



# redeia

El valor de lo esencial

## Financial Results

January - September 2022

26 October 2022

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To facilitate the understanding of the information provided in this document, certain alternative performance measures have been included. Their definition can be found at:

<https://www.redeia.com/es/accionistas-e-inversores/informacion-financiera/medidas-alternativas-rendimiento>

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# 1. Main highlights

## Spanish electricity system and energy transition

The European energy market is in a critical period. Russia's invasion of Ukraine has revealed significant energy imbalances faced by the Old Continent. A high dependence on foreign sources or a fragmented market due to lack of infrastructure are some of the issues that must be addressed to solve this situation and prevent it from being repeated in the future.

Dependence on electricity generation based on fuels that must be imported is jeopardising the security of the electricity supply. In addition, fragmentation is even more evident in the electricity market, as evidenced by the discrepancy in the price of KWh among the various EU countries. Likewise, the recent sabotage suffered by the Nord Stream gas pipeline has highlighted the importance of the large energy infrastructure that underpins the markets, including electricity interconnections. The role played by companies such as ours has increased relevance. The criticality of its assets and the proper performance of its functions are the basis on which a solid and stable energy system is built.

At European level, the electricity price escalation has forced the EU and Member countries to establish regulatory changes that try to alleviate the pressure suffered by consumers. On 30 September, the EU's energy ministers agreed to prepare a new regulation in which, among other aspects, it would propose the mandatory reduction of electricity demand at peak times, setting a maximum price of EUR 180/MWh for the sources of inframarginal generation, or an extra tax on the extraordinary profits generated by this market situation for the energy companies.

The electrical uniqueness of the Iberian market allowed the Portuguese and Spanish governments to set a price cap for gas during a 12 month period, by Royal Decree Law 10/2022, of 13 May. By applying this measure, it was possible for the average spot price of MWh in our country to stay below EUR 150 in the last quarter. Although this price is 24% higher than that recorded in the same period last year, it is almost 30% lower than that recorded in the first six months of the year, a period in which it was above EUR 200/MWh.

Electricity demand in these first nine months of the year reached 191 GWh, 0.8% below that recorded in the same period in 2021. However, electricity generation in our country has grown by more than 9% compared to the same period of the previous year, more than 15% over the last quarter, highlighting the growing importance of exports for our electricity system, despite the limited capacity of the international interconnections it has available.

## Regulatory advances

The special situation that the electricity sector is going through is causing a response from the regulators to try to speed up the energy transition, and reduce the restrictions that the electricity system must face. In Spain, we can mention:

- **Royal Decree Law 14/2022**, of 1 August, which established measures for savings, energy efficiency and reduction of energy dependence. Among the measures affecting Redeia, the limitation to 15 days for the report from the Spanish Markets and Competition Commission (CNMC) on the authorisation for transmission facilities and the positive administrative silence, or the processing of unique facilities in parallel to the termination of their resolution of its singularity. Although these regulations are fairly recent, their implementation is greatly accelerating the administrative process to which the **new transmission facilities** are subject.
- **Royal Decree Law 17/2022**, of 20 September, by which urgent measures are taken in the field of energy and temporarily reducing the value added tax rate applicable to certain fuels. These regulations articulate an active demand response service to address energy shortages. This service will be managed and organised by the **System Operator**, which will activate the response system when it identifies insufficiency in the power system.

## TSO activity in Spain

Red Eléctrica continues to provide high levels of **quality service** to the electrical system. The rate of availability of the transmission network reached 98.3% at national level; 98.2% on the peninsula, 99.0% on the Balearic Islands and 99.2% on the Canary Islands, in line with the level reached in the previous year.

TSO investment **amounted to EUR 272.2 million, exceeding by more than 9%** the investment made in the first nine months of the previous year. The most notable milestones were:

- Significant progress in the volume of investment in interconnection projects, highlighting, in addition to the Lanzarote - Fuerteventura interconnection, the **Ibiza - Formentera** interconnection, in which the work scheduled in the first phase of the undersea power link between the islands is being finalised, which will allow this important infrastructure for the Balearic Islands to be commissioned by the end of 2023.
- Progress has been made in projects aimed at meshing and improving the network's reliability and quality, in which the **Sabinal axes** on Gran Canaria, **Caparacena - Baza - Ribina** in Andalusia and the **Plan Madrid Este** can be highlighted.

