Madrileña Red de Gas Finance B.V.
Annual report 2024

Amsterdam, the Netherlands

Madrileña Red de Gas Finance B.V.
Overschiestraat 65
1062 XD Amsterdam
The Netherlands
Chamber of Commerce: 55530788

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Annual report 2024

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Annual report 2024

1 Director’s report

The Director of Madrileña Red de Gas Finance B.V. (“the Company”) herewith submits the Director’s report, financial statements and other information of the Company for the year ended December 31, 2024.

1.1 Activities and results

1.1.1 General information

The Company issues Bonds on the Luxembourg Stock Exchange and uses the proceeds to issue loans to group entities. The shareholder of the Company is Elisandra Spain V S.L.U. ("the Parent Company"), which is registered in Spain. The ultimate parent of the group is Elisandra Spain IV S.L., which is registered in Spain.

The Company is domiciled in the Netherlands. The Company's registered address is at Overschiestraat 65, Amsterdam, 1062 XD, the Netherlands. The Company is registered under number 55530788 with the trade register of the Dutch Chamber of Commerce. The Company was originally incorporated on June 20, 2012, and did not have any material activity until changing its incorporated name to Madrileña Red de Gas Finance B.V. on July 5, 2013.

As of March 3, 2016, the Company issued a series of notes aggregating to EUR 75 million of EUR 15-year Bonds on the Luxembourg Stock Exchange, each with an interest rate of 3.5% per annum ("the March 2031 Bonds"). The proceeds of this issuance have been used by the Company to provide the Parent Company with a loan amounting to EUR 75 million, with an interest rate of 3.598% with the final repayment date on March 3, 2031. As of April 11, 2017, the Company issued two series of notes aggregating to EUR 300 million of EUR 8-year Bonds on the Luxembourg Stock Exchange, with an interest rate of 1.375% per annum ("the April 2025 Bonds") and EUR 300 million of EUR 12-year Bonds on the Luxembourg Stock Exchange, with an interest rate of 2.25% per annum ("the April 2029 Bonds"). The proceeds of these issuances have been used by the Company to provide the Parent Company with two loans amounting to EUR 300 million each, respectively with an interest rate of 1.473% and a final repayment date at April 11, 2025 and an interest rate of 2.348% and a final repayment date at April 11, 2029. One of the group companies, Madrileña Red de Gas S.A.U. ("the Sister Company"), guaranteed the April 2025 Bonds, April 2029 Bonds and March 2031 Bonds until June 2024. On July 1, 2024, the Parent Company replaced the Sister Company as guarantor of these Bonds. The Parent Company was the receiver of the Issuer-Borrower Loan Agreement ("IBLA") related to the April 2025 Bonds, April 2029 Bonds and March 2031 Bonds.

The Company also issued an EUR 1,800,000 loan to the Sister Company. The final repayment date of the loan receivable Sister Company was extended to September 11, 2027, by the addendum signed by the Company and the Sister Company on August 17, 2022.

The March 2031 Bonds, April 2025 Bonds and April 2029 Bonds are hereafter together referred to as the Bonds (or "Notes" for financial statement item disclosures).

Information concerning application of code of ethics
The Code of Ethics was issued, approved and adopted by the Managing Board of the Sister Company on May 13, 2016. The Code of Ethics is applicable to all professionals of Madrileña Red de Gas S.A.U. and summarizes the principles and guidelines regardless of their rank, their geographical or functional location in order to ensure ethical and responsible behaviour by all professionals in the performance of their activities. The Code of Ethics forms a part of the Madrileña Red de Gas's Corporate Governance Systems and is fully respectful of the principles of corporate organisation established therein. The Code of Ethics is available at the premises of the Sister Company. The adoption and application of the Code of Ethics is mandatory. During the year there were no reportable events that directly or indirectly relate to the Code of Ethics. On April 12, 2023, it was approved by the Managing Board of the Company that the Code of Ethics of the Sister Company was also extensible to the professionals of the Company.

1.1.2 Audit committee

Pursuant to the Decree of July 26, 2008, implementing Section 41 of Directive No. 2006/43/EC (hereinafter referred to as the "Decree"), published on August 7, 2008 (Bulletin of Acts and Decrees 2008/323), the Company qualifies as a public interest organization (hereinafter referred to as "PIO") based on the fact that the Company has issued Bonds that are listed on an EU regulated market. According to the Decree, a PIO must establish an independent Audit Committee, unless it can claim exemption as described in the Decree.

The Director has advised the Parent Company that the Company can be in compliance with the Decree by either (i) having the Company's General Meeting setting up an independent Audit Committee; or (ii) having the tasks and requirements associated with the compulsory Audit Committee for a PIO be carried out and observed by the Company's sole shareholder's Audit and Risk Supervision Committee. The Director of the Company has been notified that the Audit Committee of Elisandra Spain IV S.L. ("the Ultimate Parent Company of the Company") has taken up the role of Audit Committee of the Company for the financial year 2024. The Audit Committee does not receive a remuneration with regards to the services provided to the Company.

1.1.3 Change in Board of Directors

On December 16, 2024, Martijn Verwoest resigned as managing director of the Company and Jan Matthijs Lakerveld was appointed as his successor.

1.1.4 Diversity policy in the Board of Directors

Due to legal requirements, the diversity policy regarding the composition of the Board of Directors should be implemented by the Company, including the balance between male and female ratio. The Company recognizes the value and importance of a balanced and diverse composition of its Board of Directors. Therefore, the Board of Directors profiles deal with aspects of diversity such as age, gender, nationality, education and working background when seeking, seating, and evaluating candidates for new appointments to the Board of Directors. At the present date, the Board consists of one male (Mr. Jan Matthijs Lakerveld) which means the composition of the Board of Directors consisted of 100% male. The Company acknowledges room for enhanced efforts at expanding gender diversity within its Board membership. Accordingly, the Company is evaluating the implementation of the Dutch Gender Balance Act, which entered into effect on January 1, 2022, and will set an appropriate and meaningful target figure to promote gender diversity on its Board of Directors. The Company is convinced that this act will support the further optimization of its diversity policy.

1.1.5 Financial position and performance for the year

The Company closed its financial accounts for the financial year 2024 with a net result for the year of EUR 675,740 (2023: EUR 595,046), resulting in a positive equity position of EUR 8,513,036 as at December 31, 2024 (2023: EUR 7,837,296). The increase in result mainly relates to the decrease of operating expenses in 2024 compared to 2023.

For the IFRS 9 impairment calculation, the Director decided to adjust the Probability of Default to 0.21% for 2024 (2023: 0.22%), corresponding to a credit rating of BBB- as assigned by S&P to the Sister Company based on the S&P Global Corporate Average Cumulative Default Rates by Rating Modifier. The Loss Given Default remained the same for 2024 (45%).

In August 2024, the Company’s senior unsecured debt credit rating assigned by S&P reaffirmed BBB- (2023: BBB-).
In October 2024, the Company’s senior unsecured debt credit rating assigned by DBRS Morningstar upgraded from BBB (low) to BBB (2023: BBB (low)).

