

# Results Report

## 2021

24<sup>th</sup> March 2021

# AGENDA

- 1.** Overview of the period
- 2.** Business performance
- 3.** 2021-2024 Strategic Plan execution & Outlook
- 4.** Shaping a sustainable future
- 5.** Closing remarks



# 1. Overview of the period



# KEY MESSAGES



2021



**EBITDA achieved €460.8M, a decline of 2.0% YoY.** This result was driven by: (1) the reduction in both **RAB and remuneration rates** (-€3.4M); (2) a **decline in IREI** (Incentive for Economic Efficiency of Investment) of -€5.1M and (3) a negative contribution from OPEX, due to higher electricity costs.

International business performance improved by +€0.1M, due to the strong performance of Transemel (+€1.4M).



**Net Profit reached €97.2M** (a decline of 11.1% versus 2020), mostly due to a lower EBITDA and an increase in Income Tax, partially compensated by **higher financial results** (gain of €4.2M to -€42.6M).



**Capex increased** by €73.8M (vs €173.3M in 2020), while transfers to RAB soared to €309.1M, an increase of €229.5M, as a result of the electricity transmission business (+€208.6M). Strong consolidation of transfers as 2020 had several projects delayed due to the pandemic.



**Definition of renewed and ambitious ESG targets**, with a commitment to achieve carbon neutrality by 2040. Issuance of REN's first green bond.



**Renewable energy sources (RES)** reached **59.2%** of total supply (approx.+0.7pp than in 2020). Electricity **consumption increased** by 1.4% whilst **natural gas consumption fell** by 4.6% due to a decrease in natural gas use for electricity generation (-9.7%).



The **levels of service quality** remained **high**. The level of energy transmission losses stayed in accordance with the figure for the previous year and in line with other TSOs best practices, while the **gas transmission combined availability rate** reached almost 100%.



# SECTOR OVERVIEW

## New Regulatory Model for the Electricity Sector



### New regulatory period for the electricity sector

- ERSE published the final “Tariffs and Prices for Electricity in 2022 and parameters for 2022-2025 regulatory period”, on the 15<sup>th</sup> December.
- A new regulatory model is defined with a **revenue cap methodology applied to the controllable TOTEX of electricity transmission**. However, **assets pre-2022 are still eligible under the previous reference cost mechanism methodology** (keeping the 0.75% premium over Base RoR and still recording the corresponding asset D&A recovery and the gain on RAB as revenue).
- The regulator defined the **Rate of Return** applicable to the next regulatory period 2022-2025 with a **base rate of 4.4%**, considering 0.302% for the Portuguese 10Y Treasury bonds. Under the indexation mechanism a variation of 1 pp of the Portuguese 10YTB implies a variation of 0.3 pp in the RoR. The minimum is set at 3.7% and the maximum at 7%.
- For the years 2023 to 2025, the **efficiency factor** for both TEE and GGS activities are set to 1.5%.
- ERSE introduced **two new incentive mechanisms**:
  - Incentive to Improve Technical Performance (IMDT)** - Promotion of an adequate network performance, based on performance metrics and ranging between -€20M to +€20M. Not to be included in the Efficiency Sharing Mechanism
  - Efficiency Sharing Mechanism** - a mechanism under which the positive or negative spread from the defined reference return is shared / recovered at the end of the regulatory period (cumulative sharing ratios 0%; 50% and 100% as the spread grows).



### New National Electricity System Law

- Following the government’s public consultation which ended in November 2021, the new Law-Decree n.º 15/2022 was published on the 14<sup>th</sup> of January 2022, regarding the organization and functioning rules of the National Electricity System (SEN). **The new law acts on five axes: i) production licensing; ii) network planning; iii) competitive mechanisms to access SEN activities; iv) giving consumers an active role in the system; and v) allowance to innovative technologies.**



### Energy Transition

- REN applied to the Portuguese Recovery and Resilience Plan (PRR) and had two projects selected for the final phase:** (i) the H2 Green Valley project, for the development of a Green H2 ecosystem in Sines, and (ii) the High Power Mobility project, for implementation of 8 pilot projects using the solution for electric charging through the Transmission Grid patented by REN.

REN projects have an estimated total investment of €52M (of which €37.5M to be made by REN) and €23M (of which €13.5M to be made by REN), respectively. Final Proposals will be submitted at the beginning of April 2022.

Following the impacts of the pandemic, the European Commission created the Next Generation EU, a recovery instrument, from which the Recovery and Resilience Facility is developed, which includes the PRR.

## 2. Business performance



# BUSINESS HIGHLIGHTS



High quality of service in Portugal, in a context of increasing electricity consumption and greater share of renewables supply



## Electricity

### Consumption

**49.5TWh** ↑ 0.7 TWh (1.4%)

2020: **48.8TWh**

### Renewables in consumption supply

**59.2%** ↑ 0.7pp

2020: **58.5%**

### Energy transmission losses

**2.0%** ↑ 0.1pp

2020: **1.8%**

### Average interruption time

**0.05min** ↑ 0.02min (65.3%)

2020: **0.03min**

### Line length

**9,348km** ↑ 312km (3.5%)

2020: **9,036km**



## Gas Transmission

### Consumption

**63.8TWh** ↓ 3.0TWh (4.6%)

2020: **66.9TWh**

### Combined availability rate

**99.9%** ↓ 0.1pp

2020: **100.0%**

### Line length

**1,375km** = 0km (0.0%)

2020: **1,375km**



## Gas Distribution

### Gas distributed

**7.6TWh** ↑ 0.3TWh (4.3%)

2020: **7.3TWh**

### Emergency situations with response time up to 60min

**98.3%** ↓ 0.4pp

2020: **98.7%**

### Line length

**6,118km** ↑ 221km (3.7%)

2020: **5,897km**

# FINANCIAL HIGHLIGHTS



**Solid contribution from Financial Results and strong improvement in CAPEX and Net Debt, nonetheless EBITDA and Net Profit decreased**

## EBITDA

**€460.8M**  9.3  
(2.0%)

2020: €470.2M

## Financial results

**-€42.6M**  4.2  
(8.9%)

2020: -€46.8M

## Net Profit

**€97.2M**  12.1  
(11.1%)

2020: €109.2M

## CAPEX

**€247.1M**  73.8  
(42.6%)

2020: €173.3M

## Average RAB<sup>1</sup>

**€3,602.8M**  32.2  
(0.9%)

2020: €3,635.0M

## Net Debt

**€2,362.0M**  380.0  
(13.9%)

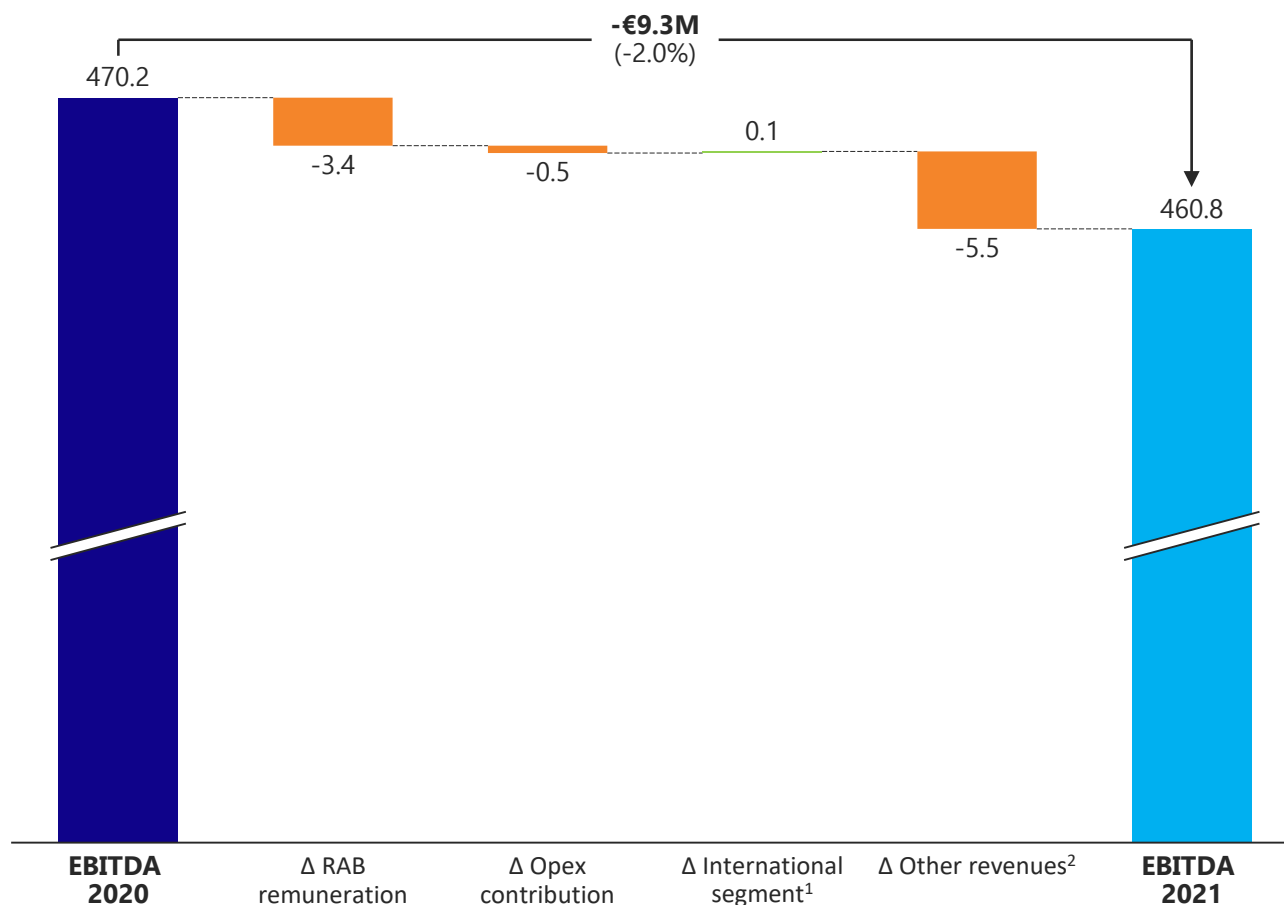
2020: €2,741.9M



# CONSOLIDATED VIEW

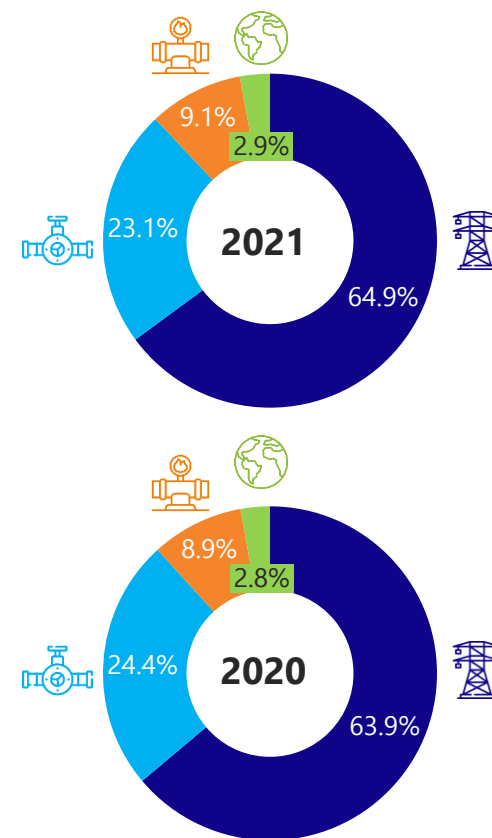
## Decline in EBITDA mostly due to lower RAB remuneration and decrease in IREI incentive

### EBITDA evolution breakdown €M



### EBITDA contribution by business segment<sup>3</sup> %

- Electricity
- Gas Distribution<sup>4</sup>
- Gas Transmission
- International



1 Includes Apolo SpA and Aerio Chile SpA costs | 2 Includes Incentive for the economic rationalization of investments, amortizations recovery, subsidies amortization, REN Trading incentives, telecommunication sales and services rendered, interest on tariff deviation, consultancy revenues and other services provided, OMIP and Nester results | 3 Excludes the segment "Other", which includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO and REN Finance B.V. | 4 Refers to Portgás

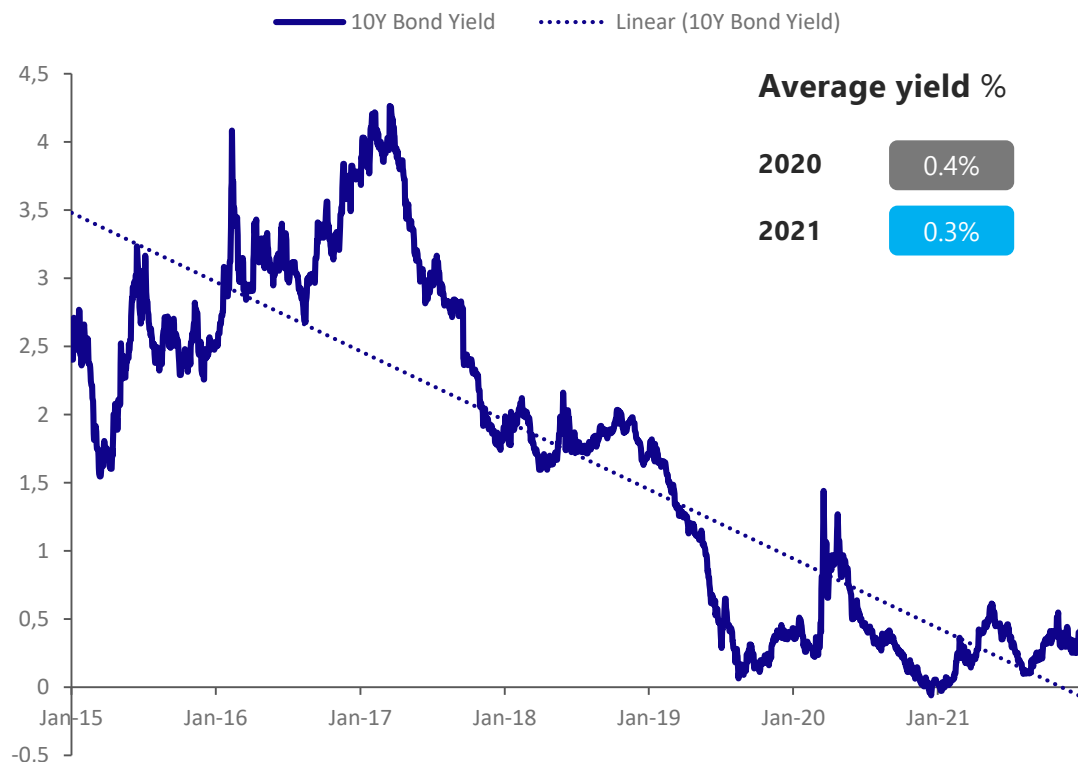
# DOMESTIC BUSINESS

Slight reduction of Base Return on RAB, driven by the descendent trend in the Portuguese bond yields

