recovery, Transformation and Resilience Plan, endowed with €70,000 million, will allocate 40% of the aid to projects related to energy transition, 30% to digital transformation projects, 11% to education and training and 7% to R&D and social cohesion.

In terms of hydrogen and renewable gases, it has been announced that 1,555 M EUR of European funds will be allocated in the period '21 -23 to boost the green hydrogen chain and more than 100 M EUR to boost the biogas value chain.

Renewable gases: Energy vectors required for long-term energy transition and carbon neutrality. Strategic role of gas networks, regardless of the type of gas transported and the time horizon

The widespread use and capillarity of gas networks is facilitating the decarbonisation, through natural gas, of the most polluting fuel consumption in the residential, commercial, industrial and mobility areas. Due to its competitiveness, flexibility, safety and low emissions, conventional gas demand has maintained a 4% growth rate since 2012.

In the medium and long term, the development of renewable gases (biomethane and renewable hydrogen) emerges as required to achieve climate neutrality by 2050: Renewable gases contribute to reduce GHG emissions in industries which are difficult to electrify; and they allow increasing the penetration of renewable energies in the energy mix. Likewise, the deployment of locally produced renewable gases offers other positive externalities in terms of energy security, trade balance improvement, development of new value chains, job creation and waste recovery.

Natural gas is interchangeable for renewable gases, both in terms of transmission and consumption, and the current gas networks facilitate the substitution of natural gas for renewable gases with limited investments.

Therefore, gas networks are a strategic asset to capture the benefits of scaling up renewable gases: The production of renewable gases benefits from economies of scale and gas networks allow producers to access these economies, adding already connected demand, with the most economical cost of transport.

Biomethane

Biogas is a fuel gas of renewable origin that contains 50-70% methane and 30-40% CO2, and produced from the decomposition of organic matter and anaerobic digestion. The biogas released by the decomposition of organic matter residues constitutes a source of GHG.

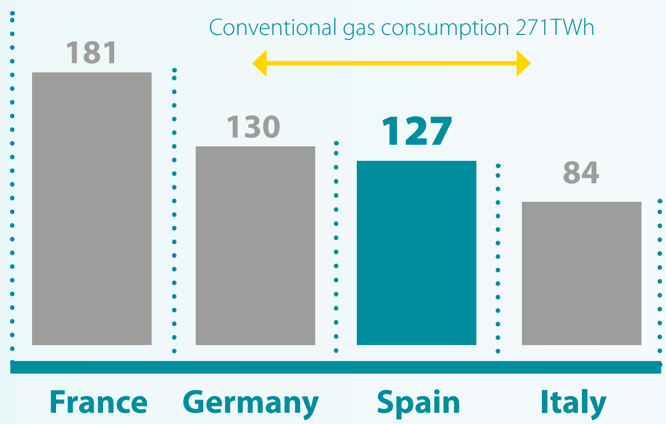
Therefore, capturing and using biogas energy contributes to the reduction of GHG emissions of organic origin into the atmosphere.

Biogas can be captured and processed to obtain biomethane, with a methane concentration of 90%, equivalent to the composition of natural gas consumed today, generating a 100% renewable gas which is exchangeable for natural gas in its distribution through gas networks and in final consumption.

The technology to produce and inject biomethane into the gas network is mature and available, and, based on data from the study "Impact of the Use of the Biomethane and Hydrogen Potential on Trans-European Infrastructure" of the European Commission, Spain has 127 TWh of biomethane production potential, the third largest in the European Union, only behind France and Germany. With an average emission factor considered of 25 gr of CO_2 per MJ(1), the use of this potential would allow, on average, to reduce CO_2 emissions into the atmosphere, by 14.3 million tons per year. This reduction is equivalent to 6.7% of the net total emissions of CO_2 in Spain in 2019(2). The development of biomethane goes through the following steps:

- The creation of a system of guarantees of origin which allows an added value to be attributed to biogas.
- The setting of annual biogas/ biomethane penetration targets in the sale of fuels.
- Enabling the option of biomethane injection in the gas network.
- Enabling investments to strengthen the gas system.

Biomethane production potential (TWh)



(1) According to the typical emission values included by the European Commission in its report "Impact of the Use of the Biomethane and Hydrogen Potential on Trans-European Infrastructure", published in April 2020.

(2) Registry of Greenhouse Gas Emissions, published by the Ministry for the Ecological Transition and the Demographic Challenge, March 2021.

Hydrogen

Hydrogen is the most abundant element, and it is found in the Earth in organic matter and, mainly, in water.

By extracting hydrogen from water through the electrolysis process through renewable sources, 100% renewable green hydrogen is obtained, with zero emissions.

Hydrogen production from water electrolysis has historically been very low, mainly due to the high capital cost of electrolysers and the associated cost of electricity supply. Nonetheless, the decrease in the cost of electricity generation and the increase in the surplus of renewable generation arising from the increase in solar and wind production capacity, pose a new scenario, in which the production of green hydrogen in larger power plants facilitates a significant reduction in the cost of hydrogen.

Considering it is a cross vector to the main energy sources in the current mix and given that Spain has abundant solar and wind resources, it could become an outstanding producer of renewable hydrogen.

Renewable hydrogen can be injected into existing natural gas networks for storage and later use in power generation or heat supply.

Strong development goal in the EU: H2 will reach 15-30% primary energy consumption by 2050.

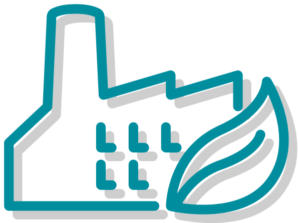
The hydrogen roadmap sets the objectives and the first measures to develop renewable hydrogen:

- 4 GW of installed power of electrolysers.
- Hydrogen production from renewable sources of 5TWh.
- Fleet of at least 150 buses, 5,000-7,500 light and heavy vehicles.
- Implementation of a network of at least 100 hydrogenerators and hydrogen-powered handling machinery in the five most important ports and airports.
- At least two lines of commercial trains powered by renewable hydrogen.
- Reduction of 4.6 M tons of CO emissions2 in the period 2020-2030
- Promoting the regulatory development of measures to facilitate and simplify the development [...] and of hydroducts to transport renewable hydrogen within the regulatory framework for the hydrocarbon industry.

NGV: Gas vehicles offer **a real and competitive alternative** to achieve **low emission mobility**

NGV is a more sustainable mobility alternative than traditional fuels. Gas on the move is an efficient and sustainable energy source which reduces air emissions, limits acoustic pollution, eliminates waste in the form of particles and is more economically competitive for the user:

- Reduction of emissions, eliminating sulphur emissions (SO_2), and considerably reducing carbon monoxide (CO) carbon dioxide CO_2).
- Noise reduction, with a significant cost reduction compared to other types of energy or fuels.
- Exempt from registration tax and ECO label of the Directorate General of Traffic, DGT, which entails the possibility of circulating through areas of the cities which are restricted for other types of more polluting vehicles.
- Supply guarantee, due to the use of existing infrastructures.



Currently in Spain there are 103 gas stations in operation (68 for LNG/LNG+C and 103 for CNG) and a fleet of 30,615 NGV vehicles, with a significant growth estimate for both the fleet and of new refuelling facilities in the next years.

Regulation of the sector

Gas distribution and transmission are regulated activities

Multiple agents take part in the Spanish gas sector and, although the supply and commercialisation of this energy are fully open, the rest of the phases in which Redexis carries out its largest business volume are regulated in terms of its economic system, rights and obligations.

> "Considering that Redexis Gas business is regulated, its predictability provides a solid foundation for growth investment"

The national regulatory framework is marked by its **stability,** likewise, generated by the transposition of the **European Directives,** and this has allowed an **efficient expansion**

The objective pursued by the European Regulation is to create the stable framework necessary for the functioning of an internal gas market, built based on effective competition between agents, the security of supply and transparency.

In the last 20 years the natural gas industry in Spain has undergone structural and operational changes, caused to a large extent by the adaptation of its regulatory framework to the principles set forth in the European Directives on common standards for the internal natural gas market and its associated regulations.

At national level, the regulatory stability scenario has contributed to the operators efficiently planning their investments by duly expanding the network and building an efficient and modern capillary gas system.

Evolution of the **Regulatory System** applicable to the **Transmission and Distribution of natural gas in Spain**

1998: Law Act 34/1998, of 7 October, on the Hydrocarbon Sector, developed the framework necessary for the promotion of competition between agents, and the separation of the different activities which are an integral part of the business. It includes a remuneration regime for both the transmission and the distribution of gas.

2001: Royal Decree 949/2001, of 3 August, which regulates third-party access to gas facilities and establishes an integrated economic system for the natural gas industry, established the basic principles of remuneration for regulated activities.

2012: Royal Decree-Act 13/2012, which transposes the Directives on the electricity and gas internal market, advancing in the separation of the agents' functions, in particular the functions of the network manager. The amendments included incorporate the requirement of effective separation of any transmission activity.

2014: Act 18/2014 addresses a reform of the general scheme of the system's revenues and costs based on ensuring economic balance (Principle of economic and financial sustainability of the gas system). In the case of transmission activity, the basis is to "vary" the remuneration of the developers of such assets so that it adjusts more accurately and easily to the levels of use of the infrastructures. Regarding the distribution activity, the remuneration base of agents are reduced to include the sector's costs, and the parametric formula is maintained, only changing some of its parameters, incentivising to a greater extent the gas expansion to new municipalities

2015: Law Act 8/2015, enacts the amendment of the LSH and RD 984/2015, of 30 October, providing a new remuneration regime for local gas pipelines and develops the regulated gas market.

RDL 1/2019: It amends the framework applicable to the tasks of the gas system, allocating tasks in favour of the CNMC regarding setting methodologies to determine tolls and remuneration to regulated activities.

CIRCULAR 9/2019: It sets a new remuneration methodology for the transmission of natural gas and of liquefied natural gas plants, effective as of January 2021.

CIRCULAR 4/2020: It sets a new remuneration methodology for the distribution of natural gas, effective as of January 2021.

Remuneration framework for regulated activities

DISTRIBUTION

- The remuneration regime for the natural gas distribution activity is based on a parametric formula linked to the growth in connection points and volume of energy distributed, so as to reward efficiency to incorporate users.
- Additionally, the entry into new municipalities without gas service is incentivised by an additional remuneration intended to expand the natural gas networks in the national territory.

TRANSSMISSION

- The remuneration system for transmission activities regime of the transmission activity is based on a remuneration model according to assets built and includes a part to remunerate the investment, another one to remunerate the operation and maintenance and a new term which varies according to global demand.
- Taking into account that they are capital-intensive activities, the new modifications have allowed a better adjustment of the costs to the industry's revenues.

LIQUEFIED PETROLEUM GAS (LPG)

- The LPG business for distributing companies is constrained by the regulation, insofar as the purchase price of the raw material from the wholesaler, as well as the sale price to the final user, are both regulated.

> "Natural gas will play a key role in the global energy transition since it is a cleaner source of energy and due to the increasing injection of renewable gas in its infrastructure"

The gas industry will certainly be one of the key players in terms of achieving **climate neutrality**

In the current energy transition context, the foundations are being laid, both at the European level and at national level, to ensure the incorporation of renewable gases into the gas system, promoting a decarbonised gas in the future, a more efficient solution than a complete electrification, and ensuring medium and long term use of the existing gas infrastructures, as well as the development of new ones.

In this sense, at the European level, the development of renewable energies constitutes one of the goals of the "Clean Energy for Europeans" regulatory package, published by the EU in May 2019, completing the process initiated by the European Commission in November 2016, in which an important package of measures was introduced so that the EU can lead the global energy transition towards decarbonisation and the prevalence of renewable sources.

The Commission Notice "The European Green Deal", likewise published in 2019, or the "Hydrogen Strategy" underline the importance of existing gas infrastructures in a future of decarbonised gases, essential to achieve climate neutrality by 2050 as set out in the "European Climate Law", since renewable gases contribute to reduce GHG emissions in industries which are difficult to electrify and to mobility; and allow increasing the penetration of renewable energies in the energy mix.

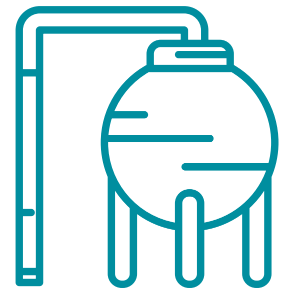
At national level, renewable gases constitute a fundamental pillar of the **Strategic Energy and Climate Framework**

In Spain, since 2019, work has been done to develop the S**trategic Energy and Climate Framework**, which includes:

- The "Climate Change and Energy Transition Law" (finally published as Law 7/2021), in which Article 12 sets out the promotion of renewable gases, including biogas, biomethane and hydrogen, allowing the definition of Regulations that favour the direct industrial use of gases or their use for mobility solutions, as well as the injection of the above mentioned renewable gases into the natural gas network",

- The "Just Transition Strategy".
- The "Integrated National Energy and Climate Plan (ENCP) 2021-2030", published on 25 March, 2021, which likewise includes in its Action 1.8 the promotion of renewable gases; beyond establishing primary demand scenarios in which gas continues to make a significant contribution in difficult electrification industries.

Likewise, the "Long-term Decarbonisation Strategy 2050" has been published, (November 2020, setting out the path for post-2030 decarbonisation and recognizing that thermal renewables, renewable gases, and hydrogen can be significantly beneficial.



The gas regulatory framework is already internalising the promotion of renewable gases

In this sense, the “Green Hydrogen Roadmap” (approved by the Government on 6 October, 2020) sets out a series of goals and defines measures to promote regulatory developments to simplify and facilitate the deployment of hydroducts in the regulatory framework of the hydrocarbon industry (Action 3).

On the other hand, current regulations already allow the existence of hydrogen with a concentration of up to 5% in natural gas.

Similarly, the “Biogas Roadmap” (in public consultation phase) likewise sets outs the goals and defines the measures aimed to create a system of guarantees of origin, proposes to define obligations of use and to review the legislation and technical regulations to allow the integration of renewable gases in gas infrastructures in the medium and long term.

In this context, the Ministry for the Ecological Transition and the Demographic Challenge published the Guidelines for Energy Policy incorporated by the CNMC when defining the Orders which would set out the remuneration methodology for natural gas transmission and distribution activity in 2021-2026. In these guidelines, the Ministry sets out the methodologies to encourage the expansion of the operation of the necessary infrastructures to guarantee supply, as well as to promote the injection of renewable gases or natural gas for vehicles in the networks.

As infrastructures are necessary to **incorporate renewable gases** and to comply with **environmental goals**,with full regulatory and corporate commitment

Considering the above-mentioned framework, the results show that the gas industry is increasing its adaptive capacity, expanding new markets, making progress in attracting customers and promoting its competitiveness.

Therefore, without disregarding the important impact of certain aspects on revenues, (such as combined cycles consumption or climate), which cannot be directly managed but can make these revenues fluctuate temporarily, after the above-mentioned cost adjustments, and even still in an economic crisis scenario, the system is proving to meet the criteria of economic and financial sustainability, committing to an efficient expansion which likewise extends to new projects of renewable gas capacity and the supply of natural gas for vehicles, pursuant to the regulatory provisions. This means that industry’s revenues are properly correlated to the costs and, therefore, that the tolls have not had to be raised.

Performance and **Business Results**

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Operational Dimension

Natural gas and LPG play an essential role in achieving the goals of reducing emissions by meeting the needs of homes, industries and services, improving the competitiveness of the services taking into account it is an economical energy with great heat capacity. At the same time, it allows carbon footprint reduction by substituting more polluting fossil fuels and supporting the penetration of renewable energies in the electricity industry.

During 2020, Redexis has continued implementing its investment strategy to develop gas networks, which has allowed and increased penetration rate in the territories in which it already operates and increased its presence throughout Spain, playing a key role in the Spanish energy market.

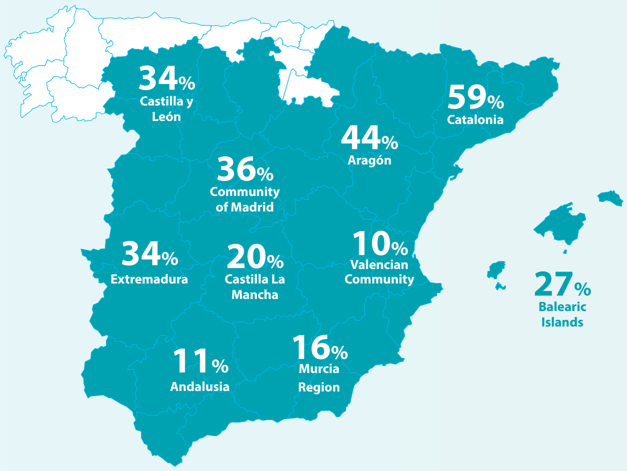
In a year marked by mobility restrictions which have affected the level of activity, the Group has exceeded 733 thousand connection points, registering a 2.6% growth in the number of supply points connected to its network and distributing

36,260 GWh to hundreds of thousands of homes, businesses and industries, a 1.7% increase compared to 2019. Additionally, 575 km of networks have been built, allowing access to gas to thousands of users.

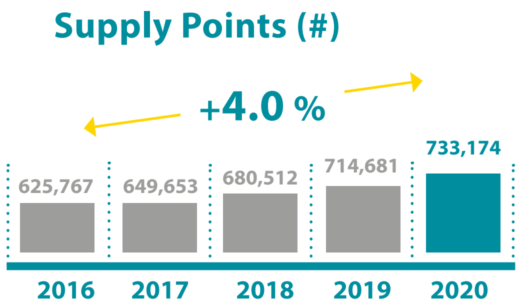
Operating data	2019	2020	%
NG (P<4b)	618,183	632,667	2.3%
NG (P>4b)	310	317	4.2%
LPG*	96,188	100,190	2.3%
Connection Points	**714,668**	**733,174**	**4.1%**
Serviced Provinces	**29**	**38**	**31%**
Serviced municipalities*	**830**	**864**	**4.1%**
Network Length (Km)	**11,140**	**11,715**	**5.2%**
Distribution Network Length (Km)	9,498	10,073	6.1%
Transmission network Length (Km)	1,643	1,643	-
Distributed energy (GWh)	**35,642**	**36,260**	**1.7%**
No. of gas pipelines	**51**	**51**	**-**

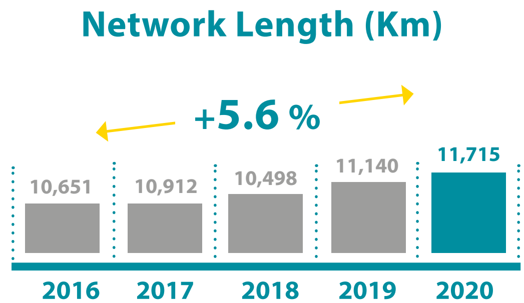
* In 2019, the CEPSA acquisitions of LPG supplyconnection points are included. In 2020, the 4,230 LPG supplyconnection points acquired from Repsol in 35 municipalities are included.

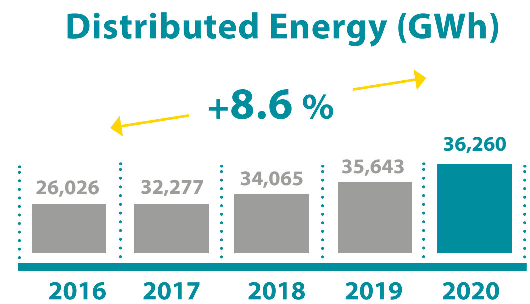
Regions in which Redexis **operates**



The map shows the percentage of connection points over the total number of homes in municipalities where Redexis has administrative authorisation.







Transmission

Redexis builds, operates and maintains its own transmission network that facilitates access to natural gas for millions of people. This network consists of high pressure gas pipelines which bring natural gas from the primary network to industrial centres, power stations or distribution networks according to current legislation and regulations.

Since 2010, the Group has invested more than 250 million in primary and secondary gas pipelines, actively contributing to the Spanish energy structure at regional level.

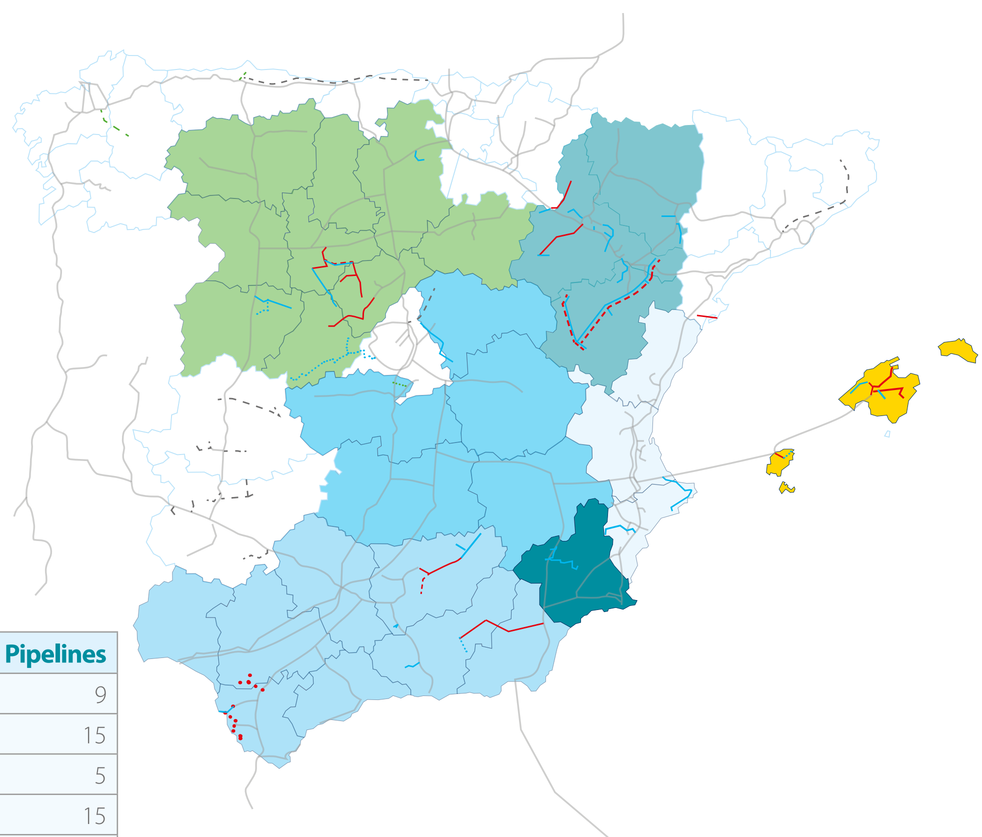
TRANSMISSION PIPELINES EGT/TRG

PLANNING 2008-2017

- Primary Transmission Category A
- Secondary Transmission Category A
- Primary Transmission Category B
- Secondary Transmission Category B
- Pending Inclusion Planning

IN SERVICE

- ENAGAS
- Primary Transmission
- Secondary Transmission



Regions	Transmission Network	Gas Pipelines
Andalusia	294	9
Aragón	559	15
Balearic Islands	181	5
Castilla y León	358	15
Castilla-La Mancha	83	3
Valencian Community	103	3
Murcia	65	1
TOTAL	**1,643**	**51**

Distribution

Likewise, Redexis develops distribution networks. The Group builds, operates and maintains the necessary facilities to supply natural gas and allows gas access to new users.

The Redexis distribution network expansion programme is connected to the existence of a transmission network or a satellite LNG plant. The investment in new distribution assets allows the connection of:

- **New Homes.** New connection points for new housing developments.
- **New connection points within a building connected to the Group's distribution network** drequiring individual installation in the customer's home.
- **New connection points in buildings not connected to the distribution** network, requiring a connection pipeline and other individual facilities to reach each customer.
- **New connection points in neighbourhoods with no distribution network and network** requiring an infrastructure in order to supply these points.
- **New connection points for industrial or commercial users** not connected to the network.

In 2020, more than €120 million have been invested to deploy 272 kilometres of networks and distribution assets, reaching a total of 10,073 km of networks in 265 municipalities of 10 autonomous communities. The distribution of natural gas has likewise started in four municipalities: Sarrión (Teruel), San Esteban de Litera (Huesca), Ubrique (Cádiz) and Calpe (Alicante).

The company has added 25,308 new natural gas connection points, closing the year with 632,677 operational connection points, achieving a 2.4% growth compared to 2019. Redexis supplied 36,260 GWh, a 1.7% increase compared to the previous year, regardless of decreased volumes due to the pandemic, as a result of the organic expansion effort in all residential, tertiary and industrial sectors.

In a year with significant restrictions regarding activities, the company's networks have been 100% available, has implemented 100% of the maintenance and home care tasks, reaching similar volumes of activity to 2019.

During the financial year 2020, Redexis has continued to consolidate its business activity and to develop its products and services focused on the domestic customer, intensifying at the same time its service proposal in the tertiary and industrial market, offering new appropriate service solutions to each customer.

In 2020, the company made progress on:

- **Launching the Anidia brand**, to support and modernise the residential expansion activity.
- Launching **energy efficiency asset services line** focused on the tertiary and industrial sector.
- Action plans to for a **more efficient operation and maintenance of natural gas** networks.
- **Robotisation of routine** tasks.
- **Virtualisation of LNG plants** (Simual project).

Regions with natural gas	Connection points		Distribution network (km)		Municipalities in service		Transmission Network (km)	
	2019	2020	2019	2020	2019	2020	2019	2020
Andalusia	68,275	72,957	1,496	1,587	54	55	294	294
Aragon	239,621	242,816	1,942	1,967	71	72	559	559
Balearic Islands	112,593	115,263	1,294	1,342	17	17	181	181
Castilla y León	42,816	43,993	715	728	48	48	358	358
Castilla-La Mancha	9,746	10,565	203	219	15	15	83	83
Valencian Community	18,169	18,734	416	440	17	18	103	103
Murcia	101,940	102,839	1,977	2,027	31	31	65	65
Extremadura	8,664	9,015	178	184	2	3	0	0
Madrid	921	1,039	38	38	2	2	0	0
Catalonia	15,748	15,763	142	142	4	4	0	0
TOTAL	**618,183**	**632,677**	**8,402**	**8,674**	**261**	**265**	**1,643**	**1,643**

Redexis edexis offers a **series of services** directly related to **gas distribution** to end users:

1. Rents Receiving Facilities
in the communities and measurement equipment.

2. TAKES READINGS OF HOUSEHOLD METERS
in those areas in where the facilities are to measure the gas consumption of the user.

3. PERIODIC INSPECTION SERVICES
guaranteeing efficiency and security in the use of their gas reception facilities.

4. PROVIDES A SERVICE FOR NETWORK CARE SERVICES EMERGENCIES
and reception facilities ensuring the safety of the facilities.

Liquefied Petroleum Gas

Within the framework of its piped gas distribution activities, Redexis is likewise committed to the distribution and marketing of piped liquefied petroleum gas (piped LPG), a regulated activity subject to the regime set forth in Title IV of Act 34/1998, on the hydrocarbon industry.

LPG supply bears certain similarities with the supply of natural gas and, from a regulatory perspective, it is an industry in which the same administrations and regulatory entities (CNMC, MITECO and Autonomous Communities) intervene, although their remuneration scheme is different.

Redexis offers an alternative and complementary solution by means of the development of LPG distribution facilities for the channelled transmission of this fuel to the end client.

LPG is a by-product of oil refining which is extracted and transmitted to stored, until it is sent by road to channelled LPG distribution satellite plants. This is made through medium and low-pressure networks up to the connection.

> In 2020 Redexis has continued to increase the number of municipalities receiving distribution, the number of connection points and the length of LPG distribution networks

In 2020, Redexis has continued to grow in the piped LPG business, incorporating 6,000 new connections, in line with 2019, despite the mobility restrictions imposed due to the health crisis.

In the tertiary and industrial sectors, 12GWh of new demand has been contracted, a volume three times higher compared to 2019. Additionally, the company has entered into an agreement with Repsol to acquire 4,230 LPG connection points in 35 municipalities. As a consequence of this growth strategy, Redexis is consolidated as the second piped LPG operator at national level, providing LPG service to nearly 100,200 connection points in 793 municipalities in 11 autonomous communities.

Organic growth of the LPG business in 2020:

- **Increased customers supplied** in line with the previous year, in a complex year marked by the Covid-19 pandemic.
- Contracting more than 12GWh of tertiary and industrial consumption, a volume which is **3 times higher than the previous year.**
- Contracting more than 1,700 value-added services, **accumulating a base of more than 6,650 clients.**

LPG	Connection Points		Distribution network (km)		Municipalities in service	
Regiones	2019	2020	2019	2020 (with Repsol and Cepsa pending inclusion)	2019	2020 (with Repsol and Cepsa pending inclusion)
Andalusia	13,626	13,484	157	144	55	64
Aragón	17,790	18,149	249	366	199	200
Balearic Islands	11,957	11,426	36	39	37	37
Castilla y León	8,377	8,375	93	129	63	144
Castilla-La Mancha	8,138	8,232	85	104	33	80
Valencian Community	8,928	10,843	124	151	30	47
Murcia	14,389	14,637	251	257	28	27
Extremadura	3,169	5,141	12	57	3	54
Madrid	4,963	5,399	37	51	4	44
Catalonia	3,681	3,616	53	69	12	63
Navarra	1,170	888	0	32	0	33
TOTAL	**96,188**	**100,190**	**1.097**	**1,399**	**464**	**793**

At operational level, in 2020 the Company has started redesigning preventive maintenance for different types of LPG facilities owned by Redexis facilities to adequate them more to each type of facility and their corresponding needs. These plans will be implemented throughout 2021, with the aim to improve maintenance efficiency.

We moved forward in 2020 in:

Implementing action plans to make operational LPG infrastructures more efficient.

Corrective actions to improve self-consumption in the facilities.

New monitoring models of tank stock levels and energy supply management.

Actions to improve energy security and management of the connection point with meter replacement and fraud identification.

Operational footprint expansion. New operational bases in new provinces and new collaboration agreements with maintenance entities.

Liberalised activities

- **Rental of the Common Receiving Facility (CRF):** to carry the gas from the gas connection to the Individual Receiving Facilities.
- **Other Distribution Services:** connection and reconnection, change of gas meters, verification of facilities, and the like.
- **Added Value Services:** preventive maintenance, meter readings, breakdown notification services and corrective maintenance work on the clients' gas and thermal facilities.

Natural Gas Vehicles **(NGV)**

Redexis is the main player in the development of gas stations in Spain, beginning in 2019 by building the first gas station located in Zaragoza, in the Taxi Coop (Cooperativa del Taxi), which was opened at the end of the first half of 2019.

During 2020, Redexis has inaugurated two gas stations with CEPSA in Puerto Lumbreras (Murcia) and Mercazaragoza (Aragón).

Likewise, and within the framework agreement signed in 2019 between Redexis and the Orthem business group, in June 2020 a network of seven gas stations (Murcia, Cartagena, Cieza, San Javier, Yecla, Lorca and Caravaca) were built to supply compressed natural gas to the ambulance fleet of the Murcian Health Service, consisting of about 400 vehicles.

A gas station in Alcorcón (Madrid) and gas stations in Mallorca which allow supplying the island's interurban transport service (TIB, for its acronym in Spanish) should likewise be mentioned, as well as the necessary branches to supply gas to the facilities in Mallorca as a result of the agreement with the Consorcio de Transportes de Mallorca. Specifically, two CNG gas stations have been built in Felanitx and Calviá (Son Buadelles) and three gas stations of the Ruiz group have been connected to serve the TIB in Palma, Inca and Alcudia. In total, there are 198 TIB operational interurban transport coaches with CNG in Mallorca.

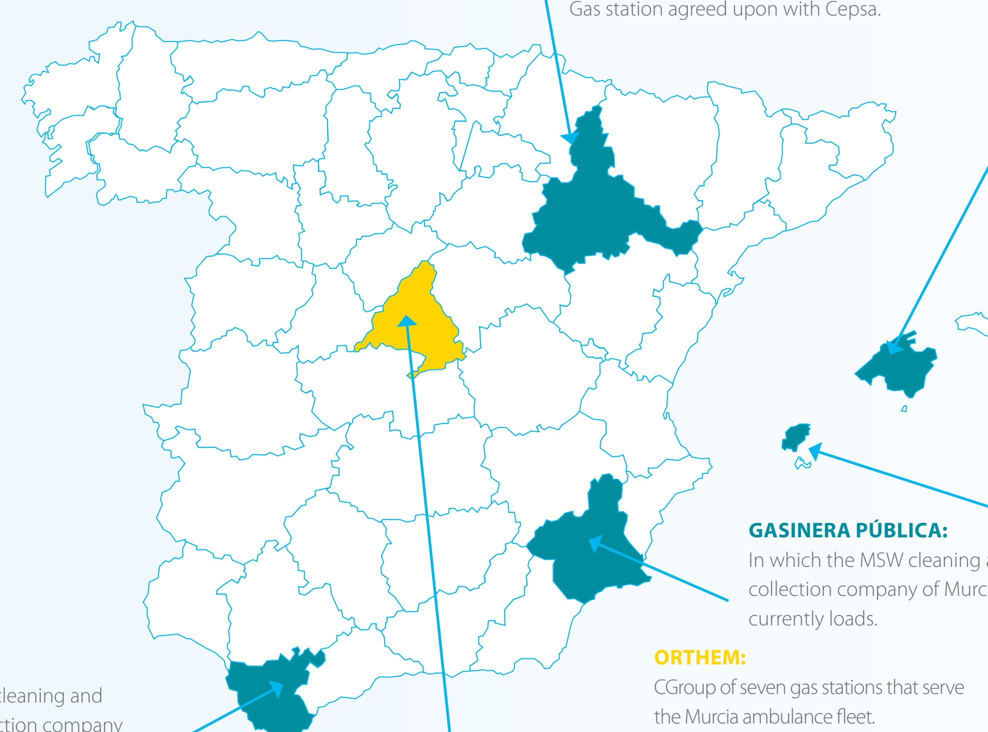
In Spain, the local fleet in charge of collecting waste and cleaning in Palma de Mallorca (Emaya) uses NGV through Redexis, as well as Valoriza Servicios Medioambientales in Ibiza, local urban buses in Palma (Empresa Municipal de Transportes-EMT), urban buses in Figueras and the company in charge of cleaning and waste collection in Puerto de Santa María in Cádiz. Moreover, there are other gas stations connected to the Redexis network in the national territory, for example, in Murcia.

Redexis continues to reaffirm its commitment to sustainable mobility. Moreover, it has reached agreements to promote the sale of NGV vehicles with the main manufacturers: SEAT, VW Commercial Vehicles, FIAT and Scania, among others. Other promotion agreements to transform NGV with transformers nationwide have been entered into (EVARM, ECOTRUCK, Gas & Go, Gasmoción and Ferro-site) and hospitality agreements in the gas station network with professional card issuers (Edenred, Andamur).

> “NGV helps reduce air emissions, limits noise pollution and eliminates waste in the form of particles”

In its commitment and involvement to develop more sustainable forms of mobility, throughout 2020 Redexis has participated in forums such as Zaragoza GNC Conference in February, the “Low-Emission Mobility Means: Advantages and Challenges” webinar. Likewise, Redexis took part in the European Mobility Week 2020 which took place in September, sharing informative content to raise awareness and to inform the society.

OPERATIONAL PROJECTS



COOPERATIVA DEL TAXI DE ZARAGOZA (ZARAGOZA TAXI COOP) ZARAGOZA À MERCAZARAGOZA (A-2):
Gas station agreed upon with Cepsa.

MURO TOURIST TRAIN:
Station for loading the tourist train to Playa de Muro.

GALLETAS QUELY:
It has five NGV vehicles and has a short termestimate of seven additional ones.

EMAYA (MSW cleaning and waste collection company in Palma de Mallorca) currently has a fleet of 63 NGV vehicles.

EMT PALMA DE MALLORCA:
12 NGV operational buses and incorporation of 100 new ones vehicles in 2018. Five CNG gas stations serving the TIB. In total, 198 operational interurban transport coaches.

GASINERA PÚBLICA:
In which the MSW cleaning and collection company of Murcia currently loads.

VALORIZA (USW cleaning and waste collection company in Ibiza): It has a fleet of 25 NGV vehicles.

ORTHEM:
CGroup of seven gas stations that serve the Murcia ambulance fleet.

PUERTO LUMBRERAS:
Gas station agreed upon with Cepsa.

FCC (USW cleaning and waste collection company in Puerto de Santa María): It has a fleet of about 17 NGV vehicles.

COAR (ALCORCÓN)

Gas stations which use the Redexis distribution network

Gas stations managed by Redexis

Economic-financial and Financial Dimension

Economic Summary 2020

The main activities of Redexis are the transmission, distribution of natural gas transmission and the distribution and marketing. Likewise, Redexis renders services related to the distribution of natural gas such as inspections, meter rentals, registration rights.

Redexis' revenues come mainly from the remuneration received from the gas system for the development of natural gas and LPG transmission and distribution activities, recognised by the national regulatory authorities, which allow the Group to recover the investment made, obtain a reasonable profitability and incentivise an efficient management.

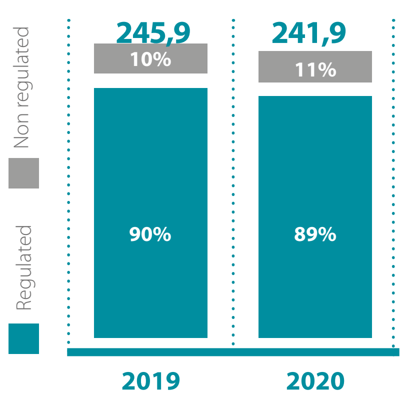
The financial year 2020 has been marked by the health emergency crisis due to the COVID-19 pandemic. In this environment, Redexis has proven that its business model is resilient and versatile, maintaining its ability to create value and generate resources through a sustainable investment model focused on growing and developing the traditional regulated gas infrastructure business.