In May 2024, a consent solicitation process was completed to replace the guarantee provided for the Bonds issued by the Company. As a result of this, the Sister Company was replaced by the Parent Company as the guarantor of the Bonds issued.

As at December 31, 2024, the total loan receivables of the Company amounted to EUR 674,356,642 (2023: EUR 673,694,966). During the financial year, interest amounting to EUR 14,251,500 was received (2023: EUR 14,251,500). The Notes payable as at December 31, 2024 amounted to EUR 673,204,501 (2023: EUR 672,573,051). During the financial year, interest amounting to EUR 13,500,000 was paid (2023: EUR 13,500,000).

Total gross interest income for the Company for the year amounted to EUR 14,882,950 (2023: EUR 14,879,258). The total gross interest expenses for the Company for the year amounted to EUR 14,137,404 (2023: EUR 14,121,804).

1.1.6 Risk management

Risk management is performed by the Director of the Company. The risks the Company is dealing with are credit risk, liquidity risk, market risk and interest rate risk. In order to control and monitor these risks, methods and indicators have been initiated.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from related parties. The amount recognised in the balance sheet of the Company for financial assets, interest receivables, other receivables and cash and cash equivalents is the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations. The Company's exposure to credit risk is influenced mainly by the terms of the credit profile of the Sister Company and the Parent Company. In August 2024, the Company’s senior unsecured debt credit rating assigned by S&P reaffirmed BBB- (2023: BBB-). In October 2024, the Company’s senior unsecured debt credit rating assigned by DBRS Morningstar upgraded from BBB (low) to BBB (2023: BBB (low)).

Furthermore, the Company's credit risk is mitigated due to the fact that the Company only holds held-to-maturity investments (the IBLA's) which are considered to be low risk investments as the rating of the Sister Company is still rated at investment grade.

As per year-end 2024, the Parent Company guarantees the April 2025 Bonds, April 2029 Bonds and March 2031 Bonds. The Parent Company was the receiver of the IBLA's related to the April 2025 Bonds, April 2029 Bonds and March 2031 Bonds.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Dec 31, 2024	Dec 31, 2023
	EUR	EUR
Loan receivables	674,356,642	673,694,966
Interest receivables	10,558,921	10,558,921
Corporate income tax receivables	1,430,494	1,789,173
Other receivables	16,285	16,633
Cash and cash equivalents	5,319,988	4,295,795
Total	691,682,330	690,355,488

The loan and interest receivables are receivables from the Sister Company and the Parent Company.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. A complete overview of the maturity and nominal value of the underlying bonds is displayed in Note 2.6.4 of the financial statements. Based on the payment terms under the IBLA's, the Company's forecasted cash flow and the strong performance of the related parties to which the loans are provided, all operational liabilities and contingencies are expected to be paid as they fall due. The terms on which related party transactions were initiated, are at arm’s length. The Company monitors the cash flow forecasts on an ongoing basis to identify any issues as they might arise. Moreover, the Director of the Company makes cash flow forecasts in order to monitor all revenues and expenses for the relevant year. During board meetings the cash flow forecasts are submitted to the Director of the Company who evaluates and, eventually, approves.

Market and interest rate risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's exposure to changes in interest rates on borrowings is mitigated by signing of the IBLA's on a fixed rate basis, reflecting the fixed rate bond obligations. Furthermore, the Company is not exposed to foreign exchange risk since all assets, liabilities, income and expenses have been procured in Euros.

The interest rates on the Bonds are fixed and will not be repriced during the term of the Bonds. However, the Bonds could be re-issued. Since interest rates vary over time, it is plausible that re-issuance would only be possible at an interest rate which is substantially higher. Please note that due to passing of time the difference can just as well be upward as downward.

The war in Ukraine and the Middle East together with other political and economic developments impacted the international markets and global economic growth expectations. As per year-end 2024, the fair values of the Bonds and the IBLA's increased compared to previous year due to the decrease of market interest rates. Depending on the further devolvement of the war in Ukraine and the Middle East and other political and economic developments, the fair values of debt instruments as well as the loan receivables might be further affected subsequent to the date of this report.

1.1.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, share premium and retained earnings (other reserves). The Director monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are to:
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid. There were no changes in the Company's approach to capital management during the year.

1.1.8 Risk projections

The Director of the Company is responsible for its system of internal control and risk management and for reviewing the effectiveness of the system of internal control. For this purpose, the Director of the Company makes use of the established procedures at the Company's administrator, necessary to apply these guidelines, including clear operating procedures, lines of responsibility and delegated authorities. The Director of the Company relies on the control environment of the administrator. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss.

1.1.9 Fraud

In view of fraud, bribery and anti-corruption, the Director relies on the internal controls of the administrator and the Madrileña Group. The administrator and the Madrileña Group have implemented manual and automated internal controls such as segregation of duties and provides training to help employees to identify fraudulent behaviour. In addition, the administrator and the Madrileña Group implemented, amongst others, a Code of Conduct, whistle-blower policies and internal policies around reporting non-compliance. The administrator and the Madrileña Group apply a zero-tolerance policy in relation to fraud, bribery and anti-corruption. No instances of (internal and external) fraud or any other matters are identified in this respect that had a material effect on the financial statements.

1.1.10 Research and development activities

In 2024, the Company did not perform activities connected to research and development. During 2025, the Company does not expect to perform activities connected to research and development.

1.1.11 Environmental and personnel-related information

Due to the sole purpose of the Company, no environmental related affairs occurred. With respect to personnel, we refer to note 2.6.14 of the financial statements.

1.1.12 Non-financial performance indicators

Due to the sole purpose of the Company, no information regarding non-financial performance indicators is available.

1.1.13 Corporate Social Responsibility

On group level, several committees are established to mainly manage (but not limited to) risk management, compliance, crime prevention and health and safety. The Company is part of the scope of these committees.

1.1.14 Director's representation statement

The Director confirms that, to the best of his knowledge:
• The financial statements for the year 2024, which have been prepared in accordance with the International Reporting Standards (IFRS), as adopted by the European Union and the Dutch Civil Code, and Title 9 Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
• The Director's Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face, as required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act ('Wet op het financieel toezicht").

1.1.15 Subsequent events

In March 2025, S&P affirmed the senior unsecured debt credit rating assigned to the Company at BBB- and changed the outlook from stable to negative.

1.2 Future developments

The Director is confident in its positive view on future developments of the Company. Based on the liabilities related to the issued Bonds and the current IBLA's in place, the Company expects positive cash flows on a year-to-year basis to be able to fulfil its obligations related to the issued Bonds. lt is expected the Company will continue its activities for the financial year 2025 in the same way. Given the scheduled redemption dates for both IBLA's and Bonds, the redemption of the Bonds maturing in 2025 and the corresponding IBLA are expected. The Company does not foresee any other special circumstances that materially impact the expectations for the year 2025. Based on the set-up and objectives of the Company, it is not expected any Research and Development will be performed. No changes are expected in personnel.

