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# Consolidated Financial **Statements**

**31 March 2022**

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

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## 1. FINANCIAL PERFORMANCE

### 1.1 RESULTS FOR THE 1<sup>ST</sup> QUARTER OF 2022

In the first 3 months of 2022, net income reached 6.0 million Euros, a 1.5 million Euros increase (+32.6%) over the same period of the previous year. Net income increased reflecting mainly the following effects: (i) increase of 4.0 million Euros in the Group EBITDA (+2.0 million Euros in EBIT), and (ii) the increase of 1.3 million Euros in financial results (+12.2%), partially offset by (iii) the increase of 0.9 million Euros in the Extraordinary Levy on the Energy Sector.

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 2021<sup>1</sup>).
- 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 27.3 million Euros, a 14.1% y.o.y decrease (-4.5 million Euros) and transfers to RAB decreased 3.7 million Euros to 4.0 million Euros. Average RAB increased by 118.9 million Euros (+3.4%), to 3,660.1 million Euros.

The average cost of debt was 1.6%, unchanged over the previous year, and net debt reached 2,098.7 million Euros, a 17.6% decrease (-449.3 million Euros) over the same period of the previous year.

MAIN INDICATORS (MILLIONS OF EUROS)	March 2022	March 2021	VAR. %
EBITDA	118.4	114.4	3.5%
Financial results <sup>2</sup>	-9.4	-10.8	12.2%
Net income <sup>1</sup>	6.0	4.5	32.6%
Recurrent net income	34.0	31.6	7.6%
Total Capex	27.3	31.8	-14.1%
Transfers to RAB <sup>3</sup> (at historic costs)	4.0	7.7	-47.8%
Average RAB (at reference costs)	3 660.1	3 541.2	3.4%
Net debt	2 098.7	2 547.9	-17.6%
Average cost of debt	1.6%	1.6%	0.0p.p.

<sup>1</sup> 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.

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

<sup>3</sup> Includes direct acquisitions (RAB related).

## Operational results – EBITDA

### Domestic Power Transmission and Distribution Business

EBITDA for the domestic business reached 113.6 million Euros in the first 3 months of 2022, a 1.7% (+1.9 million Euros) increase over the same period of the previous year.

EBITDA - TRANSMISSION (MILLIONS OF EUROS)	March 2022	March 2021	VAR.%
1) Revenues from assets	47.1	50.3	-6.4%
RAB remuneration <sup>1</sup>	17.1	16.3	4.6%
Lease revenues from hydro protection zone	0.2	0.2	-1.3%
Incentive for improvement of the TSO's technical performance <sup>2</sup>	1.9	6.3	-70.0%
Recovery of amortizations (net of investment subsidies) <sup>1</sup>	23.5	22.9	2.5%
Amortization of investment subsidies	4.5	4.7	-3.3%
2) Revenues from Totex <sup>1</sup>	66.6	61.5	8.3%
3) Revenues from Opex <sup>1</sup>	28.8	27.1	6.0%
4) Other revenues	3.5	3.3	8.1%
5) Own works (capitalised in investment)	4.8	4.6	3.7%
6) Earnings on Construction (excl. own works) – Concession assets	22.3	25.8	-13.8%
7) OPEX	37.1	34.9	6.1%
Personnel costs <sup>3</sup>	13.9	13.6	1.7%
External costs	23.2	21.3	8.8%
8) Construction costs – Concession assets	22.3	25.8	-13.8%
9) Provisions/ (reversal)	0.0	0.0	n.m.
10) Impairments	0.1	0.1	0.0%
<b>11) EBITDA (1+2+3+4+5+6-7-8-9-10)</b>	<b>113.6</b>	<b>111.8</b>	<b>1.7%</b>

<sup>1</sup> 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".

<sup>2</sup> 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.

<sup>3</sup> Includes training and seminars costs.

The increase in EBITDA resulted mainly from:

- The increase in Electricity Transmission Activity regulated revenues (+5.1 million Euros), with the introduction of the new Totex remuneration model. The rate of return was 4.50% in March of 2022, similarly to 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 in revenues from opex by 1.6 million Euros (+6.0%);
- The increase of 0.7 million Euros in RAB remuneration<sup>1</sup> (+4.6%) arising from:
  - Increase of 0.3 million Euros in the remuneration of natural gas transmission regulated assets reflecting the increase in the rate of return from 4.5% in March 2021 to 4.8% in March 2022 – as a result of the positive evolution of the yields of the Portuguese Republic 10Y Treasury Bills; partially offset by the reduction of 27.4 million Euros (-3.0%) in natural gas transmission average RAB;
  - Increase of 0.4 million Euros in the remuneration of natural gas distribution regulated assets, reflecting (i) the increase in the rate of return from 4.7% in March 2021 to 5.0% in March 2022 – as a result of the positive evolution of the yields of the Portuguese Republic 10Y Treasury Bills, and (ii) the increase of 3.3 million Euros in natural gas distribution average RAB (+0.7%).

These effects were partially offset by:

- The reduction of 4.4 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;
- Increase of 2.1 million Euros in Opex (+6.1%), explained by the increase of 0.2 million Euros in personnel costs and 1.9 million Euros in external costs, resulting mainly from the increase in electricity costs of the LNG Terminal. From the increase in external costs, +0.4 million Euros correspond to pass-through costs (costs accepted in the tariff).

With respect to domestic business, it is also important to note that the natural gas distribution business contributed with EBITDA of 12.1 million Euros.

#### International Business - Chile

The EBITDA for international businesses reached 4.7 million Euros in the first 3 months of 2022, a 2.1 million Euros (+81.0%) increase over the same period of the previous year, resulting mainly from:

- EBITDA of Transemel – an electrical power transmission company in Chile – was 2.4 million Euros, a y.o.y. increase of 1.2 million Euros (+97.0%) reflecting the increase of 0.7 million Euros in revenues from the transmission of electricity (+32.8%) and the reduction of 0.4 million Euros in opex (-34.1%);
- The increase of 0.9 million Euros (+67.3%) in the recognized income from the 42.5% stake held by REN in the Chilean company Electrogas.

EBITDA - INTERNATIONAL (MILLIONS OF EUROS)	March	March	VAR.%
	2022	2021	
1) Revenues from the Transmission of Electrical Power	3.0	2.3	32.8%
2) Other revenues	2.3	1.4	67.3%
3) Own works (capitalized in investment)	0.1	0.0	n.m.
4) OPEX	0.7	1.1	-33.3%
Personnel costs <sup>2</sup>	0.2	0.1	n.m.
External costs	0.5	1.0	-44.9%
<b>5) EBITDA (1+2+3-4)</b>	<b>4.7</b>	<b>2.6</b>	<b>81.0%</b>

<sup>1</sup> Excludes Electricity Transmission activity

<sup>2</sup> Includes costs with training.

## Net income

Overall, the Group's net income for the first 3 months of 2022 reached 6.0 million Euros, a 1.5 million Euros y.o.y. increase (+32.6%).

This increase reflect mostly the following effects:

- i) increase of 4.0 million Euros in the Group EBITDA (+2.0 million Euros in EBIT), impacted by the increase of 1.9 million Euros in the Domestic Power Transmission and Distribution business (EBIT unchanged over the previous year) and +2.1 million Euros in the contribution of international businesses (+2.0 million Euros in EBIT).
- ii) increase of 1.3 million Euros in financial results (+12.2%) reflecting the decrease in net debt to 2,098.7 million Euros (-449.3 million Euros; -17.6%) and favorable exchange rate differences. The average cost of debt was 1.6%, unchanged when compared with the same period of the previous year;
- iii) partially offset by the increase of 0.9 million Euros in the Extraordinary Levy on the Energy Sector (+3.4%) reflecting the increase in the regulated asset base.

Excluding non-recurring items, Net Income for the first 3 months of 2022 increased 2.4 million Euros (+7.6%). Non-recurring items considered in the first 3 months of 2022 and 2021 are as follows:

- i) In 2022: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2022 (28.0 million Euros);
- ii) In 2021: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2021 (27.1 million Euros).

NET INCOME (MILLIONS OF EUROS)	March	March	VAR. %
	2022	2021	
EBITDA	118.4	114.4	3.5%
Depreciations and amortizations	62.1	60.1	3.3%
Financial results	-9.4	-10.8	12.2%
Income tax expenses	12.9	11.9	7.7%
Extraordinary levy on the energy sector <sup>1</sup>	28.0	27.1	3.4%
<b>Net income</b>	<b>6.0</b>	<b>4.5</b>	<b>32.6%</b>
Non-recurring items	28.0	27.1	3.4%
<b>Recurrent net income</b>	<b>34.0</b>	<b>31.6</b>	<b>7.6%</b>

<sup>1</sup> 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 3 months of 2022, Capex reached 27.3 million Euros, a 14.1% y.o.y. decrease (-4.5 million Euros), and transfers to RAB decreased 3.7 million Euros to 4.0 million Euros.

