
Consolidated Financial **Statements**

30 September 2022

REN – Redes Energéticas Nacionais, SGPS, S.A.

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1. FINANCIAL PERFORMANCE

1.1 RESULTS FOR THE FIRST 9 MONTHS OF 2022

In the first 9 months of 2022, net income reached 81.4 million Euros, a 13.1 million Euros increase (+19.1%) over the same period of the previous year. Net income increased reflecting mainly the following effects: (i) increase of 17.5 million Euros in the Group EBITDA (+11.5 million Euros in EBIT), and (ii) the increase of 5.3 million Euros in financial results (+17.1%), partially offset by (iii) the increase of 1.0 million Euros in the Extraordinary Levy on the Energy Sector (+3.5%).

The following events are also worth of note:

- Similarly to the previous years, the results for 2022 reflect the continuation of the Extraordinary Levy on the Energy Sector (28.0 million Euros in 2022 and 27.1 million Euros in 2021¹).
- For the new regulatory period of the Electricity Sector, which will be in force from 2022 to 2025, the regulator introduced in the Electricity Transmission activity a revenue cap mechanism applied to the total controllable costs (hereinafter referred to as "Totex"), replacing the reference cost incentive model in Capex and revenue cap in Opex, which had been in force since 2009. In accordance with this new model based on Totex, REN is remunerated at a fixed annual amount defined by the regulator for the entire regulatory period from 2022 to 2025, which aims to remunerate the company's operating costs (Opex) and cost of capital (Capex), this amount being updated annually in accordance with defined cost drivers and an annual efficiency factor.

Investment was 126.0 million Euros, a 11.1% y.o.y decrease (-15.7 million Euros) and transfers to RAB increased 2.8 million Euros (+3.5%) to 83.2 million Euros. Average RAB increased by 84.8 million Euros (+2.4%), to 3,603.3 million Euros.

The average cost of debt was 1.7%, an increase of 0.1 p.p. over the previous year, and net debt reached 1,941.5 million Euros, a 18.4% decrease (-436.7 million Euros) over the same period of the previous year driven by the evolution of REN Trading's tariff deviations.

MAIN INDICATORS (MILLIONS OF EUROS)	September	September	VAR.%
	2022	2021	
EBITDA	360.9	343.4	5.1%
Financial results ²	-25.8	-31.1	17.1%
Net income ¹	81.4	68.4	19.1%
Recurrent net income	107.0	93.0	15.0%
Total Capex	126.0	141.7	-11.1%
Transfers to RAB ³ (at historic costs)	83.2	80.5	3.5%
Average RAB (at reference costs)	3 603.3	3 518.5	2.4%
Net debt	1 941.5	2 378.2	-18.4%
Average cost of debt	1.7%	1.6%	0.1p.p.

¹ The full amount of the levy was recorded in the 1st quarter of 2022 and 2021, according to the Portuguese Securities Market Commission (CMVM) recommendations.

² The net costs of 1.9 million Euros in September 2022 and 0.2 million Euros in September 2021 from electricity interconnection capacity auctions between Spain and Portugal – referred to as FTR (Financial Transaction Rights) were reclassified from financial income to Revenue.

³ Includes direct acquisitions (RAB related).

Operational results – EBITDA

Domestic Power Transmission and Distribution Business

EBITDA for the domestic business reached 345.9 million Euros in the first 9 months of 2022, a 3.7% (+12.5 million Euros) increase over the same period of the previous year.

EBITDA - TRANSMISSION (MILLIONS OF EUROS)	September 2022	September 2021	VAR. %
1) Revenues from assets	145.9	152.0	-4.0%
RAB remuneration ¹	55.5	48.5	14.5%
Lease revenues from hydro protection zone	0.5	0.5	-1.3%
Incentive for improvement of the TSO's technical performance ²	5.6	20.2	-72.1%
Recovery of amortizations (net of investment subsidies) ¹	70.7	68.9	2.6%
Amortization of investment subsidies	13.6	14.0	-2.9%
2) Revenues from Totex ¹	203.6	184.6	10.3%
3) Revenues from Opex ¹	78.4	79.0	-0.8%
4) Other revenues	10.9	10.8	1.3%
5) Own works (capitalised in investment)	15.9	15.3	4.0%
6) Earnings on Construction (excl. own works) – Concession assets	106.8	123.1	-13.2%
7) OPEX	108.0	108.0	0.0%
Personnel costs ³	43.2	41.9	3.0%
External costs	64.9	66.1	-1.9%
8) Construction costs – Concession assets	106.8	123.1	-13.2%
9) Provisions/ (reversal)	0.5	0.0	n.m.
10) Impairments	0.3	0.3	0.0%
11) EBITDA (1+2+3+4+5+6-7-8-9-10)	345.9	333.4	3.7%

¹ In 2022, a new regulatory period entered in force in the Electricity Sector, introducing a remuneration model based on Totex for the Electricity Transmission activity. Therefore, for comparability purposes, the 2021 values of the regulated revenue items of "RAB Remuneration", "Recovery of amortizations (net of investment subsidies)" and "Revenues from Opex" of the Electricity Transmission activity were reclassified to the item "Revenues from Totex".

² The values presented in 2021 correspond to the Incentive for rationalization of economic investments, which was the incentive in force until December 31, 2021, having been replaced in 2022 by the Incentive for improvement of the TSO's technical performance with the new regulatory period for 2022-2025 for the electricity sector.

³ Includes training and seminars costs.

The increase in EBITDA resulted mainly from:

- The increase in Electricity Transmission Activity regulated revenues (+19.0 million Euros), with the introduction of the new Totex remuneration model. The rate of return was 4.7% in September of 2022, which compares to 4.5% in the same period of the previous year. The regulated revenues recorded with the new Totex model correspond to an annual fixed rent defined by the regulator, which results from an equivalent annual rent over the estimated revenues for the 2022-2025 regulatory period, thus explaining the increase over the previous year;
- The increase of 1.8 million Euros (+2.6%) in the recovery of amortizations⁷, reflecting the evolution of the gross asset base;
- The increase of 7.0 million Euros in RAB remuneration (+14.5%) arising mostly from:
 - Increase of 3.3 million Euros in the remuneration of natural gas transmission regulated assets reflecting the increase in the rate of return from 4.5% in September 2021 to 5.2% in September 2022 – as a result of the positive evolution of the yields of the Portuguese Republic 10Y Treasury Bills; partially offset by the reduction of 28.3 million Euros (-3.1%) in natural gas transmission average RAB;
 - Increase of 2.8 million Euros in the remuneration of natural gas distribution regulated assets, reflecting (i) the increase in the rate of return from 4.7% in September 2021 to 5.4% in September 2022 – as a result of the positive evolution of the yields of the Portuguese Republic 10Y Treasury Bills, and (ii) the increase of 11.6 million Euros in natural gas distribution average RAB (+2.5%).

These effects were partially offset by:

- The reduction of 14.5 million Euros in the Incentive for improvement of the TSO's technical performance, reflecting the introduction of these new incentive with the new electricity regulatory period started in 2022, which replaced the previous Incentive to the rationalization of economic investments;

With respect to domestic business, it is also important to note that the natural gas distribution business contributed with EBITDA of 37.8 million Euros.

International Business

The EBITDA for international businesses reached 15.0 million Euros in the first 9 months of 2022, a 5.0 million Euros (+50.1%) increase over the same period of the previous year, resulting mainly from:

- EBITDA of Transemel – an electrical power transmission company in Chile – was 7.2 million Euros, a y.o.y. increase of 1.5 million Euros (+27.4%) reflecting essentially the increase of 1.5 million Euros in revenues from the transmission of electricity (+18.7%);
- The increase of 3.5 million Euros (+78.8%) in the recognized income from the 42.5% stake held by REN in the Chilean company Electrogas.

EBITDA - INTERNATIONAL (MILLIONS OF EUROS)	September	September	VAR.%
	2022	2021	
1) Revenues from the Transmission of Electrical Power	9.8	8.3	18.7%
2) Other revenues	7.9	4.4	78.8%
3) Own works (capitalized in investment)	0.3	0.0	n.m.
4) OPEX	2.9	2.7	10.1%
Personnel costs ¹	0.5	0.4	n.m.
External costs	2.4	2.3	6.0%
5) EBITDA (1+2+3-4)	15.0	10.0	50.1%

¹ Includes costs with training.

Net income

Overall, the Group's net income for the first 9 months of 2022 reached 81.4 million Euros, a 13.1 million Euros y.o.y. increase (+19.1%).

This increase reflect mostly the following effects:

- i) increase of 17.5 million Euros in the Group EBITDA (+11.5 million Euros in EBIT), impacted by the increase of 12.5 million Euros in the Domestic Power Transmission and Distribution business (+6.8 million Euros in EBIT) and +5.0 million Euros in the contribution of international businesses (+4.7 million Euros in EBIT).
- ii) increase of 5.3 million Euros in financial results (+17.1 %) reflecting the decrease in net debt to 1,941.5 million Euros (-436.7 million Euros; -18.4%), driven by the evolution of REN Trading's tariff deviations, and the increase in dividends from associate companies (1.3 million Euros; +18.8%). The average cost of debt was 1.7%, an increase of 0.1 p.p. over the same period of the previous year;
- iii) partially offset by the increase of 1.0 million Euros in the Extraordinary Levy on the Energy Sector (+3.5%) reflecting the increase in the regulated asset base;

Excluding non-recurring items, Net Income for the first 9 months of 2022 increased 13.9 million Euros (+15.0%). Non-recurring items considered in the first 9 months of 2022 and 2021 are as follows:

- iv) In 2022: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2022 (28.0 million Euros) and ii) recovery of income taxes from previous years (2.5 million euros).;
- v) In 2021: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2021 (27.1 million Euros) and ii) recovery of income taxes from previous years (2.4 million euros).

NET INCOME (MILLIONS OF EUROS)	September	September	VAR. %
	2022	2021	
EBITDA	360.9	343.4	5.1%
Depreciations and amortizations	186.5	180.5	3.3%
Financial results	-25.8	-31.1	17.1%
Income tax expenses	39.1	36.3	7.7%
Extraordinary levy on the energy sector ¹	28.0	27.1	3.5%
Net income	81.4	68.4	19.1%
Non-recurring items	25.6	24.7	3.5%
Recurrent net income	107.0	93.0	15.0%

¹ The full amount of the levy was recorded in the 1st quarter of 2022 and 2021, according to the Portuguese securities market commission (CMVM) recommendations.

1.2 AVERAGE RAB AND CAPEX

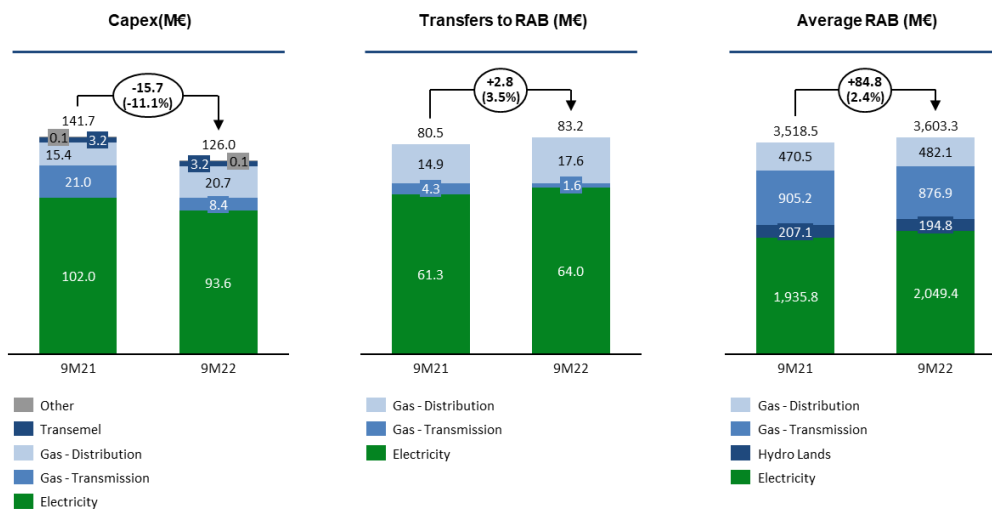
In the first 9 months of 2022, Capex reached 126.0 million Euros, a 11.1% y.o.y. decrease (-15.7 million Euros), and transfers to RAB increased 2.8 million Euros (+3.5%) to 83.2 million Euros.

In electricity, investment was 93.6 million Euros, a 8.3% increase (8.4 million Euros) over the same period of 2021, and Transfers to RAB were 64.0 million Euros, a y.o.y. increase of 2.7 million Euros (+4.4%). It should be highlighted the investments in the remodelling of power lines Palmela - Sines 2 and 3 at 400kV (19.6 million Euros) and Alcochete – Fanhões at 400kV (6.5 million Euros), and the conclusion of the power line Fernão Ferro – Trafaria 2 with a total investment of 45.0 million Euros.

In natural gas transmission, investment reached 8.4 million Euros, a reduction of 12.6 million Euros, and Transfers to RAB were 1.6 million Euros, a y.o.y. decrease of 2.7 million Euros (-62.6%).

In natural gas distribution, investment was 20.7 million Euros, 27% for new supply points and 56% with the expansion of the distribution network, and transfers to RAB increased 2.8 million Euros (+18.7%) to 17.6 million Euros.

Average RAB was 3,603.3 million Euros, a 84.8 million Euros (+2.4%) y.o.y increase. In electricity, the average RAB (excluding lands) reached 2,049.4 million Euros (+113.7 million Euros, +5.9%), of which 1,024.5 million Euros in assets remunerated at a premium rate of return, while lands reached 194.8 million Euros (-12.3 million Euros, -5.9%). In natural gas transmission, the average RAB was 876.9 million Euros (-28.3 million Euros, -3.1%), while in natural gas distribution the average RAB reached 482.1 million Euros (+11.6 million Euros, +2.5%).



