Redexis Gas Finance B.V., Amsterdam

Annual report 2021

14 April 2022
This report contains 26 pages

Contents

The Board of Directors report 2

Financial statements 8

Balance sheet as at 31 December 2021 8

Profit and loss account for the year ending 31 December 2021 9

Cash flow statement for the year ending 31 December 2021 10

Notes to the 2021 financial statements 11

Other information 25

The Board of Directors report

The Board of Directors of Redexis Gas Finance B.V. (further named 'the Company') hereby presents its Board of Directors report, financial statements and other information for the year ended 31 December 2021.

General information

The Company was incorporated on 10 March 2014. The principal activity of the Company is to issue and manage notes and other financial instruments, and to lend the funds to sister company Redexis, S.A. The Company and Redexis, S.A. (until the change of the articles on 20 May 2021 named Redexis Gas S.A.) are owned by the same shareholders.

Shareholders information

On 21 December 2021, ATP Infrastructure II ApS transferred all shares held in the Company to its sole shareholder Arbejdsmarkedets Tillægspension.

As at 31 December 2021, and following this transfer, the Company has the following shareholders: Chase Gas Investment Ltd. (33.3%), Arbejdsmarkedets Tillægspension (33.4%), and Guotong Romeo Holdings Limited (33.3%).

Financial information

On 21 March 2014 the Company established and launched a 2 billion Euro Medium Term Note ('Programme'), described in a base prospectus of the same date that has been revised, supplemented or amended on 8 April 2015, 21 November 2017, 18 July 2019 and 13 May 2020.

On 8 April 2014, a first tranche of Bonds ('First Tranche') was issued under this programme for an amount of € 650 million at a discount of 0.627% and at a nominal interest rate of 2.75%. On 29 May 2020 the Company received a repayment on its corresponding receivable from Redexis, S.A. of € 156 million and subsequently made a repayment on the First Tranche with an aggregate total nominal value of € 156 million. On 4 January 2021, the Company received a repayment of € 494 million on its receivable (equal to the total outstanding principal) which amount was paid to the holders of the First Tranche as a result of which it became fully repaid.

On 25 April 2015, a second tranche of Bonds ('Second Tranche') was issued under the programme for an amount of € 250 million at a discount of 1.08% and at a nominal interest rate of 1.875%. Interest on the Second Tranche is due on 27 April of each year until the maturity date of 27 April 2027.

On 1 December 2017, a third tranche of Bonds ('Third Tranche') was issued under the programme for an amount of € 250 million and accrued interest of € 2.8 million at a discount of 1.243% and at a nominal interest rate of 1.875%. Interest on the Third Tranche is due on 27 April of each year until the maturity date of 27 April 2027.

On 19 May 2020, the Company issued a €500 million as fourth tranche of Bonds ('Fourth Tranche') under the programme of € 500 million at a discount of 0.9% and at a nominal interest rate of 1.875%. Interest on the Fourth Tranche is due on 28 May of each year until the maturity date of 28 May 2025.

The proceeds of the Second Tranche, Third Tranche and Fourth Tranche are lent to Redexis, S.A. who provided an unconditional and irrevocable guarantee for the benefit of all Bondholders with respect to the prescribed and punctual repayment of the Bonds (including interest) issued by Redexis Gas Finance B.V.

The mark-up between the rates of borrowing and lending is 0.118% for the first tranche of Bonds, 0.114% for the second and the third tranche and 0.035% for the fourth tranche of Bonds, which is sufficient to cover the operating expenses and to achieve a positive net result.

In 2021, the nominal amount of the loans to shareholders amounting € 2 million was settled to equity through conversion of share premium for the same amount into nominal share capital (increase nominal share value). The subsequent € 2 million reduction of nominal capital (reduction nominal share value) was followed by a distribution to the shareholders for the same amount, made against the repayment of the nominal loan.

The Company has equity of € 3.74 million (2020: € 5.43 million) and realized a profit after tax amounting to € 0.31 million (2020: € 1.39 million).

No dividends were paid during the current year (2020: no dividends). The Board of Directors will propose to the shareholders to appropriate the result of the current year to the retained earnings.

Significant risks and uncertainties

With respect to the activities the Company faces the following main risks:

- Credit risk;
- Liquidity risk; and
- Interest rate risk.

Credit risk

The Company has three (2020: four) significant loans receivable from Redexis, S.A. (related party) for a total nominal value of € 1,000 million (2020: € 1,494 million). The possibility to repay the loans depends on the operational performance of Redexis, S.A. and its subsidiaries (“the Group”). The Group’s main activity is distribution and transmission of natural gas, which is a regulated activity in Spain. Operating results could be materially affected by changes in laws, regulations or regulatory policies that apply to its business.

On April 3, 2020 the Spain’s National Authority for Markets and Competition (CNMC) published the approved gas distribution remuneration methodology, marking the end of the regulatory revision process toward the new regulatory period starting January 2021 and ending December 2026. This methodology follows the one published on December 19, 2019 regarding gas transmission remuneration. The finalization of the regulatory review results in good visibility toward the upcoming regulatory period. In our opinion, the gas transmission remuneration methodology, approved on Dec. 19, 2020, and the gas distribution remuneration methodology published by the CNMC on April 3, 2020, will provide Redexis S.A. with a stable operating environment over the six-year regulatory period starting in January 2021.

The rating agency S&P assigned a credit rating to Redexis, S.A. The rating assigned as per October 2021, the most recent S&P rating available, is BBB- (2020: BBB- on May 2020). The outlook is stable.

Other risks that the Group faces that could impact the financial performance, are the risks of not obtaining regulatory approvals to make new investments in the gas network or not being able to complete investment projects, the development of gas demand and environmental and health and safety risks.

