1H24
Results

23 July 2024

Naturgy

Transforming together

Naturgy

Contents

1. Executive summary

1H24 review

€m	1H24	1H23	Change
EBITDA	2,846	2,849	-0.1%
Net income	1,043	1,045	-0.2%
Capex	937	839	11.7%
Net debt	11,838	12,090 [1]	-2.1%
Free cash flow after minorities	681	1,977	-65.6%

Note:
1. As of 31 December 2023

The first half of 2024 has been marked by lower energy prices compared to the first half of 2023, both in gas and electricity, resulting in a more challenging energy scenario. Following the volatility experienced in recent years, energy prices have rebalanced towards pre-energy crisis levels, but remain sensitive to ongoing global developments.

Despite the less favorable backdrop, Naturgy business focus and risk management initiatives contributed to deliver strong and resilient results. During the period, the group's EBITDA reached €2,846m, flat vs. the first half of 2023, maintaining a balanced EBITDA contribution between regulated and liberalized activities, which represented approximately 51% and 49% of total EBITDA respectively.

During 1H24, liberalized activities experienced lower profitability and contribution compared to the same period in 2023. In particular, energy management activities including gas and LNG procurement and supply experienced a significant margin contraction, following a very strong couple of years in 2022 and 2023. On the other hand, regulated activities proved resilient and experienced growth, supported by the positive regulatory developments in some LatAm regions and growth in electricity distribution Spain.

During 1H24, Naturgy continued to execute on its Strategic Plan 2021-25 and invested €937m, mainly in renewable developments and networks. Capital discipline remained a cornerstone amid the more challenging scenario and lower energy prices. Notwithstanding, renewable installed capacity reached 6.6GW and approximately 2.2GW renewable capacity are currently under construction, of which 1GW in Spain, 916MW in Australia, and 262MW in the USA. Approximately additional 800MW are expected to become operational in the second half of 2024.

Furthermore, Naturgy continued to progress on renewable gases in Spain. During the first half of 2024, Naturgy launched its third biomethane plant in Spain and increased its renewable gas production capacity to 29GWh/year, an amount equivalent to the gas consumption of c. 6,000 households. Naturgy progresses on a wide project portfolio in different stages of development throughout Spain and expects one additional plant in Valencia to become operational during 2025. Spain is deemed as the third European country by biomethane production potential, although its production still lags comparable countries such as France or Denmark.

Naturgy's net debt as of 30 June 2024 stood at €11,838m compared to €12,090m at the end of 2023. Net debt to EBITDA stands at 2.2x, same level as at FY23. Moreover, the decrease in net debt does not take into consideration the €500m hybrids redeemed on 24 April 2024 and therefore Naturgy's overall indebtedness and balance sheet has continued to strengthen in the period. Furthermore, Naturgy maintains an ample liquidity buffer, with €9.7bn in available cash and equivalents and undrawn credit lines as at the first half of 2024.

In terms of shareholder remuneration and during 1H24, Naturgy distributed €384m dividends on 9 April 2024, corresponding to the final dividend of €0.40 €/share payable against 2023 results, for a total dividend of 1.40 €/share in 2023, as committed. Naturgy will be distributing its first 2024 interim dividend of 0.5 €/share on 1 August 2024.

Despite recent developments beyond management control, Naturgy continued to advance firmly on its strategic roadmap, investing in profitable growth projects, proactively managing regulatory developments and uncertainties, and improving long-term visibility by securing most of its 2024 sales for the year. Indeed, business focus and risk management contributed to resilience and the group posted strong results despite the less favorable energy scenario. Outlook remains attractive, and the company believes it is better positioned than ever to take advantage of ongoing opportunities and continue its transformational journey in line with the energy transition. However, during the first half of 2024, Naturgy's share price evolution was affected by developments beyond the company fundamentals.

Shareholder structure developments

During the second quarter of 2024, news flow pointed to the fact that some of Naturgy's shareholders had been exploring alternatives with regards to their shareholdings.

On 16 April 2024, CriteriaCaixa confirmed it was in talks with a potential investor group that was in contact with some of Naturgy's reference shareholders and was interested in reaching a potential partnership agreement with Criteria. Criteria's conversations with this investor were considered at a preliminary stage.

On 17 Abril 2024, TAQA, an energy company controlled by the government of Abu Dhabi, confirmed it was holding talks with CriteriaCaixa, regarding a possible cooperation agreement related to Naturgy. TAQA confirmed that it was holding talks with CVC and GIP regarding the possible acquisition of their shares in Naturgy. If such an acquisition were to occur, a public acquisition offer for the entire capital of Naturgy should be formulated. No agreement had been reached with CriteriaCaixa, CVC or GIP.

On 10 June 2024, CriteriaCaixa informed that its negotiations with TAQA regarding a possible cooperation relating to Naturgy had terminated and no agreement had been reached. CriteriaCaixa reaffirmed its commitment as an investor to Naturgy's long term industrial plan and reiterated its explicit support to the company's transformation plan in line with the energy transition.

Naturgy has been a passive subject on the discussions and the company has continued to operate and advance on its strategic roadmap, managing the company in the best interest of its stakeholders.

MSCI

MSCI (Morgan Stanley Capital International), a global reference for institutional investors and a benchmark for many mutual funds and exchange-traded-funds (ETFs) announced constituent changes on various of its indices, following its February 2024 review. As a result, Naturgy was removed as a constituent from various MSCI indices, effective as of the close of the last trading day of February. The exclusion was based on Naturgy's free float market capitalization, which had fallen below the minimum thresholds for MSCI inclusion criteria. The exclusion of Naturgy from the MSCI indices was completely unrelated to its operational and financial performance.

Energy demand and commodity prices

During 1H24, average gas and electricity prices in Europe were substantially lower compared to the first half of 2023, affected by supply and demand dynamics and mild temperatures. In this context, gas prices on major hubs experienced relevant declines, with the TTF, JKM and HH comparing on average -48.7%, -44.6% and -29.0% respectively below the first half of 2023 respectively. Wholesale electricity prices for their part compared 55.7% below on average vs. the first half of 2023. Finally, average Brent prices were 5.4% higher than in 1H23.

Demand had a mixed evolution across markets, with higher distributed energy in most of the gas and electricity networks, except in Spain gas distribution which remained stable (-0.7%) and Brazil gas distribution, which declined by 6.7%. In gas distribution, Mexico, Chile and Argentina experienced growth of 8.6%, 2.9% and 5.5% respectively while in Electricity distribution Spain, Panama and Argentina posted 6.8%, 6.6% and 9.2% growth respectively.

Agreement on Sonatrach's procurement contract

A price agreement has been reached with Sonatrach for 2024. This agreement confirms the solid relationship between Sonatrach and Naturgy, ensures that prices reflect current market conditions, and underlines the commitment to security of supply.

