



redeia

Valuing the essentials

Financial Results

January - December 2023

28 February 2024

redeia.com





The Consolidated Financial Statements included in the financial information presented in this document have been audited. This information was drawn up in accordance with the International Financial Reporting Standards (IFRS). For the purpose of facilitating 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/en/shareholders-and-investors/financial-information/alternative-performance-measures>

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ETH/USD

BTC/USD

ZEC/USD

ADA/USD

BCH/USD

1845.97

1842.00

1839.00

1836.00

1833.00

1830.00

1827.00

1824.20

80.00

70.00

60.00

50.00

Crypto

1845.97

MARKET OPEN

1845.45+0.04

1757.00

222.5

1. Main highlights

The Spanish electricity system and energy transition

Demand for electricity in Spain in 2023 amounted to 244.7 TWh, down 2.3% year-on-year.

Electricity generation in 2023 reached 266.8 TWh, of which 134.3 TWh came from renewable energy sources, accounting for 50.3% of the total generated in our country. Likewise, energy from non-CO2 sources accounted for 71% of the total, compared to 63% in the previous year. This increase is largely explained by the increase in photovoltaic electricity, close to 34% compared to 2022. Electricity from wind power, with a weighting of 24%, was the most used by our system with an increase of 2.2% compared to the previous year.

From January 1st to December 31st this year, the average price of electricity on the Spanish spot market stood at EUR 87.1 per MWh, compared to EUR 167.5 per MWh in the same period of the previous year. Lower natural gas prices and a higher share of renewable generation sources in the energy *mix* have made this evolution possible.

Regulatory developments

On November 28th, 2023, the European Union adopted the **Action Plan for grids - "Grids, the missing link"**, placing grids at the heart of the European agenda, as the backbone of the energy transition. The following aspects are worthy of note:

- **Estimated investments in networks of EUR 584.000 million euros** over the next decade, based on: i) a **60% growth in electricity consumption by 2030**; ii) the need to integrate a **large volume of renewables** into the grid; iii) adaptation to a **more decentralised, digitalised, and flexible system**; iv) achieving the objective of **doubling European interconnection infrastructures** by 2030.
- The **challenges** on which the action plan is based are mainly; i) to promote **long-term network planning**; ii) to accelerate the implementation of existing **Projects of Common Interest** (PCI's) and develop new ones; iii) to introduce a **favourable** and future-proof **regulatory framework**; iv) to **make better use of existing networks** and make them **smarter**; v) to improve **access to finance**; vi) to ensure **faster and smoother granting of permits**; vii) to **strengthen the supply chain**.

It should also be noted that on October 9th, the **European Commission finalised the key legislation of the Fit for 55 Package** with the Council's endorsement of the Renewable Energy Directive. The European Union has set a binding target of at least 42.5% of energy from renewable sources by 2030, compared to the current target of 32%. This Directive includes an article on "areas of grid infrastructure and storage necessary to integrate renewable energies into the electricity system" whereby projects could benefit from a more streamlined procedure, in particular in environmental matters.

At the **national** level, we can highlight the following in terms of regulatory developments for the 2023 financial year:

- **CNMC calendar approval**, which includes the modification of Circular 2/2019, to make certain **adjustments** to the methodology for **calculating the financial remuneration rate to adapt it to the challenges of the energy transition**, and enable an efficient investment in networks. This calendar estimates an expected date for the hearing in early December 2024.
- **PNIEC 2023-30 proposed update**: on June 28th, the Spanish government published the PNIEC's draft which updates the objectives contained in the PNIEC 2021 – 2030 with **more ambitious targets**. This draft is the basis for discussion of the final document to be published in mid-2024. The new targets proposed place greater emphasis on renewable generation and emissions reductions. Among others, the following can be highlighted:
 - A 32% reduction in greenhouse gas emissions versus 1990 emissions, compared to the 23% included in the previous 2021-2030 PNIEC;
 - The share of renewable energy in final energy use has been set at 48%, up from 42% previously;
 - 81% of electricity generated must be from renewable sources, up from 74% previously;
- The Ministry for Ecological Transition and the Demographic Challenge has initiated the hearing process for the **specific modifications to the Plan for the Development of the Electricity Transmission Grid for 2026**. It includes 64 actions, with an investment of EUR 321 million, aimed at: facilitating the realisation of strategic projects for the decarbonisation of industry, hydrogen production, integration of renewable energy, support for the materials chain and key technologies linked to the green transition.
- The government has also earmarked **931 million to partially finance the cost of actions included in the Planning under the addendum to the Recovery, Transformation and Resilience Plan** (linked to the **REPowerEU** funds), approved by the European Commission last October. The Addendum includes a new section on financing actions under the **RepowerEU** initiative, with nearly EUR 7,000 million euros in financing.