1.3 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 JULY TO 30 SEPTEMBER 2022 AND 2021

Consolidated statements of profit and loss

(Amounts expressed in thousands of euros – tEuros)

	01.07.2022 to 30.09.2022	01.07.2021 to 30.09.2021
Sales	36	69
Services rendered	146,549	139,183
Revenue from construction of concession assets	46,800	61,851
Gains from associates and joint ventures	3,180	1,575
Other operating income	6,006	6,234
Operating income	202,570	208,912
Cost of goods sold	(228)	(275)
Cost with construction of concession assets	(41,084)	(56,563)
External supplies and services	(20,355)	(18,810)
Employee compensation and benefit expense	(14,203)	(13,503)
Depreciation and amortizations	(62,322)	(60,304)
Provisions	-	-
Impairments	(94)	(94)
Other expenses	(2,610)	(4,063)
Operating costs	(140,896)	(153,611)
Operating results	61,674	55,301
Financial costs	(15,646)	(14,630)
Financial income	3,263	1,378
Investment income - dividends	174	73
Financial results	(12,209)	(13,179)
Profit before income taxes and ESEC	49,465	42,122
Income tax expense	(13,890)	(13,308)
Extraordinary contribution on energy sector (ESEC)	(3)	-
Net profit for the period	35,572	28,814
Attributable to:		
Equity holders of the Company	35,572	28,814
Non-controlled interest	-	-
Consolidated profit for the period	35,572	28,814
Earnings per share (expressed in euro per share)	0.05	0.04

Consolidated statements of comprehensive income

(Amounts expressed in thousands of euros - tEuros)

	01.07.2022 to 30.09.2022	01.07.2021 to 30.09.2021
Net Profit for the year	35,572	28,814
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains / (losses)	(1,371)	20
Tax effect on actuarial gains / (losses)	411	(6)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	14,523	(9,341)
Increase/(decrease) in hedging reserves - cash flow derivatives	28,604	4,080
Tax effect on hedging reserves	(6,484)	(842)
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	(12,535)	9,564
Tax effect on items recorded directly in equity	3,071	(2,167)
Other changes in equity	-	4
Comprehensive income for the year	61,790	30,125
Attributable to:		
Equity holders of the Company	61,790	30,125
Non-controlling interests	-	-
	61,790	30,125

2. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of financial position originally issued in Portuguese - Note 33)

	Notes	Sep 2022	Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	122,839	119,551
Intangible assets	5	4,063,086	4,123,069
Goodwill	6	4,518	4,757
Investments in associates and joint ventures	7	198,933	169,283
Investments in equity instruments at fair value through other comprehensive income	9 and 10	141,791	162,724
Derivative financial instruments	9 and 12	74,056	19,347
Other financial assets	9	168	137
Trade and other receivables	9 and 11	74,774	37,026
Deferred tax assets	8	80,411	96,673
		4,760,577	4,732,567
Current assets			
Inventories		8,754	8,545
Trade and other receivables	9 and 11	316,300	448,171
Current income tax recoverable	8 and 9	770	-
Derivative financial instruments	9 and 12	520	474
Cash and cash equivalents	9 and 13	478,381	398,759
		804,725	855,949
Total assets	4	5,565,301	5,588,516
EQUITY			
Shareholders' equity			
Share capital	14	667,191	667,191
Own shares	14	(10,728)	(10,728)
Share premium		116,809	116,809
Reserves	15	396,576	311,988
Retained earnings		231,801	232,978
Other changes in equity		(5,561)	(5,561)
Net profit for the period		81,426	97,153
Total equity		1,477,515	1,409,830
LIABILITIES			
Non-current liabilities			
Borrowings	9 and 16	1,716,430	2,390,852
Liability for retirement benefits and others	17	80,090	94,109
Derivative financial instruments	9 and 12	69,407	23,112
Provisions	18	9,316	8,872
Trade and other payables	9 and 19	859,772	507,606
Deferred tax liabilities	8	111,795	107,569
		2,846,810	3,132,120
Current liabilities			
Borrowings	9 and 16	631,059	375,221
Trade and other payables	9 and 19	609,916	644,701
Income tax payable	8 and 9	-	26,644
		1,240,975	1,046,566
Total liabilities	4	4,087,786	4,178,686
Total equity and liabilities		5,565,301	5,588,516

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 September 2022.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of profit and loss originally issued in Portuguese - Note 33)

	Notes	Year ended	
		Sep 2022	Sep 2021
Sales	20	96	115
Services rendered	20	429,640	412,855
Revenue from construction of concession assets	21	122,715	138,387
Gains / (losses) from associates and joint ventures	7	8,288	4,670
Other operating income	22	20,698	21,660
Operating income		581,438	577,686
Cost of goods sold		(630)	(748)
Costs with construction of concession assets	21	(106,807)	(123,085)
External supplies and services	23	(55,014)	(53,907)
Personnel costs	24	(43,482)	(42,109)
Depreciation and amortizations	5	(186,549)	(180,533)
Provisions	18	(526)	-
Impairments	6	(283)	(283)
Other expenses	25	(11,855)	(13,943)
Operating costs		(405,147)	(414,608)
Operating results		176,291	163,078
Financial costs	26	(43,623)	(41,319)
Financial income	26	7,536	2,934
Investment income - dividends	10	8,338	7,020
Financial results		(27,749)	(31,365)
Profit before income tax and ESEC		148,542	131,713
Income tax expense	8	(39,094)	(36,290)
Energy sector extraordinary contribution (ESEC)	27	(28,021)	(27,070)
Consolidated profit for the period		81,426	68,353
Attributable to:			
Equity holders of the Company		81,426	68,353
Non-controlled interest		-	-
Consolidated profit for the period		81,426	68,353
Earnings per share (expressed in euro per share)	28	0.12	0.10

The accompanying notes form an integral part of the consolidated statement of profit and loss for the nine-month period ended 30 September 2022.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of other comprehensive income originally issued in Portuguese - Note 33)

	Notes	Sep 2022	Sep 2021
Consolidated Profit for the period		81,426	68,353
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses) - gross of tax	17	12,657	181
Tax effect on actuarial gains / (losses)	8	(3,797)	(54)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		28,662	(4,286)
Increase / (decrease) in hedging reserves - cash flow derivatives	12	86,269	9,625
Tax effect on hedging reserves	12	(19,519)	(2,165)
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(20,933)	1,941
Tax effect on items recorded directly in equity	10	5,069	(413)
Other changes in equity	7	-	138
Comprehensive income for the period		169,834	73,320
Attributable to:			
Equity holders of the company		169,834	73,320
Non-controlled interest		-	-
		169,834	73,320

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the nine-month period ended 30 September 2022.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of changes in equity originally issued in Portuguese - Note 33)

Changes in the year	Notes	Attributable to shareholders										
		Share capital	Own shares	Share premium	Legal Reserve	Fair Value reserve (Note 13)	Hedging reserve (Note 16)	Other reserves	Other changes in equity	Retained earnings	Profit for the year	Total
At 1 January 2021		667,191	(10,728)	116,809	125,075	48,905	(25,545)	141,452	(5,561)	240,853	109,249	1,407,700
Net profit of the period and other comprehensive income		-	-	-	-	1,528	7,460	(4,148)	-	127	68,353	73,320
Transfer to other reserves		-	-	-	5,587	-	-	-	-	103,662	(109,249)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
At 30 September 2021		667,191	(10,728)	116,809	130,662	50,433	(18,085)	137,304	(5,561)	231,216	68,353	1,367,595
At 1 January 2022		667,191	(10,728)	116,809	130,662	57,758	(12,126)	135,694	(5,561)	232,978	97,153	1,409,830
Net profit of the period and other comprehensive income		-	-	-	-	(15,864)	66,750	28,662	-	8,860	81,426	169,834
Transfer to other reserves		-	-	-	5,040	-	-	-	-	92,113	(97,153)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(102,150)	-	(102,150)
At 30 September 2022		667,191	(10,728)	116,809	135,702	41,894	54,625	164,356	(5,561)	231,801	81,426	1,477,515

The accompanying notes form an integral part of the consolidated statement of changes in equity for the nine-month period ended 30 September 2022.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of cash flow originally issued in Portuguese - Note 33)

	Notes	Sep 2022	Sep 2021
Cash flow from operating activities:			
Cash receipts from customers		2,585,189 a)	1,853,130 a)
Cash paid to suppliers		(1,821,647) a)	(1,133,373) a)
Cash paid to employees		(55,760)	(55,833)
Income tax received/paid		(63,221)	(28,027)
Other receipts / (payments) relating to operating activities		(31,203)	(15,981)
Net cash flows from operating activities (1)		613,358	619,916
Cash flow from investing activities:			
Receipts related to:			
Investments in associates	7	391	199
Investment grants		78,999	25,368
Dividends	7 and 10	15,859	13,218
Payments related to:			
Property, plant and equipment		(6,109)	(2,142)
Intangible assets		(142,549)	(143,736)
Net cash flow used in investing activities (2)		(53,409)	(107,094)
Cash flow from financing activities:			
Receipts related to:			
Borrowings		915,000	1,585,000
Payments related to:			
Borrowings		(1,254,942)	(1,552,704)
Interests and other similar expense		(36,638)	(35,064)
Leasings		(1,845)	(1,693)
Interests of Leasings		(22)	(24)
Dividends	29	(102,150)	(113,426)
Net cash from / (used in) financing activities (3)		(480,597)	(117,911)
Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)		79,353	394,911
Effect of exchange rates		269	(538)
Cash and cash equivalents at the beginning of the year	13	398,759	61,169
Cash and cash equivalents at the end of the period	13	478,381	455,542
Detail of cash and cash equivalents			
Cash	13	24	22
Bank overdrafts	13	-	(54)
Bank deposits	13	478,357	455,574
		478,381	455,542

a) 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.

The accompanying notes form an integral part of the consolidated statement of cash flow for the nine-month period ended 30 September 2022.

The Accountant

The Board of Directors

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Translation of notes originally issued in Portuguese - Note 33)

1 GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN” or “the Company” together with its subsidiaries, referred to as “the Group” or “the REN Group”), with head office in Avenida Estados Unidos da América, 55 – Lisbon, Portugal, resulted from the spin-off of the EDP Group, in accordance with Decree-Laws 7/91 of 8 January and 131/94 of 19 May, approved by the Shareholders’ General Meeting held on 18 August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26 September 2006 the REN Group’s operations were concentrated on the electricity business through REN – Rede Eléctrica Nacional, S.A. On 26 September 2006, as a result of the unbundling transaction of the gas business, the Group went through a significant change with the purchase of assets and financial participations relating to the transport, storage and re-gasification of gas activities, comprising a new business.

In the beginning of 2007, the Company was transformed into a holding company and, after the transfer of the electricity business to a new company incorporated on 26 September 2006, renamed REN – Serviços de Rede, S.A., changed its name to REN – Rede Eléctrica Nacional, S.A..

The Group presently has two main business segments, Electricity and Gas, and a secondary business of Telecommunications.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., incorporated on 26 September 2006, whose activities are carried out under a concession contract for a period of 50 years as from 2007 which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., was incorporated on 13 June 2007, whose main function is the management of Power Purchase Agreements (“PPA”) from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual – CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, to domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was incorporated on 14 October 2010, its capital being fully owned by REN - Redes Energéticas Nacionais, SGPS, S.A., with the main activity being management of the concession to operate a pilot area for the production of electric energy from sea waves;

d) Empresa de Transmissão Eléctrica Transemel, S.A. (“Transemel”), was incorporated on 1 October 2019, following the expansion of the electricity business in Chile. The company’s activity consists of providing electricity transmission and transformation services and the development, operation and commercialization of transmission systems, allowing free access to the different players in the electricity market in Chile.

The Gas business includes the following companies:

a) REN Gás, S.A. was incorporated on 29 March 2011, with the corporate purpose of promoting, developing and carrying out projects and developments in the gas sector, as well as defining the overall strategy and coordination of the companies in which it has direct interests;

b) REN Gasodutos, S.A., was incorporated on 26 September 2006, the capital of which was paid up through carve-in of the gas transport infrastructures (network, connections and compression);

c) REN Armazenagem, S.A., was incorporated on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated “SGNL – Sociedade Portuguesa de Gás Natural Liquefeito”. The operations of this company comprise the supply, reception, storage and re-gasification of liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures;

e) REN Portgás Distribuição, S.A. ("REN Portgás"), acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the distribution of gas in low and medium pressure, as well as production and distribution of other channelled fuel gases and other activities related, namely the production and sale of flaring equipment.

The operations of the companies indicated in b) to d) above are developed in accordance with the three concession contracts separately granted for periods of 40 years starting 2006. The company indicated in e) above develops its activities in accordance with one concession contract granted for 40 years starting 2008.

The telecommunications business is managed by RENTELECOM – Comunicações, S.A. whose activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the optical fibre excess capacity of the installations owned by REN Group.

REN SGPS fully owns REN Serviços, S.A., a company whose purpose is the rendering of services in the energetic area and the general services of business development support to group companies and third parties, receiving a fee for the services rendered, as well as the management of financial participations in other companies.

On 10 May 2013 REN Finance, B.V., a company based in Netherlands and fully owned by REN SGPS, whose purpose is to participate, finance, collaborate and lead the management of group companies, was incorporated.

Additionally, on 24 May 2013, together with China Electric Power Research Institute, a State Grid Group company, Centro de Investigação em Energia REN – State Grid, S.A. ("Centro de Investigação") was incorporated under a Joint Venture Agreement on which REN holds 1,500,000 shares representing 50% of the total share capital.

The purpose of this company is to implement a Research and Development centre in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

On 14 December 2016, Aéreo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations.

In addition, on November 21, 2018, REN PRO, S.A. was incorporated, a company fully owned by REN, headquartered in Lisbon, whose purpose is to provide support services, namely administrative, logistical, communication and development support of the business, as well as business consulting, in a remunerated manner, either to companies that are in a group relation or to any third party, and IT consulting.

On 17 July 2019, Apolo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations of entities essentially related to the electric transmission sector.