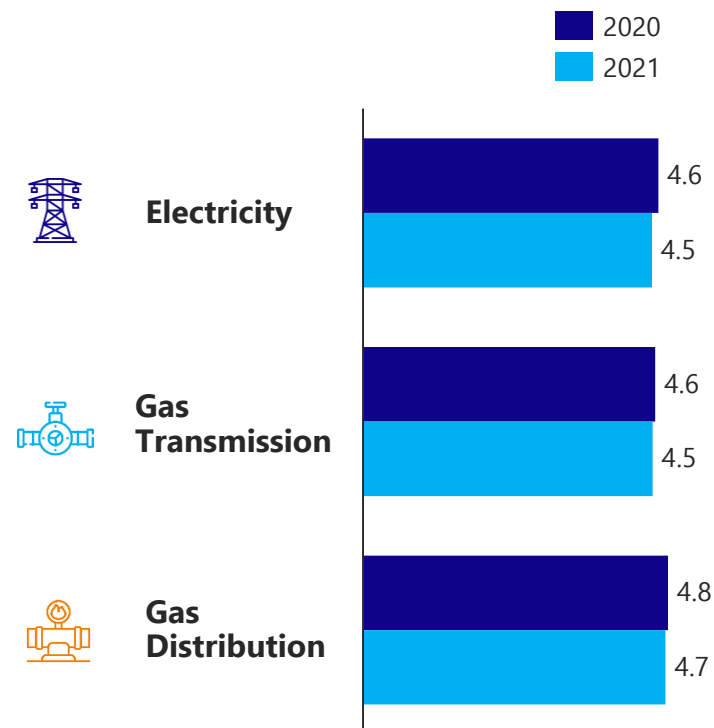
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## Portuguese 10Y Treasury Bond Yields %



## Base Return on RAB (RoR)\* %



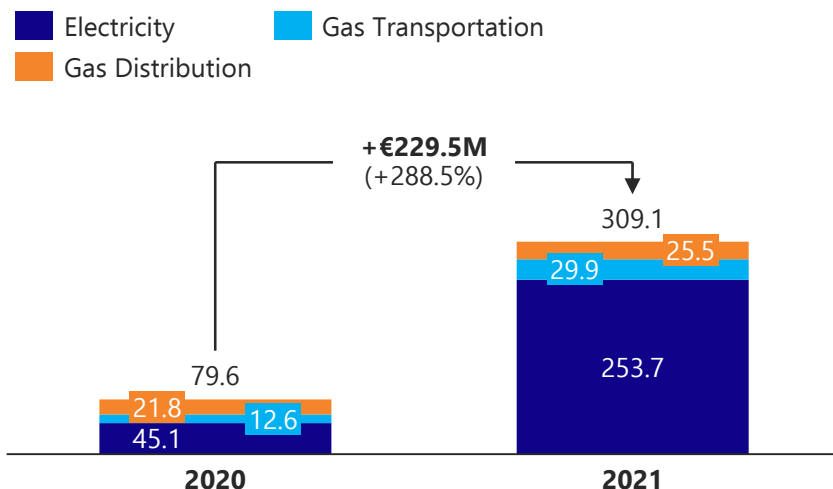
# DOMESTIC BUSINESS

## Strong consolidation of Transfers to RAB and Capex YoY

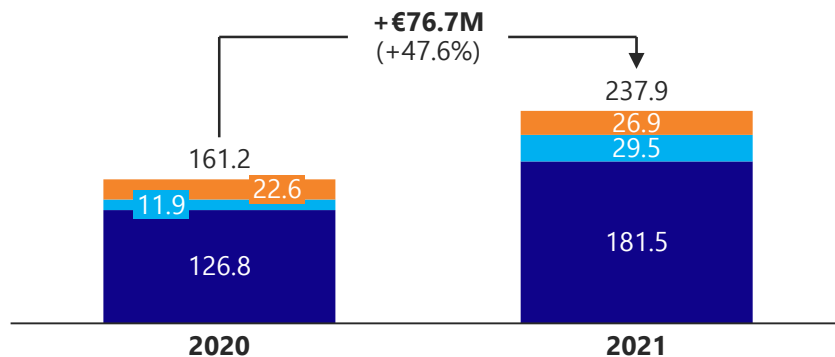
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### Transfers to RAB €M



### Capex €M



### Key highlights



#### Electricity

##### Main investment projects

- New 400 kV Fundão - Falagueira axis through the extension of the current Falagueira - Castelo Branco line to Fundão and construction of a new 400/200kV substation;
- Passage at 400 kV of the Falagueira - Estremoz - Divor - Pegões axis, allowing, among others, the supply of electricity to the railway line between Évora and Elvas / Caia;
- 400 kV axis between Vieira do Minho - Ribeira de Pena-Feira: new axis will allow the connection and reception of capacity of Alto Tâmega hydroelectric power plant;



#### Gas Transmission

##### Main investment projects

- Carriço Storage: Water Firefighting System upgrade;
- Pipeline Network and Sines Terminal: replacement and upgrade of equipment and systems at the end-of-life;



#### Gas Distribution

- Investments in network expansion and densification, mostly for B2C, with new prospects for B2B investments continuing to be monitored, counting with 60 more clients connected in 2021;
- Licensing of one big project with Capex execution in 2022 (Paredes de Coura).

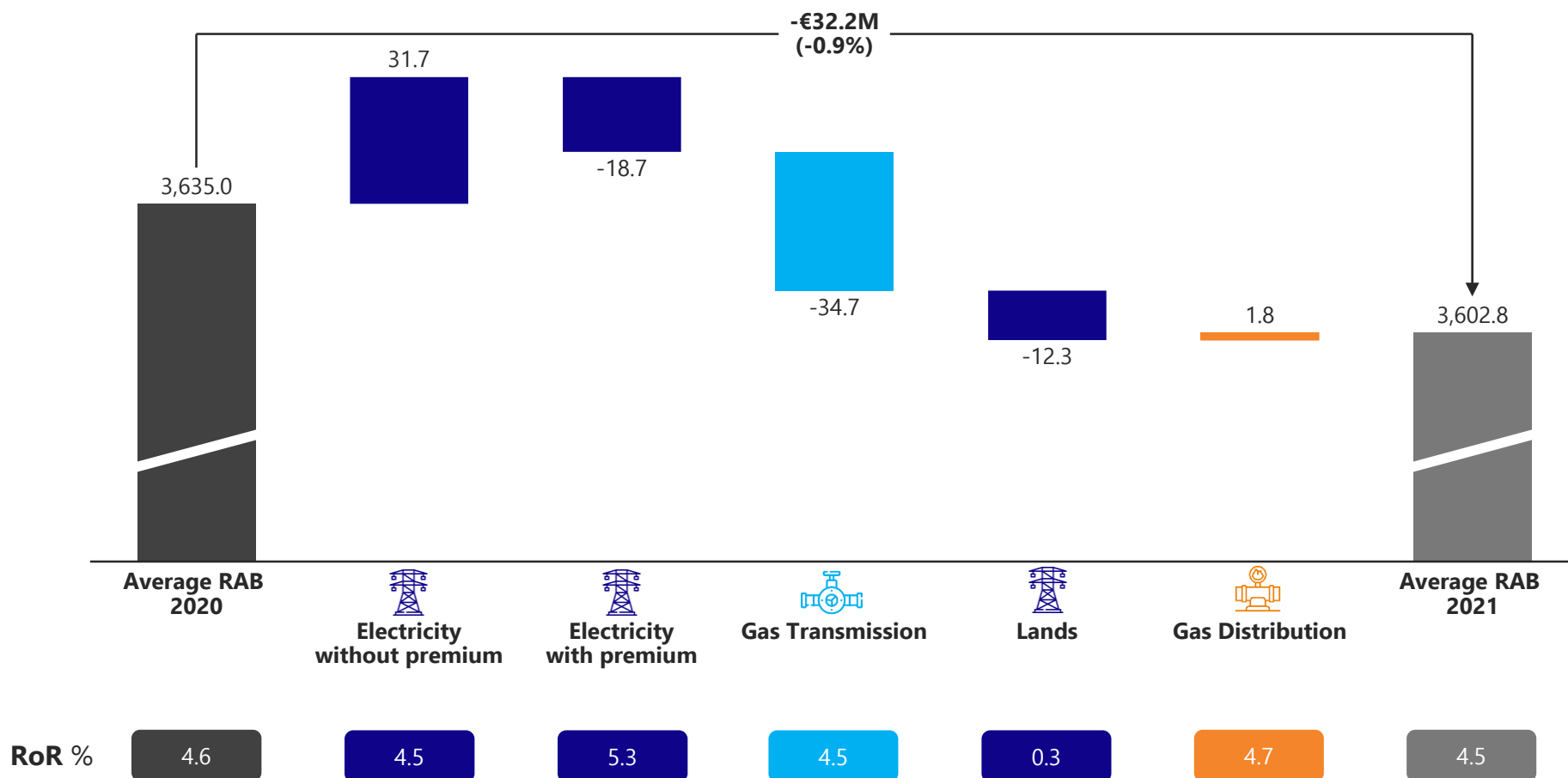
# DOMESTIC BUSINESS

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Slight decrease in RAB, partially offset by the improvement in Electricity



## Average RAB evolution €M



# DOMESTIC BUSINESS

RAB remuneration decreased across all businesses driven by a lower RoR

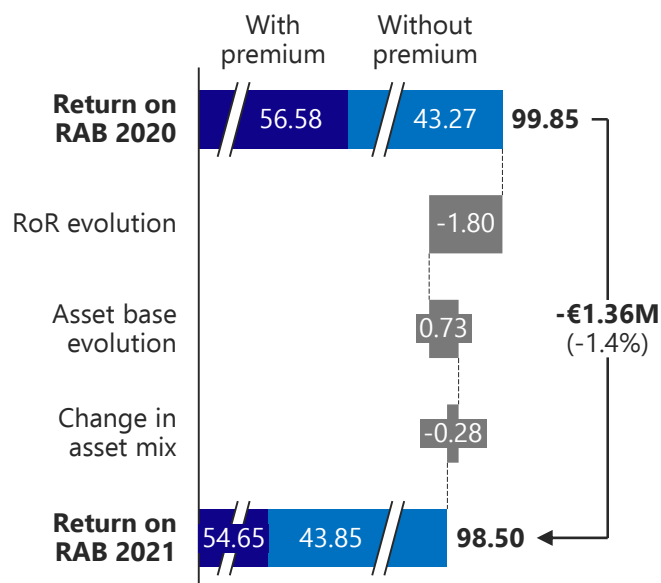
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## Return on RAB evolution breakdown €M



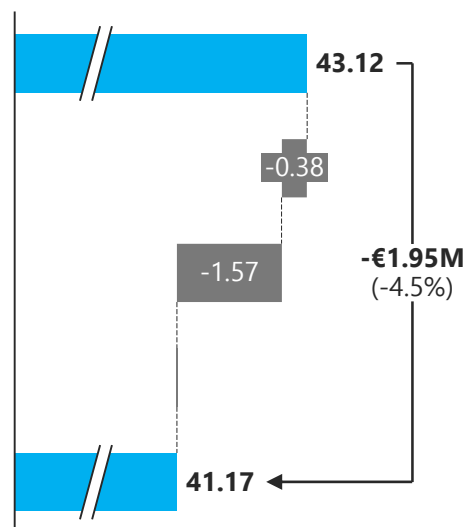
### Electricity



- Return on RAB drop caused by a **lower rate of return on assets** with and without premium<sup>1</sup> **despite a higher asset base** (increased by €13.0M to €2,013.0M)



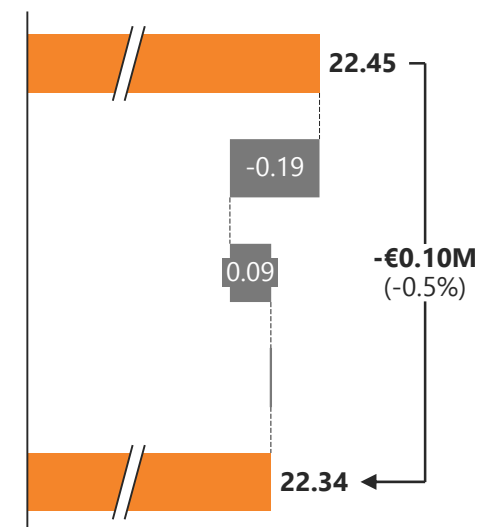
### Gas Transmission



- Decline in Return on RAB justified by a **smaller asset base** (by €34.7M to a total of €910.8M) and a **lower RoR** of 4.52% (-4bps)