The Board of Directors has made, in close cooperation with the Management of the Group, an assessment of the above risks and the expected cash flows of the Group during the period of the loan. Based on this and the above mentioned credit rating for the Group, the Board of Directors has concluded that the overall credit risk is low.

Liquidity risk

The main liquidity risk that the Company faces is that it does not have sufficient cash to pay the interest and principal on the Bonds when these are due. The Board of Directors therefore closely monitors the liquidity position of the Company in the days prior to the interest due date and maturity date in order to ensure that it will collect the interest and principal from Redexis, S.A. prior to the interest due date and maturity date.

The interest receipt from the loans and the interest payment dates of the Bonds are contractually aligned, as are the maturity dates. The Board of Directors therefore considers the liquidity risk to be low.

Interest rate risk

The interest rate on the second, third and fourth tranche of Bonds issued on the market was fixed at 1.875%. The interest on the loans to Redexis, S.A. held a mark-up of 0.114% for the second and the third tranche of Bonds and 0.035% for the fourth tranche of Bonds. The Board of Directors considers the interest rate risk as low due to the fixed interest rates and the mark-up on loans receivables versus payables.

Disclosure and publication requirements

The Company has elected Luxembourg as its home member state in respect of its EMTN Programme. As a result, the Company must provide the regulated part of the Luxembourg authority that monitors the financial industry, the Commission de Surveillance du Secteur Financier (the CSSF), with certain information on an ongoing basis.

Furthermore, the Company has chosen Luxembourg as its home member state for the Transparency Directive purposes and therefore has to comply with disclosure, storage and filing obligations with respect to regulated information.

As the notes issued have a denomination per unit of € 100,000, the Company can use the Wholesale Exemption and doesn’t have to provide annual financial reports with the CSSF.

Corporate Governance

Based on EU law the Company is considered to be an organization of public interest as it issued financial instruments that are quoted on the Luxembourg Stock Exchange.

Based on article 2 of the EC Directive 2006/43/EC Implementation Decree of 26 July 2008 (the Decree) concerning audit of annual accounts, organizations of public interest have to set up an audit committee and have to comply with parts of the Dutch Corporate Governance Code.

As an alternative for the audit committee a company can appoint another body of the Company to perform the role of the “audit committee” and at least one member of that body must be independent within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code (the NCGC).

Compliance with the Dutch Corporate Governance Code

As per article 2 of the Decree, the Company has to comply with articles III 5.4 subs a, b, c, f, article III 5.7 and principles V.2 and V.4 of the Dutch Corporate Governance Code.

Article III 5.4 describes the duties of the “audit committee”. Article III 5.7 determines that at least one of the members should be a financial expert as described in article III 3.2. The principles V2 and V4 concern the relation between the Committee and the external auditor.

Financial Accounting Supervision Committee

The Board of Directors of the Company created a Financial Accounting Supervision Committee (the “committee” or “FASC”) and set up the Terms of reference of this committee. The FASC is the Company’s equivalent of the ‘audit committee’ as required under the EC directive referred to before.

In these Terms of reference, rules have been laid down with respect to the composition, meetings and the duties and powers of the FASC, all in accordance with article 2 of the Decree.

As at 31 December 2021, the committee consists of three members, being Mr. R. Meijer, Mr. E. Honing and Mr. M. Smit.

Mr. R. Meijer is chairman and is independent of the Company’s management, corporate service provider and auditors. As of 1 January 2022, Mr. Meijer is no longer a certified accountant-in-business but is deemed to have expertise in financial reporting and auditing.

Mr. E. Honing and Mr. M. Smit are employees of the corporate service provider (Vistra Management Services (Netherlands) B.V.). Mr. E. Honing holds a LLM degree from the University of Utrecht and Mr. M. Smit holds a bachelor degree.

The main tasks of the committee are monitoring of the process of the financial reporting, the internal control system and monitoring of the audit of the financial statements.

The members of the committee are appointed by the Board of Directors of the Company subject to approval of the General Meeting, in accordance with its Articles of Association and may only exercise powers that are explicitly attributed or delegated to it by the Board of Directors. The committee reports its findings and recommendations to the Board of Directors and also has a yearly meeting with the external auditors.

The Board of Directors is of the view that the composition of the committee is and that the performance of the tasks has been in accordance with the legal requirements set in the EU directive, local law and the applicable parts of the Dutch Corporate Governance Code.

Internal control

The Company has implemented a system of internal control that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations. This internal control ensures that risk is properly measured and managed.

The Board of Directors and FASC composition

We highlight that currently the Board of Directors consists of one woman and two men and all FASC members are male. The Company believes that the composition of its Board and FASC has a broad diversity of experience, expertise and background, and that the backgrounds and qualifications of the Board of Directors and FASC members, considered as a group, provide a significant mix of experience, knowledge, abilities and independence that we believe our Board of Directors and FASC to fulfil its responsibilities and properly execute its duties. The Company has a policy to appoint directors based on quality over gender and will continue to ensure the diversity in the Board of Directors and FASC.

Impact of Covid-19

Since the beginning of the year 2020 through the year ended 31 December 2021, the spread of Covid-19 has severely impacted many local economies around the globe. Measures taken to contain the spread of the virus including travel bans, quarantines, social distancing and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The duration and impact of the Covid-19 outbreak is unknown at this stage. Currently it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. However, management believes that the Company has sufficient liquidity to meet its obligations as they fall due and considers it appropriate that the Company maintains the going concern basis regarding the preparation of these financial statements.

Research and development

The Company does not invest in research and development, as the sole purpose is to arrange financing for related entities.

Environmental and personnel-related information

The Company, based on her sole purpose and activities, does not have environmental related affairs. In respect of personnel we refer to note 14 of the financial statements.