As of 30 September 2022, REN SGPS also holds:

a) 42.5% interest in the share capital of Electrogas, S.A., a provider of gas and other fuels transportation. The participation was acquired on 7 February 2017;

b) 40% interest in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), being its purpose the management of participations in other companies as an indirect way of exercising economic activities;

c) 10% interest in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole Operator;

d) 1% interest in the share capital of Red Eléctrica Corporación, S.A. ("REE"), entity in charge of the electricity network management in Spain;

e) 7.9% interest in the share capital of Coreso, S.A. ("Coreso"), entity that assists the European transmission system operators ("TSO"), in coordination and safety activities to ensure the reliability of Europe's electricity supply;

f) Participations in the share capital of: (i) Hidroeléctrica de Cahora Bassa, S.A. ("HCB"), participation of 7.5%; (ii) MIBGÁS, S.A., participation of 6.67%; and (iii) MIBGÁS Derivatives, S.A., participation of 9.7%.

1.1. Consolidation perimeter

The following companies were included in the consolidation perimeter as of 30 September 2022 and 31 December 2021:

Designation / adress	Country	Activity	Sep 2022		Dec 2021	
			% Owned		% Owned	
			Group	Individual	Group	Individual
Parent company:						
REN - Redes Energéticas Nacionais, SGPS, S.A.	Portugal	Holding company	-	-	-	-
Subsidiaries:						
REN - Rede Eléctrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	Portugal	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Praça de Alvalade, nº7 - 12º Dto, Lisboa	Portugal	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
Enondas-Energia das Ondas, S.A. Mata do Urso - Guarda Norte - Carricho- Pombal	Portugal	Management of the concession to operate a pilot area for the production of electric energy from ocean waves	100%	100%	100%	100%
RENTELECOM - Comunicações S.A. Av. Estados Unidos da América, 55 - Lisboa	Portugal	Telecommunications network operation	100%	100%	100%	100%
REN - Serviços, S.A. Av. Estados Unidos da América, 55 - Lisboa	Portugal	Back office and management of participations	100%	100%	100%	100%
REN Finance, B.V. De Cuserstraat, 93, 1081 CN Amsterdam, The Netherlands	Netherlands	Participate, finance, collaborate, conduct management of companies related to REN Group	100%	100%	100%	100%
REN PRO, S.A. Av. Estados Unidos da América, 55 - Lisboa	Portugal	Communication and Sustainability, Marketing, Business Management, Business Development and Consulting and IT Projects	100%	100%	100%	100%
REN Atlântico , Terminal de GNL, S.A. Terminal de GNL - Sines	Portugal	Liquefied Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
Owned by REN Serviços, S.A.:						
REN Gás, S.A. Av. Estados Unidos da América, 55 -12º - Lisboa	Portugal	Management of projects and ventures in the natural gas sector	100%	-	100%	-
Aério Chile SPA Santiago do Chile	Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Apolo Chile SPA Santiago do Chile	Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Owned by REN Gás, S.A.:						
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carricho- Pombal	Portugal	Underground storage development, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	Portugal	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-
REN Portgás Distribuição, S.A. Rua Linhas de Torres, 41 - Porto	Portugal	Distribution of natural gas	100%	-	100%	-
Owned by Apolo Chile SPA (99.99%) and Aério Chile SPA (<0.001%):						
Empresa de Transmisión Eléctrica Transemel, S.A. Santiago do Chile	Chile	Transmission and transformation of electricity, allowing free access to different players in the electricity market in Chile	100%	-	100%	-

Changes in the consolidation perimeter

- 2022

There were no changes to the consolidation perimeter in 2022 compared to that reported on 31 December 2021.

- 2021

There were no changes to the consolidation perimeter in 2021 compared to that reported on 31 December 2020.

1.2. Approval of the consolidated financial statements

These interim consolidated financial statements were approved by the Board of Directors at a meeting held on 10 November 2022. The Board of Directors believes that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards for interim financial statements as endorsed by the European Union (IAS 34).

2 BASIS OF PRESENTATION

The consolidated financial statements for the nine-month period ended 30 September 2022 were prepared in accordance with IAS 34 - Interim Financial Reporting Standards, therefore do not include all information required for annual financial statements so should be read in conjunction with the annual financial statements issued for the year ended 31 December 2021.

The Board of Directors evaluated the Group's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. Particularly, as of 30 September 2022, current liabilities in the amount of 1,240,975 thousand Euros are greater than current assets, which total 804,725 thousand Euros.

However, in addition to the consolidated results and cash flows estimated for the following twelve months, the Group has, as of 30 September 2022, credit lines in the form of commercial paper available for use in the amount of 1,775,000 thousands Euros (Note 16). Additionally, the Group has, as of 30 September 2022, 80,000 thousand Euros in credit lines contracted and not used (Note 16).

In result of this assessment, the Board concludes that the Group has the adequate resources to proceed its activity, not intending to cease its operations in short term, and therefore considers adequate the use of a going concern basis in the preparation of the financial statements.

The consolidated financial statements are presented in thousands of Euros – tEuros, rounded to the thousand closer.

As a result of the large-scale military invasion that Russia carried out against Ukraine, on February 24, 2022, there was a general worsening of the global climate of uncertainty, with negative effects on the prospects for the world economy evolution and financial markets.

The REN Group is actively monitoring this situation, as well as the pandemic caused by the COVID-19 virus, has activated all the necessary plans and, despite the situation being unpredictable, REN Group does not have or estimate to have, as of this date, significant effects on its operability and regulatory duties. It should be noted that the REN Group operates, essentially, in two business areas, Electricity and Gas, according to concession contracts attributed to the Group. These concession contracts are regulated, which in a certain way minimizes the possible impacts of the Russian invasion of Ukraine as well as the pandemic.

On 15 December 2021, ERSE published the document "Tariffs and prices for electricity and other services in 2022 and parameters for the 2022-2025 regulation period" to be in force in Portugal. In accordance with this new Tariff Regulation applicable to REN Eléctrica's Electricity Transmission Activity, the REN Group calculates, on each reporting date and in accordance with the criteria defined by ERSE, the tariff deviations between the revenue allowed published by ERSE, recalculated based on the real values of the cost drivers, and the revenue invoiced.

The total amount of revenue recognised in the income statement will correspond to the annual value defined by ERSE for the 2022-2025 period, updated according to the application of the real values of the drivers and the annual efficiency factor.

In accordance with the tariff regulation, since 2022, a mechanism for sharing gains and losses between companies and consumers has been applied to this activity. This sharing of gains or losses is only calculated one year after the end of the regulation period to which it applies. In this way, contingent assets or liabilities may be identified in cases where it is possible

to assess with some degree of certainty the future materialization of these gains or losses, regardless of the moment of their final calculation only taking place in the future.

There were no significant changes in the long-term expectation of recovery of the Group's investments and financial holdings.

On the present date, and taking into account the above and Note 5 - Main Estimates and Judgments, disclosed in the annex to the 2021 consolidated financial statements, the Group does not foresee any changes in the most relevant estimates, in the case of Provisions, Assumptions Actuarial, Tangible and Intangible Fixed Assets, Impairment, Fair Value of Financial Instruments, Impairment of Goodwill and Tariff deviations.

3 MAIN ACCOUNTING POLICIES

The consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the accounting standards in force in Portugal, adjusted in the consolidation process so that the financial statements are presented in accordance with interim Financial Reporting Standards as endorsed by the European Union in force for the years beginning as from 1 January 2022.

Such Financial Reporting standards include International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), issued by the International Accounting Standards Committee ("IASC") and respective IFRIC and SIC interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standard Interpretation Committee ("SIC"), that have been endorsed by the European Union. The standards and interpretations are hereinafter referred generically to as IFRS.

The accounting policies used to prepare these consolidated financial statements are consistent, in all material respects, with the policies used to prepare the consolidated financial statements for the year ended 31 December 2021, as explained in the notes to the consolidated financial statements for 2021, except for the adoption of new effective standards for periods beginning on or after 1 January 2022.

The Group has not previously adopted any standard, interpretation or amendment that is not yet in force.

The estimates and assumptions with impact on REN's consolidated financial statements are continuously evaluated, representing at each reporting date the Board of Directors best estimates, considering historical performance, past accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable. There were no changes in the main estimates and judgments presented in relation to the nine-month period ended on 30 September 2022 and compared to the year ended on 31 December 2021.

Adoption of new standards, interpretations, amendments and revisions

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in effective for annual periods beginning on or after 1 January 2022:

- **Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020**

These amendments clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. Amendments to IFRS 3 update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37 specify which costs a company includes when assessing whether a contract will be loss-making. Annual Improvements make minor amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and the illustrative examples accompanying IFRS 16 - Leases. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in future economic exercises:

- **IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 (new standard to be applied for periods beginning on or after 1 January 2023)**

IFRS 17 replaces IFRS 4 – “Insurance contracts”, the standard that has been in force on an interim basis since 2004. IFRS 17 is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with participation characteristics discretionary. The amendments to IFRS 17 are intended to assist companies in implementing the Standard and to facilitate the explanation of their financial performance. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies (new standard to be applied for periods beginning on or after 1 January 2023)**

These amendments aim to change the requirements in IAS 1 with regard to disclosure of accounting policies. An entity discloses its material accounting policies, instead of its significant accounting policies, so there are examples and explanations to identify a material accounting policy. The materiality concept is demonstrated in IFRS Practice Statement 2 through the “four-step materiality process”. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (new standard to be applied for periods beginning on or after 1 January 2023)**

These amendments clarify the definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change of this type used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 12 - Deferred Tax Related To Assets And Liabilities Arising From A Single Transaction (new standard to be applied for periods beginning on or after 1 January 2023)**

These amendments included, essentially, certain transaction where the initial recognition exemption is not applied, namely when its initial recognition gave rise to equal amounts of taxable and deductible temporary differences. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **Amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and Amendments to IFRS 9 – Comparative Information (new standard to be applied for periods beginning on or after 1 January 2023)**

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

Standards and interpretations, amended or revised, not endorsed by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future years, have not, until the date of preparation of these consolidated financial statements, been endorsed by the European Union:

Standard	Applicable for financial years beginning	Resume
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01/01/2023 ¹⁾	These amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa.
Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback	01/01/2024	The proposed amendment specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction, after the date it takes place. The amendments establish that when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use retained even though no transaction or event would have occurred to give rise to that gain.

1) The effective date of this amendment is under review and may be changed to 01/01/2024.

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 30 September 2022 consolidated financial statements.

4 SEGMENT REPORTING

The REN Group is organised in two main business segments, Electricity and Gas and one secondary segment. The electricity segment includes the transmission of electricity in very high voltage, overall management of the public electricity system and management of the power purchase agreements (PPA) not terminated at 30 June 2007, the pilot zone for electricity production from sea wave and the transmission and transportation of electricity in Chile. The gas segment includes high pressure gas transmission and overall management of the national natural gas supply system, as well as the operation of regasification at the LNG Terminal, the distribution of natural gas in low and medium pressure and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to the same users and they are complementary services, it was considered that it is subject to the same risks and benefits.

The telecommunications segment is presented separately although it does not qualify for disclosure.

The results by segment for the nine-month period ended 30 September 2022 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	270,430	156,308	5,858	29,869	(32,730)	429,736
Inter-segments	901	2,983	-	28,846	(32,730)	-
Revenues from external customers	269,530	153,325	5,858	1,023	-	429,736
Revenue from construction of concession assets	93,564	29,151	-	-	-	122,715
Cost with construction of concession assets	(82,026)	(24,781)	-	-	-	(106,807)
Gains / (losses) from associates and joint ventures	-	-	-	8,288	-	8,288
Personnel costs	(41,417)	(39,765)	(1,900)	(9,167)	37,235	(55,014)
Employee compensation and benefit expense	(14,211)	(8,992)	(234)	(20,044)	-	(43,482)
Other expenses and operating income	13,328	(506)	(43)	(62)	(4,505)	8,212
Operating cash flow	239,668	111,415	3,681	8,885	-	363,648
Investment income - dividends	-	-	-	8,338	-	8,338
Non reimbursable expenses						
Depreciation and amortizations	(123,307)	(63,108)	(11)	(124)	-	(186,549)
Provisions	(526)	-	-	-	-	(526)
Impairments	-	-	-	(283)	-	(283)
Financial results						
Financial income	2,896	3,416	22	88,209	(87,006)	7,536
Financial costs	(19,916)	(13,433)	(4)	(97,276)	87,006	(43,623)
Profit before income tax and ESEC	98,814	38,290	3,688	7,749	-	148,541
Income tax expense	(26,583)	(11,831)	(862)	182	-	(39,094)
Energy sector extraordinary contribution (ESEC)	(17,590)	(10,431)	-	-	-	(28,021)
Profit for the period	54,642	16,027	2,826	7,931	-	81,426

The results by segment for the nine-month period ended 30 September 2021 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	266,503	146,893	5,380	28,904	(34,711)	412,970
Inter-segments	1,475	4,864	-	28,371	(34,711)	-
Revenues from external customers	265,028	142,029	5,380	533	-	412,970
Revenue from construction of concession assets	102,009	36,378	-	-	-	138,387
Cost with construction of concession assets	(90,799)	(32,286)	-	-	-	(123,085)
Gains / (losses) from associates and joint ventures	-	-	-	4,670	-	4,670
Personnel costs	(48,382)	(32,055)	(2,192)	(10,352)	39,073	(53,907)
Employee compensation and benefit expense	(13,515)	(9,578)	(227)	(18,789)	-	(42,109)
Other expenses and operating income	10,834	(53)	(59)	610	(4,363)	6,969
Operating cash flow	226,650	109,300	2,902	5,043	-	343,894
Investment income - dividends	-	-	-	7,020	-	7,020
Non reimbursable expenses						
Depreciation and amortizations	(118,111)	(62,274)	(4)	(144)	-	(180,533)
Provisions	-	-	-	-	-	-
Impairments	-	-	-	(283)	-	(283)
Financial results						
Financial income	581	3,376	7	85,486	(86,517)	2,934
Financial costs	(17,668)	(13,681)	(2)	(96,485)	86,517	(41,319)
Profit before income tax and ESEC	91,452	36,721	2,903	636	-	131,713
Income tax expense	(26,106)	(10,271)	(691)	778	-	(36,290)
Energy sector extraordinary contribution (ESEC)	(16,605)	(10,465)	-	-	-	(27,070)
Profit for the period	48,741	15,986	2,212	1,415	-	68,353

Inter-segment transactions are carried out under normal market conditions, equivalent to transactions with third parties.

Revenue included in the segment "Others" is essentially related to the services provided by the management and back office to Group entities as well as third parties.

