



# Auditor's Report on Elisandra Spain V, S.L.U.

**(Together with the annual accounts and  
directors' report of Elisandra Spain V, S.L.U.  
for the year ended 31 December 2023)**

*(Translation from the original in Spanish.  
In the event of discrepancy, the Spanish-  
language version prevails)*



KPMG Auditores, S.L.  
Paseo de la Castellana, 259 C  
28046 Madrid

## **Independent Auditor's Report on the Annual Accounts**

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)*

To the Sole Shareholder of Elisandra Spain V, S.L.U.

### **Opinion**

---

We have audited the annual accounts of Elisandra Spain V, S.L.U. (the "Company"), which comprise the balance sheet at December 31, 2023, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 3 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

### **Basis for Opinion**

---

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

### **Most Relevant Aspects of the Audit**

---

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.



*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)*

#### CNMC ruling and contingencies (See notes 2.3 and 14.2)

As mentioned in note 14.2, which indicates that on 17 March 2023 the Spanish National Securities Market Commission (CNMC) notified Elisandra Spain V, S.L.U. and its subsidiary Madrileña Red de Gas, S.A.U. of a ruling determining that the drawdowns made after 21 May 2021 (the date on which Law 7/2021 of 20 May 2021 on climate change and the energy transition entered into force) under the credit agreement entered into between the parties on 18 June 2019 contravene article 62.6 of the Hydrocarbon Industry Law (Law 34/1998), and thus requiring Madrileña Red de Gas, S.A.U. to take the necessary steps to reverse the amounts drawn down, such that they are compatible with Law 34/1998, within a period of three months of notification of the ruling. Madrileña Red de Gas, S.A.U. lodged an appeal against this ruling with the Spanish High Court in 2023. Subsequent to this, Madrileña Red de Gas, S.A.U. has submitted an action plan to the CNMC, proposing various alternatives, and it is currently in contact with this body to comply with the legally binding measures set out in the above ruling. Any evaluation of the potential impacts that may arise as a result of the above-mentioned legally binding measures is complex and requires estimates and significant judgements by the Directors in relation to, inter alia, their probability of occurrence and their quantification for the purpose of recognition and disclosure in the financial statements, where applicable, in accordance with the requirements of the financial reporting framework applicable to the Company. Due to the high level of judgement and the associated uncertainty, we have considered this a key audit matter.

As part of our procedures and in the context of our audit of the financial statements, we have obtained confirmation from the Company's external legal advisors that provides an assessment of the risk for the Company in relation to the CNMC's legally binding measures. In addition, we brought in our own specialists to complete our evaluation of the arguments put forward by the Company and its advisors regarding the CNMC's legally binding measures. We also assessed whether the disclosures in the notes to the financial statements are appropriate, in accordance with the criteria set out in the financial reporting framework applicable to the Company.

#### **Other Information: Directors' Report**

---

Other information solely comprises the 2023 Directors' Report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2023 and the content and presentation of the report are in accordance with applicable legislation.



*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)*

## **Directors' Responsibilities for the Annual Accounts**

---

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Annual Accounts**

---

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 annual accounts 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.



*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)*

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Directors of the entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated to the Directors of Elisandra Spain V, S.L.U., we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

Juan Ignacio Fernández Pérez

On the Spanish Official Register of Auditors ("ROAC") with No. 23,906

3 April 2024

# **Elisandra Spain V, S.L.U.**

Annual Accounts  
corresponding to the fiscal year  
ended on December 31<sup>st</sup> 2023

**ELISANDRA SPAIN V, S.L.U.**

**BALANCE SHEET AT DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>NON-CURRENT ASSETS</b>		<b>1,261,084</b>	<b>1,274,749</b>
Investments in group companies and associates long-term		1,255,830	1,272,030
Equity investments	6	1,255,830	1,272,030
Deferred tax assets	11	5,254	2,719
<b>CURRENT ASSETS</b>		<b>20,094</b>	<b>18,239</b>
Trade and other receivables		19,090	17,249
Tax current assets	11	19,090	17,249
Cash and cash equivalents	5, 8	1,004	990
<b>TOTAL ASSETS</b>		<b>1,281,178</b>	<b>1,292,988</b>

<b>NET EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>NET EQUITY</b>		<b>598,008</b>	<b>610,356</b>
<b>EQUITY</b>	9	<b>598,008</b>	<b>610,356</b>
Share capital		64,326	64,326
Share Premium		583,603	585,603
Reserves		5,799	5,799
Negative results from previous years		(45,372)	(18,277)
Profit/(loss) for the year		(10,348)	(27,095)
<b>NON-CURRENT LIABILITIES</b>		<b>672,612</b>	<b>672,075</b>
Debts with group companies and associates long-term	5, 10, 13	672,612	672,075
<b>CURRENT LIABILITIES</b>		<b>10,558</b>	<b>10,557</b>
Debts with group companies and associates short-term	5, 10, 13	10,525	10,531
Trade and other payables		33	26
Sundry payables	5, 10	23	16
Other amounts payable to Public Administrations	11	10	10
<b>TOTAL NET EQUITY AND LIABILITIES</b>		<b>1,281,178</b>	<b>1,292,988</b>

Notes 1 to 16 set out in the attached report form an integral part of these annual accounts.

ELISANDRA SPAIN V, S.L.U.

**INCOME STATEMENT CORRESPONDING TO THE FISCAL YEAR ENDED ON  
DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

	Note	31.12.2023	31.12.2022
Revenue	12, 13	-	64,733
Other operating expenses	12	(31)	(76)
<b>OPERATING PROFIT (LOSS)</b>		<b>(31)</b>	<b>64,657</b>
Financial income (expense)	12, 13	(14,693)	(105,901)
<b>FINANCIAL INCOME (EXPENSE)</b>		<b>(14,693)</b>	<b>(105,901)</b>
<b>PROFIT/ (LOSS) BEFORE INCOME TAX</b>		<b>(14,724)</b>	<b>(41,244)</b>
Corporate income tax	11	4,376	14,149
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(10,348)</b>	<b>(27,095)</b>

Notes 1 to 16 set out in the attached report form an integral part of these annual accounts.

**ELISANDRA SPAIN V, S.L.U.**

**STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE FISCAL YEAR  
ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

**A) STATEMENT OF RECOGNISED INCOME AND EXPENSES**

	<u>31.12.2023</u>	<u>31.12.2022</u>
Profit/(Loss) for the year	(10,348)	(27,095)
Income and expenses recognized in equity	-	-
Transfers to the profit and loss account	-	-
<b>TOTAL RECOGNISED INCOME AND EXPENSES</b>	<b>(10,348)</b>	<b>(27,095)</b>

Notes 1 to 16 set out in the attached report form an integral part of these annual accounts.

**ELISANDRA SPAIN V, S.L.U.**

**STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE FISCAL YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

**B) STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Share Premium	Reserves	Negative results from previous years	Profit/Loss of the year	Total
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>64,326</b>	<b>626,803</b>	<b>5,799</b>	<b>(6,687)</b>	<b>(11,590)</b>	<b>678,651</b>
Total recognized income and expenses	-	-	-	-	(27,095)	(27,095)
Operations with shareholders or owners	-	-	-	-	-	-
Dividend	-	(41,200)	-	-	-	(41,200)
Other movements in equity	-	-	-	(11,590)	11,590	-
<b>BALANCE AT 31 DECEMBER 2022</b>	<b>64,326</b>	<b>585,603</b>	<b>5,799</b>	<b>(18,277)</b>	<b>(27,095)</b>	<b>610,356</b>
Total recognized income and expenses	-	-	-	-	(10,348)	(10,348)
Operations with shareholders or owners	-	-	-	-	-	-
Dividend	-	(2,000)	-	-	-	(2,000)
Other movements in equity	-	-	-	(27,095)	27,095	-
<b>BALANCE AT 31 DECEMBER 2023</b>	<b>64,326</b>	<b>583,603</b>	<b>5,799</b>	<b>(45,372)</b>	<b>(10,348)</b>	<b>598,008</b>

Notes 1 to 16 set out in the attached report form an integral part of these annual accounts.

**ELISANDRA SPAIN V, S.L.U.**

**CASH FLOW STATEMENT CORRESPONDING TO THE FISCAL YEAR ENDED ON  
DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Notes</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
<b>1. Profit/(loss) for the period before income tax</b>		<b>(14,724)</b>	<b>(41,244)</b>
<b>2. Adjustments to profit/loss.</b>		<b>14,693</b>	<b>41,168</b>
Finance expenses (+).	12	14,693	105,901
Finance Income (-).	12	-	(64,733)
<b>3. Changes in working capital.</b>		<b>7</b>	<b>6</b>
Trade and other payables (+/-).		7	6
<b>4. Other cash flows from operating activities.</b>		<b>(14,162)</b>	<b>661</b>
Payments of interest (-).		(14,162)	(14,162)
Receipt of interest (+).		-	14,823
<b>5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)</b>		<b>(14,186)</b>	<b>591</b>
<b>B) CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>7. Cash flow from investment activities.</b>		<b>16,200</b>	<b>-</b>
Group and associate companies (+)		16,200	-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>9. Payments for equity instruments.</b>	10	<b>-</b>	<b>(18,500)</b>
Issuance of equity instruments (-)		-	(18,500)
<b>10. Collection for financial liability instruments.</b>	10	<b>-</b>	<b>59,700</b>
Debts with group companies and associates (+).		-	59,700
<b>11. Payments for dividends and remuneration of other equity instruments.</b>	9	<b>(2,000)</b>	<b>(41,200)</b>
Dividends (-)		(2,000)	(41,200)
<b>12. Cash flow from financing activities (-8+9-10-11)</b>		<b>-</b>	<b>-</b>
<b>E) NET INCREASE/DECREASE IN CASH EQUIVALENTS</b>		<b>14</b>	<b>591</b>
Cash or cash equivalents at the beginning of the year.		990	399
Cash or cash equivalents at the end of the year.		1,004	990

Notes 1 to 16 set out in the attached report form an integral part of these annual accounts.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

#### **1. General Information**

Elisandra Spain V, S.L.U. (hereinafter, the Company) is a Spanish public limited liability company, that was incorporated on March 4<sup>th</sup>, 2015. It was originally registered in Calle Hermosilla 11, Madrid. From July 21<sup>st</sup>, 2015 it is registered on the address Calle Virgilio, 2B, edificio 1, Pozuelo de Alarcón, Madrid.