Outlook 2024 and new Strategic Plan 2025-30

Based on the company's strong 1H24 results and visibility on key performance drivers into year end, Naturgy estimates it may reach an EBITDA 2024E and Net Income 2024E above €5.3bn and €1.8bn respectively. In addition, the company guides towards a total gross investment for the full year 2024 of around €2.6bn and a net debt position as at the end of 2024 of approximately €13bn. The EBITDA and Net income guidance provided is substantially above Bloomberg consensus estimates for 2024, which stand at approximately €4.9bn and €1.7bn respectively. This is a testament of the strong fundamentals and outlook 2024 and the company believes it benefits from a position of strength to continue its transformation. In this respect, Naturgy is preparing a new 2025-30 Strategic Plan that will present an ambitious and attractive vision addressed to all stakeholders, focusing on growth and value creation while committing to progress in the energy transition.

2. Key comparability factors

Reporting structure

In the context of continuous transformation, changes in the financial information structure were introduced in 2023 to adapt the grouping of Naturgy's businesses into two groups: Networks distribution and Energy markets.

In addition, changes were introduced in the composition of the operating segments of Naturgy with the aim to provide greater clarity about the evolution and performance of business operations amid the changing economic environment in which the Group operates. These changes included:

- Split of the gas and electricity segments in Argentina
- Integration of the former International LNG, Markets & Procurement, and Pipelines segments in a new segment named Energy management
- Split of Renewables Spain and USA into two different segments
- Integration a holding unit for each Networks and Markets, reflecting general expenses allocated to each of the groups

These modifications have been applied as well to the comparative information of 30 June 2023, which has been re expressed to include the modifications mentioned above.

Accordingly, the business segments of the group are currently bundled in two groups:

- **Distribution networks:** includes the business segments dedicated to the management of gas and electricity distribution and transport regulated infrastructures:
  - Gas Spain: includes the regulated gas distribution business in Spain
  - Gas Mexico: includes the regulated gas distribution and commercialization businesses in Mexico
  - Gas Brazil: includes the regulated gas distribution and commercialization businesses in Brazil
  - Gas Argentina: includes the regulated gas distribution and commercialization businesses in Argentina
  - Gas Chile: includes the networks and commercialization business in Chile
  - Electricity Spain: includes the regulated electricity distribution business in Spain
  - Electricity Panama: includes the regulated electricity distribution and commercialization businesses in Panama
  - Electricity Argentina: includes regulated electricity distribution and commercialization businesses in Argentina
- **Energy markets:** includes the liberalized businesses segments, with the following composition:
  - Energy management, which includes the following activities :
    - The supply of LNG and the maritime transport activity
    - The management of gas procurement and the rest of gas infrastructure, as well as the supply to high energy intensive consumption clients
    - The management of Medgaz pipeline, which is equity accounted

- Thermal generation:
  - Spain: includes the management of the conventional thermal generation capacity in Spain (nuclear and CCGTs)
  - GPG LatAm: includes the management of the conventional thermal generation of Global Power Generation (GPG) in Mexico, Dominican Republic and Puerto Rico, the latter equity accounted through EcoEléctrica LP
- Renewable generation:
  - Spain: includes the management of installed capacity and projects for generation via wind, mini-hydro, solar and cogeneration technologies, including as well, the hydro generation in Spain and the development portfolio in the rest of Europe
  - GPG LatAm: includes the management of installed capacity and projects for renewable electricity generation of GPG located in LatAm (Brazil, Chile, Costa Rica, Mexico and Panama)
  - GPG Australia: includes the management of installed capacity and projects for renewable electricity generation of GPG located in Australia
  - United States: includes the management of photovoltaic installed capacity and projects developed in the USA
- Renewable gases: includes the management of renewable gas's projects, specifically biomethane and green hydrogen.
- Supply: includes the management of the supply model to end customers in gas, electricity and services, incorporating new technologies and services to develop all the brand's potential

In June 2023, Thermal generation was part of the Energy management segment. Within this group, a holding has been integrated that develops transversal activities directly linked to the businesses of this group.

- Rest: includes operating expenses of the corporation.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	1H24	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.08	0.0%	-1	-2
MXN/€	18.52	-5.8%	11	3
BRL/€	5.49	0.2%	-1	-1
ARS/€ [1]	976.63	-	-96	-19
CLP/€	1,017.47	16.8%	-20	-9
Other	-	-	-1	0
Total	**-**	**-**	**-108**	**-28**

Note:
1. Exchange rate as of 30 June 2024 considering Argentina as hyperinflationary economy

3. Consolidated results

€m	1H24	1H23	Change
Net sales	9,071	12,054	-24.7%
EBITDA	**2,846**	**2,849**	**-0.1%**
Other results	-193	-40	-
Depreciation, amortisation and impairment expenses	-764	-944	-19.1%
Impairment of credit losses	-33	-152	-78.3%
EBIT	**1,856**	**1,713**	**8.3%**
Financial result	-215	-250	-14.0%
Profit/(loss) of companies measured under the equity method	56	43	30.2%
Income tax	-382	-371	3.0%
Income from discontinued operations	-22	-	-
Non-controlling interest	-250	-90	-
Net income	**1,043**	**1,045**	**-0.2%**

Net sales totaled €9,071m in 1H24, down 24.7% vs. 1H23, mainly as a result of lower energy prices compared to the exceptionally high prices experienced during 2023 and 2022.

Consolidated EBITDA reached €2,846m in 1H24, flat vs. 1H23. The group posted strong and resilient results despite the less favorable energy scenario, supported by growth in regulated businesses which was offset by the decrease in liberalized activities, notably in energy management.

Depreciation, amortization and impairment expenses reached €-764m in the period, 19.1% lower than in 1H23, primarily as a result of higher impairments reported in 1H23 (€253m), the majority of which corresponding to LatAm thermal generation.

Impairment of credit losses reached €-33m in 1H24, 78.3% lower than in 1H23. Other results amounted to €-193m, resulting from changes and updates in certain provisions.

Financial result reached €-215m, -14.0% vs. 1H23. Cost of net financial debt increased slightly due to higher average cost of gross financial debt in the period (4.0% vs. 3.8% in 1H23)[1], partially compensated by higher remuneration from cash and equivalents. Other financial expenses/income benefited from provisions reversal. As of 30 June 2024, 70% of gross debt is at fixed rates and 65% is denominated in Euros.

Financial result (€m)	1H24	1H23	Change
Cost of net financial debt	-253	-246	2.8%
Other financial expenses/income	38	-4	-
Total	**-215**	**-250**	**-14.0%**

Equity-accounted affiliates contributed €56m in 1H24 as detailed below:

Profit/(loss) of companies measured under the equity method	1H24	1H23	Change
Qalhat	8	3	-
Electricity Puerto Rico	32	31	3.2%
Chile societies	9	10	-10.0%
Renewable Generation and Cogeneration	-4	-11	-63.6%
Medgaz/Medina	9	8	12.5%
Others	2	2	-
Total	**56**	**43**	**30.2%**

The effective tax rate for 1H24 stood at 22.5%, vs. 24.6% in 1H23.

