

## Financial results for 2021

### The Red Eléctrica Group closes the year with a profit of €680 million, 9.6% higher than in 2020

- The increase in revenues from the satellite business, which grew by 18.7%, and the improved contribution from the Brazilian subsidiary ARGO partially offset the drop in revenues from the regulated business, mainly due to adjustments in the remuneration framework.
- Investments relating to the management and operation of electricity infrastructure in Spain stood at €425.8 million, up 5.1% compared to 2020.
- The Board of Directors has proposed to the General Shareholders' Meeting the distribution of a dividend of 1 euro per share against 2021 results.

Madrid, 23 February 2022

The Red Eléctrica Group has announced a profit of €680.6 million at the close of 2021. This figure, which represents an increase of 9.6% compared to that reported at the close of 2020, is due to the good performance of the satellite business following the integration by Hispasat of the managed video services business in Latin America.

Revenues (turnover and the share in the profits of companies accounted for using the equity method) amounted to €1,982.5 million, a slight decrease of 1.6% as a result of the decline in revenues from the regulated business in Spain -due to the application of the announced remuneration adjustments- and partly offset by an 18.7% increase in revenues from the satellite business and the improved contribution from the Brazilian subsidiary ARGO.

#### Financial results

(thousands of euros)	January-December			October-December		
	2021	2020	Δ %	2021	2020	Δ %
Revenues	1.952.958	1.985.751	(1,65%)	487.377	519.901	(6,26%)
Share of profits of companies accounted for using the equity method	29.546	27.980	5,60%	11.657	8.500	37,14%
Gross operating profit (EBITDA)	1.498.637	1.568.517	(4,46%)	340.453	413.445	(17,65%)
Net operating profit (EBIT)	991.971	929.005	6,78%	200.118	158.920	25,92%
Profit before tax	888.077	805.990	10,18%	174.788	135.812	28,70%
Profit for the year	680.627	621.183	9,57%	129.816	114.178	13,70%



Gross operating profit (EBITDA) totalled €1,498.6 million, with net operating profit (EBIT) totalling €992 million, 6.8% higher than in 2020.

Net financial debt stood at €5,647.9 million as at 31 December, 7.6% lower than the €6,113.3 million reported at the close of 2020. Additionally, the Group has reduced the average cost of its financial debt from 1.74% in 2020 to 1.52% in 2021. At the close of the year, 35% of the Group's financing incorporated ESG criteria, compared to 23% the previous year, and the objective is to reach 100% by 2030.

With these figures, the Board of Directors has proposed to the General Shareholders' Meeting the distribution of a dividend of 1 euro per share against 2021 results, of which an interim dividend of 0.2727 euros per share was already paid on 7 January. The Company also expects to pay a final dividend of 0.7273 euros per share on 1 July, once it has been approved at the General Meeting.

One of the most noteworthy events in 2021 was the sale of 49% of Reintel's share capital to the KKR fund for €971 million, which represents an enterprise value of €2.3 billion for the Group's fibre optic subsidiary, implying an EV/EBITDA multiple above 22x in 2021. The transaction, which is expected to close in the second quarter of 2022, is subject to the fulfilment of customary conditions, such as obtaining the mandatory regulatory approvals.

### **Robustness and security of the electricity system and the energy transition. Investments of the Red Eléctrica Group**

Guaranteeing the supply of electricity and the security of the electricity system as well as continuing to make progress in the energy transition have been the main objectives of the investments undertaken by the Red Eléctrica Group in 2021.

Investments linked to the management and operation of national electricity infrastructure totalled €425.8 million, 5.1% more than in the previous year. Two projects stand out for their size and strategic value:

On the one hand, noteworthy was the launch of the construction work for the 'Salto de Chira' pumped storage power station on the island of Gran Canaria, a project in which Red Eléctrica will invest more than €400 million. This infrastructure will offer a greater guarantee of supply, enhancing system security, and will increase the rate of penetration of renewable energy, reaching an average annual coverage of 51% of Gran Canaria's demand by 2026. It will also reduce CO<sub>2</sub> emissions by 20%.

On the other hand, the investments made for the Ibiza-Formentera interconnection are also noteworthy. The favourable progress of the work will guarantee the quality and security of the electricity supply to the island of Formentera and for the Balearic Islands system as a whole, contributing, in turn, to a greater integration of renewables.

As for the Group's telecommunications business, €73.2 million were invested in the satellite business, 81.5% of which relates to the manufacture of the Amazonas Nexus satellite, while investment in the optical fibre business amounted to €1.6 million, in line with the previous year.

As for investment in the management and operation of electricity infrastructure abroad, the Company invested €44.5 million, 80% of which was allocated to the Redenor and Redenor 2 projects in Chile and the remainder to the development of the Tesur 4 project in Peru.

In total, investments made by the Red Eléctrica Group totalled €575.8 million, up 10.6% on the previous year, if we strip out the €374.3 million allocated for the acquisition of the Brazilian company ARGO.



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### **Leadership in sustainability**

The Red Eléctrica Group has strengthened its ESG commitment by revising upwards its greenhouse gas emissions reduction targets. To this end, the Company has committed to reducing its direct emissions by 55% by 2030 compared to 2019. In addition, the Company has set a goal that 100% of its financial debt will be contracted according to ESG criteria by 2030.

The efforts made by the Group so far are reflected in the multiple recognitions it has received to date. During the last quarter of the year, Red Eléctrica has once again been recognised as one of the most sustainable companies in the world by the Dow Jones Sustainability Index, ranking it as one of the 10 most sustainable companies in the world in the energy sector. Thus, it has obtained the best score in the sector in six criteria: materiality, business code of conduct, policy influence, innovation management, social reporting and environmental reporting.