Redexis has been able to adapt to the economic situation in Spain, maintaining its growth level in the residential sector and especially in the industrial sector, managing to mitigate the decreased activity in the tertiary sector due to the pandemic crisis. This has allowed the corporate level of revenues and operating results to be minimally affected. At the same time, Redexis has maintained its commitment to a sustainable growth, having invested more than €120 million and despite the mobility restrictions which limited the investment level it had been registering in recent years

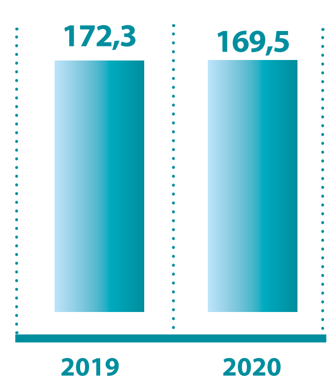
Financial data Figures in millions of Euros except where indicated	2020	2019
Revenue	241.7	245.9
Distribution- regulated	106.8	109.6
Other distribution revenues- regulated	25.4	27.7
Regulated Transmission- regulated	59.6	62.9
LPG Regulated business	22.6	22.3
Other operating income	11.4	7.7
Group works for non-current assets	16.1	15.7
Gross operating profit	169.5	172.3
Margin	70.1%	70.1%
Margin (excluding the dilutive effect of the LPG Margin)	75.1%	75.1%
Capex	120.6	151.1
Profit for the year	(6.8)*	37.6*

* Losses due to an extraordinary effect on corporate tax expense.

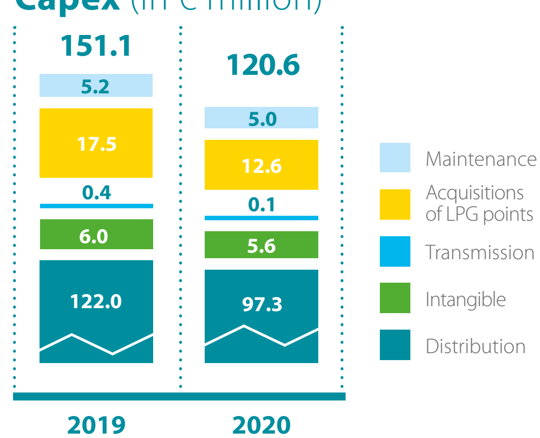
Operating income (in € million)



Gross operating profit (in € million)



Capex (in € million)



Debt structure and financial position

The company's financial policy is based on ensuring a solid financial position, that allows to maintain a long-term debt profile allowing to maintain an investment grade credit rating.

Rating S&P	Available liquidity	Average financial cost	Average debt maturity
BBB- stable outlook (May 2020)	**€386.6 M**	**1.56%** (2.2% in 2019)	**5.7 years** (5.03 in 2019)

The debt structure is balanced, maintaining a long-term maturity profile, diversified sources of financing and a solid liquidity position that allows it to continue growing and creating value.

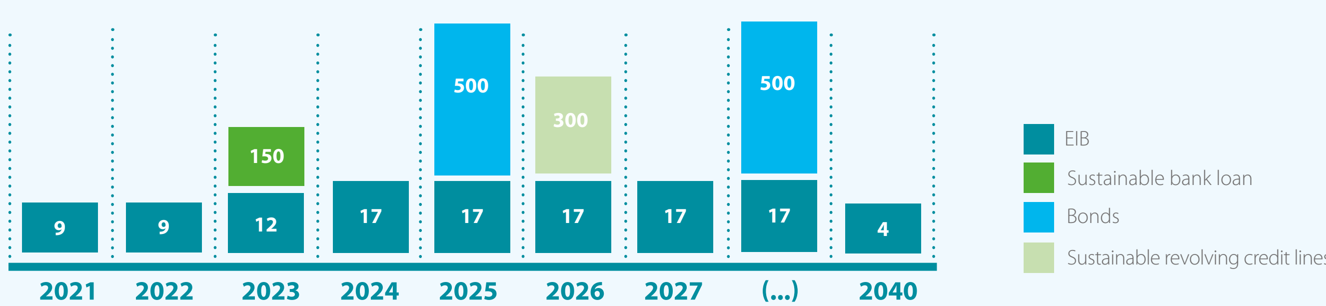
Financing (in millions of euros)	Limit	Available	Maturity
European Investment Bank	275.6	-	2036-2040
Bonds	1,000.0	-	2025 y 2027
Sustainable Revolving Credit	300.0	300	2024-2026
Sustainable Loan Term	150.0	-	2023
Cash available	86.6	86.6	-
TOTAL	**1,812.2**	**386.6**	

Figures as of December 31, excluding the amortised bond (both nominal and accrued interest) repaid on January 8, 2021.

In 2020, Redexis successfully completed the early refinancing of a €650 million bond maturing in April 2021. This transaction was configured through the issuance of a bond amounting to €500 million, maturing in 2025, which was overwritten 6 times, and then a sustainable bank loan of €150 million, maturing in 2023. This transaction once again proven the trust of investors and the financial community in Redexis and is reaffirmed by having confirmed its investment grade credit rating from the Standard & Poor's agency.

Long-term financing, with no upcoming maturities

In million €, December 2020



The bond maturing in 2021 – cancelled on January 8, 2021 – is excluded.

Redexis **Commitment**

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Redexis Foundation	76
Environment	82
Safe Infrastructures	90
Technology and Innovation	93

Stake-holders

Redexis is a member of the Spanish Network of the United Nations Global Compactstá, and is committed to supporting, through its activities, the consolidation of this international Project, while contributing to the achievement of the Sustainable Development Goals (SDG) which constitute the 2030 Agenda.

DIMENSION	SDG	ACTIONS
Social	1 NO POVERTY	Payment of LPG bills of requesting vulnerable clients during the State of Alarm. Donation of €10,000 to the Spanish Food Bank Federation (FESBAL, for its Spanish acronym) by the Redexis Foundation.
	3 GOOD HEALTH AND WELL-BEING	Donation of technological material to the IFEMA field hospital during the Covid-19 pandemic by the Redexis Foundation. Donation of €90,000to the autonomous communities of Madrid, Aragón and Castilla-La Mancha to purchase medical supplies and protective equipment, through the Redexis Foundation. Implementation of the psychosocial and well-being action plan for Redexis employees.
Economic	8 DECENT WORK AND ECONOMIC GROWTH	Creation of the Redexis Foundation to help the most vulnerable groups through charitable, social, cultural, educational works and the like. Telecommuting of all employees to protect employees' health during the pandemic.
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Development of novel artificial intelligence tools with new algorithms to improve business efficiency and to optimise network deployment. Guarantee of continuity of energy supply at all times and suspension of cuts due to non-payment during the State of Alarm, providing natural gas to critical infrastructures.
Environmental	7 AFFORDABLE AND CLEAN ENERGY	Commitment to develop vehicular natural gas (NGV) refuelling stations, encouraging its demand to promote sustainable mobility. Promoter of hydrogen and photovoltaic solar energy. Agreement with Cepsa to promote NGV and to create a large gas stations network.
	11 SUSTAINABLE CITIES AND COMMUNITIES	Commitment to transparency, communication and with stakeholders by publishing annual reports, sustainability reports and non-financial statements.
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Signing of agreements with manufacturers to promote sustainable mobility and NGV, such as the agreements entered into with Seat and Fiat.
	13 CLIMATE ACTION	Recording the Carbon Footprint estimation in its scope 1 and 2, committing to reduce emissions. Planting 480 trees in collaboration with "Plant for the Planet".
Alliances	17 PARTNERSHIPS FOR THE GOALS	Agreements with the key players during the pandemic to offer aid and collaboration; and with the main companies in the industry.


USERS AND CLIENTS
COLLABORATORS AND SUPPLIERS
EMPLOYEES
PUBLIC ADMINISTRATIONS AND REGULATORY ENTITIES
FINANCIAL COMMUNITY
SOCIETY

Users and clients

Redexis is in charge of physically carrying the gas to households, shops or industries, and is responsible for ensuring that all the necessary infrastructure is in perfect condition, and is responsible for the guarantee and quality of supply.

Claims management

Redexis strives on a daily basis to improve the services and care provided to clients and end users. In order to do so, it offers different communication channels (telephone, web and email) allowing them to manage any query or claim. Most of the inquiries (61%) are made through the Distribution Transportation Communication System (SCTD) communicating to distributors and operators. The Redexis Call Centre receives 32% of the inquiries; this is the one normally used by clients or end users.

During 2020, the total volume of claims fell by 7.3%, having registered a total of 71,120 (5,927 monthly average) compared to 76,293 (6,358 monthly average). This reduction is even more positive considering the 2.6% growth in connection points during 2020.

During 2020, and aimed to improve customer experience and to offer a comprehensive service, Redexis has launched the Anidia brand. Anidia allows streamlining the relationship with its clients from the beginning, by advising and offering the best energy solution adapted to their needs and offering the provision of value-added services.

User service model

- **Customer Service**, a telephone number for users to send all their queries and suggestions when deemed necessary.
- **Emergency Care Centre (CAT)** through which Redexis' specialists classify actions based on risks or the severity of the situation and indicate how to act.

- **Website:** www.redexis.es
- **App** "Yo leo gas" (I read gas)
- **Readings** web
- **Falcon Portal** for LPG bills

anidia

Redefiniendo la energía de tu hogar

THE REDEXIS NATIVE DIGITAL COMMERCIAL BRAND

Redexis makes fundamental progress in the modernisation and digitalisation of its residential expansion activity by launching the Anidia brand.

Through the digital world (www.anidia.es), Anidia offers comprehensive energy solutions adapted to the needs of residential clients.

Through a multi-product and omnichannel strategy, it offers the energy solution that best adapts to the needs of different homes, giving clients peace of mind knowing the household energy is managed in the most efficient way.

Anidia has data-based tools allowing clients to be segmented according to their needs and thus offering them the best product or service, optimizing the client experience.

The solutions offered by Anidia include:

- Natural gas connection and installation.
- Photovoltaic solar installation.
- Value-added services in facilities maintenance.
- Products and services of the collaborator ecosystem, such as operators, providers of facilities, telecommunications, insurers.

Anidia implements an omnichannel strategy to market its solutions, according to its clients' preferred channels: digital channels (web, social media, telephone, retail (through stores associated with Anidia stands and presence), own sale forces, such as external or associated partners and technicians.


anidia
Gas
Solar
Energy Mag
Preguntas Frecuentes
Sobre Anidia
Redescubre las ventajas del gas natural
El gas natural es una energía limpia que además cuida tu bolsillo
Solicitar Ahora
DESCUBRE MÁS
Llámanos gratis
900 92 22 03


anidia
Redefining your home's energy

People and **Talent**

Employees are Redexis' main asset, and as such, it implements a people management model which allows identifying, attracting and developing talent, as well as promoting the personal and professional growth of all the people who are part of the company's human team.

Therefore, Redexis has developed policies, initiatives and specific projects focused on hiring, training, development, compensation and benefits, diversity and equality, culture and commitment. All of them are available to all our employees through the corporate intranet.

Equality

Redexis is firmly committed to equal opportunities among all its employees, suppliers and contractors, as well as to promoting diversity and to rejecting any form of aggression, harassment or different treatment due to gender, race, age and the like. Therefore, Redexis has a **Code of Ethics and Conduct** which follows these principles, including the commitment to business ethics and transparency, thus guaranteeing the ethical behaviour of all the people who make up Redexis, in addition to the values and good practices that should govern the organisation and which affect all professionals when performing their activity.

Likewise, the company has implemented a **Diversity and Equality Policy**, through which it undertakes to promote equality and diversity and to promote a corporate culture where talent is valued, recognizing that the professionals who are part of the organisation may have different backgrounds and experiences which can provide valuable knowledge, avoiding any form of discrimination.

The company also has implemented an **Equality Plan** setting out that, when selecting and hiring personnel, the presence of women should be increased, especially in areas where they are less represented, and which also encourages the promotion and professional development of women through positions of greater responsibility within the organisation. One of its principles is to ensure equal opportunities and to eliminate any gender bias from the company's remuneration policies, promoting an equal treatment-based culture, both internally and externally.

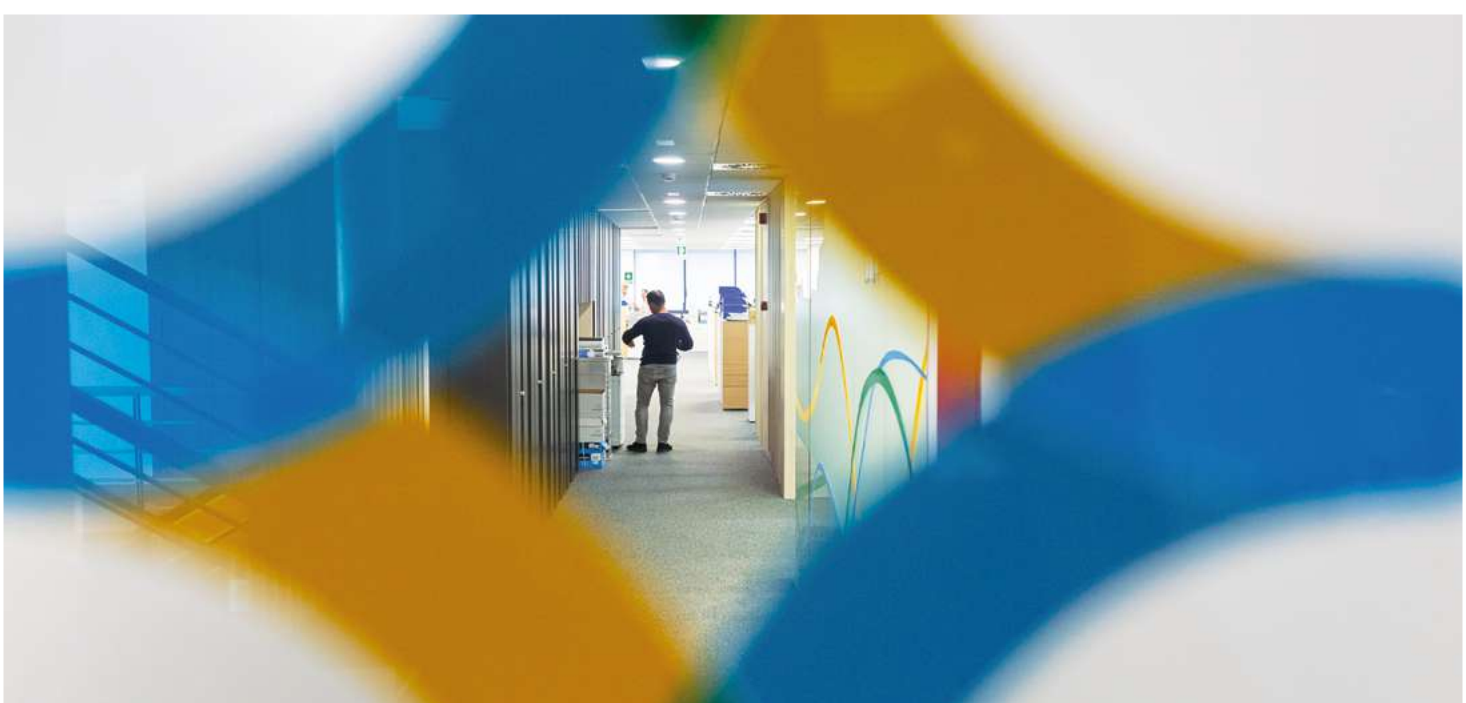
> "Redexis is committed to equality among all employees, suppliers and contractors"

To guarantee compliance with these plans and policies, as well as to fight against irregular acts, discrimination or harassment, Redexis has made available reporting channels to all relevant parties, both internal and external. Through them, any employee or person related to the company can report their concerns anonymously.

Attracting and **Selecting the Best Talent**

The company considers talent management is a fundamental part to ensure the daily success of the organisation. Therefore, attracting and selecting professionals with the skills, knowledge and abilities aligned with the current and future corporate values and needs is a key activity carried out based on the following principles and commitments:

- **Developing a global framework** that supports equal opportunities and promotes diversity are promoted.
- **Ensureing that the selection and hiring processes** are objective and impartial, based on non-biased, exclusively on criteria of following merit and abilitycapabilities criteria.
- **Promoting hiring through stablepermanent contracts** whenever possible. As ofat December 31, 2020, 99.9% of employees had a permanent contract.
- **Encouraging young people's access** to their first job through scholarship programmes and other agreements.
- **Promoting hiring of under-represented** groups in different areas of the company.



Training and Professional Development

At Redexis we understand that professional development contributes to achieve the company's results and to improve the efficiency of the organisation, by training employees with the skills and abilities necessary to efficiently carry out their job, and preparing them to be able to take on the future challenges. Thus, Redexis offers its employees:

- **Welcome programme "Somos Redexis"** (We are Redexis) for recently hired employees, which allows them to fully know the company way and from different areas.
- **Internal Job Posting Tool**, where employees can consult and apply for vacancies to help them develop their professional career.
- **Implementation of a Learning Management System**, ("Campus Redexis"), which allows integrating and managing all the training actions carried out in the company.
- **Multiplatform learning:** new methodologies have been promoted that allow reaching more people and optimizing learning, such as online training, pills, blended training, mobile applications and the like.
- **Support to other areas of the company in managing and developing,** which positively contributes to disclose information and involve employees in the day-to-day life of the company.
- **Leadership and People Management Programmes** to support those in charge of developing the talent of their teams by establishing a common vision and methodology.
- Additionally, with the start of remote workdays due to COVID-19, a **training and support programme** was developed, for employees to be able to duly adapt to the new situation.

Commitment and Well-being

In order to get to know the opinion and commitment of all employees, for the second consecutive year the **"Redexis te Escucha"** (Redexis listens to you) **survey** was launched, collecting through different items, their opinions and perceptions on the most relevant daily issues: organisation, communication, training and development, working conditions, inclusion and diversity and the like.

The results are submitted to the Board of Directors and have enabled us to identify the strengths and opportunities for improvement, based on which action plans have been designed and their effectiveness will be assessed through a new survey.

Additionally, Redexis launched the **"Redexis Healthy" initiative**, which includes actions aimed to take care of the physical and mental well-being of employees. In its first stage, it focused on taking care of the emotional and personal well-being, offering psychological assistance, coaching sessions, well-being programmes and an exclusive portal with numerous educational and informative material. Training programmes on nutrition and healthy habits were also carried out.

Remuneration and Benefits

Redexis is clearly committed to equality, and this is also reflected in its remuneration policy, which is unbiased in terms of gender, age, social origin or any other factor.

Fixed remuneration is determined based on criteria of professional experience and level of responsibility within the company, while variable remuneration rewards the achievement of annually set established and evaluated goals.

The company offers a supplementary compensation package for employees, which includes flexible compensation: health insurance, day-care, restaurant and transport tickets, contribution to pension plans. Additionally, employees have an exclusive portal to access special discounts on numerous services.

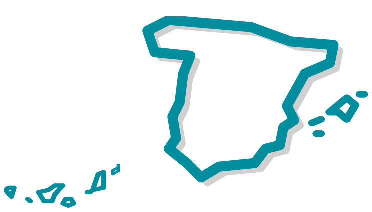
Redexis has established family-friendly policies for all its employees, among them, the possibility of complying with the flexible working day in weekly computation, intensive working hours, bag of hours for personal matters and family needs, granting of aid for day-care payment for employees' sons and daughters, etc.

Additionally, Redexis guarantees the daily record of the working day of all its employees, thus fighting against job insecurity and implementing social protection measures.

Key figures	2019	2020
Number of employees (average workforce)	368	363
Number of employees (as of De-cember 31)	384	348
% men/women	73% / 27%	72% / 28%
Average age of employees	44	44
Average years of service	9.1	9.1
Employees permanent contract (%)	95.8%	98.6%
Employees with a temporary con-tract (Number)	15	5
Total turnover rate (%)	12.5%	-9.6%
Absenteeism rate (average)	1.1	1.13
Training hours per employee	18	16

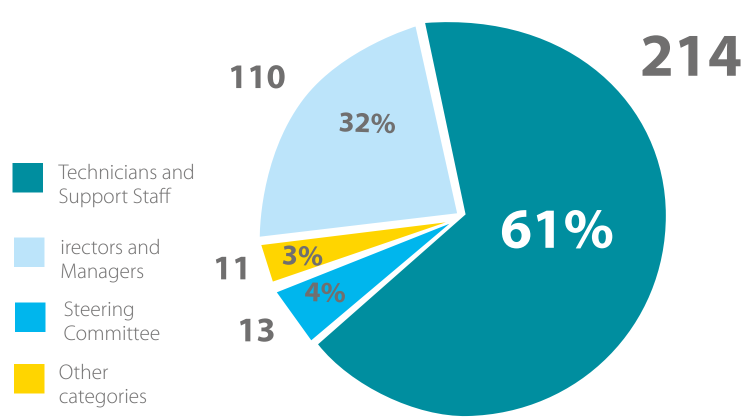
Breakdown of workforce by gender	2019	2020
Men	279	252
Women	105	97
TOTAL	384	348

Breakdown of workforce per age group	2019	2020
< than 30 years	25	14
30-40 years old	90	90
41-50 years old	183	174
>50 years old	86	70
TOTAL	384	348



Breakdown of the workforce by geographical area	2019	2020
Aragon	98	89
Balearic Islands	42	28
Madrid	102	114
Andalusia	59	54
Centre	35	26
Murcia	35	26
Levante	13	11
TOTAL	384	348

Number of employees by **CATEGORY**



Health and **Safety**

"Redexis' strategy is planned and developed taking the safety, health and well-being of people as a critical and most relevant consideration"

Frequency Index	Combined Severity Index	Accidents with sick leave	Number of fatal accidents
1.42	<0.01	2	0

Redexis knows ongoing supervision of work centres and facilities is crucial for maintaining health and safety at work.

In 2020, Redexis continued to advance in its commitment to workplace safety by certifying its Occupational Health and Safety Management System (OSH) under the new ISO 45001: 2018 standard. This certification implies a transition from the previous certification (OHSAS 18001).

Recently, the GEMASST Leadership Committee has been implemented, aiming to reinforce the leadership of the Senior Management and its commitment to occupational health and safety issues and the environment. In relation to this, a matrix of roles and responsibilities was developed, defining the tasks of each area at Redexis.

In addition, employees are guaranteed training in occupational health and safety at all times. Redexis has promoted well-being and a healthy lifestyle throughout 2020, monitoring and taking into account the employees' medical condition at all times.

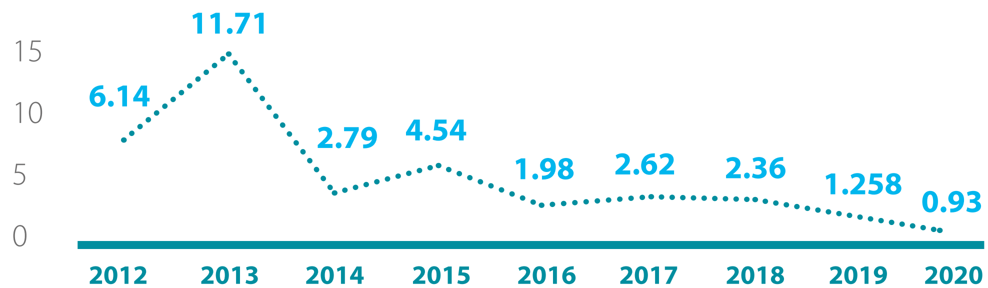
SST inspection visits on worksites	Visits to facilities	Drills at Redexis facilities
3,236	609	29

"The training of each employee in prevention and safety related to their job continues to be the basic tool to achieve the goal of reducing to zero the number of occupational accidents"

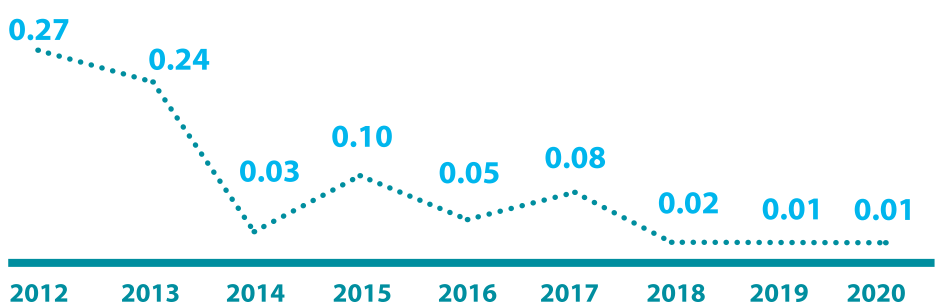
ACCIDENT FREQUENCY RATE
(own personnel and contractors)
IFC2019=1.26

(accidents with sick leave x10^6 / hours worked)
IFC2020=0.93

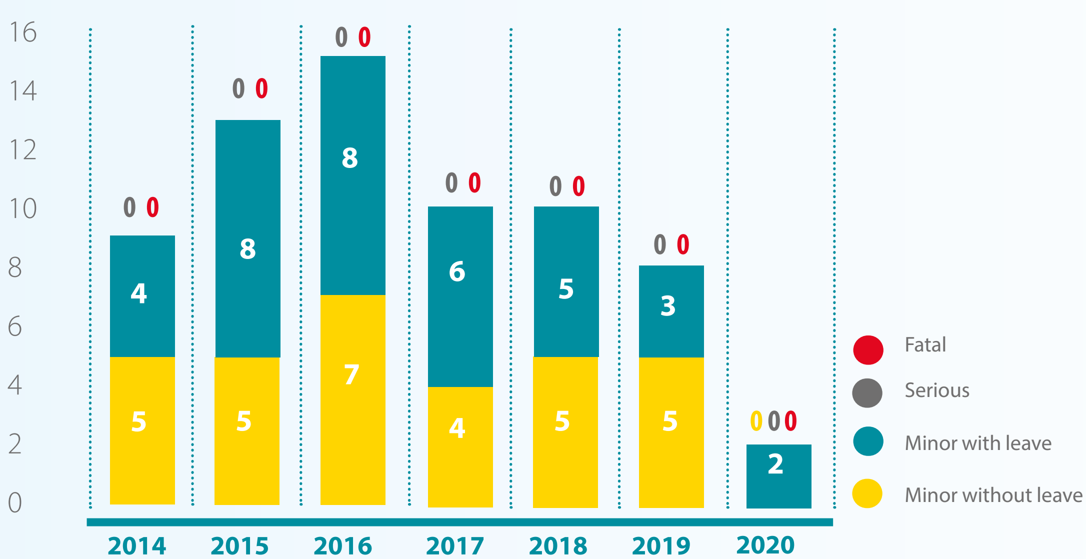
ACCIDENT FREQUENCY RATE (OWN PERSONNEL AND CONTRACTORS)
IFC2020=0.93 (ACCIDENTS WITH SICK LEAVE X10^6 / HOURS WORKED):



ACCIDENT SEVERITY RATE (OWN PERSONNEL AND CONTRACTORS)
IGC 2020=0.01 (NUMBER OF DAYS LOST X1000 / HOURS WORKED)



Breakdown of fatal, serious, and minor accidents (own personnel and contractors)



British Standards Institution: ISO45001:2018)

British Standards Institution: ISO45001:2018

This standard is currently the most prestigious one with the highest international prestige in this matter, adapting the system to the High-Level Structure that now includes all the new versions of ISO standards. This ISO 45001 standard takes a significant step forward in terms of, the obligations in the consultation and participation obligations of workers, empowering them,so now they must be empowered and making them participantsbe involved in aspects such as the definition ofdefining policies, objectivesgoals, needs and expectations.

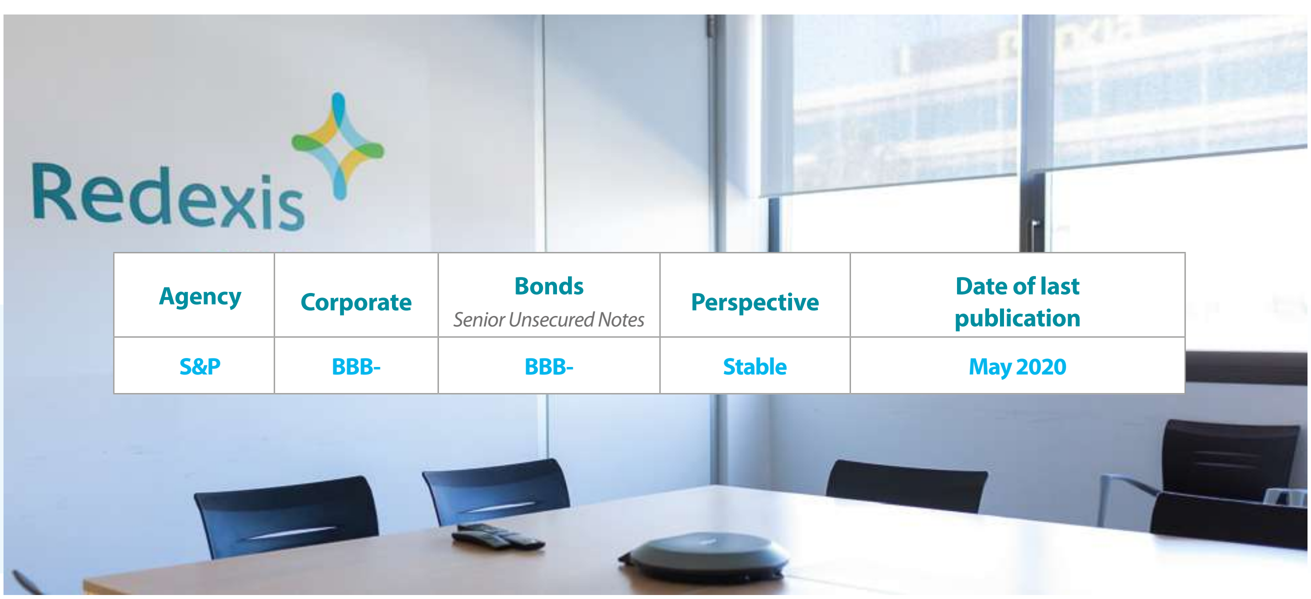
Financial Community

The trust in the Company is based on the ongoing search of a fluid and close dialogue with the financial community: shareholders, investors, debt holders, credit institutions, credit rating agencies, analysts and other market players.

> "The trust of the financial community in Redexis allows the company to have the necessary resources to develop projects"

Investor Relations Department:

- **The mission of the Investor Relations Department of Redexis** is to establish an open dialogue with the financial community under certain principles of action, in compliance with a transparency policy.
- **This department channels information of interest to shareholders and investors**, in short, to the financial market, through its own corporate website.
- **Support to the management team in decision-making processes is given** and the different parties are kept up to date with the most relevant information on the Company and the sector, the competitive dynamics of the markets and the operational and financial performance of the company.
- **Coordination with the rating agencies depends on this Investor Relations Department**, which analyse Redexis' strategy, business, solvency and performance of the companies, assigning it a specific credit rating.



Agency	Corporate	Bonds *Senior Unsecured Notes*	Perspective	Date of last publication
S&P	BBB-	BBB-	Stable	May 2020

Meanwhile, all analysts and investors who deem it appropriate, can visit Redexis' website (www.redexisgas.es), where they can subscribe to its distribution list or write to the investor's mailbox (investor.relations@redexis.es) to be kept up to date on all the updates and significant news about the company.

Collaborators and Suppliers

Redexis works with a large volume of purchases and suppliers, so it is necessary to carry out selection processes guaranteeing equal opportunities and free competition, constantly looking for the best quality in the contracted services.

In 2020 a Supplier Approval, Monitoring and Evaluation Policy was developed, in order to describe the protocols for Redexis' suppliers, contractors and collaborators, as well as defining the criteria and assigning responsibilities during this process.

"Establishing objective and non-biases mechanisms for evaluating and selecting suppliers is essential for Redexis and its commitment to the society"

This Policy includes a **Code of Conduct** for Suppliers, which includes issues related to:

- **Labour rights**
- **The fight against bribery and corruption**
- **Confidentiality**
- **Health and Safety**
- **Environment**
- **Compliance with the Redexis Code of Ethics**

During the coronavirus pandemic, Redexis has created support facilities for suppliers and contractors, to allow them to continue to develop their business and activity with security and financial flexibility. Therefore, trips have been paid, material has been purchased and payments have been advanced, in order to allow cash flow.

Suppliers	Unit	2019	2020
Number of orders	#	52,645	50,791
No. of centralised purchase orders	#	41,483	42,626
No. of non-centralised purchase or-ders	#	11,162	8,165
Total purchasing amount	€	169,786,781	150,039,749
Amount of centralised purchases	€	158,767,377	140,030,590
Amount of non-centralised purchases	€	11,019,404	10,009,159
Percentage of centralised purchases	#	94%	93%
No. of Suppliers <€6.000	#	525	460
Number of Suppliers >€100.000	#	157	157
Suppliers' amounts >€100.000	€	158,499,911	140,331,150

"2020 the number of centralised purchase orders has increased to 42,626, which represents an increase of 3% compared to the previous year"

Public Administrations and Regulatory Entities

Redexis maintains **open and constructive communication** with the administration and **regulatory entities** through:

- **Direct contact** with entities belonging to different regulatory areas (CNMC, Ministry, regional and local organisations, etc.).
- **Reports and notes** on company activity.
- **Notifications, requirements and responses** with different regulatory bodies.
- **Queries/procedures with different national**, regional and local regulatory bodies.
- **Technical Manager of the Gas System (GTS).**

Natural gas is an ally of government policies due to its environmental and social contribution, and its ability to create value by directly impacting the areas and economic groups in which it operates, generating employment and at a low cost to the user. For this reason, Redexis is considered a key agent in all working groups and sectoral forums, among which we can mention those promoted by the Spanish Gas Association (SEDIGAS), CNMC, Technical Manager of the System and MITECO.

> Redexis is a key player in the gas industry, with geographic presence almost throughout the whole country

In 2020, the GOB 07 and the GOB 12 standard have been applied regarding members of the Public Administrations, developed within the company's Code of Conduct.

Community

Due to the exceptional nature of 2020, due to the COVID-19 pandemic, Redexis concentrated all efforts on working with and for the society, collaborating with the local communities in which it operates and launching what has now become the Redexis Foundation.

Redexis seeks transparent cooperation agreements, disseminating information about its activity and promoting participation in projects and initiatives that promote the well-being and progress of the communities in which it operates. Likewise, Redexis maintains a continuous dialogue with local institutions and communities with the aim to identify their needs and interests and to collaborate jointly through sponsorship and collaborative actions in social, environmental, sporting or cultural projects. This includes the donations made to different institutions and underprivileged groups to alleviate the effects of COVID-19, aid to vulnerable groups to pay gas bills. Likewise, the company maintains the framework of collaboration and sponsorship with the Royal Theatre of Madrid and the informative action to publicise alternative forms of energy which are more environmentally-friendly and less polluting through the Redexis Foundation.

Redexis' relationship with the media is characterised by being a close and solid relationship, maintaining at all times a collaborative dialogue with them. During 2020, Redexis has maintained its presence in the national and regional media, in online and written press thanks to a Strategic Communication Plan in which different actions have been carried out focused on the corporate, business and institutional levels.

Redexis against **COVID-19**

Company actions to face the **pandemic**

- **Telecommuting.** Prior adaptation process with online courses on remote work and Risk Assessment.
- **Safe and stable work environments**, analysing the particular conditions of each employee at their home.
- **A COVID-19 space on the intranet,** to keep updated and priority information for employees at all times.
- **Ensuring the well-being of the Control Centre workers,** who do not have the possibility of teleworking, as their work is essential to monitor and control the infrastructures at all times, while a second backup control centre was set up.

Due to the SARS-CoV-2 (Covid-19) pandemic that led to the approval of the State of Alarm on March 14, 2020, throughout Spain, the Spanish Government took a series of measures such as the confinement of the population in their homes to prevent the spread of the virus.

After the closure of educational centres in mid-March, Redexis implemented teleworking to guarantee the safety of employees and to help with the family conciliation of those employees with children.

Likewise, to coordinate all the procedures and decisions related to the coronavirus crisis, a Monitoring Committee was created made up of representatives from different areas In order to make joint and thoughtful decisions regarding actions and protocols. A Contingency Plan with action protocols and preventive measures against COVID-19 was sent to all Redexis employees.

To guarantee the natural gas and LPG supply, constant attention and emergency services were maintained in the network and facilities, tank discharge operations in gas plants, and home emergency care. Furthermore, since it is considered critical and essential work, home repairs requested by users, as well as preventive and corrective maintenance work, continued to be carried out.

The engineering, processing and construction work related to the continuity of supply also continued.

> “The Redexis Foundation donated technological material to the IFEMA field hospital and took over the payment of the LPG bills of its most vulnerable clients”

To prevent the spread of the disease and protect the health of citizens, Redexis recommended avoiding non-

urgent home work. Extraordinary measures were carried out for the workers of the Control Centre, enabling the operation of the main and the back-up control centres, prohibiting access to any outsider, dividing the workers into groups to reduce contact and providing the centres with personal hygiene areas.

To help alleviate the social and health effects caused by this crisis, the Redexis Foundation donated technological material to the field hospital set up on at IFEMA and paid the LPG bills of its most vulnerable clients. Likewise, financial donations were made to autonomous communities such as Madrid,

Castilla-La Mancha or Aragón, aimed at mitigating the lack of material; the supply was guaranteed at all times, thus supplying critical infrastructures such as hospitals, residences or health centres.

Redexis prepared and disseminated a Telework Risk Assessment, an online course was offered, information on technical instructions was given to employees with preventive measures to be applied when using a laptop (Portable IT) and relaxation exercises were offered to prevent physical fatigue (IT relaxation exercises to prevent physical fatigue). Similarly, and to ensure safe and stable work environments, questionnaires were made available to all workers to reflect the particular conditions of

each employee at home and, in case of unavailable recommended ergonomic measures, the GEMASST Area Manager was informed to analyse the situation and, where appropriate, to adopt the necessary measures (for example, provision of lumbar cushion for home work chair, provision of footrest for their home, etc.).