### Gas Distribution



- Return on RAB reduction attributed to a **lower rate of return** (from 4.76% to 4.72%) despite a **higher asset base** (+€1.8M to a total of €473.4M)

<sup>1</sup> From 5.35% to 5.26% for assets with premium, and from 4.60% to 4.51% for assets without premium



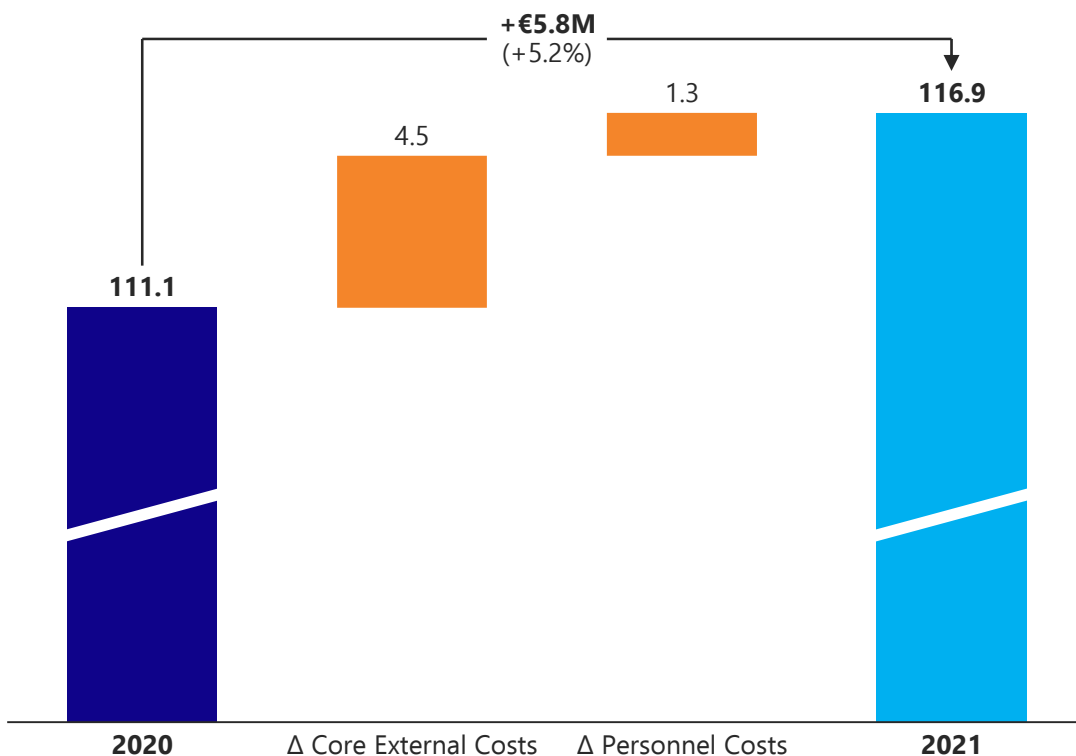
# DOMESTIC BUSINESS

OPEX increased by 10.4% YoY, with core OPEX rising 5.2%

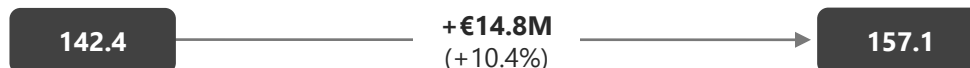
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## Core OPEX<sup>1</sup> evolution €M



OPEX €M



## Key highlights

### Core external costs

- Electricity costs in LNG terminal (+€5.0M)
- Insurance costs (+€1.8M)

### Non-core costs

- Pass-through costs (costs accepted in the tariff) **increased by €9.0M**, of which €5.8M correspond to the **acquisition of necessary gas** attached to the launch of the organized gas market in Iberia (**Mibgás**), and €2.3M in **costs with cross-border and system services costs**

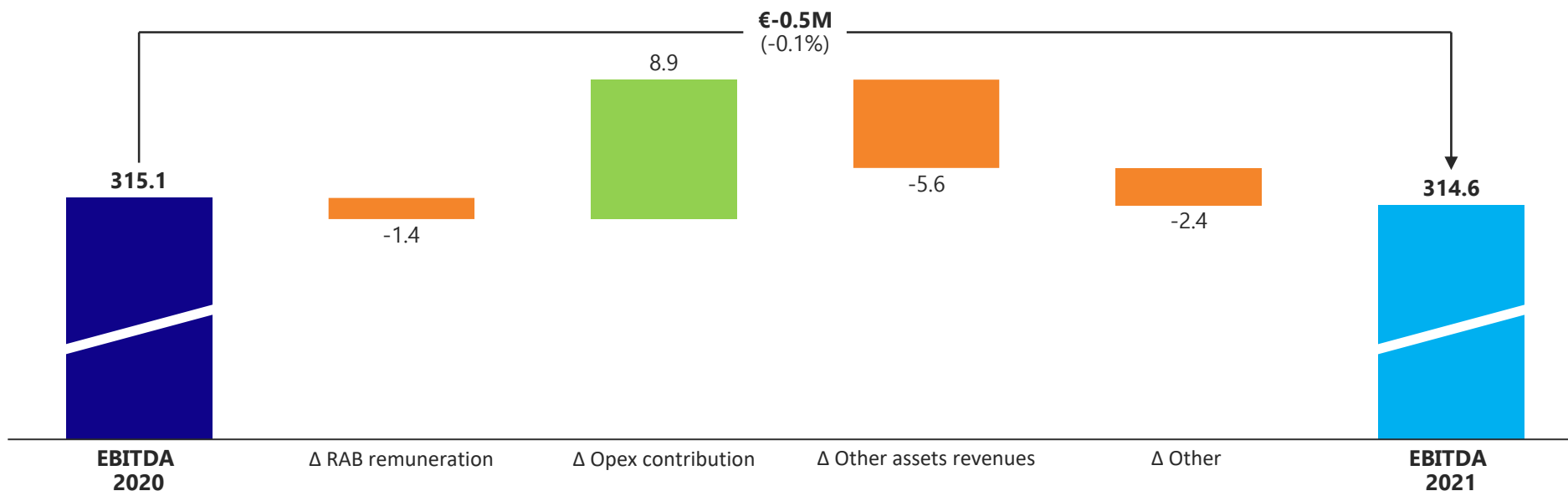
<sup>1</sup> Calculated as OPEX minus pass-through costs (e.g., ITC mechanism, NG transportation costs, ERSE costs and subsoil occupation levies)

# DOMESTIC BUSINESS: ELECTRICITY

Decrease in Electricity EBITDA, mainly explained with lower IREI incentive, despite a higher OPEX contribution



## EBITDA breakdown €M



### Capex

**€181.5M** ↑ €54.7M (43.2%)

2020: €126.8M

### Transfers to RAB

**€253.7M** ↑ €208.6M (462.8%)

2020: €45.1M

### Average RAB<sup>1</sup>

**€2,218.6M** ↑ €0.7M (0.0%)

2020: €2,217.9M

### Base RoR<sup>2</sup>

**4.5%** ↓ 0.1pp

2020: 4.6%

### Core OPEX

**€46.2M** ↓ €4.0M (8.0%)

2020: €50.2M

<sup>1</sup> Includes €973.2M of Electricity without premium (€941.5M for 2020) and €1,039.8M of Electricity with premium (€1,058.5M for 2020); Includes Lands (€205.6M in 2021 and €217.9M in 2020) | <sup>2</sup> RoR for Electricity with premium was 5.3% in 2021 (5.3% in 2020), and for other Lands 0.3% in 2021 (0.3% in 2020)

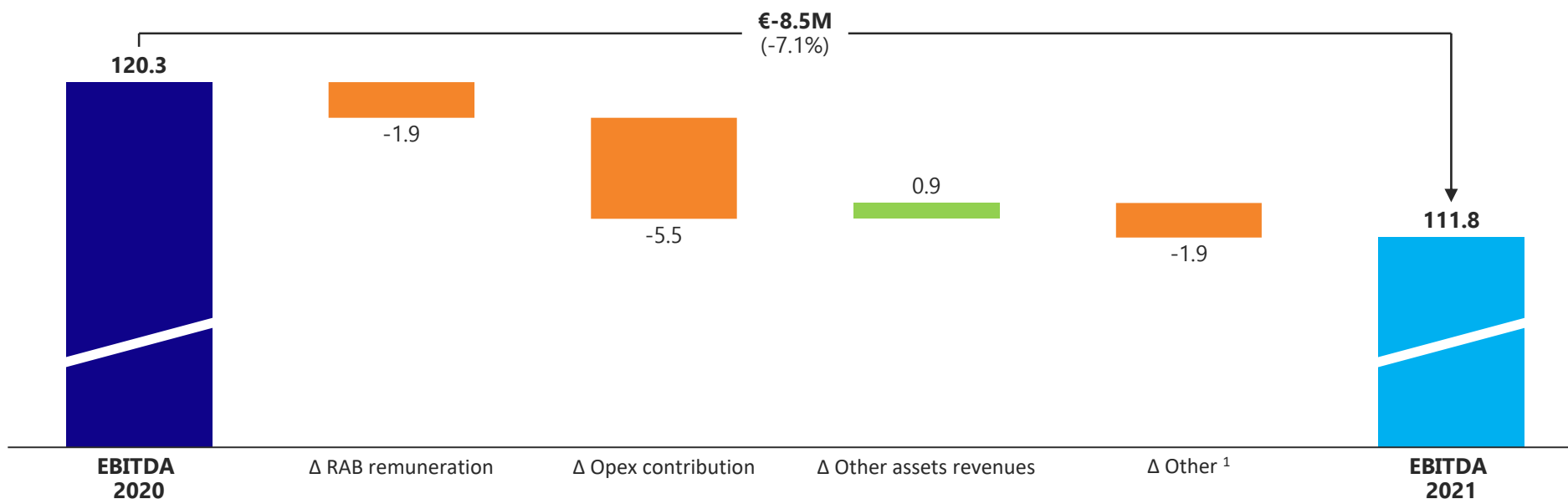
# DOMESTIC BUSINESS: GAS TRANSMISSION

Gas Transmission EBITDA reduction mostly justified by lower RAB remuneration and lower opex contribution

REN



## EBITDA breakdown €M



### Capex

**€29.5M**

↑ €17.6M  
(148.6%)

2020: €11.9M

### Transfers to RAB

**€29.9M**

↑ €17.3M  
(136.8%)

2020: €12.6M

### Average RAB

**€910.8M**

↓ €34.7M  
(3.7%)

2020: €945.5M

### RoR

**4.5%**

↓ 0.04pp

2020: 4.6%

### Core OPEX

**€25.9M**

↑ €6.0M  
(30.2%)

2020: €19.9M

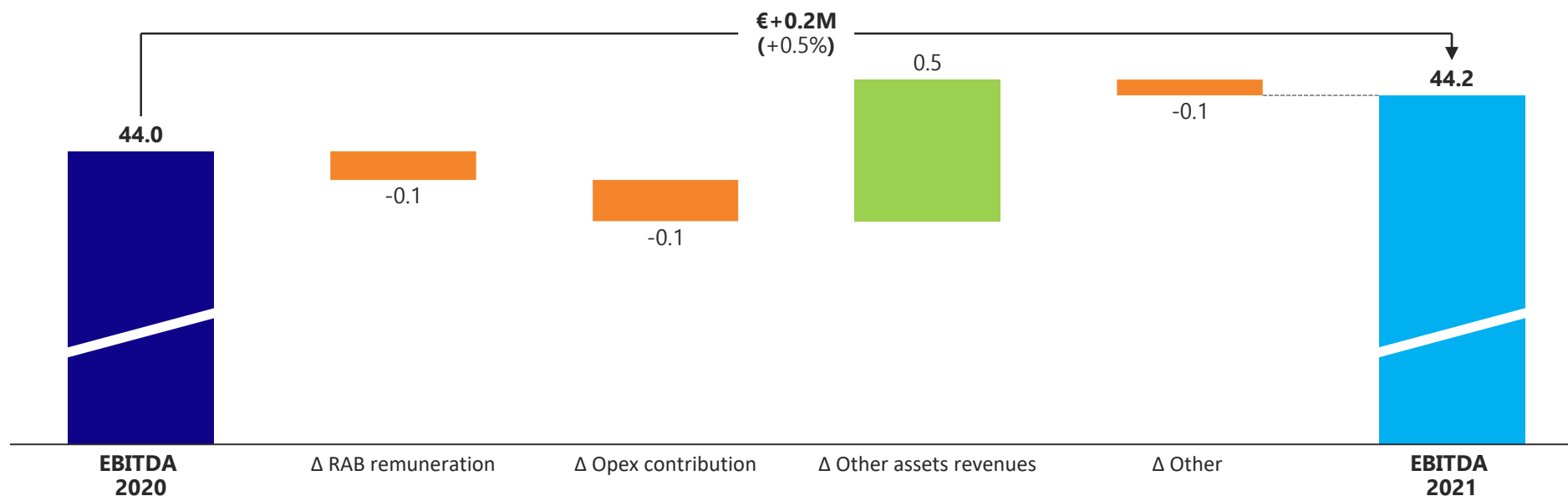
<sup>1</sup> Includes NG transmission tariff deviation corrections from previous years (Δ€-1.5M)