The Company's corporate objects are described in Article 2 of its By-laws, and it is acting as a holding company, being able to:

- Acquisition, holding, possession, exploitation, management, temporary assignment, lease and sale of full ownership, usufruct and bare legal title to any kind of real property in Spain and/or abroad.
- Acquisition, holding, possession, administration and management of securities and/or equity interests in companies or entities formed in Spain, including all kinds of investments property on its own.
- Management and administration of equity interests in entities not resident in Spain through the organisation of material and human resources.
- Exploitation, management, preservation and maintenance of sundry infrastructures and transportation and communications infrastructures.
- Provision to third parties of consulting and advisory services relating to any of the activities mentioned above.

At the date of incorporation, the Company's Sole Shareholder was Intertrust, S.L. which it owned 100% of the Company's shares. On April 29<sup>th</sup>, 2015, the Company Elisandra Spain IV, S.L. acquired the 100% of the Company's shares, and became part of the Group, whose ultimate parent company is Elisandra Spain IV, S.L. being the shareholders of this company Realgaz, S.A.S.(previously called C41 S.A.S), Stichting Depository PGGM Infrastructure Funds, JCSS Mike S.A.R.L and Lancashire County Pension Fund.

On July 25<sup>th</sup>, 2017, the General Shareholders' Meeting approved the transfer of the shareholdings held by Lancashire County Pension Fund, representing 12.50% of the share capital of Elisandra Spain IV, S.L. to LPPI Infrastructure Investment LP. By October 2017, Lancashire County Pension Fund has contributed its 12.5% stake in the company to the pooled investment vehicle, LPPI Infrastructure Investment LP, which is owned by it and the London Pension Fund Authority.

Elisandra V Spain, S.L.U. owns 100% of the shares of the following companies that make up the group:

- Madrileña Red de Gas, S.A.U.
- Aliara Energía, S.A.U.
- Madrid Gas Finance Network, B.V.

Aliara Energía, S.A.U. having the 100% of Aliara GLP, S.L.U. The company makes up the group and was incorporated in November 2021 and the 33.33% of Inspira Madrid Hidrógeno Verde, S.L. new company makes up the group and was incorporated in October 2023.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

The Company does not present consolidated financial statements since it forms part of the Madrid Network Gas Group, whose parent company is its sole shareholder, Elisandra Spain IV, S.L. On March 20<sup>th</sup> 2024 the directors of the Elisandra Spain IV, S.L. Group authorised the issue of the consolidated annual accounts for 2023, prepared under IFRS-EU (the 2022 annual accounts were authorised for issue on March 21<sup>st</sup> 2023). The consolidated annual accounts will be filed at the Madrid Mercantile Registry. Elisandra Spain IV, S.L. has its registered office located at Calle Virgilio, 2B, edificio 1, Pozuelo de Alarcón, Madrid.

#### **2. Basis for presentation**

##### **2.1 *Fair presentation***

The accompanying annual accounts for the fiscal year ended on December 31<sup>st</sup> 2023, are presented in accordance with the accounting principles and standards contained in the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, of November 16<sup>th</sup>, and the amendments to the Chart brought in by Royal Decree 1159/2010, of September 17<sup>th</sup>, 602/2016, of December 2<sup>nd</sup> and Royal Decree 1/2021, January 12<sup>th</sup> in order to present fairly the equity, financial position and results of the Company as well as its cash flows for the corresponding year.

The annual accounts for the year ended on December 31<sup>st</sup> 2022 were approved by the Sole Shareholder on June 19<sup>th</sup> 2023.

The annual accounts corresponding to the year ended on December 31<sup>st</sup> 2023 have been drawn up by the Board of Directors on March 20<sup>th</sup> 2024 and will be submitted the annual accounts for approval to the Shareholders. However, the Board of Directors of Elisandra Spain V, S.L.U considers that the annual accounts will be approved without changes.

All amounts in this notes are expressed in thousands euros unless indicated otherwise.

##### **2.2 *Grouping of items***

For the purpose of facilitating the understanding of the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement, these statements are presented in a group format, with the required analysis being included in the corresponding notes to the annual accounts.

##### **2.3 *Critical measurement issues and estimates of uncertainty***

The preparation of the financial statements requires the use by the Company of certain estimates and judgments concerning the future that are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates, by definition, will rarely equal the corresponding actual results. Estimates and judgments that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are explained below.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

#### **- Provisions for risks and expenses and other contingencies**

Determining the need to record provisions to cover present obligations that arise as a result of past events requires significant estimates and judgements. To this end, the Company evaluates, based on the best information available to date, the result of certain legal or other procedures that are pending at the date of preparation (Note 14.2) of the annual accounts.

#### **- Measurement of equity instruments**

They are measured at cost less, where appropriate, cumulative impairment adjustments. Where there is objective evidence that the carrying amount is not recoverable, the relevant value adjustments are made for the difference between the carrying amount and recoverable amount, which is the higher of fair value less costs to sell and the present value of cash flows from the investment. Unless better evidence is available of the recoverable amount, when estimating the impairment of these investments, the investee company's equity is taken into account, adjusted for any latent capital gains existing at the measurement date. The value adjustment and, if appropriate, its reversal, are reflected in the income statement for the year in which they arise.

In the case of equity instruments valued at cost, an evaluation is made as to whether or not there are any indications of impairment at the year-end, comparing the carrying value against recoverable value, and which is determined by the present value of the future estimated cash flows deriving from the investment. On December 31<sup>st</sup> 2023 and 2022 the equity instruments are those related to the Company's investments in Madrileña Red de Gas, S.A.U., Aliara Energía, S.A.U., Aliara GLP, S.L.U. Madrid Hidrógeno Verde, S.L y Madrileña Red de Gas Finance, B.V. (Note 6). To determine the recoverable value of the investments, business plans of the five companies have been used and have been prepared taking into consideration the current legislation that affects both, the investee companies' activity as well as tax matters. The impairment analysis has considered several assumptions, concerning, amongst others, the discount rate applied. As a result of this analysis, it has not been necessary to register any impairment in the investments.

The Directors estimate discount rates that reflect the time value of money and the risks associated for each cash-generating unit. The changes in selling prices and costs are based on in-house and industry forecasts, and experience and future expectations, respectively.

The main assumptions considered by Company's management to assess these assets for impairment are as follows: estimation of future income and the term over which business plans are coherent to existing regulations, financing structure in accordance with current conditions and post-tax discount rates amount to 5.00% in the case of Madrileña Red de Gas, S.A.U., 5.85 % in the case of Aliara GLP, S.L.U and 7.30% in the case of Aliara Energía, S.A.U. (which shows the specific risks relating to the business).

As a result of the analysis carried out on December 31<sup>st</sup> 2023 and 2022, there has been no evidence of the need for impairments in investments in group companies.

#### ***2.4 Comparison of information***

The abridged annual accounts present for comparative purposes, with each of the abridged balance sheet items, the abridged profit and loss account, statement of changes in equity, statement of cash flows and the notes, in addition to the figures for the 2022 financial year, those corresponding to the previous financial year, which were part of the Annual accounts for the year 2022 approved by the sole shareholder ' Meeting on June 19<sup>th</sup> 2023.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

#### 2.5 Application of Losses

The proposed application of losses to be submitted to the sole shareholder is as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
<b>Basis of allocation</b>		
Profit/(loss) for the year	<u>(10,348,121.09)</u>	<u>(27,095,268.78)</u>
<b>Application</b>		
Prior years' losses	<u>(10,348,121.09)</u>	<u>(27,095,268.78)</u>
	<u>(10,348,121.09)</u>	<u>(27,095,268.78)</u>

### 3. Accounting policies and valuation

The main accounting and valuation principles applied by the Company to prepare its annual accounts corresponding to the fiscal year ended on December 31<sup>st</sup> 2023 in accordance with the General Chart of Accounts (PGC), are as follows:

#### 3.1 *Financial instrument*

##### Recognition and classification of financial instruments

The Company classifies financial instruments at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, in accordance with the economic substance of the contractual agreement and with the definitions of financial asset, financial liability or equity instrument heritage.

The Company recognizes a financial instrument when it becomes an obligated party to the contract or legal business in accordance with its provisions, either as issuer or as holder or acquirer of the former.

For valuation purposes, the Company classifies financial assets at amortized cost and at fair value with changes in equity, except designated equity instruments, in accordance with the business model and the characteristics of the contractual flows. The Company classifies financial liabilities as valued at amortized cost, except those designated at fair value with changes in the profit and loss account and those held for trading.

The Company classifies a financial asset at amortized cost, even when it is admitted to trading, if it is held within the framework of a business model whose objective is to maintain the investment in order to receive the cash flows derived from the execution of the contract and the contractual conditions. of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of principal outstanding (UPPI).

The Company classifies all other financial liabilities, except financial guarantee contracts, commitments to grant a loan at an interest rate below the market rate and financial liabilities resulting from a transfer of financial assets that do not meet the requirements for their derecognition or that are accounted for using the continuing involvement approach, as financial liabilities at amortized cost.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

#### Compensation principles

A financial asset and a financial liability are offset only when the Company has the enforceable right to offset the recognized amounts and intends to settle the net amount or to realize the asset and cancel the liability simultaneously.

For valuation purposes, the Company classifies financial assets at amortized cost and at fair value with changes in equity, except designated equity instruments, in accordance with the business model and the characteristics of the contractual flows. The Company classifies financial liabilities as valued at amortized cost, except those designated at fair value with changes in the profit and loss account and those held for trading.

#### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, plus or minus the transaction costs incurred, and are subsequently valued at amortized cost, using the effective interest rate method. The effective interest rate is the discount rate that equalizes the book value of a financial instrument with the estimated cash flows throughout the expected life of the instrument, based on its contractual conditions and for financial assets without considering the future credit losses, except for those acquired or originated with losses incurred, for which the effective interest rate adjusted for credit risk is used, that is, considering the credit losses incurred at the time of acquisition or origination.

#### Impairment of value of financial assets

A financial asset or group of financial assets is impaired and an impairment loss has occurred, if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event or events causing the loss. have an impact on the estimated future cash flows of the financial asset or group of financial assets, which can be estimated reliably.

The Company follows the criterion of recording the appropriate valuation corrections for impairment of financial assets at amortized cost, when there has been a reduction or delay in future estimated cash flows, motivated by the insolvency of the debtor.

Likewise, in the case of equity instruments, value impairment exists when there is a lack of recoverability of the asset's book value due to a prolonged or significant decrease in its fair value.

#### Impairment of financial assets valued at amortized cost

The amount of the loss due to impairment of the value of financial assets valued at amortized cost is the difference between the book value of the financial asset and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. , discounted at the original effective interest rate of the asset. For financial assets with a variable interest rate, the effective interest rate corresponding to the valuation date according to the contractual conditions is used. However, the Company uses their market value, provided that it is reliable enough to be considered representative of the value that could be recovered.

The impairment loss is recognized with a charge to results and is reversible in subsequent years, if the decrease can be objectively related to an event subsequent to its recognition. However, the reversal of the loss is limited to the amortized cost that the assets would have had, if the loss due to impairment in value had not been recorded.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

The Company directly reduces the carrying amount of a financial asset when it does not have reasonable expectations of full or partial recovery.

#### Impairment of investments in Group companies, associates and jointly controlled entities and equity instruments carried at cost

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of the present value of future cash flows from the investment and fair value less costs to sell.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

Impairment losses are recognised and reversed in the income statement.

#### Equity investments in Group companies, jointly controlled entities and associates

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration given, including transaction costs in the case of investments in associates and jointly controlled entities, and are subsequently measured at cost net of any accumulated impairment. Nevertheless, in acquisitions of investments in Group companies that would not be classified as a business combination, transaction costs are also included in the cost of acquisition of these investments. The cost of investments in Group companies acquired before 1<sup>st</sup> January 2010 includes any transaction costs incurred.

### **3.2 Net Equity**

The Share capital consists of ordinary shares.

The costs of issuing new shares or options are deducted from equity, as lower reserves.

Given the case of acquiring own shares, the amount paid, including any other incremental cost, it will be diminished from the net equity until it is cancelled, new emission or disposed. When those shares are sold, or are emitted later on, the amount obtained, net of any incremental transaction cost, is directly included in the net equity.

### **3.3 Cash and cash equivalents**

Cash and cash equivalents include cash at hand, time deposits with financial entities and other short-term investments noted for their great liquidity with an original maturity no longer than three months as from the acquisition date.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

#### **3.4 Current and deferred taxes**

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

##### Recognition of deferred tax liabilities

The Company recognises deferred tax liabilities in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

##### Recognition of deferred tax assets

The Company recognises deferred tax assets provided that it is probable that sufficient taxable income will be available against which they can be utilised or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future.

The Company recognises the conversion of a deferred tax asset into a receivable from public entities when it becomes enforceable in accordance with prevailing tax legislation. For this purpose, the deferred tax asset is derecognised with a charge to the deferred tax expense and the receivable is recognised with a credit to current tax. Likewise, the Company recognises the exchange of a deferred tax asset for government debt securities when it acquires ownership thereof.

The Company recognises the payment obligation deriving from financial contributions as an operating expense with a credit to payables to public entities when it is accrued in accordance with the Spanish Income Tax Law.

Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.

In the absence of evidence to the contrary, it is not considered probable that the Company will have future taxable profit when the deferred tax assets are expected to be recovered in a period of more than ten years from the end of the reporting period, irrespective of the nature of the deferred tax asset; or, in the case of tax credits for deductions and other tax relief that are unused due to an insufficient amount of total tax, when there is reasonable doubt – after the activity or the income giving rise to entitlement to the deduction or tax credit has been rendered or received, respectively – as to whether the requirements for their offset will be met.

The Company only recognises deferred tax assets arising from tax loss carryforwards when it is probable that future taxable profit will be generated against which they may be offset within the period stipulated in applicable tax legislation, up to a maximum period of ten years, unless there is evidence that their recovery in a longer period of time is probable and tax legislation provides for their utilisation in a longer period or stipulates no time limit for their utilisation.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

Conversely, it is considered probable that the Company will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

The Company recognises deferred tax assets not previously recognised because they were not expected to be utilised within the ten-year recovery period, inasmuch as the future reversal period does not exceed ten years from the end of the reporting period or when there are sufficient taxable temporary differences.

In order to determine future taxable profit the Company takes into account tax planning opportunities provided it intends or is likely to adopt them.

#### Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities. For these purposes, the Company has considered the deduction for reversal of the temporary measures provided in transitional provision thirty-seven of Income Tax Law 27/2014 of 27<sup>th</sup> November 2014 as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisation and depreciation charges in 2013 and 2014.

#### Offset and classification

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

### **3.5 Foreign currency**

The Company's annual accounts are stated in euros, which is the functional and the presentation currency of the Company.

### **3.6 Transactions between group companies**

In general, transactions between group companies are initially recognised at fair value. If applicable, where the agreed price differs from the fair value, the difference is recognised based on the economic reality of the transaction. Transactions are subsequently measured in accordance with applicable standards.

### **3.7 Revenue recognition**

Income is recorded at a reasonable value of the consideration to receive and represents the amounts to bill for the delivered goods and services in the ordinary course of the Company's activities, less returns, discounts and the VAT.

The Company recognises income when the amount may be reliably estimated, it is likely that the future economic benefits will flow to the Company and the specific conditions are fulfilled for each activity, as described below.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

According to the consultation on the accounting classification of individual annual accounts of a holding company's income and expenses, published by the Institute of Accounting and Auditing in the Official Publication No. 79, the Company classifies financial revenue from loans to group companies and dividend income received from its subsidiaries received from its investees as part of the financial statement line "Net Turnover" of the Income Statement.

It also records impairments in investments in group companies within the operating margin.

#### **a) Interest and dividends**

The Company recognises interest and dividends accrued on financial assets after their acquisition as income.

The Company accounts for interest on financial assets carried at amortised cost using the effective interest method and recognises dividends when the Company's right to receive payment is established.

Upon initial measurement of financial assets, the Company recognises accrued explicit interest receivable at the measurement date separately, based on maturity. Dividends declared by the pertinent body at the acquisition date are also accounted for separately. Accordingly, these amounts are not recognised as income.

If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investee itself or by any investee thereof since acquisition have been distributed, the carrying amount of the investment is reduced. This criterion applies irrespective of the measurement criterion used to measure equity instruments. Therefore, in the case of equity instruments at fair value, the value of the investment is also reduced, and any subsequent increase in value is recognised in the income statement or in equity, depending on the instruments' classification.

#### **4. Financial risk management**

The Company's activities have no significant exposure to exchange rate risk and the fluctuation of interest rate. However, the Company is exposed to credit and liquidity risk.

The Company's Management focuses on maintaining a solid financial structure that optimises the cost of capital and the availability of financial resources to guarantee business continuity over the long term, in order to enhance value for shareholders while ensuring a solid credit profile.

The geopolitical situation and the macroeconomic environment in 2023 have been characterised by significant global economic uncertainty and volatility largely due to the following:

- the conflict between Russia and Ukraine, which has dragged on to 2023, and is unlikely to be resolved in the short term. This conflict has important implications on the supply and prices of raw materials, primarily of gas.
- the current tension in the Middle East, which aggravates the situation affecting the supply and prices of commodities;
- the sharp rise in inflation;
- the interest rate hike which has increased borrowing costs.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

In contrast, the current boost of technology in business processes, the mass implementation of remote working, volumetric migration of data to the cloud and supply chain security, increase exposure to cyberattacks, generating new vulnerabilities in relation to data integrity, confidentiality, availability of information and information and operating systems. At present, the Company has an information security system in place that manages technology-related risks and covers the most important cybersecurity issues. The Company had no cybersecurity issues in 2023.

The Company has not had any relevant impacts as a result of the aforementioned points with respect to cash availability/needs, nor has it had to stop its activity. Nonetheless, given the complexity of the current environment, the Company continuously monitors the progress of the situation and its impact on macroeconomic and financial indicators and oversees the regulatory measures in force, for the purpose of updating the analysis and identifying potential impacts on the annual accounts.

#### Credit risk

The Company generally maintains its cash and cash equivalents in financial institutions with a high credit level.

#### Interest rate risk

During the current year, the Company has been exposed to several financial risks, mainly to interest rate risk.

The interest rate risk of the Company arises from long-term external resources.

Long term borrowings issued at fixed rates expose the Company to the fair value of its financial liabilities.

#### Liquidity and availability of funding risks

The Company maintains a liquidity policy that ensures compliance with the payment commitments acquired, diversifying the coverage of financing needs and debt maturities. Prudent liquidity risk management includes the maintenance of sufficient cash and realizable assets and the availability of funds for an adequate amount to cover the obligations.