In April, and with the aim to raise awareness in the society about the importance of complying with the sanitary measures imposed to face the pandemic, Redexis joined the global initiative #The200Challenge, which consisted of increasing the kerning space of its logo by 200 points, to remind the population of the importance of social distancing during the health emergency.


REPORT
2020

Redexis Foundation

Redexis Foundation

In July 2019, the Redexis Foundation was created with the aim of promoting social work, sustainability and innovation actions developed by Redexis, while facing a historical and global milestone: COVID-19. The Foundation's general objective is to promote technological innovation and to develop social, charitable, welfare, educational or cultural work. In particular, it promotes good practices with its stakeholders in line with the Sustainable Development Goals (SDGs), promoted by the United Nations.

The Foundation seeks to promote the development and well-being of existing social groups in the territories in which it operates, taking into special consideration the promotion of infrastructures contributing to sustainable development and a cleaner economy. Likewise, in 2020 the Foundation's website was launched, accessible to all Stakeholders to be aware of the actions being carried out: www.fundacion.redexis.es

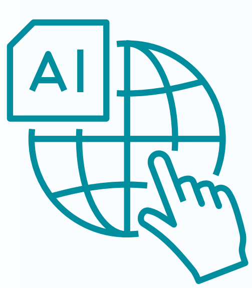
The Redexis Foundation focuses on three areas of action in order to be a key player and to work for the benefit of the society in different aspects.5555

Redexis
Foundation

Areas of activity

INNOVATION AND TECHNOLOGY

and in line with its economic development role in the areas in which Redexis operates and its contribution to sustainability.



EDUCATION AND ENVIRONMENT

area through which the Foundation is in charge of expanding knowledge regarding renewable and alternative energies, publicizing sustainable work and developing informative work on the environment, development, etc.

SOCIAL, CULTURAL AND SPORTING

to spread knowledge and help the most vulnerable groups in the areas in which the company operates through donations, sponsorships, collaborations and direct aid.

Mission and Values

The Redexis Foundation's **Mission** is to serve as a reference entity to develop new, cleaner and more sustainable forms of energy, to improve the quality of life of the most vulnerable people in the areas in which the Redexis Group operates and to promote technological progress and innovation.

In order to do this, it enters into collaboration and sponsorship agreements, allocates direct aid to the most vulnerable people and carries out informative work to expand knowledge on energy matters, always bearing in mind the promotion of renewable energies such as hydrogen or photovoltaic solar energy. The Foundation promotes sustainable and egalitarian social development, where all people have access to quality energy and promotes social well-being, bringing culture, education and health closer to the most vulnerable groups.

Furthermore, it is firmly committed to the United Nations SDGs and respect for the environment, carrying out safeguarding projects and developing more sustainable forms of energy, always innovating and supporting technological projects as a way of progressing.

Values:

INNOVATING

to develop projects linked to new technologies, ensuring the development of the local communities in which the Redexis Group operates and promoting new knowledge and skills to face the new challenges of the future. Innovation allows the Redexis Foundation to boost its growth, adapting to environmental and anticipating the local social needs, making the most of the available resources.

INSPIRING

key to generating innovation and knowing how to act facing the different challenges that may arise.

Inspiration allows us to carry out new initiatives to face social or environmental problems, transforming ideas into actions. Therefore, inspiration is key to motivating the different actions carried out by the Foundation, anticipating the challenges and needs of the communities and the environment, and thus serving as a key factor in the energy transition.

SENSITISING

in order to make people aware of the challenges faces as a society. Facing the current social, environmental, technological and economic changes the Foundation considers the awareness of the society is a key factor to promote communities and other organisations, thus carrying out social work and supporting vulnerable groups.

The Foundation's actions

SOCIAL ACTION

The COVID-19 health crisis has generated the almost complete paralysis of the country's economic activities, with the consequent loss of wealth end employment for many people and, more importantly, a high number of deaths and sick people.

In this context, the Redexis Foundation was available to administrations and public bodies from the outset to help alleviate the tough situation of some of the most vulnerable groups.

HELP LINES

SUCH AS THE PAYMENT OF LPG BILLS from Redexis customers who carried out essential work during the pandemic such as health centres, churches, etc.

DONATION OF 2,000 PORTABLE BATTERIES OR POWER BANKS FOR USE BY PATIENTS ADMITTED TO THE IFEMA FIELDN HOSPITAL IN MADRID, thus ensuring their emotional well-being and giving them the possibility of contacting their loved ones.

Fundación Redexis

DONATION OF €10,000 TO THE SPANISH FOOD BANK FEDERATION for the families who were most affected by this crisis. Through this donation, the purchase and distribution of food was guaranteed among the 54 current federated Food Banks throughout Spain, distributed through 7,216 local and proximity charities and reaching 1,100,000 people in need of food aid.

DONATION OF A TOTAL OF €50,000 TO THE COMMUNITY OF MADRID, €25,000 to Aragon and €15,000 to Castilla-La Mancha, entirely to purchase medicine and protective material for health staff and for patients affected by COVID-19.

CULTURAL ACTIONS

The Redexis Foundation has among its main lines of action cultural development, promotion and support.

COLLABORATION AGREEMENT WITH THE TEATRO REAL FOUNDATION. Through this collaboration, the Redexis Foundation has contributed throughout 2020, and will continue to do so throughout 2021, to the foundational purposes of the Teatro Real Foundation, which includes the programming and management of musical, lyrical and choreographic activities.

The Teatro Real is considered the first institution of performing and musical arts in Spain, ranked as a benchmark national opera, and as one of the main Spanish cultural institutions. Due to the difficulties caused by mobility and capacity restrictions to the cultural industry, experiencing a particularly difficult year taking into account that in many cases, the activities could not be carried out, the support and agreements that companies such as Redexis provide to these institutions has become essential.

Note: Image of previous years, when there were no mobility restrictions or social distancing.

DISSEMINATION ACTION: ENERGY AND ENVIRONMENT

One of the main objectives of the Redexis Foundation is to act as the main agent of the energy transition, serving as an informative vehicle to reach the society and to publicise more environmentally friendly and less polluting alternative forms of energy. The driver for this project is being a fundamental active agent in the energy transition and, as a result of this effort, the first paper focused on hydrogen was published: "Hydrogen, Key to a Sustainable Energy Model".

COLLABORATIVE ACTION

The Redexis Foundation maintains a strong commitment to promoting research, study and support actions to know, develop and apply energy technologies, through collaborations with other entities to develop initiatives and action programs. This is the reason why it collaborates with:

- **The Madrid Energy Foundation,** dedicated to promoting the increase and improvement of energy efficiency in the Community of Madrid. The Redexis Foundation is part of the Board of Trustees, as an elected Trustee.
- **The Foundation for the Development of New Hydrogen Technologies in Aragon,** an entity in charge of supporting the development of short, medium and long-term strategic projects in the field of hydrogen technologies and fuel cells. The Redexis Foundation is part of the Board of Trustees.

The **actions** that the Redexis Foundation has carried out during 2020 have contributed to the following **SDGs**:

SDGs	1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	17 PARTNERSHIPS FOR THE GOALS
Actions	Donations and aid to vulnerable entities during the COVID-19 crisis.	Donations and aid to purchase medical and protection equipment during the pandemic.	Publication of the hydrogen dossier: "Hydrogen, Key to a Sustainable Energy Model".	Alliances with the main agents during the COVID-19 crisis and collaboration agreements with reference entities.

Environ-ment

Redexis has integrated the Sustainable Development Goals (SDGs) into its strategy, of the 2030 Agenda. This environmental commitment is formalized through its Integrated Policy, approved by senior management.

Redexis has incorporated all its principles and strategies into its Integrated Management System, adapting the standards of the environmental management standard ISO 14001: 2015 and ISO 50001: 2011, which verifies the efficient and sustainable use of energy. In 2020 the monitoring of environmental and energy data has improved and carbon footprint has been calculated to reduce it as well as diffuse emissions through a new methodology.

The total consumption of energy in Redexis facilities in 2020, including offices, LNG plants, LPG plants, transmissions points and vehicle fleet, is estimated at 16,547,037 KWh. It can be concluded that an 8.4% saving has been registered in the total energy consumed in 2020 compared to 2019 regarding the total KWh consumed in NG, LPG, Diesel, Gasoline and Electricity per meter of the Transport, Distribution and LPG network.

> “Redexis continues to offer safe infrastructures and quality services adapted to climate change and to preserve biodiversity, in order to create value while reducing the environmental impact”

Carbon footprint (t CO_2e)	2019	2020
Offices	89.18	40.89
LNG plants	474.98	431.95
LPG plants	385.75	349.04
Transport positions	2,385.29	2,280.23
Fleet of vehicles	237.29	147.7
Diffused emissions	29,305.06	34,472.70
TOTAL	**32,877.55**	**37,722.51**

NG, LPG, diesel, gasoline, electricity		2019	2020 *	2020 * vs 2019
Total, consumed energy	kWh	17,404,317	16,547,037	-4.9%
	m Tx, Dx yand LPG networks	10,818,593	11,226,304	3.8%
	Ratio	1.61	1.47	-8.4%
Tx Positions	kWh Consumed	11,860,860	11,727,570	-1.1%
LPG plants	kWh Consumed	1,702,691	1,567,838	-4.4%
LNG plants	kWh Consumed	2,372,676	2,267,868	-5.2%
Vehicles	kWh Consumed	973,503	624,883	-35.8%
Offices	kWh Consumed	494,587	358,878	-27.4%

* Energy consumption is analyzed by type of facility comparing years

Regarding water consumption, water is responsibly consumed in all facilities and work centres. A proof of this is the savings achieved each year in water consumption, mainly thanks to the environmental awareness campaigns periodically launched among company employees.

Consumption of non-energy resources	2020 (m^3)	2019 (m^3)	Indicator (/employee) 2020	Indicator (/employee) 2019	Variation
Office water consumption	451	553	1.25	1.53	-18.78%

Consumption of non-energy resources	2020 (m^3)	2019 (m^3)	Indicator (/employee) 2020	Indicator (/employee) 2019	Variation
Water consumption in the facilities	467	578	1.29	1.61	-19.94%

Recognition of **International ESG Agencies**

Redexis has an integrated policy, which allows for continuous improvement in environmental matters, positioning Redexis as a leader in sustainable management. This integrated policy is based on the following principles:

- **Environmental monitoring** in the scope of our activities, specifically, the facilities construction and maintenance works in the facilities.
- The evaluation processes of **environmental impact** of facilities projects which requires this.
- Compliance **with environmental requirements** set forth in the environmental licenses, declarations and authorisations.
- We have **implemented Environmental Emergency Plans**, carrying out at least one annual drill in each Autonomous community.

ESG Rating	Agency	Rating	2018	2019	2020	ESG	Comments
VIGEO EIRIS	V.E VIGEO.EIRIS	Robust	-	37/100	51/100	Environment: 52/100 Social: 50/100 Governance: 53/100	Rating above the industry average
GRESB	GRESB	Five Stars	63/100	74/100	82/100	Environment: 24/29 Social: 33/40 Governance: 24/31	Maximum score on two consecutive years

Towards sustainable mobility

Natural Gas Vehicles **(NGV)**

NGV is a more efficient and sustainable real mobility alternative than traditional fuels.

Currently in Spain there are 165 operational gas stations (100 CNG and 65 LNG) and 67 ongoing projects, and a fleet of 29,490 NGV vehicles, with a significant growth prediction for both the fleet and new refuelling facilities in the next years.

> NGV constitutes NGV is a more efficient and sustainable real mobility alternative than traditional fuels

Among the **main advantages of NGV**, the following could be mentioned:

- **Supply guarantee,** due to the use of existing infrastructures, allowing its growth as it represents an important logistical advantage.
- **Emissions reduction,** eliminating sulphur emissions (SO_2), and significantly reducing carbon monoxide (CO) and carbon dioxide CO_2).
- **Noise reduction,** with a significant cost reduction compared to other types of energy or fuel.
- **Exempt from registration tax** and ECO label of the Directorate General of Traffic (DGT), which involves the possibility of circulating through areas of the cities which are restricted for other types of more polluting vehicles.

NGV
Vehicular Natural Gas

CNG (Compressed Natural Gas)

Light Vehicles

LNG (Liquefied Natural Gas)

Heavy Vehicles

Redexis invests to develop, deploy and operate gas stations, which resulted in the agreement entered into with CEPSA in 2019 for the deployment in its network of stations and the agreements with the ambulance fleet of the Murcia Health Service and the fleet of buses of the Balearic Intermodal Transport. Likewise, strategic and commercial agreements have been entered into with vehicle manufacturers such as Volkswagen, Seat, Fiat or Scania. During 2020, Redexis has built 12 gas stations in Aragon, Murcia, Mallorca and Madrid.

> Redexis is a driving force of NGV in Spain

Renewable gases

The development of renewable gases (biomethane, renewable hydrogen and synthetic gas) is key to achieve by 2050 the climate neutrality set out in the European Climate Law, since renewable gases contribute to reduce GHG emissions in industries where electrification is not possible as well as in mobility; and allow increasing the penetration of renewable energies in the energy mix.

Moreover, the deployment of renewable gases offers other positive externalities in terms of energy security, improvement of the trade balance, development of new value chains, job creation, use of waste and circular economy development.

Spain, and especially the areas in which Redexis operates, have extraordinary potential to develop renewable gases, both through the use of waste to produce biomethane and renewable solar and wind generation to produce renewable hydrogen.

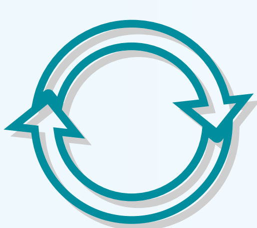
Current gas networks allow the substitution of natural gas in current demand with renewable gases with limited investments.

Therefore, gas networks constitute a strategic asset to develop renewable gases.

At Redexis, we join the challenge of developing renewable gases by promoting hydrogen and biomethane injection projects in our transmission and distribution networks and mobility assets.

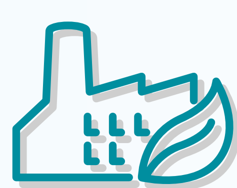
> “Redexis is promoting initiatives linked to the use of hydrogen as a real and effective solution, available and within the reach of the society”

Advantages of renewable



CIRCULAR ECONOMY

ENERGY USE



LESS EMISSIONS

WASTE REDUCTION AND REUSE

Hydrogen

Green hydrogen is a totally sustainable energy which can be injected into natural gas transmission and distribution networks and allows decarbonizing the demand covered by natural gas.

The European Commission promotes this source of energy, being included in hydrogen as an energy vector within the energy mix to allow climate neutrality.

Redexis promotes renewable hydrogen through economically viable projects and in two ways: through consortia with strategic partners, mostly financed by the European Union; and through internal projects included within the strategic plans of the Group's innovationand mostly funded by state agencies.

Investments in pioneering hydrogen injection and transport projects

Project: **H2020 GREEN HYSLAND**

Development of a hydrogen ecosystem on the island of Mallorca.

- **Goal:** Design and construction of a renewable hydrogen production plant from solar photovoltaic energy, for use in mobility, stationary applications (fuel cell in Lloseta and Port of Palma, cogeneration with fuel cell) and injection into the natural gas transport network. Furthermore, the analysis of the impact, scaling and replicability of hydrogen island ecosystems, communication and communication and communication and dissemination.
- **Partners**: Up to 30 organisations (companies and technological centres) including Enagas (Coordinator), Acciona, EMT, CNH2, FHA.
- **Redexis' Role**: Construction of Spain's first hydro-product and associated infrastructure operation work, in addition to the renewable hydrogen injection points in Mallorca's gas pipeline network. Installation of a fuel cell-based cogeneration based on a fuel cell in a hotel and the deployment and the deployment and commissioning of ten fuel cell vehicles for a distribution company in vehicles for a distribution and logistics company.
- **Location**: Palma de Mallorca
- **Public participation**: EU H2020 annual call specifically for hydrogen FCH JU (FCH JU). for hydrogen FCH JU (Fuel Cells and Hydrogen Joint Undertaking). Call 2020 to TOPIC FCH-03-2-2020 (Islands)..

Technology development projects for hydrogen distribution, transmission, injection and storage networks:

Project: **MISIONES OCEANH2**

Development and construction of the first offshore plant in Spain for the generation, storage and distribution of green hydrogen.

- **Goal:** Modular, flexible and smart offshore green hydrogen generation, storage and distribution as a result of offshore renewable electricity generation, hybridizing wind and floating photovoltaic technology.
- **Partners:** Acciona Industrial (Coordinator), Acciona Construcción, hydrogen transmission, storage and supply subsystems, Acciona Ingeniería, Redexis gas S.A, Técnicas y Servicios de Ingeniería S.L. (TSI), Ariema Energía y Medioamiente, Bluenewables and Wunder Hexicon.
- **Redexis' Role**: Redexis takes part in various tasks and leads the design of transmission systems to land, storage in the port and supply of H2 (programme designed to support Sectorial Strategic Initiatives of Business Innovation and the design and integration of the State programme of Business Leadership in R&D+i).
- **Location**: PLOCAN Gran Canaria Platform.
- **Public participation**: CDTI Misiones Ciencia Call.

Project: **H2020 HIGGS**

Systematic validation of the tolerance of existing natural gas networks to various levels of hydrogen mixtures.

- **Goal:** To cover the knowledge gaps of the impact that the different levels of hydrogen could have on the gas infrastructure, components and management. It includes mapping technical, legal and regulatory barriers, tests and validation of certain equipment and techno-economic modelling, giving technical and more intense support in field validation tasks.
- **Partners**: Fundación Hidrógeno Aragón (FHA) (Coordinator), DVGW (German standardisation body for the gas and water industry), TECNALIA (Technological Centre in the field of ICT), HSR (Technological University of Switzerland), ERIG (European Institute Gas Technologies).
- **Redexis' Role**: Redexis takes part in all the tasks of the pro- gas networks in operational condition.
- **Location**: FHA (Huesca) Facilities.
- **Public participation**: EU Annual call specific for hydrogen FCH JU (Fuel Cells and Hydrogen Joint Undertaking). 2019 Call to TOPIC FCH-02-5 2019 (Energy).

Project: **AEI COMPUTAMEH**

Dynamic Computational Modelling of Methane-Hydrogen Mixtures in natural gas transmission network.

- **Goal:** To design an experimental testing circuit capable of testing different mixtures of natural gas with hydrogen and other minor components that could constitute the mixture in natural gas transmission network.
- **Partners**: Foundation for the Development of New Technologies of Hydrogen in Aragón (FHA), Nabladot S.L.
- **Redexis' Role**: Definition of the circuit and conditions of operation to simulate, numerical modelling of a network of an experimental H2 injection and mixing system gas distribution and simulation analysis and adaptation of the reduced physics model to the needs of the new design requirements.
- **Location**:FHA, Nabladot and Redexis offices (Aragón).
- **Participación pública**: AEI Call (Innovative Business Groups) of the Ministry of Industry, Commerce and Tourism (AEI-010500-2020-237).

Biomethane

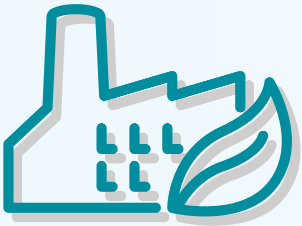
Biomethane is a clean fuel obtained from biogas. It is an underdeveloped energy in Spain, but with great potential.

Biomethane allows the decarbonisation of thermal and mobility uses by applying existing natural gas technologies and, therefore, not requiring additional investment in the infrastructure to be used.

Depending on the substrates used to produce the biogas, this can even be a CO_2 generating negative emissions.

In this context, Redexis has identified a potential for biomethane production near its networks of up to 5TWh and is promoting innovative projects to produce biomethane and to inject biomethane into its natural gas network in collaboration with administrations, technologists and organic waste management companies.

Redexis promotes economically viable biomethane injection and supply projects with strategic partners.



Biomethane injection project in Lorca (Murcia Region): we have announced the start of a pioneering project, by entering into an agreement with Galivi Solar, which will inject biomethane from the production plant into the natural gas infrastructure owned by the company in Lorca.

Redexis will build an injection post, a pipeline and a connection point to the network to be able to inject into the gas network up to 40 Gigawatt hours (GWh) of biomethane per year, which will represent emission savings of around 7,820 equivalent tons of CO_2. (tn-eq CO_2).

Moreover, Redexis carries out **biomethane promotion and dissemination activities:**

- Promotion of renewable hydrogen projects through expressions of interest.
- Active participation in the GASNAM and SEDIGAS biomethane working groups.
- Partner of AEBIG (Spanish Biogas Association).
- Active participation in forums to promote biomethane.

Photovoltaic Solar Energy

Redexis is promoting photovoltaic solar energy and promoting innovative and competitive self-consumption, focused on the industrial and residential sector.

Moreover, due to the deployment of **photovoltaic solar panels**

- **We generate local jobs** in the areas where facilities are located are carried out
- **We reduce greenhouse gas** emissions

In 2019 Redexis launched a new business line for self-consumption solar which facilitates the implementation of solar energy equipment for self-consumption at national level, relying on its wide geographic presence and its network of collaborators to extend its current offer of energy facilities to the solar self-consumption field.

The corporate offer includes the Project implementation, the administrative process, the equipment supply and installation until the subsequent maintenance if required by the customer. The customer is free at all times to choose the electricity provider for the electricity supply for the part not covered by its solar installation.

Redexis and the Spanish Federation of Home Appliance Merchants (FECE, for its acronym in Spanish) have entered into an agreement to distribute and market photovoltaic solar energy products and services in establishments associated with the above-mentioned entity.

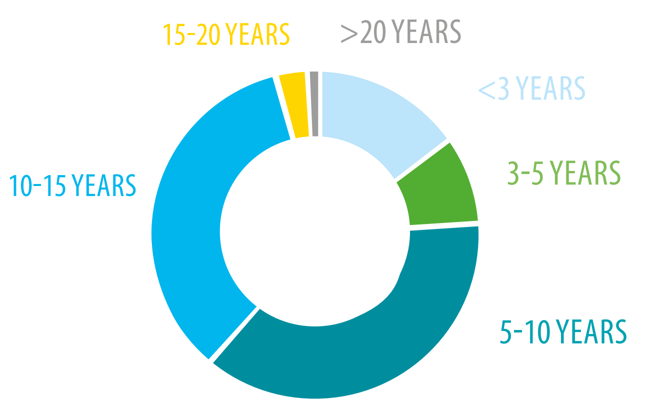
Redexis

Safe
Infrastructures

Network characteristics

The company has a brand new transmission and distribution network, in which more than 60% of the transmission network has been carried out in recent years and a significant proportion of the distribution network was built between 2005 and 2008. Therefore, this means that the company needs less investment to keep its asset base up to date, while allowing it to offer excellent safety ratios. The constant supervision and control of all Redexis infrastructures allows detecting risks in advance and solving those risks.

Length of service of the distribution network:



Security of our networks:

- Built with **modern materials** and **new technologies**
- Adapted **to operate at high pressures**, normally between 45 and 70 bars
- Outer coating of **highly resistant polyethylene** which extends its useful life
- **Preventive actions,** predictive and continuous improvement in an orderly manner¡

Redexis' distribution network expansion programme is aligned with the connections in the regions benefitting from a new transmission network.

The amount of investment required to expand the distribution network depends on the type of final connection to the network.

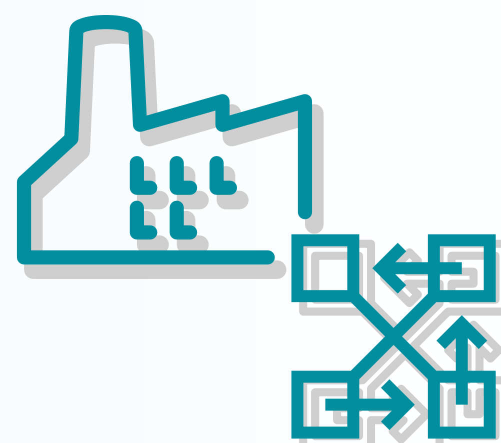
The Group internally analyses each investment opportunity using models and performing a series of tests and sensitivities. Finally, the Investment Committee is responsible for the approving investment opportunities according to certain investment criteria.

The Group internally analyses each investment opportunity using models and performs a series of tests and sensitivities. Finally, it is the Investment Committee who approves them following certain parameters established by the Management.

Control Centre

The Redexis Control Centre's role is to detect any type of incident in its facilities. A group of specialised technicians receives signals in real time from the infrastructures to detect any type of incident and act accordingly, as well as telephone assistance. If a possible risk is detected, a response team is mobilised.

The Control Centre has information on more than 10,000 signals received from more than 400 facilities, 24/7. Moreover, access to the facilities is controlled and verified, checking that in all cases the staff has the appropriate permits and training. Likewise, Redexis has a backup control centre for any eventuality that may occur at the main location.



The **tools** available to the **Control Centre** are as follows:

- **Scada System** which allows instant reception of the main exploitation values of transmissiontransmission and distribution facilities.
- **Geographic Information System (GIS)** which provides graphical and alphanumeric information of the entire company network, allowing its integral management and immediate response to any anomaly.
- **CCTV System** which permanently checks authorised accesses and possible unwanted intrusions in the facilities.

Personal Safety

Moreover, in order to guarantee the safety of all the people involved in the gas chain, Redexis has several communication centres.

- **All internal and external personnel** should be trained to guarantee their safety at the corporate facilities.
- **Permanent surveillance and updated information** in the control centre of all visitors.
- **Emergency telephone service centre (CAT)**, with 24/7 services, which receives and performs a first classification of emergencies at its reception facilities.

During 2020, taking into account the exceptional situation triggered by COVID-19, the protocols set by the health authorities and the measurement of environmental flammability limits have been strictly complied with, in those cases with possible gas presence.

Security of supply

Redexis distribution networks have three main points of origin:

- **Delivery points** with the basic transmission network or with distribution networks of other operators.
- **Satellite plant of liquefied natural gas (LNG).**
- **Storage of liquefied petroleum gases (LPG)** storage.

LNG satellite plants and LPG storage tanks allow distribution in those municipalities in which, due to the geographical location, their connection to the existing natural gas transmission and distribution networks is not feasible.

The SCADA system of the control centre allows receiving information in real time regarding the evolution of tank levels in the Company's main facilities.

During the COVID-19 health alert, the activities continued to be developed as usual and gas supply was guaranteed in all cities. In addition, extraordinary measures were taken such as suspending supply cuts due to non-payment during the State of Alarm and special measures were adopted to facilitate support to suppliers.

Response times*	2020
ADEX (External Notices)	31 minutes
ADI (Internal Notices)	32 minutes

(*) Response time: Time elapsed between receiving the service and the arrival of the technician for resolution.

Incidents received and resolved*	2020
ADEX (External Notices)	396 notices
ADI (Internal Notices)	8,678 notices

(*) Incidents received and resolved: Notices received through CAT or directly through the control centre at 112 or other emergency means.

Technology and **Innovation**

Redexis maintains its commitment to investing in R+D+i ensuring that these investments flow through all the Group's operating sectors, allowing the acceleration of change processes with the firm goal of achieving operational excellence and developing new technologies to enable carbon neutrality.

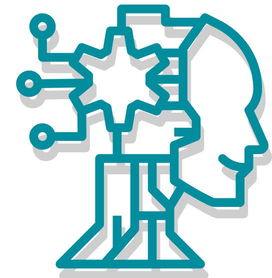
Investments in R+D+I are addressed from **three lines of action**:

- **Short term:** focuses on improvements that cause a direct impact on the Company's business lines in both growth and sustainability terms, aimed at improving operational efficiency, growth and sustainability.
- **Medium term:** the value of new business models is captured, such as hydrogen, mobility and renewable gas.
- **Long term:** the evolution of new technologies and paradigms is observed.

During 2020, progress was made in p**rojects with a transversal impact on corporate business**, among which the following should be mentioned:

PROJECT	DESCRIPTION
CYBERSECURITY	Implementation of new cybersecurity governance, protection, surveillance and resilience measures, which have allowed improved security in a challenging context due to COVID-19. These measures include the reinforcement of VPN security and double authentication, launching of CyberSecurity Awareness Program, network segmentation mitigating the spread of possible malware, and Cyber Intelligence for network protection (IT &OT).
IFS MOBILITY	Implementation and deployment of IFS mobility solution in home operations processes, periodic inspections and maintenance operations, which allow digitizing and automating the processes with collaborated contracts, improving operational management and control with real-time information on the field operations status and eliminating manual tasks and hard copies.

PROJECT	DESCRIPTION
ANIDIA	Launching Anidia as a new digital native business line. Implementation of new digital marketing models and development of both digital and traditional, new marketing channels (retail, tele web, teleshopping .) Developing cutting-edge tools and solutions based on the Salesforce (Marketing Cloud, DMP, Datorama) ecosystem, which are the technological base to launch new future customer centric business models, based on data management and analytics, knowledge and segmentation of customers and users buyer-person, digital marketing and machine learning.
DIGITALISATION AND ROBOTISATION PLAN	o Automation of the contracting and billing processes of value-added services and mobility businesses. o Optimisation of the GDPR consent management process, through a centralised application. o Simplification of administrative processes related to investments, speeding up and streamlining accounting processes. o Automation of the end-to-end payments and collections process through digitalisation and automatic reconciliation of collections and payments.



Artificial Intelligence

In recent years, Redexis has increased its efforts to develop technologies and applications related to Artificial Intelligence. Specifically, predictive maintenance has been the focus of the goals of the tasks carried out in Artificial Intelligence. An asset management IOT platform, Asset Web Monitor has been implemented with signal acquisition capabilities and sensor operation parameters, monitoring and parameterisation of business rules, alerts and alarms, automate predictive diagnosis, operation and control dashboards; and integration with different Redexis corporate systems (scadas, maintenance applications, ERP…).

Some of the application models:

- **Mobility**. Preventive On Condition of engines and compressors, and in the other assets of the gas station (around 30 SCADA points).
- **LNG.Tank monitoring for early depressurisation detection**.
- **Gas pipelines.** Monitoring of the status and trend of remote management equipment and cathodic protection measurement of gas pipelines.

In 2020 Redexis has participated in the Zaragoza Digital Twin (Gemelo Digital) project, Smart Data as the basis for Smartcity, coordinated by Inkolan, which proposes the creation of a Digital Twin (Gemelo Digital): it addresses the transformation of the data model towards a model based on smart data constituting a virtual replica of the elements and processes that make up the service networks which, combined with other data, will help to plan, manage and design the city and its services.

The application of **Artificial Intelligence** to its own business makes Redexis a pioneer company:

- It multiplies x2 customer acquisition x2.
- 20% saving on investment in network deployment, optimizing resources and improving inspection routes.
- Increased business efficiency levels by 30%.
- It obtains and processes relevant information to identify patterns.

Innovation

Currently the lines of innovation are focused on developing technologies related to hydrogen and renewable gases (biomethane), sustainable mobility, distributed photovoltaic energy generation, digitalisation and the Group's core business. These lines can overlap at any time, generating synergies and are constantly changing, facilitating dynamic and innovative activities.

In addition to the projects related to renewable gases and detailed on pages 86 and 87 (Greenhysland, OCEANH2, HIGGS and AEI COMPUTAMEH), Redexis develops innovation projects which allow speeding up carbon neutrality processes; and thus, meeting sustainable development goals. Among the projects the following should be mentioned:

Technology development projects for hydrogen distribution, transmission, injection and storage networks:

Project **AutoERM**

To design, develop, implement and test a fuel cell in an ERM (Regulation and Measurement Station), extracting hydrogen from natural gas to produce electricity and heat.

- **Goal:** To introduce this technology based on hydrogen and high efficiency generation, analyse the general implementation feasibility in its gas distribution and transmission facilities, and the possibility of analysing the eventual prescription thereof to the current and future users of their networks.
- **Partners:** Redexis.
- **Redexis' Role**: Entire project.
- **Location**: Redexis facilities in Zaragoza.
- **Public participation**: Open Call for R&D CDTI Projects (Financing of R&D projects developed by companies and aimed at the creation and significant improvement of production processes, products or services).

Project **VÓRTEX**

Experimental development of a new sustainable reheating system for liquefied natural gas through the Ranque-Hilsch phenomenon.

- **Goal:** Elimination of self-consumption energy in LNG plants through the real application of the physical vortex phenomenon in the heating and regulation process.
- **Partners:** Redexis.
- **Role of Redexis:** Entire project.
- **Location:** Sigüenza LNG Plant (Guadalajara).
- **Public participation:** Cervera transfer projects CDTI (Financing of individual R&D projects developed by companies with State-level Technology Centres in priority technologies developed by companies that collaborate with Cervera).

Project **MICROGRID BLUE**

Smart microgrids for the massive integration of distributed renewable energies in the electrical systems of the Canary Islands and West Africa.

- **Goal**: Development and technological transfer of innovative tools to promote the integration of renewable energies distributed in the form of electrical microgrids in such a way as to operate in liaison with the different agents of the energy industry.
- **Participantes**: Endesa, Deputy Ministry of Industry of the Government of the Canary Islands, Instituto Tecnológico de Canarias S.A, University of Las Palmas de Gran Canaria, University ASER and University of Cape Verde.
- **Role of Redexis**: : Regulation and exploitation models, development of single-user microgrids for the residential, industrial and public services sector management of the pilot projects in the Canary Islands and studies of la Laguna, Cabildo de Lanzarote, Cabildo de La Gomera, market and technology transfer.
- **Location**: Facilities in the Canary Islands, Senegal and Cape Verde.
- **Public participation**: EU ERDF funds. Second call of the INTERREG V-A Spain Cooperation Program Spain- Portugal Segunda convocatoria del Programa de Cooperación INTERREG V-A España-Portugal MAC (Madeira-Azores-Canarias) 2014-2020.

Project **GEMELO DIGITAL (DIGITAL TWIN)**

It addresses the transformation of its data model to a model based on smart data. It will constitute a virtual replication of the elements and processes included in the service/utility networks which, combined with other data, will help to plan, manage and design the city and its services.

- **Goal:** to develop a sustainability display to raise public awareness and make progress in compliance with the sustainable development goals.
- **Partners:** Endesa, Telefónica, Zaragoza City Council, Inkolan.
- **Role of Redexis:** participation in various phases of the project.
- **Location:** Zaragoza.

Annexes

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Group Annual Accounts 110

1. INTRODUCTION

Redexis (the "Company" or "Redexis"), pursuant to its transparency policy, continues to promote and advance its activity from the ESG (Environmental, Social and Governance) point of view. Therefore, this report analyses and reviews the Company's activity in terms of good governance in order to strengthen and promote investor's trust.investor confidence. Therefore, the Group continues to be committed to implementingimplement standards and good practices which favour transparency vis-à-vis its stakeholders.

In this regard,, although the Company is not legally obliged to do so, it is committed to strengthening the corporate governance area through a set of rules, principles and procedures which govern the structure and operation of the corporate governing bodies. In this sense, the Board of Directors of Redexis, in the interest of transparency and diligence, has agreed to issue this Annual Corporate Governance Report (the "Report").

This Report includes the information that the Board of Directors of the Company has deemed appropriate to fully reflect Redexis' main corporate magnitude during the financial year 2020, and, in general, any material aspect that shareholders and investors may consider relevant regarding the Company.

2. SHARE CAPITAL STOCK STRUCTURE

The Company's share capital amounts to ONE HUNDRED MILLION EURO (€100,000,000.00), represented by ten million (10,000,000) indivisible and accumulative shares, each with a par value of ten euro (€10), numbered in consecutive order from 1 to 10,000,000, both inclusive.

As at December 31, 2020, the share capital is fully subscribed and paid up, distributedin, and is held by the shareholders as follows:

Chase Gas Investments Limited: 33.33%

ATP Infrastructure II APS: 33.33%

Guotong Romeo Holdings Limited: 33.33%

3. STRUCTURE OF THE BOARD OF DIRECTORS

1.COMPOSITION

The management of the Company falls underis managed by a Board of Directors consisting of at least three members, and a maximum of eleven, pursuant to the provisions set forth in Article 19 of the corporate Bylaws. Currently, the Board of Directors is made up of eight Directors, and a Non-Director Secretary.

2. MEMBERS OF THE BOARD OF DIRECTORS

As at December 31, 2020, the Board of Directors was made up of the following persons:

Name	Appointment date or last re-election	Category	Position
Mr. Fernando Bergasa Cáceres	May 19, 2016	Executive	Chairman of the Board of Directors
Ms. Cristina Ávila García	April 11, 2019	Executive	Director and Chief Executive Officer
Mr. Niels Konstantin Jensen	May 23, 2019	Director representing controlling shareholders (proposed (nominated by ATP)	Non-Executive Director
Mr. Ng Chik Sum Jackson	June 20, 2018	Director representing controlling shareholders (proposed (nominated by Guotong)	Non-Executive Director
Mr. Oliver Jan Schubert	June 20, 2018	Director representing controlling shareholders (proposed (nominated by Guotong)	Non-Executive Director
Mr. Ulrik Dan Weuder	Apr 11, 2019	Director representing controlling shareholders (proposed (nominated by ATP)	Non-Executive Director
Mr. Stephen Alan John Deeley	Apr 11, 2019	Director representing controlling shareholders (proposed (nominated by USS)	Non-Executive Director
Mr. Gavin Bruce Merchant	July 24, 2017	Director representing controlling shareholders (proposed (nominated by USS)	Non-Executive Director
Mr. Ignacio Pereña Pinedo	March 19, 2013	Not applicable	Secretary Non-Director

The Board held ten sessions during financial year 2020. In this sense, it is worth highlighting the commitment of the members of the Board of Directors in the exercise of the functions thereof, highlighting the full participation and attendance to the meetings of the Board of Directors, which was 87.5% during the financial year 2020.

3. PROFESSIONAL PROFILE OF THE EXECUTIVE CHAIRMAN

Mr. Fernando Bergasa has a PhD in Chemistry from Princeton University, with executive training at Harvard and Chicago universities. Between 2007 and 2011 he was Chief Executive Officer of Naturgas Energia and Director at HC Energia.