- Start of the **processing of a new 2025-2030 Planning**, defining its objectives in Order TED/1375/2023, of December 21st, and initiation of the procedure for making proposals for the development of the electricity transmission grid.
- On July 27th, the CNMC Board approved the Resolution establishing the **remuneration of electricity transmission facilities for 2020**. This resolution, together with those approved at the end of the 2022 financial year for the years 2016 to 2019, has enabled the refund of part of the excess tariffs collected by Redeia in previous years to take place during 2023. Given that the tariffs for **2021 to 2023 are still provisional**, around EUR 200 million are pending to be returned to the system in the coming months for these over-collections for 2021 to 2023.
- The European Commission has recognised the **exceptional consideration of the Canary Islands** when it comes to complying with European legislation on the internal electricity market, Regulation (EU) 2019/943 and Directive (EU) 2019/944. Among other elements, it endorses that the transmission grid operator should be the owner of pumped hydroelectric plants, such as the “Salto de Chira”, in order to guarantee supply and facilitate the incorporation of renewable energy.
- As regards the future **interconnection with France** via the Bay of Biscay, it is worth noting that on May 5th the National Markets and Competition Commission’s Resolution of April 20th, 2023, was published in the Official Gazette of the Spanish State (BOE), approving the modification of the singular status resolution parameters.

TSO activity in Spain

Electricity system operation

Red Eléctrica continues to provide high **service quality levels**. The rates of availability at December 31st were 97.6% for the national transmission network, compared to 98.2% in 2022. In the Canary Islands this rate was 98.7%, similar to the 98.7% of the previous year; in the Balearic Islands it stood at 97.8%, compared to 98.5% in 2022, while on the mainland it reached 97.6%, compared to 98.2% a year earlier.

TSO investments in Spain

TSO investment amounted to **EUR 824.5 million**, almost **55% higher** than in the previous year.

The most noteworthy milestones in the year were as follows:

- The electricity interconnection between Spain and France through the Bay of Biscay continues to progress on schedule. The EPC contracts for cables and converters were awarded in June. In addition, in December, the EPC contract for civil works on land was awarded to continue the works and reach the milestone of commissioning of the first link, scheduled for 2027. The investment made during 2023 amounted to EUR 170.4 million.
- Completion of the work on the new electricity link between Ibiza and Formentera, which was energised in May, thus enabling 100% coverage of Formentera's demand, minimising the operating needs of local generation and supporting the energy transition by reducing CO2. The route is 37 km in length, 27 of which are under the sea, and a total budget of EUR 89 million.
- Commissioning of the Hospitalet - Cerdá - Zona Franca axis in December 2023, which aims to increase the meshing of the 220 kV transmission grid in the area, favouring a general improvement in transmission efficiency and in supporting the supply of demand, which translates into a reduction of grid losses, in the system as a whole.
- Approval of the Administrative Authorisation for Construction (AAC) of the actions pending on the Galicia - Portugal Interconnection axis, in the Council of Ministers of December 28th, 2023. This authorisation enables work to continue with the 400 kV actions in order to reach the planned commissioning milestone the following year and thus complete the reinforcement of the international connection with Portugal.
- At Chira Soria project, works continue in the Reversible Hydroelectric Power Plant. During 2023, advances in certain construction milestones in the hydraulic pipeline and in the water to wire contract have been achieved. In relation to the evacuation line, in 2023, the hoisting of pylons has begun and progressed at a faster rate than planned.

Telecommunications

The Amazonas Nexus satellite was launched in February 2023 and began commercial operation at the end of July. This satellite has since generated revenue of EUR 22 million. At the same time, during 2023, the Axess group's business has been consolidated for the full year (5 months in 2022), which has contributed to boosting Hispasat's revenue by 6.5% year-on-year. This will give new impetus to the satellite business by allowing access to new markets and businesses with high potential for future growth.

Other relevant items

Interim dividend

The Board of Directors will propose to the General Shareholders Meeting the distribution of EUR 1 dividend charged to the 2023 results. The EUR **0.2727** per share interim dividend paid on 5 January must be deducted from this amount. The final dividend of EUR **0.7273** is expected to be paid in early July.

Financing

- On January 24th 2023, **Redeia issued a hybrid instrument**, subordinated perpetual bonds classified as green bonds, using the proceeds to fund the TSO activity in Spain. The issue was made for an amount of EUR 500 million and accrues a fixed annual coupon of 4.625%, with an IRR of 4.70%, from the payment date of February 7th, 2023, to the first review date of August 7th, 2028.
- **After the end of the financial year**, on January 3rd, 2024, **Redeia issued EUR 500 million in green bonds** to further promote the ecological transition in Spain. This is the company's fourth green bond issue, a 10-year transaction with a yield of 3.070%.

Rating

- On October 9th, **Fitch** credit rating agency affirmed the group's rating at '**A-**', with a stable outlook.
- On June 2nd, **S&P** rating agency confirmed the group's rating at '**A-**', with a stable outlook.