As at year-end 2024 the Company had cash balances amounting to EUR 5,319,988 (2023: EUR 4,295,795) with cash flow forecasts and a budget which indicate that the Company will be able to meet its debts, which mainly consists of the interest payments of the Bonds and the redemption of the Bonds maturing in 2025, as they fall due for the next twelve months. The amounts of interest to be received on the IBLA's and to be paid on the Bonds, as well as the operational expenses, remain materially the same each year. The funds to redeem the 2025 Bonds will come from the redemption of the 2025 IBLA.

The Company has carried out a risk analysis with the available information at this stage also considering the impact of the war in Ukraine and the Middle East and it does not envisage a significant risk for the going concern of the Company in the following 12 months.
Based on the above, the Director expects the Company to continue as a going concern for the foreseeable future.

Amsterdam, April 8, 2025

The Director

J.M Lakerveld

2 Financial statements

2.1 Statement of financial position as at December 31, 2024

(before appropriation of result)

	Notes	December 31, 2024		December 31, 2023	
		EUR		EUR	
ASSETS					
Non-current assets					
Financial assets	*2.6.1*				
Loan receivables		374,715,532		673,694,966	
			374,715,532		673,694,966
Deferred income tax assets	*2.6.2*	146,589		154,387	
			146,589		154,387
Current assets					
Loan receivables	*2.6.1*	299,641,110		0	
Interest receivables	*2.6.3*	10,558,921		10,558,921	
Corporate income tax receivable	*2.6.3*	1,430,494		1,789,173	
Other receivables	*2.6.3*	16,285		16,633	
Cash and cash equivalents	*2.6.3*	5,319,988		4,295,795	
			316,966,798		16,660,522
Total assets			691,828,919		690,509,875
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	*2.6.4*				
Share capital		18,000		18,000	
Share premium		2,002,000		2,002,000	
Other reserves		5,817,296		5,222,250	
Result financial year		675,740		595,046	
			8,513,036		7,837,296
Non-current liabilities	*2.6.5*				
Notes payable		373,275,453		672,573,051	
			373,275,453		672,573,051
Current liabilities					
Notes payable	*2.6.5*	299,929,048		0	
Interest payable	*2.6.5*	10,044,863		10,038,909	
Trade creditors		47,565		42,505	
Taxes payable	*2.6.6*	18,954		18,114	
			310,040,430		10,099,528
Total shareholder's equity and liabilities			691,828,919		690,509,875

The accompanying notes form an integral part of these financial statements.

2.2 Statement of Profit and Loss and other Comprehensive income for the year ended December 31, 2024

	Notes	2024		2023	
		EUR		EUR	
Interest income and expense	*2.6.7*				
Interest income		14,882,950		14,879,258	
Interest expense		-14,137,404		-14,121,804	
Net interest income			745,546		757,454
Operating income and expenses	*2.6.8*				
Interest income bank account		160,300		136,557	
(Charge)/Reversal of Loss allowance for impairment on financial assets		30,226		30,172	
Employee benefits expenses		-25,137		-25,109	
Operating expenses		-161,942		-232,927	
			3,447		-91,307
Operating profit			748,993		666,147
Finance income and expenses	*2.6.9*				
Finance income		2,143,688		105,758	
Finance expense		-2,143,688		-105,758	
Net finance result			0		0
Result before tax			748,993		666,147
Income tax expense	*2.6.10*		-73,253		-71,101
Net result for the year			675,740		595,046
Total comprehensive income			675,740		595,046

The accompanying notes form an integral part of these financial statements.

2.3 Statement of changes in equity for the year ended December 31, 2024

	Issued and fully paid share capital	Share premium	Other reserves	Total
	EUR	EUR	EUR	EUR
Balance as at January 1, 2023	18,000	2,002,000	5,222,250	7,242,250
Contributions by and distributions to the owners of the Company	0	0	0	0
Dividend paid	0	0	0	0
Profit and other Comprehensive income for the year	0	0	595,046	595,046
Balance as at December 31, 2023	18,000	2,002,000	5,817,296	7,837,296
Contributions by and distributions to the owners of the Company	0	0	0	0
Dividend paid	0	0	0	0
Profit and other Comprehensive income for the year	0	0	675,740	675,740
Balance as at December 31, 2024	18,000	2,002,000	6,493,036	8,513,036

2.4 Statement of cash flows for the year ended December 31, 2024

	Notes	2024		2023	
		EUR		EUR	
Cash flow from operating activities					
Net result			675,740		595,046
Adjustments on the Statement of Profit and Loss:					
Income tax expense	*2.6.10*	73,253		71,101	
(Reversal)/charge of loss allowance for impairment on financial assets	*2.6.8*	-30,226		-30,172	
Interest income	*2.6.7*	-14,882,950		-14,879,258	
Interest expense	*2.6.7*	14,137,404		14,121,804	
			-702,519		-716,525
Interest received		14,251,500		14,251,500	
Interest paid		-13,500,000		-13,500,000	
			751,500		751,500
Change in trade and other receivables	*2.6.3*	348		-8,899	
Change in trade and other creditors	*2.6.6*	5,060		-33,565	
Income tax received/(paid)		293,224		-204,669	
Change in taxes payable		840		1,230	
Change in working capital			299,472		-245,903
Net cash flows resulting from operating activities			1,024,193		384,118
Net change in cash and cash equivalents			1,024,193		384,118
Cash and cash equivalents at January 1			4,295,795		3,911,677
Movements in cash			1,024,193		384,118
Cash and cash equivalents at December 31			5,319,988		4,295,795

The accompanying notes form an integral part of these financial statements.

2.5 General notes to the financial statements

2.5.1 General information

Reporting entity and relationship with Parent company

Madrileña Red de Gas Finance B.V.'s ("the Company") main activities are to invest and apply funds obtained by the Company in (interest in) bonds, loans, whether or not with group entities, for its own account and/or as depositary for the account of third parties.

The Company's address is Overschiestraat 65, Amsterdam, the Netherlands (Chamber of Commerce: 55530788).

The Company has been incorporated under the laws of the Netherlands as a private company ('besloten vennootschap') with limited liability by the notarial deed dated June 20, 2012, and changed its incorporated name to Madrileña Red de Gas Finance B.V. on July 5, 2013.

The shareholder of the Company is Elisandra Spain V S.L.U., which is registered in Spain. The ultimate parent of the group is Elisandra Spain IV S.L., which is registered in Spain.

Financial reporting period

These financial statements cover the year 2024, which ended at the balance sheet date of December 31, 2024.