- In August, the administrative authorisation for construction was obtained for the **Lousame -Tibo** line, so as to strengthen the network, transmit electricity generation and support the distribution of the north-western part of Galicia.
- The **Spain - Portugal Norte interconnection** received the favourable environmental impact statement and the administrative building authorisation was obtained in the last quarter of the year. This project, declared of common interest for the European Union, will allow estimated annual savings of EUR 22 million and a CO2 reduction of 150,000 tonnes per year by increasing the integration and use of renewable energy.
- Work continues on the last phase of the administrative processing for the future **electricity interconnection between Spain and France through the Bay of Biscay**. With this step, the second period of public information of the project begins in our country, which, as a result of the agreement, covers the best technical, social and environmental solution. The new interconnection will allow the power exchange capacity between France and Spain to be doubled from 2,800 MW to 5,000 MW, strengthening both electricity systems and advancing the integration of renewable energy in line with the energy transition targets.
- Progress continues on the first phase of the works of the pumping plant **Salto de Chira in Gran Canaria**.

## International electricity transmission

On July 30, Grupo Energía Bogotá and Redeia, through Argo Energía, have reached an agreement with the investment fund Brasil Energia FIP managed by an affiliate of Brookfield Asset Management Inc., to acquire 100% of the shares of five transmission lines in Brazil for 4,318 million BRL. The acquisition will be carried out through the joint investment of Argo Energia (62.5%) and of Grupo Energía Bogotá (37.5%), implementing a co-governance model between Redeia and Grupo Energía Bogotá. The transaction represents an investment for Redeia of around EUR 200 million for 50% corresponding to Argo's investment.

The five concessions are under commercial transaction and have a length of 2,416 kilometres of transmission lines of 500 kV and 230 kV, with 20 substations and tariff revenue (RAP 2021/2022) amounting to 706 million reais. The transaction is subject to compliance with terms for these types of transactions, including those of the Brazilian regulatory authorities.

After this transaction, Argo Energía will double its size and manage 4,125 kilometres of lines in Brazil, holding a leading position in the country, especially in the north-eastern region. This region is one of the areas with the greatest potential for new renewable generation and has great needs for infrastructure development in the country.

The commissioning of Argo's assets, the review of regulatory parameters in the countries in which Red Eléctrica Internacional is present, or the favourable evolution of the exchange rate are responsible for the good performance of the international business so far this year.

Also, on 30 September, Redenor (258 km) was powered up and the commencement of its business activity is expected to be formalised next weeks, with connection to the Chilean trunk line system.



# Telecommunications

## Fibre Optic

After the sale of 49% of Reintel's shares to the KKR fund on past 29 June, the telecommunication business associated with fibre optic continues to evolve favourably in an environment of high inflation.