It is the Company policy to match the debt's amortisation calendar to its capacity to generate cash flows to meet these maturities. In particular, the Company's Management attempts to ensure that the operations over the next 12 months are always fully financed without the need to substantially modify the conditions and structure of the Company's debt.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

#### **5. Analysis of financial instruments**

The carrying value of each financial instrument category is set out in the accounting and measurement standard "Financial instruments" is as follows:

##### **5.1 Analysis by category**

###### **a) Financial assets**

Investments are related in full to loans and receivables. The heading of loans and receivables, except for equity investments in group companies and associates (Note 6), breaks down as follows:

	31.12.2023	31.12.2022
<b>Current financial assets at amortised cost</b>		
Cash and cash equivalents (Note 8)	1,004	990
	<b>1,004</b>	<b>990</b>

###### **b) Financial liabilities**

	31.12.2023	31.12.2022
<b>Non-current financial liabilities at amortised cost</b>		
Debts with group companies and associates (Nota 10, 13)	672,612	672,075
<b>Non-current financial liabilities at amortised cost</b>		
<u>Trade and other payables</u>		
Debts with group companies and associates (Nota 10, 13)	10,525	10,531
Sundry payables (Note 9)	23	16
	<b>683,160</b>	<b>682,622</b>

(\*) Liabilities with the Public Administrations have been excluded from the balance Trade and other payables

##### **5.2 Analysis by maturity**

On December 31<sup>st</sup> 2023 the long and short-term debts with a determined or undetermined maturity date, classified by the year in which they will mature, are as follows:

	2024	2025	2026	2027	Subsequent years	Total
Debts with group companies and associates (Note 13)	10,531	300,000	-	-	372,612	<b>683,137</b>
Sundry creditors (Note 10)	23	-	-	-	-	<b>23</b>
	<b>10,548</b>	<b>300,000</b>	-	-	<b>372,612</b>	<b>683,160</b>

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

On December 31<sup>st</sup> 2022 the long and short-term debts with a determined or undetermined maturity date, classified by the year in which they will mature, are as follows:

	2023	2024	2025	2026	Subsequent years	Total
Debts with group companies and associates (Note 13)	10,531	-	300,000	-	372,075	682,606
Sundry creditors (Note 10)	16	-	-	-	-	16
	<b>10,547</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>372,075</b>	<b>682,622</b>

The fair value of the financial liabilities with group companies and associates is an amount of Euros 635,548 and 598,889 thousand at 31 December 2023 and 2022, respectively.

## 6. Shares in group, multi-group and associates companies

### a) Shares in group companies

Name and legal form	Address	Activity	Share capital (%)		Voting rights (%)	
			Direct	Indirect	Direct	Indirect
Madrileña Red de Gas, S.A.U.	C.E. Arco, c/ Virgilio 2-B, Edificio 1, Pozuelo de Alarcón (Madrid)	Gas distribution	100%	-	100%	-
Aliara Energía, S.A.U.	C.E. Arco, c/ Virgilio 2-B, Edificio 1, Pozuelo de Alarcón (Madrid)	Development and maintenance of energy facilities	100%	-	100%	-
Aliara GLP, S.L.U	C.E. Arco, c/ Virgilio 2-B, Edificio 1, Pozuelo de Alarcón (Madrid)	Gas distribution and supply (LPG)	-	100%	-	100%
Inspira Madrid Hidrógeno Verde, S.L	C.E María de Molina, 40, 5ª planta (Madrid)	Development and promotion of energy projects	-	33.33%	-	33.33%
Madrileña Red de Gas Finance B.V	Overschiestraat 65, 1062XD Amsterdam, The Netherlands	Invest and use the funds obtained by the Company	100%	-	100%	-

There are no public traded companies.

The share capital, reserves, profit or loss for the year, and other information of interest, according the individual annual accounts on December 31<sup>st</sup> 2023 and 2022 of the companies are as follows:

31.12.2023							Thousand Euros	
Company	Share capital	Share premium	Reserves and other shareholders contributions	Operating income	Profit/loss for the year	Share net book value	Obtained dividends	
Madrileña Red de Gas, S.A.U. (*)	1,048	100,354	240,497	4,866	(3,411)	1,227,952	16,200	
Aliara Energía, S.A.U. (*)	60	-	26,124	(877)	(1,820)	27,860	-	
Aliara GLP, S.L.U. (*)	1,010	-	10,722	(1,368)	(1,026)	-	-	
Inspira Madrid Hidrógeno Verde, S.L (**)	150	-	-	(3,8)	(3,8)	-	-	
Madrileña Red de Gas Finance B.V. (*)	18	2,002	5,222	666	595	18	-	
						<b>1,255,830</b>	<b>16,200</b>	

(\*) Companies audited by KPMG.

(\*\*) Non audited

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

31.12.2022	Thousand Euros						
Company	Share capital	Share premium	Reserves and other shareholders contributions	Operating income	Profit/loss for the year	Share net book value	Obtained dividends
Madrileña Red de Gas, S.A.U. (*)	1,048	100,354	226,179	17,533	30,602	1,244,152	388,880
Aliara Energía, S.A.U. (*)	60	-	26,647	(615)	(523)	27,860	-
Aliara GLP, S.L.U. (*)	1,010	-	11,098	(501)	(375)	-	-
Madrileña Red de Gas Finance B.V. (*)	18	2,002	2,405	1,426	2,817	18	-
						<b>1,272,030</b>	<b>388,880</b>

(\*) Companies audited by KPMG.

On May 7<sup>th</sup> 2015, the companies C41, S.A.S (currently called Realgaz S.A.S), Stichting Depositary PGGM Infrastructure Funds, JCSS Mike S.A.R.L (Elisandra Spain IV, S.L.'s shareholders) acquired all the shares of Madrileña Red de Gas, S.A.U, Aliara Energía S.A.U. and Madrileña Red de Gas Finance B.V. from MSIP VIOLIN B.V, which wholly owned those companies. On May 7<sup>th</sup>, 2015, Realgaz, S.A.S (previously called C41 S.A.S), Stichting Depositary PGGM Infrastructure Funds, JCSS Mike S.A.R.L, with MSIP VIOLIN B.V.'s consent, assigned and transferred all the shares to Elisandra Spain V S.L.U., which purchased and acquired them under a contractual position assignment agreement. The assignment was authorised by the sole shareholder, Elisandra Spain IV S.L.

This transaction generated an account receivable by Elisandra Spain IV, S.L. (the Company's sole shareholder) of the amount of 1,286,468 thousand euros. Also on May 7<sup>th</sup> 2015, the Extraordinary General Meeting of the Company's shareholders resolved to increase the Company's share capital by compensating credits in the amount of 64,323 thousand euros, creating 64,323 thousand new shares with a par value of 1 euro each, numbered correlatively 3,001 through 64,326,480; these shares carry the same rights as the pre-existing shares. The capital increase was carried out with a total share premium of 1,222,145 thousand euros, so that the equivalent value of each new share is 1 euro (par value) and approximately 19 euros (share premium).

On July 21<sup>st</sup>, 2015 the Company, sole shareholder of Madrileña Red de Gas, S.A.U, approved the distribution of a dividend charged to the share premium reserve amounting to 63,000 thousand euros paid on July 29<sup>th</sup>, 2015. Additionally, on February 8, 2016 another dividend charged to the share premium of 25,000 thousand euros was approved, whose disbursement occurred on March 1<sup>st</sup> 2016. In consequence of this distribution the value of the participation of Madrileña Red de Gas, S.A.U. has decreased in 88,000 thousand euros. On November 4, 2016 the Company, as sole shareholder of Madrileña Red de Gas S.A.U. approved the distribution of a dividend with a charge to voluntary reserves amounting to 94,800 thousand euros, which was disbursed on November 17<sup>th</sup> 2016. This distribution has meant a reduction of the participation in Madrileña Red de Gas S.A.U. amounting to 39,631 thousand euros, with the rest of the dividend (55,169 thousand euros) being recorded in the income statement.

On September 29<sup>th</sup> 2015 the Company made a cash contribution to the investee Aliara Energía, S.A.U. amounting to 500 thousand euros as a result of previous year losses which had left the Company's equity reduced below half of the share capital.

On October 20<sup>th</sup>, 2017 the Company, sole shareholder of Madrileña Red de Gas, S.L.U, approved the distribution of a dividend charged to the share premium reserve amounting to 35,000 thousand euros. This distribution has meant a reduction of the participation in Madrileña Red de Gas S.A.U. amounting to 35,000 thousand euros. As of December 31<sup>st</sup>, 2017, of this declared dividend, an amount totalling 30,625 thousand euros has been disbursed with 4,375 thousand euros pending distribution, includes in the "Short-term investments in group and associated" (Note 6), which has been disbursed during 2018.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

On April 25<sup>th</sup> 2018 the Company sole shareholder of Madrileña Red de Gas S.L.U approved the distribution of two dividends charged to the share premium reserve amounting to 116,000 thousand euros and 6,600 thousand euros respectively, this dividend has been fully disbursed at December 31<sup>st</sup> 2018. This distribution has meant a reduction of the participation in Madrileña Red de Gas S.A.U amounting to 122,600 thousand euros.

On February 23<sup>th</sup> 2018 the Company sole shareholder of Madrileña Red de Gas B.V., approved the distribution of a dividends amounting to 724 thousand euros, this dividend has been fully disbursed at December 31<sup>st</sup> 2018.

On December 20<sup>th</sup> 2018 the Company has made a monetary distribution to the subsidiary Company Aliara Energía S.A.U for an amount of 1,200 thousand euros with the purpose of restore the equity situation of the subsidiary.

On April 21<sup>st</sup> 2021 the Company has made a monetary distribution to the subsidiary Company Aliara Energía S.A.U for an amount of 4,500 thousand euros with the purpose of restore the equity situation of the subsidiary.

On November 16<sup>th</sup> 2021 the Company has made a monetary distribution to the subsidiary Company Aliara Energía S.A.U for an amount of 3,100 thousand euros with the purpose of restore the equity situation of the subsidiary.

On April 4<sup>th</sup> 2022 the Company has made a monetary distribution to the subsidiary Company Aliara Energía S.A.U for an amount of 15,800 thousand euros with the purpose of restore the equity situation of the subsidiary.

On May 9<sup>th</sup> 2022 the Company has made a monetary distribution to the subsidiary Company Aliara Energía S.A.U for an amount of 2,700 thousand euros with the purpose of restore the equity situation of the subsidiary.