Sustainability

We accelerate our efforts in all aspects of sustainability for greater future value creation through a **sustainable business model** to achieve social transformation.

Redeia has once again confirmed its inclusion in the **Dow Jones Sustainability Index**, being among the world's most sustainable companies, as well as being selected by **S&P** as one of the 10 most sustainable companies in the world in its sector, according to the **Sustainability Yearbook 2024**. In addition, it has also been included in **Sustainalytics' 2024 ESG Top-Rated Companies List**. These awards demonstrate Redeia's continued effort and commitment to contribute to a more sustainable, inclusive, and resilient future, as part of our 2023-2025 Sustainability Plan.

ESG initiatives carried out in recent months include the deployment of an **Integrated Impact Strategy**, which will increase our social and environmental contribution in all the Group's geographies and business areas, as well as the recognition of the **Redeia Marine Forest** with the award for the best European practice in electricity transmission networks in the last decade. With regard to progress on the 2023-2025 Sustainability Plan, 52% of the objectives included in the plan have been met.

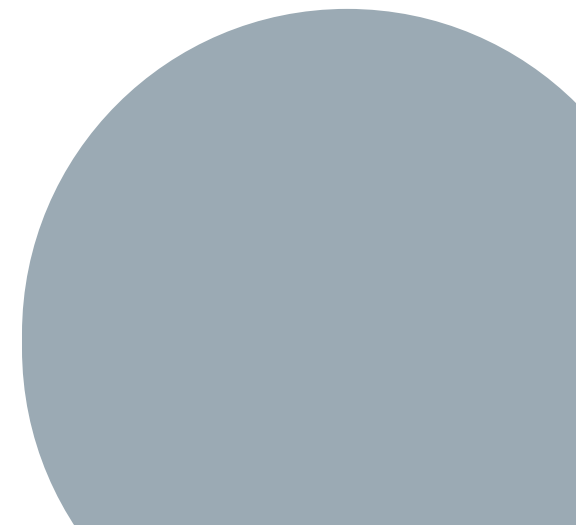
Redeia's financing is linked to sustainable criteria and aligned with the European Taxonomy. The two issues carried out, both the hybrid bond in January 2023 and the bond in January 2024, are **considered green issues**, reaffirming the company's commitment in this area. It is worth highlighting the **EIB's support** for these issues, allowing the capital structure to become more robust and the planned investment in the transmission network to materialise, in order to make Spain's energy transition possible.



2. Redeia: Key figures

Income statement

(Millions of euros)	January - December			October - December		
	2023	2022	Δ%	2023	2022	Δ%
Revenue	2,064.1	2,015.0	2.4%	515.6	492.0	4.8%
Share of profit of companies accounted for using the equity method	65.1	50.4	29.2%	15.7	18.7	(15.8%)
Gross operating profit (EBITDA)	1,507.8	1,491.3	1.1%	324.7	308.9	5.1%
Net operating profit (EBIT)	989.7	961.6	2.9%	199.6	173.5	15.0%
Profit before tax	910.1	869.5	4.7%	184.9	151.4	22.1%
Profit for the year	689.6	664.7	3.7%	154.3	113.3	36.2%



Results by businesses, December 2023

<i>(Millions of euros)</i>	Management and operation of electricity infrastructure		Telecommunications		Other businesses, corp. and adjustments	Total
	Spain	International	Satellite Business	Optic fibre		
Revenue	1,625.2	74.4	245.3	150.0	(30.8)	2,064.1
Share of profit of companies accounted for using the equity method	-	61.3	4.0	-	(0.2)	65.1
Gross operating profit (EBITDA)	1,141.7	105.0	126.0	113.7	21.5	1,507.8
Net operating profit (EBIT)	768.5	83.4	32.3	85.2	20.2	989.7
Profit before tax	710.7	47.2	24.9	78.6	48.7	910.1
Profit for the year	545.8	48.8	30.0	58.9	36.2	719.7
A) Profit attributable to the parent company	545.8	50.3	27.4	30.0	36.2	689.6
B) Profit attributable to non-controlling interests	-	(1.5)	2.7	28.9	0.0	30.0

Results by businesses, December 2022

<i>(Millions of euros)</i>	Management and operation of electricity infrastructure		Telecommunications		Other businesses, corp. and adjustments	Total
	Spain	International	Satellite Business	Optic fibre		
Revenue	1,599.0	70.6	226.2	142.7	(23.4)	2,015.0
Share of profit of companies accounted for using the equity method	-	47.7	2.3	-	0.5	50.4
Gross operating profit (EBITDA)	1,132.9	90.4	147.7	105.7	14.6	1,491.3
Net operating profit (EBIT)	754.2	71.3	43.7	77.4	15.0	961.6
Profit before tax	682.3	57.7	31.0	75.7	22.8	869.5
Profit for the year	513.6	54.4	42.8	56.6	13.8	681.2
A) Profit attributable to the parent company	513.6	54.7	38.1	44.6	13.8	664.7
B) Profit attributable to non-controlling interests	-	(0.3)	4.7	12.0	(0.0)	16.5