Note:
1. both excluding cost from IFRS 16 debt

Income from discontinued operations amount to €-22m in 1H24, corresponding to certain contingencies arising from previously sold businesses that are no longer within the consolidation perimeter.

Income from discontinued operations (€m)	1H24	1H23	Change
Gas distribution Italy	-4	-	-
Electricity distribution Chile	-18	-	-
Total	**-22**	**-**	**-**

Income attributed to non-controlling interests amounted to €-250m in 1H24, significantly increasing vs. 1H23, as exhibited in the following table:

Income attributed to non-controlling interests (€m)	1H24	1H23	Change
Spain gas Networks	-33	-35	-5.7%
Chile gas Networks	-99	-36	-
Other affiliates[1]	-104	-2	-
Other equity instruments	-14	-17	-17.6%
Total	**-250**	**-90**	**-**

Note:
1. Including LatAm thermal, LatAm and Australia renewables, gas distribution in Brazil, Mexico and Argentina, and electricity distribution in Panama

The increase responds mainly to improved results in Other affiliates due to the higher contribution from LatAm businesses presenting relevant minority interests, including the positive impact from TGN litigation. On the other hand, the reduction in Other equity instruments, which includes the accrued interest on Deeply Subordinated Notes (hybrids), is explained by the €500m hybrid redemption without replacement completed on April 2024.

All in all, Net income reached €1,043m in 1H24, a 0.2% decrease compared to 1H23, in line with the evolution at EBITDA level. The positive evolution of financial results was offset by income from discontinued operations and the higher income attributed to non-controlling interests.

4. Results by business unit

4.1. Distribution networks

EBITDA (€m)	1H24	1H23	Change
Spain gas	393	412	-4.6%
Mexico gas	148	140	5.7%
Brazil gas	138	165	-16.4%
Argentina gas	38	12	-
Chile gas	244	118	-
Spain electricity	341	322	5.9%
Panama electricity	128	77	66.2%
Argentina electricity	30	19	57.9%
Holding	**-6**	**-15**	**-60.0%**
Total	**1,454**	**1,250**	**16.3%**

Please refer to Annex for additional P&L disclosure

EBITDA increased 16.3% to €1.454m during the period, supported by the positive regulatory review in Panama, tariff updates in Argentina and the positive impact from TGN litigation. These were partly offset by a negative inflation adjustment in Brazil.

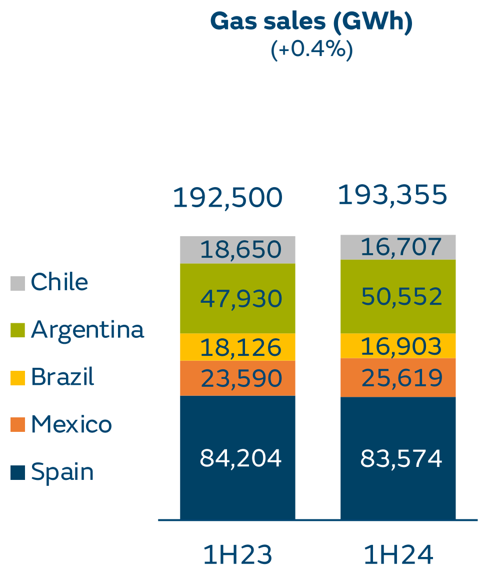
In Spain, growth in electricity distribution networks was driven by investments and the growing asset base, while gas distribution posted weaker results, affected by adjustment in regulated remuneration as well as lower demand.

The FX impact in the period amounted to €-108m, primarily attributed to the Argentinean peso depreciation (€-96m).

Spain gas

1H24 EBITDA reached €393m, down 4.6% vs. 1H23, driven by adjustment in regulated remuneration, as established in the 2021 regulatory framework, as well as lower demand due to mild temperatures.

Gas sales (excluding LPG) decreased by 0.7%, while connection points decreased 0.4% vs. 1H23.



Mexico gas

1H24 EBITDA reached €148m, +5.7% vs. 1H23 following regulatory update in tariffs and positive FX impact (€+9m). Demand evolution was mixed, increasing in the Generation+TPA and vehicular segments, while reducing in the rest.

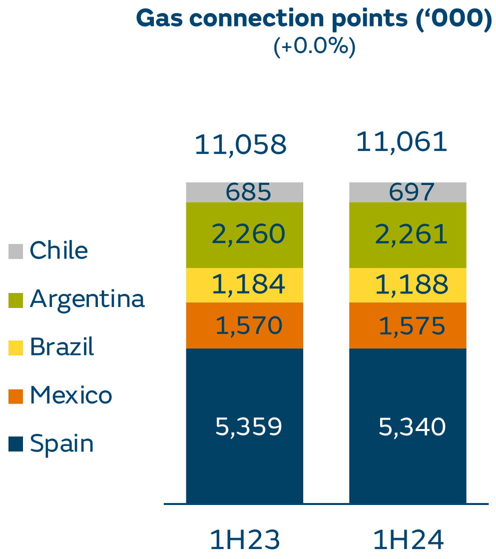
Overall gas sales increased by 8.6% while connection points remained stable (+0.3%).

Brazil gas

1H24 EBITDA totaled €138m, 16.4% down vs. 1H23, as a consequence of regulatory tariff updates in a negative inflation environment, and lower demand, particularly in vehicular and residential segments. FX impact amounted to €-1m.

Gas sales decreased by 6.7% when compared to 1H23, mainly as a result of lower demand in the vehicular segment (-16.3%) and Generation+TPA segments (-4.7%), which were mitigated by a slight growth in industrial (+0.1%).

Connection points grew 0.3% in the period.

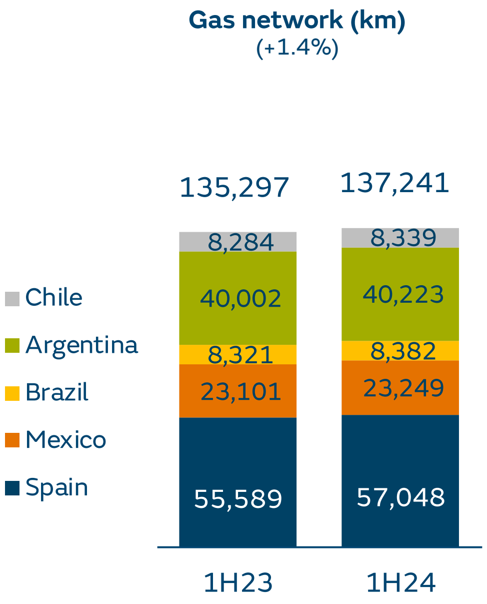


Argentina gas

1H24 EBITDA amounted to €38m, up 3.2x when compared to 1H23, reflecting regulatory tariff updates (in May ‘23 and April ‘24) and higher demand, partly offset by negative FX impact, which reached €-51m in the period.

Overall gas sales increased by 5.5%, driven by the retail (+10.2%) and Generation+TPA (+8.3%) segments, while the Industrial segment experienced the highest correction (-14.0%).

Connection points remained stable (+0.0%).