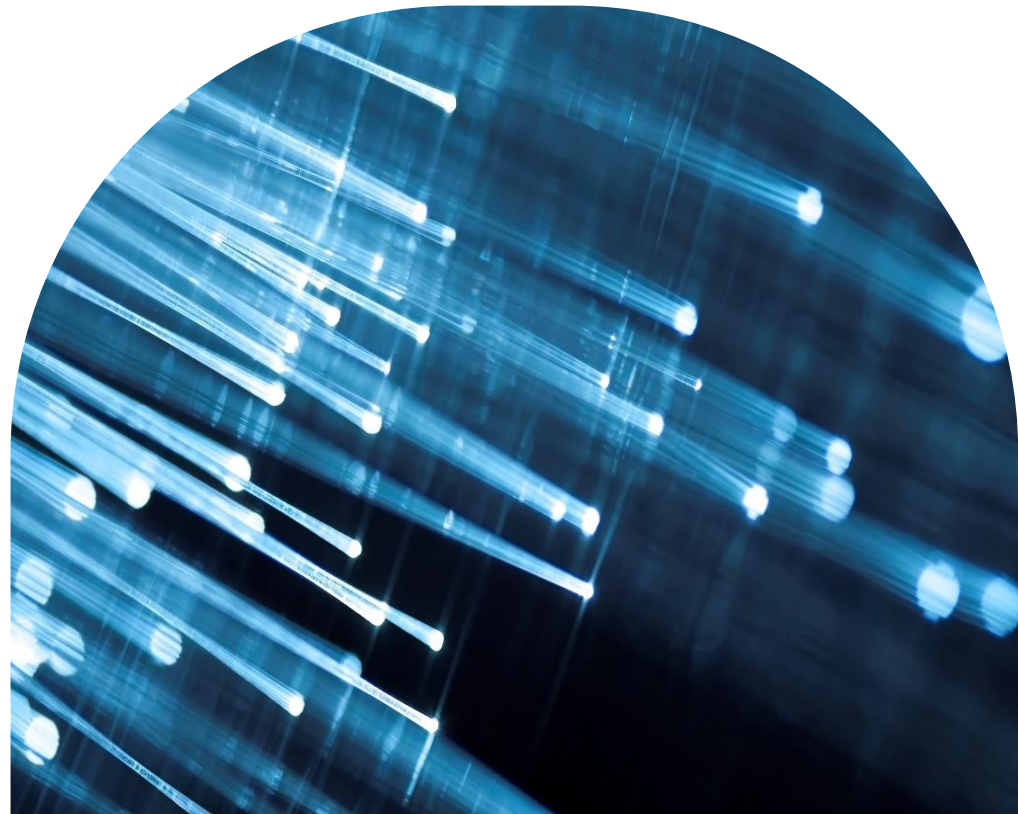
## Satellite business

On 9 August, after obtaining all the necessary authorisations and complying with the conditions precedent, Hispasat closed the acquisition of Axess Networks for USD 124.1 million, equivalent to approximately EUR 120 million, including the Company's debt. The transaction was financed through the credit and liquidity facilities of Hispasat, and is part of the investment plan and actions defined in the 2021-25 Strategic Plan of the Redeia satellite business. Its aim is to provide Hispasat with a greater presence in the value chain of satellite managed services in its target markets; thus contributing more proximity to the customer, adaptive capacity and rapid evolution of its services supply.

The Company specialises in satellite services and solutions for the corporate market and administrations, with presence in Latin America and EMEA, Africa and the Middle East mainly.

As of 30 September, the new company contributed EUR 11.1 million in revenues and EBITDA of EUR 2.9 million up to the Group.

Lastly, it should be noted that progress is being made on the project for the new Amazonas Nexus satellite, which is scheduled for launch in the first quarter of next year. After the last lease agreements signed, approximately 60% of the satellite's technical capacity has been sold.



## ESG

First of all, it should be noted that, at the end of October, the **2023-25 Sustainability Plan**, which establishes intermediate targets up to 2025 of the 2030 Sustainability Plan, was approved; in turn, these targets are aligned with the 2021-2025 Redeia Strategic Plan. The new plan shows special interest in environmental issues, with the goal of reducing scope 1 and 2 emissions by 30%, and 2/3 of suppliers (in terms of emissions\*) approved under SBTi criteria. In addition, it was proposed that all investment projects should contribute to the protection of vegetation and the fight against deforestation. To facilitate the energy transition, the goal was established to integrate more than 60% of renewable energy generation into our electricity system. As regards equality, it is worth noting the commitment to keep 50% of women on the Board and 38% on the management team.

This emphasis on environmental care and the social environment is reflected in the investment projects carried out by Redeia, by working with governments and civil society to minimise their environmental impact and avoid any effects on the historical and cultural heritage of the areas in which these projects are implemented.

About 80% of Redeia's activity in these first nine months of the year is environmentally sustainable, according to European Taxonomy, as it collaborates to achieve the European climate change targets, in accordance with the EU Taxonomy Regulation, which considers that the electricity transmission activity helps to mitigate global warming. The other activities carried out by Redeia, such as telecommunications, are not yet covered by European taxonomy.

Redeia's target for its debt is that 100% be contracted under ESG criteria by 2030. In this line, it should be noted that Hispasat has renewed and extended the credit facility with five leading banks in the amount of 250 million, introducing ESG criteria and indicators for the first time in the Company.

## Redeia: Main figures

### Income statement

<i>(in thousands of euros)</i>	January - September			July - September		
	2022	2021	Δ %	2022	2021	Δ %
Revenue	1,523,035	1,465,581	3.9%	519,811	489,728	6.1%
Share in profit of companies accounted for using the equity method	31,732	17,889	77.4%	3,958	2,361	67.7%
Gross operating profit (EBITDA)	1,182,338	1,158,183	2.1%	397,734	386,915	2.8%
Net operating profit (EBIT)	788,007	791,853	(0.5%)	263,916	264,314	(0.2%)
Profit/(Loss) before tax	718,158	713,288	0.7%	238,435	235,377	1.3%
Profit/(loss) attributable to the parent company	551,450	550,811	0.1%	188,424	192,641	(2.2%)



## Results by Business - September 2022

<i>(in thousands of euros)</i>	Management and Operation Electric Infrastructure		Telecommunications		Other businesses, corp. and adjustments	Total
	National	International	Satellite Business	Fibre optic		
Revenue	1,224,299	48,888	157,945	107,973	(16,071)	1,523,035
Share in profit of companies accounted for using the equity method	-	29,928	1,286	-	518	31,732
Gross operating profit (EBITDA)	917,209	62,164	109,861	81,317	11,787	1,182,338
Net operating profit (EBIT)	634,053	48,308	33,775	60,178	11,694	788,007
Profit before tax	580,128	35,326	27,939	59,582	15,183	718,158
Profit/(loss) attributable to the parent company	433,788	33,752	37,418	38,306	8,186	551,450

