



**RED**  
ELÉCTRICA  
CORPORACIÓN

## Alternative Performance Measures January – September 2021

The European Securities and Markets Authority (ESMA) published Guidelines 2015/1415, hereinafter the Guidelines, on Alternative Performance Measures (APMs) of mandatory compliance for all issuers whose securities are admitted to trading on an official market and who are required to publish regulated information under the Transparency Directive 2004/109/EC, in order to improve the comparability, reliability and comprehensibility of these measures. These Guidelines are applicable to any regulated information, such as management reports accompanying the annual accounts or interim financial statements, interim management statements, presentations of results disseminated as other relevant information, inside information, etc.

Red Eléctrica Corporación presents these APMs to complement the consolidated financial statements presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). The APMs are used, together with the other financial measures contemplated in IFRS, to provide greater clarity to budgets and objectives, to evaluate operating and financial performance and to compare such performance with previous periods and with the performance of competitors. The presentation of such measures is useful because they can be used to analyze and compare profitability and solvency levels between companies and industries. These and similar measures are widely used by investors, securities analysts and others as complementary measures of performance and should be considered by the reader as complementary to those presented in accordance with IFRS-EU.



## Alternative Performance Measures: Aggregates

(en miles de euros)

## Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Definition	Purpose	Calculation	30.09.2021	30.09.2020
Operating from operating activities + Depreciation and amortization of fixed assets - Allocation of non-financial fixed asset subsidies and other +/- Impairment and gain or loss on disposal of fixed assets.	Alternative performance measure used as an approximation of the financial resources that could be obtained from operating assets, before taxes and depreciation.	Results from operating activities (EBIT)	791,853	770,085
		Amortisation and depreciation	387,899	407,650
		Non-financial and other capital grants	(21,199)	(22,786)
		Impairment and gains/(losses) on disposal of fixed assets	(370)	123
			<b>1,158,183</b>	<b>1,155,072</b>

## Net Profit

Definition	Purpose	Calculation	30.09.2021	30.09.2020
Corresponds to "Consolidated profit / (loss) Attributable to the Parent Company" in the Consolidated Income Statement.	Indicate consolidated income for the period, excluding income attributable to non-controlling interests.	Consolidated profit/(loss) attributable to the Parent	550,811	507,005
			<b>550,811</b>	<b>507,005</b>

## Funds From Operations (FFO)

Definition	Purpose	Calculation	30.09.2021	30.09.2020 <sup>(1)</sup>
Cash Flows from Operating Activities - Changes in working capital	Indicator of the company's cash generation. Measures the cash generation of the business as a whole without taking into account changes in working capital.	Cash flows from operating activities	1,092,739	860,330
		Changes in working capital	89,937	(92,043)
			<b>1,002,802</b>	<b>952,373<sup>(1)</sup></b>

## Changes in other assets and liabilities

Definition	Purpose	Calculation	30.09.2021	30.09.2020 <sup>(2)</sup>
Variations in the period of other Statement of Financial Position items mostly included in Non-Current Assets and Liabilities such as deferred tax assets and liabilities or Other non-current assets and liabilities.	Measures the effect on the cash generated in the period from the variation period from the variation of these items.	Other cash flows from investing activities	15,144	20,317
		Proceeds from equity instruments	-	(4,892)
		Effect of changes exchange rates	2,255	(5,958)
		Other cash flows from financing activities	(23,026)	(21,230)
		Proceeds from divestitures	8,928	8,735
			<b>3,301</b>	<b>(3,028)<sup>(2)</sup></b>

<sup>(1)</sup> The definition of Funds from operations has been updated to facilitate traceability with the financial statements and to be aligned with best market practices. The variation in the calculation is originated by low amount items. The FFO published for the close of 09/30/2020 amounted to 974,648 thousand euros.

<sup>(2)</sup> The definition of Changes in Other Assets and Liabilities has been updated to facilitate traceability with the financial statements and to be aligned with best market practices. The variation in the calculation is originated by low amount items. Changes in other assets and liabilities published for the closing of 09/30/2020 amounted to -25,303 thousand euros.