2.5.2 Risk management

Risk management is performed by the Director of the Company. The risks the Company is dealing with are credit risk, liquidity risk, market risk and interest rate risk. In order to control and monitor these risks, methods and indicators have been initiated.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from related parties. The amount recognised in the balance sheet of the Company for financial assets, interest receivables, other receivables and cash and cash equivalents is the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations. The Company's exposure to credit risk is influenced mainly by the terms of the credit profile of the Sister Company and the Parent Company. In August 2024, the Company’s senior unsecured debt credit rating assigned by S&P reaffirmed BBB- (2023: BBB-). In October 2024, the Company’s senior unsecured debt credit rating assigned by DBRS Morningstar upgraded from BBB (low) to BBB (2023: BBB (low)).

Furthermore, the Company's credit risk is mitigated due to the fact that the Company only holds held-to-maturity investments (the IBLA's) which are considered to be low risk investments as the rating of the Sister Company is still rated at investment grade.

As per year-end 2024, the Parent Company guarantees the April 2025 Bonds, April 2029 Bonds and March 2031 Bonds. The Parent Company was the receiver of the IBLA's related to the April 2025 Bonds, April 2029 Bonds and March 2031 Bonds.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Dec 31, 2024	Dec 31, 2023
	EUR	EUR
Loan receivables	674,356,642	673,694,966
Interest receivables	10,558,921	10,558,921
Corporate income tax receivables	1,430,494	1,789,173
Other receivables	16,285	16,633
Cash and cash equivalents	5,319,988	4,295,795
Total	691,682,330	690,355,488

The loan and interest receivables are receivables from the Sister Company and the Parent Company.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. A complete overview of the maturity and nominal value of the underlying bonds is displayed in Note 2.6.4 of the financial statements. Based on the payment terms under the IBLA's, the Company's forecasted cash flow and the strong performance of the related parties to which the loans are provided, all operational liabilities and contingencies are expected to be paid as they fall due. The terms on which related party transactions were initiated, are at arms' length. The Company monitors the cash flow forecasts on an ongoing basis to identify any issues as they might arise. Moreover, the Director of the Company makes cash flow forecasts in order to monitor all revenues and expenses for the relevant year. During board meetings the cash flow forecasts are submitted to the Director of the Company who evaluates and, eventually, approves.

Market and interest rate risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's exposure to changes in interest rates on borrowings is mitigated by signing of the IBLA's on a fixed rate basis, reflecting the fixed rate bond obligations. Furthermore, the Company is not exposed to foreign exchange risk since all assets, liabilities, income and expenses have been procured in Euros.

The interest rates on the Bonds are fixed and will not be repriced during the term of the Bonds. However, the Bonds could be re-issued. Since interest rates vary over time, it is plausible that re-issuance would only be possible at an interest rate which is substantially higher. Please note that due to passing of time the difference can just as well be upward as downward.

The war in Ukraine and the Middle East together with other political and economic developments impacted the international markets and global economic growth expectations. As per year-end 2024, the fair values of the Bonds and the IBLA's increased compared to previous year due to the decrease of market interest rates. Depending on the further devolvement of the war in Ukraine and the Middle East and other political and economic developments, the fair values of debt instruments as well as the loan receivables might be further affected subsequent to the date of this report.

2.5.3 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, share premium and retained earnings (other reserves). The Director monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are to:
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

ln order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid. There were no changes in the Company's approach to capital management during the year.

2.5.4 Basis of presentation

The financial statements have been prepared in accordance with the International Reporting Standards (IFRS), as adopted by the European Union, and Title 9 Book 2 of the Dutch Civil Code. Also, the Director's report is prepared in accordance with Title 9 Book 2 of the Dutch Civil Code.

The financial statements were approved and authorised for issue by the Director on April 8, 2025.

Going concern
The accompanying financial statements have been prepared assuming the Company will continue as a going concern for the foreseeable future.

Basis of measurement
The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below, unless stated otherwise.

Functional and presentation currency
These financial statements are presented in EUR, which is the functional and presentation currency of the Company.

Use of estimates and judgments
The preparation of these financial statements in conformity with IFRS requires the Director to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of, possibly, resulting in a material adjustment in the year ending December 31, 2024, and December 31, 2023, are described in the financial instruments section.

Measurement of fair values in the notes to the financial statements
A number of the Company's disclosures require the measurement of fair values, for financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Material accounting policies
The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company.

Financial instruments
The Company classifies non-derivative financial assets into the following categories: loan receivables, interest & other receivables and cash and cash equivalents. The Company classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets - recognition and derecognition
The Company initially recognises the loan receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – measurement

Financial assets

Financial (fixed) assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Loan receivables

These assets are initially recognised at fair value taking into account any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company applies the general accepted loss model (Expected Credit Losses or "ECL") to its loan receivables. The amount of ECL's recognized as a loss allowance depends on the extent of credit deterioration since initial recognition. Any gain or loss arising on derecognition is recognised directly in profit or loss. The reversal of loss allowance is presented as separate line item in the Statement of Profit and Loss.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Deferred income tax assets

Deferred income tax assets are measured at nominal value, at the substantially enacted rate applicable. The deferred income tax assets are offset when there is a legally enforceable right to offset current tax assets and when deferred tax balances relate to the same taxation authority. Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. The Company is holder of the bank account at Coöperatieve Rabobank U.A. which has been granted a long-term A+ rating (previous period: A+) by Standards & Poor's Ratings Services and a long-term A+ (previous period: A+) rating by Fitch Ratings. Based on these ratings the Company does not foresee any complications with respect to availability of the cash balance.

Non-derivative financial liabilities - recognition and derecognition

The Company initially recognises the Bonds on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities include the Bonds and trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

The net result of previous years is classified under the other reserves. Dividends pay outs are deducted from the other reserves.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is the only revenue of the Company.

Interest expense
Interest expense comprise interest expense on borrowings accounted for applying the effective interest rate method.

Employee benefits
Short-term employee benefits
Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Finance income and expenses
Other finance income is recognised when the right to receive payment is established. Other finance expenses are recognised when the obligation of payment is established.

Income tax
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively at the end of the reporting period in the Netherlands where the Company operates and generates taxable income. The Director establishes provisions on the basis of amounts expected to be paid to the Dutch tax authorities.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Measurement of ECL’s
ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

In 2024 the IBLA April 2025, IBLA April 2029, IBLA March 2031 Parent Company and Loan Receivable Sister Company (2023: IBLA April 2025, IBLA April 2029, IBLA March 2031 Parent Company and Loan Receivable Sister Company) were solely held for collection of their contractual cash flows. Those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Loss allowances are presented as separate line item in the Statement of Profit and Loss.

The Company applies the general expected loss model (Expected Credit Losses or "ECL") for its financial assets.

The amount of ECL's recognized as a loss allowance depends on the extent of credit deterioration since initial recognition. The Company is required to recognize an allowance for 12-months (increase in credit risk) and is implemented by assessment at the counterparty level.

Expected credit loss assessment for counterparties
The Company has made an assessment of the credit risks of its counterparties. The credit risk that the Company bears is due to the loans granted to the Parent Company and Sister Company. The Director decided to adjust the Probability of Default to 0.21% for 2024 (2023:

0.22%), corresponding to a credit rating of BBB- assigned by S&P to the Sister Company. The Bonds are rated at investment grade by S&P and DBRS.