Assets and liabilities by segment as well as capital expenditures for the nine-month period ended 30 September 2022 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	885,929	-	2,270,790	(3,156,719)	-
Property, plant and equipment and intangible assets	2,686,733	1,498,807	31	355	-	4,185,925
Other assets	984,527	400,181	17,251	6,357,588	(6,380,173)	1,379,375
Total assets	3,671,259	2,784,917	17,282	8,628,734	(9,536,892)	5,565,301
Total liabilities	2,778,599	1,246,731	10,209	6,432,419	(6,380,173)	4,087,786
Capital expenditure - total	96,863	29,151	-	-	-	126,013
Capital expenditure - property, plant and equipment (Note 5)	3,299	-	-	-	-	3,299
Capital expenditure - intangible assets (Note 5)	93,564	29,151	-	-	-	122,715
Investments in associates (Note 7)	-	-	-	196,112	-	196,112
Investments in joint ventures (Note 7)	-	-	-	2,821	-	2,821

Assets and liabilities by segment at 31 December 2021 as well as investments on tangible assets and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	887,687	-	2,214,266	(3,101,954)	-
Property, plant and equipment and intangible assets	2,709,388	1,532,803	42	388	-	4,242,620
Other assets	724,340	381,446	15,379	6,397,121	(6,172,391)	1,345,895
Total assets	3,433,728	2,801,936	15,421	8,611,775	(9,274,345)	5,588,516
Total liabilities	2,544,143	1,259,519	10,291	6,537,123	(6,172,391)	4,178,686
Capital expenditure - total	190,505	56,410	-	196	-	247,110
Capital expenditure - property, plant and equipment (Note 5)	8,354	-	-	196	-	8,550
Capital expenditure - other intangible assets (Note 5)	864	-	-	-	-	864
Capital expenditure - intangible assets (Note 5)	181,287	56,410	-	-	-	237,696
Investments in associates (Note 7)	-	-	-	166,541	-	166,541
Investments in joint ventures (Note 7)	-	-	-	2,742	-	2,742

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN Finance, BV for financing the several activities of the Group.

The captions of the statement of financial position and profit and loss for each segment result of the amounts considered directly in the individual financial statements of each company that belongs to the Group included in the perimeter of each segment, corrected with the eliminations of the inter-segment transactions.

5 TANGIBLE AND INTANGIBLE ASSETS

During the nine-month period ended 30 September 2022, the changes in tangible and intangible assets were as follows:

	Property, plant and equipment					Intangible assets					Total	
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment in progress	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets	Intangible assets in progress		Total
Cost:												
At 1 January 2022	92,949	782	903	1,212	29,947	125,793	8,631,076	121,959	55,268	-	8,808,304	8,934,097
Additions	-	134	15	-	3,149	3,299	2,921	119,794	-	-	122,715	126,013
Disposals, write-offs and impairments	-	(45)	(1)	-	-	(45)	(1,181)	-	-	-	(1,181)	(1,226)
Transfers	-	-	-	-	-	-	80,647	(80,647)	-	-	-	-
Exchange rate differences	2,352	-	5	-	649	3,006	-	-	1,204	-	1,204	4,211
At 30 September 2022	95,301	871	923	1,212	33,745	132,053	8,713,463	161,106	56,472	-	8,931,042	9,063,094
Accumulated depreciation:												
At 1 January 2022	(5,236)	(466)	(527)	(13)	-	(6,241)	(4,685,010)	-	(225)	-	(4,685,235)	(4,691,477)
Depreciation charge	(2,516)	(124)	(48)	-	-	(2,688)	(183,626)	-	(235)	-	(183,861)	(186,549)
Depreciation of disposals and write-offs and other reclassifications	-	45	1	-	-	46	1,142	-	-	-	1,142	1,188
Exchange rate differences	(326)	-	(4)	-	-	(330)	-	-	(1)	-	(1)	(330)
At 30 September 2022	(8,077)	(545)	(578)	(13)	-	(9,214)	(4,867,494)	-	(461)	-	(4,867,955)	(4,877,169)
Net book value:												
At 1 January 2022	87,713	316	377	1,199	29,947	119,551	3,946,067	121,959	55,043	-	4,123,069	4,242,620
At 30 September 2022	87,223	326	345	1,199	33,745	122,839	3,845,969	161,106	56,011	-	4,063,086	4,185,926

The changes in tangible and intangible assets in the in the year ended 31 December 2021 were as follows:

	Property, plant and equipment					Intangible assets					Total	
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment in progress	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets	Intangible assets in progress		Total
Cost:												
At 1 January 2021	97,396	958	712	1,231	32,260	132,557	8,377,108	176,374	60,587	-	8,614,069	8,746,626
Additions	145	113	98	-	8,194	8,550	5,090	232,606	-	864	238,560	247,110
Disposals, write-offs and impairments	(125)	(288)	(11)	-	-	(424)	(38,142)	-	-	-	(38,142)	(38,566)
Transfers	7,196	-	-	-	(7,196)	-	287,021	(287,021)	864	(864)	-	-
Exchange rate differences	(11,663)	(1)	104	(19)	(3,311)	(14,890)	-	-	(6,183)	-	(6,183)	(21,073)
At 31 December 2021	92,949	782	903	1,212	29,947	125,793	8,631,076	121,959	55,268	-	8,808,304	8,934,097
Accumulated depreciation:												
At 1 January 2021	(4,047)	(516)	(582)	(32)	(261)	(5,437)	(4,483,720)	-	212	-	(4,483,508)	(4,488,946)
Depreciation charge	(3,185)	(199)	(49)	-	-	(3,433)	(238,416)	-	(91)	-	(238,507)	(241,940)
Depreciation of disposals and write-offs and other reclassifications	73	248	11	-	-	332	37,126	-	-	-	37,126	37,458
Exchange rate differences	1,923	1	93	19	261	2,297	-	-	(346)	-	(346)	1,951
At 31 December 2021	(5,236)	(466)	(527)	(13)	-	(6,241)	(4,685,010)	-	(225)	-	(4,685,235)	(4,691,477)
Net book value:												
At 1 January 2021	93,349	442	131	1,199	31,999	127,119	3,893,388	176,374	60,799	-	4,130,562	4,257,681
At 31 December 2021	87,713	316	377	1,199	29,947	119,551	3,946,067	121,959	55,043	-	4,123,069	4,242,620

The main additions verified in the periods ended 30 September 2022 and 31 December 2021 are made up as follows:

	Sep 2022	Dec 2021
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	17,457	25,955
Power line construction (400 KV)	37,387	54,145
Construction of new substations	1,140	39,085
Substation Expansion	28,371	37,368
Other renovations in substations	2,797	6,818
Telecommunications and information system	3,717	8,883
Pilot zone construction - wave energy	132	186
Buildings related to concession	791	3,033
Transmission and transformation of electricity in Chile	3,163	9,218
Other assets	1,772	5,812
Gas segment:		
Expansion and improvements to gas transmission network	5,977	21,719
Construction project of cavity underground storage of gas in Pombal	963	3,983
Construction project and operating upgrade - LNG facilities	1,463	3,803
Gas distribution projects	20,748	26,904
Others segments:		
Other assets	136	195
Total of additions	126,013	247,110

The main transfers that were concluded and began activity during the periods ended 30 September 2022 and 31 December 2021 are made up as follows:

	Sep 2022	Dec 2021
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	48,617	22,031
Power line construction (400 KV)	-	87,642
Substation Expansion	13,909	104,080
Other renovations in substations	706	6,934
Telecommunications and information system	137	8,996
Buildings related to concession	27	283
Transmission and transformation of electricity in Chile	-	-
Other assets under concession	-	2,942
Gas segment:		
Expansion and improvements to gas transmission network	705	20,259
Construction project of cavity underground storage of gas in Pombal	55	4,864
Construction project and operating upgrade - LNG facilities	498	3,464
Gas distribution and transmission projects	15,993	25,526
Total of transfers	80,647	294,217

The tangible and intangible assets in progress at 30 September 2022 and 31 December 2021 are as follows:

	Sep 2022	Dec 2021
Electricity segment:		
Power line construction (400 KV, 220 KV, 150 KV and others)	80,702	74,475
Substation Expansion	38,708	22,188
New substations projects	3,381	2,213
Buildings related to concession	4,811	4,165
Transmission and transformation of electricity in Chile	33,745	29,947
Other projects	6,915	1,909
Gas segment:		
Expansion and improvements to natural gas transmission network	13,064	8,160
Construction project of cavity underground storage of gas in Pombal	3,734	2,864
Construction project and operating upgrade - LNG facilities	1,660	695
Gas distribution projects	8,130	5,290
Total of assets in progress	194,851	151,906

Borrowing costs capitalized on intangible assets in progress in the nine-month period ended 30 September 2022 amounted to 1,906 thousand Euros (3,534 thousand Euros as of 31 December 2021), while overhead, management and other costs capitalized amounted to 14,001 thousand Euros (18,909 thousand Euros as of 31 December 2021) (Note 21).

The net book value of the intangible assets acquired through finance lease contracts at 30 September 2022 and 31 December 2021 was as follows:

	Sep 2022			Dec 2021		
	Cost	Accumulated depreciation and amortization	Net book value	Cost	Accumulated depreciation and amortization	Net book value
Initial value	9,309	(4,453)	4,856	8,337	(3,735)	4,602
Additions	1,806	-	1,806	1,494	-	1,494
Disposals, write-offs and regularizations	(2,903)	1,874	(1,029)	(522)	1,298	776
Depreciation charge	-	(1,555)	(1,555)	-	(2,016)	(2,016)
Final value	8,212	(4,134)	4,078	9,309	(4,453)	4,856

6 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of the companies acquired, with reference to the acquisition date, and at 30 September 2022 and 31 December 2021 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Sep 2022	Dec 2021
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	1,227	1,510
REN Portgás Distribuição, S.A.	2017	503,015	100%	1,235	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2019	155,482	100%	2,056	2,012
				4,518	4,757

The movement in the Goodwill caption for the periods ended 30 September 2022 and 31 December 2021 was:

Subsidiaries	At 1 January 2021	Increases	Decreases	Exchange rate differences	At 31 December 2021	Increases	Decreases	Exchange rate differences	At 30 September 2022
REN Atlântico, Terminal de GNL, S.A.	1,887	-	(377)	-	1,510	-	(283)	-	1,227
REN Portgás Distribuição, S.A.	1,235	-	-	-	1,235	-	-	-	1,235
Empresa de Transmissão Eléctrica Transemel, S.A.	2,245	-	-	(232)	2,013	-	-	44	2,056
	5,367	-	(377)	(232)	4,757	-	(283)	44	4,518

7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 30 September 2022 and 31 December 2021, the financial information regarding the financial interest held is as follows:

30 September 2022													
Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	595	28,774	207	-	1,030	690	29,162	40	11,458	273
Electrogas, S.A.	Gas Transportation	Chile	21,816	21,897	34,845	4,526	7,121	35,555	20,316	45,094	42.5	184,654	7,912
												196,112	8,184
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,212	107	648	24	1,401	208	5,647	50	2,821	104
												198,933	8,288

31 December 2021													
Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	732	28,883	166	-	1,526	1,028	29,449	40	11,576	394
Electrogas, S.A.	Gas Transportation	Chile	18,776	7,316	32,734	3,473	7,087	28,166	13,996	29,490	42.5	154,965	5,949
												166,541	6,343
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,488	117	1,116	-	1,644	176	5,490	50	2,742	88
												169,283	6,431

Associates

The changes in the caption "Investments in associates" during the periods ended at 30 September 2022 and 31 December 2021 was as follows:

Investments in associates	
At 1 de janeiro de 2021	156,183
Effect of applying the equity method - Net Profit	6,343
Currency Translation Reserves	12,165
Dividends of Electrogas	(8,109)
Receipt of Supplementary Obligations of OMIP	(199)
Other changes in equity	159
At 31 December 2021	166,541
Effect of applying the equity method - Net Profit	8,184
Currency Translation Reserves	25,445
Dividends of Electrogas	(3,668)
Receipt of Supplementary Obligations of OMIP	(391)
At 30 September 2022	196,112

The amount of 6,454 thousand Euros relating to the provision of dividends registered in 2021 was received and included in the cash flow statement.

The proportional value of the OMIP, SGPS includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application.

Joint ventures

The movement in the caption "Investments in joint ventures" during the periods ended 30 September 2022 and 31 December 2021 was as follows:

Investments in joint ventures	
At 1 January 2021	2,662
Effect of applying the equity method	88
Dividends distribution	(8)
At 31 December 2021	2,742
Effect of applying the equity method	104
Dividends distribution	(25)
At 30 September 2022	2,821

Following a joint agreement of technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), in May 2013 an R&D centre in Portugal dedicated to power systems designed – Centro de Investigação em Energia REN – STATE GRID, S.A. ("Centro de Investigação") was incorporated, being jointly controlled by the above mentioned two entities.

The Research Centre aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

At 30 September 2022 and 31 December 2021, the financial information of the joint venture was as follows:

	30 September 2022					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia						
REN - STATE GRID, S.A.	5,325	649	24	(48)	(2)	(5)

	31 December 2021					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia						
REN - STATE GRID, S.A.	6,010	2	-	(53)	(2)	(5)

8 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all companies located in Portugal that REN detains directly or indirectly at least 75% of the share capital, which should give at more than 50% of the voting rights, and comply with the conditions of the article 69º of the Corporate Income Tax law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or appeals in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2018 to 2021 are still subject to review.

The Company's Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 30 September 2022 and 31 December 2021.