Chile gas

1H24 EBITDA totaled €244m, up 2.1x when compared to 1H23, which is explained by tariff increases and demand growth in the distribution activity, as well as the positive impact from TGN litigation. These positives were partially offset by FX impact (€-20m).

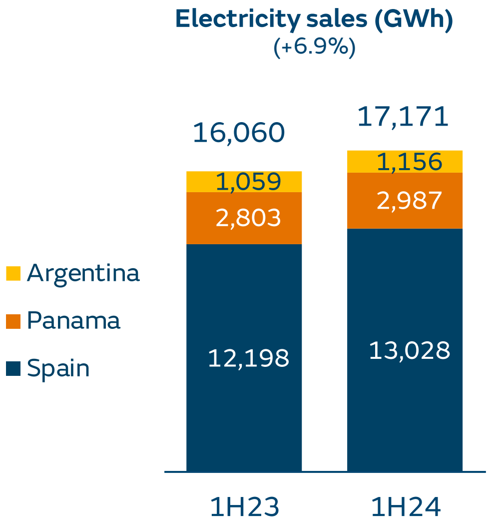
Total gas sales decreased by 10.4% as a result of lower sales in the TPA segment (-15.9%), as well as in supply, although to a lower extent (-5.3%). On the other side, distributed energy increased by 2.9% in the period.

Connection points increased by 1.8%.

Spain electricity

1H24 EBITDA amounted to €341m, a 5.9% increase vs. 1H23, mainly owing to a higher regulatory asset base and an improvement of the impact on energy losses.

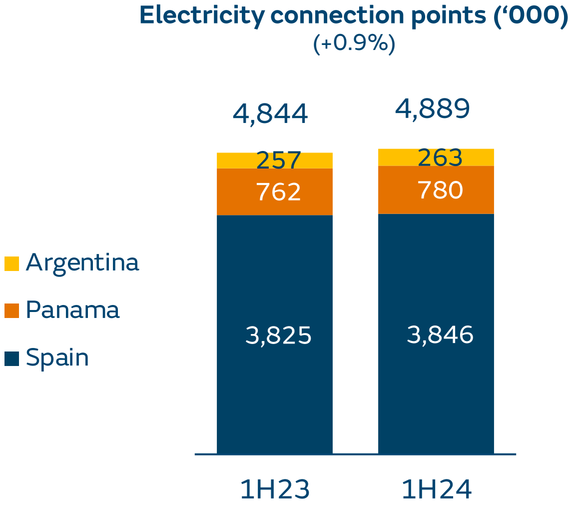
Connection points increased by 0.5% during the period, while electricity sales increased by 6.8%.



Panama electricity

1H24 EBITDA amounted to €128m, up 66.2% vs. 1H23, supported by the positive impact of the regulatory review and higher demand due to higher temperatures.

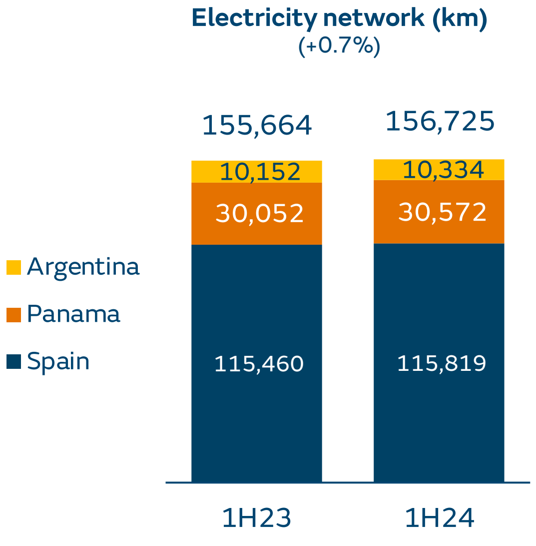
Electricity sales increased by 6.6%, while connection points grew by 2.4%.



Argentina electricity

1H24 EBITDA amounted to €30m, up 57.9% vs. 1H23, mainly driven by regulatory tariff review and demand growth, which were partially offset by the negative FX impact (€-45m).

Electricity sales grew by 9.2%, while connection points increased by 2.3% when compared to 1H23.



4.2. Energy markets

EBITDA (€m)	1H24	1H23	Change
Energy management	**384**	**863**	**-55.5%**
Thermal generation	**285**	**239**	**19.2%**
Spain	97	109	-11.0%
GPG LatAm	188	130	44.6%
Renewable generation	**305**	**235**	**29.8%**
Spain	249	205	21.5%
USA	-3	-6	-50.0%
GPG LatAm	39	31	25.8%
GPG Australia	20	5	-
Renewable gases	**-1**	**-2**	**-50.0%**
Supply	**452**	**347**	**30.3%**
Holding	**-10**	**-28**	**-64.3%**
Total	**1,415**	**1,654**	**-14.4%**

Please refer to Annex for additional P&L disclosure

The Markets businesses posted an aggregate EBITDA of €1,415m, a decrease of 14.4% when compared to the first half of 2023.

The first half of 2024 has been marked by lower energy prices compared to the first half of 2023, both in gas and electricity. As a result, liberalized activities experienced lower profitability and contribution compared to the same period in 2023.

In Energy management activities, including gas and LNG procurement, the comparison was affected by the reversal of financial hedging ineffectiveness registered in 2022.

Spain thermal generation experienced lower results due to lower production and margins, as higher renewable production translated into a lower thermal gap during the period. LatAm thermal generation for its part experienced better results due to higher availability and production in Mexico.

Positive evolution in Renewable generation is mainly explained by higher installed capacity and production in Spain, higher overall production in LatAm, and a positive evolution of the mark-to-market valuation of existing PPAs in Australia.

Contribution from the Renewable gases business segment, which includes the management of renewable gas projects, specifically biomethane and green hydrogen, remains nonmaterial.

Finally, the Supply business in Spain benefited from a favorable final court ruling on the electricity subsidies and higher margins in gas supply, which were partially offset by lower margins in electricity.

Energy management

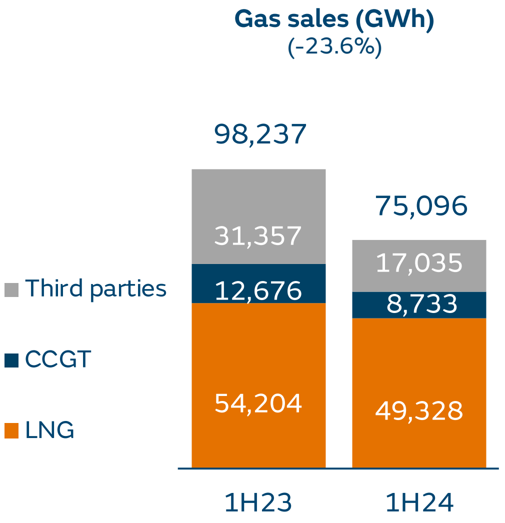
Energy management stands for the former LNG and Markets activity.

1H24 EBITDA reached €384m, a 55.5% decrease vs. 1H23, with comparison affected by the reversal of financial hedging ineffectiveness registered in 2022. FX impact was €-1m.