# DOMESTIC BUSINESS: GAS DISTRIBUTION

Gas Distribution EBITDA increase credited to amortizations recovery



## EBITDA breakdown €M



### Capex

**€26.9M** ↑ €4.3M (19.1%)

2020: €22.6M

### Transfers to RAB

**€25.5M** ↑ €3.6M (16.6%)

2020: €21.8M

### Average RAB

**€473.4M** ↑ €1.8M (0.4%)

2020: €471.6M

### RoR

**4.7%**

2020: 4.8%

### Core OPEX

**€9.9M** ↑ €1.0M (10.9%)

2020: €8.9M

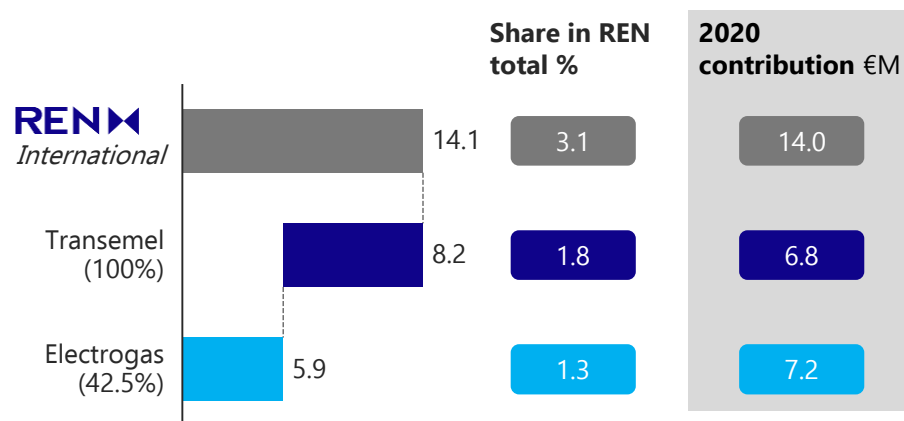
# INTERNATIONAL BUSINESS

## Improvement in Transemel's contribution to EBITDA off-setting Electrogas slight decline

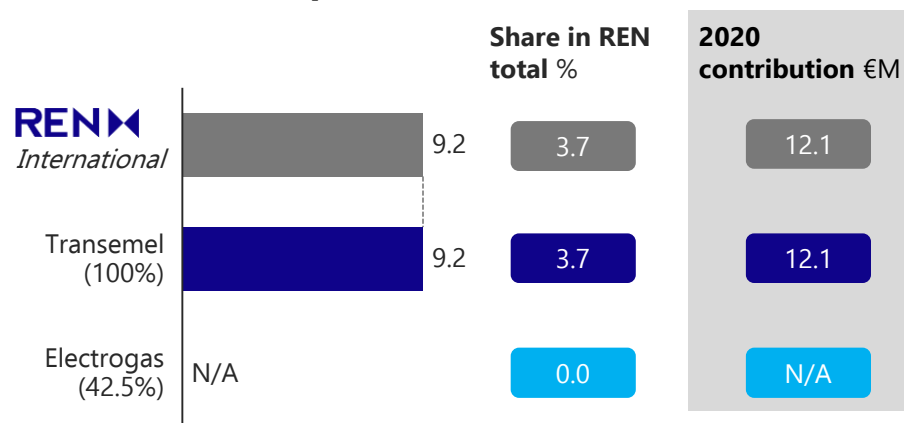
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### Contribution to EBITDA 2021 €M



### Contribution to Capex 2021 €M



### Key highlights

#### Transemel, Chile

- Revenues increased YoY reflecting the conclusion of expansion projects in 2020 and 2021

#### Revenues

**€12.1M** ↑ €2.0M (19.8%)

2020: €10.1M

#### EBITDA

**€8.2M** ↑ €1.4M (20.7%)

2020: €6.8M

#### Electrogas, Chile

- EBITDA decreased YoY, due to lower revenues (lower tariff and lower transported volume)

#### Revenues

**€28.2M** ↓ €3.1M (10.0%)

2020: €31.3M

#### EBITDA

**€24.5M** ↓ €3.0M (10.8%)

2020: €27.5M



# CONSOLIDATED VIEW



**Solid Financial Results, reflecting the downward trend in cost of debt**

## Depreciation & Amortization

**€241.9**  €0.8M  
(0.3%)

2020: **€241.2M**

- Increase of €0.8M versus 2020, along the evolution of gross assets.

## Financial results

**-€42.6M**  €4.2M  
(8.9%)

2020: **-€46.8M**

- **Positive change in financial results** (+€4.2M) reflecting **the decrease in the average cost of debt** of 0.25 p.p. to 1.6%, lower net debt and greater dividends from HCB (€1.5M), despite reduced dividends from REE (-€0.3M).

## Taxes

**€79.1M**  €6.2M  
(8.5%)

2020: **€73.0M**

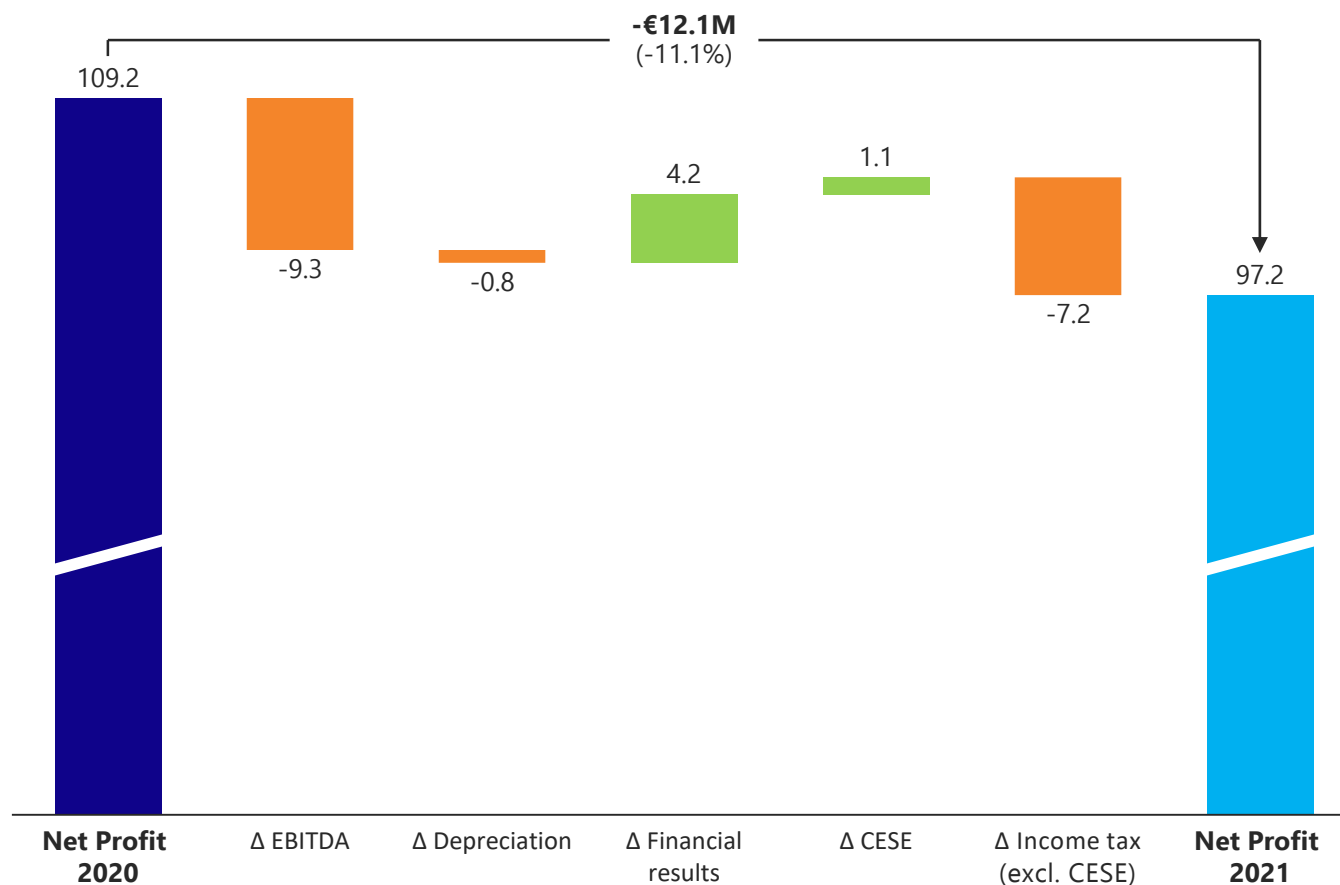
- Total taxes include the **extraordinary levy of €27.0M** (€28.1M in 2020) and **income tax which grew by €7.2M to €52.1M**.
- **Effective tax rate reached 44.9%**, a 4.9 p.p. increment relatively to 2020 (including the levy).
- **Increase in the effective tax rate vs 2020** reflecting the different recovery of previous years taxes (€5.6M) versus 2021 (€2.4M).

# CONSOLIDATED VIEW



**Net Profit declined mostly due to a lower EBITDA and an increase in Income Tax, partially compensated by higher financial results and lower CESE**

## Net profit evolution breakdown €M



## Key highlights

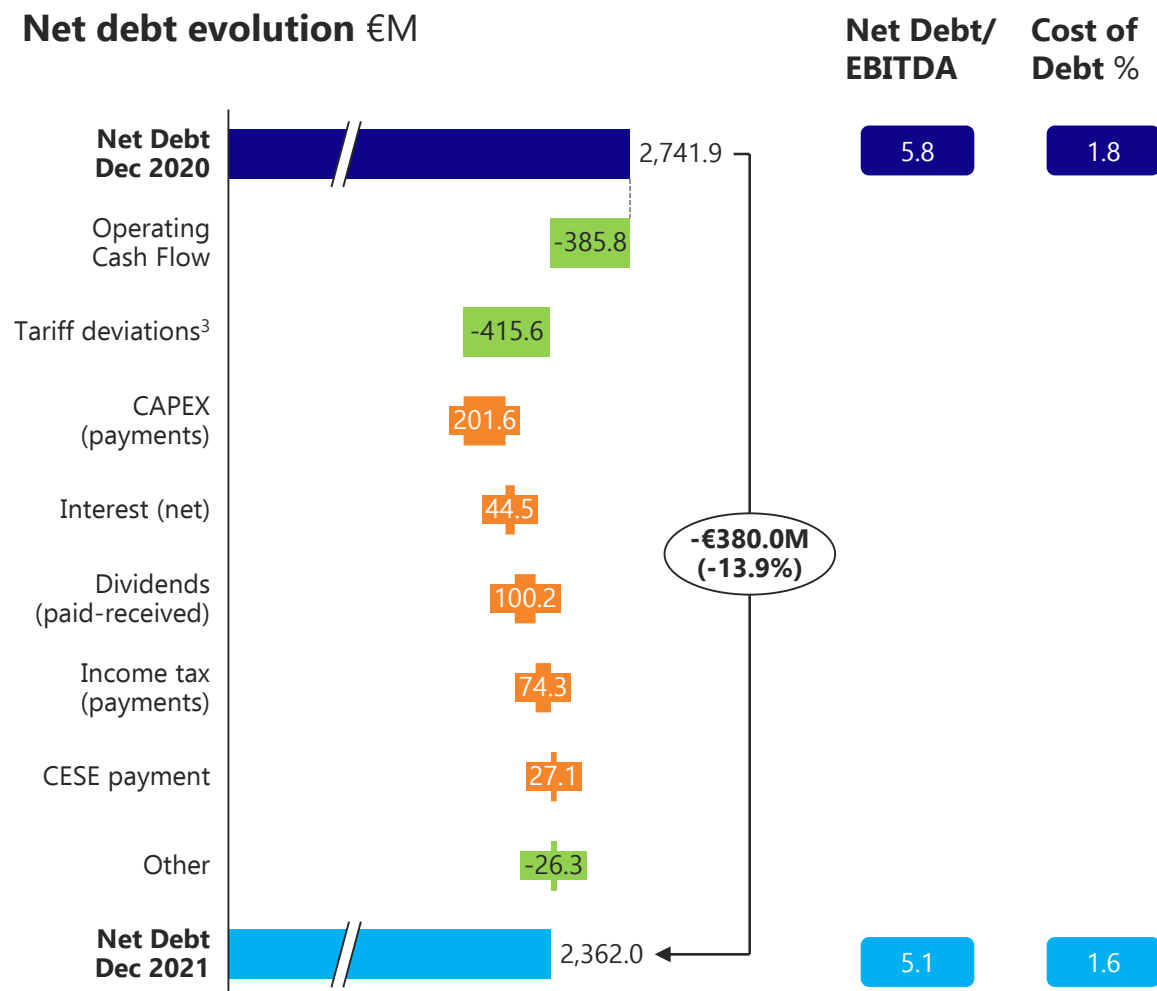
- The **Positive effect** of €4.2M from **Financial Results** as a consequence of better financial conditions and higher dividends from associates (Δ€1.2M)
- **Lower charge by CESE** (Δ€-1.1M), reflecting the asset base reduction
- Decrease in **tax recovery** from previous years (Δ€-3.2M)

# CONSOLIDATED VIEW

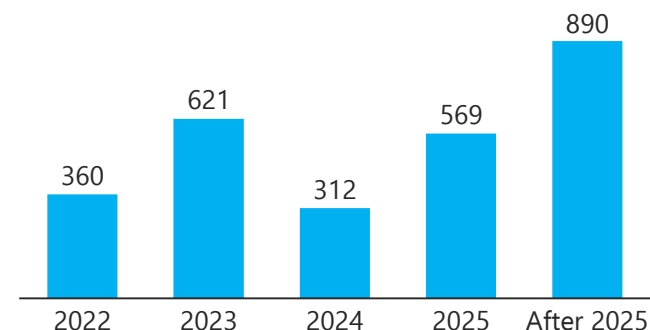


**Net Debt improvement due to a higher operating cash flow and tariff deviations overtaking the outflows of investment and financing activities**