In 2022, the Group is taxed in Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros; (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 9% for taxable profits in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 30 September 2022, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Income tax registered in the periods ended 30 September 2022 and 2021 was as follows:

	Sep 2022	Sep 2021
Current income tax	39,496	101,546
Adjustments of income tax from previous years	(2,429)	(2,394)
Deferred income tax	2,026	(62,861)
Income tax	39,094	36,290

Reconciliation between tax calculated at the nominal tax rate and tax recorded in the consolidated statement of profit and loss is as follows:

	Sep 2022	Sep 2021
Consolidated profit before income tax	148,542	131,713
<u>Permanent differences:</u>		
Non deductible/taxable Costs/Income	(2,618)	8,226
<u>Timing differences:</u>		
Tariff deviations	(20,252)	262,895
Provisions and impairment	(102)	(25)
Revaluations	2,692	(2,446)
Pension, helthcare assistance and life insurance plans	(853)	(2,812)
Derivative financial instruments	(1,288)	-
Others	840	953
Taxable income	126,962	398,503
Income tax	27,934	83,989
State surcharge tax	8,782	11,011
Municipal surcharge	2,135	5,958
Autonomous taxation	645	587
Current income tax	39,496	101,546
Deferred income tax	2,026	(62,861)
Adjustments of income tax from previous years	(2,429)	(2,394)
Income tax	39,094	36,290
Effective tax rate	26.3%	27.6%

Income tax

The caption "Income tax" payable and/or receivable at 30 September 2022 and 31 December 2021 is made up as follows:

	Sep 2022	Dec 2021
<u>Income tax:</u>		
Corporate income tax - estimated tax	(39,496)	(64,267)
Corporate income tax - payments on account	38,896	35,853
Income withholding tax by third parties	1,327	1,552
Income recoverable / (payable)	43	219
Income tax recoverable / (payable)	770	(26,644)

Deferred taxes

The effect of the changes in the deferred tax captions in the years presented was as follows:

	Sep 2022	Dec 2021
Impact on the statement of profit and loss:		
Deferred tax assets	(8,739)	9,230
Deferred tax liabilities	6,712	38,866
	(2,026)	48,096
Impact on equity:		
Deferred tax assets	(7,522)	(5,133)
Deferred tax liabilities	(10,939)	(1,466)
	(18,461)	(6,599)
Net impact of deferred taxes	(20,487)	41,497

The changes in deferred tax by nature were as follows:

Change in deferred tax assets – September 2022

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2022	2,834	28,200	46,433	1,542	15,054	2,607	96,673
Increase/decrease through reserves	-	(3,797)	-	(3,837)	-	112	(7,522)
Reversal through profit and loss	(19)	(406)	(7,014)	(122)	(1,545)	(43)	(9,149)
Increase through profit and loss	158	-	252	-	-	-	410
Change in the period	139	(4,203)	(6,762)	(3,959)	(1,545)	69	(16,261)
At 30 September 2022	2,973	23,997	39,671	(2,417)	13,509	2,676	80,411

Change in deferred tax assets – December 2021

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2021	2,759	30,117	34,027	6,391	16,898	2,380	92,575
Increase/decrease through reserves	-	(731)	-	(4,678)	-	276	(5,133)
Reversal through profit and loss	(45)	(1,186)	-	(171)	(1,844)	(49)	(3,295)
Increase through profit and loss	120	-	12,406	-	-	-	12,526
Change in the period	75	(1,917)	12,406	(4,850)	(1,844)	227	4,098
At 31 December 2021	2,834	28,200	46,433	1,542	15,054	2,607	96,673

Deferred tax assets at 30 September 2022 correspond essentially to: (i) to liabilities for benefit plans granted to employees; (ii) tariff deviations liabilities to be settled in subsequent years; and (iii) revalued assets.

Evolution of deferred tax liabilities – September 2022

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive	Others	Total
At 1 January 2022	29,765	17,274	48,685	13,037	(1,190)	107,569
Increase/decrease through equity	-	-	275	(5,069)	9	10,897
Reversal through profit and loss	(2,580)	(1,001)	(1,371)	-	(1,937)	(6,889)
Increase through profit and loss	-	-	-	-	177	177
Exchange rate differences	-	-	-	-	42	42
Change in the period	(2,580)	(1,001)	(1,096)	(5,069)	(1,709)	4,227
At 30 September 2022	27,185	16,273	47,589	7,968	(2,899)	111,795

Evolution of deferred tax liabilities – December 2021

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive	Others	Total
At 1 January 2021	63,909	18,623	50,521	10,030	1,887	144,969
Increase/decrease through equity	-	-	-	3,007	9	3,016
Reversal through profit and loss	(34,144)	(1,350)	(1,836)	-	(1,535)	(38,865)
Increase through profit and loss	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	(1,550)	(1,550)
Change in the period	(34,144)	(1,350)	(1,836)	3,007	(3,076)	(37,399)
At 31 December 2021	29,765	17,274	48,685	13,037	(1,190)	107,569

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under legislation. The effect of these deferred taxes reflects the non-tax deductibility of 40% of future depreciation of the revaluation component (included in the assets considered cost at the time of the transition to IFRS).

The legal documents that establish these revaluations were the following:

Legislation (Revaluation)	
Electricity segment	Gas segment
Decree-Law n° 430/78	Decree-Law n° 140/2006
Decree-Law n° 399-G/81	Decree-Law n° 66/2016
Decree-Law n° 219/82	
Decree-Law n° 171/85	
Decree-Law n° 118-B/86	
Decree-Law n° 111/88	
Decree-Law n° 7/91	
Decree-Law n° 49/91	
Decree-Law n° 264/92	

9 FINANCIAL ASSETS AND LIABILITIES

The accounting policies for financial instruments in accordance with the IFRS 9 categories have been applied to the following financial assets and liabilities:

- September 2022

Notes	Financial assets at amortized cost	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
Assets							
Cash and cash equivalents	13	-	-	-	478,381	478,381	478,381
Trade and other receivables	11	391,073	-	-	-	391,073	391,073
Other financial assets	9	-	-	-	168	168	168
Investments in equity instruments at fair value through other comprehensive income	10	-	141,791	-	-	141,791	141,791
Income tax receivable	8	770	-	-	-	770	770
Derivative financial instruments	12	-	-	74,576	-	74,576	74,576
		391,843	141,791	74,576	478,548	1,086,759	1,086,759
Liabilities							
Borrowings	16	-	-	2,347,489	-	2,347,489	2,299,832
Trade and other payables	19	-	-	1,198,607	-	1,198,607	1,198,607
Derivative financial instruments	12	-	-	69,407	-	69,407	69,407
		-	-	69,407	3,546,096	3,615,503	3,567,846

- December 2021

Notes	Financial assets at amortized cost	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
Assets							
Cash and cash equivalents	13	-	-	-	398,759	398,759	398,759
Trade and other receivables	11	485,196	-	-	-	485,196	485,196
Other financial assets	9	-	-	-	137	137	137
Investments in equity instruments at fair value through other comprehensive income	10	-	162,724	-	-	162,724	162,724
Derivative financial instruments	12	-	-	19,821	-	19,821	19,821
		485,196	162,724	19,821	398,896	1,066,637	1,066,637
Liabilities							
Borrowings	16	-	-	2,766,073	-	2,766,073	2,862,725
Trade and other payables	19	-	-	881,313	-	881,313	881,313
Income tax payable	8	-	-	26,644	-	26,644	26,644
Derivative financial instruments	12	-	-	23,112	-	23,112	23,112
		-	-	23,112	3,674,030	3,697,142	3,793,794

Loans obtained, as referred to in Note 3.6 to the annual consolidated financial statements for the period ended December 31, 2021, are measured, initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 12) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption Borrowings, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

The fair value of borrowings and derivatives are calculated by the method of discounted cash flows, using the curve of interest rate on the date of the statement of financial position in accordance with the characteristics of each loan.

The range of market rates used to calculate the fair value ranges between 0.648% and 3.0123% (maturities of one week and ten years, respectively).

The fair value of borrowings contracted by the Group at 30 September 2022 is 2,299,832 thousand Euros (at 31 December 2021 was 2,862,725 thousand Euros), of which 529,596 thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from movements in interest rates (at 31 December 2021 was 601,546 thousand Euros).

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 30 September 2022 in accordance with the following hierarchy levels of fair value:

- **Level 1:** the fair value of financial instruments is based on net market prices as of the date of the statement of financial position;
- **Level 2:** the fair value of financial instruments is not determined based on active market quotes but using valuation models. The main inputs of the models are observable in the market, in relation to derivative financial instruments;
- **Level 3:** the fair value of financial instruments is not determined based on active market quotes, but using valuation models, whose main inputs are not observable in the market.

During the nine-month period ended 30 September 2022, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

	Sep 2022				Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Investments in equity instruments at fair value through other comprehensive income	85,067	-	53,128	138,195	103,017	-	56,111	159,128
Financial assets at fair value	-	73,046	-	73,046	-	10,511	-	10,511
Financial assets at fair value	-	-	-	-	-	9,310	-	9,310
Financial assets at fair value through profit and loss	-	1,530	-	1,530	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
	85,067	74,576	53,128	212,771	103,017	19,821	56,111	178,949
Liabilities:								
Financial liabilities at fair value	-	529,596	-	529,596	-	601,546	-	601,546
Financial liabilities at fair value	-	1,469	-	1,469	-	15,917	-	15,917
Financial liabilities at fair value through profit and loss	-	-	-	-	-	1,828	-	1,828
	-	599,003	-	599,003	-	624,657	-	624,657

During the nine-month period ended 30 September 2022, REN proceeded to a valuation of the financial interests held Hidroeléctrica de Cahora Bassa, S.A., which is classified as Investments in equity instruments at fair value through other comprehensive income (Note 10). The fair value of this asset reflects the price at which the asset would be sold in an orderly transaction.

For this purpose, REN has opted for a revenue approach, which reflects current market expectations regarding future amounts. The fair value of the investment amounted to 53,128 thousand Euros for the nine-month period ended on 30 September 2022.

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

The non-current accounts receivable and accounts payable refers, essentially, to tariff deviations which amounts are communicated by ERSE, being its carrying amount a reasonable approximation of its fair value, given that they include the time value of money, being incorporated in the next two years tariffs.

Financial risk management

Up until 30 September 2022, there were no significant changes regarding the financial risk management of the Company compared to the risks disclosed in the consolidated financial statements as of 31 December 2021. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2021.

10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The assets recognised in this caption at 30 September 2022 and 31 December 2021 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Sep 2022	Dec 2021
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Red Eléctrica Corporación, S.A. ("REE")	Madrid	Spain	1.00%	85,067	103,017
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	53,128	56,111
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGÁS, S.A.	Madrid	Spain	6.67%	202	202
MIBGÁS Derivatives, S.A.	Madrid	Spain	9.70%	49	48
Association HyLab - Green Hydrogen Collaborative Laboratory	Sines	Portugal	15.00%	15	15
				141,791	162,724

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	HyLab	Total
At 1 January 2021	3,167	56,435	90,833	164	202	48	-	150,850
Acquisitions	-	-	-	-	-	-	15	15
Fair value adjustments	-	(323)	12,183	-	-	-	-	11,860
At 31 December 2021	3,167	56,111	103,017	164	202	48	15	162,724
At 1 January 2022	3,167	56,111	103,017	164	202	48	15	162,724
Fair value adjustments	-	(2,983)	(17,950)	-	-	-	-	(20,933)
At 30 September 2022	3,167	53,128	85,067	164	202	48	15	141,791

Red Eléctrica Corporación, S.A. ("REE") is the transmission system operator of electricity in Spain. The Group acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid's index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 30 September 2022.

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of Hidroeléctrica de Cahora Bassa, SA ("HCB"), a company incorporated under Mozambican law, at the HCB, as a result of fulfilling the conditions of the contract entered into on April 9, 2012, between REN, Parpública - Participações Públicas, SGPS, SA, CEZA - Companhia Eléctrica do Zambeze, SA and EDM - Electricidade de Moçambique, EP. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value (Note 10).

REN Company holds a financial stake in the Coreso's share capital, a Company which is also hold by other important European TSO's which, as initiative of the Coordination of Regional Security (CRS), assists the TSO's in the safely supply of electricity in Europe. In this context, Coreso develops and executes operational planning activities since several days before until near real time.

On 30 September 2022, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

As part of the process of creating the Single Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Eletricidade – OMI) in 2011 and in accordance with the provisions of the agreement between the Portuguese Republic and the Kingdom of Spain on the establishment of an Iberian electricity market, the Company acquired 10% of the capital stock of OMEL, Operador del Mercado Iberico de Energia, SA, a Spanish operator of the sole operator, for a total value of 3,167 thousand Euros.

On 30 September 2022, REN also holds a 9.7% financial interest, acquired for the amount of 48 thousand Euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

On 30 September 2022, REN also holds 15 Founder Participation Units in the HyLab – Green Hydrogen Collaborative Laboratory Association, acquired for the amount of 15 thousand Euros. This is a non-profit association governed by private

law, whose object is the scientific and technological development of Green Hydrogen, covering the various components of the value chain, namely production, transport, distribution, storage and end uses.

These investments (OMEL, MIBGÁS, MIBGÁS Derivatives, Coreso and HyLab) are recognised at fair value through other comprehensive income, however, as there are no available market price for these investments and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition value, and there is no indicator at this date that this value is not representative of the fair value, as describe in Note 3.6 - Financial Assets and Liabilities of the consolidated financial statements for the year ended 2021.

REN Portgás holds the following investments which are recorded at fair value of zero Euros (acquisition cost was 14 thousand Euros).

Name
AMPORTO - Área Metropolitana do Porto
AREA ALTO MINHO - Ag. Reg. Energia e Amb. Alto Minho
ADEPORTO - Agência de Energia do Porto

The adjustments to investments in equity instruments at fair value through other comprehensive are recognised in the equity caption "Fair value reserve". This caption at 30 September 2022 and 31 December 2021 is made up as follows:

Fair value reserve (Note 15)	
1 January 2021	48,905
Changes in fair value	11,860
Tax effect	(3,007)
31 December 2021	<u>57,758</u>
1 January 2022	57,758
Changes in fair value	(20,933)
Tax effect	5,069
30 September 2022	<u>41,894</u>

In the nine-month period ended 30 September 2022, there is no amount recognized in the consolidated statement of profit and loss relative to associated companies' dividends. However, the amount of 8,338 thousand Euros was received relative to dividends recognized during the year ended 31 December 2021. This amount was included in the cash flows statement.

Additionally, the amount of 1,477 thousand Euros was received relative to dividends attributed in 2021. These amounts are reflected in the cash flow statement.

