



Consolidated Financial **Statements**

30 June 2023

REN – Redes Energéticas Nacionais, SGPS, S.A

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1. FINANCIAL PERFORMANCE

1.1 RESULTS FOR THE FIRST 6 MONTHS OF 2023

In the first 6 months of 2023, REN reported a net income of 63.0 million Euros, a 17.2 million Euros increase (+37.5%) over the same period of the previous year. Net income increased reflecting mainly the increase of 26.5 million Euros in the Group EBITDA (+25.0 million Euros in EBIT), despite the decrease of 1.7 million Euros in financial results (-11.0%) and the increase in taxes of 6.2 million Euros. International activity contributed with 16.6 million Euros to the Group EBITDA, a y.o.y increase of +71.2%.

Similarly to the previous years, the results for 2023 reflect the continuation of the Extraordinary Levy on the Energy Sector (28.1 million Euros in 2023 and 28.0 million Euros in 2022).

The Group's investment was 111.8 million Euros, a 41.9% year-on-year growth (+33.0 million Euros) and transfers to RAB increased 11.1 million Euros (+50.3%) to 33.1 million Euros. Average RAB decreased by 69.4 million Euros (-1.9%), to 3,533.2 million Euros.

The average cost of debt was 2.4%, an increase of 0.7 p.p. over the previous year, and net debt reached 2,393.7 million Euros, a 14.0% increase (+294.4 million Euros) over the same period of the previous year driven by the evolution of REN Trading's tariff deviations. Excluding the effect of tariff deviations, net debt decreased 7.6%.

MAIN INDICATORS (MILLIONS OF EUROS)	June 2023	June 2022	VAR.%
EBITDA	264.9	238.4	11.1%
Financial results ²	-16.7	-15.1	-11.0%
Net income ¹	63.0	45.9	37.5%
Recurrent net income	89.6	71.6	25.1%
Total Capex	111.8	78.8	41.9%
Transfers to RAB ³ (at historic costs)	33.1	22.0	50.3%
Average RAB (at reference costs)	3,533.2	3,602.6	-1.9%
Net debt	2,293.7	2,099.4	14.0%
Net debt (without tariff deviations)	2,339.1	2,532.0	-7.6%
Average cost of debt	2.4%	1.7%	0.7p.p.

¹ The full amount of the levy was recorded in the 1st quarter of 2023 and 2022, according to the Portuguese Securities Market Commission (CMVM) recommendations.

² The net costs of 2.3 million Euros in June 2023 and 0.5 million Euros in June 2022 from electricity interconnection capacity auctions between Spain and Portugal – referred to as FTR (Financial Transaction Rights) were reclassified from financial income to Revenue.

³ Includes direct acquisitions (RAB related).

Operational results – EBITDA

Domestic Power Transmission and Distribution Business

EBITDA for the domestic business reached 248.3 million Euros in the first 6 months of 2023, a 8.6% (+19.6 million Euros) increase over the same period of the previous year.

EBITDA - TRANSMISSION (MILLIONS OF EUROS)	June 2023	June 2022	VAR. %
1) Revenues from assets	102.6	95.9	7.0%
RAB remuneration ¹	40.3	35.7	12.9%
Lease revenues from hydro protection zone	0.3	0.3	-1.4%
Incentive for improvement of the TSO's technical performance	5.0	3.8	33.3%
Recovery of amortizations (net of investment subsidies) ¹	47.9	47.0	1.8%
Amortization of investment subsidies	9.1	9.1	-0.4%
2) Revenues from Totex	141.3	134.7	4.9%
3) Revenues from Opex	78.2	53.1	47.1%
4) Other revenues	6.8	7.4	-7.9%
5) Own works (capitalised in investment)	12.3	10.2	20.7%
6) Earnings on Construction (excl. own works) – Concession assets	96.4	65.7	46.6%
7) OPEX	92.5	72.0	28.5%
Personnel costs ¹	30.9	29.1	6.3%
External costs	61.6	42.9	43.6%
8) Construction costs – Concession assets	96.4	65.7	46.6%
9) Provisions/ (reversal)	0.1	0.5	n.m.
10) Impairments	0.2	0.2	0.0%
11) EBITDA (1+2+3+4+5+6-7-8-9-10)	248.3	228.7	8.6%

¹ Includes training and seminars costs.

The increase in EBITDA resulted mainly from:

- The increase in Electricity Transmission Activity regulated revenues (+6.6 million Euros), which is remunerated through a Totex model since 2022, reflecting the increase in the rate of return which was 5.3% in June of 2023, which compares to 4.7% in the same period of the previous year;
- The increase of 4.6 million Euros in RAB remuneration² (+12.9%) arising mostly from:
 - Increase of 1.5 million Euros in the remuneration of natural gas transmission regulated assets reflecting the increase in the rate of return from 5.0% in June 2022 to 5.7% in June 2023 – as a result of the positive evolution of the yields of the Portuguese Republic 10Y Treasury Bills; partially offset by the reduction of 45.3 million Euros (-5.1%) in natural gas transmission average RAB;
 - Increase of 1.8 million Euros in the remuneration of natural gas distribution regulated assets reflecting (i) the increase in the rate of return from 5.2% in June 2022 to 5.9% in June 2023 – as a result of the positive evolution of the yields of the Portuguese Republic 10Y Treasury Bills, and (ii) the increase of 7.5 million Euros in natural gas distribution average RAB (+1.6%);
- The increase in Revenues from Opex of 25.0 million Euros (+47.1%), reflecting the increase of 22.7 million Euros in pass-through costs, of which 17.8 million Euros in Cross Border cost.

These effects were partially offset by the increase of 20.5 million Euros in Opex, of which 22.7 million Euros in pass-through costs as previously mentioned (costs not controllable by REN and fully recovered in the regulated tariff). Excluding pass-through costs, the Group domestic Core Opex decreased 2.2 million Euros, driven by the decrease in electricity costs in the LNG Terminal.

With respect to domestic business, it is also important to note that the natural gas distribution business contributed with EBITDA of 26.0 million Euros.

International Business

The EBITDA for international businesses reached 16.6 million Euros in the first 6 months of 2023, a 6.9 million Euros (+71.2%) increase over the same period of the previous year, resulting mainly from:

- EBITDA of Transemel – an electrical power transmission company in Chile – was 9.8 million Euros, a y.o.y. increase of 4.8 million Euros (+97.2%) reflecting essentially the increase of 5.5 million Euros in revenues from the transmission of electricity (+86.6%). It should be noted that, in 2023, the Chilean regulator published the decree with the Valuation of Transmission Systems for the period from 2020 to 2023, with Transemel recording an income of 4.0 million Euros referring to the adjustment of revenues from 2020 to 2022;
- The increase of 2.1 million Euros (+43.9%) to 6.8 million Euros in the recognized income from the 42.5% stake held by REN in the Chilean company Electrogas.

EBITDA - INTERNATIONAL (MILLIONS OF EUROS)	June 2023	June 2022	VAR. %
1) Revenues from the Transmission of Electrical Power	11.8	6.3	86.6%
2) Other revenues	6.8	4.8	43.4%
3) Own works (capitalized in investment)	0.5	0.2	220.5%
4) OPEX	2.5	1.6	58.7%
Personnel costs ³	0.5	0.3	53.5%
External costs	2.0	1.3	60.1%
5) EBITDA (1+2+3-4)	0.1	0.0	n.m.

² Excludes Electricity Transmission activity (TEE). Includes TEE assets accepted by the regulator as extra Totex model

³ Includes costs with training.

Net income

Overall, the Group's net income for the first half of 2023 reached 63.0 million Euros, a 17.2 million Euros y.o.y. increase (+37.5%).

This increase reflect mostly the following effects:

- i) increase of 26.5 million Euros in the Group EBITDA (+25.0 million Euros in EBIT), impacted by the increase of 19.6 million Euros in the Domestic Power Transmission and Distribution business (+18.6 million Euros in EBIT) and +6.9 million Euros in the contribution of international businesses (+6.4 million Euros in EBIT);
- ii) decrease of 1.7 million Euros in financial results (-11.0%) reflecting the increase in net debt and in the average cost of debt from 1.7% to 2.4%. Net debt reached 2,393.7 million Euros, a 14.0% increase (+294.4 million Euros), over the same period of the previous year driven by the evolution of REN Trading's tariff deviations. Excluding the effect of tariff deviations, net debt decreased 7.6%.

Excluding non-recurring items, Net Income for the first 6 months of 2023 increased 18.0 million Euros (+25.1%). Non-recurring items considered in the first 6 months of 2023 and 2022 are as follows:

- i) In 2023: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2023 (28.1 million Euros) and ii) recovery of income taxes from previous year (1.6 million Euros);
- ii) In 2022: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2022 (28.0 million Euros) and ii) recovery of income taxes from previous year (2.3 million Euros).

NET INCOME (MILLIONS OF EUROS)	March 2023	March 2022	VAR. %
EBITDA	264.9	238.4	11.1%
Depreciations and amortizations	125.8	124.2	1.2%
Financial results	-16.7	-15.1	-11.0%
Income tax expenses	31.3	25.2	24.1%
Extraordinary levy on the energy sector ⁴	28.1	28.0	0.3%
Net income	63.0	45.9	37.5%
Non-recurring items	26.5	25.7	3.1%
Recurrent net income	89.6	71.6	25.1%

⁴ The full amount of the levy was recorded in the 1st quarter of 2023 and 2022, according to the Portuguese securities market commission (CMVM) recommendations.

1.2 AVERAGE RAB AND CAPEX

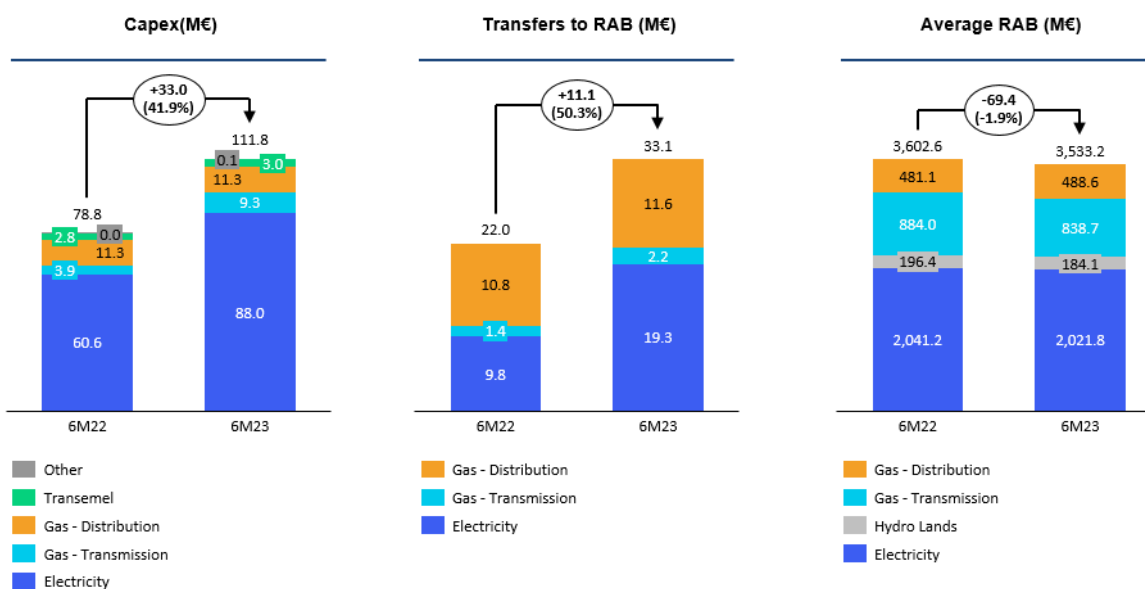
In the first 6 months of 2023, Capex reached 111.8 million Euros, a 41.9% y.o.y. increase (+33.0 million Euros), and transfers to RAB increased 11.1 million Euros (+50.3%) to 33.1 million Euros.

In electricity, investment was 88.0 million Euros, a 45.1% increase (27.4 million Euros) over the same period of 2022, and Transfers to RAB were 19.3 million Euros, a y.o.y. increase of 9.5 million Euros. It should be highlighted the investments in the 400kV Ferreira do Alentejo-Ourique-Tavira connection (29.6 million Euros), in power line Palmela-Sines 2 and 3 (5.0 million Euros), in the 400 kV Power line between Ribeira de Pena and Feira (4.5 million Euros), and the opening of the 400/220/60 kV Sobrado substation (4.1 million Euros).

