

Limited Review Report

REDEIA CORPORACIÓN, S.A. AND SUBSIDIARIES
Interim condensed consolidated financial statements
and interim consolidated management report
for the six months ended
30 June 2023

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of REDEIA CORPORACIÓN, S.A.:

Report on the interim condensed consolidated financial statements

Foreword

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter, the interim financial statements) of REDEIA CORPORACIÓN, S.A. (hereinafter, the Parent) and subsidiaries (hereinafter the Group), which comprise the condensed consolidated statement of financial position at 30 June 2023, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes, all of which condensed and consolidated, for the six months then ended. The Parent's directors are responsible for the preparation of the interim financial statements in accordance with the requirements established by International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, as stipulated in article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on this interim financial information based on our limited review.

Scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the regulations governing financial statement audits prevailing in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion on the accompanying interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months ended 30 June 2023 are not prepared, in all material respects, in accordance with the requirements established by International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, as stipulated in article 12 of Royal Decree 1362/2007.

Emphasis of matter

We draw attention to the matter described in note 2.a) of the accompanying explanatory notes, which indicates that the accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six months ended 30 June 2023 contains such explanations as the Parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the above-mentioned report agrees with the interim financial statements for the six months ended 30 June 2023. Our work is limited to verifying the interim consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of REDEIA CORPORACIÓN, S.A. and its subsidiaries.

Paragraph on other matters

This report has been prepared at the request of the Parent's directors with regard to the publication of the interim financial report required by article 100 of Law 6/2023, of 17 March 2023, on securities markets and investment services.

ERNST & YOUNG, S.L.

David Ruiz-Roso Moyano

25 July 2023



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**Interim condensed
consolidated financial
statement for the six
months ended 30 June
2023**

Redeia

Consolidated statement of financial position at 30 June 2023

Thousands of euros

Assets	Note	30 June 2023	31 Dec. 2022
Intangible assets	6	834,868	855,147
Property, plant and equipment	6	9,749,639	9,626,805
Investment properties	6	1,688	1,704
Investments accounted for using the equity method	7	949,994	891,617
Non-current financial assets	13	317,657	275,593
At fair value through other comprehensive income		83,199	84,066
At fair value through profit or loss		19,211	15,813
At amortised cost		215,247	175,714
Non-current derivatives	13	103,614	110,616
Deferred tax assets	15	68,026	69,217
Other non-current assets		4,364	3,514
Total non-current assets		12,029,850	11,834,213
Inventories	8	57,340	41,321
Trade and other receivables	9	1,473,887	1,358,657
Trade receivables		107,636	75,081
Other receivables		1,186,662	1,101,079
Current tax assets		179,589	182,497
Other current financial assets	13	342,238	752,505
At amortised cost		342,238	752,505
Cash and cash equivalents		1,394,946	794,824
Total current assets		3,268,411	2,947,307
Total assets		15,298,261	14,781,520

The accompanying notes 1 to 22 and Appendix I are an integral part of these interim condensed consolidated financial statements.

Redeia
Consolidated statement of financial position at 30 June 2023

Thousands of euros

Liabilities and equity	Note	30 June 2023	31 Dec. 2022
Capital and reserves		5,274,423	4,826,318
Capital		270,540	270,540
Reserves		4,175,840	4,064,486
Own shares (-)		(26,296)	(26,296)
Profit for the year attributable to equity holders of the parent		354,339	664,731
Interim dividend (-)		-	(147,143)
Other equity instruments		500,000	-
Valuation adjustments		(13,018)	(36,783)
Financial assets at fair value through other comprehensive income		16,598	17,932
Hedging transactions		10,138	10,080
Translation differences		(39,754)	(64,795)
Equity attributable to equity holders of the parent		5,261,405	4,789,535
Equity attributable to non-controlling interests		126,218	104,741
Total equity	10	5,387,623	4,894,276
Grants and other items	11	856,461	746,498
Non-current provisions		139,941	139,822
Non-current financial liabilities	13	5,587,011	5,543,755
Bank borrowings, notes and other marketable securities		5,538,954	5,491,124
Other non-current financial liabilities		48,057	52,631
Deferred tax liabilities	15	423,109	417,650
Non-current derivatives	13	17,514	22,016
Other non-current liabilities		116,318	114,461
Total non-current liabilities		7,140,354	6,984,202
Current provisions		31,768	30,536
Current financial liabilities	13	1,652,020	1,705,277
Bank borrowings, notes and other marketable securities		535,040	721,845
Other current financial liabilities		1,116,980	983,432
Trade and other payables	14	1,082,710	1,160,176
Trade payables		415,013	485,624
Other accounts payable		609,641	661,232
Current tax liabilities		58,056	13,320
Current derivatives	13	3,786	7,053
Total current liabilities		2,770,284	2,903,042
Total equity and liabilities		15,298,261	14,781,520

The accompanying notes 1 to 22 and Appendix I are an integral part of these interim condensed consolidated financial statements.

Redeia
Interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023 and 2022

Thousands of euros

	Note	2023	2022
Revenue	16.a	1,029,109	1,003,224
Self-constructed assets	6	26,640	31,132
Share of profits of equity-accounted investees (with similar businesses to that of the Group)	7	34,810	27,774
Cost of sales	16.c	(20,225)	(11,803)
Other operating income	16.b	28,547	2,226
Employee benefits expense	16.d	(105,776)	(91,649)
Other operating expenses	16.c	(203,757)	(176,300)
Amortisation and depreciation	6	(269,928)	(268,378)
Release of grants related to assets		8,229	7,755
Impairment of and gains/(losses) on disposal of fixed assets		(11)	110
Operating profit		527,638	524,091
Finance income		28,167	7,691
Finance costs		(70,388)	(52,711)
Exchange differences		2,973	261
Change in fair value of financial instruments	13.a	(292)	391
Net finance expense		(39,540)	(44,368)
Profit before tax		488,098	479,723
Income tax		(120,177)	(115,478)
Profit for the period		367,921	364,245
A) Profit for the period attributable to equity holders of the parent		354,339	363,026
B) Profit for the period attributable to non-controlling interests	2.e	13,582	1,219
Earnings per share (euros)			-
Basic earnings per share (euros)	21	0.66	0.67
Diluted earnings per share (euros)	21	0.66	0.67

The accompanying notes 1 to 22 and Appendix I are an integral part of these interim condensed consolidated financial statements.

Redeia
Consolidated statement of comprehensive income for the six months ended 30
June 2023 and 2022
 Thousands of euros

	Note	2023	2022
A) Profit for the period (as per statement of profit or loss)		367,921	364,245
B) Other comprehensive income - Items that will not be reclassified to profit or loss in subsequent periods		797	19,608
Actuarial gains/(losses)	10	2,841	11,465
Equity instruments at fair value through other comprehensive income	10	(1,334)	11,009
Tax effect		(710)	(2,866)
C) Other comprehensive income - Items that may be reclassified to profit or loss in subsequent periods:		24,705	103,114
Cash flow hedges:		9,036	52,126
a) Valuation gains/(losses)		8,417	44,330
b) Amounts reclassified to profit or loss		619	7,796
Translation differences:		32,861	68,753
a) Valuation gains/(losses)		32,861	68,753
Share of other comprehensive income of joint ventures and associates	13.a	(6,719)	12,455
a) Valuation gains/(losses)		(6,719)	12,455
Tax effect		(10,473)	(30,220)
Total comprehensive income for the period (A + B + C)		393,423	486,967
a) Attributable to equity holders of the parent		380,213	484,605
b) Attributable to non-controlling interests		13,210	2,362

The accompanying notes 1 to 22 and Appendix I are an integral part of these interim condensed consolidated financial statements.

Redeia

Consolidated statement of changes in equity for the six months ended 30 June 2023 and 2022

Thousands of euros

Equity	Note	Issued capital	Reserves and interim dividend	Own shares	Profit for the period attributed to equity holders of the parent	Other equity instruments	Valuation adjustments	Attributable to NCI	Total equity
Balance at 1 January 2022		270,540	2,842,650	(31,618)	680,627	-	(131,117)	54,049	3,685,131
1. Other comprehensive income		-	8,598	-	363,026	-	112,981	2,362	486,967
II. Transactions with shareholders and owners		-	1,065,987	-	(540,588)	-	-	33,961	559,360
- Dividend distribution		-	147,061	-	(540,588)	-	-	(4,604)	(398,131)
- Other transactions with shareholders and owners		-	918,926	-	-	-	-	38,565	957,491
III. Other changes in equity		-	140,243	-	(140,039)	-	-	20	224
- Transfers between equity items		-	140,039	-	(140,039)	-	-	-	-
- Other changes		-	204	-	-	-	-	20	224
Balance at 30 June 2022		270,540	4,057,478	(31,618)	363,026	-	(18,136)	90,392	4,731,682
Balance at 31 December 2022		270,540	3,917,343	(26,296)	664,731	-	(36,783)	104,741	4,894,276
Adjustments for first-time application of IFRS 17 (net of tax effect)	2.b	-	(1,982)	-	-	-	-	-	(1,982)
Balance at 1 January 2023		270,540	3,915,361	(26,296)	664,731	-	(36,783)	104,741	4,892,294
1. Other comprehensive income		-	2,109	-	354,339	-	23,765	13,210	393,423
II. Transactions with shareholders and owners	10	-	147,143	-	(540,671)	-	-	8,267	(385,261)
- Dividend distribution		-	147,143	-	(540,671)	-	-	(3,864)	(397,392)
- Other transactions with shareholders and owners		-	-	-	-	-	-	12,131	12,131
III. Other changes in equity	10	-	111,227	-	(124,060)	500,000	-	-	487,167
- Transfers between equity items		-	124,060	-	(124,060)	-	-	-	-
- Other changes		-	(12,833)	-	-	500,000	-	-	487,167
Balance at 30 June 2023		270,540	4,175,840	(26,296)	354,339	500,000	(13,018)	126,218	5,387,623

The accompanying notes 1 to 22 and Appendix I are an integral part of these interim condensed consolidated financial statements.

Redeia
Consolidated statement of cash flows for the six months ended 30 June 2023 and 2022

Thousands of euros

	Note	2023	2022
Net cash flows from operating activities		287,811	765,309
Profit before tax		488,098	479,723
Adjustments to reconcile profit before tax to net cash flows:		266,544	281,395
Depreciation and amortisation	6	269,928	268,378
Other adjustments to profit		(3,384)	13,017
Share of profit of equity-accounted investees		(34,810)	(27,774)
Gains/losses on disposal/impairment of non-financial assets and financial instruments		303	(501)
Accrual of finance income		(28,167)	(7,691)
Accrual of finance costs		70,388	52,711
Recognition/reversal of provisions		8,711	8,743
Release of grants related to assets and other grants		(16,230)	(12,471)
Other income and expenses		(3,579)	-
Changes in working capital		(344,536)	144,787
Other cash used in operating activities:		(122,295)	(140,596)
Interest paid		(82,743)	(76,447)
Dividends received		4,373	4,672
Interest received		22,269	2,530
Income tax received/(paid)		(64,937)	(65,277)
Other operating activity receipts/(payments)		(1,257)	(6,074)
Net cash flows from/(used in) investing activities		89,577	(980,389)
Payments for investments		(950,601)	(987,116)
Property, plant and equipment, intangible assets and investment properties		(402,439)	(271,453)
Group companies, associated companies and business units		(1,082)	-
Other financial assets		(547,080)	(715,663)
Proceeds from disposals		916,081	(92)
Other financial assets		916,081	(92)
Other cash flows from investing activities		124,097	6,819
Other proceeds from investing activities		124,097	6,819
Net cash flows from/(used in) financing activities		222,799	(155,423)
Proceeds from and payments for equity instruments:		506,681	989,959
Issuance		506,681	3,619
Purchase		-	(9,278)
Disposal		-	995,618
Proceeds from/(repayment) of financial liabilities	12	(127,298)	(988,727)
Issuance and disposal		196,169	32,035
Repayment		(323,467)	(1,020,762)
Dividends and payments on other equity instruments	10	(151,006)	(151,665)
Other cash flows used in financing activities		(5,578)	(4,990)
Other proceeds from/(payments for) financing activities		(5,578)	(4,990)
Net foreign exchange difference		(65)	3,592
Net increase/(decrease) in cash and cash equivalents		600,122	(366,911)
Cash and cash equivalents at 1 January		794,824	1,574,427
Cash and cash equivalents at 30 June		1,394,946	1,207,516

The accompanying notes 1 to 22 and Appendix I are an integral part of these interim condensed consolidated financial statements.

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In order to make it easier to understand the information provided in this document, certain alternative performance measures have been included. The definition of those alternative performance measures can be retrieved from:

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

1 Activities of the Group companies

Redeia Corporación, S.A (formerly called Red Eléctrica Corporación, S.A.) (hereinafter, the Parent or the Company) is the Parent of a Group of subsidiaries. The Group also has investments in joint operations together with other venturers. The Parent and its subsidiaries comprise Redeia (hereinafter, the Group or Redeia). The Company's registered office is located in Alcobendas (Madrid) and its shares are traded on the Spanish stock exchange as part of the IBEX 35 index of blue chip stocks.

The Group's business is articulated around three main segments:

- **Management and operation of domestic electricity infrastructure:** this includes the transmission of electricity, operation of the system and management of the Spanish electricity transmission grid. These activities are carried out by Red Eléctrica de España S.A.U. (hereinafter, Red Eléctrica), which is Spain's transmission and system operator (TSO).
- **Management and operation of international electricity infrastructure:** the Group carries out electricity transmission activities outside of Spain through Red Eléctrica Internacional S.A.U. and its investees (hereinafter, Redinter).
- **Telecommunications (satellites and fibre optic):** The Group also provides telecommunications services to third parties through the Hispasat Subgroup (hereinafter, Hispasat), which operates satellites, and through Red Eléctrica Infraestructuras de Telecomunicación S.A.U. (hereinafter, Reintel), which leases out its dark fibre backbone network.

In addition, the Group carries out activities designed to stimulate and accelerate technological innovation through Red Eléctrica and Telecomunicaciones, Innovación y Tecnología S.A.U. (Elewit).

Through its subsidiaries, the Group also carries out activities aimed at financing its businesses and hedging its risks by reinsuring its assets and activities. Lastly, it develops and builds electricity infrastructure and plant through its subsidiaries and investees, Red Eléctrica Infraestructuras en Canarias, S.A.U. (Reincan) and Interconexión Eléctrica Francia-España, S.A.S. (Inelfe).