Other financial figures

<i>(Millions of euros)</i>	January - December			October - December		
	2023	2022	Δ%	2023	2022	Δ%
FFO	1,156.3	1,146.7	0.8%	165.0	148.1	11.5%
Investments	996.2	1,032.3	(3.5%)	374.6	547.4	(31.6%)
Dividends paid	569.3	543.9	4.7%	13.4	0.0	-

Balance sheet

<i>(Millions of euros)</i>	December 2023	December 2022	Δ%
Non-current assets	12,262.8	11,834.2	3.6%
Equity	5,529.1	4,894.3	13.0%
Net financial debt	4,975.4	4,633.8	7.4%

Credit rating

Agency	Credit rating	Outlook	Date
Standard & Poor's	A-	Stable	02/06/2023
Fitch Ratings	A-	Stable	09/10/2023

3. Earnings performance

Income: Revenue and share of profit of companies accounted for using the equity method (with similar activity)

The sum of **revenue** and the **share of profits of companies accounted for using the equity method (with similar activity)** amounted to EUR 2,129.2 million, 3.1% more than the EUR 2,065.4 million recorded in December 2022. By activities, revenues evolved as follows:

- **Management and operation of electricity infrastructure in Spain:** The revenue generated by this activity reached EUR 1,625.2 million, 1.6% higher than in the previous year. This is due to higher revenue from the transmission activity (+EUR 16.2 million), from the system operation activity (+EUR 8.7 million) in accordance with the revision of the parameters for the second regulatory period for 2023-25, and from higher projects for third parties (+EUR 1.2 million).
- **International electricity transmission:** The revenue and profits of the investee companies in this activity amounted to EUR 135.7 million, 14.8% higher than in December 2022. The breakdown of this variation is due to:
 - Revenue increased from EUR 70.6 million in 2022 to EUR 74.4 million this year. The 5.4% increase is mainly due to the higher revenue generated by Redenor (Chile), following the start-up of the second phase of the project, and Tesur 4 (Peru), following the commissioning of the facilities associated with this project in January 2023.
 - The profits of the international business investees amounted to EUR 61.3 million, versus EUR 47.7 million in the previous year. This improvement is largely explained by the incorporation of new assets in the perimeter of the Brazilian Argo in November 2022 and by a better result in TEN (Chile).
- **Telecommunications:** This activity generated revenue and profit from investees of EUR 399.3 million in 2023, versus the EUR 371.1 million generated in the previous year.
 - **Satellite business:** Satellite revenue together with the share of profits of investee companies improved by 9.1% during the period compared to the previous year to reach EUR 249.3 million. This change is explained by higher revenue from Axess (EUR 44.5 million) as it is consolidated in the perimeter for the full year 2023 (5 months in 2022), partially offset by lower revenue from the planned termination of certain video services in Brazil. The improved result associated with investee companies, from EUR 2.3 million in 2022 to EUR 4.0 million this year, is mostly due to a higher contribution from Hisdesat.
 - **Optic fibre:** This business generated revenue of EUR 150.0 million, an increase of EUR 7.4 million compared to 2022, 5.2% higher. This increase is mainly due to the inflation-indexed contracts.

Income: Other operating income and work carried out by the company for its assets

Both items amount to EUR 126.2 million in 2023, compared to EUR 140.6 million in the previous year.

Work carried out by the company for its assets has decreased from EUR 62.9 million in 2022 to EUR 58.3 million this year. This evolution is mainly due to the lower volume of construction in the international business, partially offset by higher activation of projects in Spain.

Other operating income includes the Chira - Soria pumping station, accounted for as a financial asset under concession since December 2022. This accounting implies revenue in 2023 of EUR 57.8 million, EUR 50.1 million associated with construction costs and EUR 7.7 million derived from applying the project's financial rate of return. The remainder of this item amounted to EUR 10.2 million, lower than last year's figure due to lower income from insurance claims, as a result of a lower claims ratio.

Operating costs

On a comparable basis, operating costs increased by 3.4% compared to the previous year.

Operating costs

(Millions of euros)	January - December			October - December		
	2023	2022	Δ%	2023	2022	Δ%
Procurements and other operating costs	533.2	504.1	5.8%	194.2	213.9	(9.2%)
Personnel expenses	214.5	210.6	1.8%	56.0	70.9	(21.0%)
Total operating costs	747.6	714.8	4.6% (*)	250.2	284.8	(12.1%)

(*) 3.4% on a like-for-like basis.

Operating costs amounted to EUR 747.6 million, 4.6% higher than in the same period of the previous year. The main reason for this development is the inclusion of Axess in the scope of consolidation in August 2022 (+EUR 35.2 million). Comparable operating costs increased by 3.4%, mainly due to the higher volume of the group's activity.