<b>Changes in payables to non-current asset suppliers</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Variations in the period of the item in the Statement of Financial Position included in the Liabilities as Suppliers of fixed assets. It is calculated as Payments for investments - Investments.	Measures the variation between investment payments and investment additions.	Investment payments Investments	423,069 (349,086)	768,448 (676,802)
			<b>73,983</b>	<b>91,646</b>
<b>Gross Financial Debt</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Principal debt at amortized cost of debt with credit institutions and debentures or other marketable securities minus exchange rate derivatives and minus accrued interest not paid.	Gross Financial Debt is a measure used to analyze the Group's level of gross indebtedness. It includes the financial liabilities with cost incurred by the Group.	Non-current loans and borrowings, bonds and other marketable securities Current loans and borrowings, bonds and other marketable securities Foreign currency derivatives Accrued interest payable	6,352,676 600,207 (7,216) (45,399)	6,487,235 488,204 (12,068) (52,066)
			<b>6,900,268</b>	<b>6,911,305</b>
<b>Gross Average Financial Debt</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Corresponds to the arithmetic mean of the Gross Financial Debt balances of all the days that make up the fiscal year. This measure may also be referred to as "Average Gross Debt" or "Average Debt".	Indicates the Group's average indebtedness for the year, related to Financial expenses indicates the average cost of the financial debt.	Gross Average Financial Debt	6,798,882	6,957,653
			<b>6,798,882</b>	<b>6,957,653</b>
<b>Net Financial Debt</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Gross Financial Debt - Cash and Cash Equivalents.	Net Financial Debt is a measure used to analyze the Group's level of net indebtedness. It eliminates cash and cash equivalents from the Gross Financial Debt to try to determine what part of it finances the development of its activities..	Gross Financial Debt Cash and cash equivalents	6,900,268 (901,877)	6,911,305 (422,410)
			<b>5,998,391</b>	<b>6,488,895</b>



<b>Net Financial cost of the period</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Financial expense - Financial income for the period.	Measures the cost of external financial resources	Finance costs Finance income	85,818 (6,986)	105,342 (9,305)
			<b>78,832</b>	<b>96,037</b>
<b>Average cost of debt (%)</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Interest Expense on Financial Debt / Average Gross Financial Debt	Measure of the effective rate of the financial debt financial debt.	Interest expense on financial debt (extrapolated 12 months) Gross Average Financial Debt	103,724 <sup>(3)</sup> 6,798,882	126,527 <sup>(3)</sup> 6,957,653
			<b>1,53</b>	<b>1,82</b>
<b>Average term to maturity of drawn down debt (years)</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Arithmetic average of the maturities of financial debt weighted by the amounts corresponding to their principal amounts.	Measure to illustrate how long the existing debt matures as of the date of the Financial Statements.	Average term to maturity of drawdown debt	5.6	5.3
			<b>5.6</b>	<b>5.3</b>
<b>Availability of credit lines</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Undrawn lines of credit	Indicates the available credit of the credit lines contracted by the Group..	Total available credit lines	1,858,072	1,939,391
			<b>1,858,072</b>	<b>1,939,391</b>
<b>Cash surplus</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Cash and cash equivalents	Indicates cash and cash equivalents	Cash and cash equivalents	901,876	422,409
			<b>901,876</b>	<b>422,409</b>

<sup>(3)</sup> The financial expenses at 30/09/2021 and 30/09/2020 amount to EUR 85,818 thousand and EUR 105,342 thousand, respectively. These financial expenses relate to financial expenses for interest on financial debt amounting to EUR 77,580 thousand and EUR 94,982 thousand at 30/09/2021 and 30/09/2020, respectively, and other financial expenses, which mainly include certain arrangement expenses and availability fees.