On December 1<sup>st</sup>, 2022, the Company has made a non-cash contribution to the Company's equity Madrileña Red de Gas, S.A.U amount of 612,876 thousand euros to extinguish by confusion of rights of the loans that the Company held with Madrileña Red de Gas, S.A.U valued at fair value by an independent expert (Note 7).

On December 16<sup>th</sup>, 2022, the Company approved a distribution in its favour an amount of 388,880 thousand euros from the account 118 "Contributions by shareholders "of Madrileña Red de Gas, S.A.U and on the same day an addendum was signed to the credit agreement between the Company and Madrileña Red de Gas, S.A.U where the maturity date of the credit was modified, determining December 16<sup>th</sup>, 2022 as the new maturity date, and therefore it became due, liquid and payable credit as of this date. The Company, proceeded to settle the principal and interest of the loan to Madrileña Red de Gas, S.A.U its market value. This distribution has involved 19,496 thousand euros of income from dividends in the Company (Note 12) and a decrease in the value of the Company's holding in Madrileña Red de Gas, S.A.U. amount to 369,384 thousand euros.

On February 16<sup>th</sup>, 2023, the Company approved a distribution in its favour an amount of 16,200 thousand euros from the account 118 "Contributions by shareholders "of Madrileña Red de Gas S.A.U.

On December 31<sup>st</sup> 2023 and 2022 the recoverable value of investments in group companies exceeds their net book value.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

#### **7. Financial assets carried at cost**

As of December 31<sup>st</sup> 2023 and 2022 no current or non-current financial assets have been recorded.:

##### Long-term trade receivables, group companies and associates

The Company recorded under "Long-term and Short-term trade receivables, group companies and associates" three loans granted from the related company Madrileña Red de Gas, S.L.U. Through this loan the Company transferred to Madrileña Red de Gas, S.L.U. the amounts obtained from the bond issues by the investee company Madrileña Red de Gas Finance, B.V (MRG Finance, B.V), of which the company Madrileña Red de Gas, S.L.U. is a guarantor (Note 10).

On December 1<sup>st</sup>, 2022, the Company and the investee company, Madrileña Red de Gas, S.A.U. agreed the early maturity of these loans and they became due, liquid, and payable as of this moment, being their liquidation value, the market value determined by an independent expert, as indicated below:

Notional amount of the loan	Market value of the loan	Start date	Maturity date	Early Maturity date
75,000	69,364	03.03.2016	03.03.2031	01.12.2022
300,000	283,392	11.04.2017	11.04.2025	01.12.2022
300,000	260,120	11.04.2017	11.04.2029	01.12.2022
<b>675,000</b>	<b>612,876</b>			

As of December 31<sup>st</sup>, 2022, the Company has recorded a financial expense amount to 68,937 thousand euros for the difference between the book value, which included the principal plus unpaid interest at amortized cost, and the market value at the date of cancellation (Note 12 and 13).

##### Short-term trade receivables, group companies and associates

The Company recorded under "Short-term trade receivables, group companies and associates" the outstanding interests to collect of the loans mentioned in the previous point amounting to 0 thousand euros on December 31<sup>st</sup>, 2023 and 2022.

Financial income accrued on 31<sup>st</sup> December 2022 amounted to 14,074 thousand euros (Note 12.1).

#### **8. Cash and cash equivalents**

On December 31<sup>st</sup> 2023 the Company has 1.004 thousand euros (990 thousand euros on December 31<sup>st</sup> 2022) in a current account, available to meet its needs.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

#### **9. Capital and Share premium**

##### **Share Capital**

The Company was incorporated in a public deed authorised on March 4<sup>th</sup>, 2015 with a share capital of 3 thousand euros consisting of 3,000 fully-subscribed and paid-up, registered shares with a par value of 1 euro each, in the same class and series, numbered correlatively 1 to 3,000, both included.

On May 7<sup>th</sup>, 2015, the sole shareholder decided to increase the share capital of the Company amounting to 64,323 thousand euros, by means of the creation of 64,323 thousand new shares with a nominal value of 1 euro and with the same rights of the ones already existing, numbered correlatively from 3001 to 64,326,480, both included. (Note 4).

On December 31<sup>st</sup> 2023 and 2022 the share capital amounts to 64,326 thousand euros and is 100% subscribed and paid up represented by Elisandra IV Spain, S.L.

##### **Share Premium**

On December 31<sup>st</sup> 2023 the share premium sums up to 583,603 thousand euros (585,603 thousand euros on December 31<sup>st</sup> 2022).

During the fiscal year 2015, a share premium reserve account was created, this was because of a share capital increase on May 7<sup>th</sup> 2015 (Note 6).

On July 21<sup>st</sup> 2015 the sole shareholder approved the distribution of a dividend charged to the issue premium reserve amounting to 62,000 thousand euros, paid on July 29<sup>th</sup> 2015. Additionally, on February 8<sup>th</sup> 2016 another dividend charged to the share premium of 25,000 thousand euros was approved, whose disbursement occurred on March 1<sup>st</sup> 2016.

On November 4<sup>th</sup> 2016, the Sole Shareholder approved the distribution in its favor of a dividend charged to the assumption premium for an amount of 46,112 thousand euros, disbursed on November 17<sup>th</sup> 2016.

On October 20<sup>th</sup> 2017, the Sole Shareholder approved a dividend distribution by 35,500 thousand euros with charged to the share premium's reserve and voluntary reserves by 34,946 thousand euros and 554 thousand euros, respectively. As of December 31<sup>st</sup>, 2017, of this declared dividend, an amount totalling 31,062 thousand euros has been disbursed with 4,438 thousand euros pending distribution includes in "Debts with group companies and associates short term" (Note 10), which were disbursed on 2018.

On April 25<sup>th</sup> 2018 the Sole Shareholder approved two dividends distribution by 116,724 and 6,000 thousand euros with charge to the share premium's reserve, which has been disbursed at December 31<sup>th</sup> 2018.

On June 17<sup>th</sup> 2019 the Sole Shareholder approved a dividend distribution by 51,924 thousand euros with charged to the share premium's reserve and voluntary reserves by 1,076 thousand, which has been disbursed on December 31<sup>st</sup> 2019.

On March 18<sup>th</sup> 2020 the Sole Shareholder approved a dividend distribution by 103,650 thousand euros with charged to the share premium's reserve, which has been disbursed on December 31<sup>st</sup> 2020.

On December 10<sup>th</sup> 2020 the Sole Shareholder approved a dividend distribution by 44,800 thousand euros with charged to the share premium's reserve, which has been disbursed on December 31<sup>st</sup> 2020.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

On April 21<sup>st</sup> 2021 the Sole Shareholder approved a dividend distribution by 66,000 thousand euros with charged to the share premium's reserve, which has been disbursed on December 31<sup>st</sup> 2021.

On November 16<sup>th</sup> 2021 the Sole Shareholder approved a dividend distribution by 38,400 thousand euros with charged to the share premium's reserve, which has been disbursed on December 31<sup>st</sup> 2021.

On April 21<sup>st</sup> 2022 the Sole Shareholder approved a dividend distribution by 41,200 thousand euros with charged to the share premium's reserve, which has been disbursed on December 31<sup>st</sup> 2022.

On February 16<sup>th</sup> 2023 the Sole Shareholder approved a dividend distribution by 2,000 thousand euros with charged to the share premium's reserve, which has been disbursed on December 31<sup>st</sup> 2023.

#### Legal Reserve

In accordance with the consolidated text of the Corporate Enterprises Act 2010, 10% of the profit for the year must be transferred to the legal reserve each year until the balance in the reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital provided that, the remaining balance in the reserve exceeds 10% of the increased share capital. Except for the purpose described above and until the balance does not exceeds 20% of share capital, the legal reserve may only be used to offset losses if other available reserves for this purpose are not enough.

As of December 31<sup>st</sup>, 2023, the legal reserve, amounting to 5,799 thousand euros, is still not fully funded.

#### Profit /(Loss) distribution/application proposal

The proposal to be presented to the Sole Shareholders regarding the application of losses is as follows:

	<u>Euros</u>	
	<u>31.12.2023</u>	<u>31.12.2022</u>
<b>Available for distribution</b>		
Profit/(loss) for the year	<u>(10,348,121.09)</u>	<u>(27,095,268.78)</u>
<b>Application</b>		
Negative results from previous years	<u>(10,348,121.09)</u>	<u>(27,095,268.78)</u>
	<u>(10,348,121.09)</u>	<u>(27,095,268.78)</u>

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

#### **10. Financial assets at amortised cost**

The balance in the accounts included in current financial liabilities on December 31<sup>st</sup> 2023 and 2022 is as follows (thousand euros):

	31.12.2023	31.12.2022
<b>Non-Current financial liabilities at amortised cost:</b>		
Debts with group and associate companies (Note 13)	672,612	672,075
<b>Current financial liabilities at amortised cost:</b>		
Debts with group and associate companies (Note 13)	10,525	10,531
Sundry payables	23	16
<b>TOTAL</b>	<b>683,160</b>	<b>682,622</b>

#### Long-term payables to Group companies and associates

The Company recorded under "Long-term payables to group companies and associates" has registered three loans signed with the investee company Madrileña Red de Gas Finance, BV (MRG Finance BV) through which it transferred to the Company the amounts obtained from the bond issues by MRG Finance, of which the guarantor company is Madrileña Red de Gas, S.L.U.:

- Issue in March 2016 by MRG Finance BV of bonds with a nominal amount of 75,000 thousand euros under its EMTN program secured by the Company, maturing on March 2031. The amount of this issue was transferred to the company Madrileña Red de Gas, S.L.U. under a financing agreement signed with the Company, Sole Shareholder of Madrileña Red de Gas, S.L.U, which it has signed a financing agreement with MRG Finance BV (Note 7). The bonds issued bear interest at a fixed rate of 3.5% per year payable annually in March and they may be redeemed at maturity.
- Issue in April 2017 by MRG Finance BV, under its EMTN program and with the guarantee of the company Madrileña Red de Gas S.L.U. with a nominal amount of 300,000 thousand euros and maturing in April 2025. The amount of the aforementioned issue was transferred to Madrileña Red de Gas S.L.U. under a financing agreement signed with the Company, sole shareholder of the Madrid Gas Network, which in turn has signed a financing agreement with MRG Finance BV (Note 7). The bonds issue have a fixed interest rate of 1.375% per year, payable annually in April, and are repayable at maturity.
- Issue in April 2017 by MRG Finance BV, under its EMTN program and with the guarantee of the company Madrileña Red de Gas S.L.U. with obligations for a nominal amount of 300,000 thousand euros and maturing on April 2029. The amount of the aforementioned issue was transferred to Madrileña Red de Gas S.L.U. under a financing agreement signed with the Company, sole shareholder of the Madrid Gas Network, which in turn has signed a financing agreement with MRG Fianance BV (Note 7). The bonds issued have a fixed interest rate of 2.25% per year payable annually in April, and are repayable at maturity.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

The main terms and conditions for this loan are as follows:

Notional amount of the loan	Start date	Maturity date	Term	Annual interest rate	Payment of interest	Repayment of principal
75,000	03.03.2016	03.03.2031	15 years	3.598%	anual	03.03.2031
300,000	11.04.2017	11.04.2025	8 years	1.473%	anual	11.04.2025
300,000	11.04.2017	11.04.2029	12 years	2.348%	anual	11.04.2029

On June 18<sup>th</sup> 2019 the Company Madrileña Red de Gas, S.A.U approved the extension of a credit to its direct parent, Elisandra Spain V, S.L.U., with a limit of Euros 1 billion, falling due in ten years, which accrues annual fixed interest of 6.04%.

On March 18<sup>th</sup> 2020 and December 10<sup>th</sup> 2020 was drawn down 103 million euros and 44.8 million euros respectively, which is repayable upon maturity (53 million euros was drawn down in 2019, which is repayable upon maturity).

On April 21<sup>st</sup> 2021 and November 16<sup>th</sup> 2021 was drawn down 69.5 million euros and 41.5 million euros respectively, which is repayable upon maturity (147.8 million euros was drawn down in 2020, which is repayable upon maturity).

On December 2<sup>nd</sup>, 2021, a new credit drawdown was approved in the Board of Directors' Minutes for a value of 15.8 million euros, which has been disbursed in fiscal year 2022.

Additionally, on April 21<sup>st</sup>, 2022, a new credit drawdown was approved in the Board of Directors' Minutes for a value of 43.9 million euros, which has been disbursed in fiscal year 2022.

On December 16<sup>th</sup>, 2022, Madrileña Red de Gas, S.A.U. and the Company signed an addendum to the credit agreement between both companies. where the maturity date of the credit was modified, determining December 16<sup>th</sup>, 2022 as the new maturity date, and therefore it became due, liquid, and payable credit as of this date. The investee company, Madrileña Red de Gas, S.A.U., proceeded to settle the principal and interest of the loan to the Company at its market value, 388,880 thousand euros, recording a financial income of 31,163 thousand euros (Note 12 and 13), for the difference between its book value and its fair value.

#### Debts with group companies and associates short term

The Company recorded under "Debts with group companies and associates short term" the outstanding interest's payment of the loans mentioned in the previous point amounting to 10,525 thousand euros (10,531 thousand euros on December 31<sup>st</sup>, 2022).

Financial expenses accrued as of December 31<sup>st</sup> 2023 amounted to 14,693 thousand euros (36,964 thousand euros on December 31<sup>st</sup>, 2022) (Note 12 and 13).

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

Information on delays in payments to suppliers. Additional Provision 3 of “Duty to inform” of Law 15/2010, of July 5<sup>th</sup>. taking into consideration the amendments introduced by Law 18/2022, of September 28, on the creation and growth of enterprises

The details of the required information regarding the average payment period to suppliers is as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>Days</b>	<b>Days</b>
Average payment period to suppliers (1)	38	24
Ratio paid transactions (2)	42	25
Ratio of outstanding payment transactions (3)	-	-
	<b>Number invoices</b>	<b>Number invoices</b>
Nº invoices paid on time (4)	7	16
% over the total number of paid invoices	41.2%	94.1%
	<b>Thousand Euros</b>	<b>Thousand Euros</b>
Total payments made in the year	23	63
Total outstanding payments	-	-
Total payments made on time	23	63
% payments made on time over total payments	99.7%	99.6%

(1) Calculation considering the amounts paid and payables at December 31, 2023 and 2022

(2) Average payment period in transactions paid during the year

(3) Average length of outstanding balance providers

(4) Number of invoices paid in less than the maximum period established in the late payment regulations.

Law 31/2014, of December 3<sup>rd</sup>, modified the law 15/2010 regarding the provision of information relating to a company's average payment period for suppliers. Subsequently, the ICAC Resolution of January 29<sup>th</sup>, 2016 developed the methodology for the calculation of the average payment period to suppliers and the required disclosures in the notes to the financial statements. This resolution came into force on February 5<sup>th</sup> 2016 and applies to annual accounts from the year started on January 1<sup>st</sup> 2015, and the amendments introduced by Law 18/2022, of September 28, on the creation and growth of companies.

#### **11. Public administrations and Tax situation**

Since July 1<sup>st</sup> 2015 the Company began to file consolidated tax returns as a Parent Company of the Tax Group No. 474/15, where Elisandra Spain IV, S.L. is the Parent Company.

In the financial year ended in December 31<sup>st</sup> 2021, Tax Group No. 474/15 is formed by the parent Elisandra Spain IV, S.L. and the companies Elisandra Spain V, S.L.U, Aliara Energía, S.A.U., Aliara GLP, S.L.U. and Madrileña Red de Gas S.A.U.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

#### 11.1 Current balances with Public Administrations

A breakdown of current balances with Public Administrations on December 31<sup>st</sup> 2023 and 2022 is as follows (thousand euros):

	31.12.2023	
	Debit	Credit
Tax current assets	-	-
Professional retention	-	10
	-	<b>10</b>

	31.12.2022	
	Debit	Credit
Tax current assets	-	-
Professional retention	-	10
	-	<b>10</b>

#### 11.2 Reconciliation accounting results and tax base

Set out below is the reconciliation between net income and expense, and the corporate income tax on December 31<sup>st</sup> 2023:

	Income statement		
	Additions	Disposals	Total
Profit (loss) for the year			<b>(10,348)</b>
Corporate income tax	-	(4,376)	<b>(4,376)</b>
Permanent differences	7,362	-	<b>7,362</b>
<b>Tax base</b>			<b>(7,362)</b>

Set out below is the reconciliation between net income and expense, and the corporate income tax at December 31<sup>st</sup> 2022:

	Income statement		
	Additions	Disposals	Total
Profit (loss) for the year			<b>(27,095)</b>
Corporate income tax	-	(14,149)	<b>(14,149)</b>
Permanent differences	975	(19,496)	<b>(18,521)</b>
<b>Tax base</b>			<b>(59,765)</b>

On March 31<sup>st</sup> 2012 the Official State Gazette published Royal Decree-Law 12/2012 (March 30<sup>th</sup>), which was subsequently amended by Royal Decree-Law 20/2012 (July 12<sup>th</sup>), introducing several tax and administrative measures to reduce the public deficit. This Royal Decree-Law establishes a general limit to the deduction of financial expense. In general the amount of net deductible financial expense in the tax period is reduced to 30% of operating profits for the year (applying certain corrections) being deductible, in any case, those that do not exceed 1 million euros. These limitations apply to the tax periods commencing as from January 1<sup>st</sup> 2012.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

As of December 31<sup>st</sup>. 2023 positive temporary differences include 7,362 thousand euros relating to 50% of tax loss carryforwards. As of December 31<sup>st</sup>. 2022, no temporary differences were recorded.

On December 31<sup>st</sup> 2023 and 2022 the Company had not made interim corporate income tax payments.

Corporate income tax (expense) is analysed below:

	Thousand euros	
	31.12.2023	31.12.2022
Current tax	1,841	14,941
Deferred tax	2,535	(792)
<b>Total</b>	<b>4,376</b>	<b>14,149</b>

The current corporate tax results from the application of the 25% to the tax base.

On December 31<sup>st</sup> 2023 no permanent differences have been recorded. On December 31<sup>st</sup> 2022 the permanent differences relate to the positive adjustment of Euros 975 thousand and the negative adjustment of Euros 19,496 thousand in respect of dividends received from Madrileña Red de Gas, S.A.U. (Notes 6 and 12).

As of December 31<sup>st</sup> 2022, there is a write-off of deferred assets, as financial expenses pending application, in the amount of 792 thousand euros in relation to the adjustments related to intercompany loans (IBLAs) corresponding to fiscal years 2013-2022, both in the proceedings of the open inspections and in others that may be initiated in the future, as well as the Arbitration Proceedings that may be initiated in relation to such inspection proceedings.

At December 31<sup>st</sup>, 2023, the Company has recorded the deferred asset derecognized on December 31<sup>st</sup>, 2022 in the amount of 792 thousand euros, since the inspector in his definitive settlement has assigned the adjustment to the group company Madrileña Red de Gas, S.A.U. Additionally, a deferred asset derecognition has been recorded, in relation to the adjustments related to the intercompany loans (IBLAs) corresponding to the year 2023, in the amount of 97 thousand euros.