In natural gas transmission, investment reached 9.3 million Euros, an increase of 5.4 million Euros, and Transfers to RAB were 2.2 million Euros, an increase of 0.8 million y.o.y.

In natural gas distribution, investment was 11.3 million Euros in line with previous year, 59% for the expansion of the distribution network and 32% for new supply points, and transfers to RAB were 11.6 million Euros, an increase of 0.8 million Euros y.o.y. (+7.2%).

Average RAB was 3,533.2 million Euros, a 69.4 million Euros (-1.9%) y.o.y. decrease. In electricity, the average RAB (excluding lands) reached 2,021.8 million Euros (-19.4 million Euros, -1.0%), of which 973.8 million Euros in assets remunerated at a premium rate of return, while lands reached 184.1 million Euros (-12.3 million Euros, -6.2%). In natural gas transmission, the average RAB was 838.7 million Euros (-45.3 million Euros, -5.1%), while in natural gas distribution the average RAB reached 488.6 million Euros (+7.5 million Euros, +1.6%).



1.3 MAIN GROUP EVENTS

- | Month | Event |
|---------|---|
| January | <ul style="list-style-type: none"> REN entered a new green financing at the amount of 300 million Euros. REN recorded a new all-time high in hydropower generation in the Portuguese national network, by reaching 6.531MW. The previous record happened on March 2018, when peak hydropower generation reached 6.387MW For the third year, REN is included in the Bloomberg's Gender-Equality Index (GEI) |

February	<ul style="list-style-type: none">• REN is honored with the 'Gold Standard' award by the Oil and Gas Methane Partnership (OGMP 2.0) for reducing methane emissions
March	<ul style="list-style-type: none">• REN, Enagás, GRTgaz and Teréga signed the initiative 'Green2TSO', aimed to transform the gas grid into hydrogen grid
April	<ul style="list-style-type: none">• REN donates vehicle to Rio Maior's voluntary firefighters
May	<ul style="list-style-type: none">• REN as awarded the Gold Medal for Distinguished Service by the Portuguese Firefighters' League for the support provided to voluntary firefighting organizations in various regions of the country.
June	<ul style="list-style-type: none">• Speed-E, a charging solution that enables electric vehicles developed by REN, is selected as one of the top projects showcased at the Ibero-American Regional Meeting of the International Council on Large Electric Systems (CIGRE).• REN has embarked on another phase of introducing hydrogen into the Portuguese National Gas Transmission Network (NGTN) by starting to remodel chromatographs, devices that measure the quality of the gas transmitted in the network. REN's intervention reflects the company's commitment to adapting the infrastructure of NGTN to create the necessary technical conditions for the decarbonisation goals defined by the Portuguese Government.

1.4 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 APRIL TO 30 JUNE 2023 AND 2022

Consolidated statements of profit and loss (unaudited information)

(Amounts expressed in thousands of euros – tEuros)

	01.04.2023 to 30.06.2023	01.04.2022 to 30.06.2022
Sales	15	19
Services rendered	169,026	142,635
Revenue from construction of concession assets	63,270	48,835
Gains from associates and joint ventures	3,164	2,505
Other operating income	7,640	6,146
Operating income	243,114	200,140
Cost of goods sold	(225)	(186)
Cost with construction of concession assets	(56,837)	(43,447)
External supplies and services	(28,848)	(17,147)
Employee compensation and benefit expense	(16,122)	(15,296)
Depreciation and amortizations	(62,949)	(62,141)
Provisions	(232)	(526)
Impairments	(94)	(94)
Other expenses	(5,621)	(3,177)
Operating costs	(170,928)	(142,015)
Operating results	72,186	58,124
Financial costs	(19,250)	(14,352)
Financial income	4,828	303
Investment income - dividends	8,524	8,165
Financial results	(5,898)	(5,885)
Profit before income taxes and ESEC	66,288	52,240
Income tax expense	(16,043)	(12,343)
Extraordinary contribution on energy sector (ESEC)	-	-
Net profit for the period	50,246	39,897
Attributable to:		
Equity holders of the Company	50,246	39,897
Non-controlled interest	-	-
Consolidated profit for the period	50,246	39,897
Earnings per share (expressed in euro per share)	0.08	0.06

Consolidated statements of comprehensive income (unaudited information)

(Amounts expressed in thousands of euros - tEuros)

	01.04.2023 to 30.06.2023	01.04.2022 to 30.06.2022
Net Profit for the year	50,246	39,897
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains / (losses)	869	14,700
Tax effect on actuarial gains / (losses)	(261)	(4,409)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(2,351)	(7,067)
Increase/(decrease) in hedging reserves - cash flow derivatives	(727)	24,486
Tax effect on hedging reserves	175	(5,404)
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	(7,913)	(6,769)
Tax effect on items recorded directly in equity	1,869	1,586
Other changes in equity	(31)	-
Comprehensive income for the year	41,875	57,020
Attributable to:		
Equity holders of the Company	41,875	57,020
Non-controlling interests	-	-
	41,875	57,020

2. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of financial position originally issued in Portuguese - Note 34)

	Notes	Jun 2023	Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	133,506	127,816
Intangible assets	5	4,064,848	4,077,471
Goodwill	6	4,408	4,515
Investments in associates and joint ventures	7	178,696	180,770
Investments in equity instruments at fair value through other comprehensive income	9 and 10	137,477	145,715
Derivative financial instruments	9 and 12	79,394	80,564
Other financial assets	9	192	179
Trade and other receivables	9 and 11	367,335	55,666
Deferred tax assets	8	56,511	69,803
		5,022,368	4,742,499
Current assets			
Inventories		5,099	5,134
Trade and other receivables	9 and 11	350,288	327,764
Current income tax recoverable	8 and 9	-	10,671
Derivative financial instruments	9 and 12	1,778	236
Asset related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	9 and 32	931,342	1,000,000
Cash and cash equivalents	9 and 13	32,551	365,292
		1,321,059	1,709,097
Total assets	4	6,343,427	6,451,596
EQUITY			
Shareholders' equity			
Share capital	14	667,191	667,191
Own shares	14	(10,728)	(10,728)
Share premium	14	116,809	116,809
Reserves	15	393,939	396,065
Retained earnings		247,545	241,987
Other changes in equity	14	(5,561)	(5,561)
Net profit for the period		63,031	111,771
Total equity		1,472,227	1,517,534
LIABILITIES			
Non-current liabilities			
Borrowings	9 and 16	1,717,975	1,695,362
Liability for retirement benefits and others	17	62,981	64,939
Derivative financial instruments	9 and 12	71,925	73,464
Provisions	18	10,912	10,576
Trade and other payables	9 and 19	482,293	450,297
Deferred tax liabilities	8	111,699	115,064
		2,457,785	2,409,702
Current liabilities			
Borrowings	9 and 16	640,913	638,944
Trade and other payables	9 and 19	823,319	885,416
Income tax payable	8 and 9	8,591	-
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	9 and 32	931,342	1,000,000
Derivative financial instruments	9 and 12	9,250	-
		2,413,415	2,524,360
Total liabilities	4	4,871,200	4,934,062
Total equity and liabilities		6,343,427	6,451,596

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 June 2023.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023 AND 2022

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of profit and loss originally issued in Portuguese - Note 34)

	Notes	Jun 2023	Jun 2022
Sales	4 and 20	74	60
Services rendered	4 and 20	327,010	283,091
Revenue from construction of concession assets	4 and 21	108,674	75,915
Gains/(losses) from associates and joint ventures	7	7,025	5,109
Other operating income	22	16,237	14,692
Operating income		459,021	378,866
Cost of goods sold		(465)	(402)
Costs with construction of concession assets	21	(96,370)	(65,723)
External supplies and services	23	(50,459)	(34,659)
Personnel costs	24	(31,226)	(29,279)
Depreciation and amortizations	5	(125,765)	(124,227)
Provisions	18	(232)	(526)
Impairments	6	(189)	(189)
Other expenses	25	(12,910)	(9,246)
Operating costs		(317,615)	(264,251)
Operating results		141,406	114,615
Financial costs	26	(36,433)	(27,977)
Financial income	26	8,916	4,273
Investment income - dividends	10	8,524	8,165
Financial results		(18,994)	(15,540)
Profit before income tax and ESEC		122,412	99,076
Income tax expense	8	(31,280)	(25,203)
Energy sector extraordinary contribution (ESEC)	27	(28,101)	(28,018)
Consolidated profit for the period		63,031	45,854
Attributable to:			
Equity holders of the Company		63,031	45,854
Non-controlled interest		-	-
Consolidated profit for the period		63,031	45,854
Earnings per share (expressed in euro per share)	28	0.09	0.07

The accompanying notes form an integral part of the consolidated statement of profit and loss for the six-month period ended 30 June 2023.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023 AND 2022

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of other comprehensive income originally issued in Portuguese - Note 34)

	Notes	Jun 2023	Jun 2022
Consolidated Profit for the period		63,031	45,854
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) - gross of tax	17	2,048	14,028
Tax effect on actuarial gains/(losses)	8	(614)	(4,208)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		3,349	14,139
Increase/(decrease) in hedging reserves - cash flow derivatives	12	(6,167)	57,666
Tax effect on hedging reserves	8 and 12	1,348	(13,035)
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(8,238)	(8,398)
Tax effect on items recorded directly in equity	8 and 10	1,948	1,998
Other changes in equity		139	-
Comprehensive income for the period		56,843	108,044
Attributable to:			
Equity holders of the company		56,843	108,044
Non-controlled interest		-	-
		56,843	108,044

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the six-month period ended 30 June 2023.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023 AND 2022

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of changes in equity originally issued in Portuguese - Note 34)

Changes in the year	Notes	Attributable to shareholders										
		Share capital	Own shares	Share premium	Legal Reserve (Note 15)	Fair Value reserve (Note 10)	Hedging reserve (Note 12)	Other reserves	Other changes in equity	Retained earnings	Profit for the year	Total
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		-	-	-	-	(6,400)	44,631	14,139	-	9,820	45,854	108,044
Transfer to other reserves		-	-	-	5,040	-	-	-	-	92,113	(97,153)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(102,150)	-	(102,150)
At 30 June 2022		667,191	(10,728)	116,809	135,702	51,358	32,505	149,833	(5,561)	232,761	45,854	1,415,724
At 1 January 2023		667,191	(10,728)	116,809	135,702	45,117	59,518	155,729	(5,561)	241,987	111,771	1,517,534
Net profit of the period and other comprehensive income		-	-	-	-	(6,290)	(4,818)	3,306	-	1,614	63,031	56,843
Transfer to other reserves		-	-	-	5,676	-	-	-	-	106,095	(111,771)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(102,150)	-	(102,150)
At 30 June 2023		667,191	(10,728)	116,809	141,378	38,827	54,700	159,035	(5,561)	247,545	63,031	1,472,227

The accompanying notes form an integral part of the consolidated statement of changes in equity for the six-month period ended 30 June 2023.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023 AND 2022

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of cash flow originally issued in Portuguese - Note 34)

	Notes	Jun 2023	Jun 2022
<u>Cash flow from operating activities:</u>			
Cash receipts from customers		979.926 a)	1.763.707 a)
Cash paid to suppliers		(1.214.296) a)	(1.235.390) a)
Cash paid to employees		(41.007)	(38.152)
Income tax received/paid		(698)	(27.092)
Other receipts / (payments) relating to operating activities		58.417	(47.436)
Net cash flows from operating activities (1)		(217.658)	415.637
<u>Cash flow from investing activities:</u>			
Receipts related to:			
Investment grants		44.262	71.804
Dividends		7.480	7.931
Payments related to:			
Property, plant and equipment		(3.055)	(5.354)
Intangible assets		(101.387)	(102.011)
Net cash flow used in investing activities (2)		(52.699)	(27.630)
<u>Cash flow from financing activities:</u>			
Receipts related to:			
Borrowings		969.000	695.000
Interests and other similar income		2.577	-
Payments related to:			
Borrowings		(930.654)	(799.173)
Interests and other similar expense		(43.120)	(33.861)
Leasings		(1.098)	(1.075)
Interests of Leasings		(31)	(12)
Net cash from / (used in) financing activities (3)		(63.023)	(241.269)
Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)		(333.382)	146.738
Effect of exchange rates		641	84
Cash and cash equivalents at the beginning of the year		365.292	398.759
Cash and cash equivalents at the end of the period		32.551	545.580
Detail of cash and cash equivalents			
Cash	13	22	23
Bank deposits	13	32.529	545.557
The transitional gas price stabilization regime - Decree-Law 84-D/2022	13	-	-
		32.551	545.580

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 six-month period ended 30 June 2023.