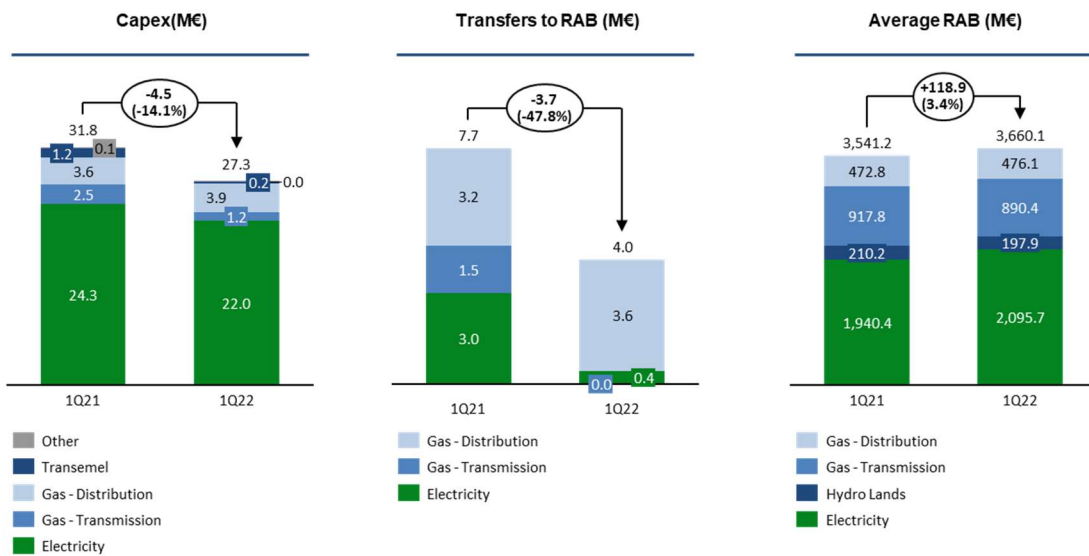
In electricity, investment was 22.0 million Euros, a 9.4% decrease (-2.3 million Euros) over the same period of 2021, and Transfers to RAB were 0.4 million Euros, a y.o.y. increase of 2.5 million Euros.

In natural gas transmission, investment reached 1.2 million Euros, a reduction of 1.4 million Euros and there were no transfers to RAB.

In natural gas distribution, investment was 3.9 million Euros, 34% for new supply points and 61% with the expansion of the distribution network, and transfers to RAB increased 0.4 million Euros (+13.4%) to 3.6 million Euros.

Average RAB was 3,660.1 million Euros, a 118.9 million Euros (+3.4%) y.o.y decrease. In electricity, the average RAB (excluding lands) reached 2,095.7 million Euros (+155.3 million Euros, +8.0%), of which 981.0 million Euros in assets remunerated at a premium rate of return, while lands reached 197.9 million Euros (-12.3 million Euros, -5.8%). In natural gas transmission, the average RAB was 890.4 million Euros (-27.4 million Euros, -3.0%), while in natural gas distribution the average RAB reached 476.1 million Euros (+3.3 million Euros, +0.7%).

It should be noted that in the electricity sector, the average RAB of the Electricity Transmission activity corresponds to a fixed average value defined by the regulator for the 2022-2025 regulatory period, upon which the regulated revenue of the new Totex model is defined.



## 2. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 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	Mar 2022	Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	132,516	119,551
Intangible assets	5	4,095,278	4,123,069
Goodwill	6	4,894	4,757
Investments in associates and joint ventures	7	175,052	169,283
Investments in equity instruments at fair value through other comprehensive income	9 and 10	161,095	162,724
Derivative financial instruments	9 and 12	24,981	19,347
Other financial assets	9	146	137
Trade and other receivables	9 and 11	39,429	37,026
Deferred tax assets	8	92,526	96,673
		<b>4,725,918</b>	<b>4,732,567</b>
<b>Current assets</b>			
Inventories		8,601	8,545
Trade and other receivables	9 and 11	493,700	448,171
Derivative financial instruments	9 and 12	125	474
Cash and cash equivalents	9 and 13	555,013	398,759
		<b>1,057,438</b>	<b>855,949</b>
<b>Total assets</b>	<b>4</b>	<b>5,783,356</b>	<b>5,588,516</b>
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital	14	667,191	667,191
Own shares	14	(10,728)	(10,728)
Share premium		116,809	116,809
Reserves	15	357,526	311,988
Retained earnings		329,660	232,978
Other changes in equity		(5,561)	(5,561)
Net profit for the period		5,957	97,153
<b>Total equity</b>		<b>1,460,855</b>	<b>1,409,830</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	9 and 16	2,362,740	2,390,852
Liability for retirement benefits and others	17	94,230	94,109
Derivative financial instruments	9 and 12	26,758	23,112
Provisions	18	8,872	8,872
Trade and other payables	9 and 19	683,864	507,606
Deferred tax liabilities	8	107,330	107,569
		<b>3,283,793</b>	<b>3,132,120</b>
<b>Current liabilities</b>			
Borrowings	9 and 16	266,169	375,221
Trade and other payables	9 and 19	731,048	644,701
Income tax payable	8 and 9	41,491	26,644
		<b>1,038,708</b>	<b>1,046,566</b>
<b>Total liabilities</b>	<b>4</b>	<b>4,322,501</b>	<b>4,178,686</b>
<b>Total equity and liabilities</b>		<b>5,783,356</b>	<b>5,588,516</b>

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 March 2022.

The Accountant

The Board of Directors



## CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2022 AND 2021

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

	Notes	Mar 2022	Mar 2021
Sales	4 and 20	42	31
Services rendered	4 and 20	140,456	137,220
Revenue from construction of concession assets	4 and 21	27,080	30,476
Gains / (losses) from associates and joint ventures	7	2,604	1,473
Other operating income	22	8,546	7,323
<b>Operating income</b>		<b>178,727</b>	<b>176,523</b>
Cost of goods sold		(216)	(195)
Costs with construction of concession assets	21	(22,276)	(25,844)
External supplies and services	23	(17,512)	(17,568)
Personnel costs	24	(13,982)	(13,664)
Depreciation and amortizations	5	(62,086)	(60,087)
Impairments	6	(94)	(94)
Other expenses	25	(6,069)	(4,584)
<b>Operating costs</b>		<b>(122,236)</b>	<b>(122,038)</b>
<b>Operating results</b>		<b>56,491</b>	<b>54,485</b>
Financial costs	26	(13,625)	(12,152)
Financial income	26	3,970	1,193
<b>Financial results</b>		<b>(9,655)</b>	<b>(10,959)</b>
<b>Profit before income tax and ESEC</b>		<b>46,836</b>	<b>43,526</b>
Income tax expense	8	(12,861)	(11,940)
Energy sector extraordinary contribution (ESEC)	27	(28,018)	(27,095)
<b>Consolidated profit for the period</b>		<b>5,957</b>	<b>4,491</b>
<b>Attributable to:</b>			
Equity holders of the Company		5,957	4,491
Non-controlled interest		-	-
<b>Consolidated profit for the period</b>		<b>5,957</b>	<b>4,491</b>
<b>Earnings per share (expressed in euro per share)</b>	28	<b>0.01</b>	<b>0.01</b>

The accompanying notes form an integral part of the consolidated statement of profit and loss for the three-month period ended 31 March 2022.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2022 AND 2021

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

	Notes	Mar 2022	Mar 2021
<b>Consolidated Profit for the period</b>		5,957	4,491
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial gains / (losses) - gross of tax		(672)	67
Tax effect on actuarial gains / (losses)	11	201	(20)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		21,206	11,767
Increase / (decrease) in hedging reserves - cash flow derivatives	12	33,180	1,734
Tax effect on hedging reserves	8 and 12	(7,631)	(434)
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(1,629)	(9,070)
Tax effect on items recorded directly in equity	8 and 10	412	2,041
Other changes in equity	7	-	90
<b>Comprehensive income for the period</b>		51,024	10,666
<b>Attributable to:</b>			
Equity holders of the company		51,024	10,666
Non-controlled interest		-	-
		51,024	10,666