Appendix I itemises the business activities and registered office of the Parent and its subsidiaries, indicating the Parent's direct and indirect shareholdings in its subsidiaries, joint ventures and associates.

2 Basis of presentation of the interim condensed consolidated financial statements

a) General information

The accompanying interim condensed consolidated financial statements were authorised for issue by the directors of the Parent at a board meeting held on 25 July 2023 and have been prepared to present fairly the equity and financial position of the Company and its subsidiaries at 30 June 2023, as well as its financial performance, cash flows and the changes in its equity, all of which on a consolidated basis, for the six months then ended.

These interim condensed consolidated financial statements were prepared from the individual accounting records of the Company and the rest of the Group companies, which together form Redeia (Appendix I). Each company prepares its separate financial statements using the principles and criteria in effect in the country in which they operate; accordingly, uniformity adjustments and reclassifications are made upon consolidation to align these principles and

criteria with IFRS-EU. The accounting policies used by the consolidated companies are adjusted as necessary to ensure uniformity with those applied by the Company.

The accompanying interim condensed consolidated financial statements for the six months ended 30 June 2023 were prepared in accordance with IAS 34 *Interim financial reporting* and are presented in thousands of euros, unless otherwise indicated.

In keeping with IAS 34, the interim financial information has been prepared solely for the purpose of providing an update with respect to the last complete set of annual consolidated financial statements authorised for issue and accordingly focuses on new activities, events and circumstances arising in the six-month period and does not duplicate the information previously reported in the Group's most recent annual consolidated financial statements.

Therefore, for an adequate understanding of the information provided in these interim condensed consolidated financial statements, they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022, which were prepared under the International Financial Reporting Standards adopted by the European Union (IFRS-EU) in effect at the time and were approved at the Annual General Meeting held on 6 June 2023.

The Group has not omitted any mandatory accounting principle with a significant effect on the interim condensed consolidated financial statements.

b) New standards and amendments to IFRS-EU

These interim condensed consolidated financial statements were prepared using the improvements to IFRS issued and approved for application in the European Union from 1 January 2023:

Effective since:	New standards and amendments
1 January 2023	Amendments to IAS 1 <i>Presentation of financial statements</i>
	Amendments to IAS 8 <i>Accounting policies, changes in accounting estimates and errors</i>
	Amendments to IAS 12 <i>Income taxes</i>
	IFRS 17 <i>Insurance contracts (new standard)</i>
	Amendments to IFRS 17 <i>Insurance contracts</i>

- The amendments to *IAS 1 Presentation of financial statements*, to *IAS 8 Accounting policies* and *IAS 12 Deferred tax related with assets and liabilities that arise in a single transaction* had no impact on the Group's interim condensed consolidated financial statements.
- IFRS *Insurance contracts* and the subsequent amendments thereto, which replaces IFRS 4 and sets out the recognition, measurement, presentation and disclosure rules for insurance contracts, was applied for the first time on 1 January 2023 without restating the comparative information for 2022.

IFRS 17 applies to the insurance contracts, including reinsurance contracts, an entity issues and reinsurance contracts an entity holds. It also applies to insurance coverage components embedded in other contracts but excludes warranties, employers' assets and liabilities from employee benefit plans, contingent consideration, etc.

Under this standard, an entity must identify portfolios of insurance contracts and divide them into groups of contracts for recognition and measurement. Groups of contracts are measured at the present value of their estimated cash flows, a risk adjustment and the contractual service margin. As the policies issued by Redeia mainly provide coverage for 12 months or less, the Group has used the simplified premium allocation approach to measure this group

of contracts. Under that approach, reporters do not have to recognise a contractual margin; instead, losses are recognised when accrued.

The main impact of first-time application of this standard relates to the recognition of the increase in interest rates in liabilities for incurred claims.

The impact of first-time application of IFRS 17 is shown below:

Consolidated statement of financial position (thousands of euros)	31 Dec. 2022	1 Jan. 2023	Change
Non-current assets	11,834,213	11,834,907	694
Current assets	2,947,307	2,946,702	(605)
Total assets	14,781,520	14,781,609	89
Equity	4,894,276	4,892,294	(1,982)
Non-current liabilities	6,984,202	6,986,273	2,071
Current liabilities	2,903,042	2,903,042	-
Total equity and liabilities	14,781,520	14,781,609	89

The Group is also assessing the impact of the amendments issued by the IASB for application from 1 January 2024, which are still pending approval by the European Union, specifically the following amendments:

Date of effectiveness:	New standards and amendments
1 January 2024	Amendments to IAS 1 <i>Presentation of financial statements</i>
	Amendments to IAS 7 <i>Statement of cash flows</i> and IFRS 7 <i>Financial instruments: Disclosures</i>
	Amendments to IFRS 16 <i>Leases</i>

- Amendments to IAS 1 *Presentation of financial statements*: these amendments clarify aspects of how entities classify liabilities as current or non-current; in particular, how an entity makes that distinction when settlement is subject to compliance with covenants.
- Amendments to IAS 7 *Statement of cash flows* and IFRS 7 *Financial instruments: Disclosures*: these amendments introduce specific disclosure requirements for supplier finance arrangements and their effects on liabilities, cash flows and exposure to liquidity risk.
- Amendments to IFRS 16 *Leases*: these amendments clarify the subsequent measurement of lease liabilities arising from sale and leaseback transactions.

These amendments are not expected to have a significant effect on the annual consolidated financial statements in which their application in the European Union is mandatory.

c) Use of estimates and assumptions

Preparation of the interim condensed consolidated financial statements in accordance with IFRS-EU requires the Group’s management to use judgement and make estimates and assumptions that affect application of its accounting policies and the recognised amounts of assets, liabilities, income and expenses. The estimates and assumptions made by the Group are based on past experience and other factors considered reasonable under the circumstances. The reader should note that actual results may differ from these estimates and that these interim condensed consolidated financial statements were prepared on a going concern basis.

The estimates are based on the best information available in the circumstances, as outlined in note 2.c) “Use of estimates and assumptions” of the 2022 annual consolidated financial statements.

d) Basis of consolidation

These interim condensed consolidated financial statements were prepared using the same consolidation principles as were used to prepare the 2022 annual consolidated financial statements.

e) Changes in the scope of consolidation

There were no changes in the consolidated Group during the first six months of 2023.

f) Comparative information

Although the interim condensed consolidated financial statements for the six months ended 30 June 2022 are comparable with those for the six months ended 30 June 2023, the reader should note the impact of the application of IFRS 17 from 1 January 2023 (note 2.b).

3 Sector regulation

a) The electricity sector in Spain

As noted in the 2022 annual consolidated financial statements, the Spanish electricity sector's regulatory framework is based on Law 24/2013 (26 December 2013), the Electricity Sector Act.

The above-mentioned 2022 annual consolidated financial statements detail the general remuneration regime applicable to the regulated activities carried out by Red Eléctrica in its capacity as transmission and system operator (TSO). That remuneration framework, derived from Royal Decree-Law 1/2019 and the remuneration circulars issued by the sector watchdog, the CNMC, in 2019, was modified in the first half of 2023 with respect to the operation of the system via publication of CNMC Circular 1/2023 (7 February 2023), amending Circular 4/2019 (27 November 2019), which establishes the methodology for remunerating the TSO. Specifically, the new Circular modifies two aspects of Circular 4/2019:

- Firstly, it changes the wording of article 9, "Regulatory account", in order to contemplate, in respect of costs incurred in the last year of the regulatory period, how to treat costs that, exceptionally, exceed the balance in the regulatory account such that they can be recouped during the following regulatory period.
- Secondly, it reformulates the incentives provided for in the original Circular in order to streamline the use of resources in the course of system operation and better align them with the energy transition goals.

Elsewhere, the CNMC also published other important resolutions during the first half of 2023, notably including its Resolution of 20 April 2023, modifying the parameters of the Resolution granting singular status to the electricity interconnection between Spain and France through the Bay of Biscay and including this interconnection in the remuneration regime for singular investments with special technical characteristics.

- The Resolution of 23 February 2023 establishing the so-called Overall Ratio Index for 2023 for companies that carry out electricity transmission and distribution activities and natural gas transport, regasification, underground storage and distribution activities. This index weights five ratios as a function of their relative importance such that each provider of these activities obtains an average score of between 0 (minimum) and 1 (maximum). The ratios provide a measure for assessing the level of indebtedness and the financial solidity of the companies that provide these regulated activities. Red Eléctrica's score in 2023 is within the readings recommended in the related Resolution.

Beyond the remuneration regime, other relevant regulatory developments during the reporting period included:

- Ministerial Order TED/189/2023 (21 February 2023) creating the Electricity Projects Division. By creating this Division, the Ministry of Green Transition is striving to respond to the large number of projects associated with the energy transition that are currently being processed for authorisation so as to reduce average permit processing times and thereby accelerate the transition itself. One of the permits that will be processed by this new Division are permits for electricity transmission facilities that fall under the remit of the state government.
- Royal Decree 446/2023 (13 June 2023), amending Royal Decree 216/2014 (28 March 2014), establishing the methodology for calculating the so-called Voluntary Price for the Small Consumer (VPSC, a real-time price tariff for small domestic consumers) and the legal framework for contracting that scheme so as to index those electricity prices to forward price references and reduce their volatility. In addition to the new VPSC formula, this piece of legislation introduces a new mandate for the TSO, which has one month from its effectiveness to present the Ministry with a proposal for revising the system operation procedure related to the estimation of the cost of the components of the VPSC in order to include the procedure for the best estimate of the volume of supply by all benchmark suppliers of forward products.
- Although still a draft, it is also worth noting the publication by the Ministry of Green Transition of the draft of the new Integrated National Energy and Climate Plan, 2023 – 2030, updating the national energy and climate targets for 2030 to make them more ambitious. With respect to the electricity sector, the new target is for 81% of the energy generation mix to come from renewable sources by 2030 (up from 74% in the last Plan), with self-consumption playing a particularly relevant role, with installed capacity targeted at 19 GW by 2030. The Plan also contemplates increasing energy storage capacity to 22 GW within that timeframe. Lastly, the Plan contemplates the electrification of nearly 34% of the economy, which would be nearly 9 percentage points above 2019 levels.

b) International electricity sector regulations

As for the electricity sector regulations in Peru, Chile and Brazil, there have been no significant legislative developments in the sector since publication of the 2022 annual consolidated financial statements.

c) Telecommunications sector

There were no relevant legislative developments in the telecommunications sector in the first half of 2023.

4 Significant accounting principles

The same accounting principles have been used in these interim condensed consolidated financial statements as in the 2022 annual consolidated financial statements, with the exception of those arising from the amendments to IFRS-EU (note 2.b).

5 Macroeconomic considerations

As a result on the onset of the war in February 2022, which was ongoing as of the date of authorising these interim condensed consolidated financial statements for issue, a range of economic sanctions remain in effect against Russia and the various activities private and public companies had been carrying on in the country remain suspended or interrupted.

This situation has generated considerable uncertainty and significant global economic volatility, driving growth in prices, the revaluation of a number of currencies against the euro, the interruption of trade relations with Russia and in some cases supply chain disruption and, ultimately, interest rate increases within and outside the European Union.

Redeia has no direct or indirect trade relations with Russia or Ukraine. Nor does it have any equity investments or assets in those countries and its financial risk management policy ensures due identification, analysis, assessment and management of all of the risks associated with the conflict.

Facility operation and maintenance activities and the construction of new infrastructure proceeded as usual in Spain in the first half of 2023. There were no significant incidents in covering demand for electricity or ensuring the correct operation of the system; nor were any incidents recorded in the transmission network compromising the operation of the Spanish electricity system.

Likewise, the international electricity and telecommunications businesses provided service without incident and facility availability tracked at usual levels, with no quality incidents recorded.

The Group's management and the Parent's directors will continue to assess the situation, exhaustively monitoring any incidents that could affect the infrastructure managed by the Group and the trend in other external factors and their potential impact on its financial statements.

6 Intangible assets, property, plant and equipment and investment properties

The Group's main intangible assets at 30 June 2023:

- 337 million euros, net of accumulated amortisation and impairment, related with the concessions held by the Peruvian companies Redesur, Tesur, Tesur 2, Tesur 3, Tesur 4 and CCNCM.
- 286 million euros of goodwill originated by the business combinations completed in 2019 by the Hispasat Subgroup and Concesionaria Línea de Transmisión CCNCM, S.A.C. (hereinafter, CCNCM) and in 2022 by the Axess Subgroup.
- A customer portfolio carried at 58 million euros originated by the business combination completed by the Axess Subgroup in 2022.
- 51 million euros related to the perpetual right to regulated tariffs held by Redenor 2 of Chile (an asset with indefinite useful life).
- 37 million euros corresponding to Hispasat's different bandwidth licences for the use of orbital slots above Brazilian territory.
- 10 million euros corresponding to the measurement of the Hispasat trademark.

The Group's main items of property, plant and equipment at 30 June 2023:

- 8,576 million euros, net of accumulated depreciation charges, of electricity facilities.
- 1,054 million euros, net of accumulated depreciation charges, of telecommunications facilities.

The additions recognised under intangible assets, property plant and equipment and investment properties in the first half of 2023, excluding the assets recognised as a result of application of IFRS 16, totalled 380.9 million euros (258.9 million euros in the first half of 2022). Application of IFRS 16 gave rise to additions of 6.3 million euros in the first half of 2023 as a result of lease remeasurement (5.6 million euros in the first half of 2022).

Amortisation and depreciation charges totalled 269,928 thousand euros in the first half of 2023 (268,378 thousand euros in the first half of 2022).

During the first six months of 2023, the Group capitalised 26,640 thousand euros of operating expenses (31,132 thousand euros in the first half of 2022).

During the first six months of 2023, the Group capitalised 5,237 thousand euros of borrowing costs (4,508 thousand euros in the first half of 2022).

There were no significant stoppages of facilities under construction in the first half of 2023 (note 12).

There were no additions, derecognitions or significant changes in lease terms with respect to those reflected in the 2022 annual consolidated financial statements.

As disclosed in notes 7 and 8 of the 2022 annual consolidated financial statements, at year-end 2022, the Group tested its intangible assets and property, plant and equipment for impairment by calculating the value in use of the CGUs to which those assets have been allocated, without identifying any impairment losses. The assumptions underlying those impairments tests are outlined in detail in notes 7 and 8 of those annual consolidated financial statements. At 30 June 2023, the Group checked its non-financial assets for indications of impairment, without detecting any.