Information concerning application of code of conduct

The Company voluntarily follows the code of conduct as issued by The Monitoring Commissie Corporate Governance Code. No issues are noted in respect of compliance with the code of conduct followed.

Statement ex Article 5:25c Paragraph 2 sub c1-2 Financial Markets Supervision Act (‘Wet op het Financieel Toezicht’)

To our knowledge,

- the financial statements give a true and fair view of assets, liabilities, financial position and result of the Company;
- the Board of Directors report gives a true and fair view of the Company’s position as per 31 December 2021 and developments during the financial year ending 31 December 2021; and
- the Board of Directors report describes the material risks the issuer is facing.

Outlook

The Company has no new financing activities planned for the near future. The Company will continue to explore financing activities with Redexis, S.A. and with regard to the EMTN Programme.

Subsequent events

In the context of the Ukraine conflict and the turmoil it added to markets, the principle remains that Redexis, S.A. has all of its activities carried out in Spain where 90% of the revenues are regulated and not exposed to commodity risks. Redexis' suppliers are for more than 90% Spanish (with no direct supply from either Russia, Belarus or Ukraine).

Redexis, S.A. maintains a long-term debt profile of which 90% is fixed rate and as such not exposed to macro risks, with no relevant maturities in the short term, a solid liquidity position of € 340 million, with 95% of the capex being discretionary.

In Spain, the Technical Gas System Operator, in coordination with Spanish Authorities, guarantees the gas supply. Spain has the highest number of regasification plants in Europe and, due to geo-strategic location, has a wide range of LNG supply origins. Spain natural gas supply is diversified over more than 15 countries. Russian supply represents less than 10% of the total.

Amsterdam, 14 April 2022

The Board of Directors:

N. Bjelanovic

M.H.G. Vennekens

B. Polo

Balance sheet as at 31 December 2021

(before profit appropriation)

		31 Dec 2021		31 Dec 2020	
		EUR '000	EUR '000	EUR '000	EUR '000
Non-current assets					
Loans to related companies	*2*	991,480		991,175	
			991,480		*991,175*
Current assets					
Loans to related companies	*2*	-		493,912	
Trade and other receivables	*3*	12,729		23,817	
Cash and cash equivalents	*4*	2,438		1,024	
			15,167		*518,753*
Total assets			**1,006,647**		**1,509,928**
Equity	*5*				
Share capital		1		1	
Share premium		-		2,000	
Other reserves		3,431		2,040	
Result for the year		310		1,391	
			3,742		*5,432*
Non-current liabilities	*6*	990,716		988,511	
			990,716		*988,511*
Current liabilities	*7*	12,189		515,985	
			12,189		*515,985*
Total equity and liabilities			**1,006,647**		**1,509,928**

The notes on pages 11 to 24 are an integral part of these financial statements.

Profit and loss account for the year ending 31 December 2021

		2021		2020	
		EUR '000	EUR '000	EUR '000	EUR '000
Financial income	*10*				
Interest income on-loan agreement		22,197		37,454	
Interest income from shareholders		79		83	
			22,276		*37,537*
Financial expenses	*11*				
Interest expenses on Bonds		(21,545)		(35,466)	
			(21,545)		*(35,466)*
Net financial income			**731**		**2,071**
Administrative and general expenses	*12*		(330)		(195)
Profit before tax			**401**		**1,876**
Tax on result	*13*		(91)		(485)
Profit after tax			**310**		**1,391**

The notes on pages 11 to 24 are an integral part of these financial statements.

Cash flow statement for the year ending 31 December 2021

		31 Dec 2021		31 Dec 2020	
		EUR '000	EUR '000	EUR '000	EUR '000
Profit or (loss) after tax			310		1,391
Adjusted for:					
Amortisation financing fees loans receivable	2	(2,355)		(3,481)	
Amortisation financing fees Bonds	6	2,387		3,231	
Capitalized interest	2	(135)		(81)	
Current liabilities		(22)		90	
Accrued interest, net		(658)		(1,740)	
Other receivables	3	372		(393)	
			(411)		(2.374)
Cash flow from business operations:			(101)		(983)
Interest received		30,502		28,807	
Interest paid		(28,987)		(27,849)	
			1,515		958
Cash flow from operating activities			1,414		(25)
Cash flow from investment activities					
Loan receivable granted		-		(495,500)	
Redemption loan receivable inc. early redemption premium		494,097		157,852	
			494,097		(337,648)
Cash flow from financing activities					
Issued bonds		-		495,500	
Repurchased bonds inc. early redemption premium		(494,097)		(157,852)	
			(494,097)		337,648
Movements in cash and cash equivalents			**1,414**		**(25)**
Notes to the cash resources					
Cash and cash equivalents at 1 January			1,024		1.049
Movements in cash and cash equivalents			1,414		(25)
Cash and cash equivalents at 31 December			**2,438**		**1.024**

The notes on pages 11 to 24 are an integral part of these financial statements.

Notes to the 2021 financial statements

1. General

Reporting entity and relationship with parent company

Redexis Gas Finance B.V. (further named: 'the Company') was incorporated on 10 March 2014 and is registered with the Dutch trade register under the file number 60182733. The principal activity of the Company is to issue and manage notes and other financial instruments, and to lend the funds to group companies.

The Company, having its legal address at Herikerbergweg 88, Jupiter Building 2nd floor, 1101 CM Amsterdam, The Netherlands, is a private limited liability company under Dutch law, with shareholders:

- Arbejdsmarkedets Tillaegspension 33.4%, (2020: ATP Infrastructure II ApS which is ultimately owned by Arbejdsmarkedets Tillaegspension 33.4%),
- Chase Gas Investment Ltd. 33.3%, (ultimately owned by Universities Superannuation Scheme Ltd.) (2020: 33.3%),
- Guotong Romeo Holdings Limited 33.3%, (ultimately owned by Guoxin Guotong Fund LLP and CNIC Corporation Limited) (2020: 33.3%).