Moreover, Mr. Fernando Bergasa previously held various executive positions at Endesa, S.A. and was consultant at Mckinsey & Co. Likewise; Mr. Fernando Bergasa has been a Director and Vice President of the Permanent Commission of Sedigas and is a member of the American Chemical Society and the Alumni Advisory Council of the Autonomous University of Madrid.

4. PROFESSIONAL PROFILE OF THE CHIEF EXECUTIVE OFFICER

Ms Cristina Ávila is an Industrial Engineer graduate from ICAI, and MBA from IESE. Between 2007 and 2011 she was the Chief Operating Officer at Naturgas Energía and Director at Naturgas Energía Transporte and Naturgas Energía Distribución.

Previously, Ms Cristina Ávila held executive positions at Endesa Internacional and was consultant at Arthur D. Little. Likewise, she is currently a Director of Sedigas.

5. TERM OF OFFICE OF THE DIRECTOR

La duración del cargo de Consejero es por tiempo de seis (6) años reelegibles por períodos de igual duración, sin perjuicio de su cese, a petición propia o a instancia de la Junta General.

6. BOARD COMMITTEES

In 2018, the Board of Directors established (i) the Appointments and Remuneration Committee and (ii) the Audit and Risk Committee.

1.APPOINTMENTS AND REMUNERATION COMMITTEE

On October 25, 2018, the Board of Directors agreed to set upe the Appointments and Remuneration Committee despite not being required by law to do so.
The above-mentioned committee is made up of three members, who are mentionedas follows:
· Mr. Niels Konstantin Jensen
· Mr. Steve Deeley
· Mr. Oliver Schubert

Mr. Oliver Schubert was appointed Chairman of this committee and Mr Ignacio Pereña Pinedo, Secretary thereof. The members of the Committee will hold office for a period of three years and may be re-elected.

MEETINGS HELD

MEETING OF THE APPOINTMENTS COMMITTEE AND REMUNERATION OF FEBRUARY 28, 2020

Agenda
- Incentive setting proposal for 2019 and salary update.
- Approval of the minutes of the meeting.

At the above-mentioned meeting, there was a proposal to clarify the criteria for setting the Short-Term Incentive Plan for 2019 of the executive members of the Board of Directors and the rest of the directors. Likewise, in this meeting there was a proposal to update the salary conditions of the Director of the "Business to Business" (B2B) Expansion Department, Mr Javier Migoya Peláez, to be adjusted to market references.

MEETING OF THE APPOINTMENTS COMMITTEE AND REMUNERATION OF SEPTEMBER 24, 2020

Agenda
- Approval of the KPIs for 2020 of the Executive Directors and Directors.
- Approval of the minutes of the meeting.

At the above-mentioned meeting, it was agreed to propose to the Board of Directors the approval of the Key Performance Indicators (KPIs) of the Company for 2020 and the Short-Term Incentive Plan for Executive Directors and Directors.

MEETING OF THE APPOINTMENTS COMMITTEE AND REMUNERATION OF NOVEMBER 17, 2020

Agenda
- Proposal to modify the Managing Director's contract.
- Approval of the appointment of PwC as Company advisor to carry out a comparative marketing analysis and redesign the Medium and Long-Term Incentive Plan for Executive Directors and Directors.
- Approval of the minutes of the meeting.

At the above-mentioned meeting, it was agreed to propose PwC as advisor to the Company to prepare a comparative marketing report regarding the remuneration of executive directors and directors, as well as to redesign their Medium and Long Incentive Plan Term.

2. AUDIT AND RISK COMMITTEE

The Board of Directors agreed to establish the Audit and Risk Committee on October 25, 2018, on a voluntary basis as there is no legal obligation thereof.

The above-mentioned committee is made up of three members, which are as follows:

- Mr. Niels Konstantin Jensen
- Mr. Steve Deeley
- Mr. Ng Chik Sum Jackson

Mr Steve Deeley was appointed President of this committee and Mr Ignacio Pereña Pinedo, Secretary of the committee.

The members of the Committee will hold office for a period of three years and may be re-elected.

MEETINGS HELD

In the financial year 2020, the Audit and Risks Committee held two meetings, according to the following date and agenda.

MEETING OF THE AUDIT AND RISKS COMMITTEE ON 3 FEBRUARY 2020

Agenda

- Risk Management and Control Policy
- Approval of the minutes of the meeting

At the above-mentioned meeting, it was agreed to propose to the Board of Directors the approval of the Risk Management and Control Policy for the Redexis Group.

MEETING OF THE AUDIT AND RISKS COMMITTEE ON 20 FEBRUARY 2020

Agenda

- Meeting with the External Auditor.
- Results of the internal audit for 2019.
- Internal audit plan for 2020.
- Compliance Report.
- Approval of the minutes of the meeting.

At the above-mentioned meeting, the matters detailed on the agenda were deeply discussed; nonetheless, no decision was reached.

1. CONFLICTS OF INTEREST

The Directors shall duly inform the Secretary of the Board any situation that may constitute a conflict of interest with the Company. Directors shall refrain from attending and debating on matters in which they are directly, indirectly or personally interested.

It is considered that there is likewise a personal interest of the Director when the matter involves a person related to the Director, or a company with which the Directors has a business or professional relationship or in which the Director holds a managerial position or has significant participation.

In financial year 2020, no Director has stated the existence of any conflict of interest with the Company.

Likewise, at the time of the appointment or re-election of the Directors, all Directors have stated they were not affected by any grounds of incompatibility which would prevent or impair the exercise of any of their functions and, particularly, those set forth in Act 3/2015, of March 30, regulating the exercise of senior positions of the General State Administration, as well as those set forth in the provisions of Articles 227, 228, 229, 230 and 231 of Royal Legislative Decree 1/2010, of July 2, approving the Consolidated Text of the Capital Companies Act.

2. REMUNERATION OF THE DIRECTORS

The position of Director, acting in such capacity, is not remunerated, notwithstanding the right to a reimbursement by the Company of the reasonable expenses incurred by the Director due to the position.

The directors with executive functions in the Company are Mr Fernando Bergasa Cáceres and Ms Cristina Ávila Garcia. The above-mentioned directors are remunerated for the performance of the above-mentioned executive functions pursuant to the provisions set forth in Royal Legislative Decree 1/2010, of July 2, approving the consolidated text of the Capital Companies Act, in the Articles pf Association and in the resolutions adopted for the purpose thereof by the Board of Directors.

3. NOTICE OF THE MEETINGS

The meetings of the Board of Directors were duly call with sufficiently advance; the explanatory documentation for each of the matters included in the agenda was available to the Directors..

4. INFORMATION PROVIDED TO THE DIRECTORS

Before holding each of the meeting of the Board of Directors, the company's management provides each of the Directors with relevant information about the Company and the Group, such as the financial performance of the companies in the Group, regulatory issues and ongoing tenders, occupational health and safety matters and any other relevant information that the directors should know. For the purposes hereof, the Directors have access to the above-mentioned information on a web portal made available by the Company.

4. GENERAL SHAREHOLDERS' MEETING

1. GENERAL SHAREHOLDERS' MEETINGS HELD

In the financial year 2020, three General Shareholders' Meetings were held on the following date and agenda.

ORDINARY GENERAL SHAREHOLDERS' MEETING JUNE 9, 2020

Agenda

- Approval of the Financial Statements and the Management Report of Redexis Gas S.A. and the consolidated Financial Statements and Management Report of Redexis Gas S.A. and its subsidiary companies corresponding to 2019
- Approval of the distribution of profit obtained in the financial year 2019.
- Approval of the management of the Board of Directors for 2019.
- Appointment of auditors.
- Approval of the minutes of the meeting.

At the above-mentioned meeting, the annual, ordinary and consolidated financial statements of Redexis Group, the management of the Board of Directors, were approved and the application of the results was agreed upon. Likewise, the appointment of Deloitte, S.L. as auditors of the Company was agree upon.

EXTRAORDINARY GENERAL SHAREHOLDERS 'MEETING OF JUNE 23, 2020

Agenda

- Distribution of dividends
- Approval of the minutes of the meeting

At the above-mentioned meeting, the distribution of dividends of the Company was approved.

EXTRAORDINARY GENERAL SHAREHOLDERS 'MEETING OF DECEMBER 28, 2020

Agenda

- Distribution of dividends
- Approval of the minutes of the meeting

At the above-mentioned meeting, the distribution of dividends of the Company was approved.

2. INFORMATION TO SHAREHOLDERS

In terms of information to shareholders and for the purposes of facilitating and guaranteeing the exercise of shareholders' rights, the Company has maintained strict compliance with the obligations set forth in the provisions of Article 197 of the Consolidated Text of the Capital Companies Act, regarding the right to information.

3. NEW ACTIVITIES

1. Photovoltaic business

During 2020, Redexis Gas Servicios, S.L.U. (hereinafter, **"Redexis Servicios"**) has continued to drive the photovoltaic business. For these purposes, in March 2020, Redexis Servicios entered into an agreement with the Spanish Federation of Electrical Household Traders (FECE, for its acronym in Spanish) to distribute and market its photovoltaic products and services in the facilities of the entities associated with FECE, which include outstanding brands such as Milar, Expert and Tien21, among others.

2. Hydrogen

In June 2020, Redexis launched a pioneering project installing a hydrogen fuel cell to generate electricity and heat in a Regulation and Measurement Station (ERM) of the gas pipeline network, in this case, in the Bárboles-Sobradiel gas pipeline (Zaragoza), and this is the first integration of this type to be carried out in Spain. This initiative is a Research and Development Project (R&D) which was funded by the Centre for Industrial Technological Development (CDTI, for its acronym in Spanish), under the Ministry of Science and Innovation.

Likewise, in October 2020, Redexis became part of the European Clean Hydrogen Alliance, an organisation promoted by the European Commission to deploy and develop green hydrogen-based projects throughout the continent.

3. Vehicular Natural Gas

In January 2020, Redexis Servicios and Fiat entered into an agreement by means of which the two companies committed to develop and promote sustainable mobility by promoting vehicular natural gas (NGV), thus reaffirming their commitment to environmental sustainability.

On the other hand, within the framework of the agreement entered into in 2019 between Redexis Servicios and Cepsa Comercial Petróleo, S.A.U. (hereinafter, **"CEPSA"**), in March 2020 the first vehicular natural gas refuelling station was inaugurated at exit 649 of the Mediterranean Highway (A-7), Puerto Lumbreras exit (Murcia).

Likewise, and within the framework agreement entered into in 2019 between Redexis Servicios and the Orthem business group, in June 2020 a network of seven gas stations was started up to supply compressed natural gas to the ambulance fleet of the Murcian Health Service (SMS, for its acronym in Spanish), consisting of about 400 vehicles.

In October 2020, Redexis opened its first gas station for light and heavy vehicles in the Community of Madrid. This infrastructure was built and became operational pursuant to the agreement that Redexis entered into with Coar in 2019 to promote and boost vehicular natural gas (NGV) as a sustainable fuel with low emissions.

3. INTRA-GROUP OPERATIONS

In the course of its activity, the Company has entered into different agreements with companies belonging to the Group, which are detailed as follows:

- A framework agreement for the provision of services between the Company and the other companies of Redexis Group, entered into on June 30, 2016, under which Redexis provides the rest of the companies in tits Group, among others, systems and communications systems, human resources, general services and corporate support.

- A two-pipe assignment agreement, entered into on December 23, 2016, under which the Company, together with Redexis Gas Murcia, S.A. and Redexis Infraestructuras, S.L.U., assign to Redexis Gas Servicios, S.L.U. the physical infrastructures attached to the transmission and distribution networks owned by Redexis Gas Servicios, S.L.U. can provide telecommunications services.

- A loan agreement entered into between the Company and Redexis Gas Murcia, S.A., under which the Company grants the latter a loan amounting to sixty-five million euros (€ 65,000,000). This loan agreement initially ended on December 31, 2016; nonetheless, it has been automatically renewed by the parties for annual periods.

- Agreements for the sale of LPG facilities, entered into on (i) November 30, 2017; and (ii) on January 31, 2020, between Redexis Gas Murcia, S.A. and Redexis GLP, S.L.U., under which the former sells piped LPG facilities to the latter together with various instruments and networks associated thereto, as well as the LPG supply policies signed with customers regarding the above-mentioned facilities.

- Agreement for the sale of LPG facilities, entered into on November 30, 2017, between the Company and Redexis Gas Murcia, S.A., under which the Company sells to the latter piped LPG facilities together with various instruments and networks associated thereto, as well as the LPG supply policies signed with customers regarding the above-mentioned facilities.

- Agreement for the sale of LPG facilities, entered into on January 31, 2020, between the Company and Redexis GLP, S.L.U. under which the Company sells to the latter piped LPG facilities together with various instruments and associated networks, as well as the LPG supply policies signed with customers regarding the above-mentioned facilities.

- A service provision agreement between the Company and the Redexis Foundation, entered into November 27, 2020, under which Redexis provides the Redexis Foundation systems and communications services, human resources, general services and corporate support, among others.

- A loan agreement signed between the Company and Redexis Infraestructuras, S.L.U. entered into on December 18, 2020, under which the Company grants the latter a loan for the amount of € three hundred and twenty-six million, nine hundred and twenty-nine thousand, nine hundred and ninety-four euros and three cents (€ 326,929,994.03). The term of this loan agreement is 10 years, ending on December 18, 2030.

4. COMPANY FINANCING

During 2020, the Company carried out the following operations within the framework of the Group's financing:

- Dated May 15, 2020, the Company and a group of financial entities entered into a Sustainability Facility Agreement for an amount of €150 million, which matures in 2023 The loan was formalised in a sustainable manner, linking the interest rate to the improvement of environmental, social and good corporate governance parameters measured by the Vigeo Eiris agency.

- On May 28, 2020, Redexis Gas Finance, B.V., carried out a new bond issue for an amount of €500 million, guaranteed by the Company. The bond issue was closed with a maturity of 5 years and with an annual interest rate of 1.875%.

- Finally, on May 29, 2020, the partial amortisation, amounting to €155,903,000 of the € 650 million bond issue subscribed on April 8, 2014.

5. SALE AND PURCHASE OF LIQUEFIED PETROLEUM GAS (LPG) CONNECTION POINTS

After the acquisitions in previous years, on December 27, 2019, the Company and Cepsa Comercial Petróleo, S.A.U. (Cepsa) entered into a framework agreement under which the Company acquired from the latter 11,366 connection points, 648 piped LPG facilities, as well as various LPG instruments and networks associated thereto. Additionally, the Company acquired from Cepsa the LPG supply policies entered into with the customers associated with the above-mentioned facilities.

The above mentioned transaction was notified to the National

Markets and Competition Commission (CNMC, for its acronym in Spanish), which notified the Company the transaction approval on March 12, 2020.

For these purposes, throughout 2020 most of the supply points described in the above-mentioned framework agreement have been transferred.

On the other hand, on December 28, 2020, the Company and Repsol Butano, S.A. (Repsol) entered into a framework agreement under which the Company acquires from the latter 4,230 LPG supply points, 139 piped LPG facilities, as well as various instruments and networks associated thereto. Additionally, the Company acquires from Repsol the LPG supply policies entered into with the customers associated with the above-mentioned facilities. This transaction is pending approval by the National Markets and Competition Commission (CNMC).

6.GRESB, VIGEO, TCFD AND THE SUSTAINABILITY REPORT

1. GRESB

In November 2020, Redexis has been recognised, for the second consecutive year, by GRESB as a leader in the 2019 Infrastructure Sustainability Index in ESG (Environmental, Social and Governance), and the highest rating awarded and recognised with five stars.

GRESB is a world sustainability index, which assesses and rates the work carried out by more than 500 funds and assets from different industries to promote sustainable development, under a global standard in environmental, social and corporate governance matters. This ranking provides standardised data validated by capital markets and is a world benchmark for measuring corporate performance regarding sustainability.

In this edition, GRESB has awarded Redexis, within the Diversification category, the maximum rating of five stars and eight points more than in the last edition, reaching a total of 82 points out of 100. This places Redexis in the Top 20 of the Benchmark, with higher results than the average of the participating companies (61 points) and of the rest of the companies in the industry (63 points). The result awarded by GRESB demonstrates Redexis' commitment to sustainable development and its commitment to implement practices and solutions in terms of social and environmental responsibility of our activities.

2. VIGEO

In April 2020, Redexis received from Vigeo Eiris the report measuring the main magnitudes of social, corporate and sustainability responsibility of the Company. For these purposes, Redexis has registered an increase of 14 points in its rating in the ESG rating of Vigeo Eiris, a leading company assessing Corporate Social Responsibility (38% higher than the previous rating), obtaining the rating of "robust" in terms of social and environmental responsibility activities.

Thus, Redexis has obtained a rating higher than the average of the companies in its industry in the environmental, social responsibility and corporate governance indicators. Vigeo Eiris highlights the performance of Redexis in all the areas under analysis, mainly in the environmental aspect, increasing from 45 to 52 points in general, and in corporate governance, registering an increase from 26 to 53 points.

With this rating, Redexis has improved the margins applicable to the Revolving Facility Agreement entered into on May 30, 2019, between the Company and different financial entities. This is a sustainable financing and in terms of improvements in the rating issued by Vigeo, the interest rate applicable thereto is reduced.

3. TCFD

During the financial year 2020 Redexis has carried out the analysis proposed by the Task Force on Climate-related Financial Disclosures (or TCFD), the TCFD sets forth recommendations for a transparent, comparable and consistent disclosure of information regarding the risks and opportunities presented by climate change, so that implementing these recommendations will help companies to demonstrate their responsibility and forecasting ability regarding the climate change-related circumstances.

In this sense, Redexis has analysed the risks and the opportunities associated with climate change in the 2030 horizon and has identified the lines of action necessary to mitigate or adapt to the circumstances arising from climate change, this Report has been submitted to the corporate Board of Directors.

4. Sustainability Report

In July 2020, Redexis published its second Sustainability Report in order to make the most relevant information for the financial year 2019 available to its stakeholders and other interested parties. This report was likewise published on the Redexis website.

Taking the content of the 2018 Sustainability Report as a starting point and in line with its transparency policy, Redexis continues to promote and advance its activities from an ESG (Environmental, Social and Governance) point of view. In this report, the corporate activities and results are analysed and reviewed, providing a cross-cutting sustainability point of view to its business model and strategic focus.

The objective of the information submitted is to communicate how Redexis creates value in a precise, detailed manner, consistent with the environment and the activities carried out, understandable and accessible to all its stakeholders. Likewise, this report demonstrates Redexis' commitment to the ten Principles of the Global Compact and the United Nations Sustainable Development Goals and responds to the corporate progress in implementing these principles.

7. REDEXIS FUNDATION

On July 12, 2019, the Redexis Foundation was established with the aim of promoting the social work carried out by Redexis. To this end, the Foundation aims, in general, to promote technological innovation and the development of social, charitable, welfare, educational or cultural works.

In particular, the Foundation will promote the development and well-being of existing social groups in the territories in which it operates, with special consideration to promoting infrastructures that contribute to sustainable development and a cleaner economy.

The management of the Redexis Foundation corresponds to its Board of Trustees pursuant to the provisions set forth in Article 9 of its Foundational Statutes, which is made up of four trustees as follows:

Name	Appointment date	Position
Mr. Fernando Bergasa Cáceres	12 July 2019	Chairman
Ms. Cristina Ávila García	12 July 2019	Patron
Mr. Antonio España Contreras	12 July 2019	Patron
Mr. Ignacio Pereña Pinedo	12 July 2019	Patron
Ms. Esther Reyes de Frutos	12 July 2019	Non-patroness secretary
Ms. Estefanía Somoza	12 July 2019	Manager

8. ACTIONS ON GOOD GOVERNANCE

In order to maintain the commitment to good corporate governance and transparency, the Company has continued to take actions during the financial year 2020 to ensure proper compliance with regulations and good market practices. The Company has a Code of Conduct and an internal and external reporting channel which allow the Head of Corporate Governance to be informed of any eventual breach related thereto.

Thus, in addition to the activities already carried out in previous years, various actions were carried out in 2020, including the following:

1. Internal regulations
During 2020, the Company has approved:

1. Procedimiento de actuación para la elaboración del Estado de Información no Financiera. Este Procedimiento tiene por

1. Action procedure to prepare the Non-Financial Information Statement. The purpose of this Procedure is to describe the guidelines to be followed to prepare the Non-Financial Information Statement to be included, when applicable, in the management report of the consolidated Financial Statements of the Company or of any of its subsidiaries, if applicable.

2. Supplier approval, monitoring and evaluation procedure. Through this procedure, the description of the homologation, monitoring and evaluation process of suppliers, contractors and collaborators of the Redexis Group is established, as well as the definition of the criteria and the assignment of responsibilities during this process. Therefore, the purpose of this procedure is to ensure that any third-party supplying goods or services is qualified according to the transparency and business ethics, health and safety, and quality and environment standards of the Redexis Group.

3. Travel policy and travel expenses. The purpose of this regulation is to establish the policy and guidelines for the correct processing of travel and travel expenses in order to carry out the professional activities of the Redexis Group.

4. Sustainability policy. This standard reflects the Redexis Group's commitment to social, environmental, ethical and sustainable development, maximizing its positive impacts through an integrated and transparent behaviour towards all stakeholders.

5. Risk Control and Management Policy: The purpose of this policy is to establish the basic principles and general framework of action to manage the risks posed to the Redexis Group, guiding and directing the set of strategic, organisational and operational actions which allow the Board of Directors to promote the fulfilment of the corporate goals, within a framework of rigour and excellence focused on safety and service in the development of its activities.

6. Human Rights Policy: By approving this policy, the Redexis Group seeks to ensure that the protection of Human Rights is respected in all its activities and operations, to avoid abetting in human rights abuses, and to use its influence to promote compliance with human rights among its stakeholders.

7. Equality and Diversity Policy: The purpose of this policy is to promote and support an environment which values and

affirms talent, equal opportunities and diversity within the Redexis Group.

8. Fiscal Policy: The purpose of this policy is meet the following principles to comply with the Group's fiscal obligations regarding tax authorities:
(i) compliance with current tax legislation; (ii) waiver of operations or structures which only pursue a tax advantage, structuring of operations of an artificial nature not related to the Company's own activity, use of non-transparent structures in order to reduce its tax burden and making investments through territories classified as tax havens; (iii) transparency with third parties; and (iv) full collaboration with the Tax Administration

2. Training Platform

Redexis is firmly committed to training its employees. In this regard, the "Campus Redexis" training platform for employees has provided different courses and content so that employees can continue to make progress in their professional development. Specifically, the courses available to employees have been the following ones:

- Code of Conduct Course: This course explains what the company's Code of Ethics is, to whom it applies, and what its core principles are.
- Course on the procedure to report allegedly irregular events: The main objective of this course is to inform how events that could be of an irregular or criminal nature, committed by someone from the organisation, can be reported to Redexis management, and the way in which the management processes the complaints submitted.
- Emergency Plan Madrid Office: The main objective of this course is to disclose the Emergency Plan of the Madrid Office.
- Teleworking Skills: The purpose of this course is to provide employees with different techniques to carry out their work outside the office in an effective and efficient way.
- Teleworking Tools: This course informs employees about the different available tools to be able to carry out their work outside the office in an effective and efficient way.
- Waste Management Course: The purpose of this course is to help employees improve their knowledge on the waste generated in Redexis offices, on its management and recycling.
- Equal Opportunities Course: The objective of this course is to raise awareness and introduce some interesting data on the advantages of implementing equal policies, highlight the main aspects of the II Redexis Equality Plan and reflect some keys to prevent gender-based violence.
- Cybersecurity Course The objective of this course is for employees to have the necessary training in cybersecurity to avoid unwanted situations and to be able to duly react in risky situations.
- Atmospheric Emissions Management Course. The purpose of this course is to provide training and awareness to employees on how CO emissions affect climate change2, and to offer training and awareness of Redexis work to reduce CO2 emissions.
- ISO 5001: 2018 Transition Course: This goal of this course Is to disclose: (i) the key changes to the ISO 50001: 2018 version; (ii) the management requirements of the "Strategic Aspects" standard; and (iii) the technical requirements of the "Tactical Aspects" standard.
- "Healthy Eating Workshop": The goal of this course is to sensitize employees to adopt safe and healthy practices, getting to know how to incorporate healthy habits into their lifestyle. Additionally, it aims to review food from a nutritional perspective, shopping habits, emotional rewards and social habits. Likewise, this course aims to promote both physically and nutritionally healthy habits.
- Office Energy Efficiency Course: The purpose of this course is (i) to acquire good practices in air conditioning, lighting, office automation, transport and mobility to save energy in offices; (ii) to take part in the continuous improvement of Redexis energy and environmental management and (iii) to contribute to nurturing Redexis' business culture in environment and energy management to achieve environmental excellence integrated into its business culture.
- Redexis Integrated Management System (SST, MA and GE): The objective of this course is to inform employees of (i) the Redexis Group Integrated Policy; (ii) the Serious Accident Prevention Policy; (iii) the Integrated Management System Manual, (iv) the Safety, Health and Labour, Environment and Energy Documents; (v) the OSH Norms (Noss), (vi) the Environmental Standards and (vii) the formats and documents implemented for each activity.
- Institutional Attention Course: The purpose of this course is to inform employees about what is understood by institutional care and what institutional care is prohibited and which is allowed.

Additionally, through an external provider, Redexis made available to its employees the Pharos training platform specialised in Engineering, Infrastructure and Energy content, as well as training in Big Data, Project Management, Environment, among others. This platform has more than 500 online courses so that employees can choose the ones that best suit their needs and preferences.

3. Weather Survey

In September 2020, Redexis launched a survey to carry out a climate and engagement study among its employees. The purpose of this survey is to measure and manage the organisational climate and sustainable commitment to positively impact business results. This survey was carried out by 69% of the workforce.

4. Health and Safety and Environment

Health and safety and environmental conditions at work are matters considered a top priority for the Company.

Thus, these Redexis values are reflected by managing the following key points with the utmost interest:

a. The operation of a modern and efficient Control Centre, which manages full-time notification of incidents by third parties, controlling restricted access to the facilities, real-time monitoring of technical alarms that will be generated in our facilities, managing the network operation through its graphical information system, monitoring gas discharges to our storage centres and directing the management to address eventual emergencies.
b. The implementation of an educational and continuous training system for our technicians in safety and environmental matters.
c. Disclosure to employees of the risks identified and the preventive measures to be implemented and the disclosure of preventive communication campaigns.
d. The implementation and disclosure of emergency plans, providing specific training and periodically carrying out drills to resolve possible emergencies.
e. The implementation of continuous improvement measures on the processes.
f. Intensive surveillance of field work by specialist companies in occupational safety and environmental control.
g. Prior environmental impact assessment processes of the projects in which it is required.
h. A specific management system for environmental duties and requirements established by the regulator or local administrations.
i. Rigorous specific systems for monitoring waste, spills and emissions.

The Company implements an action to directly or indirectly contribute to the Sustainable Development Goals, approved by the United Nations.

Thus, the Group guides its sustainable development efforts by working under two principles:

· Commitment to Society.
· Respect for the Environment.

In turn, promoted by Senior Management, the Company has defined an Integrated Policy involving all Company employees, according to the principles of sustainable development, environmental conservation and efficient use of the resources employed.

Finally, during the financial year 2020, the following specific actions carried out in the framework of health and safety and the environment should be highlighted:

a. The carbon footprint was registered, submitted to the Ministry for Ecological Transition in November 2020.
b. It has participated in the auditing process of best practices in environmental, social and corporate governance matters carried out by Gresb BV, as already described in section 9.1 hereof.
c. The healthy company certificate has been maintained.
d. The management systems ISO 14001: 2011, ISO 45001: 2018 and ISO 50001: 2018 certificates for energy management have been renewed.
e. The integrated Occupational Health and Safety, Environment and Energy policy and the Serious Accident Prevention Policy remain in force.

Finally, it should be noted that the necessary audits have been passed both in renewing and obtaining the certificates described in previous sections c) d) and e).

5. Sponsorships and Collaboration Actions

The company maintains a continuous dialogue with local institutions and communities, in order to identify their needs and interests and collaborate jointly through sponsorship and collaborative actions In 2020, either directly or through the Redexis Foundation, Redexis has carried out more than a dozen sponsorship and collaboration actions with different organisations, associations and institutions, showing its commitment to proximity and creating value in the areas in which it operates.

Among the conferences sponsored by Redexis, with institutions, the following should be mentioned: (i) “Green Gas Mobility, virtual summit; (ii) the online event “Café de la Innovación”, organised by the Autonomous University of Madrid and in which the Chairman of Redexis took part as the main speaker; (iii) the InnoUAM Conference on Hydrogen; and (iv) the International Energy Congress of the Community of Madrid.

Likewise, Redexis and the Redexis Foundation have participated in different events organised by the media, among others: (i) the online event “The Role of Hydrogen in the Energy Transition" organised by El Español, (ii) the digital meeting organised by 'La Opinión de Murcia' with SDG 7, "Affordable and Non-Polluting Energy" as the central axis of the conference; (iii) El Confidential Forum "Green Hydrogen, Key to Sustainable Growth in Spain"; and (iv) the V El Economista Energy Forum "The energy transition, key in the recovery after COVID-19".

Likewise, Redexis has prepared the first publication focused on hydrogen: "Hydrogen, Key to a Sustainable Energy Model" aimed to raise awareness of the current hydrogen situation and to be a fundamental asset in the energy transition.

Finally, Redexis has the "Redexis Commitment" channel where all the actions, campaigns and projects in Corporate Social Responsibility (CSR) and Sustainability are reported.

9. REDEXIS ACTIONS AGAINST COVID-19

REDEXIS ACTIONS AGAINST COVID-19 The year 2020 has been marked by the public health emergency situation resulting from the global pandemic generated by COVID-19, a disease caused by a coronavirus of animal origin (SARS CoV2). Subsequently, on October 25, 2020, the Government once again declared a state of alarm throughout the national territory with the aim of containing the spread of the virus.

Redexis has implemented different actions to alleviate the situation that the COVID-19 virus has caused in the society in different areas:

Safety
- Safety protocol for the normal implementation of Redexis operations, ensuring the continuity of gas supply.
- Full operability of the Control Centre and activation of the backup control centre.
- Creation of a COVID-19 crisis committee.
- Coordination with public institutions to obtain Personal Protective Equipment (PPE).

Clients and suppliers
- Suspension of supply cuts due to non-payment during the state of alarm.
- Support measures for suppliers and contractors such as paid travel expenses, purchase of material or advance payments for construction processes.

Employees
- Telecommuting of 100% of the workforce.
- Maintenance of jobs and working conditions.
- On-line educational and recreational activities for the children of employees during lockdown.
- Implementation of an online service to improve the well-being and emotional state of employees.
- Continuous communication to employees informing about the measures to be applied and the Company status.

Redexis Foundation
- Help lines to pay LPG bills to vulnerable entities.
- €50,000 donation to the Community of Madrid to purchase medical supplies and protective equipment.
- €25,000 donation to the Autonomous Community of Aragon to purchase sanitary material and equipment.
- Donation of €15,000 to the Castilla La-Mancha Health Service (SESCAM) to reinforce the health system means.
- €10,000 donation to the Food Bank Federation for the families most affected by this crisis.
- Donation of €2,000 "power Banks" to the IFEMA Hospital to improve the connectivity of admitted patients.

Additionally, Redexis has enabled the channel "Redexis against COVID-19" to report employees at all times on the actions carried out by the Company in this matter.

Aneexes

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Redexis Gas, S.A.,

Opinion

We have audited the consolidated financial statements of Redexis Gas, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Measurement of the goodwill and intangible assets with an indefinite useful life arising from business combinations carried out in prior years	
Description	**Procedures applied in the audit**
As described in Note 8 to the accompanying consolidated financial statements, the Group's non-current assets include goodwill amounting to EUR 219,175 thousand and intangible assets with an indefinite useful life relating to gas distribution and transmission licences amounting to EUR 542,914 thousand arising from business combinations carried out in prior years. The assessment of the recoverable amount of the goodwill and intangible assets with an indefinite useful life both allocated to the transmission and distribution operating segments requires the use of significant judgements and estimates by management, in estimating both the performance of the activity and the effect of the regulatory frameworks in force and new remuneration methodology to be applied from January 2021 to 2026. We identified this matter as one of the most significant matters in our audit based on both the magnitude of the amounts affected and the high degree of judgement required of management when assessing the recoverable amount of the goodwill and intangible assets with an indefinite useful life.	Our audit procedures included, among others, evaluating the reasonableness of the valuation methodology and key assumptions used by management. In this respect, we evaluated the reasonableness of the cash flow projections and the discount rates applied by comparing the assumptions made with data obtained from both internal and external sources, and performed a critical evaluation of the key assumptions in the models used. In particular, we verified the reasonableness of the remuneration formulae used in estimating the revenue and checked that they were consistent with current regulations and the regulations approved for the following regulatory period. We also evaluated the reasonableness of the calculation of the terminal value of the assets in accordance with generally accepted valuation methods, as well as the perpetuity growth rate estimated by the Group according to the historical information available, involving our internal valuation specialists for that purpose. Lastly, we checked that the disclosures included in Notes 3-g), 3-f) and 8 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Recognition of revenue from the gas system	
Description	**Procedures applied in the audit**
As described in Notes 1 and 4 to the accompanying consolidated financial statements, the Parent engages mainly in the distribution and transmission of gas and petroleum products of any nature, the revenue from which is calculated on the basis of the remuneration formulae included in the applicable regulations, subject to the settlement system of the Spanish National Markets and Competition Commission (CNMC). In this context, the accuracy and cutoff of the sales, due to the factors described above, were considered to be significant matters in our audit for 2020.	Our audit procedures included, among others, understanding the regulated revenue process followed by the Group, reviewing current legislation and evaluating compliance therewith. These tests were applied together with procedures to verify the applicable remuneration parameters and management information used by the Group to calculate the revenue for the year. In addition, the correct recognition of the settlements received in the year was verified, together with the collections made from and payments made to the associated gas system. Lastly, we checked that the disclosures included in Notes 3-o) and 28 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Other Matter

The Group's consolidated financial statements for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 2 March 2020.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2020, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the applicable audit regulations, consists of evaluating and reporting on whether the consolidated directors' report is consistent with the consolidated financial statements, based on our knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, the information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2020 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on the following page, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Jorge Izquierdo Mazón
Registered in ROAC under no. 18.194

26 March 2021

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

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Consolidated Statement of Financial Position for 31 December 2020 (Expressed in thousands of Euros)

Income statement

Assets	Note	2020	2019
Property, plant and equipment	7	1,323,284	1,295,839
Goodwill	8	219,175	219,175
Other intangible assets	8	558,703	557,969
Right of use assets	9	11,630	12,029
Non-current financial assets	12	1,528	4,039
Trade and Other Receivables	15	2,726	-
Total non-current assets		**2,117,046**	**2,089,051**
Inventories	14	5,711	5,377
Trade and Other Receivables	15	56,941	61,499
Other current financial assets	12	278	166
Other current assets	15	1,629	6,580
Cash and cash equivalents	16	591,732	74,883
Total current assets		**656,292**	**148,504**
Total assets		**2,773,338**	**2,237,556**

Equity and Liabilities	Note	2020	2019
Capital		100,000	100,000
Share premium		105,433	105,433
Other reserves		392,065	418,692
Other comprehensive income		(6,815)	37,551
Equity attributable to equity holders of the Parent		590,683	661,676
Equity: Non-controlling interests		25	25
Total equity	**17**	**590,709**	**661,701**
Debt with related parties	19	990,064	1,141,780
Loans and borrowings	20	413,486	207,885
Other financial liabilities	18	1,181	744
Lease liabilities	9	9,754	10,007
Deferred tax liabilities	13	97,639	66,459
Provisions for employee benefits	24	126	5,623
Other provisions	25	943	576
Government grants and other liabilities	27	20,909	21,216
Total non-current liabilities		**1,534,102**	**1,454,290**
Debt with related parties	19	517,192	19,445
Loans and borrowings	20	12,431	1,514
Trade and other payables	21	112,535	94,992
Current income tax liabilities	13	1,179	502
Provisions for employee benefits	24	-	57
Other current liabilities	21	3,118	2,862
Lease liabilities	9	2,073	2,192
Total current liabilities		648,527	121,565
Total equity and liabilities		**2,773,338**	**2,237,556**

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

Income statements	Note	2020	2019
Revenue	28	219,380	223,375
Other income	29	5,363	6,829
Self-constructed non-current assets		16,065	15,670
Consumption of raw materials and consumables		(20,901)	(18,567)
Employee benefits expense	31	(28,648)	(29,528)
Depreciation and amortisation	7, 8 y 9	(91,773)	(87,879)
Impairment losses on non-current assets		(1,056)	(396)
Other operating expenses	30	(25,596)	(25,559)
Results from operating activities		**72,833**	**83,945**
Finance incomes		286	166
Finance costs		(43,604)	(34,298)
Net finance income/(cost)	32	(43,317)	(34,133)
Profit before income tax		**29,516**	**49,812**
Income tax expense	13	(36,331)	(12,260)
Profit for the year		**(6,815)**	**37,552**
Profit for the year attributable to equity holders of the Parent		(6,815)	37,551
Profit for the year attributable to non-controlling interests		-	1

Consolidated Income Statement for 2020
(Expressed in thousands of Euros)

Overall result	Note	2020	2019
Profit for the year		**(6,815)**	**37,552**
Other comprehensive income			
tems that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of taxes		-	-
Total comprehensive income for the year		**(6,815)**	**37,552**
Total comprehensive income attributable to:			
Equity holders of the Parent		(6,815)	37,551
Non-Controlling Interests		-	1
Total		**(6,815)**	**37,552**

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

Consolidated Statement of Comprehensive Income for the Year Ended 31/12/2020 (Expressed in thousands of Euros)

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020
(Expressed in thousands of Euros)

Equity attributable to equity holders of the Parent

	Capital	Share premium	Legal reserves	Others reserves	Profit/(loss) for the year	Total	Interest Non-Controlling	Total equity
Balance at 31 December 2019	**100,000**	**105,433**	**20,000**	**398,692**	**37,551**	**661,676**	**25**	**661,701**
Profit/(loss) for 2020	-	-	-	-	(6,815)	(6,815)	-	(6,815)
Dividends	-	-	-	(60,000)	-	(60,000)	-	(60,000)
Other movements	-	-	-	(4,178)	-	(4,178)	-	(4,178)
Distribution of profit/(loss) for 2019	-	-	-	37,551	(37,551)	-	-	-
Balance at 31 December 2020	**100,000**	**105,433**	**20,000**	**372,065**	**(6,815)**	**590,683**	**25**	**590,709**

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2019
(Expressed in thousands of Euros)

Equity attributable to equity holders of the Parent

	Capital	Share premium	Legal reserves	Others reserves	Profit/(loss) for the year	Total	Interest Non-Controlling	Total equity
Balance at 31 December 2018	**100,000**	**105,433**	**20,000**	**398,677**	**29,864**	**653,975**	**24**	**653,999**
Profit/(loss) for 2019	-	-	-	-	37,551	37,551	1	37,552
Actuarial gains/(losses) on defined benefit plans	-	-	-	150	-	150	-	150
Dividends	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Distribution of profit/(loss) for 2018	-	-	-	29,864	(29,864)	-	-	--
Balance at 31 December 2019	**100,000**	**105,433**	**20,000**	**398,692**	**37,551**	**661,676**	**25**	**661,701**

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020 (Expressed in thousands of Euros)

	Note	2020	2019
Cash flows from operating activities			
Profit for the year before tax		**29,516**	**49,812**
Adjustments for			
Amortisations and depreciations	7, 8 y 9	91,773	87,879
Impairment losses on non-current assets		1,056	396
Change in provisions		(1,596)	1,418
Government grants taken to income		(1,232)	(1,049)
Finance income	32	(286)	(166)
Finance costs	32	43,604	34,298
		162,833	**172,589**
Changes in working capital		**38,683**	**18,152**
Inventories		(333)	555
Trade and Other Receivables		749	(5,858)
Other current assets		4,784	(931)
Trade and other payables		31,781	21,483
Other current liabilities		199	(478)
Other non-current assets and liabilities		1,504	3,380
Cash generated from operations		**201,516**	**190,741**
Interest and commissions paid		(33,726)	(32,350)
Interest received		286	166
Income tax paid		(4,312)	(5,346)
Net cash from operating activities		**163,765**	**153,211**
Cash flows from investing activities			
Payments for purchases of distribution and LPG assets in use		(10,764)	(5,309)
Payments for acquisition of property, plant and equipment and intangible assets		(124,818)	(139,949)
Net cash used in investing activities		**(135,582)**	**(145,258)**
Cash flows from financing activities			
Payments for acquisition of financial assets		(1,049)	-
Payments of loans and borrowings from credit institutions		(9,412)	(693)
Proceeds from loans and borrowings from credit institutions		224,770	50,000
Proceeds from loans and borrowings from related parties		494,820	-
Proceeds from the depreciation of bonds and other marketable securities		(158,281)	-
Payments of lease liabilities		(2,181)	(2,118)
Dividends paid		(60,000)	(30,000)
Net cash from financing activities		**488,666**	**17,189)**
Net increase (decrease) in cash and cash equivalents		516,849	25,142)
Cash and cash equivalents at 1 January		74,883	49,741
Cash and cash equivalents at 31 December		7591,732	74,883

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

(1) NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Redexis Gas, S.A. (hereinafter the Company or the Parent) was incorporated with limited liability under Spanish law in Madrid on 6 April 2000. Its registered office is located at Mahonia nº 2, 28043 Madrid and its tax residence is at Avda. Ranillas, nº 1, bloque D, planta 2º. C.P. 50018, Zaragoza (Spain).