The Group's investment properties are measured at a market value of approximately 2.7 million euros (2.6 million euros at 30 June 2022).

7 Equity-accounted investees

The reconciliation of the Group's equity-accounted investees at the beginning and end of the reporting period is as follows:

	31 Dec. 2022	Additions	Share of profit of equity-accounted investees	Dividends	Translation differences	Valuation and other adjustments	30 June 2023
Thousands of euros							
Transmisora Eléctrica del Norte S.A. (TEN)	233,142	-	6,691	-	(5,511)	(6,719)	227,603
Argo Energia Empreendimentos e Participações S.A.	574,594	-	26,048	(1,821)	36,514	-	635,335
Hisdesat Servicios Estratégicos, S.A.	75,134	-	2,034	-	-	22	77,190
Grupo Sylvestris, S.L.	4,478	-	37	-	-	-	4,515
Other investments Hispasat Subgroup	119	-	-	-	-	-	119
Interest giving significant influence: RETIT	4,150	1,082	-	-	-	-	5,232
Total	891,617	1,082	34,810	(1,821)	31,003	(6,697)	949,994

8 Inventories

The breakdown of "Inventories" at 30 June 2023 and 31 December 2022:

Thousands of euros	30 June 2023	31 Dec. 2022
Inventories	91,391	74,757
Impairment	(34,051)	(33,436)
Total	57,340	41,321

The Group's inventories mainly comprise the equipment, materials and spare parts used to maintain the electricity transmission network.

The Group companies calculate inventory impairment losses regularly on the basis of ageing and surplus stock schedules; inventory impairment was not significant during the six months ended 30 June 2023.

9 Trade and other receivables

The breakdown of “Trade and other receivables” at 30 June 2023 and 31 December 2022:

Thousands of euros	30 June 2023	31 Dec. 2022
Trade receivables	107,636	75,081
Other receivables	1,186,662	1,101,079
Current tax assets	179,589	182,497
Total	1,473,887	1,358,657

“Trade receivables” mainly includes the balances due collection from the lease of satellite capacity and related services. It also includes contract assets with customers.

“Other receivables” mainly includes balances pending collection from the provision of regulated transmission and system operation services in Spain.

No material amounts were past due by more than 12 months at 30 June 2023.

The fair value estimates reflect market participant assumptions based on available market information and conditions at the measurement date.

10 Equity

a) Capital risk management

The Group's capital management objectives are to safeguard its ability to continue as a going concern in order to generate returns for its shareholders and maintain an optimum capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group can adjust the dividends it pays shareholders, return capital to shareholders or issue new shares.

The Group monitors its capital using a leverage ratio, in line with sector practice. Specifically, it measures the ratio of net debt over Group equity plus net debt. Net debt is calculated as follows:

Thousands of euros	30 June 2023	31 Dec. 2022
Non-current borrowings (*)	5,537,995	5,491,124
Current borrowings (*)	492,345	681,007
Foreign exchange derivatives	(22,735)	(28,459)
Short-term money market investments (**)	(300,000)	(715,000)
Cash and cash equivalents	(1,394,946)	(794,824)
Net debt (A)	4,312,659	4,633,848
Equity (B)	5,387,623	4,894,276
Leverage ratio = A/(A+B)	44.5%	48.6%

(*) Interest payable was excluded from both the 2023 and 2022 ratios.

(**) Term deposits and other similar financial assets that are recognised under “Other current financial assets” at amortised cost that do not meet the criteria for classification within “Cash and cash equivalents” despite being identical in nature to a cash equivalent.

In the first half of 2023, Standard & Poor’s issued a new report, reiterating its long-term issuer rating of ‘A-’ with a stable outlook and its short-term ratio of ‘A-2’. Meanwhile, the Company

currently holds a long-term credit rating of 'A-' with a stable outlook and a short-term rating of 'F1' from Fitch Ratings.

Equity attributable to equity holders of the parent

• Capital and reserves

○ Share capital

At 30 June 2023, the Parent's share capital comprised 541,080,000 shares represented by book entries, all subscribed and paid in, carrying the same voting and dividend rights (notwithstanding the limits outlined in the paragraph below), with a unit par value of fifty euro cents. They are admitted to trading on the four Spanish stock exchanges and are traded through the continuous market (SIBE for its acronym in Spanish).

The Company is subject to the shareholder limitations stipulated in additional provision twenty-three of the Spanish Law 54/1997 (27 November 1997) and article 30 of Law 24/2013 (26 December 2013), the Electricity Sector Act.

Specifically, any individual or entity may hold shares in the Company, provided that the sum of their direct or indirect interests in its share capital does not exceed 5% and their voting rights do not surpass 3% of the total. These share may not be syndicated for any purpose. Voting rights in the Parent are limited to 1% in the case of entities that carry out activities in the electricity sector, and individuals and entities that hold direct or indirect interests exceeding 5% of the share capital of such companies, notwithstanding the limits applicable to generators and agents under article 30 of the Electricity Sector Act. The above limits on shareholdings in the Parent do not apply to the state industrial holding company, SEPI for its acronym in Spanish, which must maintain a shareholding of at least 10%. At 30 June 2023 and 31 December 2022, SEPI held 20% of the Parent's share capital.

○ Reserves

This heading includes:

◆ Legal reserve

Spanish companies must transfer 10% of profit for the year to a legal reserve until this reserve is equivalent to at least 20% of share capital. This reserve cannot be distributed to shareholders until that threshold is met and may only be used to offset losses, provided no other reserves are available. Under certain conditions, this reserve may also be used to increase share capital. At 30 June 2023, the Parent's legal reserve was equal to 20% of its share capital (54,199 thousand euros).

◆ Other reserves

This heading includes the Parent's voluntary reserves, its reserves in subsidiaries and first-time application reserves. At 30 June 2023, these reserves totalled 3,752,184 thousand euros.

This heading also includes reserves set aside under legal requirements of 369,457 thousand euros.

In the first half of 2023, these reserves were reduced by the costs of issuing other equity instruments, net of the related tax effect, in the amount of 4,088 thousand euros and by the coupon accrued on these same instruments, net of the tax effect, payable on 7 August 2023, in the amount of 8,600 thousand euros.

◆ Own shares

At 30 June 2023, the Parent held own shares representing 0.28% of its share capital; specifically, it held 1,499,900 shares with an aggregate par value of 750 thousand euros, which it acquired at an average price of 17.53 euros per share.

These shares are recognised as a reduction in the Group's equity and were carried at 26,296 thousand euros at 30 June 2023.

The Parent is in compliance with all of its obligations under article 509 of the Corporate Enterprises Act which stipulates, in relation to shares listed on an official exchange, that the par value of any own shares acquired, plus those already held by the Parent and its subsidiaries, may not exceed 10% of share capital. The subsidiaries do not hold any own share or any Parent company shares.

○ Other equity instruments

This heading relates to a subordinated perpetual bond issue (hybrid instruments). The Company can, at its sole discretion, elect to defer any payment of interest on the securities.

The size of the issue, which dates to 24 January 2023, was 500 million euros; it was structured into a single tranche. The securities qualify as green bonds. The par value of each security was 100,000 euros and they were issued at a price of 99.67% of par.

○ Profit for the period attributable to equity holders of the parent

The profit for the first half of 2023 amounted to 354,339 thousand euros (363,026 thousand euros in the first half of 2022).

○ Interim dividends and motion for the distribution of dividends by the Parent

The dividends paid in the first half of 2023 and 2022 are shown in the table below:

	2023			2022		
	% of par value	Euros per share	Amount	% of par value	Euros per share	Amount
Thousands of euros						
Ordinary shares	54.54%	0.2727	147,143	54.54%	0.2727	147,061
Total dividends paid	54.54%	0.2727	147,143	54.54%	0.2727	147,061
Dividends charged against profit	54.54%	0.2727	147,143	54.54%	0.2727	147,061

At the Annual General Meeting held on 6 June 2023, the Parent's shareholders ratified the motion for the payment of a final dividend from 2022 profits of 0.7273 euros per share for a total dividend against 2022 earnings of 1 euro per share. The final dividend was paid out on 3 July 2023.

● **Valuation adjustments**

This heading mainly reflects the movements in the Group's financial assets at fair value through other comprehensive income generated by its equity instruments, hedging derivatives, as well as exchange differences originated at subsidiaries whose functional currency is different from that of the Group.

The balance at 30 June 2023 - a negative 13,018 thousand euros - corresponds mostly to translation differences triggered by the depreciation of the Brazilian real, partially offset by gains on financial assets at fair value through other comprehensive income as a result of fluctuations in the price of the shares of the Portuguese company, REN, and other hedging transactions. This heading decreased during the first half of 2023 due mainly to the trend in the rate of exchange between the euro and the Brazilian real.

Equity attributable to non-controlling interests

This heading of the accompanying consolidated statement of financial position reflects the non-controlling interests in Reintel, the Hispasat Subgroup and Redenor, of Chile.

During the first half of 2023, Redeia paid 3.9 million euros of dividends to non-controlling interests through Hispasat S.A.

In addition, in the first half of 2023, Redenor increased its share capital by USD 43 million, with its non-controlling shareholder contributing 12.1 million euros.

11 Grants and other non-current advances received

This heading includes grants related to assets, which in turn mainly reflect the sums collected by Red Eléctrica to finance the construction of electricity facilities and by Hispasat to build satellites. It also includes other subsidies and advances received, including tax relief in exchange for investments in fixed assets in the Canary Islands, which, by nature are equivalent to grants related to assets, and the amounts or technical facilities received by the Group under agreements with third parties.

During the first half of 2023, the Group recognised grants totalling 125,633 thousand euros, including the 76,320 thousand euros received to facilitate the provision of rural broadband connectivity services by Redeia. The proceeds from this grant will be used to configure a network resource platform to enable the provision of wholesale services and subsidising set-up costs for end users.

In the first six months of the year, the Group recognised 15,670 thousand euros of grants and other non-current advances in profit and loss.

12 Financial risk management policy

The Group's financial risk management policy establishes principles and guidelines to ensure that any significant risks that could compromise the objectives and activities of Redeia are identified, analysed, assessed, managed and controlled, and that these processes are carried out systematically, framed by uniform criteria.

In the first half of 2023, the Group continued to apply the financial risk management policies disclosed in note 18 of the 2022 annual consolidated financial statements. The main guidelines can be summed up as follows:

- Risk management should be fundamentally proactive and directed towards the medium and long term, taking into account possible scenarios in an increasingly global environment.
- Risk should generally be managed in accordance with consistent criteria, distinguishing between the importance of the risk (probability/impact) and the cost and resources needed to mitigate it.
- Financial risk management should be designed to avoid undesirable movements in the Group's value, rather than generating extraordinary gains.

The Group's finance management is responsible for managing financial risk, ensuring consistency with the Group's strategy and coordinating risk management across the various Group companies, identifying the main risks and defining the initiatives to be taken, based on different financial scenarios.

The methodology for identifying, measuring, monitoring and controlling financial risks, as well as the performance indicators and measurement and control tools specific to each risk, follow the guidelines and criteria laid down in the Group's Comprehensive Risk Management Policy and its Financial Policy.

There were no significant changes in the Group's financial risk management policies during the six months ended 30 June 2023. Nor were there any significant changes in economic or business circumstances that could affect the fair value of the Group's financial assets and liabilities.

Redeia continues to boast a solid financial position and has continued to take steps to reinforce its liquidity. During the first half of 2023, the Group arranged 480 million euros and 135 million dollars of new credit. In the wake of these new transactions, and having repaid the debt falling due and settled all payments arising in the course of its activities, the Group had 3,315 million euros of liquidity at 30 June 2023 (1,695 million euros of unrestricted cash, deposits and financial assets and 1,620 million euros of undrawn credit lines), so ensuring its ability to meet its operating cash flow requirements and honouring its debt maturities for the next 24 months.

13 Financial assets, financial liabilities and derivatives

a) Financial assets

The breakdown of the Group's current and non-current financial assets at 30 June 2023 and 31 December 2022:

	30 June 2023				
	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging derivatives	Total
Thousands of euros					
Equity instruments	83,199	9,025	-	-	92,224
Derivatives	-	-	-	103,614	103,614
Other financial assets	-	10,186	215,247	-	225,433
Non-current	83,199	19,211	215,247	103,614	421,271
Other financial assets	-	-	342,238	-	342,238
Current	-	-	342,238	-	342,238
Total	83,199	19,211	557,485	103,614	763,509

	31 Dec. 2022				
	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging derivatives	Total
Thousands of euros					
Equity instruments	84,066	9,210	-	-	93,276
Derivatives	-	-	-	110,616	110,616
Other financial assets	-	6,603	175,714	-	182,317
Non-current	84,066	15,813	175,714	110,616	386,209
Other financial assets	-	-	752,505	-	752,505
Derivatives	-	-	-	-	-
Current	-	-	752,505	-	752,505
Total	84,066	15,813	928,219	110,616	1,138,714

Equity instruments at fair value through other comprehensive income mainly include the Group's 5% shareholding in REN, the holding company for the operation of the electricity transmission assets and a number of items of gas infrastructure in Portugal. At 30 June 2023, this investment was valued at 82,732 thousand euros.

The Group acquired its investment in REN in 2007 for 98,822 thousand euros. The value of this investment varies as a function of its share price performance. In the first half of 2023, the value of this investment decreased and the Group recognised that decrease directly in equity.

Equity instruments at fair value through profit or loss include the investments held by Red Eléctrica de Telecomunicaciones, Innovación y Tecnología, S.A.U. (Elewit) in a number of different innovation-focused funds and companies. During the first half of 2023, the Group made additional equity investments of 575 thousand euros and recognised a loss of 292 thousand euros in profit and loss to reflect the movement in the value of these investments.

Other financial assets at fair value through profit and loss includes the Group's investments in economic interest groups which lease assets that are managed by another company that is unrelated to the Group, which retains substantially all the risks and rewards associated with the assets, with the Group simply availing of the tax incentives provided for in Spanish legislation. The Group recognises the tax losses generated by these economic interest groups against the value of its investments in them. The difference between the amounts so recognised and the carrying amount of the investments is recognised as finance income.