Total sales reached 75,096 GWh, -23.6% vs. 1H23.

Active management of hedged LNG volumes results in improved target margins.

On another note, a price agreement has been reached with Sonatrach for 2024. This agreement confirms the solid relationship between Sonatrach and Naturgy, ensures that prices reflect current market conditions, and underlines the commitment to security of supply.



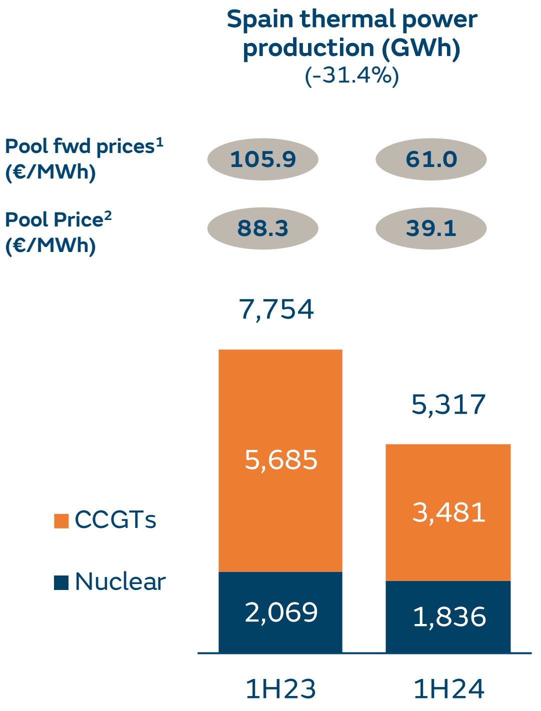
Thermal generation: Spain

1H24 EBITDA reached €97m, a 11.0% reduction vs. 1H23, mainly due to a lower thermal gap as a result of higher renewable production in the period, which has translated to a lower production and lower margins.

In addition, there has been progress on EU regulatory discussions to introduce capacity payments in 2025.

Pool prices decreased by 55.7% vs. 1H23, averaging €39.1/MWh in the period.

Total production decreased by 31.4%, with CCGTs experiencing a reduction of 38.8% and nuclear production decreasing by 11.3%.



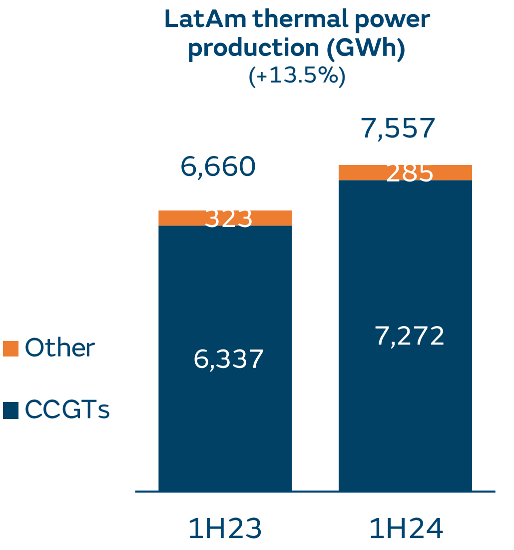
Notes:
1. Average price of 1Y ahead forward Spanish base prices in the Iberian Energy Derivatives Exchange (OMIP) in the period
2. Average price in the daily power generation market

Thermal generation: GPG LatAm

1H24 EBITDA reached €188m, up 44.6% vs. 1H23, mainly supported by higher revenues in Mexico due to higher availability and production. FX impact amounted to €-1m in the period.

Negotiations are ongoing to extend PPAs beyond 2027.

Overall production increased by 13.5%, with Mexican CCGTs production up by 14.8% while production in Dominican Republic decreased by 11.8% compared to 1H23.

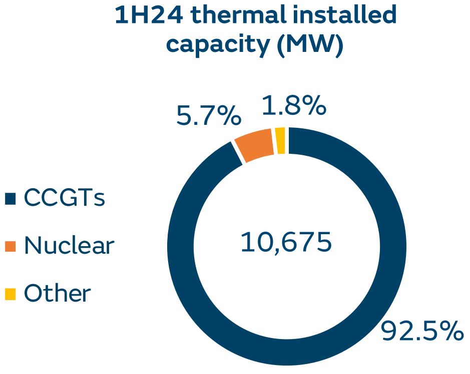


Renewable generation: Spain

1H24 EBITDA amounted to €249m, up 21.5% vs. 1H23, which is primarily explained by commissioning of new capacity as well as higher production, notably in conventional hydro and wind.

Installed capacity as of 30 June 2024 reached 5,086MW, 624MW higher than in 1H23, of which 471MW wind and 153MW solar capacity.

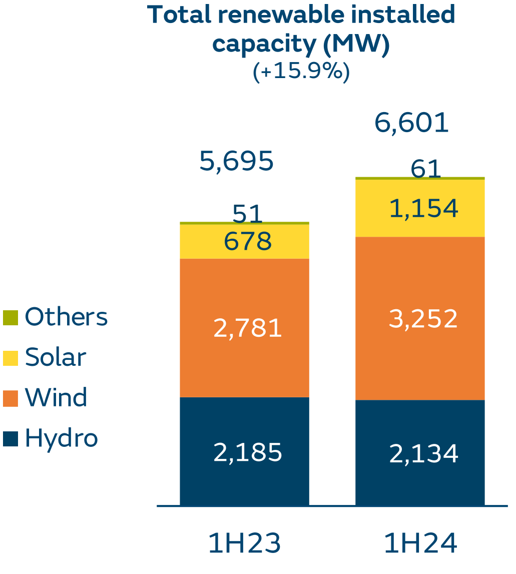
Total production increased by 31.2%, with hydro increasing by 48.9%, wind by 19.6% and solar by 8.6%.



Renewable generation: USA

1H24 EBITDA amounted to €-3m, vs- €-6m in 1H23. Naturgy has started operations of its first solar plant in the US, with an installed capacity of 302MW. Higher revenues were offset by higher opex to attend increased capacity and the management of the development platform.

Additionally, Grimes solar plant construction is underway (+262MW COD in 1H25).

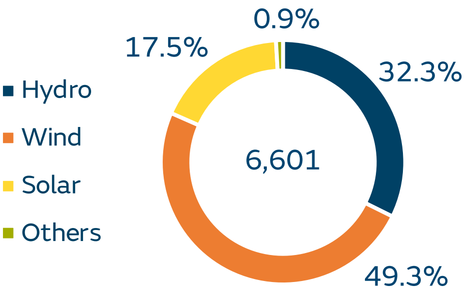


Renewable generation: GPG LatAm

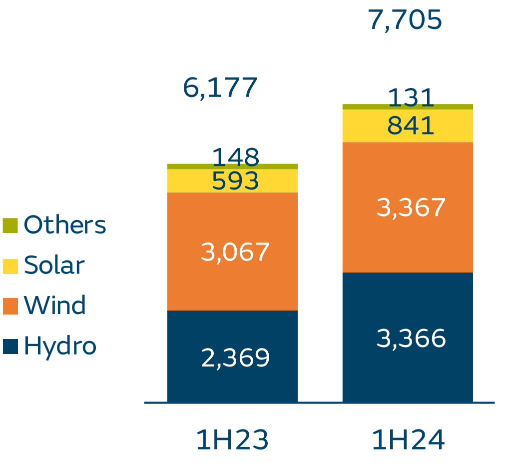
1H24 EBITDA reached €39m, 25.8% higher than in 1H23, driven by higher production and prices in the region, which were partially offset by lower production in Panama and Costa Rica, the latter affected by the end of La Joya concession. FX impact was slightly positive (€2m).