The statutory activity of Redexis Gas, S.A. primarily entails the distribution and transmission of all types of gas and oil-based products for domestic, commercial and industrial purposes, the use of any by-products, and related activities.

Redexis Gas, S.A. is the Parent of a group of subsidiaries (hereinafter the Group). Information on subsidiaries, associate and/or related entities is provided in Appendix I and Appendix II.

On 22 May 2014 the Company's Board of Directors approved the draft merger by absorption of the following companies that were wholly owned, either directly or indirectly, by Redexis Gas, S.A.: Redexis Gas Transporte, S.L.U., Transportista Regional del Gas, S.A., Redexis Gas Distribución, S.A.U., Distribuidora Regional del Gas, S.A.U., Redexis Gas Aragón, S.A.U. and Redexis Gas Baleares, S.A.U. The aim of the merger was to generate synergies while simultaneously achieving a more efficient structure. This merger was also approved by the governing bodies of these companies. The effective date of the merger for accounting purposes was 1 January 2014. The merger took place under the special protection regime.

Pursuant to articles 67 and 73 of Hydrocarbon Law 34/1998 of 7 October 1998, authorisation to convey the facilities and the pertinent authorisations for gas distribution and transmission were sought from the competent organisations.

At their General Meeting on 19 September 2014, the shareholders approved the merger by absorption on the terms proposed by the Board of Directors.

On 29 September 2014 the merger was announced in the Official Gazette of the Mercantile Registry.

After receiving the authorisations from the pertinent bodies, on 27 February 2015 Redexis Gas, S.A., Redexis Gas Transporte, S.L.U., Transportista Regional del Gas, S.A., Redexis Gas Distribución, S.A.U., Distribuidora Regional del Gas, S.A.U., Redexis Gas Aragón, S.A.U. and Redexis Gas Baleares, S.A.U. signed the merger deed whereby these companies were merged with and into Redexis Gas, S.A. The merger was duly entered in the Mercantile Registry.

On 30 January 2015, through the Parent, the Group acquired a 99.98% interest in Gas Energía Distribución Murcia, S.A. (now called Redexis Gas Murcia, S.A.). This company has its registered office in Murcia and its principal activity is the distribution and secondary transmission of natural gas, and the distribution and sale of liquefied petroleum gas through pipelines.

In addition, on 26 March 2015 the Company's Board of Directors and the sole director of Redexis Infraestructuras, S.L.U. approved the project to spin off the assets comprising the economic unit engaged in the primary transmission of natural gas from the Company to Redexis Infraestructuras, S.L.U. The effective date of the spin-off for accounting purposes was 1 January 2015. The spin-off was performed under the special regime provided in articles 76 to 89 of Title VII, Chapter VIII of Corporate Income Tax Law 27/2014 of 27 November 2014.

This spin-off took place in accordance with article 63.2 of Hydrocarbon Law 34/1998 of 7 October 1998, as described in the reports issued in December 2014 by the Regulatory Oversight Committee of the Spanish National Commission on Financial Markets and Competition (hereinafter CNMC) on the requests for a ruling received from the regional governments of the Balearic Islands, Aragón, Castilla y León and Castilla La Mancha, with respect to the requests submitted to these governments by Redexis Gas Transporte, S.L.U., Transportista Regional del Gas, S.A., Redexis Gas Distribución, S.A.U., Distribuidora Regional del Gas, S.A.U., Redexis Gas Aragón, S.A. and Redexis Gas Baleares, S.A.U. seeking to transfer ownership of their distribution and secondary transmission facilities, which are under authority of these regional governments, to Redexis Gas, S.A. (through the merger of these companies with the latter). In these reports the CNMC stated that Redexis Gas, S.A. should adapt its corporate structure project to ensure that the same company is not engaged in both primary transmission and distribution activity, in order to meet the requirements for the unbundling of activities contained in articles 63.2 and 63.4 of Hydrocarbon Law 34/1998 of 7 October 1998 and article 9.2, paragraph 2 of Royal Decree 1434/2002.

On 22 April 2015, the Company's shareholders and the Sole Shareholder of Redexis Infraestructuras, S.L.U. approved the spin-off of the natural gas primary transmission activity from the former to the latter.

On 23 April 2015, the spin-off was announced in the Official Gazette of the Mercantile Registry.

After receiving authorisation from the pertinent body, on 25 May 2015 Redexis Gas, S.A. and Redexis Infraestructuras, S.L.U. arranged the spin-off in a public deed, which was duly filed at the Mercantile Registry.

Lastly, on 16 February 2017 the Company's Board of Directors and the Sole Director of Redexis GLP, S.L.U. approved the project to spin off the assets comprising the economic unit engaged in liquefied petroleum gas (LPG) from the Company to Redexis GLP, S.L.U. The effective date of the spin-off for accounting purposes was 1 January 2017. The spin-off was performed under the special regime provided in articles 76 to 89 of Title VII, Chapter VIII of Corporate Income Tax Law 27/2014 of 27 November 2014.

On 20 April 2017, the Company's shareholders and the sole shareholder of Redexis GLP, S.L.U. approved the spin-off of the assets comprising the LPG activity from the former to the latter.

On 29 May 2017, the spin-off was announced in the Official Gazette of the Mercantile Registry.

On 30 November 2017, Redexis Gas, S.A. and Redexis GLP, S.L.U. arranged the spin-off in a public deed, which was duly filed at the Mercantile Registry.

At 31 December 2016 Redexis Gas, S.A. was 58.5% owned by Zaragoza International Coöperatieve, U.A. and 41.5% owned by Augusta Global Coöperatieve, U.A., both subsidiaries of private equity funds managed by Goldman Sachs & Co.

In July 2017, the shareholders of Redexis Gas, S.A. executed a corporate restructuring in the Company, by virtue of which the investment funds Universities Superannuation Scheme ("USS"); and Arbejdsmarkedets Tillægspension ("ATP"), formerly indirect shareholders of the Group, came to hold a direct position in the Company, through the companies Chase Gas Investments Limited (16.66%) and ATP Infrastructure II APS (14.45%).

Furthermore, USS and ATP acquired an additional 18.80% interest in Redexis Gas, S.A. through the acquisition of shares representing such percentage from Goldman Sachs & Co. As a result of this transaction, USS held 30% of the shares of Redexis Gas, S.A. and ATP held 19.90%.

In December 2017, Goldman Sachs & Co executed a corporate restructuring, transferring the shares in Redexis Gas, S.A. owned by Zaragoza International Coöperatieve, U.A. and Augusta Global Coöperatieve, U.A. to August Infrastructure UK Limited, a subsidiary of private equity funds also managed by Goldman Sachs & Co. As a result, this company held 50.1% of the shares of Redexis Gas, S.A.

Therefore, at 31 December 2017, Redexis Gas, S.A. was (i) 50.10% owned by Augusta Infrastructure UK Limited, a subsidiary of private equity funds managed by Goldman Sachs & Co; (ii) 30% owned by Chase Gas Investments Limited, a subsidiary of the USS private equity fund; and (iii) 19.90% owned by ATP Infrastructure II APS, a subsidiary of the ATP private equity fund.

On 3 April 2018, Augusta Infrastructure UK Limited, a subsidiary of private equity funds managed by Goldman Sachs & Co. as seller, and the companies Chase Gas Investments Limited, a subsidiary of the USS private equity fund; ATP Infrastructure II APS, a subsidiary of the ATP equity fund; and Guotong Romeo Holdings Limited, a company owned by the funds Guoxin Guotong Fund LLT and CNIC Corporation Limited, as buyers, arranged a sale and purchase agreement for 50.10% of the Company shares. This transaction was executed on 20 June 2018, after obtaining the corresponding authorisations from the competition authorities, with (i) Chase Gas Investments Limited acquiring an additional 3.33% of the share capital of the Company, (ii) ATP Infrastructure II APS an additional 13.43%; and (iii) Guotong Romeo Holdings Limited, 33.33%.

Therefore, at 31 December 2020 and 2019, Redexis Gas, S.A. is 33.33% owned by Chase Gas Investments Limited; is 33.34% owned by ATP Infrastructure II APS; and is 33.33% owned by Guotong Romeo Holdings Limited.

(2) BASIS OF PRESENTATION

The Consolidated Annual Accounts for 2020 have been prepared on the basis of the accounting records of Redexis Gas, S.A. and of the consolidated companies and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Redexis Gas, S.A. and subsidiaries at 31 December 2020 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The Board of Directors of the Parent considers that the Consolidated Annual Accounts for 2020, authorised for issue on 19 February 2021, will be approved with no changes by the shareholders at their annual general meeting.

The standards or interpretations adopted by the European Union that will be obligatory in coming years are not expected to have a significant impact on the Group's financial statements, although they may entail additional disclosures in the Consolidated Annual Accounts.

a) Basis of preparation of the Annual Accounts

These Consolidated Annual Accounts have been prepared on a historical cost basis.

b) Comparative information

The Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the Consolidated Annual Report, in addition to the figures of the year 2020, include comparative figures for the previous year, approved by the shareholders at the General Meeting held on 9 June 2020.

c) Functional and presentation currency

The figures disclosed in the Consolidated Annual Accounts are expressed in thousands of Euros, the Parent Company's functional and presentation currency, rounded off to the nearest thousand.

d) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the Consolidated Annual Accounts under IFRS-EU. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the Consolidated Annual Accounts, is as follows:

- Useful lives of property, plant and equipment and intangible assets (see notes 3.d and 3.f)
- The assessment of the recoverability of intangible assets with an indefinite useful life and goodwill to determine any impairment losses (see note 3.g)
- The assessment of whether deferred tax assets are likely to be recovered based on the business plan for the coming years and the recovery periods stipulated in Spanish tax legislation for the recovery of those assets, as well as the resolution of possible differences in interpretation with the Tax Administration (see Notes 3.p and 13)

Considering that the estimates are calculated by the Company's directors based on the best information available at 31 December 2020, future events may require changes to these estimates in subsequent years. Any effect on the Consolidated Annual Accounts of adjustments to be made in subsequent years would be recognised prospectively.

The COVID-19 outbreak in China at the end of 2019/ beginning of 2020, its global spread and its impact on health, led to its classification as a pandemic by the World Health Organisation on 11 March 2020.

In general terms, the COVID-19 crisis has not a relevant impact (operational or financial) on Group operations, since approximately 90% of the Group's revenues consist of regulated revenues not subject to price volatility and a limited exposure to the demand for gas (owing in part to the inelasticity of demand) with an impact of less than 5% relating to the lockdown and its effect on new additions and gas connections, partially offset by increased consumption in homes during the lockdown period, even though 2020 was a warmer year than 2019.

As of that same month of March and throughout 2020, the Redexis Group Directors and Senior Management activated a comprehensive plan to ensure the continuity of its operations, caring for its employees and stakeholders while likewise monitoring the evolution of the pandemic and performing an on-going assessment of its potential impacts on the financial statements summarised as follows:

1. Impairment of non-financial assets: Due to the effects of the pandemic on all sectors of the economy, new indications of impairment may be revealed in the Group's CGUs. Following an analysis of all these factors, it was concluded that they do not entail a significant impact on the Group's strategic plan and were in all cases taken into consideration in the cash flows used in the impairment tests performed.
2. Financial instruments: On the basis of the analysis performed, no significant increase to the Group's credit risk is considered to have taken place, and neither has a significant increase been detected in the Group's average payment period or duration of its receivables.
3. Inventories: These correspond to purchases of LPG and their storage in consumer tanks. Their purchase and sale prices are regulated, and given the inelasticity of demand to the price and its climate-dependency for consumption, their value and future consumption is not affected by Covid beyond possible defaults in the recurrence of the business, which are constantly monitored and appropriately provisioned in keeping with accounting regulations, without having noted any significant, much less material changes, in the financial statements.
4. Leases: The majority of the leases have not been amended by the pandemic, and therefore there has been no impact on the financial statements. Only one of the leases covered under IFRS 16 was re-negotiated, without entailing any amendment, whereby it was recorded as a lower expense of insignificant amount.
5. Income tax: the hypotheses and assumptions used in the test for recovery of tax assets were consistent with the rest of the impairment tests, considering possible impacts on the economy deriving from the pandemic.
6. Provisions: no onerous leases have been identified, and neither do any provisions for restructuring exist.
7. Income statement: the total impact on the Group income statement for the measures and supplies aimed at safeguarding employee health and safety and at containing the COVID-19 pandemic come to Euros 227 thousand. An effort has also been made to reduce fixed expenses during the year.
8. The Group's liquidity has not been compromised by the health crisis, and its net financial position has improved with respect to 2019. Management monitors future cash flows to adjust the receivables and payables of each Company.
9. Group Management has conducted an analysis to confirm the stability of Group companies in terms of the principle of going concern.

At the date of these financial statements, the uncertainty of the pandemic continues, whereby the Directors and Senior Management will continue to monitor and following the evolution of the pandemic to prevent and decrease any possible impact on the financial statements.

e) Standards and interpretations adopted early or other changes in accounting policies

The following standards were published for their use in the European Union.

- ✔ Amendments to IAS 1 and IAS 8. Definition of materiality. Amendments to IAS 1 and IAS 8 to align the definition of materiality with the contents of the conceptual framework.
- ✔ Amendments to IFRS 9, IAS 39 and IFRS 7. Reform of Benchmark Interest Rates - Phase I and Phase II.
- ✔ Amendment to IFRS 3. Definition of business. Clarifications to the definition of business.
- ✔ Amendment to IFRS 16 Leases. Leasehold improvements. Amendment to facilitate leasehold improvement accounting for tenants with regard to COVID-19.
- ✔ Amendments to IFRS 4, Insurance Agreements - Deferred application of IFRS 9.

None of these standards has had a relevant impact on the Group's Financial Statements.

(3) ACCOUNTING PRINCIPLES

(a) Subsidiaries

Subsidiaries are entities, over which the Company, either directly or indirectly through subsidiaries, exercises control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the Consolidated Annual Accounts from the date of acquisition, which is when the Group takes control, until the date that control ceases. The subsidiary entities are excluded from the consolidation as of the date on which the control is lost.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated on consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and events in similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

(b) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's steering committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(c) Non-Controlling interests

Non-controlling interests in subsidiaries acquired are recognised at the acquisition date based on the ownership percentage of the fair value of the identifiable net assets.

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the Parent. Non-controlling interests' share in consolidated profit or loss for the year and in consolidated total comprehensive income for the year is disclosed separately in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income.

The total comprehensive income for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests, after consolidation adjustments and eliminations, are determined in accordance with the ownership percentage at year end.

(d) Property, plant and equipment

Property, plant and equipment are recognised at cost, less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets, mainly for the transmission and distribution of natural gas and liquefied petroleum gas, is determined using the same principles as for an acquired asset, while also considering the criteria applicable to production costs of inventories and the network construction required in properties until the supply points come into service. The production cost is capitalised by allocating the costs attributable to the asset to self-constructed non-current assets in the consolidated income statement.

The cost of an item of property, plant and equipment includes the estimated costs of dismantling or removal and restoration of the site on which it is located, provided that the obligation is incurred as a consequence of having used the item and for purposes other than to produce inventories.

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Group determines the depreciation charge separately for each asset based on its type.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Estimated years of useful life
Buildings	Straight-line	10-50
Technical installations and machinery:		
Liquefied natural gas plant	Straight-line	20
Regulation and metering stations	Straight-line	20-30
Instalaciones Receptoras Comunitarias	Straight-line	20
Distribution networks	Straight-line	20
Meter-reading equipment	Straight-line	10
Gas pipelines	Straight-line	40
LPG facilities	Straight-line	20
Other items of property, plant and equipment	Straight-line	4-20
Other installations, equipment and furniture	Straight-line	4-20
Motor Vehicles	Straight-line	8

Transmission facilities are depreciated over their useful life according to the estimate made for items of property, plant and equipment. For gas pipelines this is 40 years and for regulation and metering stations it is 30 years. These estimates are in line with Royal Decree 326/2008 of 29 February 2008, which sets the remuneration for natural gas transmission activities for facilities that came into service subsequent to 1 January 2008.

The Group reviews residual values, useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

Subsequent to initial recognition of the asset, only costs that will probably generate future economic benefits and which may be measured reliably are capitalised, including the costs required for the assets to operate as envisaged by management and in accordance with the applicable legal and regulatory requirements. Costs of day-to-day servicing are recognised in the income statement as incurred.

Replacements of property, plant and equipment that qualify for capitalisation are recognised as a reduction in the carrying amount of the items replaced. Where the cost of the replaced items has not been depreciated independently and it is not possible to determine the respective carrying amount, the replacement cost is used as indicative of the cost of the replaced items at the time of acquisition or construction.

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

(e) Right of use assets

(i) Identification of a lease

At the start of a contract, the Group evaluates whether it contains a lease. A contract is or contains a lease, if it grants the right to control the use of the asset identified for a period of time in exchange for a consideration. The period of time during which the Group uses the asset, includes consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when an amendment of the contract occurs.

(ii) Lessee reporting

In contracts with one or more lease and various lease components, the Group assigns the consideration of the contract to each component of the lease in accordance with the individual sale price of the lease component and the aggregate individual price of the various components of the lease.

Any payments made by the Group that do not entail the transfer of goods or services to it by the lessor do not comprise a separate component of the lease, but instead form part of the total consideration of the contract.

In contracts with one or more lease and various lease components, the Group deems all components as one sole lease component.

At the start of the lease, the Group recognises one right of use asset and one lease liability. The right of use asset is comprised of the amount of the lease liability, any payment for the lease made on or prior to the starting date, less any incentives received, the initial direct costs incurred and an estimate of the costs for dismantling or restoration to be incurred, as indicated in the accounting policy provisions.

The Group measures the lease liability by the present value of the lease payments pending on the starting date. The Group discounts lease payments at the appropriate incremental interest rate, unless the implicit interest rate of the lessor may be determined reliably.

The pending lease payments are comprised of fixed payments, less any incentive to be collected, the variable payments that depend on an index or rate, initially appraised by the index or rate applicable on the starting date, the amounts expected to be paid for residual value guarantees, the price of exercising the purchase option whose exercise is reasonably certain and any compensation payments for contract termination, providing the term of the lease reflects the termination option.

The Group measures the right of use assets at cost, less depreciation and accrued impairment losses, adjusted by any re-estimate of the lease liability.

If the contract transfers the ownership of the asset to the Group at the end of the lease term or the right of use asset includes a purchase option, the criteria for depreciation indicated in the section on property, plant and equipment are applied from the starting date of the lease through the end of the useful life of the asset. Otherwise, the Group depreciates the right of use asset from the starting date until the earlier date between the useful life of the right or the end of the lease.

The Group applies the non-current asset impairment criteria indicated in section (g) to the right of use assets.

The Group measures the lease liability increasing it by the financial expense accrued, decreasing it by any payments made and re-estimating the carrying amount by amendments of the lease or to reflect any updates of in-substance fixed payments.

If the amendment does not result in a separate lease, on the amendment date, the Group assigns the consideration to the amended contract as indicated above, re-determines the term of the lease and re-estimates the value of the liability deducting any revised payments at the revised interest rate. The Group decreases the carrying amount of the right of use asset to reflect the partial or total termination of the lease, in those amendments that decrease the scope of the lease and records the profit or loss in the income statement. For all other amendments, the Group adjusts the carrying amount of the right of use asset.

(f) Intangible assets

- **Goodwill**

  Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs)

or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in section (g) (impairment) are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Internally generated goodwill is not recognised as an asset.

- **Licences**
  This item reflects the amounts measured by an independent expert on government authorisations, from the merger of the Group, for the distribution and transmission of gas in the various areas in which the Parent and the subsidiaries conduct or will conduct their activities, less any impairment, as appropriate.
  In accordance with the legal framework under which they were granted, these authorisations do not have a limited duration.

- **Computer softwares**
  Computer software is carried at cost, less any accumulated amortisation and impairment losses. Computer software maintenance costs are charged as expenses when incurred.

- **Other intangible assets**
  This item reflects the amounts incurred by government authorisations, subsequently to the merger of the Group, for the distribution and transmission of gas in the various areas in which the Parent and the subsidiaries conduct or will conduct their activities, less any impairment as appropriate for accumulated amortisation and impairment losses. Costs incurred in relation to and prior to obtaining government authorisation are initially recognised under intangible assets and subsequently transferred to the income statement if the Group has reasonable doubts as to whether authorisation will be obtained.

(i) Useful life and amortisation rates
The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives or that are not limited in duration are not amortised but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired. The Group has estimated that government authorisation or licences for the distribution and transmission of gas have an indefinite useful life as, in accordance with the legal framework under which they were granted, they do not have a limited duration.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria:

The depreciable amount is the cost or deemed cost of an asset, less its residual value.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(ii) Impairment

	Amortisation method	Estimated years of useful life
Computer software	Straight-line	4-5
Other intangible assets	Straight-line	5-20

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

(g) mpairment of non-financial assets subject to amortisation or depreciation

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill and intangible assets with indefinite useful lives for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of the assets is the higher of their fair value less costs of disposal and their value in use.

Negative differences resulting from comparison of the carrying amounts of the assets with their recoverable amount are recognised in profit and loss.

The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in profit or loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the assets of that unit, except goodwill, pro rata with the carrying amounts of the assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

(h) Financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

For measurement purposes, the Group classifies financial instruments as financial assets and liabilities carried at amortised cost.

The Group classifies a financial asset at amortised cost if it remains within the scope of a business model whose purpose is to maintain financial assets to obtain cash flows and the contractual conditions of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest on the amount of principal pending.

(i) Offset principles

A financial asset and a financial liability can only be offset when the Group has a legally enforceable right to offset the recognised amounts or intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In order for the Group to have a legally enforceable right, it should not be contingent on a future event and should be legally enforceable in the ordinary course of operations, in cases of insolvency or of liquidation declared legally and in the event of non-payment.

(ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus the transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method.

(iii) Reclassifications of financial instruments

The Group reclassifies financial assets when it changes the business model for its management. The Group does not reclassify financial liabilities.

(iv) Impairment

The Group recognises a valuation adjustment in the income statement for anticipated future credit losses of the financial assets measured at amortised cost.

On each closing date, the Group measures the valuation adjustment in an amount equal to the credit losses anticipated in the following twelve months, for the financial assets for which the credit risk has not increased significantly from the date of initial recognition or when it considers that the credit risk of a financial asset has no longer increased significantly.

The Group considers that the credit risk has increased significantly from initial recognition when non-payments exist for a period greater than 180 days.

(v) Financial asset disposals, modifications and cancellations

Financial assets are de-recognised when the rights to receive cash flows relating to these have expired or have been transferred and the Group has substantially transferred the risks and benefits deriving from their ownership.

(vi) Interest and dividends

The Group recognises interest by the effective interest method, which is the rate adjustment that equals the carrying amount of a financial instrument with the estimate cash flows throughout the expected lifetime of the instrument, starting from its contractual conditions and without considering the anticipated credit losses, except for financial assets acquired or originating with losses incurred.

(vii) Financial liability disposals and modifications

The Group de-recognises a financial liability or part thereof when it has complied with the obligation contained in the liability or if it is legally dispensed from the primary responsibility contained in the liability, whether by virtue of a legal process or by the creditor.

(i) Distributions to shareholders

Dividends, whether in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at their annual general meeting.

(j) Inventories

Inventories are initially measured at the lower of cost of purchase and net realisable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, plus any additional costs incurred to bring the goods to a saleable condition, other costs directly attributable to the acquisition, as well as finance costs and indirect taxes not recoverable from the Spanish taxation authorities.

The cost of inventories is written down in those cases in which its cost exceeds its net realisable value. For these purposes, net realisable value is understood as its replacement price.

The Group uses the same cost model for all inventories of the same nature and with a similar use.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Government grants and Other liabilities

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received.

Capital grants awarded to the Group are primarily to carry out works and are non-refundable. These grants are measured at the fair value of the sum received, and are recognised under government grants in the consolidated statement of financial position and taken to other income over the same period and in proportion to the depreciation of the subsidised assets or when the assets are disposed of or impaired.

Other liabilities also includes connection charges as monetary consideration for the installation works and operations required to serve new gas supply points or extend existing ones. These connection charges are recognised as income in proportion to the annual depreciation of the assets being financed (20 years), or over the period specified in the contract if this is shorter, or, where applicable, when the assets are disposed of or impaired.

(m) Employee benefits

Defined benefit plans

The Group has pension obligations with certain employees, which vary depending on the company they worked for prior to the merger (see note 1). These obligations, including both defined benefits and defined contributions, are basically arranged through pension plans or insurance policies, except for certain benefits in kind, mainly electricity supply commitments, which due to their nature have not been externalised and are covered by in-house provisions that are updated annually.

Defined benefit liabilities recognised in the consolidated statement of financial position reflect the present value of defined benefit obligations at the reporting date, minus the fair value at that date of plan assets.

The Group recognises actuarial losses and gains in other comprehensive income in the year in which they occur. These actuarial losses and gains are recognised immediately in retained earnings. They are not recorded in the income statement in a subsequent year.

Income or expense related to defined benefit plans is recognised as employee benefits expense and is the sum of the net current service cost and the net interest cost of the net defined benefit asset or liability.

The present value of defined benefit obligations and the related current service cost and past service cost are calculated annually by independent actuaries using the Projected Unit Credit Method. The discount rate is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Assets and liabilities arising from defined benefit plans are recognised as current or non-current based on the period of realisation of related assets or settlement of related liabilities.

Defined contribution plans

The Group recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Group. The contributions payable are recognised as an expense for employee remuneration, and as a liability after deducting any contribution already paid.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in profit or loss.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the income statement item in which the related expense was recognised, and any surplus is accounted for in other income.

Provisions for dismantling, restoration and similar liabilities

These provisions are measured in accordance with the general criteria for provisions and are recognised as an increase in the cost of the associated property, plant and equipment (see note 3.d).

Changes in provisions resulting from changes in the amount, timing of the outflow of resources or the discount rate increase or reduce the cost of fixed assets up to the carrying amount thereof, whilst any excess is recognised in profit or loss.

(o) Recognition of revenue from contracts with customers

The revenue is evaluated on the basis of the consideration to be received in a contract with a customer and excludes any amounts collected on behalf of third parties. The Group recognises the revenue when it transfers the control of a product or service to the customer.

The following is a summary of the recognition criteria applicable for each one of the activities that generates income in the Group.

Actividad de distribución

With the distribution activity the regulatory framework identifies the following tasks: to build, operate and maintain networks and facilities for the distribution of natural gas intended for situating the gas at the points of consumption.

This set of tasks constitutes a commitment to the customers and the tasks cannot be performed independently from each other; therefore they are considered to be a single performance obligation which is fulfilled, indefinitely, in accordance with the administrative authorisation granted by the competent Institution on the basis of which it carries out its business, generating the right to receive remuneration or revenue. In this respect, consumers of gas simultaneously receive and consume the benefits of the service at the same time as the Group provides it.

The Group recognises revenue following the percentage of completion method.

The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, and revenue is recognised on a straight-line basis.

Regulated revenues received for distribution activity each year are set ex ante. Therefore, the Ministerial Orders and resolutions of the National Commission on Markets and Competition (CNMC) (which, as of the year 2020 have the authority to calculate the remuneration from the distribution activity), published at the end of each year, establish the remuneration for the coming year based on expected sales and new customers for that year. As a result, the amount of remuneration is subject to change for up to two years, until the definitive data on demand and new customers is available for the year analysed.

During the years 2019 and 2020, the CNMC has developed a series of Circulars that will define the remuneration methodology for the natural gas distribution and transportation activities for the following regulatory period (2021-2026). These methodologies establish conceptually very similar schemes to those in force, but will entail certain adjustments to remuneration as of the year 2021.

This remuneration is comprised of a fixed component and two variable components in keeping with the increase (or decrease) in the volume of gas supplied and the number of customers connected to the network. For variable components, unit tariffs are set on the basis of the pressure of the gas supplied and customer type.

The Group establish this variable remuneration each annual closing, using the methodology defined in the regulation with the best information available in that moment (both on supply points and on gas demand). This amount will be reviewed, with the accurate information when final information of the closed year is available. The Ministery/ CNMC also determines, when final information is available, the definitive amount of this remuneration in the Order that is published the following year and which also determines the provisional remuneration of the year following the publishing and a regularization of the year that is published, with the best figures available in that moment.

Order TEC/1259/2019, published on 20 December 2019, adjusted the remuneration for 2019 and 2018 based on the most up-to-date figures on sales and consumers. In addition, on 18 December the CNMC published the resolution establishing an initial forecast for remuneration for 2020 through application of the parameters established by Law 18/2014 of 15 October 2014 approving urgent measures for growth, competitiveness and efficiency. This law reformed the remuneration for gas activities with a view to eliminating the deficit in the settlement system.

Order TEC/1259/2019, of 20 December, regulates the remuneration figures for 2019 and 2018.

This distribution activity remuneration will be adjusted once the final amounts of this remuneration have been set by the Spanish Ministry for Ecological Transition and the Demographic Challenge (or the CNMC as of 2020), based on the actual figures for the average increase in consumers and KWh distributed. The Group does not expect significant differences to arise between the amounts recognised and the final settlements. Nevertheless, any differences will be recognised as a change in accounting estimate in the consolidated income statement when they arise.

The orders establishing tolls and user charges for access by third parties to gas facilities and the remuneration of the regulated activities include, in addition, the price review of certain regulated concepts, such as connection charges, or the fees for meter rental. To this regard, Order ETU/1283/2017 adjusted the fees for meter rental, following the study published by the National Commission on Financial Markets and Competition (CNMC) on 16 March 2017 "Agreement for the issue of a study on the price applicable to the rental of gas meters of 3.1 and 3.2 toll groups and the median age of rental meters". The prices applied as of the entry into force of that Order will continue to be valid for 2020, and correspond to proposals of the CNMC and entail a discount of the 2017 price of between 16.3% and 76.7% (depending on the meter).

Order ETU/1367/2018 of 20 December defined the final interest rates associated with the cumulative deficit at 31 December 2014 and of the imbalances of revenues and costs for the years 2015, 2016 and 2017.

During 2020 the Group received the final settlement for regulated activities in the gas sector for 2019, which had an immaterial impact on the Consolidated Income Statement.

In accordance with Orders ITC/3126/2005, IET/2446/2013 and IET/2355/2014 and the gas system technical management standards (NGTS), the Group has recognised measurement differences (known as unaccounted for gas) as regulated distribution revenue in the consolidated income statements for 2020 and 2019 in the amount of Euros 676 thousand and Euros 1.691 thousand, respectively (see note 29). In 2020 the measurement differences for 2019 were settled and those for 2018 were settled in 2019.

Transmission activity

The regulatory framework identifies the following tasks within the transmission activity: to build, operate and maintain its own network of gas pipelines, supplying natural gas to the major areas of consumption.

As already indicated for the case of distribution, this set of tasks constitutes a single performance obligation which is fulfilled, indefinitely, in accordance with the administrative authorisation granted by the competent Institution on the basis of which it carries out its business on a straight-line basis.

Just like the distribution activity, the gas transmission business is regulated, and the remuneration is set annually on a provisional basis by Ministerial Order, in December of the previous year.

This remuneration is fixed for the annual period and is based on the start-up investment. If in the course of the year new facilities are put into use, the remuneration would be amended in keeping with the increase in facilities, which would be recognised prospectively as of that time.

The remuneration for transmission activity in 2020 was established in the CNMC Resolution of 18 December 2019, establishing the remuneration for 2020 of companies that perform regulated LNG plants, transmission and distribution activities, while the correction of the remuneration for uninterrupted supply (RCS) from previous years, was established in Order TEC/1259/2019 in accordance with the parameters established in Law 18/2014 of 15 October 2014 approving urgent measures for growth, competitiveness and efficiency. This law reformed the remuneration for gas activities with a view to eliminating the deficit in the settlement system.

Order TEC/1259/2019 includes the correction of the remuneration for uninterrupted supply from previous years.

In the case of transmission activity the main purpose of the regulatory review under Law 18/2014 is to vary the remuneration of developers of these assets so that it reflects the level of use of this infrastructure more accurately, this being the source of the revenues to cover their cost. For this purpose, with regard to the fixed remuneration model that had been introduced pursuant to Royal Decree 326/2008, the automatic 2.5% review rate was eliminated and the financial rate of return on these assets was changed from the "yield on 10-year government bonds plus 375 basis points" to "the average yield on 10-year government bonds in the secondary market among holders of non-segregated accounts in the 24 months prior to the entry into force of the legislation plus 50 basis points".

In contrast to this measure, a new remuneration component was introduced, defined as remuneration for uninterrupted supply, which is variable remuneration linked to the overall demand channelled through the transmission system. It consists of paying a fixed amount to the transmission agents in the sector, which is increased or decreased annually in line with demand in the sector. As a result, the remuneration for uninterrupted supply is set ex ante based on expected demand for the coming year and, therefore, it may be reviewed within two years, in a similar fashion to remuneration for distribution. Based on this, Order TEC/1259/2019 published on 28 December adjusted the remuneration for uninterrupted supply for 2019 and 2018 based on the most up-to-date demand figures for the sector and the replacement value of companies in the sector.

In the case of facilities for which a Resolution on definitive remuneration is still pending, until the Spanish Ministry for Ecological Transition the Demographic Challenge has the necessary information to dictate a Resolution to this respect, it has calculated the provisional remuneration on account, on the basis of the unit value indicated and the technical characteristics of each facility, in accordance with the Appendices to the corresponding Orders.

The Group records revenue based on its estimate of the remuneration pursuant to applicable legislation and in line with the level of investment.

As previously mentioned, during 2019 and 2020 the CNMC has developed a series of Circulars that will define the remuneration methodology for natural gas distribution and transportation activities for the next regulatory period (2021-2026). These methodologies establish conceptually very similar schemes to those in force, but will entail certain adjustments to remuneration as of the year 2021.

In accordance with article 5 of Order ITC/3128/2011 of 17 November on matters relating to third-party access to gas facilities and remuneration for regulated activities, the Group has recognised measurement differences as regulated transmission revenue in the Consolidated Income Statement for 2020 and 2019 at the amount of Euros 481 thousand and Euros 550 thousand, respectively (see Note 28).