<b>Investments</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Additions to property, plant and equipment - Additions to rights of use (IFRS16) + Additions to intangible assets + Additions to assets resulting from business combinations or equity method + Additions to equity instruments and other financial assets	Measurement of investment activity. It allows analyzing which of the Group's investments will generate future income or dividend collections. income or dividend collections.	Additions to property, plant and equipment Additions to rights of use (IFRS16) Additions to intangible assets Additions to assets resulting from business combinations or equity method Additions to equity instruments and other financial assets	304,917 2,424 29,064 - 12,681	276,621 1,404 21,462 374,262 3,053
			<b>349,086</b>	<b>676,802</b>

#### Alternative Performance Measures: Ratios

<b>Debt coverage ratios (times)</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Net Financial Debt / EBITDA	This debt coverage ratio relates Net Financial Debt to EBITDA and makes it possible to evaluate the company's capacity to repay external financing in number of years (number of times). It allows the company's evolution to be analyzed and facilitates comparison with other companies..	Net Financial Debt EBITDA	5,998,391 1,571,628	6,488,895 1,582,955
			<b>3.8</b>	<b>4.1</b>

<b>Interest coverage ratio (times)</b>				
<b>Definition</b>	<b>Purpose</b>	<b>Calculation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
EBITDA / Financial profit/(loss)	The ratio relates interest expense to EBITDA to assess the company's EBITDA to assess the company's ability to ability to meet the cost of debt in number of years (number of times). It allows the company's evolution and facilitates comparison with other companies.	EBITDA Net financial cost for the period	1,158,183 78,832	1,155,072 96,037
			<b>14.7</b>	<b>12.0</b>



EBITDA margin (%)				
Definition	Purpose	Calculation	30.09.2021	30.09.2020
EBITDA / Revenue	A measure of the company's degree of efficiency by calculating the EBITDA as a percentage of net sales. It allows to analyze the evolution of the company's efficiency and facilitates the comparison with other companies.	EBITDA	1,158,183	1,155,072
		Revenue	1,465,581	1,465,850
			<b>79.0</b>	<b>78.8</b>
Leverage (%)				
Definition	Purpose	Calculation	30.09.2021	30.09.2020
Net financial debt / (Net financial debt + Equity)	This ratio measures the proportion of Financial Debt over total cost resources used by the company. It allows the analysis of the company's evolution and facilitates comparison with other companies.	Net Financial Debt	5,998,391	6,488,895
		Equity	3,698,001	3,585,156
			<b>61.9</b>	<b>64.4</b>
Return on equity (ROE) (%)				
Definition	Purpose	Calculation	30.09.2021 <sup>(4)</sup>	30.09.2020 <sup>(4)</sup>
Consolidated Profit for the year attributable to the Parent Company / ((Equity attributable to the Parent Company (n) + Net Equity attributable to the Parent Company (n-1))/2)	This ratio measures the return on equity. It allows the analysis of performance and facilitates comparison with other companies.	Consolidated Profit for the year attributable to the Parent Company (last 12 months)	664,990	692,486
		(Equity attributable to the Parent Company (n) + Net Equity attributable to the Parent Company (n-1))/2	3,548,488	3,453,403
			<b>18.7</b>	<b>20.1</b>
FFO / Net Financial Debt (%)				
Definition	Purpose	Calculation	30.09.2021 <sup>(5)</sup>	30.09.2020 <sup>(5)</sup>
Funds From Operations (FFO) / Net Financial Debt	This financial debt coverage ratio relates Net Debt to FFO and makes it possible to evaluate the company's ability to repay borrowed funds as a percentage of external financing. It allows the analysis of the company's evolution and facilitates comparison with other companies.	Funds From Operations (FFO)	1,257,322 <sup>(1)</sup>	1,236,414 <sup>(1)</sup>
		Net Financial Debt	5,998,391	6,488,895
			<b>21.0</b>	<b>19.1</b>

<sup>(4)</sup> The definition of the Return on Equity ratio (ROE) has been updated to be in line with the best market practices, including the average Net Equity. The ROE published for the close of 30/09/2020 was 19.5%.

<sup>(5)</sup> The definition of the FFO / Net financial debt ratio has been updated using the updated definition of FFO as explained in (1). The published FFO / Net financial debt ratio at the end of 30/09/2020 amounted to 19.1%.



*The APMs are used to provide greater clarity regarding financial performance of , and compare this performance with previous periods and with that of Red Eléctrica Corporación, S,A These measures must be considered by the reader as supplementary with regard to those presented in accordance with EU-IFRSs, although they are not considered a substitute, Also, the way in which Red Eléctrica Corporación, S,A, defines and calculates these APMs may differ from other entities that use similar measures and, therefore, may not be comparable among them.*