“Derivatives” includes outstanding derivative financial instruments used as hedges whose fair value is positive. There was no significant change in the fair value of these instruments in the first half of 2023.

Other non-current financial assets at amortised cost mainly include the financial asset recognised following application of IFRIC 12 *Service concession arrangements* in respect of the non-current balance pending invoice and collection from the grantor in relation to the 200-MW pumped storage hydropower facility in Salto de Chira in Gran Canary Island in the amount of 138,862 thousand euros. This heading also includes the credit facility granted by Group company, Reintel, to its non-controlling shareholder, Rudolph Bidco, S.a.r.l., in the amount of 35,280 thousand euros, and the loan extended by Redeia Corporación to its equity-accounted investee, TEN, in the amount of 13,936 thousand euros. The rest of the current and non-current balances recognised under other financial assets at amortised cost related to other loans and security and other deposits.

The following table provides the Group's financial assets carried at fair value as a function of the level of inputs used to calculate their fair value at 30 June 2023 and 31 December 2022:

Thousands of euros	30 June 2023			
	Level 1:	Level 2:	Level 3:	Total
Equity instruments	82,732	-	9,492	92,224
Derivatives	-	103,614	-	103,614
Other financial assets	-	10,186	-	10,186

Thousands of euros	31 Dec. 2022			
	Level 1:	Level 2:	Level 3:	Total
Equity instruments	84,066	-	9,210	93,276
Derivatives	-	110,616	-	110,616
Other financial assets	-	6,603	-	6,603

The equity instruments classified as valued using Level 1 inputs are the shares in REN. The Level 2 category mainly includes the Group's interest rate and foreign exchange derivatives. The Level 3 investments are mainly those made by Elewit in companies focused on innovation.

b) Financial liabilities

The breakdown of the Group's current and non-current financial liabilities at 30 June 2023 and 31 December 2022:

Thousands of euros	30 June 2023		
	Financial liabilities	Hedging derivatives	Total
Bank borrowings	1,813,740	-	1,813,740
Notes and other marketable securities	3,725,214	-	3,725,214
Derivatives	-	17,514	17,514
Other financial liabilities ⁽¹⁾	48,057	-	48,057
Non-current	5,587,011	17,514	5,604,525
Bank borrowings	201,148	-	201,148
Notes and other marketable securities	333,892	-	333,892
Derivatives	-	3,786	3,786
Other financial liabilities	1,116,980	-	1,116,980
Current	1,652,020	3,786	1,655,806
Total	7,239,031	21,300	7,260,331

Thousands of euros	31 Dec. 2022		
	Financial liabilities	Hedging derivatives	Total
Bank borrowings	1,762,259	-	1,762,259
Notes and other marketable securities	3,728,865	-	3,728,865
Derivatives	-	22,016	22,016
Other financial liabilities ⁽¹⁾	52,631	-	52,631
Non-current	5,543,755	22,016	5,565,771
Bank borrowings	389,650	-	389,650
Notes and other marketable securities	332,195	-	332,195
Derivatives	-	7,053	7,053
Other financial liabilities	983,432	-	983,432
Current	1,705,277	7,053	1,712,330
Total	7,249,032	29,069	7,278,101

(1) Mainly relates to non-current payables to fixed asset suppliers and non-current lease liabilities.

“Bank borrowings” and “Notes and other marketable securities” include the amount of principal and any interest accrued and pending payment as of the reporting date.

“Derivatives” includes outstanding hedging derivative financial instruments.

The carrying amount and fair value of “Bank borrowings” and “Notes and other marketable securities” at 30 June 2023 and 31 December 2022, excluding unpaid accrued interest, are shown below:

Thousands of euros	Carrying amount		Fair value	
	30 June 2023	31 Dec. 2022	30 June 2023	31 Dec. 2022
Issues in euros	3,649,323	3,641,742	3,294,898	3,280,334
Issues in US dollars	380,385	392,747	394,754	404,046
Bank borrowings in euros	1,509,461	1,613,807	1,403,129	1,505,480
Bank borrowings in other currencies	491,171	523,835	500,110	528,814
Total	6,030,340	6,172,131	5,592,891	5,718,674

The movements in debt securities derived from issues, repurchases and repayments in the first half of 2023 and 2022:

Thousands of euros	2023				
	Outstanding balance 31 Dec. 2022	Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Outstanding balance 30 June 2023
Debt securities issued in an EU member state requiring the registration of a prospectus	3,641,742	-	-	7,581	3,649,323
Other debt securities issued outside an EU member state	392,747	-	(2,932)	(9,430)	380,385
Total	4,034,489	-	(2,932)	(1,849)	4,029,708

Thousands of euros	31 Dec. 2022				
	Outstanding balance at 31 Dec. 2021	Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Outstanding balance at 31 Dec. 2022
Debt securities issued in an EU member state requiring the registration of a prospectus	4,026,747	-	(400,000)	14,995	3,641,742
Other debt securities issued outside an EU member state	374,890	-	(5,521)	23,378	392,747
Total	4,401,637	-	(405,521)	38,373	4,034,489

The outstanding balance of debt securities issued in a market requiring the registration of a prospectus at 30 June 2023 and 31 December 2022 relates to issues registered in Luxembourg. At 30 June 2023, the interest accrued and outstanding on those issues amounted to 29,398 thousand euros (26,902 thousand euros at 31 December 2022).

The fair value of the Group's bank borrowings and notes and other marketable securities was estimated using a valuation technique based on discounting the securities' future cash flows at the rate of interest prevailing at each measurement date.

The following table provides the carrying amount of the Group's financial liabilities as a function of the level of inputs used to calculate their fair value at 30 June 2023 and 31 December 2022:

Thousands of euros	30 June 2023			
	Level 1:	Level 2:	Level 3:	Total
Bank borrowings	-	2,000,632	-	2,000,632
Notes and other marketable securities	-	4,029,708	-	4,029,708
Derivatives	-	21,300	-	21,300
Total	-	6,051,640	-	6,051,640

Thousands of euros	31 Dec. 2022			
	Level 1:	Level 2:	Level 3:	Total
Bank borrowings	-	2,137,642	-	2,137,642
Notes and other marketable securities	-	4,034,489	-	4,034,489
Derivatives	-	29,069	-	29,069
Total	-	6,201,200	-	6,201,200

The liabilities measured using Level 2 inputs include the Group's bank borrowings, notes and other issued securities and its foreign exchange and interest rate derivatives. There are no significant differences between their fair value and carrying amount at 30 June 2023 or 31 December 2022.

The fair value estimates reflect market participant assumptions based on available market information and conditions at the date of preparing these financial statements. The estimates include own and counterparty credit risk adjustments. Management additionally considered whether unobservable inputs had become significant.

14 Trade and other payables

The breakdown of this consolidated statement of financial position heading at 30 June 2023 and 31 December 2022:

Thousands of euros	30 June 2023	31 Dec. 2022
Trade payables	415,013	485,624
Other accounts payable	609,641	661,232
Current tax liabilities	58,056	13,320
Total	1,082,710	1,160,176

“Trade payables” reflect balances due payment for the purchase of goods and services in the ordinary course of the Group’s business, mainly as a result of repair, maintenance and facility upgrade work.

“Other accounts payable” mainly include items pending reimbursement to customers as a result of the application of provisional rates generated by the difference between the amount charged and collected and the income accrued between 2020 and 2023. This heading also includes the balances payable to the tax authorities with respect to VAT, personal income tax withholdings and other balances related with the purchase of goods and services.

“Current tax liabilities” corresponds to income tax payable in both reporting periods.

15 Tax matters

The tax group headed up by Redeia Corporación has been paying tax under the consolidated tax regime in Spain since 2002 (Tax Group No. 57/02).

In addition to the Parent, at 30 June 2023, the Tax Group included the following companies: Red Eléctrica, Redinter, Red Eléctrica Finance, Red Eléctrica Financiaciones, Red Eléctrica Infraestructuras en Canarias, Red Eléctrica Sistemas de Telecomunicaciones, Elewit, Hispasat, Hispasat Canarias, Hispamar Exterior, Axess Networks Solutions and Axess Networks Solutions Arabia Saudita.

Axess Networks Solutions and Axess Networks Solutions Arabia Saudita joined the tax group headed up by Redeia Corporación, S.A. in the first half of 2023.

Reintel left Tax group No. 57/02 (of which it was a subsidiary) with effect from 1 January 2022, since when it has been filing its income tax on an individual basis.

The breakdown of deferred taxes is as follows:

Thousands of euros	30 June 2023	31 Dec. 2022
Deferred tax assets	68,026	69,217
Deferred tax liabilities	(423,109)	(417,650)
Total	(355,083)	(348,433)

There were no significant movements in deferred tax assets or deferred tax liabilities in the first half of 2023. The deferred tax liabilities at both reporting dates related mainly to the accelerated depreciation of certain fixed assets for tax purposes.

In March 2022, Spain’s tax authorities notified Redeia Corporacion and Red Eléctrica that they were initiating a general-scope inspection in respect of personal income tax, VAT and non-resident tax (between February 2018 and December 2020) and the income tax of the Tax Group headed up by Redeia Corporación.

Partial verification proceedings were also initiated in 2023 in relation to income tax at Hispasat and Hispasat Canarias for 2015 - 2019 (during which time these companies were part of the Hispasat tax group) and 2020 - 2021 (during which time they were part of the Redeia Corporación Tax Group).

In 2022, the authorities commenced partial proceedings related with income tax in 2012 and 2014 limited to certain aspects related with Redinter. The court proceedings taken in order to challenge these partial verifications concluded in 2022 with the National Appellate Court ruling in favour of the Tax Group and in 2023 the inspection proceedings concluded without further challenge.

The general inspection proceedings covering 2018 to 2020 in respect of VAT and personal income tax withholdings at Redeia Corporación and Red Eléctrica concluded in 2023. The

assessments handed down did entail the imposition of any fines, have not been contested and have not given rise to significant liabilities for the Group.

Although existing tax law and regulations are subject to interpretation, so that tax inspections initiated in the future for years open to inspection could give rise to tax liabilities, it is estimated that any such liabilities would not have a significant effect on the Group's future earnings.

16 Income and expenses

a) Revenue

The breakdown of the revenue recognised in the first six months of 2023 and 2022 by geography is provided below:

Thousands of euros	2023	2022
Spain	903,391	912,041
Other	125,718	91,183
Total	1,029,109	1,003,224

The revenue generated in Spain mainly includes revenue from the provision of TSO services, which accounted for 78% of total Group revenue in the first half of 2023. This heading also includes revenue from the provision of telecommunications services in Spain, which accounted for 9% of total Group revenue in the first six months of the year.

“Other” in the table above mainly includes revenue generated in the European Union from the provision of reinsurance services and the revenue generated from the provision of electricity transmission and telecommunications services by Group companies in Latin America.

The revenue recognised from the provision of both TSO and telecommunications services is recognised over time.

b) Other operating income

In the first half of 2023, this consolidated statement of profit or loss heading mainly includes revenue recognised using the stage-of-completion method from the construction of the 200-MW pumped storage hydropower station in Salto de Chira, as well as the finance income recognised using the effective interest rate method on the financial asset in the amount of 24,230 thousand euros (note 13.a).

In both reporting periods, this heading also included insurance claims received from insurance companies in relation to covered damage and breakdowns and other ancillary income. Lastly, it includes the recognition of grants related to income in profit or loss.

c) Cost of sales and other external expenses

Cost of sales and other external expenses mainly include the expenses derived from the repair, maintenance and conservation of the Group's electricity facilities and telecommunications networks, in addition to expenses associated with IT services, advisory services, leases, levies and other services.

d) Employee benefits expense

The breakdown of this consolidated statement of profit or loss heading in the first six months of 2023 and 2022:

Thousands of euros	2023	2022
Wages, salaries and other remuneration	81,832	70,345
Social security payable	18,526	15,715
Contributions to pension funds and similar obligations	1,503	1,200
Other items and employee benefits	3,915	4,389
Total	105,776	91,649

- Headcount

The breakdown by gender of the average headcount of the Group and Parent in the first six months of 2023 and 2022:

	Redeia Group		Redeia Corporación S.A.	
	2023	2022	2023	2022
Men	1,742	1,570	183	184
Women	693	572	213	204
Total	2,435	2,142	396	388

e) Income tax

The effective tax rate was 24.6% in the first half of 2023 (24.1% in the first half of 2022).

17 Transactions with equity-accounted investees and related parties

The transactions completed with related parties, as defined in IAS 24, were carried out at arm's length, are disclosed below:

Thousands of euros	2023		
	Group companies	Other related parties	Total
Expenses and income:			
Other expenses	148	20,781	20,929
Expenses	148	20,781	20,929
Revenue from services	1,024	5,244	6,268
Finance income	548	-	548
Revenue	1,572	5,244	6,816
Other transactions:			-
Financing agreements: loans and capital contributions (lender)	13,936	-	13,936
Balances at the reporting date			
Trade receivables	8	579	587

Trade payables	148	3.059	3,207
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	2022		
	Group companies	Other related parties	Total
Expenses and income:			
Other expenses	197	37,064	37,261
Expenses	197	37,064	37,261
Revenue from services	2,240	851	3,091
Finance income	602	-	602
Revenue	2,842	851	3,693
Other transactions:			
Financing agreements: loans and capital contributions (lender)	12,338	-	12,338
Other transactions	-	3	3
Balances at the reporting date:			
Trade receivables	933	3,059	933
Trade payables	1,454	579	1,454
Other transactions	12,338	3	12,341

The transactions completed with Group companies were carried out with TEN and Hisdesat. The balance recognised under “Financing agreements: loans and capital contributions (lender)” in the tables above related to the loan outstanding at 30 June 2023 and 31 December 2022 under a credit facility with TEN.

The transactions completed with other related parties were carried out with companies belonging to SEPI, mainly transactions between ADIF, which provides fibre optic network maintenance services, and Group company, Reintel.

18 Director remuneration

At the Annual General Meeting held on 6 June 2023, and as stipulated in the Company’s bylaws, the Parent’s shareholders ratified the motion presented by the Board of Directors for the approval of the Annual Report on Director Remuneration, which included, among other matters, the proposal for director remuneration in 2023.

The remuneration approved, which covers the members of the Board of Directors, the Chairwoman and the CEO, is unchanged from 2022.