The Accountant

The Board of Directors

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Translation of notes originally issued in Portuguese - Note 34)

1 GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN”, “REN SGPS” 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-Law no. 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, renamed, after the transfer of the electricity business to a new company incorporated on 26 September 2006, REN – Serviços de Rede, S.A., which was simultaneously renamed 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., and has as its activity the management of the concession for the exploration of 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, whose the capital was paid up through the integration of the gas transport infrastructures (network, connections and compression);
- c) REN Armazenagem, S.A., was incorporated on 26 September 2006, whose the capital 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 as “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 company's object is the public service operation of the regional distribution network for natural gas and its substitute gases in 29 municipalities in the northern coastal area of Portugal, in the districts of Porto, Braga, and Viana do Castelo, as well as the construction and maintenance of the respective infrastructures.

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. ("RENTELECOM") 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. was incorporated, a company wholly owned by REN SGPS, headquartered in the Netherlands, whose corporate purpose is to participate, finance, collaborate and conduct the management of related companies.

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

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

As of 30 June 2023, REN also holds:

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

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

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

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

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

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

1.1. Consolidation perimeter

The following companies were included in the consolidation perimeter as of 30 June 2023 and 31 December 2022:

Designation / adress	Country	Activity	Jun 2023		Dec 2022	
			% Owned Group	Individual	% Owned Group	Individual
Parent company:						
REN - Redes Energéticas Nacionais, SGPS, S.A.	Portugal	Holding company	-	-	-	-
Subsidiaries:						
REN - Rede Eléctrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	Portugal	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Praça de Alvalade, nº7 - 12º Dto, Lisboa	Portugal	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
Enondas-Energia das Ondas, S.A. Mata do Urso - Guarda Norte - 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	Netherlands	Participate, finance, collaborate, conduct management of companies related to REN Group	100%	100%	100%	100%
REN PRO, S.A. Av. Estados Unidos da América, 55 - Lisboa	Portugal	Communication and Sustainability, Marketing, Business Management, Business Development and Consulting and IT Projects	100%	100%	100%	100%
REN Atlântico , Terminal de GNL, S.A. Terminal de GNL - Sines	Portugal	Liquefied Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
Owned by REN Serviços, S.A.:						
REN Gás, S.A. Av. Estados Unidos da América, 55 -12º - Lisboa	Portugal	Management of projects and ventures in the natural gas sector	100%	-	100%	-
Aério Chile SPA Santiago do Chile	Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Apolo Chile SPA Santiago do Chile	Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Owned by REN Gás, S.A.:						
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Portugal	Underground storage development, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	Portugal	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-
REN Portgás Distribuição, S.A. Rua Linhas de Torres, 41 - Porto	Portugal	Distribution of natural gas	100%	-	100%	-
Owned by Apolo Chile SPA (99.99%) and Aerio Chile SPA (<0.001%):						
Empresa de Transmisión Eléctrica Transemel, S.A. Santiago do Chile	Chile	Transmission and transformation of electricity, allowing free access to different players in the electricity market in Chile	100%	-	100%	-

Changes in the consolidation perimeter

- June 2023

There were no changes to the consolidation perimeter in 2023 compared to that reported on 31 December 2022 and to 30 June 2022.

- December 2022

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

1.2. Approval of quarterly consolidated financial statements

These interim consolidated financial statements were approved by the Board of Directors at a meeting held on 20 July 2023. 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 six-month period ended 30 June 2023 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 2022.

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.

On the present date, and taking into account the above and Note 5 - Main Estimates and Judgments, disclosed in the annex to the 2022 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.

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

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 2023.

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 2022, as explained in the notes to the consolidated financial statements for 2022, except for the adoption of new effective standards for periods beginning on or after 1 January 2023.

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 six-month period ended on 30 June 2022 and compared to the year ended on 31 December 2022.

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 2023:

- **IFRS 17 – Insurance Contracts: Initial Application of IFRS 17**

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 adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies**

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 adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

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 adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 12 - Deferred Tax Related To Assets And Liabilities Arising From A Single Transaction**

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

- **Amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and Amendments to IFRS 9 – Comparative Information**

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

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

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

Standard	Applicable for financial years beginning	Resume
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01/jan/24	These amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa.
Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback	01/jan/24	The proposed amendment specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction, after the date it takes place. The amendments establish that when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use retained even though no transaction or event would have occurred to give rise to that gain.
Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	01/jan/24	The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
Amendments to IAS 12 - Income taxes: International Tax Reform - Pillar Two Model Rules (issued 23 May 2023)	01/jan/23	The Amendments introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

These standards have not yet been endorsed by the European Union and, as such, have not been applied by the Group for the six-month period ended 30 June 2023 .

4 SEGMENT REPORTING

The 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 on 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 six-month period ended 30 June 2023 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	215,038	109,619	3,957	19,891	(21,421)	327,084
Inter-segments	598	1,054	-	19,770	(21,421)	-
Revenues from external customers	214,440	108,565	3,957	121	-	327,084
Revenue from construction of concession assets	88,004	20,671	-	-	-	108,674
Cost with construction of concession assets	(79,170)	(17,200)	-	-	-	(96,370)
Gains / (losses) from associates and joint ventures	-	-	-	7,025	-	7,025
Personnel costs	(47,146)	(19,980)	(1,216)	(5,947)	23,831	(50,459)
Employee compensation and benefit expense	(10,488)	(6,573)	(164)	(14,001)	-	(31,226)
Other expenses and operating income	5,768	(496)	(29)	30	(2,410)	2,863
Operating cash flow	172,005	86,040	2,548	6,998	-	267,592
Investment income - dividends	-	-	-	8,524	-	8,524
Non reimbursable expenses						
Depreciation and amortizations	(83,500)	(42,165)	-	(99)	-	(125,765)
Provisions	(232)	-	-	-	-	(232)
Impairments	-	-	-	(189)	-	(189)
Financial results						
Financial income	8,394	3,271	180	70,694	(73,624)	8,916
Financial costs	(18,445)	(13,419)	(2)	(78,191)	73,624	(36,433)
Profit before income tax and ESEC	78,222	33,727	2,726	7,738	-	122,413
Income tax expense	(22,244)	(9,478)	(652)	1,093	-	(31,280)
Energy sector extraordinary contribution (ESEC)	(17,817)	(10,284)	-	-	-	(28,101)
Profit for the period	38,161	13,965	2,074	8,831	-	63,031

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

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	177,285	103,783	3,938	20,009	(21,863)	283,151
Inter-segments	637	2,097	-	19,129	(21,863)	-
Revenues from external customers	176,648	101,686	3,938	880	-	283,151
Revenue from construction of concession assets	60,630	15,285	-	-	-	75,915
Cost with construction of concession assets	(53,176)	(12,547)	-	-	-	(65,723)
Gains / (losses) from associates and joint ventures	-	-	-	5,109	-	5,109
Personnel costs	(26,591)	(25,720)	(1,281)	(5,890)	24,823	(34,659)
Employee compensation and benefit expense	(9,379)	(6,080)	(159)	(13,661)	-	(29,279)
Other expenses and operating income	8,558	(422)	(26)	(107)	(2,960)	5,044
Operating cash flow	157,326	74,299	2,472	5,460	-	239,557
Investment income - dividends	-	-	-	8,165	-	8,165
Non reimbursable expenses						
Depreciation and amortizations	(82,117)	(42,020)	(7)	(83)	-	(124,227)
Provisions	(526)	-	-	-	-	(526)
Impairments	-	-	-	(189)	-	(189)
Financial results						
Financial income	1,418	2,233	8	57,663	(57,049)	4,273
Financial costs	(12,106)	(8,831)	(3)	(64,086)	57,049	(27,977)
Profit before income tax and ESEC	63,995	25,680	2,470	6,931	-	99,076
Income tax expense	(16,739)	(7,947)	(578)	61	-	(25,203)
Energy sector extraordinary contribution (ESEC)	(17,590)	(10,428)	-	-	-	(28,018)
Profit for the period	29,666	7,305	1,892	6,992	-	45,854

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 six-month period ended 30 June 2023 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	882,681	-	2,288,880	(3,171,561)	-
Property, plant and equipment and intangible assets	2,728,054	1,469,955	2	344	-	4,198,354
Other assets	719,723	1,305,181	17,277	5,224,189	(5,121,296)	2,145,074
Total assets	3,447,777	3,657,817	17,279	7,513,413	(8,292,857)	6,343,427
Total liabilities	2,521,752	2,149,561	10,479	5,310,705	(5,121,296)	4,871,200
Capital expenditure - total	91,114	20,671	-	-	-	111,785
Capital expenditure - property, plant and equipment (Note 5)	3,111	-	-	-	-	3,111
Capital expenditure - other intangible assets (Note 5)	-	-	-	-	-	-
Capital expenditure - intangible assets (Note 5)	88,004	20,671	-	-	-	108,674
Investments in associates (Note 7)	-	-	-	176,026	-	176,026
Investments in joint ventures (Note 7)	-	-	-	2,670	-	2,670

Assets and liabilities by segment at 31 December 2022 as well as investments on tangible assets and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	895,643	-	2,274,773	(3,170,415)	-
Property, plant and equipment and intangible assets	2,713,459	1,491,461	2	365	-	4,205,287
Other assets	872,841	1,397,657	18,166	6,371,555	(6,413,910)	2,246,309
Total assets	3,586,300	3,784,761	18,168	8,646,692	(9,584,325)	6,451,596
Total liabilities	2,679,398	2,253,343	10,442	6,404,788	(6,413,910)	4,934,062
Capital expenditure - total	158,353	43,113	51	22	-	201,540
Capital expenditure - property, plant and equipment (Note 5)	4,046	-	51	22	-	4,120
Capital expenditure - other intangible assets (Note 5)	-	-	-	-	-	-
Capital expenditure - intangible assets (Note 5)	154,307	43,113	-	-	-	197,420
Investments in associates (Note 7)	-	-	-	178,048	-	178,048
Investments in joint ventures (Note 7)	-	-	-	2,722	-	2,722

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 six-month period ended 30 June 2023, the changes in tangible and intangible assets were as follows:

	Property, plant and equipment						Intangible assets				
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets	Intangible assets in progress	Total
Cost:											
At 1 January 2023	121,130	802	846	1,212	14,784	138,775	8,783,321	155,175	59,078	-	8,997,573
Additions	130	79	13	-	2,889	3,111	1,466	107,209	-	-	108,674
Disposals, write-offs, impairments and other reclassifications	-	(24)	(5)	-	-	(29)	(768)	-	-	-	(768)
Transfers	174	-	-	-	(174)	-	31,946	(31,946)	-	-	-
Exchange rate differences	5,233	-	10	-	566	5,809	-	-	2,274	-	2,274
At 30 June 2023	126,667	856	864	1,212	18,065	147,665	8,815,965	230,438	61,352	-	9,107,754
Accumulated depreciation:											
At 1 January 2023	(9,939)	(516)	(488)	(13)	-	(10,957)	(4,919,468)	-	(634)	-	(4,920,103)
Depreciation charge	(2,187)	(90)	(29)	-	-	(2,306)	(123,250)	-	(209)	-	(123,459)
Depreciation of disposals, impairments, write-offs and other reclassifications	-	25	5	-	-	30	690	-	-	-	690
Exchange rate differences	(916)	-	(9)	-	-	(925)	-	-	(34)	-	(34)
At 30 June 2023	(13,042)	(581)	(522)	(13)	-	(14,158)	(5,042,028)	-	(878)	-	(5,042,906)
Net book value:											
At 1 January 2023	111,190	286	358	1,199	14,784	127,816	3,863,853	155,175	58,443	-	4,077,471
At 30 June 2023	113,625	276	342	1,199	18,065	133,506	3,773,937	230,438	60,474	-	4,064,848

The changes in tangible and intangible assets in the in the year ended 31 December 2022 were as follows:

	Property, plant and equipment					Intangible assets					
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment in progress	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets	Intangible assets in progress	Total
Cost:											
At 1 January 2022	92,949	782	903	1,212	29,947	125,793	8,631,076	121,959	55,268	-	8,808,304
Additions	-	134	119	-	3,866	4,120	5,024	192,396	-	-	197,420
Disposals, write-offs and impairments	(33)	(115)	(192)	-	-	(339)	(11,959)	-	-	-	(11,959)
Transfers	20,947	-	-	-	(21,035)	(87)	159,180	(159,180)	88	-	87
Exchange rate differences	7,266	1	16	-	2,006	9,289	-	-	3,722	-	3,722
At 31 December 2022	121,130	802	846	1,212	14,784	138,775	8,783,321	155,175	59,078	-	8,997,573
Accumulated depreciation:											
At 1 January 2022	(5,236)	(466)	(527)	(13)	-	(6,241)	(4,685,010)	-	(225)	-	(4,685,235)
Depreciation charge	(3,402)	(164)	(66)	-	-	(3,632)	(245,273)	-	(371)	-	(245,644)
Depreciation of disposals, impairments, write-offs and other reclassifications	33	114	117	-	-	264	10,815	-	-	-	10,815
Exchange rate differences	(1,334)	(1)	(13)	-	-	(1,348)	-	-	(38)	-	(38)
At 31 December 2022	(9,939)	(516)	(488)	(13)	-	(10,957)	(4,919,468)	-	(634)	-	(4,920,103)
Net book value:											
At 1 January 2022	87,713	316	377	1,199	29,947	119,551	3,946,067	121,959	55,043	-	4,123,069
At 31 December 2022	111,190	286	358	1,199	14,784	127,816	3,863,853	155,175	58,443	-	4,077,471

The main additions verified in the periods ended 30 June 2023 and 31 December 2022 are made up as follows:

	Jun 2023	Dec 2022
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	11,822	28,162
Power line construction (400 KV)	40,556	56,958
Construction of new substations	2,809	1,831
Substation Expansion	21,980	48,659
Other renovations in substations	1,842	4,247
Telecommunications and information system	2,345	7,014
Pilot zone construction - wave energy	98	179
Buildings related to concession	3,068	1,463
Transmission and transformation of electricity in Chile	3,028	3,881
Other assets	3,483	5,794
Gas segment:		
Expansion and improvements to gas transmission network	5,558	10,041
Construction project of cavity underground storage of gas in Pombal	338	1,604
Construction project and operating upgrade - LNG facilities	3,431	2,838
Gas distribution projects	11,343	28,630
Others segments:		
Other assets	83	239
Total of additions	111,785	201,540

The main transfers that were concluded and began activity during the periods ended 30 June 2023 and 31 December 2022 are made up as follows:

	Jun 2023	Dec 2022
Electricity segment:		
Power line construction (220 KV, 150 KV and others)	827	55,083
Power line construction (400 KV)	-	18,033
Substation Expansion	12,574	35,321
Other renovations in substations	1,869	3,452
Telecommunications and information system	43	6,594
Buildings related to concession	2,791	887
Transmission and transformation of electricity in Chile	175	21,035
Other assets under concession	268	4,160
Gas segment:		
Expansion and improvements to gas transmission network	594	7,422
Construction project of cavity underground storage of gas in Pombal	71	1,305
Construction project and operating upgrade - LNG facilities	1,202	2,022
Gas distribution projects	11,706	24,904
Total of transfers	32,120	180,215

The tangible and intangible assets in progress at 30 June 2023 and 31 December 2022 are as follows:

	Jun 2023	Dec 2022
Electricity segment:		
Power line construction (400 KV, 220 KV, 150 KV and others)	137,557	86,178
Substation Expansion	44,709	36,282
New substations projects	6,881	3,807
Buildings related to concession	5,026	4,749
Transmission and transformation of electricity in Chile	18,064	14,783
Other projects	8,122	2,648
Gas segment:		
Expansion and improvements to natural gas transmission network	14,753	9,945
Construction project of cavity underground storage of gas in Pombal	3,376	3,141
Construction project and operating upgrade - LNG facilities	3,576	1,426
Gas distribution projects	6,439	6,997
Total of assets in progress	248,503	169,959

Borrowing costs capitalized on intangible assets in progress in the period ended 30 June 2023 amounted to 2,025 thousand Euros (2,788 thousand Euros as of 31 December 2022), while overhead and management costs capitalized amounted to 10,280 thousand Euros (19,536 thousand Euros as of 31 December 2022) (Note 21). The average rate of the financial costs capitalized was of 0.21%.

The net book value of the property, plant and equipment and intangible assets, related with transport equipments, acquired through finance lease contracts at 30 June 2023 and 31 December 2022 was as follows:

	Jun 2023			Dec 2022		
	Cost	Accumulated depreciation and amortization	Net book value	Cost	Accumulated depreciation and amortization	Net book value
Initial value	8,195	(4,519)	3,677	9,309	(4,453)	4,856
Additions	1,214	-	1,214	1,847	-	1,847
Disposals and write-offs	(1,627)	1,513	(114)	(2,961)	1,979	(982)
Depreciation charge	-	(942)	(942)	-	(2,045)	(2,045)
Final value	7,782	(3,948)	3,834	8,195	(4,519)	3,677

6 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of the companies acquired, with reference to the acquisition date, and at 30 June 2023 and 31 December 2022 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Jun 2023	Dec 2022
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	943	1,133
REN Portgás Distribuição, S.A.	2017	503,015	100%	1,235	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2019	155,482	100%	2,230	2,147
				4,408	4,515

The movement for the periods ended 30 June 2023 and 31 December 2022 was:

Subsidiaries	At 1 January 2022	Increases	Decreases	Exchange rate differences	At 31 December 2022	Increases	Decreases	Exchange rate differences	At 30 June 2023
REN Atlântico, Terminal de GNL, S.A.	1,510	-	(377)	-	1,133	-	(189)	-	943
REN Portgás Distribuição, S.A.	1,235	-	-	-	1,235	-	-	-	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2,012	-	-	136	2,147	-	-	84	2,230
	4,757	-	(377)	136	4,515	-	(189)	84	4,408

7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 30 June 2023 and 31 December 2022, the financial information regarding the financial interest held is as follows:

		30 June 2023												
	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Equity method:														
Associate:														
	OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. (i)	Holding company	Lisbon	2,610	236	29,743	194	-	665	539	29,785	40	11,665	224
	Electrogas, S.A.	Gas Transportation	Chile	19,571	18,435	28,663	3,770	5,919	25,846	16,112	37,409	42.5	164,361	6,848
												176,026	7,072	
Joint venture:														
	Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	5,838	80	556	16	803	(94)	5,346	50	2,670	(47)
(i) Financial Statements at 31 December 2022, subject to audit review.												178,696	7,025	

		31 December 2022												
	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Equity method:														
Associate:														
	OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	331	29,017	230	-	1,314	645	29,118	40	11,440	255
	Electrogas, S.A.	Gas Transportation	Chile	19,938	16,858	31,226	5,247	6,692	46,283	27,181	36,145	42.5	166,608	11,552
												178,048	11,807	
Joint venture:														
	Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,201	96	827	20	1,740	10	5,450	50	2,722	5
												180,770	11,812	

Associates

The changes in the caption "Investments in associates" during the periods ended 30 June 2023 and 31 December 2022 was as follows:

Investments in associates		
At 1 de January de 2022		166,541
Effect of applying the equity method - Net Profit		11,807
Currency Translation Reserves		9,539
Dividends of Electrogas		(9,358)
Receipt of Supplementary Obligations of OMIP		(391)
Other changes in equity		(89)
At 31 December 2022		178,048
Effect of applying the equity method - Net Profit		7,072
Currency Translation Reserves		(3,165)
Dividends of Electrogas		(5,928)
At 30 June 2023		176,026

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

Joint ventures

The movement in the caption "Investments in joint ventures" during the periods ended 30 June 2023 and 31 December 2022 was as follows:

Investments in joint ventures	
At 1 January 2022	2,742
Effect of applying the equity method	5
Dividends distribution	(25)
At 31 December 2022	2,722
Effect of applying the equity method	(47)
Dividends distribution	(5)
At 30 June 2023	2,670

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

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

At 30 June 2023 and 31 December 2022, the financial information of the joint venture was as follows:

	30 June 2023					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,198	7	16	22	(2)	(3)
	31 December 2022					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,257	2	20	(65)	(3)	(2)

8 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies, 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 69^o 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 2019 to 2022 are still subject to review.

The Company's Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 30 June 2023 and 31 December 2022.

In the six-month period ended 30 June 2023, the Group is subject to Corporate Income Tax, at an average rate, taking into account the base rate of 21%, which will be increased by a municipal surcharge of up to a maximum of 1.5% on taxable income, and a state surcharge of (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros; (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 9% for taxable profits in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 30 June 2023, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Income tax registered in the periods ended 30 June 2023 and 2022 was as follows:

	Jun 2023	Jun 2022
Current income tax	21,093	29,584
Adjustments of income tax from previous years	(2,140)	(2,255)
Deferred income tax	12,327	(2,125)
Income tax	31,280	25,203

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

	Jun 2023	Jun 2022
Consolidated profit before income tax	122,412	99,076
Permanent differences:		
Non deductible/taxable costs/income	420	(1,941)
Timing differences:		
Tariff deviations	(51,478)	(494)
Provisions and impairment	(17)	(24)
Revaluations	(2,436)	473
Pension, healthcare assistance and life insurance plans	340	(52)
Derivative financial instruments	489	(442)
Others	675	-
Taxable income	70,406	96,596
Income tax	14,665	21,205
State surcharge tax	5,842	6,390
Municipal surcharge	254	1,562
Autonomous taxation	331	427
Current income tax	21,093	29,584
Deferred income tax	12,327	(2,125)
Adjustments of income tax from previous years	(2,140)	(2,255)
Income tax	31,280	25,203
Effective tax rate	25.6%	25.4%

Income tax

The caption "Income tax" payable and receivable at 30 June 2023 and 31 December 2022 is made up as follows:

	Jun 2023	Dec 2022
Income tax:		
Corporate income tax - estimated tax	(21,093)	(48,447)
Corporate income tax - payments on account	1,361	57,331
Income withholding tax by third parties	2,660	1,793
Income recoverable / (payable)	8,480	(7)
Income tax recoverable	(8,591)	10,671

Deferred taxes

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

	Jun 2023	Dec 2022
<u>Impact on the statement of profit and loss:</u>		
Deferred tax assets	(12,894)	(15,001)
Deferred tax liabilities	568	6,108
	(12,327)	(8,892)
<u>Impact on equity:</u>		
Deferred tax assets	(398)	(11,870)
Deferred tax liabilities	2,796	(13,601)
	2,398	(25,471)
Net impact of deferred taxes	(9,929)	(34,363)

The changes in deferred tax by nature were as follows:

Change in deferred tax assets – June 2023

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2023	3,130	19,454	32,587	(2,457)	12,986	4,100	69,803
Increase/decrease through reserves	-	(614)	-	-	-	216	(398)
Reversal through profit and loss	-	28	(10,774)	(67)	(924)	(1,403)	(13,140)
Increase through profit and loss	43	-	203	-	-	-	246
Change in the period	43	(586)	(10,571)	(67)	(924)	(1,187)	(13,292)
At 30 June 2023	3,173	18,868	22,017	(2,524)	12,062	2,914	56,511

Change in deferred tax assets – December 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	-	(8,175)	-	(3,837)	-	142	(11,870)
Reversal through profit and loss	-	(571)	(14,192)	(162)	(2,068)	(43)	(17,036)
Increase through profit and loss	296	-	346	-	-	1,394	2,036
Change in the period	296	(8,746)	(13,846)	(3,999)	(2,068)	1,493	(26,870)
At 31 December 2022	3,130	19,454	32,587	(2,457)	12,986	4,100	69,803

Deferred tax assets at 30 June 2023 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 – June 2023

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Derivative financial instruments	Others	Total
At 1 January 2023	27,775	15,937	46,860	8,669	17,179	(1,355)	115,064
Increase/decrease through equity	-	-	-	(1,948)	(1,348)	15	(3,281)
Reversal trough profit and loss	-	(668)	(1,016)	-	-	(1,546)	(3,230)
Increase through profit and loss	2,641	21	-	-	-	-	2,662
Exchange rate differences	-	-	-	-	-	485	485
Change in the period	2,641	(647)	(1,016)	(1,948)	(1,348)	(1,046)	(3,364)
At 30 June 2023	30,416	15,290	45,844	6,721	15,831	(2,401)	111,699