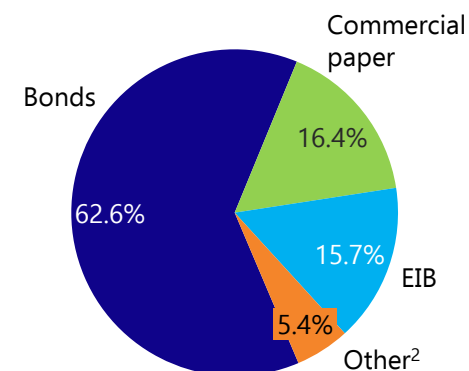
## Net debt evolution €M



## Adjusted Gross Debt Maturity<sup>1</sup> €M



## Debt sources %



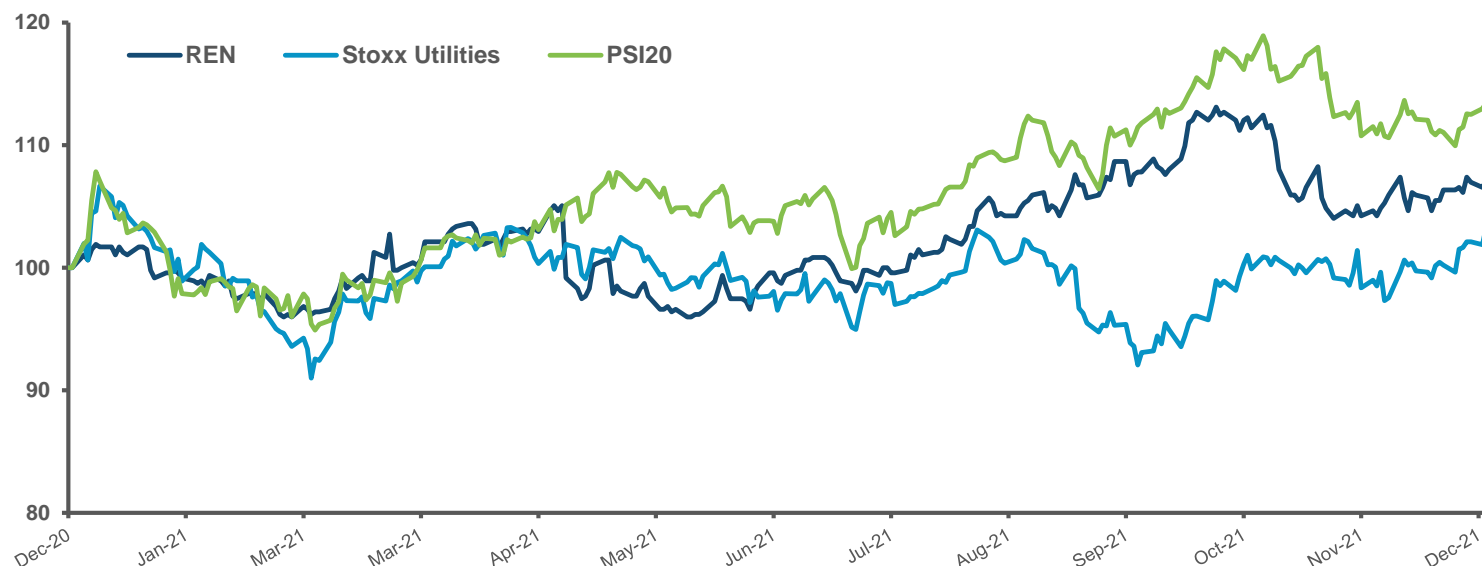
<sup>1</sup> Calculated as Net Debt plus Cash, bank deposits and derivative financial instruments (€404M), excluding effects of hedging on yen denominated debt, accrued interest and bank overdrafts | <sup>2</sup> Includes loans (5.2%) and leasing (0.2%)

# SHARE PRICE & SHAREHOLDER RETURN



REN's share close the year with a TSR of 15.5% remarkably above the sector

## Annualized closing prices %



% TSR 2021	% TSR 2020
18.1	-2.7
15.5	-7.0
7.9	14.1

## Analyst recommendations<sup>1</sup>

### Average Price target

**€2.55** ↓ €0.23  
(8.3%)

2020: **€2.78**

### Upside/Downside (+/-)

**5.4%** ↓ 8.1pp

2020: **13.5%**

### Buy recommendations

**40.0%** ↓ 20.0pp

2020: **60.0%**

### Hold recommendations

**30.0%** ↓ 10.0pp

2020: **40.0%**

<sup>1</sup> End of period  
SOURCE: Bloomberg, REN

### 3. 2021-24 Strategic Plan execution & Outlook





# STRATEGIC PLAN EXECUTION



In 2021, REN was able to deliver according to the 2021-24 strategic guidelines

## Strategic guidelines 2021-24

Investment growth  
story, delivering  
superior service quality



## Key achievements during 2021

- Presentation of the **Development and Investment Plans for the Portuguese electricity and gas transmission infrastructure network** for the 2022-2031 period
- **Increase of REN's capex by c. 43% Vs. 2020** (from €173M to €247M), mostly driven by the domestic electricity transmission segment
- Maintenance of **high service quality levels**, with an average of 0.05 min of electricity interruption time and 99.9% of combined availability rate in the natural gas infrastructure

## ESG highest standard



- Definition of **renewed and ambitious ESG targets**, with a **commitment to achieve carbon neutrality by 2040**
- Issuance of **REN's first green bond**
- **Establishment of a Sustainability Committee** within the Board of Directors

## Solid financials and sustainable shareholder returns



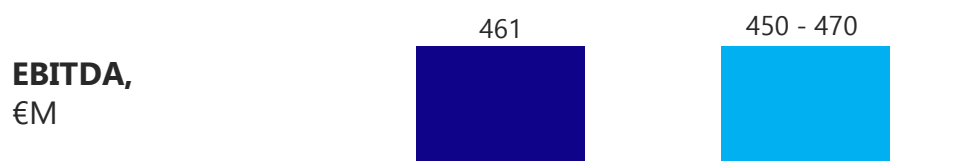
- **Improvement of REN's credit rating outlook** from *Negative* to *Stable* by Fitch and from *Stable* to *Positive* by Moody's
- Maintenance of **credit metrics consistent with an investment grade credit rating** in all three major rating agencies – Moody's, Fitch and S&P
- Delivery on **all business plan targets, surpassing net debt and capex targets**

# STRATEGIC PLAN TARGETS



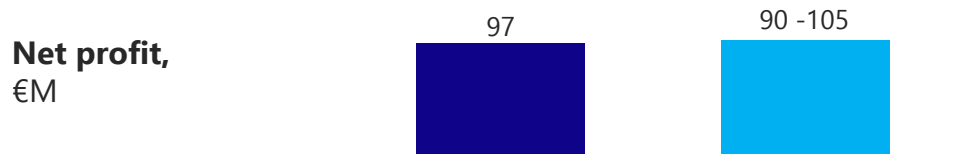
During 2021, REN has successfully met its 2021-24 Business Plan targets

## Comparison between Actuals and Business plan 2021-24

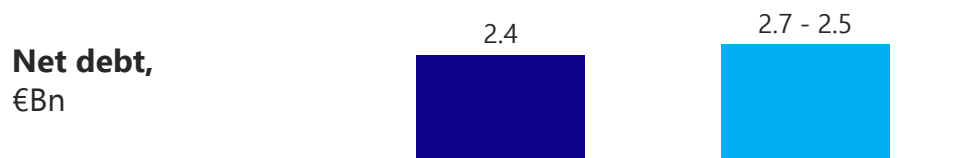


### Key highlights

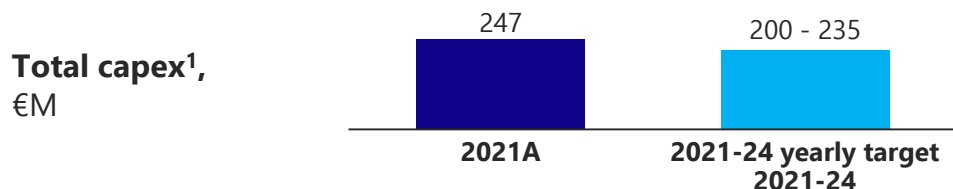
Domestic businesses **regulatory remuneration** remained under pressure of low 10Y PGB yields



**Net Income benefited from the positive trend of financial costs**, in a context of decreasing operational results



**Strong improvement of Net Debt** due to the evolution of **Tariff Deviations** in 2021. This effect could be potentially **reversed during 2022**



**Capex target overachievement** mostly driven by investments in the domestic electricity network

1. Capex at total costs (including capitalized own works); Includes Transemel's organic capex  
A: Actuals; BP: Business Plan

## 4. Shaping a sustainable future



REN

# HIGHEST ESG STANDARDS



REN is strongly committed with Sustainability and has set ambitious targets



## Environmental

### Targets

**-50% CO<sub>2</sub> emissions**  
by 2030 vs. 2019

**Carbon neutral by 2040**

### Achievements



**Climate** | REN received a Gold Standard for the implementation of a program to quantify and reduce methane emissions from the OGMP 2.0

**Reforestation** | In 2021, reforestation of 723 ha of right of way passages with native species

**Mobility** | 28% of REN's fleet is electrified



**Disclosing**  
on CDP  
Climate Change  
**since 2010**



## Social

**>1/3 of women in 1st line management** positions by 2030



**Gender Equality** | 28% of women in management positions

**Social initiatives** | REN promotes the oldest scientific award in Portugal, Prémio REN, and has carried this work to the African countries with Portuguese as the Official Language



**Recognized commitment** for  
2 years in a row



## Governance

Increasing ESG weight in **managers' performance metrics** already by 2022

**100% of new bond emissions** to be **green**



**Performance** | New ambitious ESG metrics established

**Green financing** | In 2021, REN issued its first green bond



Green bond  
framework  
**certified by ISS**

# HIGHEST ESG STANDARDS



Good performance in international ESG scores but with ambition to do more

## MSCI ESG Rating



- Assessment of **resilience to long-term ESG risks**, REN demonstrated **strong efforts on Biodiversity & Land use relative to peers**, and on average scoring on **Corporate Governance** relative to global peers

## Sustainalytics ESG Rating



- Measurement of a **company's exposure to industry-specific material ESG risks** and how well a company is managing those risks
- REN demonstrated **low risk**, which is aligned with the ratings received by peers and above sector average

## ISS ESG Rating



- Assessment of **sustainability performance**, based on specific criteria for each industry. REN **ranked very high** on **transparency** level

## CSA Score



- Evaluation of **sustainability practices**, incl. **management of ESG risks** and future **performance potential**
- REN overall rating in line with industry peers**, but higher in selected dimensions such as **Social reporting, Climate strategy and Environmental reporting**

REN's Rating 2021

BBB

2020: BBB

19.2

2020: 23.5

B

2020: B

43

2020: 42

Sector Average

A

Bellow

34.7

Above

C

Above

39

Above

Scale

CCC-AAA

100-0

D-A

1-100



## 5. Closing remarks



# CLOSING REMARKS

## Fully committed to deliver solid results and sustainable returns



**EBITDA of €460.8M** a decrease of 2% YoY, mostly due to a lower RAB remuneration, decrease in IREI incentive and a negative contribution from OPEX, due to higher electricity costs.



**Net Profit amounted to €97.2M** (-11.1%) driven by the decrease in EBITDA and a higher income tax, partially offset by the increase in financial results.



Significant **Net Debt improvement** due to a higher operating cash flow and tariff deviations. **Solid Financial Results, reflecting the downward trend in cost of debt.**



**Strong consolidation of Transfers to RAB and Capex** versus 2020 as a result of the reduction in pandemic hurdles, focusing on the energy transition process.



The Board of Directors will propose, at the General Shareholders' Meeting on April 28, the **payment of a dividend of 15.4 cents per share**, in line with the revised dividend policy for the 2021-24 cycle.



On 15<sup>th</sup> of December, **ERSE released the Tariffs and Prices for Electricity for 2022**, as well as the parameters for the regulatory period of 2022-2025. The Electricity framework moved to a **TOTEX model and specific incentives rationale**, it was extended to 4 years from 3 years, base RoR set at 4.4% (implied 10y PGB yields of 0.302%). REN believes these regulatory changes do not compromise the targets presented at the 2021-24 Strategic Plan.