## Results by Business - September 2021

<i>(in thousands of euros)</i>	Management and Operation Electric Infrastructure		Telecommunications		Other businesses, corp. and adjustments	Total
	National	International	Satellite Business	Fibre optic		
Revenue	1,214,005	34,129	130,781	101,913	(15,245)	1,465,581
Share in profit of companies accounted for using the equity method	-	15,002	2,887	-	-	17,889
Gross operating profit (EBITDA)	922,964	36,830	101,075	80,706	16,609	1,158,183
Net operating profit (EBIT)	654,061	24,672	35,744	59,693	17,683	791,853
Profit before tax	590,126	15,797	31,854	58,852	16,660	713,289
Profit/(loss) attributable to the parent company	444,137	14,765	40,394	44,139	7,375	550,811

## Other financial figures

<i>(in thousands of euros)</i>	January - September			July - September		
	2022	2021	Δ %	2022	2021	Δ %
FFO	998,598	1,002,802	(0.4%)	378,076	370,473	2.1%
Investments	484,891	349,086	38.9%	211,477	96,288	119.6%
Dividends paid	543,881	538,995	0.9%	392,216	392,011	-

## Consolidated balance sheet

<i>(in thousands of euros)</i>	September 2022	December 2021	Δ %
Non-current assets	11,492,110	11,097,068	3.6%
Equity	4,943,237	3,685,131	34.1%
Net financial debt	4,398,094	5,647,879	(22.1%)

## Credit rating

Agency	Credit rating	Outlook	Date
Standard & Poor's	A-	Stable	26/04/2022
Fitch Ratings	A-	Stable	14/10/2022

## 2. Earnings performance

### Revenue

The joint sum of **revenue** and **profit of investee companies** reached EUR 1,554.8 million, 4.8% above that recorded until September 2021, and shows growth in all businesses. Its performance per activity was as follows:

- **Management and operation of national electricity infrastructure:** Revenue generated by this business line reached EUR 1,224.3 million, which is 0.8% higher than that recorded in the previous year.
- **International electricity transmission:** Revenue and profit of the investee companies for this activity amounted to EUR 78.8 million, which was 60.4% higher than that recorded in September 2021 when it stood at EUR 49.1 million. The detail of this change was due to:
  - Revenue associated with international activity increased from EUR 34.1 million in the first nine months of 2021 to EUR 48.9 million this year. This increase of 43.2% compared to the previous year is mainly related to the implementation of unregulated projects for clients in Chile amounting to EUR 3.6 million, the updating of remuneration parameters in Peru and Chile for around EUR 6 million, and finally, the favourable effect of the exchange rate, the impact of which was EUR 4.1 million.
  - Profit of the shares of the international business reached EUR 29.9 million, almost twice that recorded in the same period of the previous year. The increased activity associated with ARGO's Brazilian subsidiary, due to the commissioning of ARGO II and ARGO III and the acquisition of ARGO IV (Rialma), has yielded results of EUR 10.2 million, exceeding the one of the previous year. Likewise, a favourable exchange rate and updating of the remuneration parameters in Brazil also contributed positively to the performance of this item as regards the previous year.
- **Telecommunications:** This activity generated revenue and profit of the investee companies of EUR 267.2 million as of September 2022, 13.4% above that generated in the previous year.
  - **Satellite business:** Revenue of satellite business together with the profit sharing of the investee companies improved 19.1% over the period compared with the same period of the previous year reaching EUR 159.2 million. This performance is explained by Hispasat's increased sales, amounting to EUR 6.3 million, and EUR 18.1 million due to changes in the accounting scope, because of the inclusion of Axess in the business since August and the full year of the businesses acquired in May 2021 in Peru, along with the positive effect of the exchange rate contributing EUR 2.8 million.
  - **Fibre optic:** In turn, the fibre optic business, in which Reintel is involved, has generated revenue of EUR 108.0 million, EUR 6.1 million more than in the first three quarters of 2021, representing 5.9% higher. Linking certain contracts to inflation is the main cause of this performance, along with increased sales.

## Operating expenses

Operating expenses	January - September			July - September		
	2022	2021	Δ %	2022	2021	Δ %
<i>(in thousands of euros)</i>						
Supplies and other operating expenses	290,252	242,343	19.8%	102,149	78,215	30.6%
Personnel expenses	139,759	132,014	5.9%	48,110	43,800	9.8%
<b>Total operating expenses</b>	<b>430,011</b>	<b>374,357</b>	<b>14.9%</b>	<b>150,259</b>	<b>122,015</b>	<b>23.1%</b>

Operating costs amounted to EUR 430.0 million until September 2022, increasing by 14.9%. The comparable operating expenses, without taking into account the effect of the implementation of the special maintenance programme on the regulated business in Spain and the new businesses in Hispasat (Peru and Axess), have grown by 3.4%, showing the effectiveness of the anticipatory and efficiency measures to contain the effects of inflation.