Evolution of deferred tax liabilities – December 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	-	-	-	(4,368)	17,179	(13)	12,798
Reversal trough profit and loss	(1,990)	(1,337)	(1,825)	-	-	(1,044)	(6,196)
Increase through profit and loss	-	-	-	-	-	89	89
Exchange rate differences	-	-	-	-	-	803	803
Change in the period	(1,990)	(1,337)	(1,825)	(4,368)	17,179	(165)	7,494
At 31 December 2022	27,775	15,937	46,860	8,669	17,179	(1,355)	115,064

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

The legal documents that establish these revaluations were the following:

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

9 FINANCIAL ASSETS AND LIABILITIES

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

- June 2023

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	Other financial assets/liabilities	Total carrying amount	Fair value
Assets						
Cash and cash equivalents	13	-	-	32,551	32,551	32,551
Trade and other receivables	11	717,623	-	-	717,623	717,623
Other financial assets	-	-	-	192	192	192
Investments in equity instruments at fair value through other comprehensive income	10	-	137,477	-	137,477	137,477
Income tax receivable	-	-	-	-	-	-
Derivative financial instruments	12	-	79,394	1,778	81,172	81,172
Assets related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	32	-	-	931,342	931,342	931,342
		717,623	216,872	964,086	1,900,358	1,900,358
Liabilities						
Borrowings	16	-	-	2,358,887	2,358,887	2,318,270
Trade and other payables	19	-	-	893,390	893,390	893,390
Income tax payable	8	-	-	8,591	8,591	8,591
Derivative financial instruments	12	-	81,175	-	81,175	81,175
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	32	-	-	931,342	931,342	931,342
		-	81,175	4,192,211	4,273,387	4,232,769

- December 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	Other financial assets/liabilities	Total carrying amount	Fair value
Assets						
Cash and cash equivalents	13	-	-	365,292	365,292	365,292
Trade and other receivables	11	383,430	-	-	383,430	383,430
Other financial assets	-	-	-	179	179	179
Investments in equity instruments at fair value through other comprehensive income	10	-	145,715	-	145,715	145,715
Income tax receivable	-	10,671	-	-	10,671	10,671
Derivative financial instruments	12	-	80,799	-	80,799	80,799
Assets related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	32	-	-	1,000,000	1,000,000	1,000,000
		394,101	145,715	1,365,472	1,986,087	1,986,087
Liabilities						
Borrowings	16	-	-	2,334,306	2,334,306	2,289,200
Trade and other payables	19	-	-	964,968	964,968	964,968
Derivative financial instruments	12	-	73,464	-	73,464	73,464
Liability related to the transitional gas price stabilization regime - Decree-Law 84-D/2022	32	-	-	1,000,000	1,000,000	1,000,000
		-	73,464	4,299,274	4,372,738	4,327,632

Loans obtained, as referred to in Note 3.6 of the annual consolidated financial statements, for the year ended 31 December 2022, are measured upon initial recognition at fair value and subsequently at amortized cost, except those for which a derivative has been contracted fair value coverage (Note 12), in which case they are revalued 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 3.400% and 2.984% (maturities of one day and eight years, respectively).

The fair value of borrowings contracted by the Group at 30 June 2023 is 2,318,270 thousand Euros (at 31 December 2022 was 2,289,200 thousand Euros), of which 532,596 thousand Euros are partially recorded at amortized cost, and contains an element recorded at fair value resulting from movements in the interest rate (at 31 December 2022 the amount recorded was 527,116 thousand Euros).

Estimated fair value – assets and liabilities measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2023 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 six-month period ended 30 June 2023, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

		Jun 2023				Dec 2022			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:									
Investments in equity instruments at fair value through other comprehensive income	Shares	83,307	-	50,574	133,881	88,045	-	54,074	142,119
Financial assets at fair value	Cash flow hedge derivatives	-	79,394	-	79,394	-	78,735	-	78,735
Financial assets at fair value through profit and loss	Negotiable derivatives	-	1,778	-	1,778	-	2,064	-	2,064
		83,307	81,172	50,574	215,053	88,045	80,799	54,074	222,918
Liabilities:									
Financial liabilities at fair value	Loans	-	532,596	-	532,596	-	527,116	-	527,116
Financial liabilities at fair value	Cash flow hedge derivatives	-	9,250	-	9,250	-	901	-	901
Financial liabilities at fair value	Fair value hedge derivatives	-	71,925	-	71,925	-	72,563	-	72,563
		-	613,772	-	613,772	-	600,580	-	600,580

During the six-month period ended 30 June 2023, 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 50,574 thousand Euros for the six-month period ended on 30 June 2023.

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

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

Financial risk management

Up until 30 June 2023, there were no significant changes regarding the financial risk management of the Company compared to the risks disclosed in the consolidated financial statements as of 31 December 2022. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 31 December 2022.

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

The assets recognised in this caption at 30 June 2023 and 31 December 2022 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Jun 2023	Dec 2022
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%	83,307	88,045
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	50,574	54,074
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGAS, S.A.	Madrid	Spain	6.67%	202	202
MIBGÁS Derivatives, S.A.	Madrid	Spain	9.70%	49	49
Association HyLab - Green Hydrogen Collaborative Laboratory	Sines	Portugal	15.00%	15	15
				137,477	145,715

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS			Total
					MIBGÁS	Derivatives	HyLab	
At 1 January 2022	3,167	56,111	103,017	164	202	48	15	162,724
Fair value adjustments	-	(2,037)	(14,972)	-	-	-	-	(17,009)
At 31 December 2022	3,167	54,074	88,045	164	202	48	15	145,715
At 1 January 2023	3,167	54,074	88,045	164	202	48	15	145,715
Fair value adjustments	-	(3,500)	(4,738)	-	-	-	-	(8,238)
At 30 June 2023	3,167	50,574	83,307	164	202	48	15	137,477

Red Eléctrica Corporación, S.A. ("REE") is the transmission system operator of electricity in Spain. The Group acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid's index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 30 June 2023 .

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of Hidroeléctrica de Cahora Bassa, SA, a company incorporated under Mozambican law, at the HCB, as a result of fulfilling the conditions of the contract entered into on April 9, 2012, between REN, Parública - 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 that involve the analysis and coordination of the European regional electricity network, with a focus on the coordination of services, ranging from coordination several days in advance to close to real time.

On 30 June 2023 , REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

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

On 30 June 2023 , REN also holds a 9.7% financial interest, acquired for the amount of 48 thousand Euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

On 30 June 2023, REN also holds 15 Founder Participation Units in the HyLab – Green Hydrogen Collaborative Laboratory Association, acquired for the amount of 15 thousand Euros. This is a non-profit association governed by private law, whose object is the scientific and technological development of Green Hydrogen, covering the various components of the value chain, namely production, transport, distribution, storage and end uses.

These investments (OMEL, MIBGÁS, MIBGÁS Derivatives, Coreso and HyLab) are recognised at fair value through other comprehensive income, however, as there are no available market price for these investments and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition value, and there is no indicator at this date that this value is not representative of the fair value, as describe in Note 3.6 - Financial Assets and Liabilities of the consolidated financial statements for the year ended 2022.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS, MIBGÁS Derivatives and HyLab at 30 June 2023.

REN Portugal 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 Euros.

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

The adjustments to investments in equity instruments at fair value through other comprehensive are recognised in the equity caption "Fair value reserve". This caption at 30 June 2023 and 31 December 2022 is made up as follows:

Fair value reserve (Note 15)	
1 January 2022	57,758
Changes in fair value	(17,009)
Tax effect	4,368
31 December 2022	45,116
1 January 2023	45,116
Changes in fair value	(8,238)
Tax effect	1,948
30 June 2023	38,827

The amount of 8,524 thousand Euros recognized in the consolidated statement of profit and loss, in the six-month period ended 30 June 2023, is relative to associated companies' dividends.

The detail of dividends by entity, in the six-month period ended 30 June 2023 and 2022, is presented in the following table:

	Jun 2023	Jun 2022
Red Electrica Corporación, S.A. ("REE")	3,938	3,938
Hidroeléctrica de Cahora Bassa, S.A ("HCB")	4,517	4,227
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	69	-
	8,524	8,165

11 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 30 June 2023 and 31 December 2022 are made up as follows:

	Jun 2023			Dec 2022		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	251,535	3,275	254,810	229,678	3,275	232,952
Impairment of trade receivables	(2,905)	-	(2,905)	(2,905)	-	(2,905)
Trade receivables net	248,630	3,275	251,904	226,773	3,275	230,047
Tariff deviations	19,799	364,060	383,859	45,451	52,391	97,842
State and Other Public Entities	81,859	-	81,859	55,540	-	55,540
Trade and other receivables	350,288	367,335	717,623	327,764	55,666	383,430

The most relevant balances included in the trade and other receivables caption as of 30 June 2023 are: (i) the receivable of E-Redes Distribuição de Electricidade, SA in the amount of 29,477 thousand Euros (32,125 thousand Euros at 31 December 2022), (ii) the receivable of Galp Gás Natural, S.A., in the amount of 6,681 thousand Euros (5,760 thousand Euros at 31 December 2022), (iii) the receivable of EDP – Gestão da Produção de Energia, S.A., in the amount of 220 thousand Euros (7,112 thousand Euros at 31 December 2022), (iv) the receivable of EDP – Energias de Portugal, S.A., in the amount of 1,970 thousand Euros (15,829 thousand Euros at 31 December 2022), (v) the receivable of Endesa Generación, S.A., in the amount of 9,620 thousand Euros (10,295 thousand Euros at 31 December 2022) and (vi) the amount of 59,940 thousands Euros regarding Social Tariff, not yet invoiced at 30 June 2023.

In the trade and other receivables at 30 June 2023, also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 57,969 thousand Euros (54,758 thousand Euros at 31 December 2022), the amount to invoice to EDP – Distribuição de Energia, S.A., of 7,003 thousand Euros (5,885 thousand Euros at 31 December 2022) 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:

	Jun 2023	Dec 2022
Beginning balance	(2,905)	(2,947)
Reclassifications	-	123
Increases	-	(81)
Ending balance	(2,905)	(2,905)

12 DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2023 and 31 December 2022, the REN Group had the following derivative financial instruments contracted:

	Notional	30 June 2023			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	-	79,394	-	-
Currency and interest rate swaps	10,000,000 TJPY	-	-	9,239	-
Non-Deliverable Forward	1,590,000 TEUR	-	-	11	-
		-	79,394	9,250	-
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	-	-	71,925
		-	-	-	71,925
Trading derivatives					
Trading derivatives	60,000 TEUR	1,778	-	-	-
		1,778	-	-	-
Derivative financial instruments		1,778	79,394	9,250	71,925
31 December 2022					
	Notional	Assets		Liabilities	
		Current	Non-current	Current	Non-current
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	900,000 TEUR	-	78,500	-	-
Currency and interest rate swaps	10,000,000 TJPY	-	-	-	901
Non-Deliverable Forward	3,180,000 TEUR	236	-	-	-
		236	78,500	-	901
Derivatives designated as fair value hedges					
Interest rate swaps	600,000 TEUR	-	-	-	72,563
		-	-	-	72,563
Trading derivatives					
Trading derivatives	60,000 TEUR	-	2,064	-	-
		-	2,064	-	-
Derivative financial instruments		236	80,564	-	73,464

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 swap contract negotiated by REN SGPS to hedge the exchange rate fluctuation risk;
- a global non-deliverable forward contract negotiated by REN Serviços, with the objective of covering the exchange rate 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 30 June 2023 related to these financial instruments, in the net amount payable of 444 thousand Euros (at 31 December 2022 it was 577 thousand Euros payable).