The Chairwoman, in her capacity as non-executive chair, receives a fixed annual sum in addition to remuneration for her membership of the Board of Directors. She only receives fixed remuneration, i.e., she has not been allocated any variable remuneration (neither an annual bonus or participation in long-term incentive schemes) and she is not entitled to any termination benefits.

The CEO, on the other hand, receives fixed and variable remuneration (an annual bonus and participation in a long-term incentive scheme) for the performance of his executive duties, and a fixed amount in his capacity as member of the Board of Directors. He also receives certain employee benefits. Some of both components of his variable remuneration is settled via the delivery of Company shares.

In addition, the CEO is a beneficiary of a defined contribution pension scheme, covering retirement, death and permanent disability. Redeia Corporación, S.A.'s obligation under this scheme is limited to making an annual contribution equivalent to 20% of the CEO's fixed compensation.

The CEO's annual variable remuneration is framed by predetermined and quantifiable objective criteria and targets established by the Parent's Appointments and Remuneration Committee at the start of each year. The targets are aligned with the strategies and initiatives laid down in the Group's Strategic Plan and their delivery is assessed by that same committee.

The CEO also participates in the Long-Term Incentive Plan (LTIP) for Promoting the Energy Transition, Reducing the Digital Divide and Boosting Diversification. That Plan's targets are likewise associated with those set out in the Group's Strategic Plan and are aligned with the key aspects of the Director Remuneration Policy. The LTIP has a duration of six years and will end on 31 December 2025.

Under the Director Remuneration Policy, the CEO's contract, in line with generally accepted market practice, includes a termination benefit equivalent to one year's remuneration in the event his contract is terminated by the Parent or as a result of a change of control.

Likewise in line with market practices in these cases, following his appointment as CEO, his previous employment contract was suspended. In the event of his termination, he would accrue, for severance purposes, the remuneration in force at the date of suspension, taking into consideration his length of service at the Group up until his appointment as CEO (15 years) plus the period during which he provides his services, if any, following his discontinuation as CEO, all of which in keeping with prevailing labour legislation.

As for the members of the Board of Directors, their remuneration consists of a fixed annual payment, remuneration for attending board meetings, remuneration for membership of the board committees, as the case may be, and specific annual remuneration for the chairs of those committees and for the position of lead independent director. These remuneration concepts and the related amounts have not changed in 2023.

Lastly, the directors are compensated or reimbursed for reasonable and duly justified expenses incurred in order to attend the meetings and perform other tasks directly related with their director duties, such as travel, accommodation and meals.

The breakdown of the remuneration accrued by the members of the Parent's Board of Directors in the first six months of 2023 and 2022 is provided below:

Thousands of euros	2023	2022
Total remuneration in their capacity as directors	1,262	1,243
Remuneration of certain directors in their capacity as executives ⁽¹⁾	371	371
Total	1,633	1,614

⁽¹⁾ Includes the fixed remuneration and the annual variable remuneration accrued during the period.

The breakdown by item of the remuneration accrued by the members of the Parent's Board of Directors in the first six months of 2023 and 2022 is provided below:

Thousands of euros	2023	2022
Fixed remuneration	1,159	1,146
Variable remuneration	131	131
Attendance fees	108	107
Committee membership ⁽¹⁾	170	165
Other remuneration	65	65
Total	1,633	1,614

⁽¹⁾ Includes the remuneration of the chairs of the board committees and of the lead independent director.

The year-on-year increase in "Fixed remuneration", "Attendance fees" and "Committee membership" under "Total remuneration in their capacity as directors" is due to the fact that there was a vacancy on the Board of Directors for a spell in 2022.

The Group did not recognise any loans, advances or guarantees extended to the members of the Parent's Board of Directors on its consolidated statement of financial position at either 30 June 2023 or 31 December 2022. Not did it have any pension or life insurance obligations, other than as outlined above, on their behalf at either reporting date.

The Group had arranged director and officer liability insurance at both reporting dates. These policies cover both the Parent's directors and the Group's key management personnel. The annual cost of the premiums in 2023 amounted to 536 thousand euros, including tax (583 thousand euros for 2022). These premiums are calculated based the nature of the Group's activities and as a function of its financial metrics, so that it is not feasible to apportion them between the directors and key management personnel or to allocate them to each individual.

The members of the Board of Directors did not perform any transactions with the Parent or its Group companies, either directly or through persons acting on their behalf, outside of the ordinary course of business or other than on an arm's length basis in either reporting period.

19 KMP remuneration

The key management personnel who provided services to the Group in the first half of 2023 and 2022 and their positions at 30 June 2023 are as follows:

Name	Position
Concepción Sánchez Pérez ⁽¹⁾	Managing Director of Operations
Angel Mahou Fernández	Managing Director of Transmission
Juan Majada Tortosa ⁽²⁾	Managing Director of International Business
Mariano Aparicio Bueno	Managing Director of Telecommunications
Emilio Cerezo Díez	Chief Financial Officer
José Antonio Vernia Peris	Chief Resources Officer

Miryam Aguilar Muñoz	Chief Communications Officer
Eva Pagán Díaz ⁽²⁾ ⁽³⁾	Chief Sustainability Officer
Laura de Rivera García de Leániz	Director of Regulation and Legal Services
Silvia Bruno de la Cruz	Director of Innovation and Technology
Carlos Puente Pérez	Director of Corporate Development
Eva Rodicio González	Director of Internal Audit and Risk Control

⁽¹⁾ Concepción Sánchez Pérez has been serving as Managing Director of Operations since 29 June 2022.

⁽²⁾ Juan Majada Tortosa has been the Managing Director of International Business since 1 December 2022, having replaced Eva Pagán Díaz.

⁽³⁾ On 1 December 2022, Eva Pagán Díaz took up the post of Chief Sustainability Officer.

In the first half of 2023, the Group's key management personnel accrued 1,666 thousand euros of remuneration, which has been recognised under "Employee benefits expense" in the accompanying consolidated statement of profit or loss (1,602 thousand euros in the first half of 2022). These sums include the annual variable remuneration accrued as a function of delivery of the targets set for each year. After delivery of the corresponding targets has been verified, these bonuses are paid out in the early months of the following year, adjusted for the definitive delivery metrics.

Of the total remuneration accrued by key management personnel in the first half of 2023, 8 thousand euros represented contributions to life insurance and pension plans (18 thousand euros in the first half of 2022).

The Group had not extended any advances or loans to these executives at either 30 June 2023 or 31 December 2022. At 30 June 2023, the Group had assumed life insurance commitments on behalf of these executives; the premiums on those policies cost it approximately 21 thousand euros in the first half of 2023 (24 thousand euros in the first half of 2022).

The key management personnel also participate in the Long-Term Incentive Plan (LTIP) for Promoting the Energy Transition, Reducing the Digital Divide and Boosting Diversification. That Plan's targets are likewise associated with those set out in the Group's Strategic Plan and are aligned with the key aspects of the Director Remuneration Policy. The LTIP has a duration of six years and will end on 31 December 2025.

Note that in order to reinforce the TSO's independence, the Operations Department of Red Eléctrica de España, S.A.U. has been assigned a series of specific targets that exclude all aspects unrelated to the operation of Spain's electricity system.

The Group's serving key management personnel do not enjoy any guarantees or golden parachute clauses in the event of dismissal. In the event of the termination of their employment agreements, their severance would be calculated in keeping with applicable labour legislation.

In 2015, the Group implemented a Structural Management Plan that applies to some of its key management personnel. The beneficiaries of this Plan must comply with certain requirements and their participation can be modified or revoked by the Group under certain circumstances.

The Group had arranged director and officer liability insurance at both reporting dates. These policies cover all of the Group's key management personnel. The annual cost of the premiums in 2023 amounted to 536 thousand euros, including tax (583 thousand euros for 2022). These premiums are calculated based the nature of the Group's activities and as a function of its financial metrics, so that it is not feasible to apportion them between the key management personnel and directors or to allocate them to each individual.

20 Segment information

Redeia articulates its reportable operating segments around the main lines of business considered by the Group in its management and decision-making.

At 30 June 2023, the Group was divided into the following operating segments whose main products, services and operations are outlined next:

- **Management and operation of domestic electricity infrastructure**

This segment comprises the Group's main business activity, as the sole transmission and system operator (TSO) for the Spanish electricity system. Its mission is to guarantee the security and continuity of the electricity supply at all times and manage high-voltage electricity transmission.

The Group engages in the high-voltage transmission of electricity through Red Eléctrica. To this end, it manages the electricity transmission network infrastructure that connects the power plants to the consumer distribution points. As transmission network manager, Red Eléctrica is responsible for the development and expansion of the network, its maintenance, managing the transfer of electricity between island systems and the mainland, and guaranteeing equal, third-party access to the transmission network.

In addition, Red Eléctrica operates the mainland Spanish electricity system and the non-mainland systems in the Canary Islands, Balearic Islands, Ceuta and Melilla, guaranteeing the security and continuity of the electricity supply at all times. Operation of the system encompasses the activities that are necessary to guarantee security and continuity, as well as proper coordination between the generation system and transmission network, ensuring that the energy produced by the generators is transmitted to the distribution networks at the standards of quality required under applicable legislation.

- **Telecommunications (satellites and fibre optics):**

The telecommunications segment comprises the operation of satellite infrastructure and the provision of satellite services in Spain, Portugal and South America, as well as the lease in Spain of a broad dark fibre backbone network, and technical sites and spaces for housing customers' telecommunications equipment. The main services provided are the provision of satellite capacity and telecommunications services in the wholesale satellite internet services market, as well as the lease and concession of fibre optics, the lease of sites, the maintenance of telecommunications facilities, and the provision of end-to-end telecommunications infrastructure solutions (towers, fibre optics, technical spaces and electricity supply) for telecommunications operators to provide mobile telephone voice and data services on high-speed train (AVE) lines.

- **Management and operation of international electricity infrastructure**

This segment comprises activities related to international business development, mainly focused on the construction and operation of electricity transmission networks outside of Spain, specifically in Peru, Chile and Brazil at 30 June 2023.

The Group also carries out reinsurance activities and fosters innovation in the electricity and telecommunications sectors. These activities do not meet the quantitative thresholds for presentation as separate reportable operating segments.

Inter-segment sales prices are established at arm's length, i.e., at the same price agreed in a comparable transaction between two unrelated parties.

Below are the key measures for the operating segments so identified:

Business segments at 30 June 2023

Thousands of euros	Management and operation of domestic electricity infrastructure	Management and operation of international electricity infrastructure	Telecommunications		Other, corporate and adjustments	Total
			Satellites	Fibre optic		
Revenue	814,133	37,126	116,625	75,180	(13,955)	1,029,109
External customers	812,714	37,126	116,594	49,655	13,020	1,029,109
Inter-segment revenue	1,419	-	31	25,525	(26,975)	-
Share of profit of equity-accounted investees (similar activities)	-	32,739	2,071	-	-	34,810
Depreciation and amortisation	(198,219)	(10,531)	(46,486)	(11,975)	(2,717)	(269,928)
Impairment and gains/(losses) on disposal of fixed assets	-	-	(11)	-	-	(11)
Operating profit	413,428	44,359	15,998	41,561	12,292	527,638
Interest income	15,493	6,059	825	1,686	4,104	28,167
Interest expense	(45,559)	(22,990)	(4,396)	(6,148)	8,705	(70,388)
Income tax	(95,316)	418	(5,621)	(9,512)	(10,146)	(120,177)
Profit attributable to non-controlling interests	-	1,008	(682)	-	(13,908)	(13,582)
Profit (after tax) attributable to equity holders of the parent	288,043	29,966	7,997	14,482	13,851	354,339
Segment assets	11,130,451	1,671,535	1,578,290	392,443	525,542	15,298,261
Equity-accounted investments	-	862,939	81,823	-	5,232	949,994
Segment liabilities	7,555,807	772,022	660,487	281,419	640,903	9,910,638

Business segments at 30 June 2022

Thousands of euros	Management and operation of domestic electricity infrastructure	Management and operation of international electricity infrastructure	Telecommunications		Other, corporate and adjustments	Total
			Satellites	Fibre optic		
Revenue	815,409	30,359	95,542	73,038	(11,124)	1,003,224
External customers	814,282	30,359	95,434	50,936	12,213	1,003,224
Inter-segment revenue	1,127	-	108	22,102	(23,337)	-
Share of profit of equity-accounted investees (similar activities)	-	27,304	470	-	-	27,774

Depreciation and amortisation	(194,091)	(8,974)	(50,970)	(11,893)	(2,450)	(268,378)
Impairment and gains/(losses) on disposal of fixed assets	106	-	-	-	4	110
Operating profit	413,975	38,487	20,420	42,564	8,645	524,091
Interest income	139	5,793	123	-	1,636	7,691
Interest expense	(36,131)	(10,752)	(4,124)	(229)	(1,475)	(52,711)
Income tax	(93,883)	(1,425)	(5,755)	(10,584)	(3,831)	(115,478)
Profit attributable to non-controlling interests	-	150	(1,369)	-	-	(1,219)
Profit (after tax) attributable to equity holders of the parent	284,103	31,948	9,802	31,752	5,421	363,026
Segment assets	10,290,347	1,454,624	1,336,719	357,547	1,142,863	14,582,100
Equity-accounted investments	-	615,411	73,466	-	4,119	692,996
Segment liabilities	7,714,892	791,390	783,265	301,516	259,355	9,850,418

The breakdown by geography of revenue in the first six months of 2023 and 2022 and of non-current assets at 30 June 2023 and 31 December 2022:

Revenue

Thousands of euros	2023	2022
Spain	903,391	912,041
International	125,718	91,183
a) European Union	21,044	12,082
a.1) Eurozone	21,044	12,082
b) Other countries	104,674	79,101
Total	1,029,109	1,003,224

Fixed assets (*)

Thousands of euros	30 June 2023	31 Dec. 2022
Spain	9,795,689	9,761,036
Other	1,740,501	1,628,154
Total	11,536,190	11,389,190

(*) Excludes non-current financial assets, deferred tax assets, trade receivables or other non-current receivables.

21 Earnings per share

The earnings per share amounts for the first six months of 2023 and 2022:

	2023	2022
Profit attributable to equity holders of the parent (thousands of euros)	354,339	363,026
Number of shares	541,080,000	541,080,000
Average number of own shares	1,499,900	1,803,403
Basic earnings per share (euros)	0.66	0.67
Diluted earnings per share (euros)	0.66	0.67

Basic and diluted earnings per share coincided in both reporting periods.