The ECL is calculated as the exposure at default, which is the total exposure EUR 684,915,563 (2023: EUR 684,253,887) multiplied by the Probability of Default of 0.21% (2023: 0.22%) multiplied by the Loss Given Default of 45% (2023: 45%). The Company used a Probability of Default based on the S&P Global Corporate Average Cumulative Default Rates By Rating Modifier.

The impact as per December 31, 2024, was a decrease in the IFRS 9 impairment for financial assets of EUR 30 thousand (2023: decrease of EUR 30 thousand) with a corresponding decrease in the deferred tax asset of EUR 7.8 thousand (2023: decrease of EUR 7.8 thousand).

Statement of cash flows

The Statement of cash flows has been prepared using the indirect method. Income taxes are taken up under cash flow from operational activities. Interest received and interest paid are recognised as an operating activity. During the period there were no non-cash transactions.

2.5.5 Changes caused by recently issued (revision) of accounting standards

New and revised IFRS Standards in issue and effective per 1 January 2024

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued and are effective, as they are not expected to have a significant impact on the Company's financial statements.

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

New/revised IFRS Standards in issue but not yet effective but which are not applicable to the Company

- Amendments to IAS 21 Lack of Exchangeability
- Amendments to IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments

2.6 Disclosure notes to the financial statements

2.6.1 Financial assets

Loan receivables

The loan receivables are detailed as follows:

	Dec 31, 2024	Dec 31, 2023
	EUR	EUR
IBLA Parent Company 1.473% April 2025	303,125,256	302,869,110
IBLA Parent Company 2.348% April 2029	303,732,425	303,415,950
IBLA Parent Company 3.598% March 2031	76,878,618	76,819,789
Loan receivable Sister Company	1,827,124	1,827,124
Total current and non-current	685,563,423	684,931,973
Less interest receivable (current)	-10,558,921	-10,558,921
Sub total	675,004,502	674,373,052
Expected credit loss allowance IFRS 9	-647,860	-678,086
Total Loan receivables	674,356,642	673,694,966
Current part Loan receivables	299,641,110	0
Non-current part Loan receivables	374,715,532	673,694,966
Total Loan receivables	674,356,642	673,694,966

The IBLA Parent Company April 2025 has been classified as a current asset in 2024 compared to a non-current asset in 2023 as the maturity date is within one year of the Balance sheet date.

	December 31, 2024		December 31, 2023	
	Carrying value (*)	Fair value	Carrying value (*)	Fair value
	EUR	EUR	EUR	EUR
IBLA Parent Company 1.473% April 2025	299,641,110	298,614,000	299,371,531	289,527,000
IBLA Parent Company 2.348% April 2029	298,349,649	285,234,000	298,019,740	269,388,000
IBLA Parent Company 3.598% March 2031	74,565,883	73,583,250	74,503,695	69,090,000
Loan receivable Sister Company	1,800,000	1,800,000	1,800,000	1,800,000
	674,356,642	659,231,250	673,694,966	629,805,000

(*) The carrying value amounts are presented net from interest receivables and impairment.

On April 11, 2017 the Company entered into an IBLA with the Parent Company for an amount of EUR 300 million. The interest rate on the loan is 1.473% and the balance is not secured. Interest on the loan receivable is to be calculated per April 11, each year until the loan expires on April 11, 2025. The interest is receivable one business day before April 11 each year.

On April 11, 2017 the Company entered into an IBLA with the Parent Company for an amount of EUR 300 million. The interest rate on the loan is 2.348% and the balance is not secured. Interest on the loan receivable is to be calculated per April 11, each year until the loan expires on April 11, 2029. The interest is receivable one business day before April 11 each year.

On March 3, 2016 the Company entered into an IBLA with the Parent Company for an amount of EUR 75 million. The interest rate on the loan is 3.598% and the balance is not secured. Interest on the loan receivable is to be calculated per March 3, each year until the loan expires on March 3, 2031. The interest is receivable one business day before March 3 each year.

The loan receivable Sister Company, with an applicable interest of 5.0% is unsecured. The loan and interest receivable had an initial final repayment date of September 11, 2022. On August 17, 2022, the Company and the Sister Company signed an addendum to the Loan Agreement in which the final repayment date was extended to September 11, 2027.

2.6.2 Deferred income tax assets

As a consequence of the decrease in the IFRS 9 expected credit loss allowance in 2024, the deferred tax assets decreased with EUR 7,798 to EUR 146,589 (2023: decreased from EUR 162,172 to EUR 154,387).

2.6.3 Current assets

Interest receivables

The interest receivables are detailed as follows:

	Dec 31, 2024	Dec 31, 2023
	EUR	EUR
IBLA Parent Company 1.473% April 2025	3,196,208	3,196,208
IBLA Parent Company 2.348% April 2029	5,094,838	5,094,838
IBLA Parent Company 3.598% March 2031	2,240,751	2,240,751
Loan receivable Sister Company	27,124	27,124
Total current and non-current	10,558,921	10,558,921

Corporate income tax receivable

The corporate income tax receivable relates to amounts expected to be received from the Dutch tax authorities as a result of a Mutual Agreement Procedure ("MAP") between the Netherlands and Spain.

Other receivables

The other receivables relate to an amount to be received as reimbursement for costs incurred under the current IBLA's. As per year-end, an amount of EUR 3,001 still was to be received (2023: EUR 3,001). The other receivables also includes the interest to be received on the bank account held with Coöperatieve Rabobank U.A. in the amount of EUR 13,284 (2023: EUR 13,632).

Cash and cash equivalents

Cash and cash equivalents are deposited at the current account held with Coöperatieve Rabobank U.A. The cash balance is freely available to the Company.

2.6.4 Shareholder’s equity

Share capital

	Number of ordinary shares	Total number
On issue at January 1, 2023	1,800,000	1,800,000
Issued for cash	0	0
On issue at December 31, 2023	1,800,000	1,800,000
Issued for cash	0	0
On issue at December 31, 2024	1,800,000	1,800,000

On December 31, 2024, the authorised share capital comprised 1.8 million ordinary shares (2023: 1.8 million) with a par value of EUR 0.01 per share. All ordinary shares have been issued and fully paid. It was decided in the shareholders meeting during 2024 to allocate the 2023 result to the other reserves.

The holders of ordinary shares are entitled to receive dividends as declared. All shares are entitled to one vote per share at Company meetings.

Share premium

On December 31, 2024, the Company recorded a share premium of EUR 2,002,000 (2023: EUR 2,002,000) which represents a capital injection from the Parent Company as 100% shareholder of the Company in order to meet Dutch law requirements.

Dividends

No dividends were distributed by the Company for the year ended December 31, 2024 (2023: EUR 0).