On 21 December 2021, ATP Infrastructure II ApS transferred all shares held in the Company to its sole shareholder Arbejdsmarkedets Tillægspension.

The Company is a financing company; the Company is primarily involved in providing financing to group companies by issuing Bonds to the public on the Luxembourg Stock Exchange.

Financial reporting period

These financial statements cover the year 2021, which ended at the balance sheet date of 31 December 2021.

Basis of preparation

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards applicable to large legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting policies.

Going concern

The Board of Directors, in making its assessment, has not identified uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to act as a going concern. As a result the financial statements have been prepared under the going concern assumption.

Euro Medium Term Note Programme

In the beginning of April 2014 the Company launched an Euro Medium Term Note Programme (EMTN) of € 2 billion.

On 8 April 2014, a first tranche of Bonds was issued under this programme for € 650 million at a discount of 0.627% and at a nominal interest rate of 2.75%. Interest on the Bonds is due on 8 April of each year till the maturity date of 8 April 2021.

On 25 April 2015, a second tranche of Bonds was issued under the programme for an amount of € 250 million at a discount of 1.08% and at a nominal interest rate of 1.875%. Interest on the Bonds is due on 27 April of each year till the maturity date of 27 April 2027.

On 1 December 2017, a third tranche of Bonds was issued under the programme for an amount of € 250 million and accrued interest of € 2.8 million at a discount of 1.243% and at a nominal interest rate of 1.875%. Interest on the Bonds is due on 27 April of each year till the maturity date of 27 April 2027.

On 29 May 2020 the Company received a repayment on its receivable from Redexis, S.A. of € 156 million and subsequently repaid first tranche Bonds with an aggregate total nominal value of € 156 million. Next to this event the Company issued a fourth tranche of Bonds under the programme of € 500 million at a discount of 0.9% and at a nominal interest rate of 1.875%. Interest on the Bonds is due on 28 May of each year till the maturity date of 28 May 2025.

On 4 January 2021, the Company received a repayment on its receivable from Redexis, S.A. of € 494 million and subsequently repaid the remainder of the first tranche Bonds with an aggregate total nominal value of € 494 million.

The proceeds of the Bonds are lent to Redexis, S.A. and Redexis, S.A. has provided an unconditional and irrevocable guarantee for the benefit of all Bondholders with respect to the prescribed and punctual repayment of the Bonds (including interest) issued by Redexis Gas Finance B.V.

The mark-up between the rates of borrowing and lending is 0.118% for the first tranche of Bonds, 0.114% for the second and the third tranche and 0.035% for the fourth tranche of Bonds, which is sufficient to cover the operating expenses and provide for profits.

Accounting policies

General

The accounting policies applied for measuring assets and liabilities and profit determination are based on the historical cost convention, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate.

Functional and presentation currency

The financial statements are presented in Euros, the Company's functional currency. All financial information in Euros has been rounded to the nearest thousand Euro.

Use of estimates

The preparation of the financial statements requires the Management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position.

Financial instruments

Financial instruments include loans granted, other receivables, cash items, loans and other financing commitments, trade payables and other amounts payable.

A financial asset or liability is recognised when the contractual rights or obligations in respect of that instrument arise. A financial instrument is no longer recognised when the benefits and risks are transferred or the contract matured.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs.

After initial recognition, financial instruments are valued in the manner described below.

The Company has no (embedded) derivative financial instruments.

Loans to group companies

Loans to group companies are carried at amortised cost on the basis of the effective interest method, less impairment losses.

Long-term liabilities

Long-term liabilities are stated after their initial recognition at amortised cost on the basis of the effective interest rate method.

Impairment of financial assets

At each balance sheet date the Company assesses whether there is objective evidence that financial assets are impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of comprehensive income.

Financial fixed assets

Loans to related parties are included at amortised cost using the effective interest method, less impairment losses.

Receivables

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading ‘Financial instruments’.

Shareholders’ equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders’ equity. Payments to holders of these instruments are deducted from the shareholders’ equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Long-term liabilities

The valuation of long-term liabilities is explained under the heading ‘Financial instruments’.

Current liabilities

The valuation of current liabilities is explained under the heading ‘Financial instruments’.

Financial income and expenses

Financial income and expenses consists of interest income and expense and amortisation of the financing costs. Interest income and expenses are recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest charges, allowance is made for transaction costs on loans received. Financing costs are amortised over the duration of the loan- and interest rate cap contracts.

Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currency are translated into Euros using the weighted average exchange rates at the dates of the transactions.

Determination of fair values

The fair value of a financial instrument is the price for which an asset can be transferred or a liability can be settled between knowledgeable and well willing parties at arm’s length.

A number of the accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Bearer Bonds

The fair value of the listed bearer Bonds, which is determined for disclosure purposes, is determined by reference to their quoted bid price at the reporting date. If no quoted bid price at the reporting date is available, the fair value is based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(b) Note

The fair value of the note, which is determined for disclosure purposes, is calculated derived from the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date of the bearer Bonds.

c) Other assets and liabilities

For other assets and liabilities carrying value is assumed to reflect the fair value.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

2. Loans to related companies

Movements in financial assets were as follows:

	Redexis, S.A.	Shareholders	Total
	EUR '000	EUR '000	EUR '000
Balance as at 31 December 2020:			
Cost price	1,472,386	2,000	1,474,386
Accumulated amortization	10,250	-	10,250
Capitalized interest	-	451	451
Carrying amount	**1,482,636**	**2,451**	**1,485,087**
Changes in carrying amount:			
Redemption/Repayments	(494,097)	(2,000)	(496,097)
Accumulated amortization	2,355	-	2,355
Capitalized interest	-	135	135
Subtotal changes in carrying amount	**(491,742)**	**(1,865)**	**(493,607)**
Balance as at 31 December 2021:			
Cost price	978,289	-	978,289
Accumulated amortization	12,605	-	12,605
Capitalized interest	-	586	586
Carrying amount	**990,894**	**586**	**991,480**

Loan to Redexis, S.A.