The detail of dividends by entity, in the nine-month period ended 30 September 2022 and 2021, is presented in the following table:

	Sep 2022	Sep 2021
Red Electrica Corporación, S.A. ("REE")	3,938	3,938
Hidroeléctrica de Cahora Bassa, S.A ("HCB")	4,356	3,033
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	43	49
	<u>8,338</u>	<u>7,020</u>

11 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 30 September 2022 and 31 December 2021 are made up as follows:

	Sep 2022			Dez 2021		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	240,718	2,275	242,992	357,212	1,775	358,987
Impairment of trade receivables	(2,796)	-	(2,796)	(2,947)	-	(2,947)
Trade receivables net	237,922	2,275	240,197	354,265	1,775	356,040
Tariff deviations	24,698	72,499	97,197	73,647	35,251	108,898
State and Other Public Entities	53,680	-	53,680	20,259	-	20,259
Trade and other receivables	316,300	74,774	391,073	448,171	37,026	485,197

The most relevant balances included in the trade and other receivables caption as of 30 September 2022 are: (i) the receivable of E-REDES Distribuição de Eletricidade, S.A., in the amount of 28,192 thousand Euros (97,091 thousand Euros at 31 December 2021), (ii) the receivable of Galp Gás Natural, S.A., in the amount of 4,916 thousand Euros (8,878 thousand Euros at 31 December 2021), (iii) the receivable of EDP – Gestão da Produção de Energia, S.A., in the amount of 7,284 thousand Euros (9,185 thousand Euros at 31 December 2021), (iv) the receivable of Endesa Generación, S.A., in the amount of 11,360 thousand Euros (8,893 thousand Euros at 31 December 2021), and (v) the receivable of EDP – Energias de Portugal, S.A., in the amount of 9,844 thousand Euros (7,481 thousand Euros at 31 December 2021).

In the trade and other receivables also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 55,749 thousand Euros (116,941 thousand Euros at 31 December 2021) and the amount to invoice to E-REDES Distribuição de Eletricidade, S.A., of 5,276 thousand Euros (6,379 thousand Euros at 31 December 2021) regarding the CMEC, also reflected in the caption "Suppliers and other accounts payable" (Note 19).

This transaction is set up as an "Agent" transaction, being off set in the consolidated income statement.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

	Sep 2022	Dez 2021
Beginning balance	(2,947)	(2,951)
Regularisations	151	-
Reversing	-	4
Ending balance	(2,796)	(2,947)

12 DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2022 and 31 December 2021, the REN Group had the following derivative financial instruments:

	Notional	30 September 2022			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	-	72,526	-	-
Currency and interest rate swaps	10,000,000 TJPY	-	-	-	1,469
Non-Deliverable Forward	3,975,000 TCLP	276	243	-	-
		276	72,769	-	1,469
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	-	-	67,938
		-	-	-	67,938
Trading derivatives					
Trading derivatives	60,000 TEUR	-	1,530	-	-
		-	1,530	-	-
Derivative financial instruments		276	74,299	-	69,407

	Notional	31 December 2021			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	-	4,108	-	15,917
Currency and interest rate swaps	10,000,000 TJPY	-	5,342	-	-
Non-Deliverable Forward	6,360,000 TCLP	474	587	-	-
		474	10,037	-	15,917
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	9,310	-	5,366
		-	9,310	-	5,366
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	1,828
		-	-	-	1,828
Derivative financial instruments		474	19,347	-	23,112

The valuation of the derivative financial instruments portfolio is based on fair value valuations performed by specialized external entities.

The amount recognized in this item refers to:

- eleven interest rate swap contracts negotiated by REN SGPS to hedge the interest rate fluctuation risk;
- a cross currency and interest rate swap contract negotiated by REN SGPS to hedge the exchange rate fluctuation risk;
- a non deliverable forward contract negotiated by REN Serviços in order to hedge the exchange risk of exposure to the Chilean Peso of sales denominated in the same currency by Transemel.

Counterparties to derivative contracts are international financial institutions with a solid credit rating and first-rate national institutions.

For the purpose of the effectiveness testing of the designated hedging relationships, REN applies the "Dollar offset method" and the linear regression statistical method as methodologies. The effectiveness ratio is given by comparing the changes in fair value of the hedging instrument with the changes in fair value of the hedged item (or hypothetical derivative instrument simulating the conditions of the hedged item).

For the purpose of calculating ineffectiveness, the total change in fair value of the hedging instruments is considered.

The disclosed amount includes receivable or payable accrued interest, at 30 September 2022 related to these financial instruments, in the net amount receivable of 1,158 thousand Euros (at 31 December 2021 it was 2,199 thousand Euros receivable).

The characteristics of the derivative financial instruments negotiated at 30 September 2022 and 31 December 2021 were as follows:

	Notional	Currency	REN pays	REN receives	Maturity	Fair value at 30 September 2022	Fair value at 31 December 2021
Cash flow hedge:							
Interest rate swaps	900,000 TEuros	EUR	[0.75%;1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024;feb-2025]	72,526	(11,809)
Currency and interest rate swaps	10,000,000 TJPY	EUR/JPY	[Euribor 6m; + 1.9%]	[2.71%]	[jun-2024]	(1,469)	5,342
Non-Deliverable Forward	3,975,000 TCPL	EUR/CLP	[854,4 to 893,1 CLP]	[854,4 to 893,1 EUR]	[jul-2021;dec-2023]	520	1,061
						71,577	(5,406)
Fair value hedge:							
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	(13,496)	9,310
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[-0.095%]	[apr-2029]	(54,442)	(5,366)
						(67,938)	3,944
Trading:							
Interest rate swaps	60,000 Teuros	EUR	[0.99%]	[Euribor 6m]	[jun-2024]	1,530	(1,828)
						1,530	(1,828)
					Total	5,169	(3,291)

The periodicity of the cash flows, paid and received, from the derivative financial instruments portfolio is monthly, quarterly, semiannual and annual for cash flow hedging contracts, semiannual and annual for fair value hedging contracts and semiannual for the trading derivative.

The breakdown of the notional of derivatives at 30 September 2022 and 31 December 2021 is presented in the following table:

	2022	2023	2024	2025	2026	Following years	Total
Interest rate swap (cash flow hedge)	-	-	300,000	300,000	-	300,000	900,000
Currency and interest rate swap (cash flow hedge)	-	-	72,899	-	-	-	72,899
Non Deliverable Forward (cash flow hedge)	915	3,605	-	-	-	-	4,520
Interest rate swap (fair value hedge)	-	-	-	300,000	-	300,000	600,000
Interest rate swap (trading)	-	-	60,000	-	-	-	60,000
Total	915	3,605	432,899	600,000	-	600,000	1,637,418

The breakdown of the notional of derivatives at 31 December 2021 is presented in the following table:

	2022	2023	2024	2025	2026	Following years	Total
Interest rate swap (cash flow hedge)	-	-	300,000	300,000	-	300,000	900,000
Currency and interest rate swap (cash flow hedge)	-	-	72,899	-	-	-	72,899
Non Deliverable Forward (cash flow hedge)	3,682	3,605	-	-	-	-	7,286
Interest rate swap (fair value hedge)	-	-	-	300,000	-	300,000	600,000
Interest rate swap (trading)	-	-	60,000	-	-	-	60,000
Total	3,682	3,605	432,899	600,000	-	600,000	1,640,185

Swaps:

Cash Flow Hedge - Interest Rate Swaps

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on a portion of future debt interest payments through the designation of interest rate swaps, in order to transform floating rate payments into fixed rate payments.

At 30 September 2022, the Group has a total of six cash flow hedging interest rate swap contracts for a total amount of 900,000 thousand Euros (as of 31 December 2021 it was 900,000 thousand Euros). The hedged risk is the variable rate index associated to the interest payments of the loans. Credit risk is not being hedged.

The fair value of the interest rate swaps, at 30 September 2022, is positive 72,526 thousand Euros (at 31 December 2021 it was negative 11,809 thousand Euros).

Four of the above mentioned contracts in a total amount of 600,000 thousand Euros (at 31 December 2021 it was 600,000 thousand Euros) are designated to hedge an aggregated exposure composed by the net effect of floating rate debt and interest rate swaps designated as fair value hedging instruments.

The amount recognised in reserves, relating to the cash flow hedges referred to above, was 72,493 thousand Euros (at 31 December 2021 it was 11,617 thousand Euros).

The hedged instruments of cash flow hedging relationships present the following conditions:

	Maturity	Hedged notional	Interest rate	Hedged Carrying Amount September 2022	Hedged Carrying Amount 2021	Note
Cash Flow Hedging Instruments						
European Investment Bank (EIB) Loan	16/12/2024	300,000 TEuros	Euribor 3m	299,912	299,912	16
Bond Issue (Euro Medium Term Notes) ¹	12/02/2025	300,000 TEuros	2.5%	195,253	293,363	16
Bond Issue (Euro Medium Term Notes) ²	16/04/2029	300,000 TEuros	0.50%	299,310	298,932	16

¹ This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousand Euros (see conditions on the table above) in an aggregate exposure hedge to Euribor 6 months in the period from 2023 to 2025 and, as such, eligible for cash flow hedge.

² This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousand Euros (see conditions on the table above) in an aggregate exposure hedge to Euribor 6 months in the period from 2023 to 2029 and, as such, eligible for cash flow hedge.

Cash Flow Hedge – Exchange rates and Interests Swaps

The Group hedged the exchange rate risk of the 10,000 million yen bond issued through a cross currency swap with the main characteristics similar to the bond with regard to exchange rate risk. Credit risk is not hedged.

The fair value of the cross currency swap at 30 September 2022 is negative 1,469 thousand Euros (at 31 December 2021 it was positive 5,342 thousand Euros). Changes in the fair value of the hedging instrument are also being recognized in equity hedging reserves, with exception of:

- the offsetting of the exchange rate effect of the spot revaluation of the hedged item (bond issue in yen) at each reference date, arising from the hedging of the exchange rate risk³ ;
- the ineffective component of the hedge arising from the accounting designation made (REN contracted a trading derivative to economically hedge this ineffectiveness - see Trading Derivative)⁴ . This ineffectiveness is caused by the change in the interest profile of the hedging instrument, which pays a variable rate in the period from 2019 to 2024.

³ The currency effect of the underlying (loan), at 30 September 2022, was favorable in the amount of 5,781 thousand Euros, and was offset, in the same amount, by the unfavourable effect of the hedging instrument in the income statement for the year (as of 30 September 2021 was favorable in 1,939 thousand Euros).

⁴ The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was negative 3,725 thousand Euros which was offset by the effect of the trading derivative negotiated in positive 3,469 thousand Euros (as of 30 September 2021 it was negative 2,512 thousand Euros against positive 909 thousand Euros of the effect of the trading derivative). Therefore, the net effect on the income statement for the period ended on 30 September 2022 amounted to negative 266 thousand Euros (as of 30 September 2021 was negative 1.603 thousand Euros).

Cash Flow Hedge – Non Deliverable forward

During the second quarter of 2021, the Group hedged the exchange risk of sales denominated in Chilean Pesos by Transemel, in a total amount of 7,950,000 thousand Chilean Pesos (CLP), by contracting a structure of thirty monthly non deliverable forwards on the monthly average of the EUR/CLP exchange with maturity between 2021 and 2023.

As of 30 September 2022, the Group has a total of eighteen active non-deliverable forward contracts denominated as cash flow hedge instruments in the global amount of 4,519 thousand Euros. The hedged risk is the foreign exchange exposure of sales made in CLP upon consolidation of the Group's entity, Transemel. Credit risk is not being hedged.

The fair value of the non-deliverable forward at 30 September 2022 is positive 520 thousand Euros (at 31 December 2021 it was positive 1,061 thousand Euros).

The amount recognised in reserves, relating to the cash flow hedges referred to above, as at 30 September 2022, is 607 thousand Euros. Additionally, an amount of 59 thousand Euros was recorded in the income statement as a cost of hedging, corresponding to the forward points of the hedging instruments that are not designated as part of the hedging relationship.

The instrument covered by the cash flow hedge ratio corresponds to a proportion of total sales denominated in CLP, corresponding to a monthly sales amount of 265,000 thousand Chilean Pesos.

Comprehensive Income:

The movements recorded in the statement of comprehensive income through the application of cash flow hedges were as follows:

- September 2022

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	84,110	84,110	-	-
Swaps of exchange rate and interest rate	(6,865)	2,642	(3,725)	5,782
Non-Deliverable Forward	519	607	-	(88)
	77,764	87,359	(3,725)	5,694

- September 2021

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	7,236	7,236	-	-
Swaps of exchange rate	(3,025)	1,426	(2,512)	(1,939)
Non-Deliverable Forward	949	(964)	-	-
	5,160	7,697	(2,512)	(1,939)

Hedging Reserve:

The movements recognised in the hedging reserve (Note 15) were as follows:

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
1 January 2021	(34,059)	8,515	(25,545)
Changes in fair value and ineffectiveness	18,097	(4,678)	13,419
31 December 2021	(15,962)	3,837	(12,126)
1 January 2022	(15,962)	3,837	(12,126)
Changes in fair value and ineffectiveness	86,269	(19,519)	66,750
30 September 2022	70,307	(15,682)	54,625

Fair Value Hedge

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on the fair value of interest payments on fixed-rate debt by negotiating interest rate swaps where it pays a variable rate and receives a fixed rate in order to convert fixed-rate debt payments into variable-rate payments.

At 30 September 2022, the Group has a total of four fair value hedging derivative contracts amounting to 600,000 thousand Euros (as of 31 December 2021 it was 600,000 thousand Euros). The hedged risk corresponds to the change in fair value of debt issues attributable to movements in the market interest rate index (Euribor). Credit risk is not being hedged. As of 30 September 2022, the fair value of interest rate swaps designated as fair value hedging instruments was negative 67,938 thousand Euros (as of 31 December 2021 it was positive 3,944 thousand Euros).

Changes in the fair value of hedged items arising from interest rate risk are recognised in the income statement in order to offset changes in the fair value of the hedging instrument, which are also recognised in the income statement.