The movement during the year in deferred tax assets and liabilities, excluding the offset of balances, is as follows:

Deferred tax assets	Financial expenses	50% of the tax loss carryforwards	Total
<b>Balance at 31.12.2021</b>	<b>3,511</b>	-	<b>3,511</b>
Charged (reversed) to P&L account	(792)		(792)
Others	-		-
<b>Balance at 31.12.2022</b>	<b>2,719</b>	-	<b>2,719</b>
Charged (reversed) to P&L account	695	1,840	2,535
Others	-	-	-
<b>Balance at 31.12.2023</b>	<b>3,414</b>	<b>1,840</b>	<b>5,254</b>

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

On December 31<sup>st</sup> 2023 and 2022 the detail of negative tax bases not registered is as follows:

	Negative tax bases	Year
Tax credit for negative tax bases	61	2015

The deferred tax assets arising from negative tax bases available for offset are recognised as it becomes likely that the Company will obtain future tax profits to offset them.

The Company is under two process of inspection in relation to Corporate Tax to the fiscal years 2016, 2017 and December 2017 and the fiscal years 2018-2021, respectively,

In accordance with current legislation, tax declarations cannot be considered definitive, until they have been inspected by the tax authorities, or the applicable statute of limitations period has elapsed.

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax assessments may arise in the event of a tax inspection. The Directors consider, however, that any additional assessments that might be made would not significantly affect these annual accounts.

The Company's Directors do not expect that additional assessment of consideration arise as a consequence neither the raising resources nor the inspection of outstanding years.

## **12. Profit/ (Loss) for the year**

### **12.1. Revenue from contracts with customers**

	Thousand euros	
	31.12.2023	31.12.2022
Dividend income (Note 6, 13)	-	19,496
Other revenue (Note 10, 13)	-	31,163
Interest income (Note 7)	-	15,330
	-	<b>64,733</b>

The revenue from contracts with customers of the turnover ended on December 31<sup>st</sup> 2022 reflects dividend income from its subsidiary Madrileña Red de Gas, S.A.U. (Notes 6 and 13), other income from the transactions described in Notes 10 and 13 and the interest income arising from the loan granted by the Company to the investee Madrileña Red de Gas, S.L.U. (Note 7, 13).

During 2023 the Company has not recorded any dividend income since the dividends received from the subsidiary Madrileña Red de Gas, S.A.U. have been recorded in accordance with accounting regulations as a reduction in the value of the investment (Note 6).

### **12.2 Operating expenses**

The heading "Other operating expenses" up to December 31<sup>st</sup> 2023 and 2022 relates mainly to the audit and notary fees.

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

#### 12.3 Financial Income

	<u>31.12.2023</u>	<u>31.12.2022</u>
<b>Financial expenses</b>		
Interest on debts with group companies (Note 7, 10, 13)	(14,693)	(105,901)
<b>Financial results</b>	<u>(14,693)</u>	<u>(105,901)</u>

#### 13. Operations with related parties

We will consider related parties the following ones:

- The Board of Directors from Elisandra Spain V, S.L. through Realgaz, S.A.S (previously called C41 S.A.S), Stichting Depository PGGM Infrastructure Funds, JCSS Mike S.A.R.L. and LPPI Infrastructure Investment LP, Elisandra Spain V, S.L.U. and controlled companies of this, Madrileña Red de Gas S.A.U., Aliara Energía S.A.U., Aliara GLP, S.L.U., Inspira Madrid Hidrógeno Verde, S.L. and Madrileña Red de Gas Finance B.V.
- The administrators, managers and their close relatives. By "administrator" we consider member of the board of directors. By "managers" we consider every member from the Senior Management of Elisandra V Spain, S.L. The Senior Management's functions are performed by the Company's Board of Directors.
- Companies of the Group, Elisandra Spain IV, S.L., Madrileña Red de Gas S.A.U., Aliara Energía, S.A.U., Aliara GLP, S.L.U., Inspira Madrid Hidrógeno Verde, S.L. and Madrileña Red de Gas Finance B.V.

##### a) Balance

<u>31.12.2023</u>	<u>Group companies</u>	<u>Other related parties</u>	<u>Total</u>
Debts with group and associate companies long-term (Note 10)	(672,612)	-	<b>(672,612)</b>
Debts with group and associate companies short-term (Note 10)	(10,525)	-	<b>(10,525)</b>
<u>31.12.2022</u>	<u>Group companies</u>	<u>Other related parties</u>	<u>Total</u>
Debts with group and associate companies long-term (Note 10)	(672,075)	-	<b>(672,075)</b>
Debts with group and associate companies short-term (Note 10)	(10,531)	-	<b>(10,531)</b>

## ELISANDRA SPAIN V, S.L.U.

### NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023

(Expressed in thousand Euros)

#### b) Transactions

<b>31.12.2023</b>	<b>Group companies</b>	<b>Other related parties</b>	<b>Total</b>
<u>EXPENSES</u>			
Interest expenses (Nota 12.3)	(14,693)	-	<b>(14,693)</b>
<b>31.12.2022</b>			
<u>INCOME</u>			
Dividend income (Note 12.1)	19,496	-	<b>19,496</b>
Other revenue (Note 12.1)	31,163	-	<b>31,163</b>
Interest income (Note 12.1)	14,074	-	<b>15,330</b>
<u>EXPENSES</u>			
Interest expenses (Nota 12.3)	(36,964)	-	<b>(36,964)</b>
Other expenses (Note 12.3)	(68,937)	-	<b>(68,937)</b>

#### **13.1 Remuneration of the administrative body and senior management**

The Company's Board of Directors did not receive any kind of remuneration up to December 31<sup>st</sup> 2023 and 2022.

On December 31<sup>st</sup> 2023 and 2022 no contributions were made to pension plans or funds for former or current members of the Company's Board of Directors. In the same way, no commitment for this respect has been contracted during the year.

On December 31<sup>st</sup> 2023 and 2022, the members of the Company's Board of Directors have not received nor do they have granted loans or advances, no obligations have been assumed on their behalf as collateral, liability insurance premiums have been paid for damages caused by acts or omissions in the 2023 financial year in the amount of 42 thousand euros (42 thousand euros on 31<sup>st</sup> December 2022).

The members of the Company's Board of Directors have not received any remuneration in the form of profit sharing or bonuses. Neither have they received shares or stock options during the year, nor have the exercised options or have options outstanding to enforce.

The Company has no Senior Management personnel. This function is performed by the Company's Board of Directors.

#### Director's conflict of interest

As regards the duty to avoid conflicts of interest with the Company, during the year the Board of Directors fulfilled the obligations stipulated in Article 228 of the Spanish Companies Act. Both the Directors and their related parties avoided the conflict of interest scenarios envisaged in Article 229 of the Act, except for cases in which the necessary authorisation was obtained.

On March 17<sup>th</sup>, 2023, the assignment of Mr. Pierre Alexandre Marie Jean Benoist was revoked and the new directors assigned was Mr. Alexandre Edouard Jean Pieyre.

On June 22<sup>nd</sup>, 2023, the assignment of Mr. Jaime Francisco Fernández-Cuervo was revoked and the new directors assigned was Mr Kai Chen.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

On September 28<sup>th</sup>, 2023, the assignment of Mr. Martijn Jaap Gijsbertus Verwoest was revoked and the new directors assigned was Mr Jan Matthijs Lakerveld.

On November 30<sup>th</sup>, 2023, the assignment of Mr. Dennis Van Alphen was revoked and the new directors assigned was Mr. Shankar Krishnamoorthy.

#### **14. Other information**

##### ***14.1 Audit fees***

The fees charged during the period ended on December 31<sup>st</sup> 2023 by KPMG Auditores, S.L. for auditing the annual accounts were 8 thousand euros (8 thousand euros at December 31<sup>st</sup> 2022) no fees have been accrued for other services.

##### ***14.2 CNMC Situacion***

On June 18<sup>th</sup>, 2019, Madrileña Red de Gas, S.A.U. entered into a credit agreement with Elisandra Spain V, S.L.U. with a maximum limit of 1,000,000,000 euros, of which drawdowns have been made during fiscal years 2019, 2020, 2021 and 2022.

On May 22<sup>nd</sup>, 2021, Law 7/2021 of May 20, on climate change and energy transition came into force, which added a new paragraph 6 to Article 62 of Law 34/1998 of the Hydrocarbons Sector, which prohibits companies that carry out regulated activities from granting loans, providing guarantees, guaranteeing loans from other group companies or related parties that carry out liberalized activities or other activities outside the Spanish natural gas sector. Loans to companies of the same group whose purpose is centralized cash management, without engaging in deregulated activities or other activities outside the Spanish natural gas sector, are excluded.

At that date, May 22<sup>nd</sup>, 2021, the credit agreement signed between Madrileña Red de Gas, S.A.U. and Elisandra Spain V, S.L.U. had not been fully drawn under the terms of the loan.

Subsequent to the entry into force of Law 7/2021, provisions of 101,200 thousand euros were made.

On December 16<sup>th</sup>, 2022, this credit agreement was cancelled as disclosed in these financial statements in note 10.

On March 17<sup>th</sup>, 2023, the CNMC notified to the Company and its subsidiary Madrileña Red de Gas, S.A.U of a resolution whereby it determined that the drawdowns under the aforementioned credit agreement made after May 21<sup>st</sup>, 2021 are contrary to Article 62.6 of the Hydrocarbons Sector Law.

In this resolution, the CNMC requires the subsidiary company, Madrileña Red de Gas, S.A.U, to carry out the necessary actions to revert the amounts drawn down from the credit facility agreement after the entry into force of Law 7/2021 in a manner compatible with Law 34/1998, within a maximum period of three months from the date of notification of the resolution. In addition, the resolution of the CNMC considers that the capitalization of credit and the distribution of dividends described in notes 6 and 10 result in a position of Madrileña Red de Gas, S.A.U that is not considered to be in compliance with Article 62.6 of Law 34/1998, given that Madrileña Red de Gas, S.A.U. guarantees a third-party debt, the bond issues of Madrileña Red de Gas Finance, B.V.

During the year 2023, this resolution of the CNMC has been appealed by the subsidiary Company Madrileña Red de Gas, S.A.U before the National Court, Ordinary Contentious-Administrative Appeal No. 886/23. Having admitted the lawsuit filed by the subsidiary Company, the lawsuit has followed its procedural course and, as of the date of preparation of these financial statements, the proceeding has not yet concluded and no judgment has been issued on it.