2.6.5 Non-current liabilities

Notes payable

The Notes payable can be detailed as follows:

	Dec 31, 2024	Dec 31, 2023
	EUR	EUR
Bonds April 2025	302,912,609	302,656,464
Bonds April 2029	303,519,779	303,203,302
Bonds March 2031	76,816,976	76,752,194
Total current and non-current	683,249,364	682,611,960
Less interest payable (current)	-10,044,863	-10,038,909
Total Notes payable	673,204,501	672,573,051
Current part Notes payable	299,929,048	0
Non-current part Notes payable	373,275,453	672,573,051
Total Notes payable	673,204,501	672,573,051

The April 2025 Bonds have been classified as a current liability in 2024 compared to a non-current liability in 2023 as the maturity date is within one year of the Balance sheet date.

	December 31, 2024		December 31, 2023	
	Carrying value (*)	Fair value	Carrying value (*)	Fair value
	EUR	EUR	EUR	EUR
Bonds April 2025	299,929,048	298,614,000	299,672,902	289,527,000
Bonds April 2029	298,637,587	285,234,000	298,321,111	269,388,000
Bonds March 2031	74,637,866	73,583,250	74,579,038	69,090,000
Loans and borrowings	673,204,501	657,431,250	672,573,051	628,005,000

(*) The carrying value amounts are presented net from interest payables.

Balance at December 31, 2024	<1 year	1-5 years	>5 years	Total
	EUR	EUR	EUR	EUR
Trade creditors	47,565	0	0	47,565
Interest payments	13,500,000	37,500,000	5,250,000	56,250,000
Bonds April 2025	300,000,000	0	0	300,000,000
Bonds April 2029	0	300,000,000	0	300,000,000
Bonds March 2031	0	0	75,000,000	75,000,000
Loans and borrowings	313,547,565	337,500,000	80,250,000	731,297,565

Balance at December 31, 2023	<1 year	1-5 years	>5 years	Total
	EUR	EUR	EUR	EUR
Trade creditors	42,505	0	0	42,505
Interest payments	13,500,000	41,625,000	14,625,000	69,750,000
Bonds April 2025	0	300,000,000	0	300,000,000
Bonds April 2029	0	0	300,000,000	300,000,000
Bonds March 2031	0	0	75,000,000	75,000,000
Loans and borrowings	13,542,505	341,625,000	389,625,000	744,792,505

The amounts as displayed in the two above tables are stated as undiscounted values. The interest payments are calculated as being the actual interest coupons per year.

The Company issued Bonds at the Luxembourg Stock Exchange on April 11, 2017, for an amount of EUR 300 million with a fixed interest rate of 1.375%. These Bonds mature eight years from the issue date at their nominal value. These Bonds are valued at amortized cost.

The Company issued Bonds at the Luxembourg Stock Exchange on April 11, 2017, for an amount of EUR 300 million with a fixed interest rate of 2.25%. These Bonds mature twelve years from the issue date at their nominal value. These Bonds are valued at amortized cost. The Company issued Bonds at the Luxembourg Stock Exchange on March 3, 2016, for an amount of EUR 75 million with a fixed interest rate of 3.5%. These Bonds mature fifteen years from the issue date at their nominal value. These Bonds are valued at amortized cost.

2.6.6 Current liabilities

Taxes payable

Taxes payable relates to Value Added Tax (VAT).

2.6.7 Interest income and expense

Interest income

	2024	2023
	EUR	EUR
Interest income from financial assets measured at amortised cost	14,882,950	14,879,258
	14,882,950	14,879,258

Interest expense

	2024	2023
	EUR	EUR
Interest expense from financial liabilities measured at amortised cost	14,137,404	14,121,804
	14,137,404	14,121,804

2.6.8 Operating income and expenses

Interest income bank account

	2024	2023
	EUR	EUR
Interest income bank account	160,300	136,557
	160,300	136,557

Loss allowance for impairment on financial assets

	2024	2023
	EUR	EUR
Movement in expected loss allowance IFRS 9	30,226	30,172
	30,226	30,172

Employee benefits expenses

	2024	2023
	EUR	EUR
Wages and salaries	13,362	13,359
Social premiums	11,775	11,750
	25,137	25,109

Operating expenses

	2024	2023
	EUR	EUR
Audit fees	85,881	101,494
Administrative fees	38,630	46,299
Bank charges	3,690	3,636
Tax services fees	13,038	23,091
Advisory fees	6,108	27,149
Office rent	14,595	13,038
Other expenses	0	18,220
	161,942	232,927

2.6.9 Finance income and expenses

	2024	2023
	EUR	EUR
Other finance income	2,143,688	105,758
Other finance expenses	-2,143,688	-105,758
Net finance result	0	0

The other finance income relates to the reimbursement of costs. The finance expenses relate to the expenses incurred in relation to the issuance of Bonds, for which the Company is reimbursed. The increase of the other finance income and expenses is a consequence of the consent fees that were paid to the Noteholders and banks in 2024 as a result of the consent solicitation process to comply with the binding legal decision issued by the CNMC in the resolution of 17th March 2023, replacing the guarantee provided by the Sister Company for the Bonds issued by the Company with a guarantee from the Parent Company to the bondholders. These costs were reimbursed by the Sister Company.

2.6.10 Income tax expense

	2024	2023
	EUR	EUR
Current year income tax (*)	65,455	63,316
Deferred income tax	7,798	7,785
	73,253	71,101

(*) In 2023, the corporate income tax due was calculated on 19% for the first EUR 200,000 and 25.8% for the remaining taxable amount. In 2024, the corporate income tax due was calculated on 19% for the first EUR 200,000 and 25.8% for the remaining taxable amount.

Reconciliation of effective tax rate

	2024		2023	
	EUR	%	EUR	%
Net result for the year	675,740		595,046	
Total income tax	73,253		71,101	
Profit (Loss) excluding income tax	748,993		666,147	
Income tax using the Company's domestic rate	179,640	23.98%	158,266	23.76%
Current year adjustments	-106,387	-14.20%	-87,165	-13.08%
	73,253		71,101	

During the financial year, an amount of EUR 238,219 was paid as preliminary corporate income tax. As the estimated total income tax due for the financial year 2024 amounted to EUR 65,455, a receivable of EUR 172,764 was recorded in the balance sheet.

The effective tax rate is based on the net result for the year. The effective tax rate is 9.78% (2023: 10.68%).

The current year adjustments recognised in 2024 and 2023 relate to expected reimbursements by the Dutch tax authorities of corporate income tax amounts concerning the years 2013 until 2015 and the years 2016 until 2017 as a result of two Mutual Agreement Procedure ("MAP") between the Netherlands and Spain and expected reimbursements of corporate income tax amounts for the years 2018 until 2024 for which the Company expects to receive a MAP and Bilateral Advance Pricing Agreement ("BAPA") in the future.