# Appendix 1 - Regulation



REN

# REGULATION

The electricity segment is now mainly TOTEX based and benefits from specific incentives

REN's domestic allowed revenues breakdown

Electricity 2022-25			Natural Gas 2020-23				
<b>Revenue Cap for TOTEX</b> (CAPEX <sup>3</sup> + OPEX)	+	<b>Efficiency Sharing Mechanism</b>	+	<b>Incentives</b>			
<ul style="list-style-type: none"><li>Fixed annual amount over the regulatory period to cover Return on RAB, D&amp;A recovery and Opex recovery</li><li>RoR is indexed to 10y PGB yields + a 0.75 premium for efficient assets pre-2022</li><li>Opex recovery and D&amp;A recovery for assets post-22 evolve with volume drivers<sup>1</sup> and with an efficiency factor of 1.5%</li></ul>		<ul style="list-style-type: none"><li>Positive or negative annual spread from the defined reference return is shared / recovered from consumers at the end of the period</li><li>1.5% Efficiency factor Applies to the partial Revenue Cap TOTEX, excludes incentives and pre-2022 asset revenue</li></ul>		<ul style="list-style-type: none"><li>Incentive based on performance metrics<sup>2</sup></li></ul>			
			<b>Return on RAB</b> (RAB x RoR)	+	<b>D&amp;A Recovery</b>	+	<b>Opex Recovery</b>
			<ul style="list-style-type: none"><li>RAB: Gas Tx and Gas Dx regulated assets. Evolves in line with capex execution</li><li>RoR: defined individually for Gas Tx and Gas Dx. Evolves with 10y PGB yields</li></ul>		<ul style="list-style-type: none"><li>Depreciation of Regulated Asset Base, net of subsidies</li><li>Evolving in line with capex execution</li></ul>		<ul style="list-style-type: none"><li>Opex is subject to efficiency targets</li><li>Gas Efficiency Factors: Transportation and Storage: 3.0%; Distribution: 2.5%; LNG: 2.0%</li></ul>

1. €/ km of network and €/ MVA connected by producer; 2. Equivalent interruption time (*TIE: Tempo de Interrupção Equivalente*), Network and equipment availability (*TCD: Taxa combinada de disponibilidade*) and Interconnection capacity 3. Underlying RAB evolution for the period was forecasted by the regulator (ERSE) based on the approved investment plan

# REGULATION

## Transparent and stable return mechanism

### RoR indexation mechanism

At the start

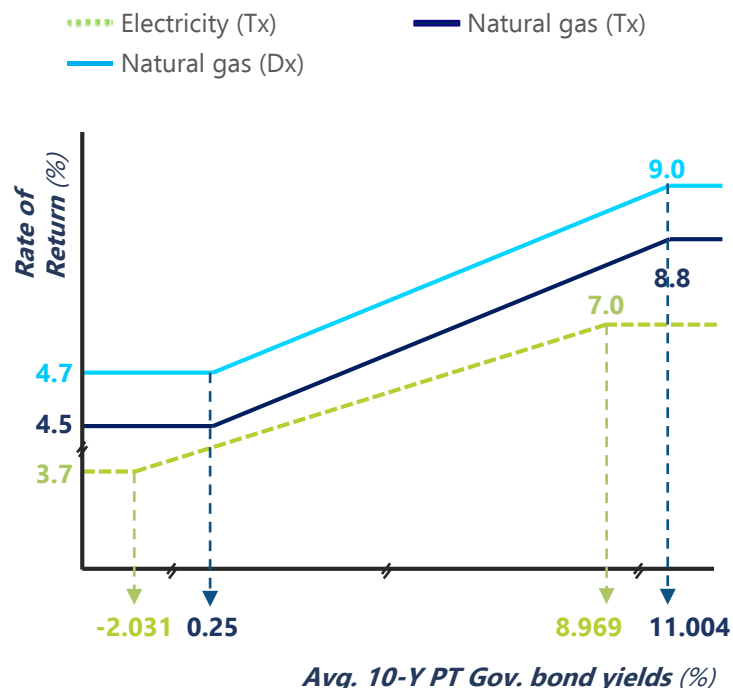
- Base RoR indexed to the **average Portuguese government 10-Y bond yields** (using CAPM as a reference)
- RoR starting point set **at the beginning of the regulatory period**

Every year

- Calculation of the **RoR** using the average bond yield

New electricity regulatory framework

- The new regulatory period **was extended to 4 years** from 3 years
- Base **RoR set at 4.4%** (implied 10y PGB yields of 0.302%)
- RoR / 10y PGB relation of 0.3** (i.e., 1% change in RoR reflects a 3.3% change in 10y PGB)



### RoR evolution, %

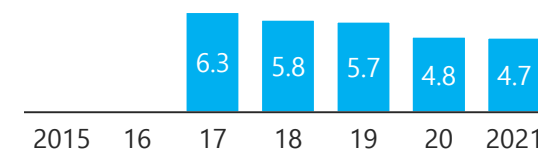
#### Electricity (base)



#### Gas Tx



#### Gas Dx

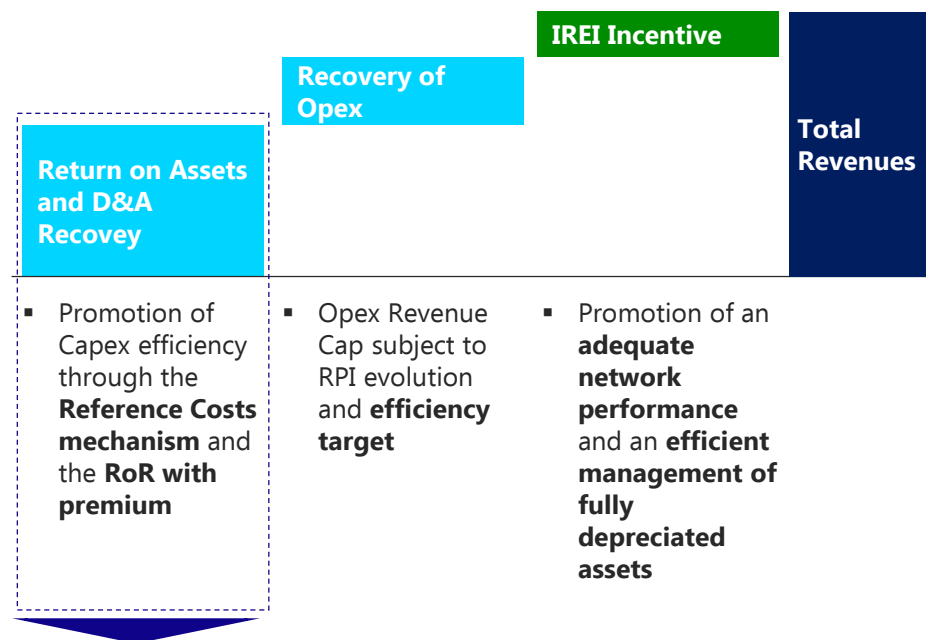




# REGULATION - ELECTRICITY

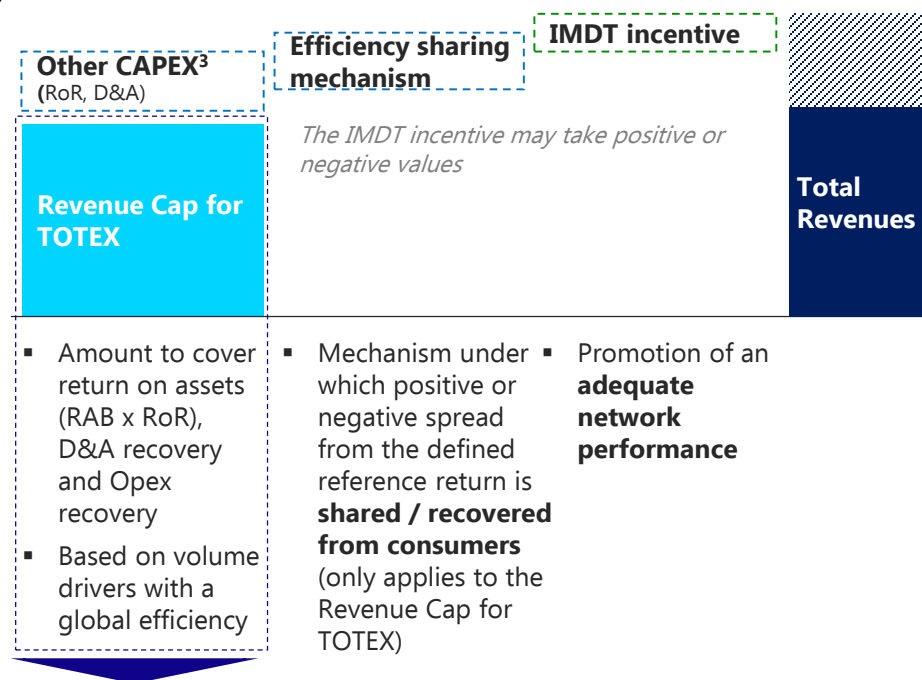
## Revenue Cap for TOTEX and additional revenues coming from incentives

### Transmission Regulatory Model 2018-21



- **Allowed revenue evolving w/ Capex execution** (indexed to 10y PGB yields)
  - Allowed revenue **evolving annually** in line with the **investments performed by REN** and **approved by ERSE**

### Transmission Regulatory Model 2022-25<sup>1</sup> (next slide)



- **Fixed allowed revenue** (indexed to 10y PGB yields and volume drivers)
  - **Allowed revenues, estimated for the whole regulatory period**, considering ERSE's assumptions regarding REN's capex<sup>2</sup>
  - The yearly allowed revenues were **converted into an annual equivalent value**

1. Only applicable to activities concerning the management and operation of the transmission network. The regulatory framework applicable to system management activities remains in line with the Regulatory Model 2018-21 (with updated parameters: eg, RoR, Revenue cap for Opex, etc.). | 2. REN's yearly allowed revenues were estimated considering REN's historical asset base (for assets pre-2022) with RoR premium and REN's future investments with a favorable opinion from ERSE (for assets post-2021); 3. There is room for additional exceptional investments not included in the base TOTEX if accepted by ERSE.

# REGULATION - ELECTRICITY

The revised regulatory model comprises three major building blocks: i) Revenue cap for TOTEX; ii) Incentives; and iii) Efficiency sharing mechanism

## New Regulatory Model<sup>1</sup>

Revenue Cap for TOTEX		Allowed revenue evolution and drivers	
+	Return on Assets pre-2022 (RAB x RoR)	<ul style="list-style-type: none"> <li>Assets without premium: Base RoR set at 4.4%</li> <li>Assets with premium: 0.75bp premium over RoR</li> </ul>	<ul style="list-style-type: none"> <li>RoR indexed to 10Y PGB yields</li> <li>Asset base evolution used by the regulator to estimate REN's returns</li> </ul>
	Return on Assets post-2021 (RAB x RoR)	<ul style="list-style-type: none"> <li>Assets without premium: Base RoR set at 4.4%</li> <li>Premium over RoR and RAB <b>no longer applicable to new investments.</b> However, due to TOTEX model, potential upside on capex optimization</li> </ul>	
	D&A Recovery pre-2022	<ul style="list-style-type: none"> <li>D&amp;A from the exercise and <b>gain on D&amp;A of RAB at reference costs</b> recorded as revenue</li> </ul>	<ul style="list-style-type: none"> <li>Fixed amount over 2022-25</li> </ul>
	D&A recovery post-2021	<ul style="list-style-type: none"> <li><b>Annual D&amp;A</b> for assets post-2021 <b>and Opex recovered as a sole component</b> (concept of "Revenue cap" for Opex no longer exists)</li> </ul>	<ul style="list-style-type: none"> <li>75% is fixed and 25% is variable<sup>2</sup></li> <li>RPI -X type evolution with - 1.5% X factor</li> </ul>
	Opex recovery		
+			
Incentives		<ul style="list-style-type: none"> <li>The IMDT incentive <b>ranges from - €20 M to + €20 M</b>, depending on the <b>value achieved by REN in each of the 3 performance indicators</b>: (i) Network and equipment availability, (ii) Equivalent interruption time, and (iii) Achievement of European interconnection capacity target</li> </ul>	
+			
Efficiency sharing mechanism (detailed next slide)		<ul style="list-style-type: none"> <li>Sharing mechanism through which, at the end of the regulatory cycle, <b>deviations from the defined reference return are shared with consumers</b></li> <li>The sharing mechanism is <b>applicable to the Revenue Cap base for TOTEX</b> and <b>excludes IMDT</b></li> </ul>	

1. Only applicable to activities concerning the management and operation of the transmission network. The regulatory framework applicable to system management activities remains in line with the Regulatory Model 2018-21 (with updated parameters: eg, RoR, Revenue cap for Opex, etc.)| 2. The variable component depends on €/km of network and €/MVA connected by producer

# REGULATION - ELECTRICITY

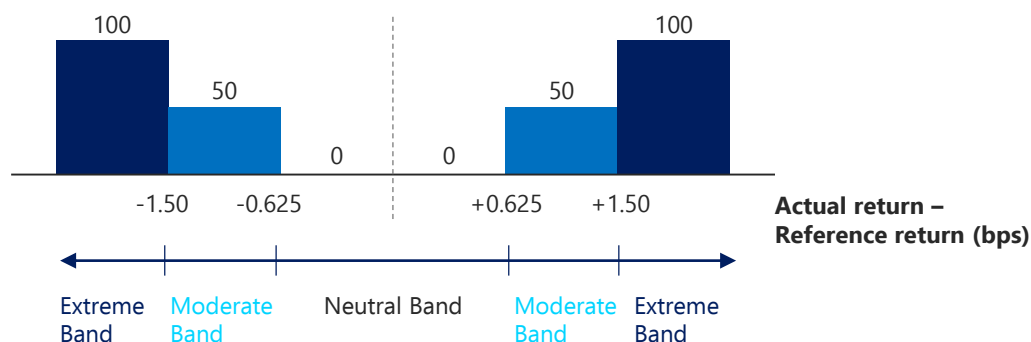
## Spread between efficiency performance and reference return is progressively shared with consumers

### Efficiency sharing mechanism

#### Description

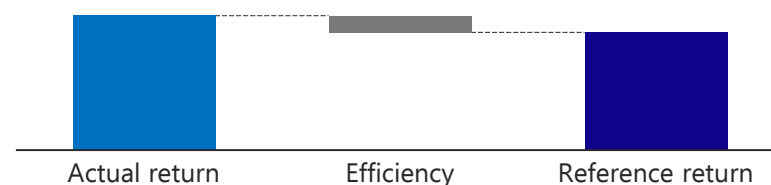
- At the end of the regulatory cycle, **REN's actual outperformance or underperformance under TOTEX is measured against a reference rate of return. The sum of the differences of the period is shared with consumers**, under certain conditions
  - Reference return:** Set as the related asset weighted average of the yearly RoR with and without premium. Evolves with 10Y PGB yields
  - REN's TOTEX yearly outperformance or underperformance:** Actual TOTEX yearly margin of the period divided by the actual RAB value
- Efficiencies are **calculated after the end of the regulatory period** and **shared during the next one** (recovered or paid back gradually over 2027-2029)
- Efficiencies are **shared progressively** depending on the efficiencies level band, which establishes the sharing of **0%, 50% or 100%**