On 8 April 2014 a loan has been issued for a term of seven years and for a nominal amount of € 650 million. The interest is fixed at 2.75% per year (excluding a variable mark-up), payable on 8 April of each year till maturity. The principal is due in full at maturity date. The loan was issued at a discount rate of 0.627% and financing fees amounted to € 2.6 million. The discount and the fees are amortised over 7 years. The effective interest rate is 3.01%. On 29 May 2020 the Company received a repayment on its receivable from Redexis, S.A. of € 156 million. On 4 January 2021, the Company received a repayment on its receivable from Redexis, S.A. of € 494 million and subsequently repaid the remainder of the first tranche Bonds with an aggregate total nominal value of € 494 million.

On 27 April 2015 a loan has been issued for a term of twelve years and for a nominal value amounting to € 250 million. The interest is fixed at 1.875% per year (excluding a variable mark-up), payable on 27 April of each year till maturity. The principal is due in full at maturity date. The loan was issued at a discount rate of 1.080% and financing fees amounted to € 0.5 million. The discount and the fees are amortized over twelve years. The effective interest rate is 2.10%.

On 1 December 2017 a loan has been issued with the maturity date of 27 April 2027 with a nominal value of € 250 million. The interest is fixed at 1.875% per year (excluding a variable mark-up), payable on 27 April of each year till maturity. The principal is due in full at maturity date. The loan was issued at a discount rate of 1.243% and financing fees amounted to € 0.92 million. The discount and the fees are amortized over ten years. The effective interest rate is 2.04%.

On 28 May 2020 a loan has been issued with the maturity date of 28 May 2025 with a nominal value of € 500 million. The interest is fixed at 1.875% per year (excluding a variable mark-up), payable on 29 May of each year till maturity. The principal is due in full at maturity date. The loan was issued at a discount rate of 0.9% and financing fees amounted to € 3.31 million.. The discount and the fees are amortized over ten years. The effective interest rate is 2.24%.

In the latest mark-up letter, signed in January 2021, the variable mark-up has been assessed at 0.118% for the first tranche, 0.114% for the second and the third tranche and 0.035% for the fourth tranche.

Loan to shareholders

On 20 April 2014 the Company lent € 2 million to its shareholders for a term of 7 years and a yearly interest of 3.38%. The interest has been capitalized on 20 April of each year. In 2021, the nominal loan amount of € 2 million was settled to equity through conversion of share premium for the same amount into nominal share capital (increase nominal share value). The subsequent € 2 million reduction of nominal capital (reduction nominal share value) was followed by a distribution to the shareholders for the same amount, made against the repayment of the nominal loan.

3. Trade and other receivables

	2021 EUR '000	2020 EUR '000
Interest receivable from Redexis, S.A.	12,708	23,368
Interest receivable from shareholders	-	56
Other receivables	21	393
	12,729	**23,817**

The above receivables are due within a year.

4. Cash and cash equivalents

	2021 EUR '000	2020 EUR '000
Credit balances on bank accounts	2,438	1,024
	2,438	**1,024**

Cash and cash equivalents are unencumbered.

5. Equity

	Issued capital EUR '000	Share premium EUR '000	Other reserves EUR '000	Result for the year EUR '000	Total EUR '000
Balance as at 31 December 2020	**1**	**2,000**	**2,040**	**1,391**	**5,432**
Changes in financial year 2021:					
Appropriation of prior period result	-	-	1,391	(1,391)	-
Conversion of share premium to issued capital	2,000	(2,000)	-	-	-
Decrease in nominal value of shares	(2,000)	-	-	-	(2,000)
Result for the year	-	-	-	310	310
Balance as at 31 December 2021	**1**	**-**	**3,431**	**310**	**3,742**

Issued capital

The Company's authorised capital, amounting to € 1,000, consists of 1,000 ordinary shares of € 1 each. The share capital is fully issued and paid. In 2021, the € 2 million share premium was converted for the same amount into nominal share capital (increase nominal share value). The subsequent € 2 million reduction of nominal capital (reduction nominal share value) was followed by a distribution to the shareholders for the same amount, made against the repayment of the nominal loan (Note 2).

Share premium

The share premium concerns a contribution from the shareholders to comply with the minimum equity requirement set in article 8c of the Dutch Corporate Income Tax Act.

Amounts contributed by the shareholders of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire or acquire shares of the Company.

Appropriation results

At the General Meeting of Shareholders, it will be proposed to carry forward the profit of € 310 thousand to the other reserves.

6. Non-current liabilities

This item relates to the first tranche of Bonds issued to the public on 8 April 2014, the second tranche issued to the public on 27 April 2015, the third tranche issued to the public on 1 December 2017 and the fourth tranche issued to the public on 29 May 2020.