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the three-month period ended 31 March 2022.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 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										Total
		Share capital	Own shares	Share premium	Legal Reserve	Fair Value reserve (Note 10)	Hedging reserve (Note 12)	Other reserves	Other changes in equity	Retained earnings	Profit for the year	
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		-	-	-	-	(7,029)	1,300	11,857	-	47	4,491	10,666
Transfer to other reserves		-	-	-	-	-	-	-	-	109,249	(109,249)	-
At 31 March 2021		667,191	(10,728)	116,809	125,075	41,876	(24,245)	153,308	(5,561)	350,148	4,491	1,418,365
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		-	-	-	-	(1,217)	25,549	21,206	-	(471)	5,957	51,024
Transfer to other reserves		-	-	-	-	-	-	-	-	97,153	(97,153)	-
At 31 March 2022		667,191	(10,728)	116,809	130,662	56,541	13,423	156,900	(5,561)	329,660	5,957	1,460,855

The accompanying notes form an integral part of the consolidated statement of changes in equity for the three-month period ended 31 March 2022.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2022 AND 2021

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

	Notes	Mar 2022	Mar 2021
<b>Cash flow from operating activities:</b>			
Cash receipts from customers		897,920 a)	595,208 a)
Cash paid to suppliers		(569,797) a)	(348,498) a)
Cash paid to employees		(14,892)	(15,798)
Income tax received/paid		(2,440)	(2,109)
Other receipts / (payments) relating to operating activities		(28,634)	19,587
<b>Net cash flows from operating activities (1)</b>		<b>282,158</b>	<b>248,391</b>
<b>Cash flow from investing activities:</b>			
<b>Receipts related to:</b>			
Investment grants		34,277	1,286
Dividends	7 and 10	4,263	1,477
<b>Payments related to:</b>			
Property, plant and equipment		(2,668)	-
Intangible assets		(44,886)	(47,242)
<b>Net cash flow used in investing activities (2)</b>		<b>(9,014)</b>	<b>(44,480)</b>
<b>Cash flow from financing activities:</b>			
<b>Receipts related to:</b>			
Borrowings		200,000	465,000
<b>Payments related to:</b>			
Borrowings		(299,769)	(485,769)
Interests and other similar expense		(17,538)	(16,835)
Leasings		(753)	(696)
Interests of Leasings		(7)	(8)
<b>Net cash from / (used in) financing activities (3)</b>		<b>(118,067)</b>	<b>(38,308)</b>
<b>Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)</b>		<b>155,077</b>	<b>165,603</b>
Effect of exchange rates		1,177	264
Cash and cash equivalents at the beginning of the year	13	398,759	61,169
<b>Cash and cash equivalents at the end of the period</b>	<b>13</b>	<b>555,013</b>	<b>227,037</b>
<b>Detail of cash and cash equivalents</b>			
Cash	13	23	24
Bank overdrafts	13	-	(9,185)
Bank deposits	13	554,990	236,197
		<b>555,013</b>	<b>227,037</b>

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 three-month period ended 31 March 2022.

The Accountant

The Board of Directors

### 3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2022, REN 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 31 March 2022 and 31 December 2021:

Designation / adress	Country	Activity	Mar 2022		Dec 2021	
			% Owned Group	% Owned Individual	% Owned Group	% Owned Individual
<b>Parent company:</b>						
REN - Redes Energéticas Nacionais, SGPS, S.A.	Portugal	Holding company	-	-	-	-
<b>Subsidiaries:</b>						
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 - Carriço- 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%
<b>Owned by REN Serviços, S.A.:</b>						
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%	-
<b>Owned by REN Gás, S.A.:</b>						
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Portugal	Underground storage developement, 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%	-
<b>Owned by Apolo Chile SPA (99.99%) and Aério Chile SPA (&lt;0.001%):</b>						
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 20 May 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 three-month period ended 31 March 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.

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.

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.

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 recognized 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.

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 three-month period ended on 31 March 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.

## 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
<b>Amendments to IAS 1 -</b> Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01/jan/23	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.
<b>Amendments to IAS 12 -</b> Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/jan/23	The main change in these amendments is an exemption from the initial recognition exemption. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
<b>Amendments to IFRS 17 -</b> Insurance Contracts: Initial Application of IFRS 17 and <b>Amendments to IFRS 9 -</b> Comparative Information	01/jan/23	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.

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 31 March 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 three-month period ended 31 March 2022 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Sales and services provided</b>	<b>87,185</b>	<b>52,184</b>	<b>1,829</b>	<b>10,074</b>	<b>(10,774)</b>	<b>140,498</b>
Inter-segments	304	1,098	-	9,372	(10,774)	-
Revenues from external customers	86,881	51,086	1,829	702	-	140,498
Revenue from construction of concession assets	22,028	5,052	-	-	-	27,080
Cost with construction of concession assets	(18,584)	(3,693)	-	-	-	(22,276)
Gains / (losses) from associates and joint ventures	-	-	-	2,604	-	2,604
Personnel costs	(12,476)	(13,988)	(697)	(2,608)	12,257	(17,512)
Employee compensation and benefit expense	(4,501)	(2,895)	(77)	(6,510)	-	(13,982)
Other expenses and operating income	4,268	(391)	(18)	(115)	(1,483)	2,261
<b>Operating cash flow</b>	<b>77,920</b>	<b>36,270</b>	<b>1,037</b>	<b>3,444</b>	<b>-</b>	<b>118,671</b>
<b>Non reimbursable expenses</b>						
Depreciation and amortizations	(41,040)	(21,000)	(4)	(41)	-	(62,086)
Impairments	-	-	-	(94)	-	(94)
<b>Financial results</b>						
Financial income	423	1,098	4	30,668	(28,223)	3,970
Financial costs	(5,923)	(4,328)	(2)	(31,595)	28,223	(13,625)
<b>Profit before income tax and ESEC</b>	<b>31,380</b>	<b>12,039</b>	<b>1,035</b>	<b>2,382</b>	<b>-</b>	<b>46,836</b>
Income tax expense	(8,921)	(3,819)	(240)	120	-	(12,861)
Energy sector extraordinary contribution (ESEC)	(17,590)	(10,428)	-	-	-	(28,018)
<b>Profit for the period</b>	<b>4,869</b>	<b>(2,209)</b>	<b>795</b>	<b>2,502</b>	<b>-</b>	<b>5,957</b>

The results by segment for the three-month period ended 31 March 2021 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Sales and services provided</b>	<b>87,795</b>	<b>49,707</b>	<b>1,777</b>	<b>8,826</b>	<b>(10,854)</b>	<b>137,251</b>
Inter-segments	440	1,707	-	8,707	(10,854)	-
Revenues from external customers	87,355	48,000	1,777	119	-	137,251
<b>Revenue from construction of concession assets</b>	<b>24,316</b>	<b>6,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,476</b>
<b>Cost with construction of concession assets</b>	<b>(20,858)</b>	<b>(4,986)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,844)</b>
<b>Gains / (losses) from associates and joint ventures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,473</b>	<b>-</b>	<b>1,473</b>
<b>Personnel costs</b>	<b>(16,192)</b>	<b>(10,475)</b>	<b>(714)</b>	<b>(2,612)</b>	<b>12,424</b>	<b>(17,568)</b>
<b>Employee compensation and benefit expense</b>	<b>(4,354)</b>	<b>(3,125)</b>	<b>(75)</b>	<b>(6,110)</b>	<b>-</b>	<b>(13,664)</b>
<b>Other expenses and operating income</b>	<b>4,175</b>	<b>(8)</b>	<b>4</b>	<b>(57)</b>	<b>(1,570)</b>	<b>2,544</b>
<b>Operating cash flow</b>	<b>74,882</b>	<b>37,273</b>	<b>993</b>	<b>1,519</b>	<b>-</b>	<b>114,666</b>
<b>Non reimbursable expenses</b>						
Depreciation and amortizations	(39,333)	(20,706)	(1)	(47)	-	(60,087)
Impairments	-	-	-	(94)	-	(94)
<b>Financial results</b>						
Financial income	173	1,153	2	28,521	(28,656)	1,193
Financial costs	(5,881)	(4,611)	-	(30,317)	28,656	(12,152)
<b>Profit before income tax and ESEC</b>	<b>29,842</b>	<b>13,108</b>	<b>994</b>	<b>(418)</b>	<b>-</b>	<b>43,526</b>
Income tax expense	(7,984)	(3,680)	(238)	(39)	-	(11,940)
Energy sector extraordinary contribution (ESEC)	(16,605)	(10,490)	-	-	-	(27,095)
<b>Profit for the period</b>	<b>5,253</b>	<b>(1,061)</b>	<b>755</b>	<b>(456)</b>	<b>-</b>	<b>4,491</b>