#### Sharing mechanism band, % shared with consumers



### Calculation

#### Illustration of efficiency calculation



$$\text{Efficiency (+/-)} = \text{Actual Return} - \text{Reference return}$$

Period margin / Global RAB value      Reference return defined by ERSE

#### Sharing excludes:

- IMDT incentive**
- Reference cost mechanism incentive** (2009-21) allowances
- Additional **exceptional investments** which are not included in the base TOTEX
- Non-controllable costs** and other costs not subject to efficiency



## Appendix 2 - Financials



REN

# APPENDIX

## Results breakdown

€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>838.4</b>	<b>758.5</b>	<b>10.5%</b>	<b>79.9</b>
Revenues from assets	423.7	431.4	-1.8%	-7.7
Return on RAB	162.0	165.4	-2.1%	-3.4
Electricity	98.5	99.9	-1.4%	-1.4
Natural gas	41.2	43.1	-4.5%	-1.9
Portgás	22.3	22.4	-0.5%	-0.1
Lease revenues from hydro protection zone	0.7	0.7	-1.2%	0.0
Economic efficiency of investments	26.9	32.0	-16.0%	-5.1
Recovery of amortizations (net from subsidies)	215.4	214.3	0.5%	1.1
Subsidies amortization	18.7	19.0	-1.5%	-0.3
Revenues from Transemel	12.0	10.1	18.0%	1.8
Revenues of OPEX	141.8	130.1	9.0%	11.8
Other revenues	23.0	26.0	-11.6%	-3.0
<b>Construction revenues (IFRIC 12)</b>	<b>237.9</b>	<b>160.9</b>	<b>47.9%</b>	<b>77.0</b>
<b>2) OPEX</b>	<b>161.1</b>	<b>145.8</b>	<b>10.6%</b>	<b>15.4</b>
Personnel costs	57.2	55.6	2.8%	1.5
External supplies and services	84.2	68.5	22.8%	15.6
Other operational costs	19.8	21.6	-8.3%	-1.8
<b>3) Construction costs (IFRIC 12)</b>	<b>215.3</b>	<b>142.0</b>	<b>51.5%</b>	<b>73.2</b>
4) Depreciation and amortization	241.9	241.2	0.3%	0.8
5) Other	1.2	0.5	125.5%	0.6
<b>6) EBIT</b>	<b>218.9</b>	<b>229.0</b>	<b>-4.4%</b>	<b>-10.1</b>
7) Depreciation and amortization	241.9	241.2	0.3%	0.8
<b>8) EBITDA</b>	<b>460.8</b>	<b>470.2</b>	<b>-2.0%</b>	<b>-9.3</b>
9) Depreciation and amortization	241.9	241.2	0.3%	0.8
10) Financial result	-42.6	-46.8	-8.9%	4.2
11) Income tax expense	52.1	44.9	16.1%	7.2
12) Extraordinary contribution on energy sector	27.0	28.1	-3.8%	-1.1
<b>13) NET PROFIT</b>	<b>97.2</b>	<b>109.2</b>	<b>-11.1%</b>	<b>-12.1</b>
14) Non recurrent items	24.7	22.5	9.8%	2.2
<b>15) RECURRENT NET PROFIT</b>	<b>121.8</b>	<b>131.7</b>	<b>-7.5%</b>	<b>-9.9</b>

### NON RECURRENT ITEMS:

2021: i) Extraordinary energy sector levy, as established in the 2021 State budget law (€27.0M);

ii) Taxes recovery from previous years (€2.4M)

2020: i) Extraordinary energy sector levy, as established in the 2020 State budget law (€28.1M)

ii) Taxes recovery from previous years (€5.6M)

# APPENDIX

## Other operational revenues and costs breakdown

€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>Other revenues</b>	<b>23.0</b>	<b>26.0</b>	<b>-11.6%</b>	<b>-3.0</b>
Allowed incentives	1.0	1.3	-23.1%	-0.3
Interest on tariff deviation	0.3	0.5	-25.5%	-0.1
Telecommunication sales and services rendered	7.7	6.7	13.9%	0.9
Consultancy services and other services provided	2.0	2.9	-32.0%	-0.9
Other revenues	12.0	14.6	-17.8%	-2.6
<b>Other costs</b>	<b>19.8</b>	<b>21.6</b>	<b>-8.3%</b>	<b>-1.8</b>
Costs with ERSE	10.9	11.5	-4.9%	-0.6
Other	8.9	10.1	-12.1%	-1.2

Includes revenues related to  
Electrogas' Net Profit proportion  
(€5.9M in 2021 and €7.2M in 2020)

# APPENDIX

## EBITDA breakdown (Electricity)

REN



€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>546.0</b>	<b>495.8</b>	<b>10.1%</b>	<b>50.2</b>
<b>Revenues from assets</b>	<b>281.9</b>	<b>288.9</b>	<b>-2.4%</b>	<b>-7.0</b>
Return on RAB	98.5	99.9	-1.4%	-1.4
Lease revenues from hydro protection zone	0.7	0.7	-1.2%	0.0
Economic efficiency of investments	26.9	32.0	-16.0%	-5.1
Recovery of amortizations (net from subsidies)	143.0	143.2	-0.2%	-0.2
Subsidies amortization	12.8	13.1	-2.4%	-0.3
<b>Revenues of OPEX</b>	<b>76.5</b>	<b>72.2</b>	<b>6.0%</b>	<b>4.3</b>
<b>Other revenues</b>	<b>6.3</b>	<b>8.3</b>	<b>-24.2%</b>	<b>-2.0</b>
Interest on tariff deviation	0.3	0.4	-26.6%	-0.1
Other	6.0	7.9	-24.1%	-1.9
<b>Construction revenues (IFRIC 12)</b>	<b>181.3</b>	<b>126.4</b>	<b>43.4%</b>	<b>54.9</b>
<b>2) OPEX</b>	<b>65.9</b>	<b>68.3</b>	<b>-3.5%</b>	<b>-2.4</b>
Personnel costs	16.9	17.1	-1.3%	-0.2
External supplies and services	41.0	40.0	2.6%	1.0
Other operational costs	7.9	11.1	-28.9%	-3.2
<b>3) Construction costs (IFRIC 12)</b>	<b>164.7</b>	<b>112.2</b>	<b>46.7%</b>	<b>52.5</b>
<b>4) Depreciation and amortization</b>	<b>155.0</b>	<b>155.7</b>	<b>-0.5%</b>	<b>-0.7</b>
<b>5) Other</b>	<b>0.8</b>	<b>0.2</b>	<b>283.7%</b>	<b>0.6</b>
<b>6) EBIT (1-2-3-4-5)</b>	<b>159.6</b>	<b>159.4</b>	<b>0.2%</b>	<b>0.3</b>
7) Depreciation and amortization	155.0	155.7	-0.5%	-0.7
<b>8) EBITDA (6+7)</b>	<b>314.6</b>	<b>315.1</b>	<b>-0.1%</b>	<b>-0.5</b>

NOTE: Includes Electricity and Enondas (wave energy concession)

# APPENDIX

## EBITDA breakdown (Natural gas transmission)



€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>180.9</b>	<b>158.9</b>	<b>13.9%</b>	<b>22.1</b>
<b>Revenues from assets</b>	<b>103.4</b>	<b>104.5</b>	<b>-1.0%</b>	<b>-1.1</b>
Return on RAB	41.2	43.1	-4.5%	-1.9
Recovery of amortizations (net from subsidies)	56.4	55.5	1.6%	0.9
Subsidies amortization	5.8	5.8	0.0%	0.0
<b>Revenues of OPEX</b>	<b>48.3</b>	<b>40.9</b>	<b>18.0%</b>	<b>7.4</b>
<b>Other revenues</b>	<b>-0.3</b>	<b>1.6</b>	<b>-117.1%</b>	<b>-1.9</b>
Interest on tariff deviation	-0.4	-0.4	15.0%	-0.1
Consultancy services and other services provided	0.1	0.2	-31.1%	-0.1
Other	0.0	1.8	-100.0%	-1.8
<b>Construction revenues (IFRIC 12)</b>	<b>29.5</b>	<b>11.9</b>	<b>148.6%</b>	<b>17.6</b>
<b>2) OPEX</b>	<b>42.4</b>	<b>28.9</b>	<b>46.6%</b>	<b>13.5</b>
Personnel costs	8.7	8.2	5.2%	0.4
External supplies and services	28.2	15.4	82.7%	12.8
Other operational costs	5.6	5.3	5.9%	0.3
<b>3) Construction costs (IFRIC 12)</b>	<b>26.8</b>	<b>9.7</b>	<b>175.2%</b>	<b>17.0</b>
<b>4) Depreciation and amortization</b>	<b>61.5</b>	<b>60.7</b>	<b>1.4%</b>	<b>0.9</b>
<b>5) Other</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-24.0%</b>	<b>0.0</b>
<b>6) EBIT</b>	<b>50.3</b>	<b>59.6</b>	<b>-15.7%</b>	<b>-9.4</b>
7) Depreciation and amortization	61.5	60.7	1.4%	0.9
<b>8) EBITDA</b>	<b>111.8</b>	<b>120.3</b>	<b>-7.1%</b>	<b>-8.5</b>

A negative revenue is consistent with a negative tariff deviation

# APPENDIX

## EBITDA breakdown (Portgás)



€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>81.8</b>	<b>77.1</b>	<b>6.1%</b>	<b>4.7</b>
<b>Revenues from assets</b>	<b>38.4</b>	<b>38.0</b>	<b>1.1%</b>	<b>0.4</b>
Return on RAB	22.3	22.4	-0.5%	-0.1
Recovery of amortizations (net from subsidies)	16.0	15.5	3.2%	0.5
Subsidies amortization	0.1	0.1	23.6%	0.0
<b>Revenues of OPEX</b>	<b>17.0</b>	<b>16.9</b>	<b>0.3%</b>	<b>0.0</b>
<b>Other revenues</b>	<b>-0.5</b>	<b>-0.5</b>	<b>6.9%</b>	<b>0.0</b>
Interest on tariff deviation	0.0	0.0	-290.9%	0.0
Adjustments previous years	-0.9	-1.0	-12.3%	0.1
Other services provided	0.1	0.2	-66.1%	-0.1
Other	0.3	0.4	-11.9%	0.0
<b>Construction revenues (IFRIC 12)</b>	<b>26.9</b>	<b>22.6</b>	<b>19.1%</b>	<b>4.3</b>
<b>2) OPEX</b>	<b>13.8</b>	<b>13.0</b>	<b>6.2%</b>	<b>0.8</b>
Personnel costs	4.1	4.2	-1.8%	-0.1
External supplies and services	4.7	3.9	20.3%	0.8
Other operational costs	4.9	4.9	1.6%	0.1
<b>3) Construction costs (IFRIC 12)</b>	<b>23.8</b>	<b>20.1</b>	<b>18.5%</b>	<b>3.7</b>
<b>4) Depreciation and amortization</b>	<b>16.4</b>	<b>15.8</b>	<b>3.9%</b>	<b>0.6</b>
<b>5) Other</b>	<b>0.0</b>	<b>0.0</b>	<b>-87.2%</b>	<b>0.0</b>
<b>6) EBIT</b>	<b>27.8</b>	<b>28.2</b>	<b>-1.5%</b>	<b>-0.4</b>
Depreciation and amortization	16.4	15.8	3.9%	0.6
<b>8) EBITDA</b>	<b>44.2</b>	<b>44.0</b>	<b>0.5%</b>	<b>0.2</b>

# APPENDIX

## EBITDA breakdown (Transemel)



€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
1) REVENUES	12.1	10.1	19.8%	2.0
2) OPEX	3.9	3.3	17.8%	0.6
3) Depreciation and amortization	1.5	1.5	2.0%	0.0
4) EBIT	6.7	5.3	26.6%	1.4
5) Depreciation and amortization	1.5	1.5	2.0%	0.0
6) EBITDA	8.2	6.8	21.1%	1.4

# APPENDIX

## EBITDA breakdown (Other<sup>1</sup>)

€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>17.4</b>	<b>16.5</b>	<b>5.5%</b>	<b>0.9</b>
<b>Other revenues</b>	<b>17.4</b>	<b>16.5</b>	<b>5.5%</b>	<b>0.9</b>
Allowed incentives	1.0	1.3	-23.1%	-0.3
Interest on tariff deviation	0.4	0.4	8.7%	0.0
Telecommunication sales and services rendered	7.7	6.7	13.9%	0.9
Consultancy services and other services provided	0.8	0.6	38.9%	0.2
Other	7.5	7.5	0.0%	0.0
<b>2) OPEX</b>	<b>35.1</b>	<b>32.2</b>	<b>9.0%</b>	<b>2.9</b>
Personnel costs	26.9	25.8	4.4%	1.1
External supplies and services	7.4	6.1	21.9%	1.3
Other operational costs	0.8	0.4		0.4
3) Depreciation and amortization	7.4	7.4	-0.1%	0.0
<b>4) Other</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0%</b>	<b>0.0</b>
<b>5) EBIT</b>	<b>-25.5</b>	<b>-23.5</b>	<b>8.5%</b>	<b>-2.0</b>
6) Depreciation and amortization	7.4	7.4	-0.1%	0.0
<b>7) EBITDA</b>	<b>-18.0</b>	<b>-16.0</b>	<b>12.5%</b>	<b>-2.0</b>