Installed capacity in LatAm decreased due to the end of La Joya concession in Costa Rica (50MW), reaching 817MW as of 30 June 2024, which led to hydro production decreasing by 34.5%, while wind and solar increased by 1.5% and 1.8% respectively.

1H24 renewable installed capacity (MW)
(technology)



Total renewable production (GWh)
(+24.7%)



Renewable generation: GPG Australia

1H24 EBITDA was €20m, 4x higher than in 1H23.

The evolution is explained by the positive evolution of the mark-to-market valuation of existing PPAs.

Installed capacity as of 30 June 2024 reached 396MW, of which 386MW in wind technology and 10MW of battery storage.

Renewable gases

The Renewable gases business segment includes the management of renewable gas projects, specifically biomethane and green hydrogen, whose contribution at this point to consolidated EBITDA remains nonmaterial (€-1m).

Naturgy currently operates 3MW of biomethane capacity which produced 92MWh during 1H24. During the first half of 2024, Naturgy launched its third biomethane plant in Spain and increased its renewable gas production capacity to 29GWh/year. Naturgy progresses on a wide project portfolio in different stages of development throughout Spain and expects one additional plant to become operational during 2025 in Valencia.

Naturgy is well positioned to take advantage of the renewable gases opportunity and is willing to deploy capital and resources in this arena, complying with its minimum return hurdles.

Supply

1H24 EBITDA reached €452m, up 30.3% vs. 1H23.

In the electricity segment, there has been a favorable final court ruling on the electricity subsidies for liberalized customers for the 2016-21 period. In addition, lower margins due to scenario have been offset by the extinction of the RDL on price reduction.

Power sales decreased by 7.5%, with the industrial and S&ME segments decreasing by 18.9% and 9.3% respectively, while retail sales increased by 3.9%.

In the gas segment, margins showed resiliency supported by a higher visibility on provisioning costs and growth in service contracts.

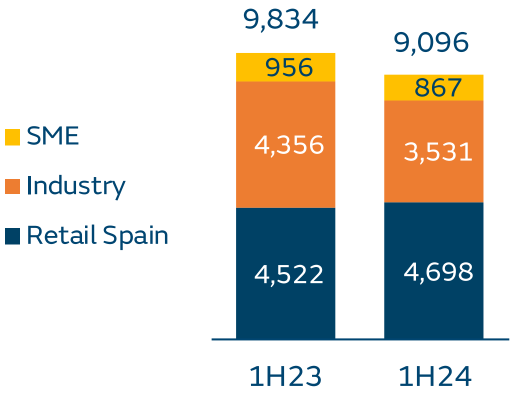
Gas sales decreased by 6.4% vs. 1H23, with S&ME and retail segments down by 29.5% and 17.3% respectively, while industry segment remained stable (-0.8%).

Total number of contracts remained stable vs. 1H23 (-0.4%).

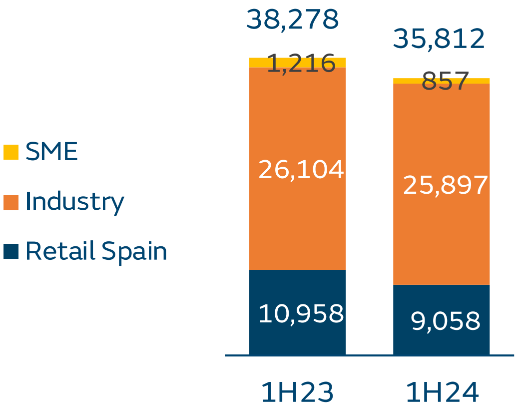
On a different note, Naturgy has launched a new digital platform aimed to transform the interaction with the customer, with new AI tools.

Lastly, Naturgy has been the first company to redeem energy savings certificates in Spain.

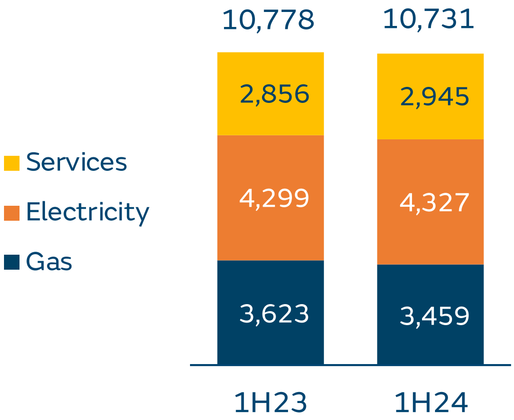
Electricity sales (GWh)
(-7.5%)



Gas sales (GWh)
(-6.4%)

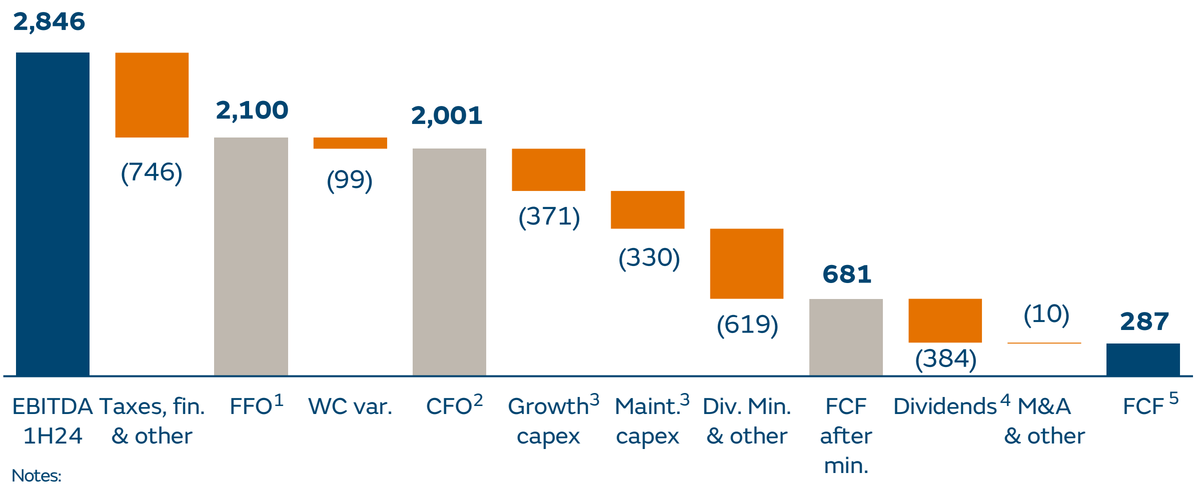


Contracts ('000)
(-0.4%)



5. Cash flow

Cash flow evolution (€m)



Notes:

1 Funds from operations (FFO)
2 Cash flow from operations (CFO)
3 Net of cessions and contributions
4 Dividends paid net of those received by Group companies
5 Free cash flow (FCF).