The characteristics of the derivative financial instruments negotiated at 30 June 2023 and 31 December 2022 were as follows:

	Notional	Currency	REN pays	REN receives	Maturity	Fair value at	
						Jun 2023	Dec 2022
Cash flow hedge:							
Interest rate swaps	900,000 TEuros	EUR	[0.75%;1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024;feb-2025]	79,394	78,500
Currency and interest rate swaps	10,000,000 TJPY	EUR/JPY	[Euribor 6m; + 1.9%]	[2.71%]	[jun-2024]	(9,239)	(901)
Non-Deliverable Forward	1,590,000 TCPL	EUR/CLP	[854,4 to 893,1 CLP]	[854,4 to 893,1 EUR]	[jul-2021;dec-2023]	(11)	236
						70,144	77,835
Fair value hedge:							
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	(18,227)	(15,582)
Interest rate swaps	300,000 TEuros	EUR	[Euribor 6m]	[-0.095%]	[apr-2029]	(53,698)	(56,981)
						(71,925)	(72,563)
Trading:							
Interest rate swaps	60,000 TEuros	EUR	[0.99%]	[Euribor 6m]	[jun-2024]	1,778	2,064
						1,778	2,064
					Total	(3)	7,336

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 on 30 June 2023 is presented in the following table:

	2023	2024	2025	2026	2027	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)	1,791	-	-	-	-	-	1,791
Interest rate swap (fair value hedge)	-	-	300,000	-	-	300,000	600,000
Interest rate swap (trading)	-	60,000	-	-	-	-	60,000
Total	1,791	432,899	600,000	-	-	600,000	1,634,690

The breakdown of the notional of derivatives on 31 December 2022 is presented in the following table:

	2023	2024	2025	2026	2027	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)	3,604	-	-	-	-	-	3,604
Interest rate swap (fair value hedge)	-	-	300,000	-	-	300,000	600,000
Interest rate swap (trading)	-	60,000	-	-	-	-	60,000
Total	3,604	432,899	600,000	-	-	600,000	1,636,503

Swaps:

Cash Flow Hedge - Interest Rate Swaps

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

At 30 June 2023, 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 2022 it was 900,000 thousand Euros). The hedged risk is the variable rate index associated to the interest payments of the loans. Credit risk is not being hedged.

The fair value of the interest rate swaps, at 30 June 2023, is positive 79,394 thousand Euros (at 31 December 2022 it was positive 78,500 thousand Euros).

Of the derivatives described above, two contracts in a total amount of 600,000 thousand Euros (at 31 December 2022 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 74,724 thousand Euros (at 31 December 2022 it was 78,316 thousand Euros).

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

	Maturity	Hedged notional	Interest rate	Hedged carrying amount - Jun 2023	Hedged carrying amount - Dec 2022	Note
Cash flow hedging instruments						
European Investment Bank (EIB) Loan	16/12/2024	300,000 TEuros	Euribor 3m	300,805	300,597	16
Bond Issue (Euro Medium Term Notes) ¹	12/02/2025	300,000 TEuros	2.5%	302,856	306,637	16
Bond Issue (Euro Medium Term Notes) ²	16/04/2029	300,000 TEuros	0.50%	300,311	301,068	16

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

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

Cash Flow Hedge – Interest and Exchange Rate Swaps

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

The fair value of the cross currency swap at 30 June 2023 is negative 9,239 thousand Euros (at 31 December 2022 it was positive 901 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 risk⁵;
- 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)⁶. 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

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

As at 30 June 2023, the Group has a total of six active non-deliverable forwards contracts denominated as cash flow hedging instruments in the global amount of 1,791 thousand Euros. The hedged risk corresponds to the foreign exchange exposure of sales made in CLP at the time of the consolidation of the Group entity, Transemel. Credit risk is not covered.

The fair value of non deliverable forwards, as of 30 June 2023, is negative 11 thousand Euros (at 31 December 2022 it was positive 236 thousand Euros). The amount recorded in reserves, referring to the cash flow hedges mentioned above, as at 30 June 2023, is 209 thousand Euros (at 31 December 2022 it was 346 thousand Euros). Additionally, an amount of 72 thousand Euros was recorded as a hedging cost in the income statement, which corresponds to the forward points of the hedging

⁵ The currency effect of the underlying (loan), as at 30 June 2023, was favorable in the amount of 7,464 thousand Euros, and was offset, in the same amount, by the unfavourable effect of the hedging instrument in the income statement for the year (as of 30 June 2022 was favorable in 6,047 thousand Euros).

⁶ The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was positive 1,533 thousand Euros which was offset by the effect of the trading derivative negotiated in negative 293 thousand Euros (as of 30 June 2022 it was negative 2,650 thousand Euros against positive 2,260 thousand Euros of the effect of the trading derivative). Therefore, the net effect on the income statement for the six-month period ended on 30 June 2023 amounted to positive 1,240 thousand Euros (as of 30 June 2022 was negative 390 thousand Euros).

instruments that are not designated as part of the hedging relationship (at 31 December 2022 it was 82 thousand Euros). The hedged instrument of the cash flow hedge 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:

- June 2023

Cash flow hedging instruments	Change in the fair value of hedging instruments ⁽¹⁾	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	(3,593)	(3,593)	-	-
Swaps of exchange rate and interest rate	(8,330)	(2,399)	1,533	(7,464)
Non-Deliverable Forward	(11)	209	-	(220)
	(11,934)	(5,783)	1,533	(7,684)

⁽¹⁾ Includes accrued interest and hedging inefficiency.

- June 2022

Cash flow hedging instruments	Change in the fair value of hedging instruments ⁽¹⁾	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	55,806	55,806	-	-
Swaps of exchange rate and interest rate	(6,572)	2,126	(2,650)	(6,047)
Non-Deliverable Forward	(333)	(266)	-	(67)
	48,901	57,666	(2,650)	(6,114)

⁽¹⁾ Includes accrued interest and hedging inefficiency.

Hedging Reserve:

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

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
1 January 2022	(15,962)	3,837	(12,126)
Changes in fair value and ineffectiveness	92,660	(21,016)	71,644
31 December 2022	76,698	(17,179)	59,518
1 January 2023	76,698	(17,179)	59,518
Changes in fair value and ineffectiveness	(6,167)	1,348	(4,818)
30 June 2023	70,532	(15,831)	54,700

Fair Value Hedge

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

At 30 June 2023, the Group has a total of four fair value hedging derivative contracts amounting to 600,000 thousand Euros (as of 31 December 2022 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 30 June 2023, the fair value of interest rate swaps designated as fair value hedging instruments was negative 71,925 thousand Euros (as of 31 December 2022 it was negative 72,563 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:

- June 2023

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2023	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	304,205	15,635	(1,349)	16
Bond Issue (Euro Medium Term Notes)	16/04/2029	300,000 TEuros	0.50%	304,442	51,769	(4,131)	16
					67,404	(5,480)	

- June 2022

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2022	Note
Fair value hedging instruments							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	288,793	7,017	14,063	16
Bond Issue (Euro Medium Term Notes)	16/04/2029	300,000 TEuros	0.50%	265,916	39,897	34,396	16
					46,914	48,460	

As of 30 June 2023, the change in fair value of the debt related to interest rate risk recognized in the income statement was negative 5,480 thousand Euros (at 30 June 2022 it was positive 48,460 thousand Euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately negative 489 thousand Euros (at 30 June 2022 it was positive 443 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:

- June 2023

Fair value hedging instruments	Hedging inefficiency recorded in profit for the year
Swaps of interest rate	(489)

- June 2022

Fair value hedging instruments	Hedging inefficiency recorded in profit for the year
Swaps of interest rate	442

Trading Derivative

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

The notional amount of this trading derivative is 60,000 thousand Euros as of 30 June 2023 (at 31 December 2022 it was 60,000 thousand Euros). Credit risk is not being hedged. The fair value of the trading derivative, on 30 June 2023, is positive 1,778 thousand Euros (on 31 December 2022 it was positive 2,064 thousand Euros).

Changes in the fair value of the trading derivative are recorded directly in the income statement. The impact in the income statement, as of 30 June 2023, related to the effect of the fair value of the trading derivative was negative 293 thousand Euros (as of 30 June 2022 it was 2,260 thousand Euros positive).

13 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the periods ended 30 June 2023 and 31 December 2022 are made up as follows:

	Jun 2023	Dec 2022
Cash	22	1
Bank deposits	32,529	365,291
Cash and cash equivalents in the statement of financial position	32,551	365,292
The transitional gas price stabilization regime - Decree-Law 84-D/2022 (Note 32)	-	-
Cash and cash equivalents in cash flow statement	32,551	365,292

In the years ended 30 June 2023 and 31 December 2022, there are no cash and cash equivalents that are not available for the group to use.

14 EQUITY INSTRUMENTS

As of 30 June 2023 and 31 December 2022, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	Jun 2023		Dec 2022	
	Number of shares	Share capital	Number of shares	Share capital
Share Capital	667,191,262	667,191	667,191,262	667,191

The caption "Other changes in equity" in the period ended 30 June 2023 amounted to 5,561 thousand Euros.

Additionally, and following the share capital increase in 2017, the caption "Share Premium" in the period ended 30 June 2023 amounted to 116,809 thousand Euros.

At 30 June 2023 and 31 December 2022, 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 period ended 30 June 2023.

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 393,939 thousand Euros includes:

- **Legal reserve:** The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. This reserve can only be used to cover losses or to increase capital. At 30 June 2023 this caption amounts to 141,378 thousand Euros;
- **Fair value reserve:** includes changes in the fair value of available for sale financial assets (38,827 thousand Euros positive), as detailed in Note 10;
- **Hedging reserve:** includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (positive 54,700 thousand Euros) as detailed in Note 12; and
- **Other reserves:** This caption is changed by (i) application of the results of previous years, being available for distribution to shareholders; except for the limitation set by the Companies Code in respect of own shares (Note 14), (ii) exchange rate changes associated to the financial investment whose functional currency is Dollar; (iii) exchange variation of assets and liabilities of financial investments in subsidiaries, namely the exchange rate effect of converting Chilean Peso to Euro and (iv) changes in equity of associates recorded under the equity method. On 30 June 2023, this caption amounts to 159,035 thousand Euros.

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

16 BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 30 June 2023 and 31 December 2022 was as follows:

	Current	Non-current	Total	Current	Non-current	Total
Bonds	63,629	1,031,808	1,095,437	550,000	1,097,002	1,647,002
Bank Borrowings	68,548	313,381	381,929	68,283	348,300	416,583
Commercial Paper	500,000	373,000	873,000	-	250,000	250,000
Leases	1,438	2,522	3,960	1,432	2,418	3,850
	633,616	1,720,711	2,354,327	619,715	1,697,720	2,317,436
Accrued interest	9,679	-	9,679	23,667	-	23,667
Prepaid interest	(2,382)	(2,736)	(5,118)	(4,438)	(2,359)	(6,797)
Borrowings	640,913	1,717,975	2,358,887	638,944	1,695,362	2,334,306

The borrowings settlement plan was as follows:

	2023	2024	2025	2026	2027	Following years	Total
Debt - Non current	-	94,545	570,511	363,294	69,512	622,849	1,720,711
Debt - Current	435,768	197,847	-	-	-	-	633,616
	435,768	292,392	570,511	363,294	69,512	622,849	2,354,327

Detailed information regarding bond issues as of 30 June 2023 is as follows:

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

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 30 June 2023, the Group has eleven commercial paper programs in the amount of 2,125,000 thousand Euros, of which 1,252,000 thousand Euros are available for utilization. Of the total amount 850,000 thousand Euros have a guaranteed placement. As of June 30, 2023, an amount of 477,000 thousand Euros is available (600 thousand Euros were available as of December 31, 2022).

In 2023, a bond issue in the total amount of 500,000 thousands Euros reached its maturity.

In 2023, the Group renegotiated a Revolving Credit Facility with the Bank of China, for which purpose 10,000 thousand Euros, which at that date had been issued, were disbursed. The new financing line, in the amount of 250,000 thousand Euros, was not disbursed.

REN SGPS signed, with the European Investment Bank (EIB), new long term financing in the amount of 150,000 thousand Euros, was not disbursed.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 30 June 2023 amounted to 346,929 thousand Euros (at 31 December 2022 it was 371,583 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).

As of 30 June 2023, the balance of the caption Prepaid interest no longer includes amounts 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 5,480 thousand Euros (negative) (at 30 June 2022 was 48,460 thousand Euros (positive)).

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 30 June 2023, the group complies with all the covenants to which it is contractually bound.

Group 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 2.37% in 30 June 2023 and 1.81% in 31 December 2022.