Includes the negative impacts of the PPAs<sup>2</sup> of Portgás (€5.4M) and Transemel (€1.7M) in 2021

1 Includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO, Aerio Chile SPA, Apolo and REN Finance BV

2 PPA - Purchase Price Allocation



# APPENDIX

## Capex and RAB



€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>CAPEX</b>	<b>247.1</b>	<b>173.3</b>	<b>42.6%</b>	<b>73.8</b>
Electricity	181.3	126.4	43.4%	54.9
Natural gas <sub>T</sub>	29.5	11.9	148.6%	17.6
Natural gas <sub>D</sub>	26.9	22.6	19.1%	4.3
Transemel	9.2	12.1	-23.8%	-2.9
Other	0.2	0.3	-43.7%	-0.2
<b>Transfers to RAB</b>	<b>309.1</b>	<b>79.6</b>	<b>288.5%</b>	<b>229.5</b>
Electricity	253.7	45.1	462.8%	208.6
Natural gas <sub>T</sub>	29.9	12.6	136.8%	17.3
Natural gas <sub>D</sub>	25.5	21.8	16.6%	3.6
<b>Average RAB</b>	<b>3 602.8</b>	<b>3 635.0</b>	<b>-0.9%</b>	<b>-32.2</b>
Electricity	2 013.0	2 000.0	0.7%	13.0
With premium	1 039.8	1 058.5	-1.8%	-18.7
Without premium	973.2	941.5	3.4%	31.7
Land	205.6	217.9	-5.7%	-12.3
Natural gas <sub>T</sub>	910.8	945.5	-3.7%	-34.7
Natural gas <sub>D</sub>	473.4	471.6	0.4%	1.8
<b>RAB e.o.p.</b>	<b>3 644.7</b>	<b>3 564.2</b>	<b>2.3%</b>	<b>80.5</b>
Electricity	2 071.0	1 954.9	5.9%	116.0
With premium	1 046.0	1 033.4	1.2%	12.5
Without premium	1 025.0	921.5	11.2%	103.5
Land	199.4	211.7	-5.8%	-12.3
Natural gas <sub>T</sub>	897.5	924.0	-2.9%	-26.5
Natural gas <sub>D</sub>	476.8	473.5	0.7%	3.3

€M	2021	2020	2021 / 2020	
			Δ %	Δ Abs.
<b>RAB's remuneration</b>	<b>162.7</b>	<b>166.1</b>	<b>-2.1%</b>	<b>-3.4</b>
Electricity	98.5	99.9	-1.4%	-1.4
With premium	54.6	56.6	-3.4%	-1.9
Without premium	43.9	43.3	1.3%	0.6
Land	0.7	0.7	-1.2%	0.0
Natural gas <sub>T</sub>	41.2	43.1	-4.5%	-1.9
Natural gas <sub>D</sub>	22.3	22.4	-0.5%	-0.1
<b>RoR's RAB</b>	<b>4.5%</b>	<b>4.6%</b>		<b>-0.1p.p.</b>
Electricity	4.9%	5.0%		-0.1p.p.
With premium	5.3%	5.3%		-0.1p.p.
Without premium	4.5%	4.6%		-0.1p.p.
Land	0.3%	0.3%		0.0p.p.
Natural gas <sub>T</sub>	4.5%	4.6%		0.0p.p.
Natural gas <sub>D</sub>	4.7%	4.8%		-0.0p.p.

# APPENDIX

## Tariff deviations



€M	2021	2020
Electricity	86.9	75.1
Trading	-218.2	156.0
Natural gas <sub>T</sub>	-134.5	-79.1
Natural gas <sub>D</sub>	-0.8	-2.9
<b>Total</b>	<b>-266.6</b>	<b>149.0</b>

! The value of the tariff deviations is paid in full and with interest over a two year period from the moment it is created

# APPENDIX

## Funding sources

€M	Current	Non Current	2021
Bonds	0.0	1 726.2	1 726.2
Bank borrowings	158.3	416.6	574.9
Commercial paper	200.0	250.0	450.0
Bank overdrafts	0.0	0.0	0.0
Finance lease	1.5	2.7	4.2
<b>TOTAL</b>	<b>359.8</b>	<b>2 395.6</b>	<b>2 755.3</b>
Accrued interest	23.8	0.0	23.8
Prepaid interest	-8.4	-4.7	-13.1
<b>TOTAL</b>	<b>375.2</b>	<b>2 390.9</b>	<b>2 766.1</b>

- REN maintained its financial strength and continued to present high liquidity and a low average cost of debt;
- REN's total liquidity reached €1,203.8M, including credit facilities, loans, non-used commercial paper programmes, cash and bank deposits;
- Bank borrowings were mainly represented by EIB loans, which amounted €430.9M at the 31<sup>st</sup> of December of 2021 (€480.8M at the end of 2020);
- The Group had credit lines negotiated and not used in the amount of €80M, maturing up to one year, which are automatically renewed periodically (if they are not resigned in the contractually specified period for that purpose);
- REN also had nine active commercial paper programmes in the amount of €1,925M, of which €1,475M were available for use. Of the total amount 500,000 thousand Euros have a guaranteed placement, of which 250,000 thousand Euros are available for utilization at 31<sup>st</sup> December 2021.
- During April 2021, the Group issued a Green Bond in the amount of 300,000 thousand Euros at a fixed rate.
- REN's financial liabilities had the following main types of covenants: Cross Default, Pari Passu, Negative Pledge, Leverage ratios and Gearing;
- The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by a hedge derivate in place. The average interest rates for borrowings, including commissions and other expenses, was 1.57% at the end of 2021 and 1.81% in 2020.

# APPENDIX

## Debt and debt metrics

	2021	2020
Net Debt (€M)	2 362.0	2 741.9
Average cost	1.6%	1.8%
Average maturity (years)	3.3	3.4
Net Debt / EBITDA	5.1x	5.8x
<b>DEBT BREAKDOWN</b>		
Funding sources		
Bond issues	62.6%	50.8%
EIB	15.7%	17.2%
Commercial paper	16.4%	25.0%
Other	5.4%	7.0%
<b>TYPE</b>		
Float	40%	38%
Fixed	60%	62%

RATING	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Positive	24/06/2021
Standard & Poor's	BBB	A-2	Stable	29/10/2020
Fitch	BBB	F3	Stable	02/06/2021

### CMVM: MAIN PRESS RELEASES (from January 2021)

- Jan-09: Qualified shareholding from Great-West Lifeco
- Feb-17: Summary of annual information disclosed in 2020
- Mar-18: 2020 annual consolidated results
- Mar-23: Notice to convene the annual general shareholders meeting and deliberation proposals
- Mar-23 : Accounts reporting documents referring to the financial year ended on 31st December 2020 - item 1 of the agenda for the general shareholders meeting
- Mar-23 : Corporate Governance report included in the 2020 Report and Accounts
- Apr-09: Issuance of 300 million euros of green bonds
- Apr-23: Resolutions approved at the Annual General Shareholders Meeting
- Apr-30: Payment of dividends of the 2020 financial year
- May-14: First 3 months 2021 consolidated results report
- May-14: Strategic update 2021-2024
- May-18: Communication from the shareholder Oman Oil
- Jun-02: Fitch maintains REN's rating at BBB and revises outlook to stable
- Jun-24: Moody's maintains REN's rating at 'Baa3' and revises outlook to positive
- Jul-08: Request for temporary suspension of Board Member
- Jul-29: First Half 2021 consolidated results
- Jul-30: Change in qualified shareholding
- Aug-09: Resignation of a Board Member
- Oct-15: ERSE'S proposal for tariffs and prices for electricity for 2022 and parameters for the 2022-2025 regulatory period
- Nov-11: First 9 months 2021 consolidated results
- Dec-16: Tariffs and prices for electricity for 2022 and parameters for the 2022-2025 regulatory period

# Consolidated Financial Statements



# CONSOLIDATED FINANCIAL STATEMENTS



## Financial position

Thousand Euros	2021	2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	119,551	127,119
Intangible assets	4,123,069	4,130,562
Goodwill	4,757	5,367
Investments in associates and joint ventures	169,283	158,845
Investments in equity instruments at fair value through other comprehensive income	162,724	150,850
Derivative financial instruments	19,347	25,685
Other financial assets	137	102
Trade and other receivables	37,026	45,507
Deferred tax assets	96,673	92,575
	<b>4,732,567</b>	<b>4,736,611</b>
<b>Current assets</b>		
Inventories	8,545	2,450
Trade and other receivables	448,171	448,099
Current income tax recoverable	0	0
Derivative financial instruments	474	0
Other financial assets	0	0
Cash and cash equivalents	398,759	61,499
	<b>855,949</b>	<b>512,048</b>
<b>Total assets</b>	<b>5,588,516</b>	<b>5,248,658</b>

Thousand Euros	2021	2020
<b>EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	667,191	667,191
Own shares	-10,728	-10,728
Share premium	116,809	116,809
Reserves	311,988	289,887
Retained earnings	232,978	240,853
Other changes in equity	-5,561	-5,561
Net profit for the period	97,153	109,249
<b>Total equity</b>	<b>1,409,830</b>	<b>1,407,700</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,390,852	2,260,875
Liability for retirement benefits and others	94,109	100,507
Derivative financial instruments	23,112	29,215
Provisions	8,872	8,508
Trade and other payables	507,606	371,886
Deferred tax liabilities	107,569	144,969
	<b>3,132,120</b>	<b>2,915,960</b>
<b>Current liabilities</b>		
Borrowings	375,221	562,557
Provisions	0	0
Trade and other payables	644,701	353,800
Income tax payable	26,644	8,641
	<b>1,046,566</b>	<b>924,999</b>
<b>Total liabilities</b>	<b>4,178,686</b>	<b>3,840,958</b>
<b>Total equity and liabilities</b>	<b>5,588,516</b>	<b>5,248,658</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## Profit and loss

Thousand Euros	2021	2020
Sales	734	64
Services rendered	565,103	563,232
Revenue from construction of concession assets	237,696	160,856
Gains / (losses) from associates and joint ventures	6,431	7,498
Other operating income	28,389	26,683
<b>Operating income</b>	<b>838,353</b>	<b>758,333</b>
Cost of goods sold	-1,212	-719
Costs with construction of concession assets	-215,253	-142,036
External supplies and services	-84,695	-69,022
Personnel costs	-56,108	-55,529
Depreciation and amortizations	-241,940	-241,165
Provisions	-365	-185
Impairments	-1,313	87
Other expenses	-18,604	-20,895
<b>Operating costs</b>	<b>-619,490</b>	<b>-529,464</b>
<b>Operating results</b>	<b>218,863</b>	<b>228,869</b>
Financial costs	-54,356	-59,637
Financial income	3,272	5,651
Investment income - dividends	8,496	7,318
<b>Financial results</b>	<b>-42,588</b>	<b>-46,667</b>
<b>Profit before income tax and ESEC</b>	<b>176,275</b>	<b>182,202</b>
Income tax expense	-52,081	-44,858
Energy sector extraordinary contribution (ESEC)	-27,041	-28,095
<b>Consolidated profit for the period</b>	<b>97,153</b>	<b>109,249</b>
<b>Attributable to:</b>		
Equity holders of the Company	97,153	109,249
Non-controlled interest	0	0
<b>Consolidated profit for the period</b>	<b>97,153</b>	<b>109,249</b>
<b>Earnings per share (expressed in euro per share)</b>	<b>0.15</b>	<b>0.16</b>



# CONSOLIDATED FINANCIAL STATEMENTS

## Cash flow

Thousand Euros	2021	2020
<b>Cash flow from operating activities:</b>		
Cash receipts from customers	2,784,889	1,838,089
Cash paid to suppliers	-1,873,431	-1,323,307
Cash paid to employees	-75,741	-78,820
Income tax received/paid	-74,253	-11,456
Other receipts / (payments) relating to operating activities	-61,427	-48,242
<b>Net cash flows from operating activities (1)</b>	<b>700,037</b>	<b>376,264</b>
<b>Cash flow from investing activities:</b>		
<b>Receipts related to:</b>		
Investments in associates	199	220
Property, plant and equipment	0	0
Other financial assets	0	0
Investment grants	28,533	34,747
Interests and other similar income	0	0
Dividends	13,218	15,105
<b>Payments related to:</b>		
Other financial assets	0	0
Financial investments	0	0
Equity instruments through other comprehensive income	-15	0
Property, plant and equipment	-4,840	-13,985
Intangible assets	-196,762	-156,631
<b>Net cash flow used in investing activities (2)</b>	<b>-159,667</b>	<b>-120,544</b>
<b>Cash flow from financing activities:</b>		
<b>Receipts related to:</b>		
Borrowings	2,035,000	2,426,000
Capital and supplementary obligations	0	0
Interests and other similar income	0	0
<b>Payments related to:</b>		
Borrowings	-2,081,311	-2,472,647
Interests and other similar expense	-39,725	-53,169
Leasings	-2,065	-1,768
Interests of Leasings	-29	-32
Dividends	-113,426	-113,426
<b>Net cash from / (used in) financing activities (3)</b>	<b>-201,556</b>	<b>-215,042</b>
<b>Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)</b>	<b>338,814</b>	<b>40,677</b>
Effect of exchange rates	-1,224	-29
Cash and cash equivalents at the beginning of the year	61,169	20,521
Changes in the perimeter	0	0
<b>Cash and cash equivalents at the end of the period</b>	<b>398,759</b>	<b>61,169</b>
<b>Detail of cash and cash equivalents</b>		
Cash	0	0
Bank overdrafts	0	-330
Bank deposits	398,759	61,499
	398,759	61,169

These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

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