22 Events after the reporting date

No significant events have occurred between the reporting date and the date on which these interim condensed consolidated financial statements were authorised for issue.

Appendix I: Breakdown of equity investments at 30 June 2023

Redeia

Breakdown of equity investments at 30 June 2023

- Company - Registered office - Core business	2023	
	Percentage interest ¹	
	Direct	Indirect
Redeia Corporación S.A. , Parent, incorporated in 1985. - Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Management of the group of companies, provision of assistance/support services to investees and operation of the property owned by the Company.		
A) Fully consolidated subsidiaries		
Red Eléctrica de España, S.A.U. (Red Eléctrica) - Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Transmission and operation of the Spanish electricity system and management of the transmission network.	100%	-
Red Eléctrica Internacional, S.A.U. (Redinter) - Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Acquisition and holding of international equity investments. Provision of advisory, engineering and construction services. Performance of electricity activities outside the Spanish electricity system.	100%	-
Red Eléctrica Infraestructuras de Telecomunicación, S.A. (Reintel) - Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Provision of advisory, engineering and construction services.	51%	-
Red Eléctrica Infraestructuras en Canarias, S.A.U. - Calle Juan de Quesada, 9. Las Palmas (Gran Canary Island) (Spain). - Management of the construction of energy storage facilities and of the water cycle.	100%	-
Red Eléctrica de España Finance, S.L.U. Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Financing activities.	100%	-
Red Eléctrica Financiaciones, S.A.U. - Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Financing activities.	100%	-
Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. - Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Acquisition, holding, management and administration of Spanish and foreign equity securities.	100%	-
Red Eléctrica y de Telecomunicaciones, Innovación y Tecnología, S.A.U. (Elewit) - Paseo Conde de los Gaitanes, 177. Alcobendas. Madrid. (Spain). - Activities geared towards driving and accelerating technological innovation.	100%	-
Redcor Reaseguros, S.A (Redcor) - 26, Rue Louvigny. (Luxembourg). - Reinsurance activities. Incorporated in 2010 in Luxembourg in order to reinsure the risks of the Group companies, thereby guaranteeing better access to the international reinsurance markets.	100%	-
Red Eléctrica Andina, S.A.C. (REA) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Provision of line and substation maintenance services.	-	100% (a)

- Company - Registered office - Core business	2023	
	Percentage interest ¹	
	Direct	Indirect
Red Eléctrica del Sur, S.A.C. (Redesur) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (a)
Transmisora Eléctrica del Sur , S.A.C. (Tesur) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (c)
Transmisora Eléctrica del Sur 2 , S.A.C. (Tesur 2) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (c)
Transmisora Eléctrica del Sur 3 , S.A.C. (Tesur 3) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (c)
Transmisora Eléctrica del Sur 4 , S.A.C. (Tesur 4) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (a) (c)
Red Eléctrica del Norte Perú, S.A.C. (Redelnor) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (a)
Concesionaria Línea de Transmisión CCNCM, S.A.C. (CCNCM) -Av. Javier Prado Este 492 Int. 1001 Urb. Jardín San Isidro. Lima (Peru) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (d)
Red Eléctrica Chile S.P.A. (RECH) - Isidora Goyenechea 3000, Oficina 1602 Las Condes, Santiago (Chile) - Acquisition, holding, management and administration of securities.	-	100% (a)
Red Eléctrica del Norte S.A. (Redenor) - Isidora Goyenechea 3000, Oficina 1602 Las Condes, Santiago (Chile) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	69.9% (e)
Red Eléctrica del Norte 2 S.A. (Redenor 2) - Isidora Goyenechea 3000, Oficina 1602 Las Condes, Santiago (Chile) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	100% (e)
Red Eléctrica Brasil Holding Ltda. (REB) -Av. Brigadeiro Faria Lima, No. 3729, 5, 04538-905. São Paulo (Brazil) - Acquisition, holding, management and administration of securities.	-	100% (a)
Hispat S.A. - Calle de Anabel Segura, 11. Alcobendas. Madrid. (Spain). - Parent of the Hispatat Subgroup. Operation of the satellite communications system and provision of space segment services for the geostationary orbital slots allocated to the Spanish state.	-	89.68% (f) (g)
Hispatat Canarias, S.L.U. - Calle Practicante Ignacio Rodriguez s/n Edificio Polivalente IV. Las Palmas (Gran Canary Island) (Spain). - Sale and lease of satellites and their capacity.	-	89.68% (g)

- Company - Registered office - Core business	2023	
	Percentage interest ¹	
	Direct	Indirect
Hispasat Brasil, Ltda. - Praia do Flamengo, 200 Rio de Janeiro (Brazil). - Sale and marketing of satellite capacity.	-	89.68% (g)
Hispamar Satélites, S.A. - Praia do Flamengo, 200 Rio de Janeiro (Brazil). - Sale and marketing of satellite capacity.	-	89.68% (g)
Hispamar Exterior, S.L.U. - Calle Anabel Segura 11, 28108 Alcobendas, Madrid (Spain). - Sale and marketing of satellite capacity.	-	89.68% (g)
Hispasat de México, S.A. de C.V. - Agustín Manuel Chávez 1-001 Col. Centro de Ciudad Santa Fe, Mexico City (Mexico) - Use of radio spectrum, telecommunications networks and satellite communication.	-	89.68% (g)
Consultek Inc. - 1036 Country Club Drive, Suite 202, Moraga, CA 94556. (USA). - Technical consultancy services.	-	89.68% (g)
Hispamar Satélites, S.A. (Venezuela) - Torre Phelps, piso 10 ofic. 10, Caracas (Venezuela) - Sale and provision of satellite telecommunications services.	-	89.68% (g)
Hispasat UK, Ltd. - 30 Finsbury Square, London. (England) - Sale and provision of satellite telecommunications services.	-	89.68% (g)
Hispasat Perú, S.A.C. - Jr. Carlos Baca Flor 307, Dpto. No. 701, Distrito de Magdalena del Mar. Lima (Peru) - Sale and provision of satellite telecommunications services.	-	89.68% (g)
Axess Networks Solutions, S.L - Calle Beethoven 15, 2º 1ª, 08021 Barcelona, España - Management and administration of equity securities in entities not resident in Spanish territory	-	89.68% (g)
Axess Networks Solutions Arabia Saudita, S.L - Calle Beethoven 15, 2º 1ª, 08021 Barcelona, España - Management and administration of equity securities in entities not resident in Spanish territory	-	89.68% (g)
Axess Networks Solutions Holding Germany, GmbH - Falkenweg 1, 53809, Ruppichterth, Germany - Acquisition, holding and management of investments in companies involved in the telecommunications technology field.	-	89.68% (g)
Axess Networks Solutions Germany, GmbH - Falkenweg 1, 53809, Ruppichterth, Germany - Provision of telecommunications services.	-	89.68% (g)
Axess Networks Solutions UK Ltd - 2nd Floor, 168 Shoreditch High Street, E1 6RA, London, United Kingdom - Provision of telecommunications services.	-	89.68% (g)

- Company - Registered office - Core business	2023	
	Percentage interest ¹	
	Direct	Indirect
Axess Networks Solutions Colombia S.A.S. - Carrera 7 No. 71-52 Torre B Oficina. 501 in Bogota City, Department of Cundinamarca, Colombia. - Provision of telecommunications services.	-	89.68% (g)
Axess Networks Cyprus LTD - Ethnikis Antistaseos, 23, Flat/Office 303, 3025, Llimasol, Cyprus - Provision of telecommunications services.	-	89.68% (g)
Axess Networks Solutions Ecuador S.A. - Avenida de los Shyris E9-38 y Bélgica Edificio Shyrus Cetury, Piso 7 Quito, Ecuador - Provision of telecommunications services.	-	89.68% (g)
Axess Networks Solutions Perú S.A.C Av. Alfredo Benavides No. 1555 Dpto. 301 – Urb. San Antonio – Miraflores – Lima. - Provision of telecommunications services.	-	89.68% (g)
Ingux, S.A - Ocean Bussines Plaza, Piso 23, Oficina 32-02, Calle Aquilino de la Guardia, Panama City, Panama. - Provision of telecommunications services.	-	89.68% (g)
Axess Networks Solutions Chile S.A. - Isidora Goyenechea 3365, Piso 9, Comuna de Las Condes, Santiago de Chile. - Provision of telecommunications services.	-	89.68% (g)
Axess Networks Solutions México S.A de C.V -Av. Paseo de la Reforma 26, Piso 16, Col. Juárez, C.P. 06600 Del. Cuauhtémoc, Mexico City - Provision of telecommunications services.	-	89.68% (g)
Axesat Mobility S.A de C.V - Paseo de la Reforma 26, Piso 16, Ofic. 109, Col. Juárez, Cuauhtémoc, C.P. 06600 - Provision of telecommunications services.	-	89.68% (g)
HPS Corporativo S. de R.L de C.V - Mariano Escobedo No. 353-B, Interior 3A, Col. Polanco V Sección, Del. Miguel Hidalgo, CP 11560, Mexico City. - Provision of telecommunications services.	-	89.68% (g)
B) Investees accounted using the proportionate method		
Interconexión Eléctrica Francia-España, S.A.S. (Inelfe) - Inmueble Window, 7 C Place du Dôme. Paris. (France) - Study and execution of interconnections between Spain and France.	-	50% (b)
C) Equity-accounted investees		
Transmisora Eléctrica del Norte S.A. (TEN) - Avenida Apoquindo No. 3721, piso 6, Las Condes, Santiago (Chile) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	50% (e)
Argo Energia Empreendimentos e Participações S.A. - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Acquisition, holding, management and administration of securities.	-	50% (h) (i)
Argo Transmissão de Energia S.A. (Argo I) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	50% (i)

- Company - Registered office - Core business	2023	
	Percentage interest ¹	
	Direct	Indirect
Argo II Transmissão de Energia S.A. (Argo II) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	50% (i)
Argo III T Transmissão de Energia S.A. (Argo III) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	50% (i)
Argo IV Transmissão de Energia S.A. (Argo IV) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	50% (i)
Argeb Energia Empreendimentos e Participações S.A. (Argeb) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Acquisition, holding, management and administration of securities.	-	31.25% (i)
Argo V Transmissão de Energia S.A. (Argo V) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	31.25% (i)
Argo VI Transmissão de Energia S.A. (Argo VI) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	31.25% (i)
Transmissora José Maria de Macedo de Eletricidade S.A. (Argo VII) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	31.25% (i)
Giovanni Sanguinetti Transmissora de Energia S.A. (Argo VIII) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	31.25% (i)
Argo IX Transmissão de Energia S.A. (Argo IX) - Calle Tabapuã, 841 – 5º andar – Itaim Bibi – São Paulo/SP (Brazil) - Electricity transmission and operation and maintenance of electricity transmission networks.	-	31.25% (i)
Hidesat Servicios Estratégicos, S.A. - Paseo de la Castellana 143, 28046 Madrid (Spain) - Sale and marketing of space systems for government use.	-	38.56% (g)
Grupo de Navegación Sistemas y Servicios, S.L. - Calle Isaac Newton 1, Madrid (Spain) - Operation of satellite systems.	-	12.82% (g)
Axess Saudi Arabian Telecommunications Company - 2870 Tariq Ibn Ziad - Qurtubah Dist. Unit No. 28, Al Khobar 34234 - 7097, Arabia Saudita - Provision of telecommunications services.	-	43.94% (g)
Grupo Sylvestris, S.L. - Paseo de la Ermita del Santo 5, 28011 Madrid (Spain) - Reforestation.	-	9.73% (g)

- Company - Registered office - Core business	2023	
	Percentage interest ¹	
	Direct	Indirect
Okto Grid ApS - Gammel Kongevej 11, 5. 1610 København V, Denmark - Measurement systems for the energy industry.	-	13.07% (j)
Nearby Computing, S.L. - Travessera de Gràcia 18, 3r, 3a, 08021 Barcelona (Spain) - Development of software and/or computer applications.	-	11.71% (j)
Hybrid Energy Storage Solutions, S.L. -Av. Benjamín Franklin, 12, Mód. No. 24, 46980 Paterna, Valencia - Design, production and sale of energy storage technology solutions for next-generation electricity networks.	-	19.61% (j)
Aerolaser System, S.L. -Av. José Mesa y López, 45, L. D4, 35010 Las Palmas, Gran Canary Island (Spain). - Development and sale of sensory technological solutions for geospatial technology.	-	15.79% (j)

¹ Equivalent to voting rights

(a) Shareholding held through Red Eléctrica Internacional S.A.U.

(b) Shareholding held through Red Eléctrica de España S.A.U.

(c) Shareholding held through Red Eléctrica del Sur, S.A.

(d) Shareholding held through Red Eléctrica del Norte Perú, S.A.C.

(e) Shareholding held through Red Eléctrica Chile SpA

(f) Shareholding held through Red Eléctrica Sistemas de Telecomunicaciones, S.A.U.

(g) Shareholding held through the Hispasat Subgroup, whose parent is Hispasat, S.A.

(h) Shareholding held through Red Eléctrica Brasil Holding Ltda.

(i) Company belonging to the Argo Subgroup whose parent is Argo Energia Empreendimentos y Participações S.A.

(j) Shareholding held through Red Eléctrica y de Telecomunicaciones, Innovación y Tecnología, S.A.U.

redeia

El valor de lo esencial



**Interim condensed
consolidated
management report for
the six months ended 30
June 2023**

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The various sections of this consolidated management report contain certain forward-looking information reflecting projections and estimates and their underlying assumptions, statements referring to plans, objectives and expectations around future transactions, investments, synergies, products and services, as well as statements concerning future earnings and dividends and estimates made by the directors, based on assumptions they consider reasonable.

While the Group considers the expectations reflected in those statements to be reasonable, investors and holders of shares in the Parent are cautioned that the forward-looking information and statements are subject to risks and uncertainties, many of which are difficult to foresee and generally beyond the Group's control. As a result of such risks, actual performance and developments could differ significantly from those expressed, implied or forecast in the forward-looking information and statements.

The forward-looking statements are not guarantees of future performance and have not been reviewed by the Group's external auditors or by other independent third parties. Investors and holders of shares in the Parent are cautioned not to take decisions on the basis of forward-looking statements that refer exclusively to information available as at the date of this report. All of the forward-looking statements contained in this report are expressly subject to this disclaimer. The forward-looking statements included in this document are based on the information available as at the date of this management report. Unless required otherwise under applicable law, the Group undertakes no obligation to publicly update any forward-looking statement or revise its forecasts, whether as a result of new information, future events or otherwise.

