



1st Half year 2023 Semi-annual Results

December 2023

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1	Executive Summary
2	Key Financials
3	Key initiatives

<p>General context</p>	<ul style="list-style-type: none"> ▪ Natural gas demand affected by unusually warm temperatures and geopolitical situation. ▪ Gas prices returning to normal levels.
<p>First Half 2023 Performance</p>	<ul style="list-style-type: none"> ▪ As of June 2023, the company has reached 902,383 natural gas connection points (+ 0.6% YoY). ▪ Positioned as the largest distributor in terms of connection points in the Madrid region since Q1 2023⁽¹⁾. The Community of Madrid region has the greatest economic activity among all the Spanish regions and is one of the regions with greatest population growth. ▪ EBITDA amounting to c. €56.8M, -15% compared to previous year, mainly explained by lower demand, the remuneration haircut and the periodical inspections cycle that takes place in 2023. ▪ Free cash flow €55.7M, €18.6M lower than preceding year mainly explained by temporary tariff deficit position compared to previous year tariff surplus (€13M).
<p>Key initiatives</p>	<p>Committed to Energy Transition:</p> <ul style="list-style-type: none"> ▪ Active participants in H2 and Biogas projects: First to engage in the development of green hydrogen for residential heating and first to install a demo heating and hot water H2 boiler using 100% renewable H2. ▪ Natural gas for mobility: 16 gas stations in service, +5 new stations started operations in 2023. ▪ Completed the Analysis of gas network retrofit to hydrogen in one municipality of MRG territory (Villanueva del Pardillo in Comunidad de Madrid) ▪ ESG score: 5/5 stars and 100/100 points in GRESB (96 points in 2022). GRESB infrastructure sector leader in 2023.
<p>Financial policy and Financing structure</p>	<ul style="list-style-type: none"> ▪ Flexible and sustainable financing supported by a new 5-year and sustainability –linked Term Loan facility (€225m). ▪ Low exposure to market volatility – 89% of debt at fixed rate. ▪ Strong liquidity profile; €75M Revolving Credit Facility available, maturing in April 2025 ▪ Strong shareholder commitment to investment grade rating. On July 2023, S&P has affirmed MRG’s rating in BBB- (Outlook stable). On August 2023, DBRS reaffirmed rating at BBB (low) ▪ Savings in financial cost thanks to good ESG performance

(1) Source: CNMC reports: “Boletín trimestral de supervisión del mercado minorista de gas natural en España” published in Q1 2023

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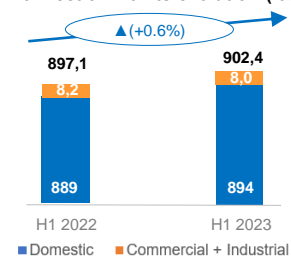
Income Statement - €MM

6 month period ending 30 June	2022	2023	% var.
Remuneration	68,6	59,2	-14%
Other regulated revenue	9,3	8,5	-9%
Other revenue	14,3	6,1	-58%
Total Revenues	92,2	73,7	-20%
Total costs	(25,1)	(16,9)	-33%
EBITDA	67,0	56,8	-15%
<i>margin excl. LPG</i>	80%	80%	-1%

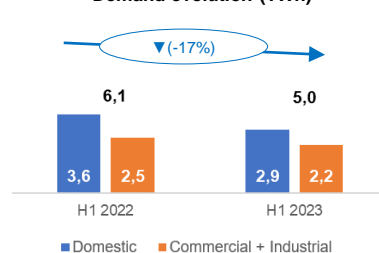
MRG individual financial statements (bond guarantor).