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 three-month period ended 31 March 2022 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Segment assets</b>						
Group investments held	-	887,052	-	2,276,759	(3,163,811)	-
Property, plant and equipment and intangible assets	2,710,555	1,516,855	38	346	-	4,227,794
Other assets	982,638	390,144	18,330	6,369,250	(6,204,800)	1,555,562
<b>Total assets</b>	<b>3,693,194</b>	<b>2,794,051</b>	<b>18,368</b>	<b>8,646,355</b>	<b>(9,368,611)</b>	<b>5,783,356</b>
<b>Total liabilities</b>	<b>2,781,400</b>	<b>1,254,478</b>	<b>12,443</b>	<b>6,478,981</b>	<b>(6,204,800)</b>	<b>4,322,501</b>
<b>Capital expenditure - total</b>	<b>22,231</b>	<b>5,052</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>27,312</b>
Capital expenditure - property, plant and equipment (Note 5)	203	-	-	29	-	232
Capital expenditure - intangible assets (Note 5)	22,028	5,052	-	-	-	27,080
Investments in associates (Note 7)	-	-	-	172,170	-	172,170
Investments in joint ventures (Note 7)	-	-	-	2,882	-	2,882

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
<b>Segment assets</b>						
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
<b>Total assets</b>	<b>3,433,728</b>	<b>2,801,936</b>	<b>15,421</b>	<b>8,611,775</b>	<b>(9,274,345)</b>	<b>5,588,516</b>
<b>Total liabilities</b>	<b>2,544,143</b>	<b>1,259,519</b>	<b>10,291</b>	<b>6,537,123</b>	<b>(6,172,391)</b>	<b>4,178,686</b>
<b>Capital expenditure - total</b>	<b>190,505</b>	<b>56,410</b>	<b>-</b>	<b>196</b>	<b>-</b>	<b>247,110</b>
Capital expenditure - property, plant and equipment (Note 5)	8,354	-	-	196	-	8,550
Capital expenditure - intangible assets (Note 5)	181,287	56,410	-	-	-	237,696
<b>Investments in associates (Note 7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166,541</b>	<b>-</b>	<b>166,541</b>
<b>Investments in joint ventures (Note 7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,742</b>	<b>-</b>	<b>2,742</b>

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 three-month period ended 31 March 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
<b>Cost:</b>												
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	-	44	-	-	188	232	302	26,778	-	-	27,080	27,312
Disposals, write-offs and impairments	-	(45)	-	-	-	(45)	(138)	-	(1)	-	(139)	(184)
Transfers	-	-	-	-	-	-	4,402	(4,402)	-	-	-	-
Regularizations	-	-	-	-	-	-	(390)	390	-	-	-	-
Exchange rate differences	12,435	1	27	19	3,437	15,919	-	-	6,344	-	6,344	22,263
At 31 March 2022	105,384	782	930	1,231	33,572	141,899	8,635,253	144,725	61,611	-	8,841,589	8,983,488
<b>Accumulated depreciation:</b>												
At 1 January 2022	(5,236)	(466)	(527)	(13)	-	(6,241)	(4,685,010)	-	(225)	-	(4,685,235)	(4,691,477)
Depreciation charge	(845)	(40)	(16)	-	-	(901)	(61,092)	-	(93)	-	(61,185)	(62,086)
Depreciation of disposals and write-offs and other reclassifications	-	45	-	-	-	45	138	-	-	-	138	183
Exchange rate differences	(2,243)	(1)	(23)	(19)	-	(2,286)	-	-	(29)	-	(29)	(2,315)
At 31 March 2022	(8,324)	(462)	(566)	(32)	-	(9,383)	(4,745,964)	-	(347)	-	(4,746,311)	(4,755,695)
<b>Net book value:</b>												
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 31 March 2022	97,060	320	365	1,199	33,572	132,516	3,889,289	144,725	61,264	-	4,095,278	4,227,794

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
<b>Cost:</b>												
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
<b>Accumulated depreciation:</b>												
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)
<b>Net book value:</b>												
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 31 March 2022 and 31 December 2021 are made up as follows:

	Mar 2022	Dec 2021
<b>Electricity segment:</b>		
Power line construction (220 KV, 150 KV and others)	3,477	25,955
Power line construction (400 KV)	9,559	54,145
Construction of new substations	173	39,085
Substation Expansion	6,053	37,368
Other renovations in substations	1,034	6,818
Telecommunications and information system	990	8,883
Pilot zone construction - wave energy	42	186
Buildings related to concession	476	3,033
Transmission and transformation of electricity in Chile	188	9,218
Other assets	224	5,812
<b>Gas segment:</b>		
Expansion and improvements to gas transmission network	988	21,719
Construction project of cavity underground storage of natural gas in Pombal	117	3,983
Construction project and operating upgrade - LNG facilities	49	3,803
Natural gas distribution projects	3,898	26,904
<b>Others segments:</b>		
Other assets	44	195
<b>Total of additions</b>	<b>27,312</b>	<b>247,110</b>

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

	Mar 2022	Dec 2021
<b>Electricity segment:</b>		
Power line construction (220 KV, 150 KV and others)	-	22,031
Power line construction (400 KV)	-	87,642
Substation Expansion	199	104,080
Other renovations in substations	490	6,934
Telecommunications and information system	37	8,996
Buildings related to concession	-	283
Transmission and transformation of electricity in Chile	-	-
Other assets under concession	-	2,942
<b>Gas segment:</b>		
Expansion and improvements to natural gas transmission network	-	20,259
Construction project of cavity underground storage of natural gas in Pombal	-	4,864
Construction project and operating upgrade - LNG facilities	-	3,464
Natural gas distribution and transmission projects	3,676	25,526
<b>Total of transfers</b>	<b>4,402</b>	<b>294,217</b>

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

	Mar 2022	Dec 2021
<b>Electricity segment:</b>		
Power line construction (400 KV, 220 KV, 150 KV and others)	87,511	74,475
Substation Expansion	28,789	22,188
New substations projects	2,386	2,213
Buildings related to concession	4,642	4,165
Transmission and transformation of electricity in Chile	33,572	29,947
Other projects	3,018	1,909
<b>Gas segment:</b>		
Expansion and improvements to natural gas transmission network	9,060	8,160
Construction project of cavity underground storage of natural gas in Pombal	3,107	2,864
Construction project and operating upgrade - LNG facilities	744	695
Natural gas distribution projects	5,469	5,290
<b>Total of assets in progress</b>	<b>178,297</b>	<b>151,906</b>

Borrowing costs capitalized on intangible assets in progress in the three-month period ended 31 March 2022 amounted to 493 thousand Euros (3,534 thousand Euros as of 31 December 2021), while overhead, management and other costs capitalized amounted to 4,310 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 31 March 2022 and 31 December 2021 was as follows:

	Mar 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	941	-	941	1,494	-	1,494
Disposals and write-offs	(1,850)	1,030	(820)	(522)	1,298	776
Depreciation charge	-	(520)	(520)	-	(2,016)	(2,016)
Final value	8,400	(3,943)	4,457	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 31 March 2022 and 31 December 2021 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Mar 2022	Dec 2021
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	1,416	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%	2,244	2,013
				4,894	4,757

The movement in the Goodwill caption for the periods ended 31 March 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 31 March 2022
REN Atlântico, Terminal de GNL, S.A.	1,887	-	(377)	-	1,510	-	(94)	-	1,416
REN Portgás Distribuição, S.A.	1,235	-	-	-	1,235	-	-	-	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2,245	-	-	(232)	2,013	-	-	231	2,244
	5,367	-	(377)	(232)	4,757	-	(94)	231	4,894



## 7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

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

31 March 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)	
<b>Equity method:</b>													
<b>Associate:</b>													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	669	29,292	172	-	446	339	29,788	40	11,708	133
Electrogas, S.A.	Gas Transportation	Chile	19,157	13,084	32,564	3,103	6,916	9,320	5,485	35,629	42.5	160,462	2,331
											<b>172,170</b>	<b>2,464</b>	
<b>Joint venture:</b>													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,430	103	762	-	637	280	5,770	50	2,882	140
											<b>175,052</b>	<b>2,604</b>	
<b>31 December 2021</b>													
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)	
<b>Equity method:</b>													
<b>Associate:</b>													
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
											<b>166,541</b>	<b>6,343</b>	
<b>Joint venture:</b>													
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
											<b>169,283</b>	<b>6,431</b>	

### Associates

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

Investments in associates	
At 1 de January de 2021	<b>156,183</b>
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	<b>166,541</b>
Effect of applying the equity method - Net Profit	2,464
Currency Translation Reserves	3,165
At 31 March 2022	<b>172,170</b>