In order to make it easier to understand the information provided in this document, certain alternative performance measures have been included. The definition of those alternative performance measures can be retrieved from: <https://www.redeia.com/es/accionistas-e-inversores/informacion-financiera/medidas-alternativas-rendimiento>

1 Significant developments during the interim reporting period and outlook

At the Annual General Meeting held on 6 June 2023, the shareholders of the Group's parent agreed to change the parent's registered name to Redeia Corporación, S.A.

Redeia Corporación, S.A (hereinafter, the Parent or the Company) is the Parent of a Group of subsidiaries. The Group also has investments in joint operations together with other venturers. The Parent and its subsidiaries comprise Redeia (hereinafter, the Group or Redeia).

The Group's core business is the management and operation of electricity infrastructure in Spain through Red Eléctrica de España, S.A.U. (Red Eléctrica) and internationally, through Red Eléctrica Internacional, S.A.U. and its investees (Redinter). The Group also provides telecommunications services via satellite through Hispasat, S.A. and its subsidiaries (Hispasat) and telecommunications services over fibre optic to third parties in Spain through Red Eléctrica Infraestructuras de Telecomunicación, S.A. (Reintel).

Redeia spearheads innovation, business creation and technology development, which it views as a key enabler of sustainability, through Red Eléctrica y de Telecomunicaciones, Innovación y Tecnología, S.A.U. (Elewit). Lastly, through Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (Restel), the Group is fostering the development of mobile communication sites so that operators can deploy their 5G telecommunications networks.

Management and operation of domestic electricity infrastructure

Red Eléctrica, as Spain's TSO, is entrusted with ensuring the correct functioning of the Spanish electricity system and guaranteeing the continuity and security of the electricity supply at all times. To this end, it oversees and coordinates the high-voltage electricity system and manages the development of the transmission network. Its pursuit of this mission is framed by the principles of neutrality, transparency, independence and economic efficiency, so as to offer a secure, efficient and high-quality electricity service to society as a whole.

Through Red Eléctrica, Redeia invested 320.5 million euros in the Spanish transmission network in the first half of 2023.

During this period, the Group remained committed to efficient development of the transmission network by commissioning facilities that contribute to the energy transition, with the aim of integrating as much renewable power as possible and furthering electrification, thus ensuring security of supply and service quality. New facilities brought into service in the first half of 2023 notably included the Ibiza–Formentera interconnection (74.3 km), the Lomo-Mas Palomas (Gran Canary Island) line (5.3 km), the Formentera substation (12 bays) and the Platea substation (Teruel) (9 bays).

It also signed the contracts for the construction of the western interconnection with France through the Bay of Biscay (Inelfe), having obtained all required permits from the regulators. This project will lift capacity at this interconnection to 5,000 MW and extend its length to 400km, from the substation in Cubnezais (near Bordeaux, France) to the substation in Gatika (near Bilbao, Spain).

Mainland electricity system

The most noteworthy developments during the first half of 2023 were as follows:

- Demand for electricity on the mainland amounted to 112,982 GWh, down 4.6% by comparison with the first half of 2022. Adjusting for calendar effects and temperatures, the year-on-year decrease narrows to 4.1%.
- Demand in terms of average hourly power and daily electricity peaked on 24 January at 38,609 MWh and 779 GWh, respectively, marking growth of 2.2% and 0.8%, respectively, from the peaks recorded in the first half of 2022.

- Fifty-three per cent of demand was met from renewable generation, up 7.3 percentage points from the first half of 2022, thanks mainly to more generation from hydro and photovoltaic solar technologies.
- Peak instantaneous power and daily electricity from wind power were recorded on 9 March, at 20,898 MW and 410 GWh, respectively, marking growth of 15.4% and 4.4% from the first-half 2022 peaks.
- International electricity exchanges yielded another net export balance of 9,554 GWh for Spain in the first half of 2023.
- Red Eléctrica's mainland transmission network recorded another excellent performance. Provisional total network availability was 98.0% in the first half. The continuity of supply indicators were below the thresholds set out in Royal Decree 1955/2000, with accumulated ENS (energy not supplied) and AIT (average interruption time) metrics in the first half of 2023 of 124.41 MWh and 0.289 minutes, respectively (51.35 MWh and 0.113 minutes in 1H22), evidencing the continuing high degree of security and quality provided by Red Eléctrica's facilities.

Non-mainland electricity system

- Demand in the Balearic Islands decreased by 2.8% year-on-year in the first half of 2023. The temperature factor eroded demand by 0.3%. The HDVC-250 kV Morvedre-Santa-Ponça link-up continues to provide supply security and quality, with power from the mainland covering 23.5% of demand in the Balearics in the first half of 2023 (6.8% in 2022), shaped by the difference in generation costs between the two systems.
- In the Canary Islands system, demand firmed by 1.0% year-on-year in the first half of the year. Generation from renewable sources (hydraulic, wind, photovoltaic solar, other renewable sources and hydropower) accounted for 18.8% of the total generation mix (19.9% in 1H22).

Management and operation of international electricity infrastructure (Redinter)

Redeia's international business is carried out through Red Eléctrica Internacional, S.A.U. (Redinter), which currently has a presence in Peru, Chile and Brazil.

Redeia manages a network stretching 7,666 km in these three countries (1,686 km in Peru, 1,767 km in Chile and 4,213 km in Brazil), all of which is operational.

Redinter currently has a workforce of 112 (75 people in Peru, 34 in Chile and 3 in Brazil). This figure excludes the headcounts of TEN (Chile) and Argo (Brazil), which are 50%-owned ventures, and of REN, in which the Group has a 5% shareholding.

Activities in Peru

In Peru, Redinter is the main transmission provider in the south of the country and, since 2019, also operates in the north, through Concesionaria Línea de Transmisión CCNCM S.A.C. (CCNCM) (a wholly-owned subsidiary of Redelnor).

The Tesur 4 project was commissioned on 14 January 2023, so that Red Eléctrica Andina took over control of the project operation and maintenance activities.

The various concessionaires reported high availability metrics in the first half of 2023: 100% at Transmisora Eléctrica del Sur 2, S.A.C. (Tesur 2), Transmisión Eléctrica del Sur 3, S.A.C. (Tesur 3) and Transmisora Eléctrica del Sur 4 (Tesur 4); 99.864% at Red Eléctrica del Sur, S.A. (Redesur); 99.989% at Transmisora Eléctrica del Sur, S.A.C. (Tesur); and 99.918% at CCNCM. In the first half of 2022 those readings were 99.894% in the case of Redesur, 100% at Tesur, Tesur 2 and Tesur 3 and 99.841% at CCNCM.

Activities in Chile

The transmission business in Chile is grouped under the holding company in that market, Red Eléctrica Chile S.P.A. (RECH), incorporated in 2015, which holds 50% of Transmisora Eléctrica del Norte, S.A. (TEN), the owner of the electricity interconnection between northern and central Chile, which gave rise to the national electricity system in 2017; 69.9% of Red Eléctrica del Norte, S.A. (Redenor), which has one substation and three lines in northern Chile, close to the border with Peru, operational since 2022; and 100% of Red Eléctrica del Norte 2, S.A. (Redenor 2), which operates three transmission lines and is carrying out work to expand its facilities under the scope of the country's official transmission system expansion plan; and the connection between a renewable facility (the Sierra Gorda PV solar farm) and the interconnected system, operational since 27 February 2023.

Redenor, Redenor 2 and TEN presented availability indices of 100%, 99.88% and 99.80% in the first half of 2023, respectively. TEN reported availability of 99.88% in the first half of 2022. At Redenor (Stage1, Nueva Pozo Almonte substation) and Redenor 2, availability was 100.00% and 99.63%, respectively.

Activities in Brazil

In Brazil, through Red Eléctrica Brasil (REB), Redinter owns 50% of the holding company Argo Energia Empreendimentos e Participações S.A. (Argo), which in turn holds four concessionaires: Argo I, Argo II, Argo III and Argo IV. Argo I has been operating 1,115 km of 500kV lines and five substations in northeast Brazil since the end of 2019. Argo II, comprising the expansion of a substation, and Argo III, which operates 320 km of 230kV lines and five substations in the state of Rondonia, have been operating commercially since 2022. Argo IV operates 312 km of 500kV lines and was acquired in 2022.

At the end of 2022, Argo acquired 62.5% of Argeb Energia Empreendimentos e Participações S.A. (ARGE) and its five concessionaires: Argo V, Argo VI, Argo VII, Argo VIII and Argo IX. All five concessionaires are operational and run 2,467 km of 500 kV and 230 kV transmission lines and 20 substations in northeast Brazil.

Overall, Redinter has 4,213 km of lines in Brazil, making it a leading transmission provider with a strong position in the northeast, one of the regions with highest potential in renewable power and greatest need for transmission network development.

Availability in the first half of 2023 was 99.69% at Argo I, 99.86% at Argo II, 95.78% at Argo III, 100.00% at Argo IV, 99.94% at Argo V, 97.94% at Argo VI, 99.99% at Argo VII, 100.00% at Argo VIII and 99.97% at Argo IX. In the first half of 2022, availability was 99.96% at Argo I, 97.94% at Argo II, 100.00% at Argo III and 100.00% at Argo IV.

Telecommunications

Satellite business

Redeia carries out the satellite telecommunications business through the Hispasat Subgroup (Hispasat).

Hispasat's shareholder structure includes Redeia Corporación, S.A., through Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (RESTEL), and, from the public sector, the state industrial holding company, SEPI, and the centre for the development of industrial technology, CDTI.

Hispasat is the leading satellite operator and service provider in Spain and Latin America and also plays an important role as a driver of innovation in the aerospace industry. It has a fleet of nine satellites in six orbital slots.

The Amazonas Nexus satellite, launched in February 2023, is expected to enter commercial service in mid-July. It is a high-performance geostationary satellite that will bring high-speed internet access to the entire American continent, North and South Atlantic air corridors and remote regions such as Greenland and the Amazon forest. It is designed specifically to provide high-quality connectivity in aircraft and boats and will help reduce the digital divide in Latin America swiftly and efficiently.

With this launch, Hispasat became the first satellite operator in the world to offset the carbon footprint generated by the entire launch process by means of a reforestation programme. Since its launch, Hispasat has entered into several agreements for the long-term lease of Amazonas Nexus capacity with operators and service providers in the government space and players in the mobile connectivity space.

On 3 May 2023, Spain's Ministry of Economic Affairs and Digital Transformation awarded Hispasat the tender for the NGEU-funded programme for the extension of broadband connectivity to rural areas of Spain. As a result, Hispasat will provide the adjudicated service, to which end it will deploy, via satellite technology, the infrastructure needed to provide ultra-fast internet in areas all over Spain where the speed provided by fixed technology is under 50 Mbps, so providing an affordable service with a speed of at least 100 Mbps until 31 December 2027.

A group of European space and telecommunications companies, including Hispasat, have formed a consortium to bid for the future European satellite constellation, IRIS² (Infrastructure for Resilience, Interconnectivity and Security by Satellite). IRIS² will deliver resilient and secure connectivity solutions to government users to protect European citizens and will provide commercial services in the interest of European economies and societies. It will also bolster the EU partnership policy by offering its infrastructure abroad. IRIS² is the EU's new flagship space programme for a digital, resilient and safer Europe.

Fibre optic business

Redeia's fibre optic telecommunications business is based on the commercial operation in Spain of surplus capacity in the fibre optic networks and infrastructure associated with the electricity transmission network and the railway network owned by ADIF-Alta Velocidad, to which the Group holds the rights of use and exploitation.

Reintel currently manages and markets a fibre optic network of over 52,200 km rolled out over the electricity transmission and railway networks, with 41 interconnections between the two. It offers equal and transparent access to the telecommunications sector players. Reintel also provides Red Eléctrica with the telecommunications services it needs in its business, including the maintenance of fibre optic cables and telecommunications equipment.

Throughout the first half of 2023, Reintel continued to implement its business plan as a telecommunications infrastructure supplier, undertaking investments where requested by customers and expanding its portfolio of fibre optic products to generate new streams of revenue. In the coming years, that plan calls for additional interconnection between the electricity and railway networks and the deployment of selective fibre optic cable in order to offer customers new solutions, such as redundancy and access points. All of which without neglecting the high standards of service it provides its customers.

The business continued to proactively manage its customer base and collections throughout the first half of 2023 to prevent non-performance or adverse impacts of any key financial indicators in 2023.

2 Earnings performance

Revenue

Revenue plus the Group's **share of equity-accounted investee profits** amounted to 1,063.9 million euros in the first half of 2023, year-on-year growth of 3.2%. The revenue performance by main business line was as follows:

- **Management and operation of domestic electricity infrastructure:** revenue in this business amounted to 814.1 million euros, down a scant 0.2% from the first half of 2022. Growth of 4.0 million euros in revenue from operation of the system, in keeping with the revised parameters applicable for the second regulatory period, 2023-25, and higher revenue from projects for third parties (+4.4 million euros) were offset by a drop of 9.6 million euros in revenue from the transmission business, due mainly to the estimate for 2023 of the criteria included in the definitive tariff orders for 2016 to 2019 (Ministerial Orders TED/1311/2022 and TED/1343/2022) published last December.
- **International electricity transmission:** Revenue plus the Group's share of investee profits totalled 69.8 million euros in the first half of 2023, up 21.2% year-on-year (1H22: 57.7 million euros). The breakdown of that growth is as follows:
 - Revenue in the international business increased from 30.4 million euros in the first half of 2022 to 37.1 million euros this year, growth of 22.3%, due mainly to the commissioning of Redenor (Chile) in September 2022 and Tesur 4 (Peru) in January 2023 (+3.8 million euros), work performed for third parties (+1.1 million euros) and favourable exchange rate trends (0.7 million euros).
 - The Group's share of international investee profits was 32.7 million euros, up from 27.3 million euros in the first half of 2022, thanks to the addition of new assets at Argo in Brazil and a better earnings performance at TEN in Chile.
- **Telecommunications:** This business generated revenue plus investee profits of 193.9 million euros in the first half of 2023, year-on-year growth of 14.7%.
 - **Satellite business:** Revenue plus investee profits in the satellite business totalled 118.7 million euros, up 23.6% from the first half of 2022. The topline growth was largely thanks to the consolidation of the Axess businesses. On the other hand, revenue decreased as a result of the scheduled completion of certain video services in Brazil. The growth in investee earnings, from 0.5 million euros to 2.1 million euros this year, is mainly attributable to the contribution by Hisdesat.
 - **Fibre optic:** The fibre optic business generated revenue of 75.2 million euros, up 2.1 million euros from the first half of 2022, due primarily to contractual price indexation to inflation.