Leases

Minimal payments regarding lease contracts and the carrying amount of the finance lease liabilities as of 30 June 2023 and 31 December 2022 are made up as follows:

	Jun 2023	Dec 2022
Lease liabilities - minimum lease payments		
No later than 1 year	1,524	1,450
Later than 1 year and no later than 5 years	2,668	2,435
	4,192	3,885
Future finance charges on leases	(232)	(35)
Present value of lease liabilities	3,960	3,850
	Jun 2023	Dec 2022
The present value of lease liabilities is as follows		
No later than 1 year	1,438	1,432
Later than 1 year and no later than 5 years	2,522	2,418
	3,960	3,850

17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

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

At 30 June 2023 and 31 December 2022, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Jun 2023	Dec 2022
Liability on statement of financial position		
Pension plan	30,314	32,551
Healthcare plan and other benefits	32,667	32,388
	62,981	64,939

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

	Jun 2023	Dec 2022
Initial balance	64,939	94,109
Current service costs and Net interest on net defined benefit	2,110	3,749
Actuarial gains/(losses):		
- impact on the statement of profit and loss	-	(157)
- impact on equity	(2,048)	(27,254)
Benefits paid	(2,019)	(5,508)
Final balance	62,981	64,939

During the six-month periods ended 30 June 2023 and 2022, the following operating expenses were recorded regarding benefit plans with employees:

	Jun 2023	Jun 2022
Charges to the statement of profit and loss (Note 28)		
Pension plan	1,360	1,322
Healthcare plan and other benefits	750	437
	2,110	1,759

The amounts reported at 30 June 2023 result from the projection of the actuarial valuation made on 31 December 2022, considering the estimated salaries for 2023. The amount reported at 30 June 2022 results from the actuarial valuation made on 30 June 2022, considering the significant changes verified at inflation and interest rate.

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 2022	Jun 2022
Annual discount rate	Full Yield Curve (single rate equivalent: 3.87%)	Full Yield Curve (single rate equivalent:
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	4.50% by 2023 2.80% from 2024	3.30%
Pension increase	3.50% by 2023 2.30% from 2024	2.30%
Future increases of Social Security Pension amount	3.50% by 2023 2.30% from 2024	2.30%
Inflation rate	2.30%	2.30%
Medical trend	2.30%	2.30%
Management costs (per employee/year)	€282	€282
Expenses medical trend	2.30%	2.30%
Retirement age (number of years)	66	66
Mortality table	TV 99/01	TV 88/90

18 PROVISIONS FOR OTHER RISKS AND CHARGES

The changes in provisions for other risks and charges in the periods ended 30 June 2023 and 31 December 2022 were as follows:

	Jun 2023	Dec 2022
Beginning balance	10,576	8,872
Reclassifications	766	-
Increases	232	2,576
Reversing	-	(346)
Utilization	(662)	(526)
Ending balance	10,912	10,576

At 30 June 2023, 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 provision for restructuring in the amount of 949 thousand Euros related to the ongoing restructuring process of the Group.

19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 30 June 2023 and 31 December 2022 was made up as follows:

	Jun 2023			Dec 2022		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers (Note 9)	406,940	-	406,940	219,141	-	219,141
Other creditors						
Other creditors (Note 9)	45,305	33,816	79,121	28,369	34,815	63,184
Tariff deviations (Note 9)	260,185	69,035	329,220	523,570	73,646	597,217
Fixed assets suppliers (Note 9)	58,622	-	58,622	59,887	-	59,887
Tax payables (Note 9) (i)	12,987	-	12,987	19,629	-	19,629
Deferred income						
Grants related to assets	19,228	255,797	275,025	19,346	252,847	272,194
Bilateral agreements - Grants	-	121,754	121,754	-	86,967	86,967
Others	13,552	1,890	15,443	9,563	2,021	11,584
Accrued costs						
Holidays and holidays subsidies (Note 9)	6,500	-	6,500	5,909	-	5,909
Trade and other payables	823,319	482,293	1,305,612	885,416	450,297	1,335,713

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

The caption "Trade and other payables" includes: (i) the amount of 111,004 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (40,521 thousand Euros at 31 December 2022); (ii) the amount of 13,630 thousand Euros of investment projects not yet invoiced (23,195 thousand Euros at 31 December 2022); (iii) the amount of 57,969 thousand Euros (54,758 thousand Euros at 31 December 2022) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); (iv) the amount of 7,003 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (5,885 thousand Euros at 31 December 2022), also reflected in the caption "Trade receivables" (Note 11) and (v) the amount of 123,897 thousands Euros from of E-Redes Distribuição de Eletricidade, SA (28,292 thousands Euros at 31 December 2022).

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 3,389 thousand Euros (1,078 thousand Euros at 31 December 2022) 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 28,101 thousand Euros (Note 27) (at 30 June 2022 was 28,018 thousand Euros).

20 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss for the six-month period ended 30 June 2023 and 2022 is made up as follows:

	Jun 2023	Jun 2022
Goods:		
Domestic market	74	60
	74	60
Services - Domestic market:		
Electricity transmission and overall systems management	202,205	169,915
Gas transmission	34,228	41,042
Regasification	31,825	29,230
Gas distribution	28,408	22,469
Underground gas storage	14,103	8,946
Telecommunications network	3,883	3,877
Trading	481	373
Others	47	906
Services - External market (Chile):		
Transmission and transformation of electricity	11,829	6,333
	327,010	283,091
Total sales and services rendered	327,084	283,151

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 as of 30 June 2023 and 2022 were made up as follows:

	Jun 2023	Jun 2022
Revenue from construction of concession assets		
Acquisitions	96,370	65,723
Own work capitalised :		
Financial expenses (Note 5)	2,025	1,131
Overhead and management costs (Note 5)	10,280	9,060
	108,674	75,915
Cost of construction of concession assets		
Acquisitions	96,370	65,723
	96,370	65,723

22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the six-month period ended 30 June 2023 and 2022 is made up as follows:

	Jun 2023	Jun 2022
Recognition of investment subsidies in profit and loss	9,057	9,093
Underground occupancy tax	4,337	3,965
Disposal of unused materials	929	713
Supplementary income	887	328
Others	1,028	593
	16,237	14,692

23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the six-month period ended 30 June 2023 and 2022 is made up as follows:

	Jun 2023	Jun 2022
Cross border interconnection costs i)	21,905	4,080
Fees relating to external entities ii)	8,529	5,897
Maintenance costs	6,606	6,476
Gas transport subcontracts	3,384	2,781
Electric energy costs	2,529	8,884
Insurance costs	2,518	2,415
Security and surveillance	1,150	1,095
Travel and transportation costs	746	408
Advertising and communication costs	371	335
Other	2,719	2,288
External supplies and services	50,459	34,659

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

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

24 PERSONNEL COSTS

Personnel costs for the six-month period ended 30 June 2023 and 2022 are made up as follows:

	Jun 2023	Jun 2022
Remuneration:		
Board of directors	1,523	1,793
Personnel	21,959	20,229
	23,482	22,022
Social charges and other expenses:		
Social security costs	4,438	4,214
Post-employment and other benefits cost (Note 17)	2,110	1,759
Social support costs	1,053	1,046
Other	142	239
	7,743	7,257
Total personnel costs	31,226	29,279

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 six-month period ended 30 June 2023 and 2022 are made up as follows:

	Jun 2023	Jun 2022
ERSE operating costs i)	6,500	3,354
Underground occupancy tax	4,359	3,965
Donations and quotizations	1,124	1,005
Others	927	921
	12,910	9,246

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 six-month period ended 30 June 2023 and 2022 are made up as follows:

	Jun 2023	Jun 2022
Financial costs		
Interest on bonds issued	17,457	18,890
Other borrowing interests	7,669	2,937
Interest on commercial paper issued	4,232	2,119
Derivative financial instruments	1,079	2,445
Exchange rate differences	-	153
Other financing expenditure	5,996	1,433
	36,433	27,977
Financial income		
Interest income	4,010	427
Other financial investments	3,922	1,585
Exchange rate differences	968	-
Derivative financial instruments	16	2,260
	8,916	4,273

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 no. 82-B / 2014, of 31 December, Law no. 7-A / 2016, of 30 March, Law no. 114/2017, of 29 December, Law no. 71/2018, 31 December, Law no. 2/2020, of 31 March, Law no. 75-B/2020, of 31 December, Law no. 99/2021, of 31 December and Law no. 24-D/2022, 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 2023 (1 January 2023) 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 2023) 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 28,101 thousand Euros (Note 19) (for the six-month period ended 30 June 2022 was 28,018 thousand Euros) against a cost in the statement of profit and loss.

28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Jun 2023	Jun 2022
Consolidated net profit used to calculate earnings per share	(1)	63,031	45,854
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	667,191,262
Effect of treasury shares (note 14)		3,881,374	3,881,374
Number of shares in the period	(3)	663,309,888	663,309,888
Basic earnings per share (euro per share)	(1)/(3)	0.09	0.07

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

On 28 April 2022, the General Meeting approved the distribution of dividends to shareholders, based on the result for the 2021 financial year, in the amount of 102,747 thousand Euros (0.154 Euros per share), including the dividend attributable to own shares in the amount of 597 thousand Euros, with the amount of 102,150 thousand Euros having been paid to shareholders.

The strategic plan announced by the Company on 14 May 2021, the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. approved, on 30 November 2022, the payment of dividends, as an advance on profits, in the amount of 0.064 Euros per share, in the amount of 42,452 thousand Euros.

On 27 April 2023, the General Meeting approved the distribution of dividends to shareholders, based on the result for the 2022 financial year, in the amount of 102,747 thousand Euros (0.154 Euros per share), including the dividend attributable to own shares in the amount of 597 thousand Euros, with the amount of 102,150 thousand Euros having been paid to shareholders (the amount of 42,452 thousand Euros paid in 2022, as an advance on profits, and the amount of 59,698 thousand Euros in 2023).

30 CONTINGENT ASSETS AND LIABILITIES

30.1. Contingent liabilities

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

According to the CAE, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the CAE with Tejo Energia and Turbogás. According to the information received, the total costs incurred by these companies until 30 June 2023 amounts to, approximately, 107 million Euros.

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

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

30.2. Guarantees given

At 30 June 2023 and 31 December 2022, the REN Group had given the following bank guarantees:

Beneficiary	Scope	Jun 2023	Dec 2022
European Investment Bank (EIB)	To guarantee loans	199,210	216,338
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	26,843	25,881
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	24,028	24,028
Judge of District Court	Guarantee for expropriation processes	17,278	6,141
Mibgás	To guarantee the liabilities incurred from the participation in the gas organized market	4,000	4,000
Municipal Council of Seixal	Guarantee for litigation	3,133	3,133
Portuguese State	Guarantee for litigation	2,232	2,232
Municipal Council of Maia	Guarantee for litigation	1,564	1,564
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Infraestruturas de Portugal	Guarantee for litigation	708	603
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, S.A.	Guarantee obligations assumed by the Payer in the contract for the Provision of Communications Services	123	123
Lisbon Maritime Customs	Constitution of possible customs debts	115	-
Others (loss then 100 thousand Euros)	Guarantee for litigation	271	270
		281,545	286,354

31 RELATED PARTIES

Main shareholders

At 30 June 2023 and 31 December 2022, the shareholder structure of Group REN was as follows:

	Jun 2023		Dec 2022	
	Number of shares	%	Number of shares	%
State Grid Corporation of China	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	50,953,911	7.6%	49,568,307	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%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	296,602,175	44.5%	297,987,779	44.7%
	667,191,262	100%	667,191,262	100%

Management remuneration

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

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

Remuneration of the Board of Directors of REN, SGPS in the six-month period ended 30 June 2023 amounted to 1,334 thousand Euros (1,612 thousand Euros at 30 June 2022), as shown in the following table:

	Jun 2023	Jun 2022
Remuneration and other short term benefits	827	845
Management bonuses (estimate)	507	767
	1,334	1,612

Transaction of shares by the members of the Board of Directors

During the six-month period ended 30 June 2023 , 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 (Note 3.2) 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 six-month periods ended 30 June 2023 and 2022, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

Revenue

	Jun 2023	Jun 2022
<u>Sales and services provided</u>		
Invoicing issued - REE	2,726	826
Invoicing issued - Centro de Investigação em Energia REN - State Grid	55	69
<u>Other operating income</u>		
Invoicing issued - OMIP	24	-
<u>Dividends received</u>		
Electrogas (Note 7)	5,928	3,668
REE (Note 1)	3,938	3,938
	12,671	8,501

Expenses

	Jun 2023	Jun 2022
<u>External supplies and services</u>		
Invoicing received - OMIP	78	76
Invoicing received - REE	57	9
Invoicing received - Centro de Investigação em Energia REN - State Grid	-	52
Invoicing received - CMS Rui Pena & Arnaut ⁹	46	87
	181	223

Balance

The balances at 30 June 2023 and 31 December 2022 resulting from transactions with related parties were as follows:

	Jun 2023	Dec 2022
<u>Trade and other receivables</u>		
REE - Dividends	-	1,477
Centro de Investigação em Energia REN - State Grid - Other receivables	26	145
REE - Trade receivables	51	119
	77	1,740
<u>Trade and other payables</u>		
Centro de Investigação em Energia REN - State Grid - Other payables	152	102
CMS - Rui Pena & Arnaut - Trade payables ⁹	7	4
SPECO - Shandong Power Equipment CO - Trade payables ¹⁰	251	375
	410	480

⁹ Entity related to the Administrator José Luís Arnaut. During 2023, 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.