- **Procurement and other operating expenses** have gone from EUR 242.3 million in the first nine months of 2021 to EUR 290.3 million this year. By business, without considering the consolidation adjustments, the change is EUR 20.8 million for the Spanish regulated business, incorporating EUR 33 million associated with the critical assets maintenance programme that will end in 2023; EUR 6.0 million in the international electricity business due to the further headway of the projects in progress and the exchange rate, and; EUR 17.4 million in the telecommunications business, including EUR 9.1 million in expenses associated with changes in the scope of consolidation of Hispasat.
- **Personnel expenses** reached EUR 139.8 million, increasing by 5.9% over the same period in 2021. Increased headcount and increased salary content explain this performance.

The **final headcount** at 30 September was 2,377 people, compared to 2,091 in the previous year. Likewise, the **average headcount** for the year reached 2,195 people, with 2,073 as of September 2021. The increase in average headcount by 122 people is due to the increase in Hispasat's headcount of 96 people, mainly due to the acquisition of Axess, and an increase of 21 people in the group's regulated business to cope with the higher investments.

## Results

Gross operating profit (EBITDA) reached EUR 1,182.3 million, up by 2.1% compared to the first nine months of the previous year. EBITDA performance is explained by:

- **Management and operation of national electricity infrastructure:** EBITDA generated stood at EUR 917.2 million, 0.6% lower than EUR 923.0 million in the same period of the previous year. This difference is largely explained by the higher expenses associated with the regulated activity associated with the maintenance plans for critical assets.
- **International electricity transmission:** EBITDA generated increased by 68.8% over the same 2021 period to EUR 62.2 million. The good performance of revenue and the results of the investee companies explain this development.
- **Telecommunications:** EBITDA from telecommunication activities reached EUR 191.2 million, EUR 9.4 million or 5.2% above that recorded one year earlier. In the **satellite business**, EBITDA improved by EUR 8.8 million, the higher revenue was partially offset by higher operating and personnel expenses associated with the average increase in headcount mentioned above. EBITDA in the fibre optic business improved by EUR 0.6 million, 0.8% better than that generated in the previous year.

**Net operating profit (EBIT)** stood at EUR 788.0 million, 0.5% less than that registered in the same period of 2021. The reason for this drop is due to the performance of the item "provisions for amortisation/depreciation, allocation of subsidies to profit/(loss) and impairment", which went from EUR 366.3 million in September 2021 to EUR 394.3 million this year. Increases experienced by these items in the regulated business, over EUR 14 million, and in the satellite business, over EUR 10 million are worth noting.

**Net finance expense** stood at EUR -69.9 million, compared to EUR -78.6 million in 2021. Maintenance of the average cost of debt, at 1.53%, and a lower balance of average gross financial debt, from EUR 6,799 million in the January - September 2021 period to EUR 6,381 million in the same period this year, are the main reasons for this improvement.

**Effective corporation tax rate** was 21.7%, compared to 22.1% for the same period in the previous year. The reason for this drop in the tax rate is the result of the greater contribution to the profit of the companies accounted for by the equity method (recorded net of taxes), and in the recognition of tax deductions from R+D+I in the satellite business, related to the investment in the new Amazonas Nexus satellite.

Finally, the **consolidated profit for the period** reached EUR 551.5 million, similar to that recorded in the first nine months of 2021. By business lines, the performance of this item is as follows:



- **Management and operation of national electricity infrastructure:** The net profit attributed to this activity reached EUR 433.8 million, EUR 10.4 million below that recorded in the first three quarters of 2021. This decrease is mainly due to a lower EBITDA, as commented above.
- **International electricity transmission:** Net profit of this activity reached EUR 33.8 million in the period, compared to EUR 14.8 million in the previous year. The good performance of the Brazilian subsidiary ARGO is largely responsible for this improvement.
- **Telecommunications:** Net profit of this activity has changed from EUR 84.5 million in 2021, to EUR 75.7 million this year. This decrease is due, on the one hand, to the lower contribution from Reintel due to the sale of 49% on 29 June, and on the other hand, to a lower result from Hispasat during the period.