Other operating income and self-constructed assets

The aggregate of these two line items came to 55.2 million euros, compared to 33.4 million euros in the first half of 2022. Other income includes 24.2 million euros associated with the construction of the Chira-Soria pumped storage hydropower station (20.6 million euros of revenue related with the construction and 3.6 million euros with the unwinding of the discount). Note that this accounting treatment was initiated at the end of 2022, which is when the methodology for calculating the facility's remuneration was approved, which is why these amounts were not included in the first half of 2022.

Leaving aside the impact of the Chira-Soria project, other operating income plus self-constructed assets decreased by 2.5 million euros year-on-year, due mainly to a drop in the capitalisation of expenses in the international business following completion of the investment projects in Chile and Peru which the Group had worked on in the first half of last year.

Operating expenses

Operating expenses increased by 50 million euros year-on-year to 329.8 million euros. The main reasons for the growth in operating expenses were the first-time consolidation of Axess in August 2022 (+27.1 million euros) and the accounting treatment of the costs associated with the Chira-Soria pumped storage development under IFRIC 12 (+20.6 million euros), both of which with corresponding entries within Group revenue. On a like-for-like basis, i.e., eliminating the above effects and the impact of the reduction in costs incurred in connection with international construction projects, as mentioned above, operating expense growth narrows to 2.5%. As a result, the impact of the inflationary environment on Redeia's financial statements has been limited so far this year, as was the case in 2022.

- **Cost of sales and other operating expenses** registered year-on-year growth of 35.9 million euros (19.1%) to 224.0 million euros. Eliminating the items that are not comparable with the first half of last year (the 20.6 million euros of costs associated with Chira-Soria and the 22.2 million euros associated with Axess), the rest of the Group's costs decreased by 7 million euros.
- **Employee benefits expense** amounted to 105.8 million euros, up 14.1 million euros from the first half of 2022, shaped by the consolidation of Axess (4.9 million euros), headcount growth and the costs associated with the collective bargaining agreements negotiated at the start of the year. Note that the collective bargaining agreements had a non-recurring accounting impact at the end of last year so that this effect will work its way out by the end of this year.

The Group had a **headcount** of 2,456 at 30 June 2023, compared to 2,157 at year-end. The **average headcount** during the first half was 2,435, up from 2,142 in the first half of 2022. The higher figures are primarily attributable to the first-time consolidation of Axess, which reported an average headcount of 236 in the first six months of 2023. Hispasat (+25 people) and the regulated business in Spain (+13 people) also increased their average headcounts considerably. The rest of the growth in personnel was divided across other Group companies.

Earnings

As a result, EBITDA amounted to 789.3 million euros, up 0.6% from the first half of 2022. The trend in EBITDA by business is broken down below:

- **Management and operation of domestic electricity infrastructure:** EBITDA came to 605.8 million, up 0.6% year-on-year, The effort made to contain operating expenses offset the reduction in regulated revenue from transmission services.
- **International electricity transmission:** EBITDA in this business amounted to 54.9 million euros, year-on-year growth of 15.7%, shaped by higher revenue and a higher contribution to earnings by investees.
- **Telecommunications:** EBITDA in this business totalled 116.5 million euros, down 7.8% year-on-year (first-half 2022: 126.5 million euros).
 - In the satellite business, EBITDA decreased by 9.0 million euros, due mainly to the expiration of certain video services in Brazil. The contribution by the Amazonas Nexus satellite, which was commissioned on 15 July, will partially mitigate this situation in the coming months.
 - EBITDA in the fibre optic business, meanwhile, decreased by 0.9 million euros year-on-year, largely as a result of higher electricity prices. This trend is expected to turn revert the course of the year as electricity costs normalise.

EBIT amounted to 527.6 million euros, up 0.7% from the first half of 2022. This growth, in line with the growth in EBITDA, reflects the fact that amortisation and depreciation charges were flat year-on-year.

The Group's **net finance cost** decreased by 10.9% from 44.4 million euros in the first half of last year to 39.5 million euros this year, thanks to the fact that the growth in finance income, which increased from 7.7 million euros last year to 28.2 million euros in the first half of this year, more than offset the growth in finance costs (+17.7 million euros) as a result of a higher average debt service cost (2.11% vs. 1.46% in 1H22). Gross debt stood at 6,128 million euros at 30 June 2023, down from 6,431 million euros at year-end.

The Group's **effective corporate income tax** was 24.6%, compared to 24.1% in the first half of last year. The main reason for the slightly higher rate was the tax levied on dividends received from Group companies.

Consolidated profit for the first six months amounted to 367.9 million euros, compared to 364.2 million euros in the first half of 2022. The **profit attributable to equity holders of the parent** was 354.3 million euros, down 2.4% from the first half of 2022, as the profit attributable to non-controlling interests increased from 1.2 million euros last year to 13.6 million euros this year following the sale of an interest in Reintel in June 2022. By business line, the trend in profit attributable to equity holders of the parent as follows:

- **Management and operation of domestic electricity infrastructure:** 288.0 million euros, marking growth of 3.9 million euros from the first half of last year, thanks to the growth in EBITDA and the improved net finance cost.
- **International electricity transmission:** 30.0 million euros versus 31.9 million euros in the first half of 2022, shaped by the increase in finance costs as a result of more expensive borrowings in foreign currency.
- **Telecommunications:** 17.1 million euros, compared to 41.6 million euros last year, due mainly to the presence of non-controlling interests in Reintel from the second half of 2022, so reducing the contribution this business makes to the Group as a whole.

Capital expenditure

Redeia made significant investments in the first half of 2023, keeping the Group on track for attaining the ambitious targets set down in its Strategic Plan. Capital expenditure was 51.2% higher year-on-year, with the sharp growth in investment in the regulated business in Spain standing out.

Investments related with **the management and operation of domestic electricity infrastructure** totalled 353.5 million euros, growth of 74.3% from the first half of 2022. The breakdown by business line:

- The Group invested 320.5 million euros in developing the **transmission network** in Spain, up 73.1% from the 185.1 million euros invested in the first six months of 2022. Investment increased across the board, most notably in interconnections (145.8 million euros in 1H23 vs. 41.3 million euros in 1H22), as the new interconnection with France is included under this heading. Investment in the construction of new lines and substations increased from 94.1 million euros to 120.7 million euros.
- Investment in **system operation** decreased slightly, from 9.2 million euros last year to 8.8 million euros this year.
- The Group earmarked 24.2 million euros to storage in the Canaries, up from the 8.5 million euros invested in the first half of 2022.

The completion of the Tesur 4 project in Peru and the Redenor project in Chile drove a reduction in investment in the **management and operation of international electricity infrastructure** from 15.7 million euros last year to 1.5 million euros this year.

In telecommunications, specifically the **satellite business**, investment increased by 5.3 million euros year-on-year, with much of the 38.4 million euros invested related with the launch of the new Amazonas Nexus satellite and its commercial rollout. Capital expenditure in the **fibre optic** business increased from 2.7 million euros to 5.3 million euros, as Reintel made progress on its investment plan.

Lastly, the Group earmarked 14.8 million euros to other investments, compared to 19.1 million euros in the first six months of 2022. This balance includes infrastructure for the Group and the investments made by Elewit, Redeia's private equity investment vehicle.

Cash flows

The main movements in cash flows in the first half of 2023 are analysed next:

Funds from operations (FFO), after tax, amounted to 632.3 million, up 1.9% year-on-year, thanks to growth in profit before tax and higher interest receipts.

Changes in working capital implied a cash outflow of 344.5 million euros, compared to an inflow of 144.8 million euros in the first half of last year, due mainly to the reimbursement of surplus tariffs collected in prior years and a drop in system receipts.

Cash flows used in **investing activities** registered year-on-year growth of 50%, driven mainly by growth in investment by Redeia in its traditional business in Spain.

The **movements in other assets and liabilities** mainly reflect the 500 million euros of proceeds raised through a hybrid bond issue at the end of January 2023. It also includes the receipt of 125 million euros of grants, of which 76 million euros corresponds to the tender awarded to Hispasat for the extension of broadband connectivity to all rural areas of Spain. In the first half of 2022, this heading included the proceeds collected on the sale of 49% of Reintel to KKR.

As a result of the above movements, **net debt** decreased by 321.2 million euros.

Trend in net debt

Net debt stood at 4,312.7 million euros at 30 June 2023, down 6.9% from 4,633.8 million euros at year-end 2022.

All of the Group's borrowings were **non-current** 30 June 2023. **Ninety per cent** of the Group's debt carries **fixed rates**, with the remaining **10%** arranged at **floating** rates of interest.

The Group's average cost of debt service was 2.11% in the first half of 2023, compared to 1.46% in the first six months of 2022.

Gross debt averaged 6,128 million euros during the first six months of 2023, compared to 6,431 million euros in the first half of 2022.

Redeia has pledged that 100% of its borrowings will be tied to ESG criteria by 2030. In line with its progression towards achieving this target, at 30 June 2023, **57%** of the Group's borrowings already included **ESG criteria**, up from 42% at 31 December 2022. This calculation includes the hybrid bonds issued at the start of this year.

Trend in equity

Redeia's **equity** stood at 5,388 million euros at 30 June 2023, up from 4,894 million euros at year-end, mainly due to the classification of the 500 million euros of hybrid bonds issued in January as equity instruments, as well as the profit attributable to equity holders of the parent net of the dividend distributed from 2022 profits after its ratification at the Annual General Meeting.

3 Key risks and sources of uncertainty in the second half of the year

Redeia is exposed to a number of implicit business and market risks whose materialisation could have an adverse effect on its earnings.

The ERM system manages the Group's risks end to end and continuously; it encompasses each business unit and subsidiary, as well as all of the corporate support areas. The ERM system is designed to ensure that the risks that could jeopardise delivery of the Group's strategies and targets are systematically identified, analysed, assessed, managed and controlled, framed by uniform criteria and within the established tolerance thresholds. Redeia has an end-to-end risk management and control policy and procedure which are articulated around the Internal Control Integrated Framework published by the Committee of Sponsoring Organization (COSO) and ISO 31000.

In the course of identifying, analysing, assessing and controlling the Group's risks, steps are established and taken as needed to reduce the level of risk to an acceptable level. To monitor the various risks, the ERM system contemplates oversight of numerous action plans designed to reduce risk levels, together with a broad number of performance indicators for control purposes. Twice yearly in the case of high-level risks and other risks of particular relevance, and when warranted under the specific circumstances, the Internal Audit and Risk Control Department reviews developments with the managing units and the effectiveness of the action plans put in place for mitigating them. The Audit Committee supervises the entire process at least twice a year and reports on its findings the Board of Directors.

Elsewhere, the Group's processes have risk mitigation considerations built in. These processes have been integrated into structured management systems in keeping with international standards (ISO 9001, ISO 14001 and ISO 45001, among other), whose design and effective implementation are subject to systematic internal and external controls. The processes also feature controls over the various targets to be delivered.

Moreover, Redeia has contingency plans for addressing various crises that could arise in the event of an incident affecting service continuity, the environment, people, business operations, system availability or earnings or indeed any other event that could impact the Group's reputation. Redeia has an action plan for managing cyber incidents which establishes the criteria and guidelines for managing any incident related with cybersecurity, no matter where it originates.

This effort is complemented by Redeia's internal control over financial reporting (ICFR) system, which is designed to ensure efficient and secure reporting, framed by international best practices.

The Group has prepared a note on the key macroeconomic developments during the first half of 2023 and their effect on the Group's financial metrics, none of which was material. That note is included in the interim condensed consolidated financial statements for the six months ended 30 June 2023.

The main risks to which Redeia is exposed and which could jeopardise delivery of its targets are strategic risks, notable among which regulatory risks, as the Group's main businesses are closely regulated. It is also exposed to operational risks, through its activities in the electricity and telecommunications businesses, and financial risks.

Regulatory risks

Regulatory risk considerations relate to the determination of the Group's revenue and the environment and conditions in which it carries out its main activities. Here it is worth highlighting the risk of changes in the legal framework regulating the Group's activities across its various geographic markets, which could affect its income and its costs, either directly or by imposing new performance requirements.

Redeia also faces businesses risks as a result of its diversification into different businesses and regions.

Operational risks

Redeia's activities expose it to a series of operational risks, including faults in its electricity transmission network, fibre optic network or satellite infrastructure, facility fires, adverse climate events, accidents in the transmission network, incidents affecting physical or logical security and other events that could harm the Group's facilities causing damage to its assets and/or people. The Group has established controls which have functioned as intended until now.

Redeia also has corporate insurance to cover its assets and limit the potential fallout from events such as these on its earnings.

Financial risks

The Group is exposed to volatility in interest and exchange rates, which could affect its financial situation.

The Group's foreign exchange risk management strategy addresses all unfavourable movements in exchange rates that could affect the Group's forecast earnings.

This risk factor encompasses transaction risk as a result of having to collect or pay cash in a currency other than the euro and translation risk as a result of translating the financial statements of subsidiaries whose functional currency is not the euro. In order to eliminate the foreign exchange risk derived from the Group's private placements in the US, it has arranged cash flow hedges, specifically USD/EUR cross-currency swaps which cover the total amount and duration of those placements until 2035. It has also arranged forward cash flow hedges in the form of EUR/USD cross-currency swaps (to 2031) and currency forwards (to 2032) to hedge income in US dollars from highly probable transactions. The Group mitigates the translation risk arising on assets located in countries whose functional currency is not the euro by financing part of these investments in those countries' functional currency. The Group has also arranged a hedge of its net investment in US dollars in the form of a cross-currency swap to 2026.

At 30 June 2023, the Group's debt structure implied low exposure to interest rate risk as 90% of the Group's borrowings carry fixed rates, framed by the Group's borrowing policy, specifically including its target of aligning its borrowing cost with the rate of return applied to the Group's regulated assets.

4 Events after the reporting date

No significant events have occurred between the reporting date and the date on which these interim condensed consolidated financial statements were authorised for issue.