- **Procurements and other operating costs** increased from EUR 504.1 million in 2022 to EUR 533.2 million this year. This amount includes, as mentioned above, items that are not comparable with the previous year.
- **Personnel expenses** amounted to EUR 214.5 million, EUR 3.9 million more than in the same period of the previous year. The incorporation of Axxess personnel, which adds EUR 6.7 million to this item, accounting for the impact of the costs associated with the new collective agreements signed at the beginning of the year, estimated at around EUR 3.7 million, and the higher average workforce, with a cost impact of around EUR 3.5 million, largely explain this change, offset by the non-recurring impact mainly associated with the Early Retirement Plan at the end of last year (EUR 13 million).

Final workforce at December 31st stood at 2,477, compared to 2,420 last year. The **average workforce** has been set at 2,447, rising from 2,250 in December 2022. Both the increase in final and average workforce is largely due to the increase in Hispasat's workforce from the Axxess acquisition, and an increase in the Group's regulated business, in order to cope with higher investments.

Results

EBITDA stood at EUR 1,507.8 million, an increase compared to 2022 (+1.1%). The EBITDA performance by activity was as follows:

- **Management and operation of electricity infrastructures (Spain):** EBITDA amounted to EUR 1,141.7 million, 0.8% higher than in the prior year, due to higher transmission and system operator revenues, partially offset by higher operating expenses.
- **International electricity transmission:** EBITDA amounted to EUR 105.0 million after growing by 16.1% compared to the previous year. This change is largely explained by the higher contribution of the investee companies Argo, due to the consolidation of new assets, and TEN.
- **Telecommunications:** EBITDA of the telecommunications activities reached EUR 239.7 million, 5.4% below compared to 2022.
 - In the **satellite business**, EBITDA amounted to EUR 126.0 million, down by EUR 21.7 million compared to the previous year, due to the planned expiry of certain video services in Brazil, partially offset by revenue generated by the Amazonas Nexus, in commercial operation since July.
 - EBITDA in the **fibre optic** business amounted to EUR 113.7 million, 7.6% higher than the previous year, reflecting the impact of inflation on contracts and operating cost containment.

EBIT stood at EUR 989.7 million, up 2.9% on 2022. This evolution is explained by the increase in EBITDA and a slight drop in amortizations, due to the end of the useful life of the Amazonas-2 satellite (replaced by Nexus) and higher revenues from subsidies received by Hispasat, associated with the "Único" programme.

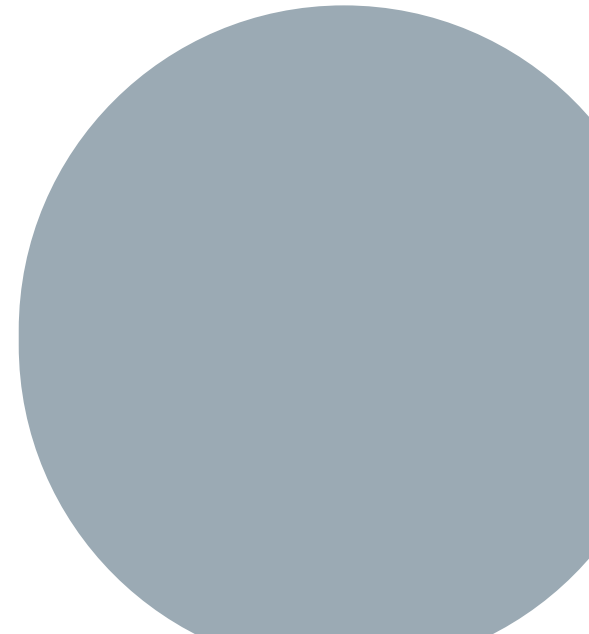
Net financial expenses improved by 13.6% to EUR -79.5 million, compared to EUR -92.0 million in the previous year. The evolution in financial expenses, from EUR -116.5 million in December 2022 to EUR -133.1 million this year, is mainly due to the higher average cost of

debt, which has risen from 1.62% to 2.14%. This was more than offset by higher financial income of EUR 51.5 million, more than two times higher than in the previous year, as a result of efficient financial management of the placement of existing liquidity, as well as lower average gross debt.

The Group's **effective income tax rate** was 20.9%, down slightly from 21.7% in the previous year. The reason for this slight fall in the tax rate is mainly explained by the higher contribution to the financial results by companies accounted for using the equity method, recorded net of tax.

Finally, the **consolidated profit attributable to the parent company** amounts to EUR 689.6 million, 3.7% higher than in 2022, with a higher profit attributable to minority interests, standing at EUR 30.0 million in 2023 compared to EUR 16.5 million in 2022, after the sale of Reintel in June 2022. The performance of this item by business line was as follows:

- **Management and operation of electricity infrastructure in Spain:** Net income attributable to this activity amounted to EUR 545.8 million, EUR 32.2 million higher than in 2022. This increase is mainly due to a higher EBITDA, as mentioned above, as well as an improvement in the financial result.
- **International electricity transmission:** Net profit from this activity was EUR 50.3 million from EUR 54.7 million last year, mainly due to higher financial costs.
- **Telecommunications:** Net profit from this activity fell from EUR 82.7 million in 2022 to EUR 57.4 million in this period. The fall in the results of satellite activities, for the reasons already mentioned, and the greater weight of minority interests in fibre optic activities, explain this evolution.