Connection Points and Distributed volume evolution

Connection Points evolution ('000)



Demand evolution (TWh)



Cash Flow Statement - €MM

6 month period ending 30 June	2022	2023	Var %
EBITDA	67,0	56,8	-15%
Income tax paid	(1,4)	(1,5)	4%
Working capital	(4,4)	(0,0)	-99%
Tariff Deficit	19,0	5,9	-69%
Capex	(5,9)	(5,6)	-6%
Recurring Free Cash Flow	74,3	55,7	-25%

MRG individual financial statements (bond guarantor)

Comments

- EBITDA decreased 15% mainly explained by:
- Variation in remuneration mainly driven by lower demand and gradual remuneration haircut of the regulatory reform published in 2020
- Demand is -17% lower compared to the same period of previous year, mainly driven by unusually warmer temperatures.
- Other regulated revenues decreasing mainly due to lower volume of planned inspections explained by seasonality factor.
- The evolution of other revenue is mainly linked to the decrease in LPG revenues as a consequence of the sale of c.6,307 LPG connection points to the group company Aliara LPG in April 2022. The same effect is also reflected in costs, while maintaining the profit margin at similar levels.
- Sustained net growth at 0.6% and demand being affected by unusually warm temperatures.

Comments

- Recurring free cash flow variation is -27%, mainly due to:
- Tariff Deficit variation explained by tariff deficit compared to tariff surplus in the previous year. Tariff deficit does not reflect the final deficit position but is only a temporary position as of June 2023.
- Lower EBITDA, as explained above.
- No significant variance in capex which is mainly driven by expansion growth investments

Balance Sheet - €MM

	Dec. 2022	Jun. 2023	Var
Total Network Fixed Assets	1.045,9	1.037,4	(8,5)
Goodwill	57,4	57,4	(0,0)
Deferred Tax Asset	12,4	13,1	0,7
Other Non-Current Assets	7,8	7,9	0,1
Current Assets	35,5	25,5	(10,0)
Cash and cash equivalents	16,2	31,8	15,6
Total Assets	1.175,2	1.173,0	(2,2)
Equity	752,9	765,1	12,2
Long Term Debt	225,0	225,9	0,9
Deferred Tax	91,9	101,0	9,1
Other Non-Current liabilities	37,0	35,9	(1,1)
Current Liabilities	68,4	45,1	(23,3)
Total Liabilities & Shareholders' Equity	1.175,2	1.173,0	(2,2)

MRG individual financial statements (bond guarantor)

Comments

- Equity position of 765,1 €M as of June 30th, 2023
- Undrawn Revolving Credit Facility available up to €75MM, reinforces cash reserves.
- MRG individual balance sheet does not include 675 €M of debt held in the holding company of the group. This debt was issued by MRG Finance and fully guaranteed by MRG and ranks pari passu with the debt allocated in MRG Balance sheet
- On July 2023 S&P has affirmed MRG's rating in BBB- and outlook stable. On August 2023 DBRS reaffirmed rating at BBB (low)
- MRG group gross debt remains stable. Financing structure underpinned by different tenors and bond size, spreading maturities and reducing refinancing risk
- Lower group net debt compared to previous year due to the higher cash position

MRG Group capital structure - €MM

	Apr-25 Note	Apr-29 Note	Mar-31 Note	RCF	Bank debt
Issuer	MRG Finance, B.V.	MRG Finance, B.V.	MRG Finance, B.V.	MRG S.A.U.	MRG S.A.U.
Guarantee	MRG S.A.U.	MRG S.A.U.	MRG S.A.U.	MRG S.A.U.	MRG S.A.U.
Issuance amount	€300m	€300m	€75m	€75m*	€225m
Maturity	April 2025	April 2029	March 2031	February 2026 + 1y extension	August 2027
Pricing	Fixed 1.375%	Fixed 2.250%	Fixed 3.500%	Euribor + margin	55% Fixed 45% Eur + margin
Ranking	Senior	Senior	Senior	Senior	Senior

€m	Dec 2022	Jun 2023
Net debt	908,8	861,9

- MRG is committed to a resilient and flexible financial policy framework that supports an investment grade rating, to maintain investor, creditor and market confidence and to ensure the sustainability of future business.

(1) Figures under IFRS as of December 31st, 2022 are audited.

(2) Figures under IFRS as of June 30th, 2023 are not audited.