FFO was strong in the period underpinned by the overall good performance of networks, renewable generation and supply activities, allowing to reduce net debt even after dividend distribution and investments. Net debt decreased by €252m during 1H24 to €11,838m as of 30 June 2024 (vs. €12,090m as of FY23), even after the €500m hybrids redeemed on 24 April 2024 (not accounted as financial debt) and despite the €701m of cash outflow in capex and the cash dividend distribution of €384m in the period, corresponding to the final dividend on 2023 results. Working capital experienced a small increase, consuming €99m cash in the period.

Capex

The breakdown of capex by type and business is exhibited below:

	Maintenance capex		
€m	**1H24**	**1H23**	**Change**
Distribution Networks	224	226	-0.9%
Energy Markets	104	86	20.9%
Rest	6	4	50.0%
Total investments	**334**	**316**	**5.7%**

Maintenance capex in 1H24 amounted to €334m, in line with the €316m in 1H23.

Growth capex			
€m	**1H24**	**1H23**	**Change**
Distribution Networks	157	144	9.0%
Energy Markets	446	379	17.7%
Total investments	**603**	**523**	**15.3%**

Growth capex in the period represented more than 64% of total capex and amounted to €603m in 1H24.

Growth capex in 1H24 included:

- A total of €157m invested in networks development in Spain and LatAm, of which €86m in Spain, €16m in Mexico, €6m in Brazil, €10m in Argentina, €15m in Chile and €24m in Panama
- A total of €386m invested in the development of different renewable projects, of which €164m in Spain, €127m in USA, €94m in Australia and €1m in LatAm
- A total of €2m in the development of renewable gases projects
- €58m in the Supply activity

Wind farm in Australia

Naturgy remains committed to renewables development and has reached 6.6GW of installed capacity as of 30 June 2024. In this respect, 906MW of additional capacity came into operation compared to 1H23, of which 624MW in Spain, 302MW in USA and 10MW in Australia; Latam experienced a slight decrease in installed capacity following the closure of La Joya plant in Costa Rica.

In addition to this, the group has currently close to 2.2GWof renewable capacity under construction, of which 1GW in Spain, 916MW in Australia, and 262MW in the USA. Out of these, 800MW will become operational in 2H24 (244MW in Spain and 556MW in Australia). Also, Naturgy has several projects financed with NextGeneration funds in an advance development stage, of which 118MW repowering and 140MW storage.

During 2025, Naturgy expects to put into operation approximately 0.6GW of additional renewable capacity in Spain, of which 457MW are already under construction.

In Australia, Naturgy continues with the construction and development of Glenellen (260MW) in New South Wales and Bundaberg (100MW) in Queensland, which are expected to become operational during 2025.

Lastly, in the USA Naturgy continues with the construction of the Grimes photovoltaic project (262MW) in Texas, which will be its second installation in this geography, with COD in 1H25.

The Company is also leading the renewable gas developments in Spain as a key pilar of decarbonization. Accordingly, by the end of 2024, Naturgy will have three biomethane production projects in operation: the Elena Plant, in Cerdanyola del Vallès (Barcelona), which was the first to inject renewable gas from landfills into the gas distribution network; the plant located at EDAR Bens (wastewater treatment plant), in A Coruña, and the Vila-sana plant (Lleida), installed on the Porgaporcs livestock farm. To these plants, Naturgy expects to add throughout 2025 one additional plant in Valencia. In addition, Naturgy continues developing several hydrogen projects, with a focus to develop the activity for the long term.

6. Financial position

As of 30 June 2024, Net debt amounted to €11,838m, slightly lower than year-end 2023 figure (€12,090m), reflecting the resiliency of Naturgy's businesses during the period.

During 1H24, the most relevant transactions and refinancing operations included:

- Refinancing of loans and revolving credit lines in Spain for a total of €455m and international businesses for a total of €198m
- The holding company has formalized new bilateral loans for €725m and has drawn down loans for €750m, formalized during 2023. Additionally, international businesses have signed new bilateral loans and revolving credit lines for €137m
- Naturgy Mexico S.A. issued a bond for €195m with a maturity of 3 years and rate TIIE + 0.49%
- Naturgy redeemed €500m deeply subordinated notes on 24 April 2024. Only €500m remain outstanding.

Net debt to EBITDA is maintained at 2.2x as of 30 June 2024, same as in FY23, showing the sound financial and leverage position of the group, even after the €500m hybrids redeemed on April 2024 (not accounted as financial debt).

Naturgy maintains a BBB rating (stable outlook) with both S&P and Fitch.

Liquidity (€m)

Liquidity as of 30 June 2024 stood at €9,749m, including €4,087m in cash and equivalents and €5,662m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of 30 June 2024.

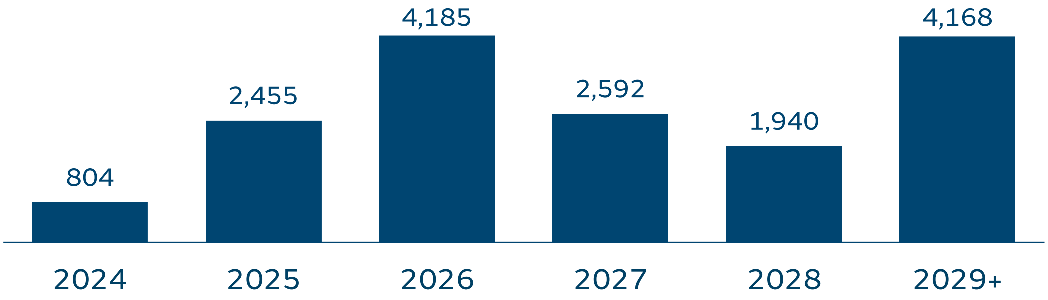
The detail of the Group's current liquidity is exhibited below:

Liquidity		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		1H24	FY23	CLP	USD	BRL	ARS	MXN	USD	EUR/ Others
Cash and equivalents	€m	4,087	3,686	168	61	264	42	96	4	3,452
Undrawn commited credit lines	€m	5,662	5,551	-	27	37	-	122	8	5,468
Total	**€m**	**9,749**	**9,237**	**168**	**88**	**301**	**42**	**218**	**12**	**8,920**

The weighted average maturity of the undrawn credit lines stands at 20 months, according to the following detail:

(€m)	2024	2025	2026	2027	2028	2029+
Undrawn commited credit lines	42	1,701	3,876	39	-	4

Gross debt maturities (€m)