The amount of 2,787 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 31 March 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)
<b>At 31 December 2021</b>	<b>2,742</b>
Effect of applying the equity method	140
Dividends distribution	-
<b>At 31 March 2022</b>	<b>2,882</b>

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

	31 March 2022					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
<b>Joint venture:</b>						
Centro de Investigação em Energia						
REN - STATE GRID, S.A.	5,794	-	-	(15)	(1)	-
	31 December 2021					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
<b>Joint venture:</b>						
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 31 March 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 31 March 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 31 March 2022 and 2021 was as follows:

	Mar 2022	Mar 2021
Current income tax	17,343	39,092
Deferred income tax	(4,482)	(27,152)
<b>Income tax</b>	<b>12,861</b>	<b>11,940</b>

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

	Mar 2022	Mar 2021
<b>Consolidated profit before income tax</b>	<b>46,836</b>	<b>43,526</b>
<b>Permanent differences:</b>		
Non deductible/taxable Costs/Income	2,143	1,624
<b>Timing differences:</b>		
Tariff deviations	11,710	108,816
Provisions and impairment	(23)	(33)
Revaluations	(812)	(815)
Pension, helthcare assistance and life insurance plans	(629)	(1,099)
Derivative financial instruments	(33)	-
Others	404	441
<b>Taxable income</b>	<b>59,595</b>	<b>152,460</b>
Income tax	11,764	32,027
State surcharge tax	4,395	4,589
Municipal surcharge	971	2,290
Autonomous taxation	212	186
<b>Current income tax</b>	<b>17,343</b>	<b>39,092</b>
Deferred income tax	(4,482)	(27,152)
<b>Income tax</b>	<b>12,861</b>	<b>11,940</b>
<b>Effective tax rate</b>	<b>27.5%</b>	<b>27.4%</b>

## Income tax

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

	Mar 2022	Dec 2021
<b>Income tax:</b>		
Corporate income tax - estimated tax	(17,343)	(64,267)
Corporate income tax - payments on account	2,219	35,853
Income withholding tax by third parties	302	1,552
Income recoverable / (payable)	(26,669)	219
<b>Income tax recoverable</b>	<b>(41,491)</b>	<b>(26,644)</b>

## Deferred taxes

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

	Mar 2022	Dec 2021
<b>Impact on the statement of profit and loss:</b>		
Deferred tax assets	(549)	9,230
Deferred tax liabilities	5,031	38,866
	<b>4,482</b>	<b>48,096</b>
<b>Impact on equity:</b>		
Deferred tax assets	(3,599)	(5,133)
Deferred tax liabilities	(4,791)	(1,466)
	<b>(8,390)</b>	<b>(6,599)</b>
<b>Net impact of deferred taxes</b>	<b>(3,907)</b>	<b>41,497</b>

The changes in deferred tax by nature were as follows:

### Change in deferred tax assets – March 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	-	201	-	(1,501)	-	(2,299)	(3,599)
Reversal through profit and loss	-	(162)	-	(41)	(515)	(43)	(761)
Increase through profit and loss	-	-	212	-	-	-	212
<b>Change in the period</b>	<b>-</b>	<b>40</b>	<b>212</b>	<b>(1,542)</b>	<b>(515)</b>	<b>(2,342)</b>	<b>(4,147)</b>
At 31 March 2022	2,834	28,240	46,645	-	14,539	265	92,526

### 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
<b>Change in the period</b>	<b>75</b>	<b>(1,917)</b>	<b>12,406</b>	<b>(4,850)</b>	<b>(1,844)</b>	<b>227</b>	<b>4,098</b>
At 31 December 2021	2,834	28,200	46,433	1,542	15,054	2,607	96,673

Deferred tax assets at 31 March 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 – March 2022

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Derivative financial instruments	Others	Total
At 1 January 2022	29,765	17,274	48,685	13,037	-	(1,190)	107,569
Increase/decrease through equity	-	-	1,379	(411)	3,794	3	4,764
Reversal trough profit and loss	(3,803)	(331)	(458)	-	-	(439)	(5,031)
Exchange rate differences	-	-	-	-	-	27	27
Change in the period	(3,803)	(331)	921	(411)	3,794	(410)	(240)
At 31 March 2022	25,962	16,942	49,606	12,626	3,794	(1,599)	107,330

### Evolution of deferred tax liabilities – December 2021

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	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 trough 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	Natural 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:

### - March 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
<b>Assets</b>								
Cash and cash equivalents	13	-	-	-	-	555,013	555,013	555,013
Trade and other receivables	11	533,129	-	-	-	-	533,129	533,129
Other financial assets		-	-	-	-	146	146	146
Investments in equity instruments at fair value through other comprehensive income	10	-	161,095	-	-	-	161,095	161,095
Derivative financial instruments	12	-	25,106	-	-	-	25,106	25,106
		<b>533,129</b>	<b>186,201</b>	<b>-</b>	<b>-</b>	<b>555,159</b>	<b>1,274,489</b>	<b>1,274,489</b>
<b>Liabilities</b>								
Borrowings	16	-	-	-	2,628,909	-	2,628,909	2,685,302
Trade and other payables	19	-	-	-	1,145,126	-	1,145,126	1,145,126
Income tax payable	8	-	-	-	41,491	-	41,491	41,491
Derivative financial instruments	12	-	26,014	744	-	-	26,758	26,758
		<b>-</b>	<b>26,014</b>	<b>744</b>	<b>3,815,526</b>	<b>-</b>	<b>3,842,284</b>	<b>3,898,677</b>

### - 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
<b>Assets</b>								
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		-	-	-	-	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
		<b>485,196</b>	<b>182,545</b>	<b>-</b>	<b>-</b>	<b>398,896</b>	<b>1,066,637</b>	<b>1,066,637</b>
<b>Liabilities</b>								
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	-	21,283	1,828	-	-	23,112	23,112
		<b>-</b>	<b>21,283</b>	<b>1,828</b>	<b>3,674,030</b>	<b>-</b>	<b>3,697,142</b>	<b>3,793,794</b>

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 -0.579% and -0.073% (maturities of one week and ten years, respectively).

The fair value of borrowings contracted by the Group at 31 March 2022 is 2,685,302 thousand Euros (at 31 December 2021 was 2,862,725 thousand Euros), of which 574,146 thousand Euros are partially recorded 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 31 March 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 three-month period ended 31 March 2022, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

		Mar 2022				Dec 2021			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>									
Investments in equity instruments at fair value through other comprehensive income	Shares	100,769	-	56,730	157,499	103,017	-	56,111	159,128
Financial assets at fair value	Cash flow hedge derivatives	-	25,106	-	25,106	-	10,511	-	10,511
Financial assets at fair value	Fair value hedge derivatives	-	-	-	-	-	9,310	-	9,310
		<b>100,769</b>	<b>25,106</b>	<b>56,730</b>	<b>182,605</b>	<b>103,017</b>	<b>19,821</b>	<b>56,111</b>	<b>178,949</b>
<b>Liabilities:</b>									
Financial liabilities at fair value	Loans	-	574,146	-	574,146	-	601,546	-	601,546
Financial liabilities at fair value	Cash flow hedge derivatives	-	1,067	-	1,067	-	15,917	-	15,917
Financial liabilities at fair value	Fair value hedge derivatives	-	24,947	-	24,947	-	5,366	-	5,366
Financial liabilities at fair value through profit and loss	Trading derivatives	-	744	-	744	-	1,828	-	1,828
		<b>-</b>	<b>600,904</b>	<b>-</b>	<b>600,904</b>	<b>-</b>	<b>624,657</b>	<b>-</b>	<b>624,657</b>

During the three-month period ended 31 March 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 56,730 thousand Euros for the three-month period ended on 31 March 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

From the last annual report period until 31 March 2022, there were no significant changes in 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 31 March 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	Mar 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%	100,769	103,017
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	56,730	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%	48	48
Association HyLab - Green Hydrogen Collaborative Laboratory	Sines	Portugal	15.00%	15	15
				<b>161,095</b>	<b>162,724</b>

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	HyLab	Total
At 1 January 2020	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 2020	3,167	56,111	103,017	164	202	48	15	162,724
At 1 January 2021	3,167	56,111	103,017	164	202	48	15	162,724
Acquisitions	-	-	-	-	-	-	-	-
Fair value adjustments	-	618	(2,247)	-	-	-	-	(1,629)
At 31 March 2022	3,167	56,730	100,769	164	202	48	15	161,095

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 31 March 2022.