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Ongoing projects

Green Hydrogen field



MRGs contribution to sustainable climatization and decarbonization through green H2

Pioneers in domestic use of H2 for heating and hot water with the construction of dwellings with a centralized **hydrogen boiler**
First project in Spain featuring green hydrogen for domestic use.



Generating, supplying and promoting green H2 for all productive sectors in Madrid

Project to decarbonize public **urban mobility** in the Madrid region and extending the use of **green H2** to all productive sectors.
5 MW electrolyzer and **5 public hydrogen refueling stations** to supply **445t** of H2.



Making H2 heating solution a reality

MRG has the first **heating and hot water installation using 100% renewable H2 (#1 of real H2 for heating in Spain)**. In its technical building in Alcorcón, Madrid.



Promoting the broadening of H2 use through alliances with universities

Implementation of H2 in the university facilities to promote its use and involve engineering departments in the **development of H2 applications**.

Biomethane & other initiatives contributing to the energy transition

Biomethane injection from Alcalá de Henares closed landfill

Injection of biomethane into natural gas network

Closed landfill in Alcalá de Henares of c. 700 Nm3/h.
Ongoing review of Connection Authorization Contract for injection of biomethane into MRG's network.



Continued investment on NGV, contributing to decarbonization of transports

NGV continues to grow: **five new NGV stations** operating in 2023.

14
CNG Stations

2
LNG Station

+4
vs. last year

+1
vs. last year



Promotion of use of natural gas as a cleaner energy source

MRG is a key player in the “Plan Renove” from the Community of Madrid from **individual atmospheric boilers to condensing boilers**.



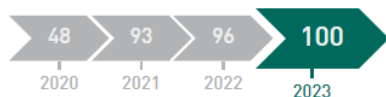
Demonstration of competitiveness of natural gas, renewable gases; use of hydrogen in existing gas network

Cavendish Report with **Sedigas**, proving the competitiveness of natural gas, renewable gases, and the use of hydrogen in Natural gas grid.
Analysis with **Arthur D. Little** to demonstrate the competitiveness of **boilers vs. heat pumps** in residential use

GRESB 2023 Score

GRESB Rating
★★★★★

Participation & Score



Peer Comparison



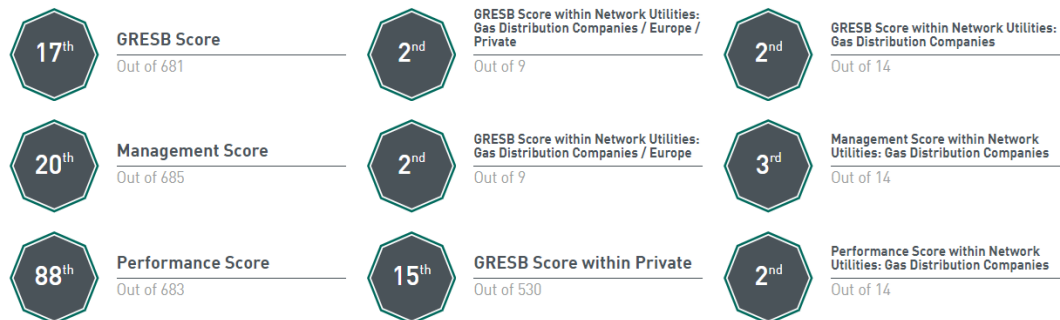
GRESB
INFRASTRUCTURE
sector leader 2023

Comments

- GRESB score of **100 points*** over 100 possible and 5 stars (maximum level), which breakdown to:
 - Environmental: 27/27
 - Social: 45/46
 - Governance: 27/27
- **GRESB infrastructure sector leader in 2023**
- MRG is among the top 3 in 5 of the 9 indicators.
- MRG is among the top 20 companies that participate in GRESB.

Rankings

Guidance



* There are decimal positions in the segregated scores which add up to a 99.6 total score which is rounded up by GRESB to 100 points in the global score.



Annexes

100% of Third-party debt guaranteed by MRG