4. Investments

Investments	January - December			October - December		
	2023	2022	Δ%	2023	2022	Δ%
<i>(Millions of euros)</i>						
Management and operation of electricity infrastructure in Spain	824.5	532.0	55.0%	311.6	259.8	19.9%
Management and operation of international electricity infrastructure	5.9	238.2	(97.5%)	0.5	213.6	(99.8%)
Satellite Business	119.2	209.6	(43.1%)	49.4	48.0	2.9%
Optic fibre	8.3	5.4	54.1%	1.4	1.2	17.6%
Other investments	38.2	47.1	(18.9%)	11.7	24.8	(52.8%)
Total	996.2	1,032.3	(3.5%)	374.6	547.4	(31.6%)

Redeia continues to accelerate its investment plan in Spain's regulated business, exceeding EUR 800 million in this period and assuming its responsibilities as the backbone of the energy transition. This performance suggests a prolonged period of high investment for the rest of the decade.

Investments linked to the **management and operation of electricity infrastructures in Spain** amounted to EUR 824.5 million, an increase of 55.0% compared to the same period of the previous year, facilitating the country's energy transition by enabling greater integration of renewable energies. A breakdown by business was:

- **Development of Spain's transport network:** EUR 744.6 million were allocated to this item, compared to EUR 448.8 million in the previous year. This change is explained by increased efforts in the construction of new lines and substations, together with advances in interconnections with other countries and between islands.
- The **System Operator** invested EUR 22.1 million, compared to EUR 19.0 million in 2022.
- Finally, investment in **storage in the Canary Islands** amounted to EUR 57.8 million, compared to EUR 64.2 million in the previous year.

Investment in the **management and operation of international electricity infrastructure** amounted to EUR 5.9 million, compared to EUR 238.2 million in 2022, which included Argo's acquisition of five new transmission lines in Brazil. In 2023 the investment reflects the completion and commissioning of projects in progress in Peru and Chile.

With respect to **telecommunications**, EUR 119.2 million was allocated to the **satellite business**, mainly linked to the new Amazonas Nexus satellite and the deployment of backhaul services in Mexico. In the same period of 2022, the investment in the satellite business amounted to EUR 209.6 million, including the acquisition of Axess in August 2022, bringing the organic investment in 2022 to EUR 82.4 million. Investment in the **optic fibre** business amounted to EUR 8.3 million, compared to EUR 5.4 million in the previous year.

Finally, EUR 38.2 million has been earmarked for other investments. This item includes, among others, infrastructures for the Group and investments developed by Elewit, Redeia's venture capital investment vehicle.

5. Cash flow and balance sheet performance

Cash flows evolution

Cash flows		January - December			October - December		
(Millions of euros)	2023	2022	Δ%	2023	2022	Δ%	
Profit before tax	910.1	869.5	4.7%	184.8	151.4	22.1%	
Adjustments to profit ⁽ⁱ⁾	535.7	592.6	(9.6%)	128.7	154.8	(16.8%)	
Other cash flows used in operating activities ⁽ⁱⁱ⁾	(289.5)	(315.4)	(8.2%)	(148.5)	(158.1)	(6.0%)	
Operating cash flow after taxes	1,156.3	1,146.7	0.8%	165.0	148.1	11.5%	
Changes in working capital ⁽ⁱⁱⁱ⁾	(664.4)	420.2	(258.1%)	112.7	35.6	216.7%	
Cash flows from operating activities	491.9	1,566.8	(68.6%)	277.8	183.7	51.2%	
Investments	(996.2)	(1,032.3)	(3.5%)	(374.6)	(547.4)	(31.6%)	
Changes to suppliers of fixed assets	(45.9)	58.5	(178.5%)	37.6	69.1	(45.5%)	
Changes in other assets and liabilities	762.7	1,027.9	(25.8%)	45.8	12.9	254.1%	
Free cash flow for shareholders	212.5	1,621.0	(86.9%)	(13.4)	(281.7)	(95.2%)	
Dividends paid	(569.3)	(543.9)	4.7%	(13.4)	0.0	-	
Movements not entailing cash flows ^(iv)	15.2	(63.1)	(124.1%)	22.0	45.9	(52.2%)	
Change in net financial debt	341.6	(1,014.0)	(133.7%)	4.9	235.8	(97.9%)	

(i) Mainly amortisation of non-current assets, grants for non-financial assets and the share of profit of companies accounted for using the equity method.

(ii) Includes mainly cash movements associated with income tax, interest and dividends received.