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of HCB, a company incorporated under Mozambican law, at the Hidroeléctrica de Cahora Bassa, SA ("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 9).

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 31 March 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 Electricidade – 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 Ibérico de Energia, SA, a Spanish operator of the sole operator, for a total value of 3,167 thousand Euros.

On 31 March 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 31 March 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 deducted of impairment losses, as describe in Note 3.6 - Financial Assets and Liabilities of the consolidated financial statements for the year ended 2021.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS, MIBGÁS Derivatives and HyLab at 31 March 2022.

REN Portgás holds other financial interests, which are recorded at the acquisition cost in the amount of 14 thousand Euros, deducted of impairment losses, with a net value of zero 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 31 March 2022 and 31 December 2021 is made up as follows:

Fair value reserve (Note 15)	
<b>1 January 2021</b>	<b>48,905</b>
Changes in fair value	11,860
Tax effect	(3,007)
<b>31 December 2021</b>	<b>57,758</b>
<b>1 January 2022</b>	<b>57,758</b>
Changes in fair value	(1,629)
Tax effect	412
<b>31 March 2022</b>	<b>56,541</b>

In the three-month period ended 31 March 2022, there is no amount recognized in the consolidated statement of profit and loss relative to associated companies' dividends. However, the amount of 1,477 thousand Euros was received relative to dividends recognized during the year ended 31 December 2021. This amount was included in the cash flows statement.

## 11 TRADE AND OTHER RECEIVABLES

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

	Mar 2022			Dec 2021		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	403,845	1,775	405,620	357,212	1,775	358,987
Impairment of trade receivables	(2,947)	-	(2,947)	(2,947)	-	(2,947)
<b>Trade receivables net</b>	<b>400,898</b>	<b>1,775</b>	<b>402,673</b>	<b>354,265</b>	<b>1,775</b>	<b>356,040</b>
Tariff deviations	56,760	37,654	94,415	73,647	35,251	108,898
State and Other Public Entities	36,042	-	36,042	20,259	-	20,259
<b>Trade and other receivables</b>	<b>493,700</b>	<b>39,429</b>	<b>533,129</b>	<b>448,171</b>	<b>37,026</b>	<b>485,197</b>

The most relevant balances included in the trade and other receivables caption as of 31 March 2022 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 49,965 thousand Euros (97,091 thousand Euros at 31 December 2021), (ii) the receivable of Galp Gás Natural, S.A., in the amount of 4,923 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 6,945 thousand Euros (9,185 thousand Euros at 31 December 2021), (iv) the receivable of Sunshining, S.A., in the amount of 16,157 thousand Euros (16,157 thousand Euros at 31 December 2021) and (v) the receivable of Endesa Generación, S.A., in the amount of 9,622 thousand Euros (8,893 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 149,137 thousand Euros (116,941 thousand Euros at 31 December 2021) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 6,052 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:

	Mar 2022	Dec 2021
Beginning balance	(2,947)	(2,951)
Increases	-	-
Reversing	-	4
<b>Ending balance</b>	<b>(2,947)</b>	<b>(2,947)</b>

## 12 DERIVATIVE FINANCIAL INSTRUMENTS

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

	Notional	31 March 2022			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
<b>Derivatives designated as cash flow hedges</b>					
Interest rate swaps	900,000 TEUR	-	21,787	-	1,067
Currency and interest rate swaps	10,000,000 TJPY	-	3,008	-	-
Non-Deliverable Forward	5,565,000 TEUR	125	186	-	-
		<b>125</b>	<b>24,981</b>	-	<b>1,067</b>
<b>Derivatives designated as fair value hedges</b>					
Interest rate swaps	600,000 TEUR	-	-	-	24,947
		-	-	-	<b>24,947</b>
<b>Trading derivatives</b>					
Trading derivatives	60,000 TEUR	-	-	-	744
		-	-	-	<b>744</b>
<b>Derivative financial instruments</b>		<b>125</b>	<b>24,981</b>	-	<b>26,758</b>

	Notional	31 December 2021			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
<b>Derivatives designated as cash flow hedges</b>					
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 TEUR	474	587	-	-
		<b>474</b>	<b>10,037</b>	-	<b>15,917</b>
<b>Derivatives designated as fair value hedges</b>					
Interest rate swaps	600,000 TEUR	-	9,310	-	5,366
		-	<b>9,310</b>	-	<b>5,366</b>
<b>Trading derivatives</b>					
Trading derivatives	60,000 TEUR	-	-	-	1,828
		-	-	-	<b>1,828</b>
<b>Derivative financial instruments</b>		<b>474</b>	<b>19,347</b>	-	<b>23,112</b>

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 tests 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 31 March 2022 related to these financial instruments, in the net amount receivable of 712 thousand Euros (at 31 December 2021 it was 2,199 thousand Euros receivable).

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

	Notional	Currency	REN pays	REN receives	Maturity	Fair value at 31 March 2022	Fair value at 31 December 2021
<b>Cash flow hedge:</b>							
Interest rate swaps	900,000 TEuros	EUR	[0.75%;1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024;feb-2025]	20,720	(11,809)
Currency and interest rate swaps	10,000,000 TJPY	EUR/JPY	[Euribor 6m; + 1.9%]	[2.71%]	[jun-2024]	3,008	5,342
Non-Deliverable Forward	5,565,000 TCPL	EUR/CLP	[854,4 to 893,1 CLP]	[854,4 to 893,1 EUR]	[jul-2021;dec-2023]	311	1,061
						<b>24,039</b>	<b>(5,406)</b>
<b>Fair value hedge:</b>							
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	(908)	9,310
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[-0.095%]	[apr-2029]	(24,039)	(5,366)
						<b>(24,947)</b>	<b>3,944</b>
<b>Trading:</b>							
Interest rate swaps	60,000 TEuros	EUR	[0.99%]	[Euribor 6m]	[jun-2024]	(744)	(1,828)
						<b>(744)</b>	<b>(1,828)</b>
					<b>Total</b>	<b>(1,652)</b>	<b>(3,291)</b>

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 31 March 2022 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)	2,756	3,605	-	-	-	-	6,361
Interest rate swap (fair value hedge)	-	-	-	300,000	-	300,000	600,000
Interest rate swap (trading)	-	-	60,000	-	-	-	60,000
<b>Total</b>	<b>2,756</b>	<b>3,605</b>	<b>432,899</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>	<b>1,639,260</b>

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
<b>Total</b>	<b>3,682</b>	<b>3,605</b>	<b>432,899</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>	<b>1,640,185</b>

## 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 31 March 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 31 March 2022, is positive 20,720 thousand Euros (at 31 December 2021 it was negative 11,809 thousand Euros).

Of the derivatives described above, four 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 20,898 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	Note
<b>Cash Flow Hedging Instruments</b>					
European Investment Bank (EIB) Loan	16/12/2024	300,000 TEuros	Euribor 3m	299,436	16
Bond Issue (Euro Medium Term Notes) <sup>1</sup>	12/02/2025	300,000 TEuros	2.5%	299,014	16
Bond Issue (Euro Medium Term Notes) <sup>2</sup>	16/04/2029	300,000 TEuros	0.50%	298,562	16

<sup>1</sup> 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.

<sup>2</sup> 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 31 March 2022 is positive 3,008 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 risk<sup>1</sup>;
- the ineffective effect of the hedge arising from the accounting designation made (REN contracted a trading derivative to economically hedge this ineffectiveness - see Trading Derivative)<sup>2</sup>. This inefficiency 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.

#### 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 31 March 2022, the Group has a total of twenty-one active non-deliverable forward contracts denominated as cash flow hedge instruments in the global amount of 6,361 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 31 March 2022 is positive 311 thousand Euros (at 31 December 2021 was positive 1,061 thousand Euros).

The amount recognised in reserves, relating to the cash flow hedges referred to above, as at 31 March 2022, is 324 thousand Euros. Additionally, an amount of 16 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.

#### Integral Income:

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

#### - March 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	32,515	32,515	-	-
Swaps of exchange rate and interest rate	(2,585)	1,399	(1,266)	(2,718)
Non-Deliverable Forward	311	(324)	-	-
	<b>30,240</b>	<b>33,590</b>	<b>(1,266)</b>	<b>(2,718)</b>

<sup>1</sup> The currency effect of the underlying (loan), in the period ended 31 March 2022, was favorable in the amount of 2,718 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 31 March 2021 was favorable in 2,081 thousand Euros).