The hedged items of fair value hedging relationships have the following conditions:

- September 2022

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2022	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	272,793	15,415	22,461	16
Bond Issue (Euro Medium Term Notes)	16/04/2029	300,000 TEuros	0.50%	249,821	54,989	49,489	16
					70,404	71,950	

- September 2021

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2021	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	287,579	(9,565)	4,266	16
Bond Issue (Euro Medium Term Notes)	16/04/2029	300,000 TEuros	0.50%	302,035	2,348	2,348	16
					(7,217)	6,614	

As of 30 September 2022, the change in fair value of the debt related to interest rate risk recognized in the income statement was positive 71,950 thousand Euros (at 30 September 2021 it was positive 6,614 thousand Euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately positive 1,288 thousand Euros (at 30 September 2021 it was positive 65 thousand Euros). The recognized ineffectiveness is related to the effect of the fixed leg spread of the hedging instruments that is not reflected in the hedged item.

Hedging Inefficiency:

The movements recorded in the income statement of hedging inefficiency through the application of fair value hedges were as follows:

- September 2022

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	1,288

- September 2021

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	65

Trading Derivative

The Group negotiated an interest rate swap, with a starting date in 2019 and maturity in 2024, which pays fixed rate and receives variable rate. This instrument, although not designated as hedge accounting considering IFRS 9 criteria, is currently hedging the effect of the ineffectiveness of the cash flow hedge of the interest and exchange rate risks of the bond issue in Yen, relative to the fluctuation of interest rates for the hedging period (see Cash Flow Hedge – Interest and Exchange Rate Swaps).

The notional amount of this trading derivative is 60,000 thousand Euros as of 30 September 2022 (at 31 December 2021 it was 60,000 thousand Euros). Credit risk is not being hedged. The fair value of the trading derivative, on 30 September 2022, is positive 1,530 thousand Euros (on 31 December 2021 it was negative 1,828 thousand Euros).

Changes in the fair value of the trading derivative are recorded directly in the income statement. The impact in the income statement, as of 30 September 2022, related to the effect of the fair value of the trading derivative was positive 3,459 thousand Euros (as of 30 September 2021 it was 909 thousand Euros positive).

13 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the periods ended 30 September 2022 and 31 December 2021 are made up as follows:

	Sep 2022	Dec 2021
Cash	24	-
Bank deposits	478,357	398,759
Cash and cash equivalents in the statement of financial position	478,381	398,759
Cash and cash equivalents in cash flow statement	478,381	398,759

In the periods ended 30 September 2022 and 31 December 2021, there are no cash and cash equivalents that are not available for the group to use.

14 EQUITY INSTRUMENTS

As of 30 September 2022 and 31 December 2021, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	Sep 2022		Dec 2021	
	Number of shares	Share Capital	Number of shares	Share Capital
Share Capital	667,191,262	667,191	667,191,262	667,191

At 30 September 2022 and 31 December 2021, REN SGPS had the following own shares:

	Number of shares	Proportion	Amount
Own shares	3,881,374	0.6%	(10,728)

No own shares were acquired or sold in the nine-month period ended 30 September 2022.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must at all times ensure that there are sufficient Equity Reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

15 RESERVES AND RETAINED EARNINGS

The caption "Reserves" in the amount of 369,397 thousand Euros includes:

- **Legal reserve:** The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. This reserve can only be used to cover losses or to increase capital. At 30 September 2022 this caption amounts to 135,702 thousand Euros;
- **Fair value reserve:** includes changes in the fair value of available for sale financial assets (41,894 thousand Euros positive), as detailed in Note 10;
- **Hedging reserve:** includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (positive 54,625 thousand Euros) as detailed in Note 12; and
- **Other reserves:** This caption is changed by (i) application of the results of previous years, being available for distribution to shareholders; except for the limitation set by the Companies Code in respect of own shares (Note 14), (ii) exchange rate changes associated to the financial investment whose functional currency is Dollar; (iii) exchange variation of assets and liabilities of financial investments in subsidiaries, namely the exchange rate effect of converting Chilean Peso to Euro and (iv) changes in equity of associates recorded under the equity method. On 30 September 2022, this caption amounts to 164,356 thousand Euros.

In accordance with the Portuguese legislation: (i) increases in equity as a result of the incorporation of positive fair value (fair value reserves and hedging reserves) can only be distributed to shareholders when the correspondent assets have been sold, exercised, extinct, settled or used; and (ii) income and other positive equity changes recognized as a result of the equity method can only be distributed to shareholders when paid-up. Portuguese legislation establishes that the difference between the equity method income and the amount of paid or deliberated dividends is equivalent to legal reserve.

16 BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 30 September 2022 and 31 December 2021 was as follows:

	Sep 2022			Dec 2021		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	550,000	1,099,062	1,649,062	-	1,726,240	1,726,240
Bank Borrowings	68,025	366,929	434,955	158,313	416,583	574,897
Commercial Paper	-	250,000	250,000	200,000	250,000	450,000
Leases	1,488	2,572	4,059	1,481	2,731	4,212
	619,513	1,718,563	2,338,076	359,794	2,395,554	2,755,348
Accrued interest	17,302	-	17,302	23,803	-	23,803
Prepaid interest	(5,755)	(2,133)	(7,889)	(8,377)	(4,702)	(13,079)
Borrowings	631,059	1,716,430	2,347,489	375,221	2,390,852	2,766,073

The borrowings settlement plan was as follows:

	2022	2023	2024	2025	2026	Following years	Total
Debt - Non current	-	18,833	80,492	570,284	290,018	758,936	1,718,563
Debt - Current	19,859	599,654	-	-	-	-	619,513
	19,859	618,487	80,492	570,284	290,018	758,936	2,338,076

Detailed information regarding bond issues as of 30 September 2022 is as follows:

30 September 2022					
Issue date	Maturity	Initial amount	Outstanding amount	Interest rate	Periodicity of interest payment
'Euro Medium Term Notes' programme emissions					
26/06/2009	26/06/2024	TJPY 10,000,000 (i) (ii)	TJPY 10,000,000	Fixed rate	Semi-Annual
12/02/2015	12/02/2025	TEUR 300,000 (ii)	TEUR 500,000	Fixed rate EUR 2.50%	Annual
01/06/2016	01/06/2023	TEUR 550,000	TEUR 550,000	Fixed rate EUR 1.75%	Annual
18/01/2018	18/01/2028	TEUR 300,000	TEUR 300,000	Fixed rate EUR 1.75%	Annual
16/04/2021	16/04/2029	TEUR 300,000 (ii)	TEUR 300,000	Fixed rate EUR 0.50%	Annual

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 30 September 2022, the Group has ten commercial paper programs in the amount of 2,025,000 thousand Euros, of which 1,775,000 thousand Euros are available for utilization. Of the total amount 750,000 thousand Euros have a guaranteed placement. As of 30 September 2022 are available for utilization 500,000 thousand Euros (as of 31 December 2021 were available 250,000 thousand euros).

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB).

As of 30 September 2022, the borrowings from EIB amounted to 389,955 thousand Euros (at 31 December 2021 it was 430,897 thousand Euros).

The Group also has credit lines negotiated and not used in the amount of 80,000 thousand Euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose).

The balance of the caption Prepaid interest includes the amount of 3,300 thousand Euros (6,953 thousand Euros in 31 December 2021) related with the refinancing of bonds through an exchange offer completed in 2016.

As a result of the fair value hedge related to the debt emission in the amount of 600,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in an amount of 71,950 thousand Euros (positive) (at 30 September 2021 was 6,614 thousand Euros (positive) (Note 12)).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, leverage ratios and Gearing.

The bank loans with BEI include also covenants related with rating and other financial ratios in which the Group may be called upon to present an acceptable guarantee in the event of rating and financial ratios below the established values.

As of 30 September 2022, the group complies with all the covenants to which it is contractually bound.

REN and its subsidiaries are a part of certain financing agreements and debt issues, which include change in control clauses typical in this type of transactions (including, though not so expressed, changes in control as a result of takeover bids) and essential to the realization of such transactions on the appropriate market context. In any case, the practical application of these clauses is limited to considering the legal ownership of shares of REN restrictions.

Following the legal standards and usual market practices, contractual terms and free market competition, establish that neither REN nor its counterparts in borrowing agreements are authorized to disclose further information regarding the content of these financing agreements.

The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by hedge derivative in place.

The average interest rates for borrowings including commissions and other expenses were 1.69% at 30 September 2022 and 1.57% at 31 December 2021.

Leases

Minimal payments regarding lease contacts and the carrying amount of the finance lease liabilities as of 30 September 2022 and 31 December 2021 are made up as follows:

	Sep 2022	Dec 2021
Lease liabilities - minimum lease payments		
No later than 1 year	1,470	1,500
Later than 1 year and no later than 5 years	2,622	2,748
	4,092	4,248
Future finance charges on leases	(33)	(36)
Present value of lease liabilities	4,059	4,212
	Sep 2022	Dec 2021
The present value of lease liabilities is as follows		
No later than 1 year	1,488	1,481
Later than 1 year and no later than 5 years	2,572	2,731
	4,059	4,212

17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement, early-retirement and survivor pensions (hereinafter referred to as Pension Plan), provides its retirees and pensioners with a health care plan on a similar basis to that of its serving personnel, and grants other benefits such as long service award, retirement award and a death subsidy (referred to as “Other benefits”). The long service award is applicable to all Group companies.

At 30 September 2022 and 31 December 2021, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Sep 2022	Dec 2021
Liability on statement of financial position		
Pension plan	43,064	49,619
Healthcare plan and other benefits	37,026	44,490
	80,090	94,109

The reconciliation of the remeasurement of the net benefit liability is as follows:

	Sep 2022	Dec 2021
Initial balance	94,109	100,507
Current service costs and Net interest on net defined benefit	2,811	3,447
Actuarial gains/(losses)	(12,657)	(2,455)
Benefits paid	(4,173)	(7,390)
Final balance	80,090	94,109

During the nine-month periods ended 30 September 2022 and 2021, the following operating expenses were recorded regarding benefit plans with employees:

	Sep 2022	Sep 2021
Charges to the statement of profit and loss (Note 28)		
Pension plan	2,018	1,966
Healthcare plan and other benefits	809	597
	2,827	2,564

The amounts reported at 30 September 2022 result from a new projection of the results of the actuarial valuation, by the independent entity specialised in actuarial studies, considering the changes that have been seen in terms of interest rates and inflation.

The amounts reported at 30 September 2021 result from the projection of the actuarial valuation made on 31 December 2020, for the nine-month period ending 30 September 2021, considering the estimated salaries for 2021.

The actuarial assumptions used to calculate the post-employment benefits are considered by the REN Group and the entity specialized in the actuarial valuation reports to be those that best meet the commitments established in the Pension plan, and related retirement benefit liabilities, and are as follows:

	Sep 2022	Dec 2021
	Full Yield Curve (single rate equivalent: 2.7%)	Full Yield Curve
Annual discount rate		
Expected percentage of serving employees eligible for early retirement (more than 60 years of age and 36 years in service) - by Collective work agreement	20.00%	20.00%
Expected percentage of serving employees eligible for early retirement - by Management act	10.00%	10.00%
Rate of salary increase	3.30%	2.50%
Pension increase	2.30%	1.50%
Future increases of Social Security Pension amount	2.30%	1.30%
Inflation rate	2.30%	1.50%
Medical trend	2.30%	1.50%
Management costs (per employee/year)	€282	€297
Expenses medical trend	2.30%	1.50%
Retirement age (number of years)	66	66
Mortality table	TV 88/90	TV 88/90

18 PROVISIONS FOR OTHER RISKS AND CHARGES

The changes in provisions for other risks and charges in the periods ended 30 September 2022 and 31 December 2021 were as follows:

	Set 2022	Dec 2021
Begining balance	8,872	8,508
Increases	526	521
Reversing	-	(156)
Utilization	(82)	-
Ending balance	9,316	8,872

At 30 September 2022, the caption "Provisions" corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a restructuring provision in the amount of 439 thousand Euros related to the ongoing restructuring process of the Group.

19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 30 September 2022 and 31 December 2021 was made up as follows:

	Sep 2022			Dec 2021		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers (Note 9)	333,685	-	333,685	252,043	-	252,043
Other creditors						
Other creditors (Note 9)	53,335	35,353	88,688	59,547	37,304	96,851
Tariff deviations (Note 9)	122,901	483,541	606,442	208,575	166,901	375,476
Fixed assets suppliers (Note 9)	32,199	-	32,199	72,658	-	72,658
Tax payables (Note 9) (i)	29,024	-	29,024	26,608	-	26,608
Deferred income						
Grants related to assets	19,255	251,826	271,081	19,773	251,221	270,993
Bilateral agreements - Grants	-	86,967	86,967	-	52,180	52,180
Others	12,572	2,086	14,658	-	-	-
Accrued costs						
Holidays and holidays subsidies (Note 9)	6,944	-	6,944	5,498	-	5,498
Trade and other payables	609,916	859,772	1,469,688	644,701	507,606	1,152,307

(i) Tax payables refer to VAT, personnel income taxes and other taxes

The caption "Trade and other payables" includes: (i) the amount of 144,792 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (31,783 thousand Euros at 31 December 2021); (ii) the amount of 14,887 thousand Euros of investment projects not yet invoiced (30,013 thousand Euros at 31 December 2021); (iii) the amount of 56,998 thousand Euros (116,941 thousand Euros at 31 December 2021) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 5,276 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (6,379 thousand Euros at 31 December 2021), also reflected in the caption "Trade receivables" (Note 11).

This transaction related to "CMEC" sets a pass-through in the consolidated income statement of REN, fact for which it is compensated in that statement.

The caption "Other creditors" includes: (i) the amount of 2,280 thousand Euros (5,857 thousand Euros at 31 December 2021) related with the Efficiency Promotion Plan on Energy Consumption ("PPEC"), which aims to financially support initiatives that promote efficiency and reduce electricity consumption, which should be used to finance energy efficiency projects, according to the evaluation metrics defined by ERSE and (ii) the responsibility for the extraordinary contribution on the energy sector in the amount of 28,018 thousand Euros (Note 27) (at 30 September 2021 was 27,095 thousand Euros).