### 3. Investments

Investments	January - September			July - September		
	2022	2021	Δ %	2022	2021	Δ %
<i>(in thousands of euros)</i>						
Management and operation of national electricity infrastructure	272,194	249,084	9.3%	69,361	65,954	5.2%
Management and operation of international electricity infrastructure	24,610	25,463	(3.4%)	8,930	10,404	(14.2%)
Satellite Business	161,593	46,600	246.8%	128,451	2,720	-
Fibre optic	4,186	3,807	10.0%	1,503	1,280	17.4%
Other investments	22,307	24,132	(7.6%)	3,232	15,930	(79.7%)
<b>Total (*)</b>	<b>484,891</b>	<b>349,086</b>	<b>38.9%</b>	<b>211,477</b>	<b>96,288</b>	<b>119.6%</b>

(\*) This figure does not include the investment carried out in Rialma.

Until September 2022, **investment** developed by the Group reached EUR 484.9 million, 38.9% higher than in the previous year.

Investments related to the activity of **management and operation of national electricity infrastructure** stood at EUR 272.2 million, 9.3% more than in the same period of the previous year. The increase experienced by the investment associated with the commissioning of the Lanzarote - Fuerteventura interconnection, the execution of the Ibiza-Formentera interconnection, and the work on the renewal of assets of the transmission network provided in the Planning are worth noting.

In the investment related to **management and operation of international electricity infrastructure**, the increased investment in Peru in the Tesur 4 project is highlighted, the commissioning of which is expected at the end of this year, and in Redenor.

As regards the telecommunications activity, the **satellite business** incorporates an investment of EUR 118 million which includes the value of 100% of Axess' shares and debt, a transaction carried out last August. Investment in **fibre optic** was slightly higher than the previous year.

In addition, EUR 22.3 million was allocated to **other investments**, a figure similar to that of the previous year. This item includes, among others, infrastructure for the Group and the investments developed by Elewit, the venture capital investment vehicle of Redeia.



## 4. Cash flow and balance sheet performance

### Cash flow performance

#### Cash flows

<i>(in thousands of euros)</i>	January - September			July - September		
	2022	2021	Δ %	2022	2021	Δ %
Profit/(Loss) before tax	718,158	713,289	0.7%	238,435	235,378	1.3%
Adjustments to profit/(loss) (*)	437,787	436,284	0.3%	156,392	152,496	2.6%
Other cash flows from operating activities (**)	(157,347)	(146,773)	7.2%	(16,751)	(17,402)	(3.7%)
<b>Operating cash flow after taxes</b>	<b>998,598</b>	<b>1,002,802</b>	<b>(0.4%)</b>	<b>378,076</b>	<b>370,473</b>	<b>2.1%</b>
Changes in working capital	384,568	89,937	-	239,781	(66,239)	-
<b>Cash flows from operating activities</b>	<b>1,383,166</b>	<b>1,092,739</b>	<b>26.6%</b>	<b>617,857</b>	<b>304,234</b>	<b>103.1%</b>
Investments	(484,891)	(349,086)	38.9%	(211,477)	(96,288)	119.6%
Changes to suppliers of fixed assets	(10,575)	(73,983)	(85.7%)	3,127	(52,079)	(106.0%)
Changes in other assets and liabilities	1,014,987	3,301	-	19,699	19,275	-
<b>Free cash flow for the shareholder</b>	<b>1,902,687</b>	<b>672,971</b>	<b>182.7%</b>	<b>429,206</b>	<b>175,142</b>	<b>145.1%</b>
Dividends paid	(543,881)	(538,995)	0.9%	(392,216)	(392,011)	-
Movements not entailing cash flows (***)	(109,021)	(19,026)	-	(60,432)	(10,657)	-
<b>Change in net financial debt</b>	<b>(1,249,785)</b>	<b>(114,950)</b>	<b>-</b>	<b>23,442</b>	<b>227,526</b>	<b>(89.7%)</b>

(\*) Basically the amortisation/depreciation of non-current assets, subsidies for non-financial assets and sharing in profits of companies accounted for using the equity method.

(\*\*) Mainly includes cash movements associated with the corporate tax, interest and dividends received.

(\*\*\*) Mainly includes change in exchange rate, entries in the scope of consolidation and adjustments for amortised cost.

**Note:** Short-term monetary market financial investments amounting to EUR 1,400 million at 30 September were considered as lower net financial debt. In the consolidated statement of cash flows shown in the appendix, this amount is considered as investment payments.

The most significant changes in cash flows for the period are as follows:

**Funds from operations (FFO)** reached EUR 998.6 million, 0.4% lower than that recorded in the previous year. The cause of this slight drop is because of the larger cash outflows associated with "other cash flows from operating activities" due to the payment of previous years' penalties already provisioned.