The Group is also subject to the following regulatory framework, among others:

- Royal Decree 949/2001 of 3 August 2001, which regulates third-party access to gas facilities and establishes an integrated economic system for the natural gas sector, in accordance with the mandate in article 8 of Royal Decree-Law 6/2000 of 23 June 2000.
- Order ECO/2692/2002 of 28 October 2002, which regulates the settlement procedure for remuneration from regulated activities in the natural gas sector and for specifically allocated payments and establishes the reporting system for gas companies.
- Royal Decree 326/2008 of 29 February 2008, which stipulates the remuneration for natural gas transmission activities for facilities entering into service since 1 January 2008.
- Royal Decree 1434/2002 of 27 December 2002, which regulates transmission, distribution, trading and supply activities and the authorisation procedures for natural gas facilities.

The 2014 deficit in the gas sector, which includes the deficits accumulated in prior years, was set at Euros 1,025 million, which regulated entities will be able to recover in fifteen consecutive annual payments. On 1 December 2017 the Group assigned the credit right it held with respect to this deficit in the amount of Euros 41,656 thousand collected in its entirety.

Deficits were also generated with respect to the years that followed, from 2015 to 2017, that would be recoverable in five annual payments.

In 2015, the deficit figure closed at Euros 27 million (Euros 1.4 million correspond to the Group). In 2016, the deficit figure closed at Euros 90 million (Euros 4.8 million correspond to the Group). With respect to 2017, the deficit figure closed at Euros 25 million (Euros 1.4 million correspond to the Group).

On 10 May 2019 the Group assigned the credit right it held with respect to the deficits of 2015, 2016 and 2017 in the amount of Euros 5,713 thousand, collected in its entirety.

With respect to 2018 and 2019, the settlement system closed with a surplus 30.8 million of Euros and 353.9 million of Euros respectively, in accordance with the final settlements approved by the Spanish National Commission on Financial Markets and Competition. In accordance with the legal procedure established, the surplus will be allocated toward covering any temporary imbalances receivable from other years, applying these first to those associated with a higher interest rate (in other words, in the following order: 2017, 2015 and 2016) and, will be allocated next toward covering the balance receivable of the cumulative deficit at 31 December 2014.

Registration fees

The registration fees of a new supply consists of the operation to connect the gas receiving facility to the network of the distribution company, and the review and verification that these adapt to the regulatory technical and safety conditions. This operation usually takes place one sole time and the activities are inseparable, whereby this activity is considered as constituting a single performance obligation.

Registration fees are regulated by each Autonomous Region, at a set price.

The Group recognises the revenue for the registration fees at the moment at which the connection is made and verified, since it is at that moment when the customer obtains the benefits of the service rendered and there is no future obligation associated with it.

Rental of Natural Gas metering equipment

Metering equipment (meter) is installed in the facilities of the end-customer, therefore the service of renting the meter constitutes a performance obligation.

The payment for renting natural gas metering equipment is regulated by the regulatory framework of the sector, at a set price.

The Group recognises the revenue throughout the provision of the service, since the customer simultaneously receives and consumes the benefits of the service at the same time the Group provides it.

The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, and revenue is recognised on a straight-line basis over time.

Rental of Community Receiving Facilities (CRF)

The Group collects a rental payment for the community receiving facility (CRF) from the owners association without any other type of consideration, therefore the Community Receiving Facility comprises a single performance obligation.

The payment for renting the community receiving facility is the price established in the contract signed with the owners association, which sets a fixed monthly price.

The Group recognises the revenue throughout the term of the contract, since the customer simultaneously receives and consumes the benefits of the service at the same time the Group provides it.

The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, the revenue is recognised on a straight-line basis.

Rental of Community Receiving Facilities (CRF)

The Group collects a rental payment for the community receiving facility (CRF) from the owners association without any other type of consideration, therefore the Community Receiving Facility comprises a single performance obligation.

The payment for renting the community receiving facility is the price established in the contract signed with the owners association, which sets a fixed monthly price.

The Group recognises the revenue throughout the term of the contract, since the customer simultaneously receives and consumes the benefits of the service at the same time the Group provides it.

The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, the revenue is recognised on a straight-line basis.

Inspections of individual receiving facilities (IRF)
In this case the service consists of the inspection of the individual receiving facility (IRF), involving a one-time action, considered as a single performance obligation.

The authority to set inspection prices is transferred to the Autonomous Regions and, therefore, the price may vary from one area to another.

The revenue is recognised at the moment of the inspection, since it is at that time when the customer obtains the benefits of the service rendered.

Sale of Liquefied Petroleum Gas (LPG)
The contracts for the sale of LPG identify two separate performance obligations, which are those corresponding to the supply of LPG and the rental of the meter since, as mentioned above, they comply with the definition for consideration as different from each other. For LPG, the Company supplies as well as distributes the product, and therefore there is a contractual relationship with the customer.

In the case of LPG consumption, the transaction price will be established applying the established official tariff, with a fixed portion (standard monthly rate) and a variable element associated with consumption (Euro cents per Kg.).

The Group recognises the revenue throughout the period of time in which the customer receives and consumes the benefits of the service rendered at the same time the service takes place. Therefore the revenue deriving from this service will be measured by percentage of completion.

For the purpose of measuring this completion, we consider that the output method is the one that best reflects the completion of the rendering of the service, whereby the revenue will be recognised as the service is rendered, by unit of LPG (kg) consumed by the customer.

Contracting party connection charges
The connection charge of the contracting party consists of the financial consideration for connecting the community receiving facility to the network and the commissioning of the facility. This operation usually takes place at one sole time, whereby it is considered as a single performance obligation.

The connection charges are regulated by the regulatory framework of the sector, at a set price.

The revenue is recognised at the moment of connection of the community receiving facility and the commissioning of gas, since this is the time at which control of the services rendered is transferred to the customer.

Applicant connection charges
The Group is authorised to receive a financial consideration for performing the set of installations and operations necessary to cover a new gas supply point or increase the capacity of one already in existence.

In this case a contract is arranged with the customer to establish the characteristics of the installation to be built and the quantity to be received for each service. Furthermore, it is established that the asset built by virtue of the contract will be the property of the Group and a remuneration for building the connection is established. This consideration is a determined fixed quantity.

The Group recognises these connection charges as income in proportion to the annual depreciation of the assets being financed (20 years), or over the period specified in the contract if this is less or, where applicable, when their disposal or impairment occurs, since the customer simultaneously receives and consumes the benefits of the service at the same time the Group provides them. The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, and revenue is recognised on a straight-line basis over time.

(p) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for the period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused deductions. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

Current and deferred tax are recognised as income or expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

(i) Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) Recognition of deferred tax assets

The Group recognises deferred tax assets provided that it is probable that sufficient taxable profit will be available against which they can be utilised or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future. Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.

It is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not comply with the above conditions are not recognised in the Consolidated Statement of Financial Position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

(iv) Offset and classification

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(v) Consolidated taxation

The Group, which is composed of the companies indicated in Appendix I, files consolidated tax returns.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

(q) Classification of assets and liabilities as current and non-current

Assets and liabilities are classified as current when they are expected to be realised or settled in the Group's normal operating cycle, within 12 months after the reporting date. Otherwise they are classified as non-current.

(r) Environment

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred. By its nature, the Group's activity does not have a significant impact on the environment and as such no provisions have been recorded for this contingency.

Property, plant and equipment acquired by the Group for long-term use to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities (e.g. the replacement of road surfaces or land related to the laying of pipelines), are recognised as assets, applying the measurement, presentation and disclosure criteria described in note 3 (d).

(4) SECTOR REGULATION

The regulatory framework for the natural gas sector in Spain is based on Hydrocarbon Law 34/1998, in part enacted by Royal Decrees 949/2001 and 1434/2002. The first of these Royal Decrees regulates third-party access to gas facilities and establishes an integrated economic system for the natural gas sector; the second regulates transmission, distribution, trading and supply activities and the authorisation procedures for natural gas facilities.

Over the years, as the sector was gradually liberalised, the aforementioned Hydrocarbon Law was amended on numerous occasions. The most recent amendment was pursuant to Royal Decree-Law 8/2014 of 4 July 2014, which approved urgent measures for growth, competitiveness and efficiency and was subsequently passed by the Spanish parliament and published as Law 18/2014 of 15 October 2014, approving urgent measures for growth, competitiveness and efficiency. The law introduces certain measures that update the regulatory-economic framework, the most salient of which are as follows:

- A reform of the general scheme of revenues and costs of the gas system was undertaken, which is based on the principle of economic sustainability and long-term economic balance, taking into account fluctuations in demand and the level of development of existing infrastructure, while sustaining the principle of adequate remuneration for investments in regulated assets, and security of supply. It therefore establishes the principle of economic and financial sustainability of the gas system, such that any legislation leading to a rise in costs or reduction in revenues must include a reduction in costs or an increase in revenues.
- Certain mechanisms were introduced to restrict any annual temporary imbalances in the settlement system, through the automatic review of tolls when certain thresholds are exceeded. If these thresholds are not exceeded, the imbalances are financed by the parties subject to the settlement system in proportion to their remuneration, generating receivables in the following five years, with a market interest rate set by Ministerial Order

- With regard to the remuneration of regulated activities, the reform includes the basic principle of considering the necessary costs for an efficient and well-managed company to perform the activity at the lowest cost for the system.
- In line with electricity sector regulations and the need to ensure regulatory stability, regulatory periods of six years were defined, during which the financial rate cannot be reviewed and no automatic update formulas will be applied to the remuneration of any of the activities. However, as the regulatory reform was proposed in a deficit scenario that is expected to be remedied in the coming years, it allows certain remuneration parameters to be adjusted every three years if significant variations arise in the income and expense items.
- An in-depth, standard review (as described in note 3 (o)) was undertaken of the remuneration from all activities, encompassing all assets, including those already in service.

By means of Spanish Royal Decree-Law 1/2019, a reform of the scope of powers for the gas system was carried out, adapting the powers of the Spanish National Commission on Financial Markets and Competition (hereinafter, "CNMC") to the requirements of EU law in relation to Directives 2009/72/EC and 2009/73/EC of the European Parliament and of the Council, of 13 July 2009, concerning common rules for the internal market in electricity and natural gas. Among these reforms, worthy of mention is the attribution of powers in favour of the CNMC regarding the establishment of methodologies for determining tolls and remuneration of the regulated activities, including the setting of their values. Therefore, as of the start of 2020, the CNMC will have the power to establish these issues, while anything regarding the establishment of new methodologies for determining the remuneration of regulated activities will not be applicable until 1 January 2021, upon the conclusion of the first 6-year regulatory period that was established in the aforementioned Law 18/2014. To this regard, in the course of 2019 and 2020, the CNMC has been working on a series of Circulars that have defined the methodologies for remuneration of the regulated activities developed by Redexis in the gas sector (Transmission and Distribution) and that will be applicable as of January 2021. The most relevant Circulars, insofar as they enable the determination of remuneration for the distribution and transmission activity, were as follows:

- Circular 9/2019, of 12 December, of the National Commission on Markets and Competition, regarding the establishment of the methodology for determining the remuneration of natural gas transmission facilities and of liquefied natural gas plants.
- Circular 4/2020, of 31 March, of the National Commission on Markets and Competition, regarding the establishment of the methodology for determining the remuneration of natural gas distribution.
- Circular 8/2020, of 2 December, of the National Commission on Markets and Competition, regarding the establishment of reference unit values for investment, operation and maintenance for the 2021-2026 regulatory period, and the minimum requirements for audits on investments and costs in natural gas transmission facilities and liquefied natural gas plants.

(5) SEGMENT REPORTING

CNMC Circular 1/2015 establishes a new regulatory reporting system for costs, aimed primarily at the regulated activities of transmission, regasification, storage and technical management of the natural gas system.

While the detailed information furnished makes reference to the transmission activity, global amounts that make reference to the rest of the activities are also indicated: Distribution of Natural Gas, Transmission of Natural Gas, Distribution of LPG and Other Activities.

These activities will be assigned the revenues and costs directly attributable to them. Overheads that cannot be directly attributed to a specific activity will be allocated to final activities based on the allocation criteria in Circular 1/2015. Redexis Gas, S.A. has developed an allocation model based on profit centres, which are divided into final and allocable.

The accounting policies of the segments are as described in note 3.

The assets, liabilities, income and expenses presented in this note by segment/activity include the synergies and economies of scale generated within the Group as a result of its integrated management.

Had the segment or activity costs been managed independently, they would have been slightly higher than the figures reflected.

However, a complete and in-depth analysis of the revenue and costs of the transmission activity will be performed when the regulatory cost reporting is submitted to the CNMC.

The main segment details are as follows:

31.12.20

	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Goodwill	54,432	164,440	303	-	219,175
Non-current assets	1,169,750	557,762	158,274	12,086	1,897,871
Current assets	370,535	193,194	92,563	-	656,292
Total assets	**1,594,717**	**915,396**	**251,139**	**12,086**	**2,773,338**
Non-current liabilities	907,586	501,604	117,556	7,357	1,534,102
Current liabilities	388,640	197,073	59,171	3,643	648,527
Total liabilities	**1,296,226**	**698,676**	**176,727**	**11,000**	**2,182,629**

31.12.19

	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Goodwill	54,432	164,440	303	-	219,175
Non-current assets	1,144,291	576,664	144,213	4,708	1,869,876
Current assets	382,077	24,649	40,629	1,149	148,505
Total assets	**1,594,717**	**915,396**	**251,139**	**12,086**	**2,773,338**
Non-current liabilities	842,734	506,206	101,729	3,622	1,454,290
Current liabilities	84,764	23,350	12,079	1,372	121,565
Total liabilities	**927,497**	**529,556**	**113,808**	**4,993**	**1,575,854**

31.12.20

	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Revenue	129,540	58,612	25,888	5,339	219,380
Other income	2,677	591	338	1,755	5,363
Self-constructed non-current assets	12,690	2,351	77	947	16,065
Supplies	(1,123)	-	(16,094)	(3,684)	(20,901)
Employee benefits expense	(20,284)	(5,955)	(122)	(2,287)	(28,648)
Depreciation and amortisation	(69,487)	(13,802)	(9,133)	(407)	(92,829)
Other operating expenses	(17,472)	(3,406)	(2,915)	(1,803)	(25,596)
Net finance income/(cost)	(26,166)	(12,440)	(4,717)	6	(43,317)
Profit/(loss) before tax	**10,375**	**25,952**	**(6,677)**	**(133)**	**29,516**

31.12.19

	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Revenue	134,545	62,854	25,976	-	223,375
Other income	4,492	649	483	1,204	6,829
Self-constructed non-current assets	13,407	1,485	96	682	15,670
Supplies	(1,622)	-	(16,945)	-	(18,567)
Employee benefits expense	(21,864)	(5,179)	(396)	(2,089)	(29,528)
Depreciation and amortisation	(66,407)	(13,061)	(8,666)	(142)	(88,276)
Other operating expenses	(14,843)	(6,578)	(2,527)	(1,710)	(25,659)
Net finance income/(cost)	(20,341)	(11,449)	(2,248)	(95)	(34,133)
Profit/(loss) before tax	**27,366**	**28,721**	**(4,226)**	**(2,150)**	**49,712**

(6) SUBSIDIARIES

(a) Composition of the Group

Information on the subsidiaries included in the consolidated Group is presented in Appendix I..

(b) Non-controlling interests

Non-controlling interests reflect the 0.02% equity investment in Redexis Gas Murcia, S.A..

(c) Related companies

Redexis Gas Finance B.V. was incorporated on 10 March 2014 in the Netherlands and at 31 December 2020 is an investee of Guotong Romeo Holdings Limited, Chase Gas Investments Limited and ATP Infrastructure II APS (same shareholders as the Parent). Its principal activity is the issue of debt.

All debt issues made by Redexis Gas Finance, S.A. are guaranteed by the Parent, and the funds obtained from the issues were transferred to the Parent by means of loans with the same maturity dates as the debt issued.

The amount of the loans received by the Parent at 31 December 2020 and 2019 is Euros 1,494,097 and Euros 1,150,000 thousand respectively, and these are the same amounts as the ones guaranteed by the Parent for the Redexis Gas Finance B.V. issues. The list of these loans is itemised in Note 19.

The Redexis Foundation was incorporated on 12 July 2019 and its purpose, in general, is the promotion of technological innovation and the development of social, charity, assistance, training or cultural works.

Specifically, the Foundation promotes the development and well-being of the social groups that exist in the territories where the Redexis Group operates, with special consideration given to promoting infrastructures that contribute to a sustainable development and cleaner economy.

(7) PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and movement during the years ended 31 December 2020 and 2019 are as follows:

Thousands of Euros

	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Other property, plant and equipment	Under construction and advances	TOTAL
Cost at 31 December 2019	**7,353**	**6,318**	**2,020,053**	**3,630**	**1,832**	**40,424**	**2,079,610**
Additions	-	-	10,745	-	-	102,474	113,220
Transfers	161	557	103,634	370	182	(106,040)	(1,136)
Disposals	-	(13)	(881)	(7)	-	(712)	(1,614)
Cost at 31 December 2020	**7,514**	**6,862**	**2,133,551**	**3,992**	**2,014**	**36,146**	**2,190,080**
Accumulated depreciation at 31 December 2019	-	(1,228)	(778,592)	(2,832)	(1,120)	-	(783,771)
Depreciations	-	(346)	(83,834)	(418)	(245)	-	(84,843)
Transfers	-	19	972	145	-	-	1,136
Disposals	-	2	680	-	-	-	682
Accumulated depreciation at 31 December 2020-		(1,553)	(860,773)	(3,105)	(1,365)	-	(866,796)
Net carrying amount at 31 December 2020	**7,514**	**5,310**	**1,272,779**	**887**	**649**	**36,146**	**1,323,284**

Thousands of Euros

	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Other property, plant and equipment	Under construction and advances	TOTAL
Cost at 31 December 2018	**7,353**	**6,318**	**2,020,053**	**3,630**	**1,832**	**40,424**	**2,079,610**
Additions	-	-	10,745	-	-	102,474	113,220
Transfers	161	557	103,634	370	182	(106,040)	(1,136)
Disposals	-	(13)	(881)	(7)	-	(712)	(1,614)
Cost at 31 December 2019	**7,514**	**6,862**	**2,133,551**	**3,992**	**2,014**	**36,146**	**2,190,080**
Accumulated depreciation at 31 December 2018	-	(1,228)	(778,592)	(2,832)	(1,120)	-	(783,771)
Amortizaciones	-	(346)	(83,834)	(418)	(245)	-	(84,843)
Traspasos	-	19	972	145	-	-	1,136
Bajas	-	2	680	-	-	-	682
Accumulated depreciation at 31 December 2019-		(1,553)	(860,773)	(3,105)	(1,365)	-	(866,796)
Net carrying amount at 31 December 2019	**7,514**	**5,310**	**1,272,779**	**887**	**649**	**36,146**	**1,323,284**

The majority of the additions taking place in 2020 and 2019 are from the organic growth of the Group by means of the extension of distribution networks, in new municipalities as well as in locations already served by the Group. The rest come from corporate transactions for the integration of LPG networks and facilities that are described below:

- On 28 December 2020, Repsol Butano, S.A. and the Group entered into a framework agreement for the purchase and conveyance of LPG networks and facilities serving around 4,230 thousand supply points, for approximately Euros 4,838 thousand. This transaction is in the process of its communication to the CNMC for approval.
- On 27 December 2019, Cepsa Comercial Petróleo, S.A.U. and the Group entered into a framework agreement for the purchase and conveyance of LPG networks and facilities serving around 11.3 thousand supply points, for approximately Euros 11,670 thousand. The practical entirety of these assets has been conveyed in 2020.
- On 28 December 2018 several companies of the Nedgia group and the Group entered into a framework agreement for the purchase and conveyance of LPG networks and facilities serving around 2.6 thousand supply points, for approximately Euros 4,750 thousand. The CNMC was formally notified and this Commission issued its authorisation of the transaction, with no reservations, on 28 February 2019. The practical entirety of these assets was conveyed in 2019.
- At 29 December 2016 Cepsa Comercial Petróleo, S.A.U. and the Group entered into a framework agreement for the purchase and conveyance of LPG networks and facilities serving around 4.7 thousand supply points, for approximately Euros 7,500 thousand. The CNMC was formally notified and this Commission issued its authorisation of the transaction, with no reservations, on 2 February 2017. The bulk of these facilities was received in 2017 and 2018 and completed in 2019.

At 31 December 2020, property, plant and equipment under construction reflect investments in gas transmission and distribution networks that the Group expects to complete in the coming months.

At 31 December 2020, the Group has recognised gas plant dismantling costs of Euros 296 thousand under property, plant and equipment (Euros 296 thousand at 31 December 2019). These expenses were determined based on the Group's best estimate of the market costs of the various physical units involved in dismantling these plants.

The Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The cover provided by these policies is considered sufficient.

The cost of fully depreciated property, plant and equipment in use at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Buildings	96	96
Technical installations and machinery	205,942	176,542
Other installations, equipment and furniture	1,313	1,271
Other property, plant and equipment	987	851
Total	**208,338**	**178,759**

(8) INTANGIBLE ASSETS

Details of intangible assets and movement during the years ended 31 December 2020 and 2019 are as follows:

Thousands of Euros

	Licences	Goodwill	Computer software	Other intangible assets	TOTAL
Cost at 31 December 2019	**542,914**	**219,175**	**41,625**	**6,210**	**809,924**
Additions	-	-	5,213	353	5,567
Disposals	-	-	-	(148)	(148)
Cost at 31 December 2020	**542,914**	**219,175**	**46,839**	**6,416**	**815,343**
Accumulated amortisation at 31 December 2019	-	-	(31,776)	(976)	(32,752)
Amortisations	-	-	(4,576)	(108)	(4,684)
Disposals	-	-	-	-	-
Accumulated amortisation at 31 December 2020	-	-	(36,352)	(1,085)	(37,436)
Accumulated impairment at 31 December 2019	-	-	-	(29)	(29)
Accumulated impairment at 31 December 2020	-	-	-	(29)	(29)
Net carrying amount at 31 December 2020	**542,914**	**219,175**	**10,487**	**5,302**	**777,878**

Thousands of Euros

	Licences	Goodwill	Computer software	Other intangible assets	TOTAL
Cost at 31 December 2018	**542,914**	**219,175**	**37,097**	**5,541**	**804,727**
Additions	-	-	4,528	670	5,198
Disposals	-	-	-	-	-
Cost at 31 December de 2019	**542,914**	**219,175**	**41,625**	**6,210**	**809,924**
Accumulated amortisation at 31 December 2018	-	-	(27,164)	(898)	(28,061)
Amortisations	-	-	(4,612)	(78)	(4,691)
Accumulated amortisation at 31 December 2019	-	-	(31,776)	(976)	(32,752)
Accumulated impairment at 31 December 2018	-	-	-	(29)	(29)
Accumulated impairment at 31 December 2019	-	-	-	(29)	(29)
Net carrying amount at 31 December 2019	**542,914**	**219,175**	**9,849**	**5,205**	**777,143**

The goodwill arising on the business combination carried out in 2010, amounting to Euros 213,053 thousand, and that generated on the business combination carried out in 2015 (see note 1) amounting to Euros 7,706 thousand, essentially comprises the future economic benefits from the ordinary activities of the Parent and the companies Redexis Gas Infraestructuras, S.L.U. and Redexis Gas Murcia, S.A., which did not qualify for recognition as a separate asset.

Details of the allocation of goodwill at 31 December 2020 and 2019, by cash-generating unit (CGU), are as follows:

Thousands of Euros

	2020	2019
Gas distribution	54,432	54,432
Gas transmission	164,440	164,440
LPG	303	303
Total	**219,175**	**219,175**

A summary of the CGUs to which intangible assets with indefinite useful lives, namely licences for gas distribution and transmission, have been allocated at 31 December 2020 and 2019 is as follows:

Thousands of Euros

	2020	2019
Gas distribution	333.493	333.493
Gas transmission	209.421	209.421
Total	**542.914**	**542.914**

The cost of fully amortised intangible assets in use at 31 December 2020 and 2019 is as follows:

Thousands of Euros

	2020	2019
Computer software	27,177	22,723
Other intangible assets	395	267
Total	**27,573**	**22,990**

(9) RIGHT OF USE ASSETS AND LEASE LIABILITIES

Details and movement in the accounts included in the Right of use assets by classes during the years ended at 31 December 2020 and 2019 are as follows:

Thousands of Euros

	Land	Buildings	Motor Vehicles	Information Processing Equipment	Subsoil use	Computer software	TOTAL
Cost at 31 December 2019	**1,339**	**5,669**	**2,047**	**247**	**7,236**	**312**	**16,850**
Additions	316	1,067	436	28	-	-	1,847
Disposals	-	(14)	-	(80)	-	-	(94)
Cost at 31 December 2020	**1,655**	**6,722**	**2,483**	**195**	**7,236**	**312**	**18,603**
Accumulated depreciation at 31 December 2019	(134)	(2,873)	(973)	(182)	(513)	(147)	(4,821)
Depreciations	(167)	(1,066)	(378)	(20)	(469)	(147)	(2,246))
Disposals	-	14	-	80	-	-	94
Accumulated depreciation at 31 December 2020	(300)	(3,925)	(1,350)	(122)	(981)	(293)	(6,973))
Net carrying amount at 31 December 2020	**1,355**	**2,796**	**1,133**	**73**	**6,255**	**18**	**11,630**

Thousands of Euros

	Land	Buildings	Motor Vehicles	Information Processing Equipment	Subsoil use	Computer software	TOTAL
Cost at 31 December 2018	**-**	**3,325**	**1,238**	**173**	**-**	**-**	**4,735**
Additions	1,339	2,360	809	74	7,236	312	12,131
Disposals	-	(16)	-	-	-	-	(16)
Cost at 31 December 2019	**1,339**	**5,669**	**2,047**	**247**	**7,236**	**312**	**16,850**
Accumulated depreciation at 31 December 2018	-	(1,821)	(615)	(120)	-	-	(2,556)
Depreciations	(134)	(1,068)	(358)	(62)	(513)	(147)	(2,281)
Disposals	-	16	-	-	-	-	16
Accumulated depreciation at 31 December	(134)	(2,873)	(973)	(182)	(513)	(147)	(4,821)
Net carrying amount at 31 December 2019	**1,205**	**2,796**	**1,074**	**65**	**6,724**	**165**	**12,029**

The Group performs a large part of its activities in properties and facilities leased from third parties. The leases are negotiated with several renewal and cancellation options for flexibility depending on how the business responds in each area. The leases expose the Group to a certain variability, albeit limited, due to the fact that the majority of these is CPI-linked.

Subsoil occupancy rates for the gas distribution activity are likewise included (under Subsoil Use) as well as the charges for subsoil occupancy for the gas transmission activity (under Subsoil Use), and those leases of land for facilities belonging to the Group (under Lands).

In addition, the Group has short-term lease contracts, for which it has recorded an expense in the amount of Euros 97 thousand (Euros 164 thousand in the previous year) (note 30).

The details and relevant amounts of lease contracts by asset type at 31 December 2020 and 2019 are as follows:

Thousands of Euros

	Land	Buildings	IT Equipment	Motor Vehicles	Subsoil use	Computer software	TOTAL
31/12/2020							
Amounts							
Fixed lease payments	132	1,149	38	402	642	151	2,514
Financial expenses for lease liabilities	31	80	2	31	186	3	334
Long term lease liabilities	1,237	1,815	38	780	5,885	0	9,754
Short term lease liabilities	141	1,090	37	379	407	19	2,073
Conditions							
Lease term	10 years	3 to 4 years	4 years	4 years	1 to 35 years	2 years	

Thousands of Euros

	Land	Buildings	IT Equipment	Motor Vehicles	Subsoil use	Computer software	TOTAL
31/12/2019							
Amounts							
Fixed lease payments	149	1,028	63	380	687	151	2,459
Financial expenses for lease liabilities	27	95	1	13	199	6	341
Long term lease liabilities	1,092	1,844	67	737	6,248	19	10,007
Short term lease liabilities	125	1,093	22	358	447	148	2,192
Conditions							
Lease term	10 years	3 to 4 years	4 years	4 years	1 to 35 years	2 years	

The analysis of the maturity date of the lease liabilities, including future interests to be paid, is as follows:

Thousands of Euros

	2020	2019
Up to six months	1,037	1,096
From six months to one year	1,037	1,096
From one to two years	2,000	2,027
From two to three years	1,556	1,556
More than four years	6,197	6,423
Total	**11,827**	**12,199**

The are no commitments deriving from short-term lease contracts.

(10) IMPAIRMENT AND ALLOCATION OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES TO CGUS

For impairment testing purposes, goodwill and intangible assets with indefinite useful lives have been allocated to the Group's cash-generating units (CGUs) as detailed in Note 8.

The recoverable amount of a CGU is determined based on calculations of its fair value less costs of disposal. These calculations include estimated cash flow projections, less the post-tax average cost of the capital itself from the underlying CGU activity. The economic forecasts start from the best estimate by management of the evolution of the CGU business for a projection period of 15 years, and assume a terminal value upon its conclusion with a perpetual growth rate of 1.5%.

For the natural gas distribution and transmission activity, a post-tax average cost of capital calculated in accordance with CNMV Circular 2/2019, of 12 November, was used to establish the methodology for calculation of financial remuneration rate of the transmission and distribution activities of electric power, and the regasification, transmission and distribution of natural gas.

The Group determines budgeted gross margins based on past experience and forecast market performance. The weighted average growth rates are consistent with the forecasts included in sector reports. The discount rates used are after-tax values and reflect specific risks related to each CGU.

According to the projections and estimates available to the directors of the Group, the CGUs to which goodwill and various intangible assets with indefinite useful lives have been allocated are expected to generate sufficient cash flow to recover the value of the goodwill, intangible assets with indefinite useful lives recognised at 31 December 2020.

A sensitivity analysis of the post-tax average cost of capital during a forecast period of 15 years, reveals that impairment of the distribution of natural gas would only occur if the discount rate were to increase by more than a 24%; impairment of the transmission of natural gas would only occur if the discount rate were to increase by more than a 17%.

(11) FINANCIAL ASSETS BY CATEGORY AND CLASS

The classification of financial assets by category and class, is as follows:

Thousands of Euros

	Non-current		Current	
	2020	**2019**	**2020**	**2019**
Financial assets at amortised cost				
Loans	-	2,370	278	166
Security and other deposits delivered	1,436	1,578	-	-
Other financial assets	92	92	-	-
Finance lease receivables	-	-	-	-
Trade and Other Receivables				
Trade receivables	-	-	39,141	44,073
Other receivables	2,726	-	19,162	18,523
Impairment	-		(1,362)	(1,097))
Cash and cash equivalents	-	-	591,732	74,883
Total financial assets	**4,254**	**4,039**	**648,951**	**136,548**

The amount of net profits and losses, corresponding to the category of financial assets at amortised cost in the years 2020 and 2019 is as follows:

Thousands of Euros

	2020	2019
Finance income at amortised cost	6	91
Losses for impairment	(383)	(138)
Total	**(377)**	**(48)**

Details of these items are provided in notes 12 and 15.

(12) CURRENT AND NON-CURRENT FINANCIAL ASSETS

Details of current and non-current financial assets at 31 December 2020 and 2019 are as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Security deposits paid	1,436	-	1,578	--
Loans to related parties	-	-	2,370	-
Loans to employees and other	-	278	-	166
Other financial assets	92	-	92	-
Total	**4,039**	**166**	**7,673**	**325**

Security deposits paid correspond essentially to the balances lodged with the Autonomous Regions, deriving from deposits received from customers when a service is arranged, by virtue of the provisions of applicable legislation in force at any given time. These security deposits are maintained for as long as the Group maintains the supply contract with the customer or if the customer maintains the agreement with its supplier, and its distribution company is a Group company.

(13) INCOME TAX

At the annual general meeting held on 17 December 2010 the Company shareholders agreed that, with effect as of 1 January 2011, the Company would apply the consolidated taxation regime regulated in Title VII, Chapter VII of the now repealed Royal Legislative Decree 4/2004 of 5 March 2004, replaced by Title VII, Chapter VI of Law 27/2014, of 27 November, approving the Corporate Income Tax Law. Thus, the Company is the parent of a new tax group formed by the subsidiaries listed in Appendix I hereto.

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

2020

	Thousands of Euros		
	Assets	**Liabilities**	**Nets**
Tangible assets	1,705	(33,719)	(32,014)
Goodwill	-	(6,726)	(6,726)
Deferred incomer	-	(2,631)	(2,631)
Intangible assets	-	(64,293)	(64,293)
Provisions	264	-	264
Amortization	2,933	-	2,933
Personal remunerations	1,931	-	1,931
	6,834	**(107,369)**	**(100,535))**
Credit loss carryforwards	**2,896**	**-**	**2,896**
Net assets and liabilities	**9,730**	**(107,369)**	**(97,639)**

2019

	Thousands of Euros		
	Assets	**Liabilities**	**Nets**
Tangible assets	1,682	(35,456)	(33,774)
Goodwill	-	(5,209)	(5,209)
Deferred income	-	(2,975)	(2,975)
Intangible assets	-	(62,969)	(62,969)
Provisions	1,070	-	1,070
Amortization	3,617	-	3,617
Personal remunerations	1,617	-	1,617
Financial expenses	18,637	-	18,637
	26,623	**(106,608)**	**(79,985)**
Credit loss carryforwards	**13,526**	**-**	**13,526**
Net assets and liabilities	**40,149**	**(106,608)**	**(66,459)**

Deferred tax liabilities relating to property, plant and equipment mostly derive from the application of the tax incentive approved in additional provision 11 of Law 4/2008 of 23 December 2008 and in Royal Decree-Law 13/2010 of 3 December 2010, on accelerated depreciation of property, plant and equipment, which the Group applied in 2009, 2010 and 2011, as well as from the fair value measurement of property, plant and equipment in the business combinations in 2010 and 2015.

Accelerated depreciation is only applied to investments brought into service in the 2009, 2010 and 2011 tax periods that correspond to new assets commissioned under works execution contracts or investment projects with an execution period, in both cases, of less than two years between the commission or investment start date and the date on which the asset becomes available or enters service. Investments in distribution assets are depreciated over a period of 20 years for accounting purposes and one year for tax purposes. Investments in transmission assets are depreciated over a period of 40 years for accounting purposes and one year for tax purposes.

All deferred tax liabilities associated with intangible assets and deferred income derive from the aforementioned business combinations.

The merger approved by the shareholders in 2014, discussed in note 1, became effective for accounting purposes on 1 January 2014. The Group therefore reversed the deferred tax liability in the amount of Euros 80,748 thousand in the consolidated income statement for 2014. The merger was carried out under the special protection tax regime contained in Chapter VII of Title VII of the Spanish Corporate Income Tax Law and, therefore, the tax value of the property, plant and equipment, intangible assets and goodwill at 1 January 2014 was Euros 23,846 thousand, Euros 245,314 thousand and Euros 6,030 thousand, respectively. The tax effects occur as of when the merger was entered in the Mercantile Registry on 27 February 2015.

On 23 December 2015, the Company requested a ruling from the Directorate-General of Taxes as to whether the tax loss carryforwards of the absorbed subsidiaries (Redexis Gas Transportista and Redexis Gas Distribución), arising from temporary differences to be reversed in the future, should be calculated as a reduction in the deductible merger difference, as was the case with the accelerated depreciation applied by these companies in 2009, 2010 and 2011. On 26 December 2016, the Company received a positive response to its query, stating that the tax loss carryforwards of the absorbed subsidiaries arising from temporary differences to be reversed in the future should not be calculated as a reduction in the deductible merger difference. As a result, the tax value of intangible assets and goodwill in 2016 increased by Euros 29,525 thousand and Euros 45,098 thousand, respectively. In 2016 the Group therefore reversed the Euros 7,441 thousand deferred tax liability in the consolidated income statement.

The tax value of intangible assets and goodwill in 2017 increased by Euros 43,031 thousand and Euros 75,253 thousand respectively. The Company obtained a tax certificate corresponding to the former Company shareholder, which reveals the capital gain included in the Seller's tax base, the resulting double taxation of the transferring shareholder Endesa Gas, and of the purchasing company Redexis Gas. The aforementioned capital gain could be eliminated by application of paragraph 5 of Transitory Provision 23 of Corporate Income Tax Law 27/2014.

Pursuant to Law 16/2012 of 27 December 2012, which introduced several tax measures to consolidate public finances and boost economic activity, depreciation of property, plant and equipment and amortisation of intangible assets was limited to 70% of the depreciation and amortisation charge for accounting purposes for the 2013 and 2014 tax periods. Consequently, the Group has recognised deferred tax assets of Euros 2,682 thousand at 31 December 2020 (Euros 3,350 thousand at 31 December 2019). As of 2015, any depreciation and amortisation that was not deducted for tax purposes in the tax periods commenced in 2013 and 2014, due to the aforementioned limit, may be deducted on a straight-line basis over a period of 10 years, or over the useful life of the assets. The Company has opted for the 10-year reversal period.

During 2015 the Tax Authorities conducted an inspection for Corporate Income Tax (for the years 2010, 2011 and 2012). The Tax Authorities issued a settlement to increase Corporate Income Tax payable for 2010 by Euros 348 thousand plus late payment interest, to reduce tax loss carryforwards generated in 2011 by Euros 35,295 thousand, and to reduce non-deducted net finance costs arising in 2012 and available for application in future years by Euros 35,391 thousand. The inspection team has considered certain participating loans extended to the Company to be capital contributions from the Group's shareholders, and therefore does not consider the finance costs accrued in connection with these loans in 2010, 2011 and 2012 as tax deductible. The Company deems the proposed adjustment unlawful and has therefore filed an administrative appeal and has lodged its submissions against the settlement at the Central Economic-Administrative Tribunal (TEAC). On 2 February the TEAC confirmed the decision of the inspection, which is why the Company filed a claim in the National High Court, submitting it on 9 October 2017. On 24 July 2019, the National High Court confirmed the inspection arguments and on 15 October 2019, the Group filed a notice of appeal in cassation before the Supreme Court. On 2 June 2020, the notice of appeal before the Supreme Court was dismissed as non-admissible, whereby an appeal for legal protection was filed before the Constitutional Court on 24 November 2020.