(iii) For a better understanding of the 2022 cash flows, the interim income tax payments related to the capital gain from the sale of 49% of the Reintel shares, amounting to EUR 154 million, were classified as "Change in working capital" instead of as other cash flows. This amount was already repaid to Redeia in 2024.

(iv) Includes mainly exchange rate changes, new entrants into the scope of consolidation, and adjustments for amortised cost.

Note: Short-term money market financial investments were deducted from net financial debt in the amount of EUR 0 million at 31 December 2023 and EUR 715 million in December 2022. This amount is recorded as an investment payment in the Consolidated Cash Flow Statement in the Annex.

The most relevant changes in cash flows in the year are presented below:

Operating cash flow after tax (FFO) amounted to EUR 1,156.3 million, 0.8% higher than last year.

The **change in working capital** resulted in a cash outflow of EUR 664.4 million during the period, compared to a positive contribution of EUR 420.2 million in the previous year. The reason for this change lies mainly in the refunds of overcharges collected in previous years. The outstanding amount is expected to be repaid in the coming months.

Investments in the year were EUR 996.2 million, 3.5% lower than in the previous year, as the 2022 investments included, as mentioned above, EUR 118 million for the acquisition of the satellite company Axess Networks, as well as the acquisition by Argo of five new transmission lines in Brazil for approximately EUR 200 million.

Changes in other assets and liabilities mainly reflects the EUR 500 million in proceeds from the hybrid bond issue carried out at the end of January 2023. This item also includes subsidies received in the period, largely associated with the ÚNICO Rural Demand Programme awarded to Hispasat. In 2022 this included the proceeds from the sale of the 49% stake in Reintel to KKR for an amount of approximately EUR 1,000 million euros.

The 4.7% growth in **dividends** to EUR 569.3 million is due to the fact that this item includes payments from Redeia's investees to minority shareholders.

The evolution of these items explains an increase in **net financial debt** of EUR 341.6 million compared to that existing on December 31st 2022.

Net financial debt evolution

Net financial debt at December 31st, 2023 stood at EUR 4,975.4 million, up 7.4% from EUR 4,633.8 million at the end of 2022.

Net financial debt (*)			
<i>(Millions of euros)</i>	National currency	Foreign currency	Total
Non-current debt securities	3,357.0	353.0	3,710.1
Long-term loans	1,457.1	483.6	1,940.8
Total gross financial debt	4,814.2	836.7	5,650.8
Cash, cash equivalents and term deposits	(641.2)	(34.2)	(675.4)
Total net financial debt	4,173.0	802.4	4,975.4

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

At the financial year closing, the Group's entire financial debt was **long term**. As regards interest rates, **89%** of the Group's debt is at **fixed rates** and the remaining **11%** at **floating rates**.

The **average cost** of the Group's financial debt in 2023 was **2.14%**, compared to 1.62% in the previous year.

The **average balance of gross debt** during the period was **EUR 5,934 million**, compared to the year-earlier figure of EUR 6,341 million.

Redeia has set a **target of arranging 100% of its net financial debt in 2030 with ESG criteria**. Regarding achievement of this objective, it's worth noting that at the close of the 2023 financial year, **59%** of the Group's financing included **ESG criteria**, up from 42% as of December 31st last year.

Equity evolution

As of December 31st, 2023, Redeia's **Equity** amounted to EUR 5,529.1 million, an increase of EUR 634.8 million over the figure as of December 31st 2022. The increase in this item reflects the recognition of the EUR 500 million hybrid bond issued in January 2023. In addition, it also reflects the contribution of retained earnings for the year and the distribution of dividends for 2022.

Annex 1. Consolidated financial statements (Redeia)

Consolidated income statement

<i>(Millions of euros)</i>	31/12/2023	31/12/2022	2023/2022
Revenue	2,064.1	2,015.0	2.4%
Work carried out by the company for assets	58.3	62.9	(7.4%)
Share of profit of companies accounted for using the equity method (with activities similar to those of the Group)	65.1	50.4	29.2%
Procurements	(45.8)	(37.1)	23.6%
Other operating income	68.0	77.7	(12.5%)
Personnel expenses	(214.5)	(210.6)	1.8%
Other operating costs	(487.4)	(467.1)	4.3%
Gross operating result (EBITDA)	1,507.8	1,491.3	1.1%
Depreciation and amortisation charge for non-current assets	(537.5)	(545.0)	(1.4%)
Allocation to profit or loss of grants relating to non-financial assets	18.8	15.8	18.9%
Impairment and gains/(losses) on disposal of fixed assets	0.6	(0.5)	(232.4%)
Net operating profit (EBIT)	989.7	961.6	2.9%
Finance income	51.5	23.2	122.2%
Financial costs	(133.1)	(116.5)	14.3%
Exchange differences	2.4	0.1	-
Changes in fair value of financial instruments	(0.4)	1.2	-
Net finance expenses	(79.5)	(92.0)	(13.6%)
Profit before tax	910.1	869.5	4.7%
Income tax expense	(190.5)	(188.3)	1.1%
Consolidated profit for the period	719.7	681.2	5.6%
A) Consolidated profit attributable to the parent company	689.6	664.7	3.7%
B) Consolidated profit attributable to non-controlling interests	30.0	16.5	82.5%