**Changes in working capital** represented a positive contribution of EUR 384.6 million over the period. This positive change is mainly due to higher payments from transmission (by continuing to consider a provisional tariff) and items pending settlement in the system. These payments will be reversed to the system in the coming quarters.

**Investments** carried out so far this year reached EUR 484.9 million, 38.9% above those recorded in the same period of the previous year by incorporating EUR 118 million to acquire the satellite company **Axess Networks**.

**Changes in other assets and liabilities** mainly reflected the collection for the sale of the 49% stake from Reintel to KKR.

As a result of the changes described above, the **net financial debt** shows a decrease of EUR 1,249.8 million.

## Performance of net financial debt

**Net financial debt** at 30 September stood at EUR 4,398.1 million, 22.1% lower than EUR 5,647.8 million at the end of 2021.

<b>Net financial debt (*)</b>			
<i>(in thousands of euros)</i>	National currency	Foreign currency	Total
Non-current debt securities	3,637,930	376,676	4,014,606
Long-term loans	1,615,626	555,803	2,171,429
<b>Total gross financial debt</b>	<b>5,253,556</b>	<b>932,479</b>	<b>6,186,035</b>
Cash, cash equivalents and term deposits	(1,743,328)	(44,612)	(1,787,940)
<b>Total net financial debt</b>	<b>3,510,228</b>	<b>887,867</b>	<b>4,398,094</b>

(\*) Debt classified according to its original contracting, without considering short-term transfers.

At 30 September 2022, 100% of the Group's financial debt was **long term**. As regards interest rates, **84%** of the Group's debt is at a **fixed rate**, while the remaining **16%** is at a **floating rate**.

The **average cost** of the Group's financial debt in the first nine months of the year was **1.53%**, similar to that in the same period of the previous year.

In turn, the **average balance of gross debt** during these first nine months of year stood at **EUR 6,382 million**, compared to EUR 6,799 million in the same period of the previous year. Acquisition of Axess implied that the Group's gross financial debt in dollars stood at EUR 932 million compared to EUR 799 million in June.

Redeia's target for its financial debt is that 100% is contracted with ESG criteria by 2030. In line with the achievement of this goal, it is noted that at 30 September, the financing of the Group incorporating these ESG criteria rose to 42%, compared to 35% at 31 December of the previous year.

## Equity performance

As of 30 September 2022, Redeia's **equity** reached EUR 4,943.2 million, which represents an increase of EUR 1,258.1 million over the equity at 31 December 2021. This increase is mainly due to the sale of 49% of the Reintel shares to KKR, which had an impact on equity amounting to EUR 919 million. In addition, an improvement of EUR 68 million occurred due to better translation differences and EUR 52 million due to the valuation of hedging transactions.

## Appendix 1. Consolidated financial statements (Redeia)

### *Consolidated income statement*

<i>(in thousands of euros)</i>	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>2022/2021</b>
Net revenue	1,523,035	1,465,581	3.9%
Own work capitalised	46,399	40,065	15.8%
Share in the profits of companies accounted for using the equity method (with activities similar to those of the Group)	31,732	17,889	77.4%
Procurements	(24,868)	(13,951)	78.3%
Other operating income	11,183	9,005	24.2%
Personnel expenses	(139,759)	(132,014)	5.9%
Other operating expenses	(265,384)	(228,392)	16.2%
<b>Gross operating profit (EBITDA)</b>	<b>1,182,338</b>	<b>1,158,183</b>	<b>2.1%</b>
Amortisation/depreciation of non-current assets	(406,254)	(387,899)	4.7%
Release of grants related to non-financial assets	11,817	21,199	(44.3%)
Change of fair value in financial instruments	106	370	(71.4%)
<b>Net operating profit</b>	<b>788,007</b>	<b>791,853</b>	<b>(0.5%)</b>
Finance income	9,698	6,986	38.8%
Financial costs	(81,439)	(85,819)	(5.1%)
Exchange differences	793	269	194.3%
Changes in fair value of financial instruments	1,099	-	-
<b>Net finance expense</b>	<b>(69,849)</b>	<b>(78,563)</b>	<b>(11.1%)</b>
<b>Profit/(Loss) before tax</b>	<b>718,158</b>	<b>713,289</b>	<b>0.7%</b>
Income tax expense	(156,041)	(157,457)	(0.9%)
<b>Consolidated profit for the period</b>	<b>562,117</b>	<b>555,832</b>	<b>1.1%</b>
<b>A) Consolidated profit attributable to the parent company</b>	<b>551,450</b>	<b>550,811</b>	<b>0.1%</b>
<b>B) Consolidated profit attributable to non-controlling interests</b>	<b>10,667</b>	<b>5,021</b>	<b>112.5%</b>