Using the same criteria, the taxation authorities settled a reduction of deductible net finance costs generated in 2013 and 2014, carried forward for amounts of Euros 35,295 thousand and Euros 9,379 thousand, as it considered the participating loans extended to the Company to be capital contributions from the Group's shareholders, and therefore does not consider the finance costs accrued in connection with these loans in 2013 and 2014 as tax deductible. The Company deemed the proposed adjustment unlawful and therefore filed an administrative appeal against the settlement before the Central Economic-Administrative Tribunal on 7 July 2017, which declined jurisdiction and forwarded the claim to the Regional Economic-Administrative Tribunal (TEAR) of Aragon, by resolution dated 20 January 2020, which notified its rejection on 28 December 2020.

In consideration of the above, and given the non-admission of the appeal before the Supreme Court and even after filing the appeal for legal protection, the Parent Directors have decided to derecognise the deferred assets recognised at 31 December and pay the Euros 348 thousand and default interest corresponding to the infraction notice of 2010.

In accordance with legislation in force, the Group may offset its tax loss carryforwards for the 2019 and 2020 tax periods up to a maximum of 25% of taxable income before the offset. In its provisional calculation of income tax for 2020, the tax group has offset tax losses of Euros 5,755 thousand (Euros 7,440 thousand in the definitive income tax return for 2019).

Based on the best estimate of future consolidated profits, recovery of the deferred tax assets is considered probable and they have therefore been recognised in the consolidated statement of financial position.

Corporate Income Tax Law 27/2014 of 27 November 2014 amended the income tax rate. The tax rate is 25% for periods commencing on or after 1 January 2016, and for 2015 it was 28%. The Group adjusted all of its deferred tax assets and liabilities based on a tax rate of 25%, except for deferred tax assets arising from non-deductible amortisation and depreciation in view of the application of Law 16/2012 of 27 December 2012. In this respect, Transitory Provision 37 of the CIT Law provides for a deduction in total income tax of 5 % of the amounts included in taxable income for the tax period, for depreciation and amortisation not deducted in tax periods starting in 2013 and 2014. This deduction was 2% for the tax periods commencing as of 2015.

Details of total current and deferred income tax in relation to items recognised directly in other comprehensive income and in equity during 2020 and 2019 are as follows:

Thousands of Euros

	2020		2019	
	Current	Deferred	Current	Deferred
Other changes in equity	-	-	-	-
Actuarial gains and losses	-	-	-	(48)
Total	**-**	**-**	**-**	**(48)**

Details of the income tax expense are as follows:

Thousands of Euros

	2020	2019
Current tax		
Present year	**5,693**	**7,496**
Adjustment of prior years	**28,934**	**(136)**
Deferred tax		
Origination and reversal of temporary differences	**(3,152)**	**114**
Finance costs	-	4,097
Accelerated depreciation and amortisation	(1,481)	(1,506)
Depreciation and amortisation	666	662
Salaries payable	(254)	(241)
Goodwill	(2,486)	(2,486)
Provisions	404	(413)
Income tax expense for the year (companies)	**31,475**	**7,474**
Adjustments and eliminations on consolidation	4,856	4,787
Income tax expense for the year (Group)	**36,331**	**12,260**

A reconciliation of current tax with current income tax liabilities is as follows:

Thousands of Euros

	2020	2019
Current tax	5,693	7,496
Tax loss carryforwards offset and recognised in prior years	(1,459)	(1,860)
Consolidation adjustments	-	-
Income tax payable for the year (Group)	**4,234**	**5,636**
Payments on account during the year	(3,055)	(5,134))
Withholdings	-	-
Current income tax liabilities	**1,179**	**502**

The relationship between the income tax expense and profit for the year is as follows:

Thousands of Euros

	2020	2019
Profit for the year before tax	29,516	49,812
Tax at 25%	7,379	12,453
Adjustment of prior years	28,934	(136)
Other net movements	18	(57)
Income tax expense for the year (Group)	**36,331**	**12,260**

The Group has recognised the tax effect of unused tax loss carryforwards as deferred tax assets, the amounts and reversal periods of which are as follows:

At 31 December 2020

Company / Year	THOUSANDS OF EUROS
Redexis Group / 2011	11,586
Total	**11,586**

A 31 de diciembre de 2019

Company / Year	THOUSANDS OF EUROS
Redexis Group / 2011	54,104
Total	**54,104**

In accordance with the taxation authorities in the CIT inspection (years 2010, 2011 and 2012) the Parent Directors agree to decrease the amount of the tax losses generated in 2011 by an amount of Euros 35,295 thousand.

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the inspection period of four years has elapsed.

In 2020 the Tax Authorities commenced an audit of the following companies of the group, for the years and taxes set forth below:

Tax	YEARS OPEN
Corporate Income Tax (All Group companies*))	2015 - 2018
Value Added Tax (Redexis Gas)	2017 - 2018
Non-Resident Income Tax (Redexis Gas)	2016 - 2019

(*) The period under inspection for the Redexis Gas corporate income tax is from 2016 through 2018.

The Group has open to inspection by the taxation authorities the main taxes applicable for the following years:

Tax	YEARS OPEN
Corporate Income Tax (*)	2019
Value Added Tax (**))	2017 - 2020
Personal Income Tax	2017 - 2020
All other applicable Taxes	2017 - 2020

(*) The period for filing corporate income tax is within 25 calendar days following six months after the end of the year, whereby the Corporate Income Tax corresponding to 2020 will not be open to inspection until 25 July 2021..
(**) Except Redexis Gas, whose period open to inspection is from 2016 through 2018.

Nevertheless, the right of the taxation authorities to inspect or investigate unused or offset tax loss carryforwards, and unused or applied deductions to promote the undertaking of certain activities, have a 10-year statute of limitations as of the day after the end of the period for filing the tax return or self-assessment corresponding to the tax period in which the right to offset or application was generated. Following that period, the Group should accredit any tax loss carryforwards or deductions by disclosing the settlement or self-assessment and the accounting records, with proof that they were filed at the Mercantile Registry within the above period.

Due to different possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of inspection. In any case, the Parent's directors do not consider that any such liabilities that could arise would have a significant effect on the Consolidated Annual Accounts.

(14) INVENTORIES

Details of Inventories are as follows:

Thousands of Euros	2020	2019
LPG inventories	5,189	5,248
Other materials	30	30
Supplier advances	492	100
Total	**5,711**	**5,377**

At 31 December 2020 and 2019, the Group had no commitments to purchase or sell gas.

(15) TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

Details of trade and other receivables and other assets are as follows:

Thousands of Euros	2020		2019	
	Non-current	Current	Non-current	Current
Trade receivables	2,726	39,141	-	44,073
Receivables, settlements pending	-	17,968	-	16,515
Other receivables	-	1,194	-	2,008
Less impairment due to uncollectibility	-	(1,362)	-	(1,097)
Total deudores comerciales y otras cuentas a cobrar	**2,726**	**56,941**	**-**	**61,499**

Thousands of Euros

	2020	2019
Public entities		
Taxation authorities, recoverable VAT	965	5,873
Taxation authorities, withholdings	46	28
Othe	92	88
Prepayments	526	591
Total other assets	**1,629**	**6,580**

Trade receivables primarily comprise balances receivable from suppliers of natural gas for tolls invoiced and propane gas invoiced to end customers.

Current receivables, settlements pending reflect settlements and measurement differences receivable from the gas system.

Movement in impairment due to uncollectibility is as follows:

Thousands of Euros

	2020	2019
Balance at 1 January	(1,097)	(1,130)
Impairment charge	((488)	(180))
Reversals for impairment	105	42
Cancellations	118	171
Balance at 31 December	**(1,362)**	**(1,097)**

Past-due unimpaired trade receivables amounting to Euros 37 thousand at 31 December 2020 (Euros 46 thousand at 31 December 2019) reflect balances receivable from local corporations for which no credit risk is foreseen.

(16) CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

Thousands of Euros

	2020	2019
Cash in hand and at banks	591,732	74,883
Total	**591,732**	**74,883**

(17) EQUITY

Details of equity and movement during the year are shown in the consolidated statement of changes in equity.

(a) Capital

At 31 December 2020 and 2019, the share capital of the Company amounted to Euros 100,000 thousand, represented by 10,000,000 shares of Euros 10 par value each, subscribed and fully paid.

At 31 December 2020 and 2019, Redexis Gas, S.A. is owned (i) 33.33% by Chase Gas Investments Limited, a subsidiary of the USS private equity fund; (ii) 33.34% by ATP Infrastructure II APS, a subsidiary of the ATP private equity fund; and (iii) 33.33% by Guotong Romeo Holdings Limited, a company owned by the funds Guoxin Guotong Fund LLT and CNIC Corporation Limited.

The Group actively manages its capital to maintain a structure capable of creating value for its shareholders and other stakeholders, as well as optimising the cost of this and safeguarding the principle of going concern.

The Group has several levers that allow it to adjust the capital structure. These range from the discretionality in the payment of dividends and in making investments for its organic growth, through the amortisation of debt, issue of shares or sale of assets.

To be able to achieve these objectives, the Group is committed to maintaining its investment grade category, in other words, BBB- or greater by the Standard & Poor's rating agency or any other agency with which the Group maintains a rating request. This entails the fulfilment of a series of leverage ratios and cash generation in accordance with that rating. Specifically, the Group uses the Net Debt/EBITDA ratio to monitor capital structure.

(b) Share premium

This reserve, amounting to Euros 105,433 thousand at 31 December 2020, is freely distributable, provided that its distribution would not reduce the Company's equity to an amount lower than share capital.

(c) Reserves

Details of reserves are as follows:

Thousands of Euros	2020	2019
Legal reserve	20,000	20,000
Other shareholder contributions	157,538	160,135
Other reserves	214,527	238,557
Total	**392,065**	**418,692**

Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2020 and 2019, the Company had appropriated to this reserve the minimum amount required by law, i.e. Euros 20 million (20% of share capital), and will therefore not allocate any further amounts to this reserve.

Other reserves

The goodwill reserve was appropriated in compliance with article 273.4 of the Revised Spanish Companies Act, which required companies to constitute a non-distributable reserve equal to the amount of goodwill recognised in the Company's individual statement of financial position. However, the amendment to article 39.4 of the Spanish Code of Commerce in 2016 provided for the systematic amortisation of goodwill (in annual accounts prepared under Spanish GAAP), thus eliminating the obligation to appropriate this reserve.

At 31 December 2020 and 2019, other reserves include goodwill reserves amounting to Euros 16, 350 thousand, which are non-distributable until the carrying amount of goodwill is lower than the amount of this reserve in the Annual Accounts of each Group company.

Details of reserves contributed by each Group company at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Redexis Gas, S.A.	391,693	410,220
Redexis Gas Finance, B,V,	-	3,429
Redexis Gas Murcia, S,A,	324	6,199
Redexis Gas Servicios, S,L,U,	(1,470)	47
Redexis GLP, S,L,U,	(3,354)	(1,203)
Redexis Infraestructuras, S,L,U,	4,872	-
Total	**392,065**	**418,692**

(d) Dividends

During 2020, the Parent has proceeded to pay two dividends to shareholders at the rate of Euros 3 per share in each distribution. The total amount distributed in 2020 was Euros 60,000 thousand (Euros 30,000 thousand in 2019), against its freely distributable reserves to shareholders of the Company as detailed in section (a).

(e) Profit/(loss) for the year

Details of profit/(loss) for the year contributed by each Group company at 31 December 2020 and 2019 are as follows:

Thousands of Euros

	2020	2019
Redexis Gas, S.A.	(9,593)	30,599
Redexis Gas Finance, B,V,	-	623
Redexis Gas Servicios, S,L,U,	(137)	(1,516)
Redexis GLP, S,L,U,	(2,151)	(1,609)
Redexis Gas Murcia, S,A,	1,244	2,199
Redexis Infraestructuras, S,L,U	3,875	7,799
Total	**(6,815)**	**37,552**

(18) FINANCIAL LIABILITIES BY CLASS AND CATEGORY

(a) Classification of financial liabilities by category

A classification of financial liabilities by category and class is as follows:

Thousands of Euros

	2020	
	Carrying amount Non-current	Carrying amount Current
Financial liabilities at amortised cost		
Debt with related parties	990,064	517,192
Loans and borrowings		
Variable rate	147,556	260
Fixed rate	265,930	11,648
Security and other deposits received	1,136	-
Other financial liabilities	46	523
Lease liabilities	9,754	2,073
Total financial liabilities	**1,414,486**	**531,695**

Thousands of Euros

	2019	
	Carrying amount Non-current	Carrying amount Current
Financial liabilities at amortised cost		
Debt with related parties	1,141,780	19,445
Loans and borrowings		
Variable rate	-	67
Fixed rate	207,885	1,447
Security and other deposits receiveds	744	-
Lease liabilities	10,007	2,192
Total financial liabilities	**1,360,416**	**23,152**

The fair value of liabilities from issuing bonds and other listed marketable securities at 31 December 2020 is Euros 1,572,423 thousand (Euros 1,184,094 thousand at 31 December 2019). The average interest rate of these debts is 1.56% (2.22% in 2019). For the rest of the liabilities, the fair value is similar to the carrying amount.

Security deposits received essentially correspond to the deposits received from customers when a service is arranged, by virtue of the provisions of applicable legislation in force at any given time. These security deposits are maintained for as long as the Group maintains the supply contract with the customer or if the customer maintains the agreement with its supplier, and its distribution company is a Group company.

(b) Net losses and gains by financial liability category

Net losses and gains by financial liability category for 2020 comprise finance costs at amortised cost totalling Euros 42,774 thousand (Euros 33,288 thousand in 2019).

(c) Changes in Liabilities arising from Financing Activities

The reconciliation of liabilities classified as financing activities is as follows:

Thousands of Euros

	Debt with related parties	Loans and borrowings	Lease liabilities	TOTAL
Net carrying amount at 01 January 2019	1,139,476	158,343	2,187	**1,300,006**
Cash flows	-	50,000	(2,118)	**47,882**
Other changes	2,304	(457)	12,130	**13,977**
Balance at 31 December 2019	1,141,780	207,885	12,199	**1,361,865**
Cash flows	-	50,000	(2,118)	**549,715**
Other changes	5,677	(345)	1,809	**7,141**
Balance at 31 December 2020	**1,483,996**	**422,898**	**11,827**	**1,918,721**

(19) DEBT WITH RELATED PARTIES

As indicated in Note 6(c), at 31 December 2020 the Company was extended a series of loans by related company Redexis Gas Finance B.V. in a nominal amount of Euros 1,494,097 thousand (Euros 1,150,000 at 31 December 2019).

The origin of these loans are the issues of debt made by Redexis Gas Finance B.V. All issues are guaranteed by Redexis Gas, S.A. and the funds obtained from the issues were transferred to the Parent Company by means of said loans.

The list of loans at the close of 2019 and 2020 is as follows.

Year 2020

Issue date	Term (years)	Maturity	Coupon	Nominal
08/04/2014	7	08/04/2021	2.87%	494,097
27/04/2015	12	27/04/2027	1.99%	250,000
01/12/2017	9 and 5 months	27/04/2027	1.99%	250,000
28/05/2020	5	28/05/2025	1.91%	500,000
Total				**1,494,097**

Year 2019

Issue date	Term (years)	Maturity	Coupon	Nominal
08/04/2014	7	08/04/2021	2.87%	650,000
27/04/2015	12	27/04/2027	1.99%	250,000
01/12/2017	9 and 5 months	27/04/2027	1.99%	250,000
Total				**1,150,000**

The transactions performed in 2020 were as follows:

- In May 2020 the Parent formalised a loan with Redexis Gas Finance, B.V. in an amount of Euros 500,000 thousand for 5 years, to mature in May 2025. The amount of this loan was used to partially prepay Euros 155,903 thousand of the loan in the amount of Euros 650,000 thousand which helds the Parent with Redexis Gas Finance, B.V. and to mature on 8 April 2021, leaving an outstanding amount of Euros 494,097 thousand.

  The remaining funds, together with the bank loan in the amount of Euros 150 million formalised in May 2020 and which is detailed in Note 20, will be allocated toward early cancelling the aforementioned loan.

The amount corresponding to interest accrued and not yet due at 31 December 2020 and 2019 is recorded under "Payables to related companies" of the current liabilities in the Consolidated Statement of Financial Position, at 31 December 2020; it also includes the principal outstanding on the loan received in 2014 which, as indicated in note 36, was prepaid in full in January 2021.

(20) LOANS AND BORROWINGS

Details on loans and borrowings at 31 December 2020 and at 31 December 2019 are as follows:

2020

Thousands of Euros

Type	Nominal rate	Maturity	Maximum available	CARRYING AMOUNT Current	Non-current
Loans and borrowings:					
- ESG linked - Revolving Credit Facility	(1)	2026	300,000	63 (1)	(1,154) (2)
- Crédito BEI 2015	(3)	2036	150,580	10,287	141,040
- Crédito BEI 2017	(4)	2039	50,000	520	49,890
- Crédito BEI 2018	(5)	2040	75,000	841	75,000
- ESG linked - Term Loan	1%	2023	150,000	197	149,110
Total			**726,103**	**11,908**	**413,486**

(1) Commitment fee

(2) Outstanding amortizable expenses

2019

Thousands of Euros

Type	Maturity	Limit	CARRYING AMOUNT Current	Non-current
Loans and borrowings:				
- ESG linked - Revolving Credit Facility (RCF)	2026	300,000	67 (1)	-
- EIB loan 2015	2036	160,000	930	158,005
- EIB loan 2017	2039	50,000	517	49,880
- EIB loan 2018	(2)	75,000	-	-
Total		**585,000**	**1,514**	**207,885**

(1) Commitment fee.

(2) 20 years from the drawdown

The maturity by year of the loans drawn is as follows:

At 31 December 2020:

	2020	2021	2022	2023	2024 and thereafter
EIB	9,412	9,412	162,353	16,765	227,647

The transactions performed in 2020 were as follows:

- On 20 February 2020, the Parent made the final drawdown on the loan from the EIB in an amount of Euros 75,000 million with a 20-year maturity and an annual repayment of capital and interest, with a capital grace period during the first 3 years.
- In May 2020 the Parent formalised a Term Loan with several Spanish and international institutions in an amount of Euros 150,000 thousand for 3 years, to mature in May 2023. Together with the transaction detailed in Note 19, the funds will be allocated toward cancellation of the bond issued by Redexis Gas Finance B.V. with the guarantee of the Parent, to mature on 8 April 2021 and which will be coordinated by cancellation of the loan between Redexis Gas Finance B.V. and the Parent to mature on 8 April 2021.

  Note 36 details the cancellation of the bond as well as the related loan as a post-closing event.

The transactions performed in 2019 were as follows:

- In May 2019 the Parent converted the syndicated Revolving Credit Facility arranged in 2017 with several Spanish and international banks, already described in the 2018 Consolidated Annual Accounts, into sustainable financing. It has furthermore extended its maturity for another two years with two optional extensions of one year each.
- In June 2019, the Parent drew down the loan from the European Investment Bank formalised in 2017 in an amount of Euros 50,000 thousand with a 20-year maturity, with an annual repayment of capital and interest, including the first 3-year capital grace period.

(21) TRADE AND OTHER PAYABLES

Details of trade and other payables are as follows:

Thousands of Euros

	2020	2019
Suppliers	3,112	2,665
Trade payables	12,376	8,892
Payables, settlements pending	46,952	19,858
Salaries payable	7,170	3,831
Payables for acquisition of non-current assetss	42,925	59,745
Total trade and other payables	**112,535**	**94,991**

Thousands of Euros

	2020	2019
Public entities, other		
Taxation authorities, personal income tax	401	392
Social Security payables	458	462
VAT payable	137	-
Public utility rates, taxes and local council payables	2,122	2,007
Total Otros Pasivos	**3,118**	**2,862**

Payables, settlements pending at 31 December 2020 primarily include the balances related to provisional settlements pending final settlement by the regulatory body for 2018, 2019 and 2020 (for the years 2017, 2018 and 2019 at 31 December 2019).

Payables for acquisition of non-current assets at 31 December 2020 and 2019 mainly reflect payables for acquisitions of property, plant and equipment, primarily for transmission pipelines and the extension of distribution networks.

(22) LATE PAYMENTS TO SUPPLIERS. "REPORTING REQUIREMENT", THIRD ADDITIONAL PROVISION OF LAW 15/2010 OF 5 JULY 2010.

Details of late payments to suppliers by Spanish consolidated companies are as follows:

	2020	2019
	Days	
Average supplier payment period	49	53
Transactions paid ratio	51	55
Transactions payable ratio	34	33
	Amount (thousands of Euros)	
Total payments made	192,101	203,687
Total payments outstandings	23,271	24,517

(23) RISK MANAGEMENT POLICY

Financial risk factors
The Group's activities are exposed to various financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits.

Risks are managed by the Group's finance management in accordance with policies approved by the Board of Directors. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units.

Credit risk
The credit risk is that which arises as a result of the breach or non-payment of the counterparty in a financial transaction.

Due to its activity, geographic distribution and to the particular characteristics of its customers given the sector in which it operates, the Group does not have significant concentrations of credit risk. In spite of this, the Group has implemented a credit risk control procedure, monitored by a Committee that furthermore evaluates exposure to certain transactions.

On the other hand, the Group policy for financial asset investments is to maintain the availability of their liquidity for use. These balances are maintained in top-tier financial institutions.

The tables below show the ageing of financial assets at 31 December 2020 and 2019:

2020

	Thousands of Euros					
	Less than 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Trade and other receivables, fixed rate	10,254	28,719	17,968	1,787	939	59,667
Other financial assets	-	-	278	-	1,528	1,806
Total assets	**10,254**	**28,719**	**18,246**	**1,787**	**2,467**	**61,473**

2019

	Thousands of Euros					
	Less than 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Trade and other receivables, fixed rat	13,983	27,658	19,858	-	-	61,499
Other financial assets	-	-	166	-	4,039	4,205
Total assets	**13,983**	**27,658**	**20,023**	**0**	**4,039**	**65,703**

Liquidity risk

The Group applies a prudent policy to cover its liquidity risks, based on having sufficient cash and available financing through credit facilities committed to covering the operating and financial needs of the Group.

The goal of the Group's finance management is to maintain flexible financing through the availability of the credit facilities contracted. At 31 December 2020 it maintains the availability of credit facilities amounting to Euros 300,000 thousand (Euros 375,000 thousand at 31 December 2019, see note 21) which, together with cash and cash equivalents (Euros 591,732 thousand in 2020 and Euros 74,883 thousand in 2019) cover the operating needs of the Group.

Details of the Group's exposure to liquidity risk at 31 December 2020 and 2019 are shown below. The tables reflect the analysis of financial liabilities by contractual maturity date.

2020

	Thousands of Euros					
	Less than 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Loans and borrowings	-	**260**	**11,648**	**202,850**	**210,636**	**425,394**
Variable rate	-	260	-	147,556	-	147,816
Principal	-	-	-	147,556	-	147,556
Interest	-	260	-	-	-	260
Fixed rate	-	-	11,648	55,294	210,636	277,578
Principal	-	-	9,412	55,294	210,636	275,342
Interest	-	-	2,236	-	-	2,236
Trade and other payables	**4,824**	**100,541**	**7,170**	**-**	**-**	**112,535**
Debt with related companies	-	-	517,192	495,178	494,886	1,507,256
Fixed rate	-	-	517,192	495,178	494,886	1,507,256
Principal	-	-	493,932	495,178	494,886	1,483,996
Interest	-	-	23,260	-	-	23,260
Total liabilities	**4,824**	**100,801**	**536,009**	**698,028**	**705,522**	**2,045,185**

2019

	Thousands of Euros					
	Less than 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Loans and borrowings	-	**67**	**1,447**	**43,529**	**164,356**	**209,400**
Variable rate	-	67	-	-	-	67
Principal	-	-	-	-	-	-
Interest	-	67	-	-	-	67
Fixed rate	-	-	1,447	43,529	164,356	209,333
Principal	-	-	-	43,529	164,356	207,885
Interest	-	-	1,447	-	-	1,447
Trade and other payables	**2,421**	**88,739**	**3,831**	**-**	**-**	**94,991**
Debt with related companies	-	-	**19,446**	**648,037**	**504,494**	**1,171,977**
Fixed rate	-	-	19,446	648,037	504,494	1,171,977
Principal	-	-	-	648,037	504,494	1,152,531
Interest	-	-	19,446	-	-	19,446
Total pasivos	**2,421**	**88,806**	**24,724**	**691,567**	**668,850**	**1,476,368**

(24) PROVISIONS FOR EMPLOYEE BENEFITS

Details of provisions for employee benefits and their classification as current and non-current are as follows:

Thousands of Euros

	31.12.20		31.12.19	
	Non-current	Current	Non-current	Current
Benefit obligations	126	-	3,972	57
Multi-annual incentive provision	-	-	1,651	-
Total	**126**	**-**	**5,623**	**57**

The multi-annual incentive provision was reclassified under current trade payables with the rest of the remunerations payable to employees.

(a) Post-employment and long-term employee benefits

Under the current pension scheme, certain Company employees still hold the rights acquired through the pension scheme of the group to which the Parent previously belonged. This scheme provides defined contribution plans for retirement and defined benefit plans for disability and death of serving employees. Insurance policies have been arranged to cover the Plan.

At 31 December 2020, there are no longer any obligations regarding the right to the subsidised supply of energy for life during retirement since, in December 2020, Group Parent Redexis, S.A. proceeded to renegotiate the conditions of these obligations for those rights, replacing them in their entirety with monetary compensation payable in 2021, for which a provision was made under current liabilities.

On the other hand, the social benefit obligations for deferred remuneration commitments in the form of length-of-service and retirement premiums are covered by internal provisions.

At 31 December 2020, obligations with staff provisioned with internal funds correspond to long-service bonuses for serving personnel; at 31 December 2019 they corresponded to the consumption of energy during retirement period and to long-service bonuses for serving personnel.

Details of and movement in provisions for long-term employee benefits are as follows (thousands of Euros):

Other long-term employee benefits

	2020	2019
Balance at 1 January	**3,972**	**4,018**
Personnel expenses	106	112
Finance costs	50	75
Applications recognised in profit or loss	(3,457)	-
Transfers	(539)	-
Actuarial gains and losses	(6)	(234))
Balance at 31 December	**3,972**	**4,018**

The present value of the commitments has been determined by qualified independent actuaries applying the projected unit credit method and with the following actuarial assumptions:

	2020	2019
Technical interest rate	-0.05% - 1.54%	0.31% - 1.7%
Annual pension review rate	1.54%	1.7%
Expected salary increase rate	1.54%	1.7%
Retirement age	60	60

The PERM/F 2000 mortality tables have been used to calculate the defined benefit obligation.

The contributions made by the Group to the pension plan amounted to Euros 609 thousand in the year ended 31 December 2020 and are included under personnel expenses in the consolidated income statement (Euros 533 thousand in the year ended 31 December 2019, see note 31).

At 31 December 2020 and at 31 December 2019, no accrued contributions were pending.

(b) Obligations for post-employment benefits and short-term benefits

The movement of provisions for benefits to current employees is as follows, in thousands of euros:

Thousands of Euros

	2020	2019
Balance at 1 January	**57**	**72**
Payments	(51)	(57)
Transfers	-	42
Disposals	(6)	-)
Balance at 31 December	**576**	**624**

(25) OTHER PROVISIONS

Movement in other provisions in 2020 and 2019 was as follows:

Thousands of Euros

	2020	2019
Balance at 1 January	**576**	**624**
Charges	885	-
Payments	(433)	(6)
Applications	(84)	(42)
At 31 December	**943**	**576**

These provisions mainly include provisions to dismantle facilities, several lawsuits and measurement differences in the transmission activity pending settlement.

Guarantees

The Group has extended guarantees to various government bodies totalling Euros 54,282 thousand at 31 December 2020 (Euros 48,499 thousand at 31 December 2019) to ensure compliance with its obligations as a company officially authorised to distribute gas in a number of municipalities and to carry out works on public thoroughfares. The Group does not expect any significant liabilities to arise from these guarantees.

(26) ENVIRONMENTAL INFORMATION

The Group is aware of its responsibility to protect the environment and has undertaken a number of initiatives with this purpose within its area of influence. The Group conducts its activities in full compliance with prevailing environmental legislation.

The Group renders an important energy advisory service to its customers, including active participation in campaigns to replace other energies with natural gas, as well as supporting and facilitating the renewal of facilities, with consequent improvements in energy efficiency and reductions in pollutant emissions.

When so required by law due to the characteristics of the project in question, the Group commissions mandatory reports by independent environmental consultants when carrying out network extension works, and recognises the related costs as an increase in the value of the investment.

(27) GOVERNMENT GRANTS AND OTHER LIABILITIES

Movement in non-refundable government grants and other liabilities is as follows:

2020

	Thousands of Euros					
Body/ Item	**Scope**	**Balance at 1 January**	**Additions**	**Disposals**	**Amounts transferred to the income statement**	**Balances at 31 December**
Public entities	PE(1)	15,120	-	(111)	(749)	14,260
Connection charges	Private	6,096	1,035	-	(483)	6,648
Total		**21,216**	**1,035**	**(111)**	**(1,232)**	**20,909**

2019

	Thousands of Euros					
Body/ Item	**Scope**	**Balance at 1 January**	**Additions**	**Disposals**	**Amounts transferred to the income statement**	**Balances at 31 December**
Public entities	PE(1)	15,980	-	(111)	(749)	15,120
Connection charges	Private	5,368	1.027	-	(300)	6,096
Total		**21,348**	**1,027**	**(111)**	**(1,049)**	**21,216**

(1) PE: Public entities.

Capital grants awarded by public entities are earmarked for investment in gas pipelines and distribution networks.

(28) REVENUE FROM ORDINARY ACTIVITIES

Details of revenue are as follows:

Thousands of Euros

	2020	2019
Remuneration for distribution activities	106,843	109,644
Remuneration for transmission activities	59,551	62,853
One-off adjustment to previous years' transmission revenue	(939)	-
Remuneration for transmission and distribution activities	**165,455**	**172,497**
Regulated LPG sales	22,559	22,306
Other regulated distribution revenue (connection charges, equipment rental, other services)	25,362	27,683
Other unregulated Income	6,004	889
Total	**219,380**	**223,375**

(i) Breakdown of revenue from regulated activities:
The following provides a breakdown by type of activity and/or service rendered and the time at which the revenue is recognised:

Thousands of Euros

	2020	2019
Service rendered and/or asset transferred		
Gas distribution	106,843	109,644
Gas transmission	58,612	62,853
Sale of LPG	22,559	22,306
Applicant connection charge	483	300
Rental of metering equipment	6,731	7,051
Renting and maintaining CRF	7,625	7,457
Service rendered and/or asset transferred at a specific time		
Registration fees	1,971	2,679
IRF Inspections	6,098	6,212
Contracting party connection charges	2,422	3,427

(ii) Contract balances
At 31 December 2020 and 2019, the Group has no accounts receivable, customer contract assets or liabilities.

(29) OTHER INCOME

Details of other income are as follows:

	Thousands of Euros	
	2020	**2019**
Government grants taken to income (note 27)	1,232	1,049
Income from third-party offsets	387	100
Profits associated with property, plant and equipment	517	210
Lease income	497	539
Other income	2,730	4,932
Total	**5,363**	**6,829**

(30) OTHER OPERATING EXPENSES

Details of other expenses are as follows:

	Thousands of Euros	
	2020	**2019**
Operating lease expenses	97	164
Repairs and maintenance	7,681	6,763
Independent professional services	1,731	2,403
Bank and similar fees	385	322
Advertising and publicity	1,088	1,507
Utilities	372	411
Insurance premiums	588	509
Taxes	2,246	2,187
Outsourced services	6,882	8,032
Other expenses	3,161	3,122
Impairment losses / (profit) and uncollectibility of trade and other receivables (note 9)	383	138
Other non-recurrent expenses	982	-
Total	**25,596**	**25,559**

(31) EMPLOYEE BENEFITS EXPENSE

Details of the employee benefits expense for 2020 and 2019 are as follows:

Thousands of Euros

	2020	2019
Salaries and wages	23,834	23,172
Social Security payable by the Company	4,905	4,779
Contributions to defined benefit plans (note 24(a))	609	533
Other employee benefits and Provisions	(2,646)	930
Non-recurrent expenses	1,947	114
Total	**28,648**	**29,528**

Other employee benefits and provisions include applying the provisions for the termination of the right of supply to retired staff mentioned in Note 24.

The average headcount of the Group in 2020 and 2019, distributed by category, is as follows:

Number

	2020	2019
Steering Committee	13	13
Executives and managers	111	112
Technical and Support Staff	224	225
Other categories	15	18
Total	**363**	**368**

At the 2020 and 2019 year ends the distribution by gender of Group personnel and the members of the Board of Directors is as follows:

	2020			2019		
	Male	Female	TOTAL	Male	Female	TOTAL
Board members	7	1	8	7	1	8
Steering Committee	8	3	11	8	2	10
Executives and managers	92	18	110	94	20	114
Technical and Support Staff	144	70	214	156	73	229
Other categories	6	5	11	20	9	29
Total	**257**	**97**	**354**	**285**	**105**	**390**

(32) FINANCE INCOME AND COSTS

Details of finance income and costs are as follows:

	Thousands of Euros	
	2020	**2019**
Finance income	286	166
Interest on loans and borrowings	(5,389)	(3,689)
Interest on loans and borrowings with related parties	(35,036)	(29,599)
Impairment and profit/(loss) from disposals of financial instruments	(2,560)	-
Other finance costs	(235)	(593)
Finance costs arising from provision adjustments (note 24)	(384)	(417)
Net finance cost	**(43,317)**	**(34,133)**

(33) RELATED PARTY BALANCES AND TRANSACTIONS

Details of balances receivable from related parties at 31 December 2020 and 2019 by category, and their main characteristics, are disclosed in note 12. The balances payable to related parties at 31 December 2020 are shown in Note 19 (none existed in 2019).

The Group's transactions with related parties are as follows:

2020

	Thousands of Euros		
	Associate Related	**Key management personnel**	**TOTAL**
Expenses			
Interest	(35,036)	-	(35,036)
Donations	(177)	-	(177)
Expenses for employee benefits	-	(5,600)	(5,600)
Total	**-**	**(5,851)**	**(5,851)**

2019

	Thousands of Euros		
	Shareholders	Key management personnel	TOTAL
Revenue			
Finance incomes	80	-	80
	80	**-**	**80**
Expenses			
Expenses for employee benefits	-	(5,851)	(5,851)
Total	**-**	**(5,851)**	**(5,851)**

(34) INFORMATION ON THE MEMBERS OF THE PARENT'S BOARD OF DIRECTORS AND THE GROUP'S SENIOR MANAGEMENT PERSONNEL

At 31 December 2020 and 2019 the Parent's Board of Directors comprises eight members—one woman and seven men.

The members of the Board of Directors receive no remuneration for their role on the board, and no balances in this regard are payable to or receivable from these directors in 2020 or 2019. However, remuneration is paid to board members who perform executive duties in the Company.

In 2020, the executive board members and other directors who report directly to the board members received remuneration amounting to Euros 4,929 thousand for 13 recipients (13 recipients received Euros 4,800 thousand in 2019), which includes the settlement of the bonus accrued in 2019.

In 2017 a bonus plan was implemented on a three-year basis for the period between 2018 and 2020, both inclusive, and a five-year plan which expires in 2022.

The Group also has pension and life insurance obligations with its executive board members and other directors who report directly to the board. For this concept, the Group incurred an expense of Euros 110 thousand in 2020, Euros 101 thousand in 2019, for 13 recipients in both years.

The amount of civil liability insurance premiums for damages caused by acts or omissions of Directors and senior management personnel in the exercise of their posts came to Euros 25 thousand in 2020 (Euros 22 thousand in 2019).

No advances or loans were granted in 2020 or 2019 to executive board members or other directors who report directly to the board, nor were any guarantees extended on their behalf.

In 2020 and 2019 neither the members of the Board of Directors of the Parent nor other directors who report directly to the board carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Parent or any other Group company.

The members of the Board of Directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(35) AUDIT FEES

Deloitte, S.L. (KPMG Auditores, S.L. in 2019), the auditor of the Group's annual accounts, accrued the following fees for professional services during the years ended 31 December 2020 and 2019:

Thousands of Euros

	2020	2019
Audit services	199	244
Other audit-related services	22	32
Other services	-	3
Total	**221**	**279**

The amounts detailed in the above table include the total fees for services rendered in 2020 and 2019, irrespective of the date of invoice.

Other companies affiliated with Deloitte (KPMG Internacional in 2019) KPMG International invoiced the Group the following fees and expenses for professional services during the years ended 31 December 2020 and 2019:

Thousands of Euros

	2020	2019
Other services	241	157
Total	**241**	**157**

(36) EVENTS AFTER THE REPORTING PERIOD

On 8 January 2021, the Parent proceeded to cancel the loan held with Redexis Gas Finance, B.V. in an initial amount of Euros 650,000 thousands, leaving an outstanding capital amount of Euros 494,097 thousands on that date. Redexis Gas Finance B.V. in turn proceeded on that same day to cancel the emission of bonds to mature on 8 April 2021 and that had been guaranteed by the Parent. The refinancing process begun in May 2020, as explained in Notes 19 and 20 to this annual report, was thus completed.