Due to the release of the IFRS 9 expected loss allowance this year amounting to EUR 30 thousand, the commercial profit is higher than the fiscal profit. The Company is not tax exempt, but the IFRS 9 expected loss allowance is not recognized by the Dutch tax authorities. The profit excluding the current year release of the IFRS 9 expected loss allowance will be lower.

2.6.11 Fair value hierarchy for financial instruments

Balance at December 31, 2024	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial assets				
IBLA April 2025	0	298,614,000	0	298,614,000
IBLA April 2029	0	285,234,000	0	285,234,000
IBLA March 2031	0	73,583,250	0	73,583,250
Loan receivable Sister Company	0	1,800,000	0	1,800,000
	0	659,231,250	0	659,231,250

	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial liabilities				
Bonds April 2025	298,614,000	0	0	298,614,000
Bonds April 2029	285,234,000	0	0	285,234,000
Bonds March 2031	0	73,583,250	0	73,583,250
	583,848,000	73,583,250	0	657,431,250

Balance at December 31, 2023	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial assets				
IBLA April 2025	0	289,527,000	0	289,527,000
IBLA April 2029	0	269,388,000	0	269,388,000
IBLA March 2031	0	69,090,000	0	69,090,000
Loan receivable Sister Company	0	1,800,000	0	1,800,000
	0	629,805,000	0	629,805,000

	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial liabilities				
Bonds April 2025	289,527,000	0	0	289,527,000
Bonds April 2029	269,388,000	0	0	269,388,000
Bonds March 2031	0	69,090,000	0	69,090,000
	558,915,000	69,090,000	0	628,005,000

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	December 31, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
	EUR	EUR	EUR	EUR
IBLA's	672,556,642	657,431,250	671,894,966	628,005,000
Loan receivable Sister Company	1,800,000	1,800,000	1,800,000	1,800,000
Interest receivables	10,558,921	10,558,921	10,558,921	10,558,921
Trade and other receivables	16,285	16,285	16,633	16,633
Cash and cash equivalents	5,319,988	5,319,988	4,295,795	4,295,795
Loans and borrowings	-673,204,501	-657,431,250	-672,573,051	-628,005,000
Interest payable	-10,044,863	-10,044,863	-10,038,909	-10,038,909
Trade and other payables	-47,565	-47,565	-42,505	-42,505
	6,954,907	7,602,766	5,911,850	6,589,935

The fair value of the interest receivables, trade and other receivables, cash and cash equivalents, interest payable and trade and other payables are considered to approximate the carrying amount. The fair value of the IBLA's is derived from the fair value of the loans and borrowings. The Company has the view the IBLA's are directly linked at the loans and borrowings taking into account.

As per year-end 2024 and 2023 the fair value of the April 2025 Bonds and April 2029 Bonds (traded at the Luxembourg Stock Exchange) is based on quoted prices in active markets. The fair value of the March 2031 Bonds as per year-end 2024 and 2023 is based on quoted prices on similar liabilities, taking into account reference bonds.

2.6.12 Related parties

At the end of 2024 the Company recorded a receivable of EUR 684,915,563 from the Sister Company and Parent Company (2023: EUR 684,253,887).

2.6.13 Off-balance sheet assets and liabilities

The Director has identified no off-balance sheet assets and liabilities.

2.6.14 Independent auditor's fee

The audit fee expensed for KPMG Accountants N.V. amounts to EUR 67,920 excluding VAT and out-of-pocket expenses (2023: EUR 64,260).

	KPMG Accountants N.V. 2024 EUR 1,000	Other KPMG network 2024 EUR 1,000	Total KPMG 2024 EUR 1,000
Audit of the financial statements		0	0
Other services	67,920	0	67,920
Other non-audit services	0	0	0
	67,920	0	67,920

	KPMG Accountants N.V. 2023 EUR 1,000	Other KPMG network 2023 EUR 1,000	Total KPMG 2023 EUR 1,000
Audit of the financial statements	64,260	0	64,260
Other services	0	0	0
Other non-audit services	0	0	0
	64,260	0	64,260

The fees listed above relate to the procedures applied to the Company by accounting firms and independent external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees in relation to 2024 relate to the audit of the 2024 financial statements, regardless of whether the work was performed during the financial year.

2.6.15 Other notes to the financial statements

Staff members

The average number of staff employed by the Company in 2024 was one (2023: one). The employee is a resident of the Netherlands and employed in the Netherlands as well.

Remuneration of the Director

The Director at the closing of the financial year was:
Lakerveld, Jan Matthijs as director, appointed December 16, 2024.

The Director did not receive any remuneration for his work as Director of the Company (2023: no remuneration), which is not at arm's length. The Company does not have Supervisory Directors (2023: none).

Proposed appropriation of profit

The profit for the year is added to the other reserves.

Director's responsibility statement

The Director confirms that, to the best of his knowledge:
• The financial statements for the year 2024, which have been prepared in accordance with the International Reporting Standards (IFRS), as adopted by the European Union and the Dutch Civil Code, and Title 9 Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
• The Director's Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face, as required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act ('Wet op het financieel toezicht'').

Subsequent events

In March 2025, S&P affirmed the senior unsecured debt credit rating assigned to the Company at BBB- and changed the outlook from stable to negative.

Amsterdam, April 8, 2025

The Director

J.M Lakerveld

3 Other information

3.1 Statutory provisions

According to article 20 of the Company's articles of association, the result is at the disposal of the General Meeting. The Company can only make payments to the shareholder for the amount the shareholder's equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

3.2 Independent auditor’s report

We refer the next pages for the independent auditor’s report.

Independent auditor's report

To: the General Meeting of Shareholders of Madrileña Red de Gas Finance B.V. and the Audit Committee of Elisandra Spain IV S.L.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Madrileña Red de Gas Finance B.V. (the Company) as at 31 December 2024 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements for the year 2024 of Madrileña Red de Gas Finance B.V. based in Amsterdam.

The financial statements comprise:

1 the statement of financial position as at 31 December 2024;

2 the following statements for the year ended 31 December 2024: the statement of profit and loss and other comprehensive income, the statement of changes in equity and the cash flow statement; and

3 the disclosure notes and the general notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

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

We are independent of Madrileña Red de Gas Finance B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon.

The information in respect of going concern, fraud and non-compliance with laws and regulations, and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality
• Materiality of EUR 6,000 thousand • 0.87% of Assets

Risk of material misstatements related to Fraud, NOCLAR and Going concern
• Fraud risks: presumed risk of management override of controls identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'. • Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified. • Going concern risks: no going concern risks identified.

Key audit matters
• Recoverability of loans and related interest receivable from Elisandra V S.L.U. and Madrileña Red de Gas S.A.U.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 6,000 thousand (2023: EUR 6,000 thousand). The materiality is determined with reference to 0.87% of total assets. We consider total assets as the most appropriate benchmark given the activities of Madrileña Red de Gas Finance B.V. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee of the ultimate parent company, Elisandra Spain IV S.L. that misstatements identified during our audit in excess of EUR 300 thousand (2023: EUR 300 thousand) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the audit

We have performed audit procedures ourselves at the level of Madrileña Red de Gas Finance B.V. In addition, we made use of work of the KPMG Spain audit team of Elisandra Spain V S.L.U. (Parent) and Madrileña Red de Gas S.A.U. (Sister) for the audit of the recoverability of the loan and interest receivables from Elisandra Spain V S.L.U. and Madrileña Red de Gas S.A.U.