## **ELISANDRA SPAIN V, S.L.U.**

### **NOTES TO THE ANNUAL ACCOUNTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31<sup>st</sup> 2023**

(Expressed in thousand Euros)

When filing this contentious-administrative appeal, the subsidiary company, Madrileña Red de Gas, S.A.U. requested the suspension of the effects of the appealed resolution as a precautionary measure. The National High Court has rejected this precautionary measure.

The subsidiary Company Madrileña Red de Gas, S.A.U. is in regular communication with the CNMC to comply with the binding legal decision issued in the resolution of March 17<sup>th</sup>, 2023 and submitted an action plan to the CNMC with different alternatives. The CNMC has provided an answer on February 19<sup>th</sup> 2024 regarding the compliance with law of such alternatives.

Therefore, the subsidiary Company Madrileña Red de Gas, S.A.U. is exploring different alternatives, considering the feedback of the regulator, the rating agencies and other stakeholders and might be considering the replacement of the Madrileña Red de Gas S.A.U guarantee of the bonds issued by Madrileña Red de Gas Finance, B.V through a consent solicitation process, the refinancing of the bonds and/ or other corporate transaction such as a merger between Madrileña Red de Gas S.A.U. and Elisandra Spain V, S.L.U.

At the date of preparation of these financial statements, the Company's Directors, in accordance with the opinion of the Company's legal counsel, consider that they have solid arguments to consider that the amounts drawn down under the credit agreement after the entry into force of Law 7/2021 have been reversed in a manner compatible with Law 34/1998.

#### **15. Environment**

On December 31<sup>st</sup> 2023 and 2022 the Company has not received any subsidies or income or incurred expenses as a result of activities related to the environment.

#### **16. Subsequent events**

On February 15<sup>th</sup>, 2024, the Company approved the distribution in its favour of an amount of 14,612 thousand euros with a charge to the shareholder contributions amounting to 328 thousand euros and voluntary reserves amounting to 14,284 thousand euros of Madrileña Red de Gas, S.A.U., which has been disbursed before drafting the annual accounts.

On February 15<sup>th</sup>, 2024, the Sole Shareholder of the Company approved a dividend distribution by 450 thousand euros with charged to the share premium's reserve, which has been disbursed before drafting the annual accounts.

## **ELISANDRA SPAIN V, S.L.U.**

### **DIRECTORS REPORT FOR THE YEAR ENDED ON 31 DECEMBER 2023 (Expressed in thousand of Euros)**

#### **COMPANY'S ORIGIN**

At the date of incorporation, the Company's Sole Shareholder was Intertrust, S.L. which it owned 100% of the Company's shares. On April 29<sup>th</sup>, 2015, the Company Elisandra Spain IV, S.L. acquired the 100% of the Company's shares, and became part of the Group, whose ultimate parent company is Elisandra Spain IV, S.L. being the shareholders of this company Realgaz, S.A.S. (previously called C41 S.A.S), Stichting Depository PGGM Infrastructure Funds, JCSS Mike S.A.R.L and Lancashire County Pension Fund.

On July 25<sup>th</sup>, 2017, the General Shareholders' Meeting approved the transfer of the shareholdings held by Lancashire County Pension Fund, representing 12.50% of the share capital of Elisandra Spain IV, S.L. to LPPI Infrastructure Investment LP. By October 2017, Lancashire County Pension Fund has contributed its 12,5% stake in the company to the pooled investment vehicle, LPPI Infrastructure Investment LP, which is owned by it and the London Pension Fund Authority.

Elisandra V Spain, S.L.U. owns 100% of the shares of the following companies that make up the group:

- Madrileña Red de Gas, S.A.U.
- Aliara Energía, S.A.U.
- Madrid Gas Finance Network, B.V.

Aliara Energía, S.A.U. having the 100% of Aliara GLP, S.L.U. The company makes up the group and was incorporated in November 2021 and the 33.33% of Inspira Madrid Hidrógeno Verde, S.L new company makes up the group and was incorporated in October 2023.

#### **BUSINESS OUTLOOK**

The Company's Directors have confidence in the Company's business prospects.

The Company is expected to continue the same activities during the calendar year 2024.

At the end of 2023, the Company has cash and cash equivalents of 1,004 thousand euros (990 thousand euros on 31<sup>st</sup> December 2022).

On December 31<sup>st</sup> 2023, the Company has a positive working capital amounting to 9,536 thousands euros, (on December 31<sup>st</sup> 2022 it had a positive working capital amounting to 7,682 thousands euros).

On April 21<sup>st</sup>, 2022, a new credit drawdown was approved in the Board of Directors' Minutes for a value of 43.9 million euros, which has been disbursed in fiscal year 2022.

On December 16<sup>th</sup>, 2022, Madrileña Red de Gas, S.A.U. and the Company signed an addendum to the credit agreement between both companies. where the maturity date of the credit was modified, determining December 16<sup>th</sup>, 2022 as the new maturity date, and therefore it became due, liquid, and payable credit as of this date. The investee company, Madrileña Red de Gas, S.A.U., proceeded to settle the principal and interest of the loan to the Company at its market value, 388,880 thousand euros, recording a financial income of 31,163 thousand euros (Note 12 and 13), for the difference between its book value and its fair value.

## **ELISANDRA SPAIN V, S.L.U.**

### **DIRECTORS REPORT FOR THE YEAR ENDED ON 31 DECEMBER 2023 (Expressed in thousand of Euros)**

#### **DEVELOPMENT OF THE BUSINESS**

In the year ended on December 31<sup>st</sup>, 2023, the Company recorded a loss of 10,348 thousand euros (loss of 27,095 thousand euros as of December 31<sup>st</sup> 2022).

Revenue in the year ended December 31<sup>st</sup>, 2023, has amounted to 0 thousand euros (64,733 thousand euros in the year ended on December 31<sup>st</sup>, 2022)

In the year ended December 31<sup>st</sup>, 2023, the Company ended with net equity of 598,008 thousand euros (610,356 thousand euros as of December 31<sup>st</sup>, 2022).

#### **ENVIRONMENT**

On December 31<sup>st</sup> 2023 and 2022 the Company has not received any subsidies or income or incurred expenses as a result of activities related to the environment.

#### **STAFF**

The Company has no staff on 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022.

#### **RESEARCH AND DEVELOPMENT**

The Company has carried out research and development processes during the year.

#### **TREASURY SHARES**

The parent Company has not acquired treasury shares during the year.

#### **AVERAGE PAYMENT PERIOD TO SUPPLIERS**

The average payment period of suppliers is of 38 days (24 days in at December 31<sup>st</sup> 2022).

#### **SUBSEQUENT EVENTS**

On February 15<sup>th</sup>, 2024, the Company approved the distribution in its favour of an amount of 14,612 thousand euros with a charge to the shareholder contributions amounting to 328 thousand euros and voluntary reserves amounting to 14,284 thousand euros of Madrileña Red de Gas, S.A.U., which has been disbursed before drafting the annual accounts.

On February 15<sup>th</sup>, 2024, the Sole Shareholder of the Company approved a dividend distribution by 450 thousand euros with charged to the share premium's reserve, which has been disbursed before drafting the annual accounts.

#### **USE OF FINANCIAL INSTRUMENTS**

The Company's activities have no significant exposure to exchange rate risk and the fluctuation of interest rate. However, the Company is exposed to credit and liquidity risk.

The Company's Management focuses on maintaining a solid financial structure that optimises the cost of capital and the availability of financial resources to guarantee business continuity over the long term, in order to enhance value for shareholders while ensuring a solid credit profile.

## **ELISANDRA SPAIN V, S.L.U.**

### **DIRECTORS REPORT FOR THE YEAR ENDED ON 31 DECEMBER 2023 (Expressed in thousand of Euros)**

The geopolitical situation and the macroeconomic environment in 2023 have been characterised by significant global economic uncertainty and volatility largely due to the following:

- the conflict between Russia and Ukraine, which has dragged on to 2023, and is unlikely to be resolved in the short term. This conflict has important implications on the supply and prices of raw materials, primarily of gas.
- the current tension in the Middle East, which aggravates the situation affecting the supply and prices of commodities;
- the sharp rise in inflation;
- the interest rate hike which has increased borrowing costs.

In contrast, the current boost of technology in business processes, the mass implementation of remote working, volumetric migration of data to the cloud and supply chain security, increase exposure to cyberattacks, generating new vulnerabilities in relation to data integrity, confidentiality, availability of information and information and operating systems. At present, the Company has an information security system in place that manages technology-related risks and covers the most important cybersecurity issues. The Company had no cybersecurity issues in 2023.

The Company has not had any relevant impacts as a result of the aforementioned points with respect to cash availability/needs, nor has it had to stop its activity. Nonetheless, given the complexity of the current environment, the Company continuously monitors the progress of the situation and its impact on macroeconomic and financial indicators and oversees the regulatory measures in force, for the purpose of updating the analysis and identifying potential impacts on the annual accounts.

#### Credit risk

The Company generally maintains its cash and cash equivalents in financial institutions with a high credit level

#### Interest rate risk

During the current year, the Company has been exposed to several financial risks, mainly to interest rate risk.

The interest rate risk of the Company arises from long-term external resources.

Long term borrowings issued at fixed rates expose the Company to the fair value of its financial liabilities.

#### Liquidity and availability of funding risks

The Company maintains a liquidity policy that ensures compliance with the payment commitments acquired, diversifying the coverage of financing needs and debt maturities. Prudent liquidity risk management includes the maintenance of sufficient cash and realizable assets and the availability of funds for an adequate amount to cover the obligations.

It is the Company policy to match the debt's amortisation calendar to its capacity to generate cash flows to meet these maturities. In particular, the Company's Management attempts to ensure that the operations over the next 12 months are always fully financed without the need to substantially modify the conditions and structure of the Company's debt.