APPENDIX I

Company name	Registered office	Activity	Auditor	Company holding investment	% ownership	% de of voting rights
Redexis Infraestructuras, S.L.U.	Madrid	Regasification of l iquefied natural gas. Natural gas transmission and storage. Related and ancillary activities.	Deloitte, S.L	Redexis Gas, S.A.	100	100
Redexis Gas Servicios, S.L.U.	Madrid	Holding of securities, mainly in energy companies Management, advisory and corporate services linked to the energy sector. Telecommunications operator. Planning, analysis, projects, execution, assembly and operation of infrastructure Purchase, transfer and financing of capital goods associated with the aforementioned activities and related repairs and maintenance.	Deloitte, S.L	Redexis Gas, S.A.	100	100
Redexis GLP, S.L.U.	Madrid	Retail sale and supply of liquefied petroleum gas	Deloitte, S.L	Redexis Gas, S.A.	100	100
Redexis Gas Murcia, S.A.	Murcia	Distribution and secondary transmission of natural gas. Distribution and sale of liquefied petroleum gas through pipelines.	Deloitte, S.L	Redexis Gas, S.A.	99.98	99.98

Details of Subsidiary Entities at 31 December 2019

Company name	Registered office	Activity	Auditor	Company holding investment	% ownership	% de of voting rights
Redexis Infraestructuras, S.L.U.	Madrid	Regasification of liquefied natural gas. Natural gas transmission and storage. Related and ancillary activities.	KPMG Auditores, S.L.	Redexis Gas, S.A.	100	100
Redexis Gas Servicios, S.L.U.	Madrid	Holding of securities, mainly in energy companies Management, advisory and corporate services linked to the energy sector. Telecommunications operator. Planning, analysis, projects, execution, assembly and operation of infrastructure Purchase, transfer and financing of capital goods associated with the aforementioned activities and related repairs and maintenance	KPMG Auditores, S.L.	Redexis Gas, S.A.	100	100
Redexis GLP, S.L.U.	Madrid	Retail sale and supply of liquefied petroleum gas	KPMG Auditores, S.L.	Redexis Gas, S.A.	100	100
Redexis Gas Murcia, S.A.	Murcia	Distribution and secondary transmission of natural gas. Distribution and sale of liquefied petroleum gas through pipelines	KPMG Auditores, S.L.	Redexis Gas, S.A.	99.98	99.98

APPENDIX II

Alternative performance measures (APM)

The Redexis Group financial information contains magnitudes and measures prepared in accordance with applicable accounting regulations, as well as others prepared in accordance with reporting standards established and developed internally, which are known as Alternative Performance Measures (APMs).

These APMs are considered magnitudes adjusted with respect to those presented in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), which is the applicable accounting framework for the consolidated financial statements of the Redexis Group, and should therefore be considered by the reader as supplementary but not replacing these, which should be read, interpreted and reviewed overall and not separately.

These additional financial measures deriving from the consolidated accounting records are not financial or liquidity performance measures of the Group according to the IFRS, and should not be considered as an alternative to consolidated net income; or as an indicator of Group performance; or as an alternative to cash flows from operating activities; or as a measure of Group liquidity. Therefore, they may differ from measures with similar titles reported by other companies and may not be comparable.

The Redexis Group reports these APMs to help users of financial information to understand its financial performance, since these constitute additional financial information and the Group considers that they represent useful alternative and additional indicators of the financial performance of the Group when read or interpreted together with the financial statements.

These APMs are consistent with the main indicators used by the community of investors and analysts in capital markets. To this regard, and in accordance with the contents of the Guidelines issued by the European Securities and Markets Authority (ESMA), in force since 3 July 2016 relative to the transparency of Alternative Performance Measures, the Redexis Group provides the following information deemed significant relative to those APMs included in the 2020 management information.

1. EBITDA

Acronym for "Earnings Before Interest, Tax, Depreciation and Amortisation". This is an indicator of the results from operating activities of the Group, before deducting net interest, corporate income tax, depreciation and amortisation and prior to possible adjustments for non-recurring items relative to remuneration from gas transmission from previous years, possible non-recurring organisational restructuring and/or personnel expenses, other non-recurrent operating expenses or non-current asset impairment.

2. EBIT

Acronym for "Earnings Before Interest and Taxes": indicator that measures the results from operating activities of the Group before deducting interest and corporate income tax.

3. EBT

Acronym for "Earnings Before Taxes": indicator that measures the results from operating activities of the Group before deducting corporate income tax.

4. EBITDA margin

EBITDA figure of the total operating income and other revenue.

5. EBITDA margin less the dilutive effect of the LPG

EBITDA figure of the total operating income and other revenue, after deducting the cost of the LPG from these, so as to show the net margin of the LPG in the income as remuneration, in the same way as the gas distribution and transmission business.

6. Total income and other operating income

Total income and other operating income plus the work carried out by the company for its fixed assets:

7. Personnel expensesl

Expenses for salaries and wages and other employee benefit expenses, without including non-recurrent expenses relative to organisational changes or other non-recurrent expenses.

8. Capital / Investment Expenses

Capital used in additions of non-current tangible assets, such as PPE (property, plant and equipment) including outlays for the acquisition of subsidiaries or business units and including additions of non-current intangible assets.

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Redexis

(1) POSITION OF THE COMPANY

1.1. Organisational and corporate structure

Redexis Gas, S.A., is the head of a group of energy infrastructure companies comprising the Redexis Group (hereinafter the Group), whose statutory activity primarily entails the distribution and transmission of all types of gas and oil-based products for domestic, commercial and industrial purposes, the use of any by-products, and related activities. The companies comprising the Group are:

- Redexis Infraestructuras, S.L.U. devoted to the regasification of liquefied natural gas, natural gas transmission and storage and related and ancillary activities. It is 100% owned by Redexis.
- Redexis GLP, S.L.U. is devoted to the retail sale and supply of liquefied petroleum gas. It is 100% owned by Redexis.
- Redexis Gas Murcia, S.A. is devoted to the distribution and secondary transmission of natural gas, and the distribution and sale of liquefied petroleum gas through pipelines. It is 99.98% owned by Redexis.
- Redexis Gas Services, S.L.U. is devoted, among others, to the planning, analysis, project, execution, assembly and operation of infrastructures, in addition to the management, advisory and corporate services linked to the energy sector. It is 100% owned by Redexis.

REDEXIS GAS, S.A.

99.98%	100%	100%	100%
Redexis Gas Murcia, S.A.	**Redexis Gas Servicios, S.L.U.**	**Redexis Infraestructuras, S.L.U.**	**Redexis GLP S.L.U.**

Related companies:

- Redexis Gas Finance, B.V., a company devoted to the issue of debt.
- The Redexis Foundation, devoted to the promotion of technological innovation and the development of social, charity, assistance, training or cultural works.

Redexis Gas, S.A. and Redexis Gas Finance B.V. are owned by:

- Universities Superannuation Scheme ("USS"): European pension fund, 33.33%.
- Arbejdsmarkedets Tillægspension ("ATP"): European pension fund, 33.34%.
- Guoxin Guotong Fund LLP ("GT Fund") and CNIC Corporation Limited ("CNIC"): financial investors that hold a 33.33% joint stake.

1.2. Activity

The Group activity is devoted to the development and operation of natural gas transmission and distribution networks, to the distribution and sale of liquefied petroleum gas (LPG) and to the promotion of renewable applications of natural gas and hydrogen.

The Group is fully committed to society and the environment, and includes all those actions in its activity that allow it to be a socially-responsible company and furnish resources and infrastructures for the attainment of a decarbonised economy. Thus, the Group's mission is to lead the development and operation of energy infrastructures, maximising growth and efficiency, and decisively contributing toward sustainable development and to the generation of value for its stakeholders.

The Group is conscious of the importance of the energy transition and its role in a sustainable future. To do so, it promotes projects in order to position itself as a leader in the development of infrastructures promoting clean and renewable energies such as vehicular natural gas, hydrogen, biomethane or photovoltaic energy. Therefore, in addition to expanding the infrastructures to make gas accessible, the Group promotes a future in which a sustainable energy source circulates through its networks, taking advantage of the opportunities for a circular and cleaner economy.

1.2.1. Key indicators

The Group is present in 864 municipalities in 38 provinces distributed over 11 autonomous regions, with over 733 thousand supply points and a network extension of more than 11 thousand kilometres throughout Spanish territory, all within a context of continuous and sustained growth year after year. This is in addition to other 99 municipalities in 2 additional provinces where Redexis has already obtained prior administrative authorisation.

Operating data	2020	2019	% var.
Connection points	**733,174**	**714,681**	**2.6%**
Natural gas (NG) P<4bar	632,667	618,183	2.3%
LPG(*)	100,190	96,188	4.2%
Natural gas (NG) P>4 bar	317	310	2.3%
Provinces served	**38**	**29**	**31.0%**
Municipalities served(*)	**864**	**530**	**63.0%**
Length of the network (km)	**11,715**	**11,140**	**5.2%**
Distribution network (km)	10,073	9,498	6.1%
Transmission network (km)	1,643	1,643	0.0%
Power distributed (GWh)	**36,260**	**35,643**	**1.7%**

(*) This includes 4,230 supply points acquired from Repsol on December 2020 pending integration, and 2,891 supply points from the purchase from Cepsa in December 2019 that, at the closing date, are still pending integration. These supply points allow us to be present in 117 new municipalities through 275 km of network included in the previous table.

From a financial standpoint, the Group closed 2020 with revenue of Euros 241.7 million. The consolidated EBITDA of the Group in 2020 amounted to Euros 169.5 million, and an EBITDA margin of 70.1% (75.1% if the net margin of LPG is included in Revenue).

Financial information	2020	2019	% var.
Figures in millions of Euros, except where indicated			
Revenue	**241.7**	**245.9**	**(1.7%)**
Distribution – regulated	106.8	109.6	(2.6%)
Other distribution revenues – regulated	25.4	27.7	(8.3%)
Transmission – regulated	59.6	62.9	(5.2%)
Regulated LPG business	22.6	22.3	1.3%
Other operating income	11.4	7.7	48.1%)
Self-constructed non-current assets	16.1	15.7	2.0%
EBITDA	**169.5**	**172.3**	**(1.6%)**
EBITDA margin	*70.1%*	*70.1%*	*0.0 p.p..*
EBITDA Margin (with net LPG margin in revenue)	*75.1%*	*75.1%*	*0.0 p.p.*

1.2.2. Activities

(a) Distribution

The Group builds, operates and maintains the distribution facilities to supply natural gas to different municipalities in Spain.

At the close of 2020, the Group has 632,667 natural gas supply points and a distribution network spanning 8,674 km in 265 municipalities of Spain.

The Group continues to expand its network to new municipalities in the regions in which it operates. To this regard, Redexis has begun to operate in 4 new municipalities in the autonomous regions of Andalusia, Aragon, Extremadura, and Valencia, and has obtained one prior administrative authorisation.

Taking advantage of its experience, the Group continues to extend and broaden its activity and services in a wager for growth and connecting with the real needs of society. Therefore, as of 2019 the Group wagers for the development of vehicular natural gas refuelling stations for the use of natural gas as a fuel for both heavy and light vehicles as an economic and sustainable alternative to traditional fuels. This wager materialised with the 2019 agreement with Cepsa of gas refuelling stations in its station network.

At the close of 2020, the Group had built and put into service 12 gas refuelling stations (1 in 2019) resulting from the Redexis agreement with Cepsa and which includes those built for the Transporte de las Islas Baleares (TIB) public transportation buses, the Cooperativa de Auto Taxi in Zaragoza or the Murcia ambulance service.

In the upcoming years, the Group has an ambitious plan for the development of gas refuelling stations throughout Spain.

The Group continues to invest in R+D which allows it to efficiently develop its activity, making gas more accessible. The Group uses artificial Intelligence that, by means of algorithms and advanced analytics, is able to reveal information that enables the construction of tools aimed at a more efficient expansion of the network, optimising contracts, improving levels of security and the quality of supply.

(b) Transmission

Redexis operates and maintains its own network of gas pipelines, supplying natural gas to the areas in which consumption is most concentrated.

At the end of 2020, Redexis had a network of 1,643 km, comprising 51 gas pipelines and transmitting gas at pressures exceeding sixteen bars to industrial hubs and connections with distribution networks.

(c) Liquefied Petroleum Gas (LPG)

Redexis distributes and sells liquefied petroleum gas (LPG), a regulated activity subject to the regime provided by Title IV of Hydrocarbon Law 34/1998.

The LPG business complements the natural gas distribution business, enabling Redexis to capitalise on growth opportunities in areas where it is not feasible to extend its distribution network, and to provide its end customers with an optimised high-quality service that is secure and efficient.

Redexis currently has more than 100 thousand LPG supply points and network of 1,399 km in 674 municipalities at a national level, which include the acquisitions made from Repsol and Cepsa between 2019 and 2020.

On the other hand, on 28 December 2020 an agreement was executed between Repsol Butano, S.A. and the Group for the purchase and conveyance of LPG networks and facilities that would service around 4,230 supply points in 35 municipalities distributed over one new province. This transaction is in the process of its communication to the CNMC for approval, and the Group does not anticipate changes to the perimeter, and trusts that it will be able to integrate all of them during 2021.

During 2019, Redexis reached an agreement with Cepsa for the acquisition of more than 11,300 LPG supply points. The integration of these points will culminate during 2021 with the completion of the last 2,891 supply points.

Building on its experience, Redexis converts these LPG supply points into natural gas points. These conversions take place gradually, taking into account certain technical and regulatory criteria.

1.3. Business model and strategy

The Group wagers to maintain itself as a reference in the development and efficient operation of energy infrastructures that enable a decarbonised economy. Gas plays an essential role in the energy transition model by means of the use of natural gas as a substitute for more contaminating energy sources, as well as in the decarbonised model with hydrogen and renewable gases like energy vectors of accessible, clean and sustainable energy. To do so it focuses its strategy on the following priorities:

- Balanced and sustainable growth, focused on businesses that provide long-term security, stability and visibility
- Operational excellence, focusing on customer satisfaction
- Innovation, by means of the use of the most advanced technology to obtain greater efficiency
- Proactive risk management based on prevention and anticipation.
- Creation of value for society and stakeholders
- Respect for and conservation of the environment.
- Its development is based on 3 key pillars for its proper execution:
- People: key to the development and growth of the past and future Group.
- Financial stability based on a prudent financial policy in which any investment should be financially sustainable, and that is reflected in the commitment of the Group to maintain an investment grade credit level.
- Sustainability in all economic, social and environmental spheres.

(2) BUSINESS EVOLUTION AND RESULTS

2.1. Key milestones in 2020

- In light of the health crisis caused by COVID-19, Redexis activated a comprehensive plan to ensure the continuity of its operations, with priority to the safety of its employees and stakeholders.
- Redexis Foundation placed an aid scheme into operation to finance the payment of gas to vulnerable groups, and support to several public administrations and entities.
- GRESB, the worldwide Sustainability benchmark and reporting framework, awarded Redexis with the maximum of five stars for the second consecutive year for its performance in ESG (Environmental, Social and Governance) for a total of 82 points out of 100 and obtaining results that are above average for the sector.
- The Vigeo Eiris CSR and Sustainability index awarded Redexis with a "robust" ranking and improved its score by 38% with respect to the previous year.
- Redexis executed an agreement with Iberdrola for the supply of 100% renewable energy for all of its facilities.
- Redexis successfully closed its debt refinancing in the amount of Euros 650 million, by means of the issue of bonds for Euros 500 million and the execution of a new sustainable loan in the amount of Euros 150 million.
- Attainment of the carbon footprint with the declaration of a positive opinion in compliance with ISO 14064
- Launch by the Redexis Foundation of the report titled "Hydrogen, key for a sustainable energy model"
- Redexis has joined the European Clean Hydrogen Alliance (ECH2A), an organisation promoted by the European Commission to deploy and develop projects based on renewable hydrogen, in line with the EU climate neutral objective set for the year 2050.
- Redexis participates in "Green Hysland", the first strategic Southern European project financed by the European Commission through the Fuel Cell and Hydrogen Joint Undertaking (GCH JU), for the creation of a green hydrogen ecosystem in the Balearic Islands that will create renewable hydrogen from solar energy in Lloseta. The consortium is made up of a total of 30 members from 11 different countries (9 of them from the European Union, Chile and Morocco), from the industrial, scientific and public sectors.
- Redexis takes part in the "Higgs" project financed by the European Commission through the Fuel Cell and Hydrogen 2 Undertaking, that will analyse the existing potential and requirements on infrastructure, its components and entails the injection of hydrogen into current high-pressure natural gas transmission networks, something that will undoubtedly contribute toward decarbonising gas uses.
- For the first time in Spain, Redexis has installed a hydrogen cell in the gas pipeline network to generate electricity and heat in a gas pipeline network Regulation and Metering Station (RMS).
- Redexis has the ISO 14001: 2015, environmental management system; the ISO 50001: 2018, energy management system, the ISO 45001: 2018; the occupational health and safety management system, and the ISO 50001:2018 transmission, storage and distribution of natural gas and liquefied natural gas (LNG) and liquefied petroleum gas (LPG).
- Participation in the 'Industria Conectada 4.0' [Connected Industry 4.0] of the Ministry of Industry, Commerce and Tourism to recreate its LNG facilities in virtual reality for educational purposes.
- During 2020, Redexis opened the first two gas stations as a result of the agreement signed with Cepsa in 2019 to deploy the largest gas station network in Spain. The gas stations are located in Puerto Lumbreras and Mercazaragoza.
- Redexis has started up a network of seven compressed natural gas refuelling stations for ambulances in the Servicio Murciano de Ambulancias [Murcia Ambulance Service].
- Redexis and FECE have signed an agreement to collaborate on the recruitment of new natural gas clients.
- Redexis has joined forces with the Conaif installation companies to expedite the recruitment of natural gas clients.

2.2. Analysis of results

Key indicators::

Key financial indicators	2019	2018	Var.	%
Figures in millions of Euros				
Revenue	**220.3**	**223.4**	**(3.1)**	**(1.4%)**
Regulated distribution revenue	106.8	109.6	(2.8)	(2.6%)
Other regulated distribution revenue	25.4	28.6	2.8	9.8%
Regulated transmission revenue	59.6	62.9	(3.3)	(5.3%)
Regulated LPG business	22.6	22.3	0.3	1.1%)
Other operating income	**11.4**	**6.8**	**(1.5)**	**(21.5%)**
Self-constructed non-current assets	**16.1**	**15.7**	**0.4**	**2.0%**
Total Income	**241.7**	**245.9**	**(4.1)**	**(1.7%)**
Supplies	(20.9)	(18.6)	(2.3)	12.4%
Employee benefits expense	(26.7)	(29.4)	2.7	(9.2%)
Other recurrent operating expenses	(24.6)	(25.6)	0.9	(3.5%)
EBITDA	**169.5**	**172.3**	**(2.8)**	**(1.6%)**
Non-recurring revenue adjustment for Transmission from prior years	(0.9)	0.0	(0.9)	N/A
Other non-recurrent operating expenses	(1.0)	0.0	(1.0)	N/A
Non-recurrent workforce expenses	(1.9)	(0.1)	(1.8)	1800.0%
Impairment losses on non-current assets	(1.1)	(0.4)	(0.7)	175.0%
Depreciation and amortisation	(91.8)	(87.9)	(3.9)	4.4%
Earnings before interest and taxes (EBIT)	**72.8**	**83.9**	**(11.1)**	**(13.2%)**
Net finance income/(cost)	(43.3)	(34.1)	(9.2)	27.0%
Earnings before tax (EBT)	**29.5**	**49.8**	**(20.3)**	**(40.8%)**
Income tax (expense)/revenue	(36.3)	(12.3)	(24.1)	195.9%
Profit/(loss) for the year	**(6.8)**	**37.5**	**(44.4)**	**(118.4%)**

Nota 1: Redexis Gas revenues comprise the remuneration it receives from the gas system for its transmission and distribution activities, as awarded by the national regulatory authorities.

At the end of 2020, the Group recorded revenues of Euros 241.7 million, primarily due to its regulated activities.

The Group track record and the results it has achieved to date reflect its excellent capacity to face future challenges, reinforcing its growth strategy and supporting continued investment in rolling out new energy networks in Spain, as well as new business lines and value-added services relating to natural gas.

(3) LIQUIDITY AND CAPITAL RESOURCES

3.1. Debt structure

The Group conducts a prudent management of the liquidity risk ensuring compliance with the payment commitments acquired, trade as well as financial, covering funding needs by means of the recurring cash generation from its businesses, as well as the contracting of long-term loans and credit facilities.

In these past few years, the Group has proven its ability to access capital markets by means of bank facilities, bond issues and loans with the EIB.

At 31 December 2020, the Group has liquidity in the amount of Euros 891.7 million, according to the following breakdown

Liquidity analysis (in € m)

Type	TOTAL	Drawn down	Available
Sustainable Revolving credit facilitye	300.0	-	300.0
Cash and cash equivalents	591.7	-	591.7
Total	**891.7**	**-**	**891.7**

The debt structure of the Group is as follows

Debt structure (in € m)

Type	TOTAL	Drawn down	Available	Maturity
Loan with the European Investment Bank	150.6	150.6	-	July 2036
Loan with the European Investment Bank	50.0	50.0	-	June 2039
Loan with the European Investment Bank	75.0	75.0	-	February 2040
Debt with related parties (*)	494.1	494.1	-	April 2021
Debt with related parties (*)	500.0	500.0	-	May 2025
Debt with related parties (*)	500.0	500.0	-	April 2027
Sustainable bank loan	150.0	150.0	-	May 2023
Sustainable Revolving credit facility	300.0	-	300.0	May 2024
Total gross debt	**2,219.7**	**1,919.7**	**300.0**	
Cash and cash equivalents	591.7		591.7	
Net Debt	**1,328.0**			

(*) Loans with Redexis Gas Finance B.V., devoted to the issue of debt, and that are related to the issue of bonds by Redexis Gas Finance B.V. with the guarantee of Redexis Gas, S.A.

In February 2020, the European Investment Bank (EIB) provided Redexis Gas, S.A. with the last tranche of the credit facility granted within the scope of EFSI (European Fund for Strategic Investments) allocated toward the development of natural gas distribution networks throughout Spanish territory, corresponding to the funding framework.

In May 2020 the Group successfully completed the refinancing with the prepayment of a loan in the amount of Euros 650,000 thousand maturing in 2021, held by Redexis Gas, S.A. with the associated company Redexis Gas Finance B.V., and that was related to an issue of bonds with the same amount and maturity issued by Redexis Gas Finance B.V. and guaranteed by Redexis Gas, S.A. The formalised transactions were:

- Redexis Gas, S.A. formalised a sustainable loan with several Spanish and foreign bank institutions in an amount of Euros 150,000 thousand due in 2023.
- Redexis Gas, S.A. formalised a new loan with Redexis Gas Finance, B.V. in the amount of Euros 500,000 thousand due in 2025. This loan is associated with the issue of bonds by Redexis Gas Finance B.V. with the guarantee of Redexis Gas, S.A., with the same amount and maturity.

At the end of May Redexis Gas, S.A. proceeded to prepay Euros 155,903 thousand of the loan in the amount of Euros 650,000 thousand, leaving an outstanding amount of Euros 497,097 thousand. With the funds obtained, Redexis Gas Finance B.V. proceeded to partially repay the issue of debt associated with the loan in the amount of Euros 650 million, with Euros 494,097 pending cancellation.

As a post-closing event, on 8 January 2021 Redexis Gas, S.A. proceeded to cancel the remaining amount of the Euros 650,000 thousand loan (at that date, Euros 494,097 thousand). Likewise, with the funds obtained from that cancellation, Redexis Gas Finance B.V. in turn proceeded to cancel the issue of bonds associated with that loan in an initial amount of Euros 650,000 thousand (at that date, Euros 494,097), due to mature in April 2021.

The Group has liquidity and sufficient financial resources to ensure its growth, address its future investments and its financial commitments.

3.2. Credit rating

On 18 May 2020 the credit rating agency Standard & Poor's prepared the annual report for Redexis Gas, S.A., which maintained its BBB- rating with a stable outlook and investment grade category.

At year-end, there has been no update

Warning: the above rating may be reviewed, suspended or withdrawn by the rating entity at any time

(4) EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are described in note 36 to the Consolidated Annual Accounts.

(5) INFORMATION ON OUTLOOK

Gas is and will continue to be the most competitive and clean source of energy for the financial viability of homes, businesses and industries. It is key to achieving a cleaner and sustainable circular economy. According to the Reports of the Energy Transition Experts Committee, gas will gain prominence in the next decade.

As a benchmark energy infrastructures company, leader in efficiency and firmly committed to its users, employees and shareholders, Redexis wagers for a move toward a more sustainable and efficient business model with the development of a business model whose objective is to address the new challenges facing the energy sector.

Redexis forms part of the energy transition. In coming years, it will continue promoting the Spanish gas sector, and will continue developing, operating and maintaining gas infrastructures in Spain, and offering alternative and complementary solutions based on an innovation model that seeks to provide a response to the technological changes with advanced artificial intelligence tools.

Furthermore, Redexis has a flexible infrastructure that adapts to the development of renewable energies without the need for additional investments, which makes it relatively easy to diversify the supply sources, increasing and improving the security of supply to Spanish homes and industries.

Its activity is regulated and defined within a regulatory framework that also stipulates the parameters that set the remuneration for regulated activities. This will permit the continued operational development of the Group's project via:

- Growth in distribution activities in new areas and greater saturation in existing areas.
- Growth of the LPG business, complementary to the distribution of natural gas
- Growth opportunities arising in this phase of energy transition, promoting clean and renewable energies such as vehicular natural gas (VNG), hydrogen, biomethane or photovoltaic energy.
- Improvement in operating efficiency thanks to the innovation of new technologies that make it possible to develop infrastructures more efficiently.
- Development of increasingly demanding health and safety and environmental standards.

(6) MAIN RISKS ASSOCIATED WITH REDEXIS ACTIVITIES

Just like any other company or group of operating companies, the Group is exposed to several risks inherent to the sector, to the markets in which it operates and to the activities it performs that, were they to materialise, could prevent the attainment of its objectives and the successful execution of its strategies.

The Group has opted for a control and risk management model that makes it possible to adapt to the economic context and to the business activity of the Group, in order to be able to respond to any risks that it may face.

The Group has an Audit and Risk Committee whose duty is to oversee activity and risk management, reviewing policies and practices regarding this management, as well as ensuring the ability of the Group to identify new risks and monitor the effectiveness of the Group's risk management. This Committee is composed of 3 non-executive directors of the Group, and reports directly to the Board of Directors.

(7) HUMAN RESOURCES

At the end of December 2020, Redexis had a total of 354 employees while the average headcount for the year was 363.

(8) OWN SHARES

Redexis did not hold any own shares at 31 December 2020, nor did it perform any transactions with own shares during 2020.

(9) FINANCIAL INSTRUMENTS

The risk management policy is explained in note 23 to the Consolidated Annual Accounts.

(10) AVERAGE PAYMENT PERIOD

The average payment period of the group is 49 days as detailed in note 22 to the Consolidated Annual Accounts.

(11) INNOVATION MODEL

Redexis opts for innovation, development, sustainability and contribution to the quality of life of society. It designs solutions to improve its service, in keeping with the objective to promote the gas sector in Spain and play a significant role in energy transition.

In response to the new challenges and opportunities posed by the present situation, it has implemented an innovation model that seeks to respond to the technological changes in the sector, encouraging an innovative culture within the Group focused along the following lines: Main Business, Hydrogen and Renewable Gases, Mobility and Digital.

- **Redexis innovating with new solutions in the Natural Gas sector**
  Redexis has developed several projects aimed at proposing new solutions to the engineering challenges and processes regarding natural gas, and has received financial and institutional support to develop the following, among others:
  - ✔ The PID AutoERM project for the Design, development and pilot tests for an energy independent transport position regulation and metering station, with financing from CDTI and closed satisfactorily in June 2020.
  - ✔ The CERVERA VÓRTEX project for the experimental development of a new sustainable reheating system for liquefied natural gas by means of the Ranque-Hilsch phenomenon, signed with CDTI in 2020 and recognised in the Cervera transfer category that finances projects developed by companies collaborating with State Technology Centres on Cervera priority technologies.

  The above PID AutoERM project (integration of a hydrogen fuel cell in the gas infrastructure) was chosen in 2020 from among 101 climate initiatives (#comunidad por el clima) as a pioneer project in our country, since it is the first integration of this technology performed in Spain.

- **Redexis, driver of hydrogen and renewable gas**
  Redexis is promoting initiatives of renewable gas and hydrogen and the injection of natural gas to the network since:
  - ✔ Hydrogen is a strategic global energy vector for economy decarbonisation.
  - ✔ It provides a viable solution for the use of organic waste as an energy source with carbon neutrality.
  - ✔ It enables the progressive decarbonisation of the transmission and distribution of gas.

- **Redexis, Hydrogen promoter**

Redexis wagers for the development of renewable energies like hydrogen, undoubtedly a key energy vector within a context of zero emissions and a natural evolution toward a decarbonised economy.

The company has announced investments over the next five years to promote initiatives at the national level regarding this energy vector, with the intention of relying on an emblematic initiative that addresses the use of hydrogen transported by gas pipelines, as well as the storage of the electricity produced from renewable energies.

Hydrogen is a cross-cutting vector that will benefit sectors like mobility or industry. It furthermore minimises the surplus caused by spikes in renewable energies, since it is capable of storing the electricity. It is emission-free whereby it is totally respectful of the environment and in line with the objectives of the European Commission that considers the development of Hydrogen essential for achieving a more environmentally respectful economy. The use of hydrogen and of fuel cells in mobility are key for completion of the decarbonisation of transport.

Redexis is a member of the Board of Trustees of the Foundation for the Development of New Hydrogen Technologies in Aragon, and of the Spanish Hydrogen Association.

The regulation on Hydrogen is in a very early stage, and is a key vector within the energy transition framework. Redexis has recently joined the most important project for the development of Hydrogen in Spain 'Power to Green Hydrogen Mallorca', a benchmark for initiatives in terms of the production and distribution of Hydrogen and that will allow its supply on the island for industries, hotels and transport.

Among the most relevant innovative projects developed in 2020, the following are worthy of mention:

- ✔ The H2020 HIGGS project, Hydrogen In Gas Grids: a systematic validation approach at various admixture levels into high pressure grids, which launched in 2020 after being chosen in the European H2020 FCH JU programme and whose main objective is to cover gaps in knowledge regarding the impact that different levels of hydrogen may have on the gas infrastructure, its components and its management.

- The AEI ComputameH2 project, Dynamic Computational Modelling of Methane-Hydrogen Blends in natural gas transmission networks, coordinated by the Aragon Hydrogen Foundation and chosen in the AEI Call for Proposals (Innovative Business Groups) of the Ministry of Industry, Commerce and Tourism in 2020
- The MISIONES OCEANH2 project, for the generation, storage and distribution of offshore green hydrogen, financed by CDTI in the 2019 Misiones Call for Proposals, that launched in 2020. This is an industrial research project for a generation, storage and distribution plant for green hydrogen from offshore renewable power generation. In this project Redexis will study the various technologies involved in the logistic-technological chain for the transmission, storage and land and/or maritime supply that enable the evacuation and supply of hydrogen produced at sea, and will undertake the corresponding design and integration of optimal solutions.

- **Redexis pioneer in the development and implementation of Artificial Intelligence in networks**

  The company is being more efficient, contributing to increased gasification of the country and reaching a greater number of industries, businesses and homes, which generates increased employment and well-being.

  Therefore, Redexis provides a service of increased quality to the customer, identifying those who are more prone to accepting the gas, accurately tracing the network deployment for lower impact. The application of Artificial Intelligence to its business has turned Redexis into a pioneering company in:

  - Business expansion: multiplied by two
  - Network optimisation: saving 20% of the investment in network deployment
  - Optimisation of inspection routes
  - Early fraud detection
  - Predictive management of network maintenance
  - Risk prevention

  In 2020 Redexis participated in the Gemelo Digital Zaragoza, Datos Inteligentes project as the basis for the Smartcity, coordinated by Inkolan, proposing the creation of a Digital Twin that addresses the transformation of its data model to a model based on intelligent data and comprising a virtual replica of the elements and processes that form part of the service/utilities networks and that, combined with other data, help plan, manage and design the city and its services.

  Furthermore, in 2020 Redexis developed the first pilot projects in sensorisation and massive data processing for the predictive analysis of failures in gas installations.

- **Promoting sustainable mobility**

  Vehicular gas in Spain is a real alternative to petroleum-based fuels for light and heavy transport, offering solutions for mobility that generate savings and decrease emissions by means of agreements with major manufacturers and connecting gas service stations to their networks.

(12) ENVIRONMENTAL PROTECTION

As a company devoted to the development and operation of energy infrastructures in Spain, Redexis renders an important service to its customers: it places clean energy at their disposal with a series of functional, financial and environmental advantages vis-à-vis other types of fuel.

Additionally, Redexis strives to minimise social costs with regard to environmental aspects and the negative effects that this may cause, undertaking projects that go beyond compliance with legal requirements and other environmental requirements that it voluntarily adopts, involving its suppliers and promoting the responsible use of energy.

The Group strategy maintains its commitment to the protection of the environment. It is one of its pillars and a factor of competitiveness. To be aware of the environmental impact of its operations and to develop a company culture that reduces environmental impact as much as possible is paramount for Redexis.

Redexis considers environmental excellence, energy management and efficiency, security and continuous improvement of working conditions and health protection as essential values of its business culture. This is duly reflected in its Integrated Policy approved by Senior Management.

Redexis reviews its Integrated Management System (IMS) annually to adapt it to new regulatory requirements, as well as for continuous improvement. It is currently adapted to the requirements of ISO 4500:2018 occupational health and safety management system,14001:2015 environmental management system and ISO 50001:2018 energy management system.

This process involved the implementation of the entire management system, involving greater alignment of the organisational strategy with environmental and energy management, manifesting clear leadership and involvement of Management in this area. This resulted in the establishment of the Leadership Committee on energy management, environment and safety and health.

In the course of 2020, 32 environmental, energy and carbon footprint verification audits were performed, internal as well as external, for improvement of the processes.

Redexis maintains scorecards with environmental and energy indicators for monthly measurement and reporting that will allow it to identify improvements in its management.

At the close of 2020, Redexis has the ISO 14001: 2015, environmental management system, the ISO 50001: 2018, energy management system, and the ISO 45001: 2018, the occupational health and safety management system and maintenance of its healthy organisation certification.

In addition, in November 2020 the Group recorded its carbon footprint, exceeding the greenhouse gas verification with no reservations and with the declaration of a positive opinion, in compliance with ISO 14064, by an external and independent entity.

The directors of the Group consider that at year end no expenses are likely to be incurred in connection with environmental risks for which provision should be made.

Information regarding the Group's environmental activities is presented in note 26 to the Consolidated Annual Accounts.

AUTHORISATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTORS' REPORT FOR 2020

Signed:

D. Fernando Bergasa Cáceres - **Chairman**

D. Niels Konstantin Jensen - **Director**

D. Ng Chik Sum Jackson - **Director**

D. Oliver Schubert - **Director**

D. Ulrik Dan Weuder – **Director**

D. Stephen Alan John Deeley - **Director**

Dña. Cristina Ávila García - **Director**

D. Gavin Bruce Merchant - **Director**

CERTIFICATION issued in accordance with article 253 of the Revised Spanish Companies Act attesting that the Consolidated Annual Accounts and Consolidated Directors' Report of Redexis Gas, S.A. and Subsidiaries comprise a single document and have been endorsed by the non-executive secretary on all pages and signed on the last page by the Chairman and Directors of the Company.

Madrid, 19 February 2021

Secretary to the board of directors

D. Ignacio Pereña Pinedo

Scope of the report

- **Company:** Redexis Gas, S.A.
- **SCOPE:** Spain.
- **YEAR:** 2020.
- **ACTIVITY:** development and operation of natural gas transmission and distribution networks, the distribution and commercialization of liquefied petroleum gas and the promotion of renewable applications of natural gas and hydrogen.
- **FREQUENCY OF ISSUANCE OF THIS REPORT:** annual.

ELABORATION OF THE REPORT

All the Company's business units have had a direct participation in the definition and delimitation of the contents of this Report. The diagram below illustrates the process followed in its production, determining the material aspects and their coverage.

1 IDENTIFICATION

2 PRIORIZATION

3 VALIDATION

4 REVIEW

5 APPROVAL AND PUBLICATION

Despite not submitting this report to independent verification, the objective is to reflect the reality of the Company in a trasparent way, by providing representative indicators of the Group.

Redexis, in its desire to be a company that respects society and the environment that surrounds it, is adhered to the **Spanish Network of the United Nations Global Compact**, pledging to support, through its activities, the consolidation of this international project, by consider it a proposal of great value for the defense of human rights, protection of the environment, support for social development, respect for labor standards and the fight against corruption. This Report, which also has the function of a Progress Report, is in line with the 2015-2030 Sustainable Development Goals (SDGs) approved by the UN in September 2015. In Concrete, the Company is more actively committed to objective number eight, which is committed to "promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", number nine, "build resilient infrastructures, promoting inclusive and sustainable industrialization and fostering innovation "and number eleven," making cities and human settlements inclusive, safe, resilient and sustainable".

Contact information

Safety and emergencies:

Redexis puts at your disposal an Emergency Service 24 hours a day, 365 days a year, to attend to the necessary actions to guarantee your safety and that of your property, carrying out operations to open or close gas installations and actions to emergency in case of any security incident: smell of gas, fire or explosion, as stated in ITC-ICG-01 of the Technical Regulation of Distribution and Use of Gaseous Fuels approved by Royal Decree 919/2006.

To communicate any urgency, please contact Redexis at:

Emergencies: 900 924 622

CUSTOMER SUPPORT CENTER:
900 811 339

To take meter **readings**, keep in contact with the following number:
800 76 05 77

- **Contact address**
  C/ Mahonia 2. Pórtico building
  28043 Madrid

CORPORATE CONTACT ADDRESSES:

- **Corporate Internet address:** www.redexisgas.es
- **Investor Relations:** investor.relations@redexis.es
- **Communication:** comunicacion@redexis.es
- **Complaints:** canaldenuncias@redexis.es

Redexis