We sent instructions to the KPMG Spain audit team, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to us.

We discussed the work performed with the KPMG Spain audit team and reviewed the reporting and working papers received. During these discussions the planning, risk assessment, procedures performed, and findings and observations reported to us were discussed in more detail and evaluated.

By performing the procedures mentioned above, together with additional procedures at the Company level, we have been able to obtain sufficient and appropriate audit evidence about Madrileña Red de Gas Finance B.V.'s financial information to provide an opinion about the annual accounts.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter "Risk Projections" of the director's report, the Board of Directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance.

Our procedures included, among other things, assessing the group wide procedures and policies such as the code of ethics and its procedures to investigate indications of possible fraud and non-compliance. We inspected minutes and resolutions of the Company to identify possible relevant significant transactions that are outside the Company's normal course of business or are otherwise unusual. Furthermore, we performed relevant inquiries with the Board of Directors and Audit Committee of Elisandra Spain IV S.L. We have also incorporated elements of unpredictability in our audit, such as vouching of immaterial administrative expenses.

As a result, from our risk assessment, we did not identify laws and regulations that likely have a material effect on the financial statements in case of non-compliance.

Further we assessed the presumed fraud risk on revenue recognition as irrelevant, since the Company's sole significant source of income is finance income. The income is considered a simple, single revenue stream. Such finance income is derived from long term loan agreements with the Parent and Sister including fixed terms and conditions in respect of interest. Consequently, we did not identify any incentive nor pressure for the Board of Directors to achieve certain results or specific finance income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

- **Management override of controls (a presumed risk)**

Risk:

- the Board of Directors is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- we evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries; and
- as part of the fraud risk assessment, we performed a data analysis of the journal entries population to determine if high-risk criteria for testing applies and evaluated estimates and judgments for bias by the Company's management.

Our evaluation of procedures performed related to fraud did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Board of Directors and the Audit Committee of Elisandra Spain IV S.L.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Directors has performed its going concern assessment and has not identified any going concern risks.

To assess the Board of Directors' assessment, we have performed, inter alia, the following procedures:

- we considered whether the Board of Directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we considered whether the developments in energy prices indicate a going concern risk;
- we analyzed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we inspected the debt agreements in terms of conditions that could lead to going concern risks, including the term of the agreement; and
- we considered whether the outcome of our audit procedures, as described in the key audit matter to determine the recoverability of loans to related parties and related interest receivables from related parties, could identify a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on Board of Directors` going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors of Madrileña Red de Gas Finance B.V. and Audit Committee of Elisandra Spain IV S.L. The key audit matters are not a comprehensive reflection of all matters discussed.

Recoverability of the loans and interest receivable from Elisandra Spain V S.L.U. and Madrileña Red de Gas S.A.U.

Description

The Company`s exposure, in terms of credit risk, to Elisandra V S.L.U. ('Parent') and Madrilena Red de Gas S.A.U. ('Sister') may have a severe effect on the Company's financial statements.

The outstanding balances at 31 December 2024 of EUR 684,915 thousand (long term receivable and short-term receivable) represent 99% of the balance sheet total. On 31 December 2023, these amounts totalled EUR 684,254 thousand which represented 99.09% of the balance sheet total.

The Company's most significant assets are the loans and interest receivables with the Parent and Sister. In the event of an insolvency of the Parent and/or Sister they can no longer fulfil their financial obligations towards the Company and this would have a severe impact on the Company.

The Company's ability to meet its financial obligations depends on the cash flow generated from the repayment of (accrued) interest and principal by the Parent and Sister. Current and future developments in the energy market are merely examples of factors that can impact the Company's ability to meets its financing obligations.

As such, the risk of a financial loss of the Company is relevant, when the Parent and/or Sister, fail to meet their contractual obligations towards the Company. Given this severe impact on the financial statements of the Company, we consider the recoverability of the loans provided to the Parent and Sister and their related interest receivable as a key audit matter.

Our response

We evaluated the internal controls regarding the recoverability assessment by the Board of Directors in respect to the loans and interest receivables.

Our main procedures with respect to the Board of Directors' assessment of the recoverability of the loans and their related interest receivables from the Parent and Sister are:

- We inquired with the Board of Directors of the Company about its assessment of the recoverability of the loans to Parent and Sister and related interest receivables, based upon their knowledge of the developments in the financial position and cash flows of Parent and Sister, considering any potential impact, if any, of the macro-economic circumstances, and about their evaluation with respect to the recoverability of the loan receivables and of the interest receivables from Parent and Sister.
- We inspected the terms and conditions of the loan agreements between the Parent and Sister and the Company.
- We inspected and analyzed the Parent and Sister's ability to meet their obligations under the loan agreements and their financial position by evaluating the audited financial statements of the Parent and Sister for the year ended 31 December 2024. We determined that unqualified audit opinions were issued on 31 March 2025 with regard to these financial statements.

Furthermore, we requested and evaluated the relevant audit procedures and working papers of the auditor (KPMG Spain) of the Parent and Sister, supporting their audit opinion on 2024 (consolidated) financial statements of the Parent and Sister. In addition, we assessed whether the Parent and Sister defaulted on loans and interest payments during 2024.

- We assessed the Board of Directors' key judgements and estimates made in respect of expected credit loss under IFRS 9, including selection of methods, models, assumptions and data sources.
- We recalculated the expected credit losses based on IFRS 9 on the loans to Parent and Sister.
- We evaluated the long-term credit ratings and outlook of the sister company with the reputable credit agency Standard & Poor's.
- We evaluated the appropriateness of the accounting principles applied based on IFRS 9's requirements and the Company's disclosures as presented in the notes of the financial statements

Our observation

The result of our audit procedures relating to the recoverability of loans and interest receivable from Parent and Sister were satisfactory.

We consider the disclosures relating to credit risk as included in the credit risk paragraph in Note 2.5.2 and Note 2.6.1 to the financial statements to be adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

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

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

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

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

The Board of Directors of the Company is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of Madrileña Red de Gas Finance B.V. since 2019 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

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

Description of responsibilities regarding the financial statements

Responsibilities of Board of Directors of Madrileña Red de Gas Finance B.V. and the Audit Committee of Elisandra Spain IV S.L. for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors, under supervision of the Audit Committee of Elisandra Spain IV S.L., is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

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

The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee of Elisandra Spain IV S.L. is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at www.nba.nl/eng_oob_20241203. This description forms part of our auditor's report.

Amstelveen, 8 April 2025

KPMG Accountants N.V.

N.J. Hoes RA