<sup>2</sup> The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was negative 1,266 thousand Euros which was offset by the effect of the trading derivative negotiated in positive 1,313 thousand Euros (as of 31 March 2021 it was negative 121 thousand Euros against positive 335 thousand Euros of the effect of the trading derivative). Therefore, the net effect on the income statement for the three-month period ended on 31 March 2022 amounted to positive 47 thousand Euros (as of 31 March 2021 was positive 214 thousand Euros).

**- March 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	2,422	2,422	-	-
Swaps of exchange rate and interest rate	(2,890)	(688)	(121)	(2,081)
	<b>(468)</b>	<b>1,734</b>	<b>(121)</b>	<b>(2,081)</b>

**Hedging Reserve:**

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

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
<b>1 January 2021</b>	<b>(34,059)</b>	<b>8,515</b>	<b>(25,545)</b>
Changes in fair value and ineffectiveness	1,734	(434)	1,300
<b>31 March 2021</b>	<b>(32,325)</b>	<b>8,081</b>	<b>(24,245)</b>
<b>1 January 2022</b>	<b>(15,962)</b>	<b>3,837</b>	<b>(12,126)</b>
Changes in fair value and ineffectiveness	33,180	(7,631)	25,549
<b>31 March 2022</b>	<b>17,218</b>	<b>(3,794)</b>	<b>13,423</b>

**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 31 March 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. At 31 March 2022, the fair value of interest rate swaps designated as fair value hedging instruments was negative 24,947 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:

**- March 2022**

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2022	Note
<b>Fair value hedging instruments</b>							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	290,610	1,357	8,403	16
Bond Issue (Euro Medium Term Notes)	16/04/2029	300,000 TEuros	0.50%	279,566	24,496	18,996	16
					<b>25,854</b>	<b>27,399</b>	



**- March 2021**

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2021	Note
<b>Fair value hedging instruments</b>							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	286,978	(12,035)	1,796	16
					<b>(12,035)</b>	<b>1,796</b>	

At 31 March 2022, the change in fair value of the debt related to interest rate risk recognized in the income statement was positive 27,399 thousand Euros (at 31 March 2021 it was positive 1,796 thousand Euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately positive 33 thousand Euros positive (at 31 March 2021 it was positive 55 thousand Euros). The ineffectiveness recognized is related to the effect of the fixed leg spread of the hedging instruments that is not reflected in the hedged item.

**Integral Income:**

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

**- March 2022**

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	33

**- March 2021**

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	55

**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 31 March 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 31 March 2022, is negative 744 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 31 March 2022, related to the effect of the fair value of the trading derivative was positive 1,313 thousand Euros (as of 31 March 2021 it was 335 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 31 March 2022 and 31 December 2021 are made up as follows:

	Mar 2022	Dec 2021
Cash	23	-
Bank deposits	554,990	398,759
<b>Cash and cash equivalents in the statement of financial position</b>	<b>555,013</b>	<b>398,759</b>
Bank overdrafts (Note 16)	-	-
<b>Cash and cash equivalents in cash flow statement</b>	<b>555,013</b>	<b>398,759</b>

In the periods ended 31 March 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 31 March 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.

	Mar 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 31 March 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 three-month period ended 31 March 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 357,526 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 31 March 2022 this caption amounts to 130,662 thousand Euros;
- **Fair value reserve:** includes changes in the fair value of available for sale financial assets (56,541 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 13,423 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 31 March 2022, this caption amounts to 156,900 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 31 March 2022 and 31 December 2021 was as follows:

	Mar 2022			Dec 2021		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	-	1,696,307	1,696,307	-	1,726,240	1,726,240
Bank Borrowings	58,544	416,583	475,127	158,313	416,583	574,897
Commercial Paper	200,000	250,000	450,000	200,000	250,000	450,000
Bank overdrafts (Note 13)	-	-	-	-	-	-
Leases	1,576	2,867	4,443	1,481	2,731	4,212
	<b>260,120</b>	<b>2,365,758</b>	<b>2,625,878</b>	<b>359,794</b>	<b>2,395,554</b>	<b>2,755,348</b>
Accrued interest	13,748	-	13,748	23,803	-	23,803
Prepaid interest	(7,699)	(3,018)	(10,717)	(8,377)	(4,702)	(13,079)
<b>Borrowings</b>	<b>266,169</b>	<b>2,362,740</b>	<b>2,628,909</b>	<b>375,221</b>	<b>2,390,852</b>	<b>2,766,073</b>

The borrowings settlement plan was as follows:

	2022	2023	2024	2025	2026	Following years	Total
Debt - Non current	-	878	594,592	312,469	569,548	888,270	2,365,758
Debt - Current	260,120	-	-	-	-	-	260,120
	<b>260,120</b>	<b>878</b>	<b>594,592</b>	<b>312,469</b>	<b>569,548</b>	<b>888,270</b>	<b>2,625,878</b>

Detailed information regarding bond issues as of 31 March 2022 is as follows:

31 March 2022					
Issue date	Maturity	Initial amount	Outstanding amount	Interest rate	Periodicity of interest payment
<b>'Euro Medium Term Notes' programme emissions</b>					
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 31 March 2022, the Group has nine commercial paper programs in the amount of 1,925,000 thousand Euros, of which 1,475,000 thousand Euros are available for utilization. Of the total amount 500,000 thousand Euros have a guaranteed placement, of which 250,000 thousand Euros are available for utilization at 31 March 2022.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 31 March 2022 amounted to 430,127 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 5,749 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 27,399 thousand Euros (positive) (at 31 March 2021 was 1,796 thousand Euros (positive)) (Note 12).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge 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 31 March 2022, the REN Group complies with all 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 1.62% in 31 March 2022 and 1.57% in 31 December 2021.

## Leases

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

	Mar 2022	Dec 2021
<b>Lease liabilities - minimum lease payments</b>		
No later than 1 year	1,594	1,500
Later than 1 year and no later than 5 years	2,885	2,748
	<b>4,479</b>	<b>4,248</b>
Future finance charges on leases	(36)	(36)
<b>Present value of lease liabilities</b>	<b>4,443</b>	<b>4,212</b>

	Mar 2022	Dec 2021
<b>The present value of lease liabilities is as follows</b>		
No later than 1 year	1,576	1,481
Later than 1 year and no later than 5 years	2,867	2,731
	<b>4,443</b>	<b>4,212</b>

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

	Mar 2022	Dec 2021
<b>Liability on statement of financial position</b>		
Pension plan	49,786	49,619
Healthcare plan and other benefits	44,444	44,490
	<b>94,230</b>	<b>94,109</b>

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

	Mar 2022	Dec 2021
<b>Initial balance</b>	<b>94,109</b>	<b>100,507</b>
Current service costs and Net interest on net defined benefit liability	879	3,447
Actuarial gains/(losses)	671	(2,455)
Benefits paid	(1,428)	(7,390)
<b>Final balance</b>	<b>94,230</b>	<b>94,109</b>

During the three-month periods ended 31 March 2022 and 2021, the following operating expenses were recorded regarding benefit plans with employees:

	Mar 2022	Mar 2021
<b>Charges to the statement of profit and loss (Note 24)</b>		
Pension plan	661	655
Healthcare plan and other benefits	224	207
	<b>885</b>	<b>862</b>

The amounts reported to 31 March 2022 and 2021 result from the projection of the actuarial valuation as of 31 December 2021 and 2020, for the three-month period ended 31 March 2022 and 2021, considering the estimated increase in salaries for 2022 and 2021, respectively.

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:

	Dec 2021	Dec 2020
Annual discount rate	Full Yield Curve	Full Yield Curve
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	2.80%	2.50%
Pension increase	1.80%	1.50%
Future increases of Social Security Pension amount	1.80%	1.30%
Inflation rate	1.80%	1.50%
Medical trend	1.80%	1.50%
Management costs (per employee/year)	€289	€297
Expenses medical trend	1.80%	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 31 March 2022 and 31 December 2021 were as follows:

	Mar 2022	Dec 2021
<b>Beginning balance</b>	<b>8,872</b>	<b>8,508</b>
Increases	-	521
Reversing	-	(156)
<b>Ending balance</b>	<b>8,872</b>	<b>8,872</b>
Non-current provision	8,872	8,872
	<b>8,872</b>	<b>8,872</b>

At 31 March 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 521 thousand Euros related to the ongoing restructuring process of the Group.