*Consolidated balance sheet**(Millions of euros)*

	31/12/2023	31/12/2022
Assets		
Intangible assets	826.3	855.1
Property, plant and equipment	9,990.8	9,626.8
Investment properties	0.6	1.7
Investments accounted for using the equity method	969.2	891.6
Non-current financial assets and derivatives	425.0	386.2
Deferred tax assets	46.3	69.2
Other non-current assets	4.7	3.5
Non-current assets	12,262.8	11,834.2
Inventories	61.3	41.3
Trade and other receivables	1,444.9	1,358.7
Current financial assets and derivatives	40.5	752.5
Cash and cash equivalents	675.4	794.8
Current assets	2,222.1	2,947.3
Total assets	14,484.8	14,781.5

	31/12/2023	31/12/2022
Equity and liabilities		
Shareholders' equity	5,453.3	4,826.3
Share capital	270.5	270.5
Reserves	4,159.9	4,064.5
Treasury shares and own equity instruments (-)	(19.5)	(26.3)
Other equity instruments	500.0	0.0
Profit/(loss) attributable to the Parent	689.6	664.7
Interim dividend	(147.2)	(147.1)
Adjustments due to changes in value	(44.6)	(36.8)
Non-controlling interests	120.3	104.7
Net equity	5,529.1	4,894.3
Grants and other	945.1	746.5
Non-current provisions	134.5	139.8
Non-current financial liabilities and derivatives	5,259.9	5,565.8
Deferred tax liabilities	378.5	417.7
Other non-current liabilities	134.8	114.5
Non-current liabilities	6,852.9	6,984.2
Current financial liabilities and derivatives	1,401.1	1,712.3
Trade and other payables	671.2	1,160.2
Current provisions	30.6	30.5
Current liabilities	2,102.9	2,903.0
Total liabilities	14,484.8	14,781.5

Consolidated statement of cash flows

<i>(Millions of euros)</i>	31/12/2023	31/12/2022
Cash flows from operating activities	491.9	1,566.8
Profit before tax	910.1	869.5
Adjustments to profit	535.7	592.6
Changes in working capital	(664.4)	574.6
Other cash flows used in operating activities	(289.5)	(469.8)
Cash flows used in investing activities (*)	(66.5)	(1,641.3)
Payments from investments	(1,642.1)	(2,373.7)
Proceeds from disposals	1,317.3	687.3
Other cash flows from investing activities	258.4	45.1
Cash flows from/(used in) financing activities	(547.2)	(708.2)
Proceeds from/(payments for) equity instruments	516.5	989.2
Proceeds from/(payments for) financial liabilities	(481.7)	(1,141.7)
Dividend payments	(569.3)	(543.9)
Other cash flows used in financing activities	(12.7)	(11.8)
Effect of foreign exchange rate changes	2.4	3.1
Net increase/(decrease) in cash and cash equivalents	(119.4)	(779.6)
Cash and cash equivalents at beginning of period	794.8	1,574.4
Cash and cash equivalents at end of period	675.4	794.8

(*) Includes a net divestment of EUR 715 million in 2023 and a net investment of EUR 715 million in deposits and repos with a maturity of less than 1 year in 2022.

Annex 2. Sustainability certifications



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Remaining in the Dow Jones Sustainability Index, in the World category, as one of the 8 most sustainable companies in its sector.



Inclusion in S&P Global's *The Sustainability Yearbook 2024*, for an ESG score in the top 10%.



Remaining in the FTSE4Good index (*) and remaining in the Top 5 best ESG performers in its sector.



Continued presence on the Euronext indices: Eurozone 120, Europe 120 and Global 120, entering the Top 5 of the best ESG performers in its sector.



Continued inclusion in the MSCI ESG index, having obtained the highest score in its sector.



Inclusion in CDP's list A for its commitment to combating climate change.



Achievement of "Prime" status and "very high" transparency, awarded by ISS-ESG to leading companies in the sector.



Remaining in the Bloomberg Gender Equality Index as a company committed to gender inclusion



Continued inclusion in the Ibex Gender Equality index, due to the significant presence of women in management positions.



Inclusion in the Ibex ESG index for environmental, social and governance performance.



Continued inclusion in the Ethibel Sustainability Index (ESI) Excellence Europe.



Continued inclusion in the STOXX Global ESG Leaders index.



Awarded the "t for transparent***" seal.

(*) FTSE Group confirms that Redeia Corporación S.A., 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 recognized around the world. Companies included in this 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

Q1 2024 results presentation	April 24
2023 final dividend	July 24



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