20 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss for the nine-month periods ended 30 September 2022 and 2021 is made up as follows:

	Sep 2022	Sep 2021
Goods:		
Domestic market	96	115
	96	115
Services - Domestic market:		
Electricity transmission and overall systems management	259,158	255,502
Gas transmission	62,614	58,734
Gas distribution	43,816	41,208
Regasification	33,465	25,399
Underground gas storage	13,429	16,689
Telecommunications network	5,762	5,266
Trading	548	1,294
Others	1,062	536
Services - External market (Chile):		
Transmission and transformation of electricity	9,785	8,228
	429,640	412,855
Total sales and services rendered	429,736	412,970

21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets for the nine-month periods ended 30 September 2022 and 2021 were made up as follows:

	Sep 2022	Sep 2021
Revenue from construction of concession assets		
Acquisitions	106,807	123,085
Own work capitalised :		
Financial expenses (Note 5)	1,906	2,477
Overhead and management costs (Note 5)	14,001	12,825
	122,715	138,387
Cost of construction of concession assets		
Acquisitions	106,807	123,085
	106,807	123,085

22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the nine-month periods ended 30 September 2022 and 2021 is made up as follows:

	Sep 2022	Sep 2021
Recognition of investment subsidies in profit and loss	13,613	14,019
Underground occupancy tax	4,087	3,481
Supplementary income	1,096	1,436
Disposal of unused materials	1,053	739
Others	849	1,985
	20,698	21,660

23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the nine-month periods ended 30 September 2022 and 2021 is made up as follows:

	Sep 2022	Sep 2021
Electric energy costs	14,074	6,964
Fees relating to external entities i)	10,014	10,586
Maintenance costs	9,669	13,852
Cross border interconnection costs ii)	6,669	8,997
Gas transport subcontracts	4,630	4,313
Insurance costs	3,647	4,064
Security and surveillance	1,677	1,591
Other	4,634	3,541
External supplies and services	55,014	53,907

i)The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.

ii)The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity.

24 PERSONNEL COSTS

Personnel costs for the nine-month periods ended 30 September 2022 and 2021 are made up as follows:

	Sep 2022	Sep 2021
Remuneration:		
Board of directors	2,699	2,653
Personnel	29,824	29,077
	32,523	31,730
Social charges and other expenses:		
Social security costs	6,378	6,193
Post-employment and other benefits cost (Note 17)	2,827	2,564
Social support costs	1,535	1,335
Other	219	287
	10,959	10,379
Total personnel costs	43,482	42,109

The Corporate bodies' remuneration includes remunerations paid to the Board of Directors as well as the General Shareholders meeting attendance.

25 OTHER OPERATING COSTS

Other operating costs for the nine-month periods ended 30 September 2022 and 2021 are made up as follows:

	Sep 2022	Sep 2021
ERSE operating costs i)	5,031	7,932
Underground occupancy tax	4,088	3,481
Donations and quotizations	1,373	1,155
Others	1,363	1,375
	11,855	13,943

i) The caption "ERSE operating costs" corresponds to ERSE's operating costs, to be recovered through electricity and gas tariffs.

26 FINANCIAL COSTS AND FINANCIAL INCOME

Financial costs and financial income for the nine-month period ended 30 September 2022 and 31 December 2021 are made up as follows:

	Sep 2022	Sep 2021
Financial costs		
Interest on bonds issued	28,496	24,335
Other borrowing interests	4,420	8,037
Interest on commercial paper issued	3,234	3,234
Derivative financial instruments	3,722	2,527
Other financing expenditure	3,751	3,186
	43,623	41,319
Financial income		
Derivative financial instruments	3,459	570
Other financial investments	2,718	1,743
Exchange rate differences	438	-
Interest income	921	622
	7,536	2,934

27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR

Law No. 83-C / 2013 of 31 December introduced a specific contribution of entities operating in the energy sector, called Extraordinary Contribution over the Energy Sector ("ECES"), that was extended by Law 82-B / 2014, of 31 December, Law 7-A / 2016, of 30 March, Law 114/2017, of 29 December, Law 71/2018, 31 December, Law 2/2020, of 31 March, Law 75-B/2020, of 31 December and Law 99/2021, of 31 December.

The regime introduced is aimed at financing mechanisms that promote systemic sustainability of the sector through the setting up of a fund with the main objective of reducing the tariff deficit. The entities subject to this regime are, among others, entities that are dealers of transport activities or distribution of electricity and natural gas.

The calculation of the ECES is levied on the value of the assets with reference to the first day of the financial year 2022 (1 January 2022) that include cumulatively, the tangible fixed assets, intangible assets, with the exception of industrial property elements, and financial assets related with regulated activities. In the case of regulated activities, the ECES is levied on the value of regulated assets (i.e. the amount recognized by ERSE in the calculation of the allowed income with reference to 1 January 2022) if it is greater than the value of those assets, over which the rate of 0.85% is applied.

To the extent that it is a present obligation whose facts originating already occurred, with timing and amounts certain or ascertainable, REN recorded liabilities in the amount of 28,018 thousand Euros (Note 19) (for the nine-month period ended 30 September 2021 was 27,070 thousand Euros) against a cost in the statement of profit and loss.

The ECES line of the income statement, amounting to 28,021 thousand Euros (27,070 thousand Euros at 30 September 2021) for the nine-month period ended 30 September 2022 includes the amount of 3 thousand Euros (positive) (in the nine-month period ended 30 September 2021 included the negative amount of 25 thousand Euros), related to the regularization of ECES from previous years.

28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Sep 2022	Sep 2021
Consolidated net profit used to calculate earnings per share	(1)	81,426	68,353
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	667,191,262
Effect of treasury shares (note 14)		3,881,374	3,881,374
Number of shares in the period	(3)	663,309,888	663,309,888
Basic earnings per share (euro per share)	(1)/(3)	0.12	0.10

The basic earnings per share are the same as the diluted earnings as there are no situations that could origin dilution effects.

29 DIVIDENDS PER SHARE

During the Shareholders General Assembly meeting held on 28 April 2022, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2021, in the amount of 102,747 thousand Euros (0.154 Euros per share). The dividends attributable to own shares amounted to 597 thousand Euros, being paid to the shareholders a total amount of 102,150 thousand of Euros.

During the Shareholders General Assembly meeting held on 23 April 2021, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2020, in the amount of 114,090 thousand Euros (0.171 Euros per share). The dividends attributable to own shares amounted to 664 thousand Euros, being paid to the shareholders a total amount of 113,426 thousand of Euros.

30 CONTINGENT ASSETS AND LIABILITIES

30.1. Contingent liabilities

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA ("Tejo Energia") and Turbogás – Produtora Energética S.A. ("Turbogás") have announced to REN - Rede Eléctrica Nacional, SA ("REN Eléctrica") and REN Trading SA ("REN Trading") its intention to renegotiate the Energy Acquisition Agreement (CAE), in order to reflect in the amounts payable to this producer the costs, which in its opinion would be due, incurred with (i) financing of the social tariff and (ii) with the tax on petroleum products and energy and with the rate of carbon. Also, these two entities stated its intention to renegotiate the CAE, in order to reflect in the amounts payable the costs incurred with the financing of ECES.

According to the CAE, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the CAE with Tejo Energia and Turbogás. According to the information received, the total costs incurred by these companies until 30 September 2022 amounts to, approximately, 105 million Euros.

REN Trading and REN Eléctrica consider that, with the existing legal framework, this possibility depends on the recognition that the associated charges can be considered as general costs of the national electricity system, the only way to guarantee the economic neutrality of REN Trading's contractual position.

All of these disputes were brought by Tejo Energia and Turbogás and contested by REN Eléctrica and REN Trading, and the outcome is pending resolution.

30.2. Guarantees given

At 30 September 2022 and 31 December 2021, the REN Group had given the following bank guarantees:

Beneficiary	Scope	Sep 2022	Dec 2021
European Investment Bank (EIB)	To guarantee loans	226,097	242,548
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	24,028	23,788
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	22,566	22,571
Judge of District Court	Guarantee for expropriation processes	5,549	5,549
Mibgás	To guarantee the liabilities incurred from the participation in the gas organized market	4,000	4,000
Municipal Council of Seixal	Guarantee for litigation	3,133	3,133
Portuguese State	Guarantee for litigation	2,232	2,232
Municipal Council of Maia	Guarantee for litigation	1,564	1,564
Municipal Council of Odívetas	Guarantee for litigation	1,119	1,119
EP - Estradas de Portugal	Guarantee for litigation	580	502
Municipal Council of Porto	Guarantee for litigation	368	368
Municipal Council of Silves	Guarantee for expropriation processes	352	352
NORSCUT - Concessionária de Auto-estradas	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
Others (loss then 100 thousand Euros)	Guarantee for litigation	393	204
		292,182	308,131

31 RELATED PARTIES

Main shareholders and shares held by corporate bodies

At 30 September 2022 and 31 December 2021, the shareholder structure of Group REN was as follows:

	Sep 2022		Dec 2021	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Group State Grid)	166,797,815	25.0%	166,797,815	25.0%
Pontegadea Inversiones S.L. i)	80,100,000	12.0%	80,100,000	12.0%
Lazard Asset Management LLC	45,633,907	6.8%	41,067,351	7.0%
Fidelidade - Companhia de Seguros, S.A.	35,496,424	5.3%	35,496,424	5.3%
Red Eléctrica Internacional, S.A.U.	33,359,563	5.0%	33,359,563	5.0%
Great-West Lifeco, Inc.	25,628,952	3.8%	27,666,567	4.1%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	276,293,227	41.5%	278,822,168	41.8%
	667,191,262	100%	667,191,262	100%

Management remuneration

The Board of Directors of REN, SGPS was considered, in accordance with IAS 24, to be the only key members in the Management of the Group.

REN has not established any specific retirement benefit system for the Board of Directors.

Remuneration of the Board of Directors of REN, SGPS in the nine-month period ended 30 September 2022 amounted to 2,424 thousand Euros (2,377 thousand Euros in 30 September 2021), as shown in the following table:

	Sep 2022	Sep 2021
Remuneration and other short term benefits	1,274	1,227
Management bonuses (estimate)	1,150	1,150
	2,424	2,377

Transaction of shares by the members of the Board of Directors

During the nine-month period ended 30 September 2022, there were no transactions carried out by members of the corporate bodies.

Transactions with group or dominated companies

In its activity, REN maintains transactions with Group entities or with dominated parties. The terms in which these transactions are held are substantially identical to those practiced between independent parties in similar operations.

In the consolidation process, the amounts related to such transactions or open balances are eliminated in the financial statements.

The main transactions held between Group companies were: (i) borrowings and shareholders loans; and (ii) shared services namely, legal services, administrative services and informatics.

Balances and transactions held with shareholders, associates and other related parties

During the nine-month periods ended 30 September 2022 and 2021, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

Revenue

	Sep 2022	Sep 2021
<u>Sales and services provided</u>		
Invoicing issued - REE	1,773	81
Invoicing issued - Centro de Investigação em Energia REN - State Grid	77	295
<u>Dividends received</u>		
Electrogás (Note 7)	3,668	5,107
Centro de Investigação em Energia REN - State Grid (Note 7)	25	8
REE (Note 10)	3,938	3,938
	9,481	9,429

Expenses

	Sep 2022	Sep 2021
External supplies and services		
Invoicing received - OMIP	114	-
Invoicing received - REE	616	885
Invoicing received - Centro de Investigação em Energia REN - State Grid	105	-
Invoicing received - CMS Rui Pena & Arnaut ¹	140	105
	975	990

Balance

The balances at 30 September 2022 and 31 December 2021 resulting from transactions with related parties were as follows:

	Sep 2022	Dec 2021
Trade and other receivables		
REE - Dividends	-	1,477
Electrogás - Dividends	-	3,002
Centro de Investigação em Energia REN - State Grid - Other receivables	77	74
REE - Trade receivables	224	-
	301	4,553
Trade and other payables		
Centro de Investigação em Energia REN - State Grid - Other payables	78	104
CMS - Rui Pena & Arnaut - Trade payables ¹	-	30
SPECO - Shandong Power Equipment CO - Trade payables ²	375	1,415
	453	1,549

32 SUBSEQUENT EVENTS

After the date of the statement of financial position, there were no events that give rise to additional adjustments or disclosures in the consolidated financial statements of the Company for the nine-month period ended in 30 September 2022.

33 EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with IAS 34 – Interim Financial Reporting. In the event of discrepancies, the Portuguese language version prevails.

¹ Entity related to the Administrator José Luís Arnaut. During 2022, the contract for the provision of legal advisory services in the area of law and public procurement, approved by the board of directors of the company REN Serviços, SA and awarded to the law firm CMS Rui Pena and Arnaut, an entity related to the Director José Luís Arnaut, remained in force. The contract was signed in 2020, for a period of three years.

² Subsidiary entity of the shareholder State Grid Europe Limited. The operations with this entity are related to acquisitions of concession assets in progress. Also, this entity presents guarantees amounting to 223 thousand Euros.

The Accountant

Pedro Mateus

The Board of Directors

Rodrigo Costa

(Chairman of the Board of Directors and Chief Executive Officer)

João Faria Conceição

(Member of the Board of Directors and Chief Operational Officer)

Gonçalo Morais Soares

(Member of the Board of Directors and Chief Financial Officer)

Guangchao Zhu

(Vice-President of the Board of Directors designated by State Grid International Development Limited)

Mengrong Cheng

(Member of the Board of Directors)

Li Lequan

(Member of the Board of Directors)

Ana Pinho

(Member of the Board of Directors)

Ana da Cunha Barros

(Member of the Board of Directors)

Jorge Magalhães Correia

(Member of the Board of Directors)

Maria Estela Barbot

(Member of the Board of Directors)

José Luis Arnaut

(Member of the Board of Directors)

Manuel Sebastião

(Member of the Board of Directors and Chairman of the Audit Committee)

Rosa Freitas Soares

(Member of the Board of Directors and of the Audit Committee)

Gonçalo Gil Mata

(Member of the Board of Directors and of the Audit Committee)

Note – The remaining pages of this Report & Accounts were initialled by the members of the Executive Committee and by the Certified Accountant, Pedro Mateus.

ANNEX

Contacts

At REN we are happy to pursue a policy of facilitating direct access to the Group's corporate bodies. Feel free to contact us at the following addresses/numbers/emails:

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