## Consolidated balance sheet

(in thousands of euros)

<b>ASSETS (in thousands of euros)</b>	<b>30/09/2022</b>	<b>31/12/2021</b>
Non-current assets	11,492,110	11,097,068
Current assets	3,134,386	2,887,410
<b>Total assets</b>	<b>14,626,496</b>	<b>13,984,478</b>

<b>Liabilities (in thousands of euros)</b>	<b>30/09/2022</b>	<b>31/12/2021</b>
Equity	4,943,237	3,685,131
Non-current liabilities	7,246,136	7,325,936
Current liabilities	2,437,123	2,973,411
<b>Total liabilities</b>	<b>14,626,496</b>	<b>13,984,478</b>














**Consolidated cash flow statement***(in thousands of euros)*

	<b>30/09/2022</b>	<b>30/09/2021</b>
<b>Cash flows from operating activities</b>	<b>1,383,166</b>	<b>1,092,738</b>
Profit/(Loss) before tax	718,158	713,290
Adjustments to profit	437,787	436,284
Changes in working capital	384,568	89,937
Other cash flows from operating activities	(157,347)	(146,773)
<b>Cash flows from investment activities</b>	<b>(1,866,994)</b>	<b>(398,997)</b>
Payments for investments (*)	(1,895,466)	(423,069)
Proceeds from divestments	1,537	8,928
Other cash flows from investing activities	26,935	15,144
<b>Cash flows from financing activities</b>	<b>(708,649)</b>	<b>(275,892)</b>
Proceeds from/(payments for) equity instruments	989,848	-
Proceeds from/(payments for) financial liabilities	(1,145,293)	286,129
Dividend payments	(543,881)	(538,995)
Other cash flows from financing activities	(9,323)	(23,026)
<b>Effect of exchange rate fluctuations</b>	<b>5,990</b>	<b>2,255</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,186,487)</b>	<b>420,104</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,574,427</b>	<b>481,772</b>
<b>Cash and cash equivalents at end of period</b>	<b>387,940</b>	<b>901,876</b>

(\*) Includes EUR 1,400 million as financial investments (deposits and repos) with a term of less than one year.

## Appendix 2. Sustainability certifications

 <p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p>	<p>The Company was once again placed on the DJSI World index.</p>	 <p><b>Sustainability Award</b> Silver Class 2022 <b>S&amp;P Global</b></p>	<p>"Silver Class" recognition in the publication "The Sustainability Yearbook 2022 of S&amp;P Global".</p>
 <p><b>FTSE4Good</b></p>	<p>Continued inclusion in the FTSE4Good index (*).</p>	 <p>Member 2015/2016 <b>STOXX</b> ESG LEADERS INDICES</p>	<p>Continued inclusion in the STOXX Global ESG Leaders indices.</p>
 <p><b>MSCI</b></p>	<p>Continued inclusion in the MSCI ESG index with a maximum rating of "AAA".</p>	 <p><b>NYSE EURONEXT</b> <b>vigeo</b></p>	<p>Continued inclusion in the Euronext-Vigeo (Eurozone 120, Europe 120 and Global 120).</p>
 <p><b>ETHIBEL</b> SUSTAINABILITY INDEX EXCELLENCE Europe</p>	<p>Continued inclusion in the Ethibel Sustainability Index Index Excellence Europe.</p>	 <p>Corporate Responsibility <b>Prime</b> rated by <b>oekom research</b></p>	<p>The Company obtained the Prime status granted by Oekom to leading companies in the industry.</p>
 <p><b>Bloomberg</b> Gender-Equality Index 2022</p>	<p>Continued inclusion in the Bloomberg Gender Equality Index.</p>	 <p><b>CDP</b> DISCLOSURE INSIGHT ACTION</p>	<p>Included in CDP's A- list for its commitment to fighting climate change.</p>
 <p><b>BME</b> BOLSAS Y MERCADOS ESPAÑOLES a SIX company</p>	<p>The Company was included in the Ibex Gender Equality Index.</p>		

(\* ) FTSE Group confirms that Red Eléctrica Corporation has been independently assessed in accordance with FTSE4Good criteria and meets the requirements to be ranked in the FTSE4Good indices, the global index created by the FTSE Group. FTSE4Good is a stock market index designed to facilitate investment in companies that comply with the social responsibility standards recognised around the world. Companies included in the FTSE4Good index have met strict environmental, social and corporate governance criteria, and they are positioned to take advantage of the benefits of responsible business practice.

## Upcoming events

### Estimated dates

Presentation of 4Q 2022 results	February 23
2022 interim dividend	January 23



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

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