## 19 TRADE AND OTHER PAYABLES

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

	Mar 2022			Dec 2021		
	Current	Non current	Total	Current	Non current	Total
<b>Trade payables</b>						
Current suppliers (Note 9)	372,332	-	372,332	252,043	-	252,043
<b>Other creditors</b>						
Other creditors (Note 9)	79,232	37,399	116,631	59,547	37,304	96,851
Tariff deviations (Note 9)	171,741	308,886	480,627	208,575	166,901	375,476
Fixed assets suppliers (Note 9)	52,025	-	52,025	72,658	-	72,658
<b>Tax payables (Note 9) (i)</b>	<b>29,584</b>	<b>-</b>	<b>29,584</b>	<b>26,608</b>	<b>-</b>	<b>26,608</b>
<b>Deferred income</b>						
Grants related to assets	19,173	250,612	269,785	19,773	251,221	270,993
Bilateral agreements - Grants	-	86,967	86,967	-	52,180	52,180
<b>Accrued costs</b>						
Holidays and holidays subsidies (Note 9)	6,959	-	6,959	5,498	-	5,498
<b>Trade and other payables</b>	<b>731,048</b>	<b>683,864</b>	<b>1,414,912</b>	<b>644,701</b>	<b>507,606</b>	<b>1,152,307</b>

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

The caption "Trade and other payables" includes: (i) the amount of 75,113 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (31,783 thousand Euros at 31 December 2021); (ii) the amount of 21,011 thousand Euros of investment projects not yet invoiced (30,013 thousand Euros at 31 December 2021); (iii) the amount of 149,137 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 6,052 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 4,694 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 31 March 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 31 March 2022 and 2021 is made up as follows:

	Mar 2022	Mar 2021
<b>Goods:</b>		
Domestic market	42	31
	<u>42</u>	<u>31</u>
<b>Services - Domestic market:</b>		
Electricity transmission and overall systems management	83,650	84,553
Natural gas transmission	21,656	19,564
Natural gas distribution	14,047	14,059
Regasification	11,029	8,858
Underground gas storage	4,353	5,519
Telecommunications network	1,787	1,746
Trading	198	521
Others	715	121
<b>Services - External market (Chile):</b>		
Transmission and transformation of electricity	3,021	2,278
	<u>140,456</u>	<u>137,220</u>
<b>Total sales and services rendered</b>	<u>140,498</u>	<u>137,251</u>

## 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 three-month periods ended 31 March 2022 and 2021 were made up as follows:

	Mar 2022	Mar 2021
<b>Revenue from construction of concession assets</b>		
Acquisitions	22,276	25,844
Own work capitalised :		
Financial expenses (Note 5)	493	683
Overhead and management costs (Note 5)	4,310	3,948
	<u>27,080</u>	<u>30,476</u>
<b>Cost of construction of concession assets</b>		
Acquisitions	22,276	25,844
	<u>22,276</u>	<u>25,844</u>



## 22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the three-month periods ended 31 March 2022 and 2021 is made up as follows:

	Mar 2022	Mar 2021
Recognition of investment subsidies in profit and loss	4,521	4,678
Underground occupancy tax	3,283	1,700
Supplementary income	312	357
Disposal of unused materials	162	349
Others	268	239
	<b>8,546</b>	<b>7,323</b>

## 23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the three-month periods ended 31 March 2022 and 2021 is made up as follows:

	Mar 2022	Mar 2021
Electric energy costs	4,494	2,068
Maintenance costs	3,274	5,038
Fees relating to external entities i)	2,224	2,198
Gas transport subcontracts	1,748	1,721
Cross border interconnection costs ii)	1,531	3,304
Insurance costs	1,177	1,568
Gas operation - Pass through iii)	1,035	-
Security and surveillance	532	466
Travel and transportation costs	187	103
Advertising and communication costs	165	167
Other	1,146	936
<b>External supplies and services</b>	<b>17,512</b>	<b>17,568</b>

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.

iii) Acquisition related to the extension of the operating gas, complying with the provisions of Directive no. 6/2021 published by ERSE.

## 24 PERSONNEL COSTS

Personnel costs for the three-month periods ended 31 March 2022 and 2021 are made up as follows:

	Mar 2022	Mar 2021
<b>Remuneration:</b>		
Board of directors	893	866
Personnel	9,586	9,385
	<b>10,480</b>	<b>10,252</b>
<b>Social charges and other expenses:</b>		
Social security costs	2,049	2,021
Post-employment and other benefits cost (Note 17)	885	862
Social support costs	501	481
Other	68	49
	<b>3,503</b>	<b>3,413</b>
<b>Total personnel costs</b>	<b>13,982</b>	<b>13,664</b>

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 three-month periods ended 31 March 2022 and 2021 are made up as follows:

	Mar 2022	Mar 2021
ERSE operating costs i)	1,677	1,977
Underground occupancy tax	3,283	1,700
Donations and quotizations	602	451
Others	507	456
	<b>6,069</b>	<b>4,584</b>

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 three-month periods ended 31 March 2022 and 2021 are made up as follows:

	Mar 2022	Mar 2021
<b>Financial costs</b>		
Interest on bonds issued	8,250	7,764
Other borrowing interests	2,454	2,724
Interest on commercial paper issued	1,012	1,039
Derivative financial instruments	1,283	121
Exchange rate differences	-	1
Other financing expenditure	626	504
	<b>13,625</b>	<b>12,152</b>
<b>Financial income</b>		
Exchange rate differences	2,056	328
Other financial investments	1,582	688
Derivative financial instruments	332	173
Interest income	-	5
	<b>3,970</b>	<b>1,193</b>

## 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 three-month period ended 31 March 2021 was 27,095 thousand Euros) against a cost in the statement of profit and loss.

## 28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Mar 2022	Mar 2021
Consolidated net profit used to calculate earnings per share	(1)	5,957	4,491
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
<b>Number of shares in the period</b>	<b>(3)</b>	<b>663,309,888</b>	<b>663,309,888</b>
<b>Basic earnings per share (euro per share)</b>	<b>(1)/(3)</b>	<b>0.01</b>	<b>0.01</b>

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 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 31 March 2022 amounts to, approximately, 66 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 31 March 2022 and 31 December 2021, the REN Group had given the following bank guarantees:

Beneficiary	Scope	Mar 2022	Dec 2021
European Investment Bank (EIB)	To guarantee loans	241,774	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 natural 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 Odiveelas	Guarantee for litigation	1,119	1,119
EP - Estradas de Portugal	Guarantee for litigation	514	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
EDP - Gestão da Produção de Energia	Guarantee for litigation	123	-
Others (loss then 100 thousand Euros)	Guarantee for litigation	266	204
		<b>307,789</b>	<b>308,131</b>

## 31 RELATED PARTIES

### Main shareholders and shares held by corporate bodies

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

	Mar 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.	80,100,000	12.0%	80,100,000	12.0%
Lazard Asset Management LLC	41,067,351	6.2%	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.	27,859,279	4.2%	27,666,567	4.1%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	278,629,456	41.8%	278,822,168	41.8%
	<b>667,191,262</b>	<b>100%</b>	<b>667,191,262</b>	<b>100%</b>

### 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 three-month period ended 31 March 2022 amounted to 803 thousand Euros (776 thousand Euros in 31 March 2021), as shown in the following table:

	Mar 2022	Mar 2021
Remuneration and other short term benefits	420	393
Management bonuses (estimate)	383	383
	<b>803</b>	<b>776</b>

### Transaction of shares by the members of the Board of Directors

During the three-month period ended 31 March 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 three-month periods ended 31 March 2022 and 2021, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

#### Revenue

	Mar 2022	Mar 2021
<b>Sales and services provided</b>		
Invoicing issued - REE	321	-
Invoicing issued - Centro de Investigação em Energia REN - State Grid	35	108

## Expenses

	Mar 2022	Mar 2021
<b>External supplies and services</b>		
Invoicing received - REE	-	17
Invoicing received - Centro de Investigação em Energia REN - State Grid	26	-
Invoicing received - CMS Rui Pena & Arnaut <sup>1</sup>	20	33
	<b>46</b>	<b>50</b>

## Balance

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

	Mar 2022	Dec 2021
<b>Trade and other receivables</b>		
REE - Dividends	-	1,477
Electrogás - Dividends	-	3,002
Centro de Investigação em Energia REN - State Grid - Other receivables	75	74
REE - Trade receivables	88	-
	<b>163</b>	<b>4,553</b>
<b>Trade and other payables</b>		
Centro de Investigação em Energia REN - State Grid - Other payables	130	104
REE - Trade payables	4	-
CMS - Rui Pena & Arnaut - Trade payables <sup>1</sup>	19	30
SPECO - Shandong Power Equipment CO - Trade payables <sup>2</sup>	403	1,415
	<b>556</b>	<b>1,549</b>

<sup>1</sup> Entity related to the Administrator José Luís Arnaut. During 2021, 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.

<sup>2</sup> 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.

## 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 six-month period ended in 31 March 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.



## 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.