	2021	2020
	EUR '000	EUR '000
Fair value at date of issuance	978,289	1,472,386
Accumulated amortization	12,427	10,010
	990,716	**1,482,396**
Less: short-term portion	-	(493,885)
Carrying amount	**990,716**	**988,511**

	2021	2020
	EUR '000	**EUR '000**
Bonds payable in 5 years or less	494,600	495,429
Bonds payable in more than 5 years	496,116	493,082
	990,716	**988,511**

On 8 April 2014 the Company issued Bonds totalling € 650 million as part of the Euro Medium Term Note Programme ("EMTN Programme"). The Bonds mature on 8 April 2021. The Bonds were issued and placed at a discount of 0.627%. The Bonds carry a fixed interest of 2.75%, payable once a year on 8 April till maturity date. The accrued interest is recognised under current liabilities. The financing costs amounted to € 2.6 million. The discount and the fees are amortised over 7 years. The effective interest rate is 2.91%. On 29 May 2020 the Company repurchased bonds with an aggregate nominal value of € 156 million. On 4 January 2021, the Company received a repayment on its receivable from Redexis, S.A. of € 494 million and subsequently repaid the remainder of the first tranche Bonds with an aggregate total nominal value of € 494 million.

On 27 April 2015 the Company issued Bonds totalling € 250 million as part of the EMTN Programme. The Bonds mature on 27 April 2027. The Bonds were issued and placed at a discount of 1.080%. The Bonds carry a fixed interest of 1.875%, payable once a year on 27 April till maturity date. The accrued interest is recognised under current liabilities. The financing costs amounted to € 0.5 million. The discount and the fees are amortised over 12 years. The effective interest rate is 2.00%.

On 1 December 2017 the Company issued Bonds totalling € 250 million as part of the EMTN Programme. The Bonds mature on 27 April 2027. The Bonds were issued and placed at a discount of 1.243%. The Bonds carry a fixed interest of 1.875%, payable once a year on 27 April till maturity date. The accrued interest is recognised under current liabilities. The financing costs amounted to € 0.92 million. The discount and the fees are amortised over the useful life of the Bonds. The effective interest rate is 1.93%.

On 28 May 2020 the Company issued Bonds totalling € 500 million as part of the EMTN Programme. The Bonds mature on 28 May 2025. The Bonds were issued and placed at a discount of 0.9%. The Bonds carry a fixed interest of 1.875%, payable once a year on 29 May till maturity date. The accrued interest is recognised under current liabilities. The financing costs amounted to € 3.31 million.. The discount and the fees are amortised over the useful life of the Bonds. The effective interest rate is 2.21%.

The Company has lent all proceeds received to Redexis, S.A. Redexis, S.A. has provided an unconditional and irrevocable guarantee for the benefit of all Bondholders with respect to the prescribed and punctual repayment of the Bonds (including interest) issued by Redexis Gas Finance B.V. The Bonds are listed at the Luxembourg Stock Exchange.

7. Current liabilities

	2021 EUR '000	2020 EUR '000
Bonds payable	-	493,885
Interest payable accrued on bonds	12,008	21,896
Accounts payable	78	-
Income tax liability	53	194
Other liabilities	50	10
	12,189	**515,985**

8. Commitments and contingencies not included in the balance sheet

The Company has no commitments and contingencies apart from the ones included on the balance sheet.

9. Financial instruments

General

During the normal course of business, the Company uses various financial instruments that expose it to credit and liquidity risks. To control these risks, the Company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

With respect to the activities the companies faces the following main risks:

- Credit risk;
- Liquidity risk; and
- Interest rate risk.

Credit risk

The Company has three (2020: four) significant loans receivable from Redexis, S.A. (related party) for a total nominal value of € 1,000 million (2020: € 1.494 million). The possibility to repay the loans depends on the operational performance of Redexis, S.A. and its subsidiaries ("the Group"). The Group's main activity is distribution and transmission of natural gas, which is a regulated activity in Spain. Operating results could be materially affected by changes in laws, regulations or regulatory policies that apply to its business.

On April 3, 2020 the Spain's National Authority for Markets and Competition (CNMC) published the approved gas distribution remuneration methodology, marking the end of the regulatory revision process toward the new regulatory period starting January 2021 and ending December 2026. This methodology follows the one published on December 19, 2019 regarding gas transmission remuneration. The finalization of the regulatory review results in good visibility toward the upcoming regulatory period. In our opinion, the gas transmission remuneration methodology, approved on Dec. 19, 2020, and the gas distribution remuneration methodology published by the CNMC on April 3, 2020, will provide Redexis S.A. with a stable operating environment over the six-year regulatory period starting in January 2021.

The rating agency S&P assigned a credit rating to Redexis, S.A. The rating assigned as per October 2021, the most recent S&P rating available, is BBB- (2020: BBB- on May 2020). The outlook is stable.

Other risks that the Group faces that could impact the operational performance, are the risks of not obtaining regulatory approvals to make new investments in the gas network or not being able to complete investment projects, the development of gas demand and environmental and health and safety risks.

The Board of Directors has made, in close cooperation with the Management of the Group, an assessment of the above risks and the expected cash flows of the Group during the period of the loan. Based on this and the above mentioned credit rating for the Group, the Board of Directors has concluded that the overall credit risk is low.

Liquidity risk

The main liquidity risk that the Company faces is that it does not have sufficient cash to pay the interest and principal on the Bonds when these are due. The Board of Directors therefore closely monitors the liquidity position of the Company in the days prior to the interest due date and maturity date in order to ensure that it will collect the interest and principal from Redexis, S.A. prior to the interest due date and maturity date.

The interest receipt from the loans and the interest payment dates of the Bonds are contractually aligned, as are the maturity dates. The Board of Directors therefore considers the liquidity risk to below.

Interest rate risk

The interest rate on the second, third and fourth tranche of Bonds issued on the market was fixed at 1.875%. The interest on the loans to Redexis, S.A. held a mark-up of 0.114% for the second and the third tranche of Bonds and 0.035% for the fourth tranche of Bonds. The Board of Directors considers the interest rate risk as low due to the fixed interest rates and the mark-up on loans receivables versus payables.