¹⁰ Subsidiary entity of the shareholder State Grid Europe Limited. The operations with this entity are related to acquisitions of concession assets in progress.

32 DECREE-LAW NO. 84-D/2022 – TRANSITORY GAS PRICE STABILIZATION REGIME

The Portuguese State, through Decree-Law no. 84-D/2022, of 9 December 2022, established a transitional regime to stabilize the price of natural gas for consumption carried out in 2023, through the discount on the price of natural gas, equivalent to the difference between the price of the energy component, shown on the invoice, and its reference value, as provided for in article 3 of this decree-law.

The beneficiaries of the transitional price stabilization regime are legally constituted legal persons, consumers of high, medium and low pressure gas at delivery points with annual consumption greater than 10,000 m³, with the exception of the entities referred to in number 2 of article 2.th.

The discount is applied directly by the suppliers in the month following the billing of the respective consumption, once the invoice has been paid by the customer, and the discount must be expressly identified on the invoice in which it is reflected.

Suppliers inform, on the first working day of each week, the Global Technical Manager of the National Gas System (“GTG”) regarding the quantities and discount values to be applied to the billing issued in the previous week, including the total consumption of their portfolio from clients. Based on the information transmitted, the GTG transfers, within 10 days to the suppliers, the amounts referring to the support to be granted for each identified billing cycle.

As mentioned in the aforementioned Decree-Law, more precisely in Article 7, it is the responsibility of REN Gasodutos, as Global Technical Manager of the National Gas System, to interact with suppliers in order to operationalize the application of this decree-law. It is REN Gasodutos' responsibility to transfer the funds provided by the Portuguese State for the purposes of this decree-law, and such amounts cannot be used for other purposes. The amount transferred by the Government is deposited in a dedicated bank account, with accounting separation in relation to other activities carried out by the Company.

On 29 December 2022, the Company received the amount of 1,000,000 thousand Euros, recorded under the caption Transitory gas price stabilization regime - Decree-Law no. 84-D/2022, both in assets and in liabilities, taking into account the need for accounting separation in relation to the other activities carried out by the Company, as mentioned above and mentioned in paragraph 3 of article 7 of the aforementioned decree-law.

Payments of the amounts corresponding to natural gas consumption billed in 2023 begin in February of the same year and can be settled by the end of January 2024. If the amount transferred under this decree-law is not exhausted, REN transfers the respective remainder in favor of the Portuguese State, as referred to in paragraph 5 of article 7 of the referred Decree-Law.

As of 30 June 2023, the Company has already made payments in accordance with the aforementioned Decree-Law, as such the amount recorded in “Transitional gas price stabilization regime - Decree-Law 84-D/2022”, both in assets and in liabilities, is 931,342 thousand Euros.

33 SUBSEQUENT EVENTS

There were no other events that gave rise to adjustments or additional disclosures in the Company's consolidated financial statements for the six-month period ended 30 June 2023 .

34 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)

Houyun Shi

(Member of the Board of Directors)

Yang Qu

(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.

4. APPENDIX

4.1 Declaration of Conformity

DECLARATION PROVIDED IN THE ARTICLE 29.º-J (1) (C)

OF THE PORTUGUESE SECURITIES CODE

In accordance with and for the purposes of article 29.º-J (1) (c) of the Portuguese Securities Code, each one of the members of the Board of Directors of REN - Redes Energéticas Nacionais, SGPS, S.A., nominally identified below, has underwritten the declaration transcribed hereafter ⁷:

“I hereby declare, pursuant to and for the purposes specified in Article 29.º-J, No. 1, paragraph c) of the Portuguese Securities Code, to the best of my knowledge, and serving as and in the scope of the functions assigned to me, based on the information made available to me, that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, thus providing a true and fair view of the assets and liabilities, financial position and results of REN - Redes Energéticas Nacionais, SGPS, S.A. and of the companies included in its scope of consolidation, and that the management report relating to the first half of 2023 faithfully describes the evolution of the business, the performance and position of the Company and those companies, within such period, and the impact on the respective financial statements, also containing a description of the main future risks and uncertainties.”

Lisbon, 20th July 2023

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)

Houyun Shi (Member of the Board of Directors)

Yang Qu (Member of the Board of Directors)

Jorge Magalhães Correia (Member of the Board of Directors)

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

Gonçalo Gil Mata (Member of the Board of Directors of the Audit Committee)

Rosa Freitas Soares (Member of the Board of Directors of the Audit Committee)

Ana Pinho (Member of the Board of Directors)

Maria Estela Barbot (Member of the Board of Directors)

Ana da Cunha Barros (Member of the Board of Directors)

José Luis Arnaut (Member of the Board of Directors)

⁷ The original of the mentioned individual statements are available, for consultation, at the Company's head office.

4.2 List of qualified shareholdings [Item c) of no. 1 of Article 9 of CMVM'S Regulation no. 5/2008]

Based on the communications submitted to the Company, in particular in accordance with Article 16 of the Securities Code and CMVM Regulation No 5/2008, with reference to 30 June 2023, shareholders having a qualifying holding (representing at least 5% of REN's share capital), calculated in accordance with Article 20 of the Securities Code, were as follows:

STATE GRID CORPORATION OF CHINA	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	0	0%
Through State Grid Europe Limited (SGEL), fully owned and controlled by State Grid International Development Limited (SGID), which is controlled by State Grid Corporation of China	166 797 815	25.0%
Total attributable	166 797 815	25.0%

PONTEGADEA INVERSIONES S.L.⁸	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	80 100 000	12.0%
Indirectly	0	0%
Total attributable	80 100 000	12.0%

LAZARD ASSET MANAGEMENT LLC	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	0	0
Indirectly ⁹	50 953 911 ¹⁰	7,6%
Total attributable	50 953 911	7,6%

FIDELIDADE COMPANHIA DE SEGUROS, S.A.¹¹	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	35 176 796	5.27%

⁸ In accordance with the communication sent by the company on 30 July 2021, Pontegadea Inversiones S.L. is controlled by Mr. Amancio Ortega Gaona, to whom the 12.006% voting rights in REN are attributed, pursuant to article 20(1)(b) of the Securities Code.

⁹ This qualified shareholding, calculated under Article 20 of the Securities Code, is held by Lazard Asset Management LLC on behalf of Clients, and is attributable to it since it agreed with the Clients that it would exercise the voting rights. The qualified shareholding is also attributable to (i) Lazard Freres & Co, which holds the total share capital of the firstly mentioned company; (ii) Lazard Group LLC, which holds the total share capital of the secondly mentioned company; and (iii) Lazard Limited, company with shares admitted to trading in the NYSE market, as controlling entity of the abovementioned company.

¹⁰ In accordance with information made available by Lazard Asset Management LLC on July 10, 2023, by reference to June 30, 2023.

¹¹ This qualified shareholding, calculated under Article 20 of the Securities Code, is also attributable to LongRun Portugal, S.G.P.S., S.A., Millenium Gain Capital, Fosun Financial Holdings Limited, Fosun International Limited, Fosun Holdings Limited, Fosun International Holdings, Ltd. and to Mr. Guo Guangchang, as natural or legal persons ou control directly or indirectly Fidelidade – Companhia de Seguros, S.A.

Through Via Directa – Companhia de Seguros, S.A., which is controlled by Fidelidade	119 889	0.02%
Through Companhia Portuguesa de Resseguros, S.A., which is controlled by Fidelidade	37 537	0.01%
Through Fidelidade Assistência – Companhia de Seguros, S.A., which is controlled by the common shareholder Longrun ¹²	98 732	0.01%
Through Multicare – Seguros de Saúde, S.A., which is controlled by the common shareholder Longrun ¹³	63 470	0.01%
Total attributable	35 496 424	5.32%

RED ELÉCTRICA CORPORACIÓN, S.A.	NO OF SHARES	% SHARE CAPITAL WITH VOTING RIGHTS
Directly	0	0%
Through its branch Red Eléctrica Internacional, S.A.U.	33 359 563	5.0%
Total attributable	33 359 563	5.0%

¹² Longrun holds, also, 80% of the share capital of Fidelidade Assistência – Companhia de Seguros, S.A.

¹³ Longrun holds, also, 80% of the share capital of Multicare – Seguros de Saúde, S.A.

4.3 Limited review Report prepared by an auditor registered at the stock exchange commission (Comissão do Mercado de Valores Mobiliários) on the half year consolidated information



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*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Limited review report on the condensed consolidated financial statements

Introduction

We have performed a limited review on the condensed consolidated financial statements of REN - Redes Energéticas Nacionais, SGPS, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 30 June 2023 (showing a total of 6,343,427 thousand Euros and a total shareholders' equity of 1,472,227 thousand Euros, including a consolidated net profit for the period of 63,031 thousand Euros), Consolidated Statement of Profit and Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the six month period then ended, and notes to the consolidated financial statements which includes a summary of significant accounting policies.

Board of Directors responsibilities

The Board of Directors is responsible for the preparation of the condensed consolidated financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34), and for the design and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements which are free from material misstatement due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and other rules and technical and ethical requirements issued by the Institute of Statutory Auditors. Those standards require that our work is performed in order to conclude that nothing has come to our attention that causes us to believe that the financial statements have not been prepared in all material respects in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34).

A review of financial statements is a limited assurance engagement. The procedures performed consisted primarily of making inquiries of management and others within the Entity and its subsidiaries, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of REN - Redes Energéticas Nacionais, SGPS, S.A., as at 30 June 2023, have not been prepared, in all material respects, in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34).

Lisbon, 20 July 2023

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

[Signed]

Rui Abel Serra Martins - ROC nr. 1119
Registered with the Portuguese Securities Market Commission under license nr. 20160731

4.4 Report and opinion of the Audit Committee in respect of the consolidated half year information (regarding the six month period ended 30th June 2023)

(Translation of a report originally issued in Portuguese)

Within the scope of the responsibilities attributed, the Audit Committee, during the first semester of 2023, accompanied the development of the activity of REN – REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. (the “Company”) and its participated companies, ensured compliance with the law, regulations and articles of association, oversaw the fulfillment of the accounting policies and practices and supervised the process of preparation and disclosure of the financial information the legal review of accounts and the effectiveness of the internal control and risk management systems. It further supervised the activity of the Statutory Auditor and the External Auditor, including their independence and impartiality.

Within the limits of the powers of the Audit Committee and pursuant to the provisions of the nr. 1, of article 29-J of the Securities Market Code, of the article 423-F, no. 1, g) of the article 420, no. 6, both of the Commercial Companies Code, it is hereby declared that as far as this Committee is aware, the financial information included in the Management Report and the financial statement for the half year ended June 30, 2023 were prepared in accordance with the applicable accounting standards, reflecting a true and fair view of the assets and liabilities, the financial position and results of REN - Redes Energéticas Nacionais, SGPS, S.A. and the companies included in the consolidation perimeter. Additionally, the Management Report faithfully states the evolution of the business, performance and position of the Company and the group, complies with applicable legal, accounting and statutory requirements and, whenever justified, contains a description of the main risks and uncertainties they face.

The Audit Committee examined the consolidated financial information included in the Management Report and the financial statement for the period of six months ended on June 30, 2023 of REN – REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A., which comprise the Consolidated Statement of Financial Position (that reflects total assets of 6,343,427 thousand Euros and total equity of 1,472,227 thousand Euros, including a consolidated net profit of 63,031 thousand Euros), the Consolidated Statements of Profit and Loss, Comprehensive Income, Changes in Equity and Cash Flows for the half year then ended and the corresponding Notes.

The Audit Committee also examined and agreed with the Limited Review Report on the above mentioned consolidated half year information prepared by the Statutory Auditor and by the External Auditor.

Within the context of the analysis undertaken, the Audit Committee further supervised the compliance and adequacy of the accounting policies, procedures, practices and adopted valuation criteria, as well as the regulatory and quality of the Company's accounting information.

In light of the above, it is the opinion of the Audit Committee that the consolidated financial information for the period of six months ended on June 30, 2023 abide by applicable accounting, legal and statutory provisions, therefore it recommends its approval.

Lisbon, 20th July 2023

Manuel Ramos de Sousa Sebastião

Rosa Maria Soares

Gonçalo Gil Mata