Fair values

The fair value of the first tranche of the quoted Bonds as at 31 December 2021, derived from the Luxembourg Stock Exchange (based on a nominal value per Bond of € 100,000), amounts to nil (2020: € 100,060). The fair value of the second and third tranche amounts to € 105,748 (2020: € 108,950). The fair value of the fourth tranche amounts to € 105,139 (2020: 106,621). This translates into a fair value amounting to € 1,054 million (2020: € 1,572 million) for all tranches. The fair value of the loan receivable from Redexis S.A. approximates the same fair value as of the quoted Bonds.

The fair value as quoted above is derived from the price of the Bonds as listed on the Luxembourg Stock Exchange per 31 December 2021. The fair value of the loan receivable from Redexis S.A. approximates the same fair value as of the quoted Bonds.

The fair value of all other financial instruments approximates their nominal value.

10. Financial income

	2021 EUR '000	2020 EUR '000
Interest loan to Redexis, S.A.	22,197	35,505
Early redemption premium	-	1,949
Interest loan to shareholders	79	83
	22,276	**37,537**

11. Financial expenses

	2021 EUR '000	2020 EUR '000
Interest expenses on bonds	21,545	33,517
Early redemption premium	-	1,949
	21,545	**35,466**

12. Administrative and general expenses

	2021 EUR '000	2020 EUR '000
Fee for management and administration	75	75
Audit fee	55	46
Tax advisory fees	58	10
Bank charges	41	48
Other fees	101	16
	330	**195**

13. Tax on result

	2021 EUR '000	2020 EUR '000
Tax liability for current financial year	91	485
	91	**485**

The Company applies a margin on its financing activities. This margin minus the administrative and general expenses is the tax base for corporate income tax.

The first € 245,000 (2020: € 200,000) of profit is taxed at a nominal rate of 15% (2020: 16.5%) and the remainder is taxed at 25% (2020: 25%). The effective tax rate is 22.7% (2020: 25.9%) which differs from the nominal tax rate due to the effects of amortization of financing fees and discounts.

14. Other notes

The Company had no employees during the current year (2020: no employees). No remuneration has been paid to current or former board members of the Company during the current year (2020: no remuneration), this is not in conformity with the at arm's length principle. The Company has no Supervisory Board.

15. Transactions with related parties

The principal activity of the Company is to issue and manage notes and other financial instruments, and to lend the proceeds to a related company, Redexis, S.A. All related party transactions took place at an arm's length basis.

As at 31 December 2021, the Company lent Redexis, S.A. € 1,000 million nominal value (2020: € 1,494 million) and shareholders € 0.59 million (2020: € 2.45 million).

For the year ending 31 December 2021, the Company recognized interest income from Redexis, S.A. of € 22 million (2020: € 37 million) and from the shareholders of € 79 thousand (2020: € 83 thousand).

The Company has a service contract with Vistra Management Services (Netherlands) B.V., Amsterdam, Netherlands, for management support. Vistra provides management, domiciliation, accounting and corporate secretarial services. The fixed annual fee is approximately € 75 thousand (2020: € 75 thousand).

16. Auditor's fees

	2021	2020
	EUR '000	**EUR '000**
Audit services	55	46
	55	**46**

The Deloitte Accountants B.V. audit fee is € 55 thousand (2020: € 46 thousand). This information is disclosed as referred to in section 2:382a (1) and (2) of the Dutch Civil Code.

17. Subsequent events

In the context of the Ukraine conflict and the turmoil it added to markets, the principle remains that Redexis, S.A. has all of its activities carried out in Spain where 90% of the revenues are regulated and not exposed to commodity risks. Redexis' suppliers are for more than 90% Spanish (with no direct supply from either Russia, Belarus or Ukraine).

Redexis, S.A. maintains a long-term debt profile of which 90% is fixed rate and as such not exposed to macro risks, with no relevant maturities in the short term, a solid liquidity position of € 340 million, with 95% of the capex being discretionary.

In Spain, the Technical Gas System Operator, in coordination with Spanish Authorities, guarantees the gas supply. Spain has the highest number of regasification plants in Europe and, due to geo-strategic location, has a wide range of LNG supply origins. Spain natural gas supply is diversified over more than 15 countries. Russian supply represents less than 10% of the total.

Amsterdam, 14 April 2022,

The Board of Directors:

N. Bjelanovic

M.H.G. Vennekens

B. Polo

Other information

Provisions in the Articles of Association governing the appropriation of profit

Under article 18 of the Company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

Independent auditor's report

The independent auditor's report is included in the next pages.

Deloitte.

Deloitte Accountants B.V.
Wilhelminakade 1
3072 AP Rotterdam
P.O.Box 2031
3000 CA Rotterdam
Netherlands

Tel: +31 (0)88 288 2888
Fax: +31 (0)88 288 9929
www.deloitte.nl

Independent auditor's report

To the shareholders and management board of Redexis Gas Finance B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2021 of Redexis Gas Finance B.V., based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Redexis Gas Finance B.V. (the "**Company**") as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2021.
2. The profit and loss account for 2021.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Redexis Gas Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 10 million. The materiality is based on 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Financial Accounting Supervision Committee that misstatements in excess of EUR 500 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Financial Accounting Supervision Committee. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the key audit matter was addressed in the audit
Recoverability of loan principals and interest balances to related companies On 31 December 2021, the Company has three significant loans receivable from Redexis S.A. (related party) for a total nominal value of EUR 1 billion. The outstanding balances (loans to related companies and accrued interest income) thereby represents some 99% of the Company's total assets. The Company's exposure to Redexis S.A. may have a significant effect on the Company's financial statements. The Company's ability to meet its financial obligations depends on cash flows generated from interest income on the loans and principal repayments by Redexis S.A. In the event that Redexis S.A. defaults on (any of) these positions, the Company's ability to remain a going concern would be impaired. Given the significance of this area to the financial statements of the Company, and thereby to our audit, we consider the recoverability to be a key audit matter.	We have performed the following substantive audit procedures with respect to the recoverability assessment of the loan principals and related interest balances from Redexis S.A.: • We obtained management's assessment and evaluation of the recoverability of the loans due from Redexis S.A. including the related interest income based on their knowledge of the developments in the financial position and cashflows of Redexis S.A. • We evaluated the recoverability assessment by management. • We evaluated the financial position of Redexis S.A. by analyzing its audited financial statements for the year 2021. • We requested a summary of the work performed by the auditor of Redexis S.A. and have performed a file review on those topics relevant to the recoverability of balances due from Redexis S.A. • We inspected the terms and conditions of the loan agreements between the Company and Redexis S.A. • We assessed whether (i) the appropriate accounting principles have been applied and (ii) the balances have been appropriately reflected in the disclosures in the financial statements. **Observation** We did not identify any material reportable matters in management's assessment of the recoverability. The results of our audit procedures were satisfactory, and assumptions used by management to assess the recoverability of the loan principals and related interest balances from Redexis S.A. are reasonable.

Deloitte.

Emphasis of Matter – Russia/Ukraine conflict

The Russia/Ukraine-Crisis also impacts Redexis Gas Finance B.V. Management disclosed the estimated impact on financial performance and health of Redexis Gas Finance B.V. and its plans to deal with these events or circumstances in page 7 and page 24 of the financial statements. Our opinion is not modified in respect of this matter.

Consideration of fraud in the audit of the financial statements

<table>
<tr><th>Description</th><th>Response</th></tr>
<tr><td>An auditor conducting an audit in accordance with Dutch Standards on Auditing is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We have exercised professional judgement and have maintained professional skepticism throughout our audit in identifying and assessing the risks of material misstatement of the financial statements due to fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.</td><td>We performed the following procedures:

• In identifying potential risks of material misstatement due to fraud, we obtained an understanding of the Company and its environment, including its internal controls. We made inquiries with management, those charged with governance and others within the Company and reviewed the corresponding enquiries made by the auditor of Redexis S.A., including but not limited to the Internal Audit function. We evaluated several fraud risks factors to consider whether those factors indicated a risk of material misstatement due to fraud.

• Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by the Financial Accounting Supervision Committee, the Executive Board and other members of management, which may represent a risk of material misstatement due to fraud.

• We made inquiries of management, those charged with governance and others within the Company regarding the risk of material misstatements in the financial statements due to fraud, their process for identifying and responding to the risk of fraud, the internal communication regarding their views on business practices and ethical behaviour and whether they have knowledge of any actual, suspected or alleged fraud affecting the Company.

• We held discussions amongst team members and auditor of Redexis S.A. to identify fraud risk factors and considered whether other information obtained from our risk assessment procedures indicated risks of material misstatement due to fraud. Fraud risk factors identified include among others:
o fraud, bribery and corruption;
o compliance with respect to trade regulations/sanctions;
o compliance with respect to environmental requirements;
o compliance with procurement policies.</td></tr>
</table>

Deloitte.

	• We evaluated whether unusual or unexpected relationships have been identified in performing analytical procedures, that may indicate risks of material misstatement due to fraud. • We determined overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level or at the assertion level by: o assigning and supervising personnel with the adequate knowledge, skills and ability; o evaluating whether the selection and application of accounting policies by the Company, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting; o incorporating an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; o testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; o evaluating whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Significant accounting judgements, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 1 of the financial statements. The recoverability of loan principals and interest balances due from related companies was the focus areas in our audit as the related account balances are subject to significant management judgment. Reference is made to the section "Key audit matter"; o performing a retrospective review of management judgments and assumptions related to significant accounting estimates.

Consideration of laws and regulations in the audit of financial statements

Description	Response
We are responsible for obtaining reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error taking into account the applicable legal and regulatory framework.	We performed the following procedures: • As part of obtaining an understanding of the Company and its environment we obtained a general understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and how the Company is complying with that framework.

Deloitte.

However, we are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the auditing standards. In the context of laws and regulations, the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater for such reasons as the following: • There are many laws and regulations, relating principally to the operating aspects of an entity, that typically do not affect the financial statements and are not captured by the entity's information systems relevant to financial reporting. • Non-compliance may involve conduct designed to conceal it, such as collusion, forgery, deliberate failure to record transactions, management override of controls or intentional misrepresentations being made to the auditor. • Whether an act constitutes non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body. Ordinarily, the less directly non-compliance is linked to the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to identify the non-compliance.	• We assessed the laws and regulations relevant to the Company through discussion with management, those charged with governance and others within the Company, and reviewed the corresponding enquiries made by the auditor of Redexis S.A., including but not limited to the Internal Audit function. We have read related minutes and reports. • We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as (corporate) tax and financial reporting regulations, the requirements Part 9 of Book 2 of the Dutch Civil Code. Our procedures are more limited with respect to other laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. These laws and regulations compliance may be fundamental to the operating aspects of the business, to the Company's ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. • Our procedures are limited to (i) inquiry of the Executive Board, the Financial Accounting Supervision Committee and others within the Company as to whether the Company is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. • Naturally, we remained alert to the indications of (suspected) non-compliance throughout the audit. • Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Deloitte.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contains other information that consists of:

- The Board of Directors report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Financial Accounting Supervision Committee as auditor of Redexis Gas Finance B.V. on November 26 2020, as of the audit for the year 2020 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Deloitte.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Financial Accounting Supervision Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

1. Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

6. Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Financial Accounting Supervision Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Financial Accounting Supervision Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Financial Accounting Supervision Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Financial Accounting Supervision Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 15 April 2022

Deloitte Accountants B.V.

Signed on the original: J.A. de Bruin