Debt structure

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		1H24	FY23	CLP	USD	BRL	ARS	MXN	USD	EUR/ Others
Net financial debt	€m	11,838	12,090	199	3	10	-15	532	924	10,185
Average cost of debt[1]	%	4.0	3.9	8.8	8.4	12.3	89.9	10.6	8.4	2.1
% fixed rated (gross debt)	%	70	75	43	17	1	-	53	6	79

Note:
1. Does not include cost from IFRS 16 debt

Credit metrics

Credit metrics	1H24	FY23
EBITDA/Net financial debt cost	11.2	11.3
Net debt /LTM EBITDA	2.2	2.2

7. ESG metrics and highlights

		1H24	1H23	Change	Comments
Health and safety					
Accidents with lost time[1]	units	9	4	-	Significant increase in accidents vs. 1H23, although mostly with minor consequences. Naturgy has launched its 24-25 global plan on Health & Safety with transversal actions that should contribute to reduce accidents
LT Frequency rate[2]	units	0.27	0.12	-	
Environment					
GHG Emissions[3]	M tCO2 e	5.5	5.9	-6.8%	Lower CCGT production in Spain due to higher rainfall. Emission factor improvement also as a result of higher renewable installed capacity
Emission factor	t CO2/GWh	217	241	-10.0%	
Emissions-free installed capacity	%	41.4	38.2	8.4%	New renewable capacity coming into operation
Emissions-free net production	%	45.7	39.3	16.3%	Higher hydro production and increase in renewable installed capacity
Interest in people					
Number of employees[4]	persons	6,899	6,944	-0.6%	Stable workforce evolution
Management women representation[5]	%	37.0%	34.9%	6.0%	Advancing in the implementation of gender diversity policies
Training hours per employee	hours	20.9	17.3	20.8%	New training for the whole organization, of which the course for prevention of working and sexual harassment is to be highlighted
Society and integrity					
Economic value distributed[6]	€m	7,500	10,176	-26.3%	Decrease explained mainly by lower procurement costs
Complaints received by the ethics comittee	units	55	46	19.6%	Increase following a new criteria to assign investigations coming through the ethics channel

Notes:
1. In accordance to OSHA criteria
2. Calculated for every 200,000 working hours
3. Scopes 1 and 2
4. Managed workforce
5. Spain
6. As defined in Alternative Performance Metrics annex

Health & safety metrics show an increase in accident metrics compared to 1H23, although fortunately mostly of minor consequences. Nevertheless, Naturgy has launched its 24-25 global plan on Health & Safety with transversal actions that should contribute to address the situation.

Naturgy has achieved during the period a significant reduction in GHG emissions, both in absolute and relative terms, while continues to increase its emissions-free installed capacity in its core markets, reaching 6.6GW of renewable operational power as of the end of 1H24.

In terms of governance, the Group continues to progress on gender parity and women representation, while complaints to the Ethics Committee show an increase vs. 1H23, mostly explained by a redefined criteria to assign investigations that come through the Ethics channel.

In respect of social initiatives, trainings per hour continue to improve supported by additional and more comprehensive training programs available to employees. In particular, it is worth highlighting the new course on prevention of working and sexual harassment.

ESG targets continue to be a relevant part of management incentives, reaching 20% since 2023, and incorporating four different dimensions: emissions-free installed capacity, employee satisfaction, health & safety and diversity.

Annexes

Naturgy

Annex I: Financial Statements

Consolidated income statement

€m	1H24	1H23	Change
Net sales	9,071	12,054	-24.7%
Procurement	-5,301	-8,102	-34.6%
Gross margin	**3,770**	**3,952**	**-4.6%**
Operating expenses	-517	-609	-15.1%
Personnel costs	-326	-353	-7.6%
Own work capitalised	38	35	8.6%
Other operating income	165	163	1.2%
Taxes	-284	-339	-16.2%
EBITDA	**2,846**	**2,849**	**-0.1%**
Other results	-193	-40	-
Depreciation, amortisation and impairment expenses	-764	-944	-19.1%
Impairment of credit losses	-33	-152	-78.3%
EBIT	**1,856**	**1,713**	**8.3%**
Financial result	-215	-250	-14.0%
Profit/(loss) of companies measured under the equity method	56	43	30.2%
Profit before taxes	**1,697**	**1,506**	**12.7%**
Income tax	-382	-371	3.0%
Income from discontinued operations	-22	-	-
Non-controlling interest	-250	-90	-
Net income	**1,043**	**1,045**	**-0.2%**

Consolidated balance sheet

€m	30/06/2024	30/06/2023
Non-current assets	**29,580**	**29,264**
Intangible assets	5,934	5,969
Property, plant and equipment	18,974	18,666
Right of use assets	1,177	1,189
Equity-accounted investments	629	612
Non-current financial assets	501	484
Other non-current assets	390	425
Deferred tax assets	1,975	1,919
Current assets	**8,260**	**8,629**
Non-current assets available for sale	-	-
Inventories	759	1,254
Trade and other accounts receivable	3,051	3,254
Other current financial assets	363	435
Cash and cash equivalents	4,087	3,686
TOTAL ASSETS	**37,840**	**37,893**

€m	30/06/2024	30/06/2023
Equity	**11,876**	**11,929**
Equity attributable to the parent company	9,773	9,448
Non-controlling interest	2,103	2,481
Non-current liabilities	**19,220**	**18,874**
Deferred revenues	1,080	951
Non-current provisions	1,605	1,848
Non-current financial liabilities	13,557	13,426
Deferred tax liabilities	1,939	2,016
Other non-current liabilities	1,039	633
Current liabilities	**6,744**	**7,090**
Liabilities linked to non-current assets available for sale	-	-
Current provisions	189	543
Current financial liabilities	2,587	2,544
Trade and other accounts payable	3,659	3,721
Other current liabilities	309	282
TOTAL LIABILITIES AND EQUITY	**37,840**	**37,893**

Summary cash flow statement

€	1H24	1H23	Change
EBITDA	**2,846**	**2,849**	**-0.1%**
Taxes	-229	107	-
Financial result	-215	-250	-14.0%
Other items	-302	-548	-44.9%
Funds from operations	**2,100**	**2,158**	**-2.7%**
Change in working capital	-99	993	-
Cash flow from operations	**2,001**	**3,151**	**-36.5%**
Growth capex	-371	-488	-24.0%
Maintenance capex	-330	-311	6.1%
Divestments	-	-	-
Dividends to minorities	-76	-39	94.9%
Others	-543	-336	61.6%
Free cash flow after minorities	**681**	**1,977**	**-65.6%**
Dividends, share buy-back & others	-384	-486	-21.0%
M&A	-10	-114	-91.2%
Net free cash flow	**287**	**1,377**	**-79.2%**

Naturgy

Half-year EBITDA by business unit

(€m)	1H24	2H24	FY24	1H23	2H23	FY23
Distribution Networks	**1,454**			**1,250**	**1,388**	**2,638**
Spain gas	393			412	410	822
Mexico gas	148			140	151	291
Brazil gas	138			165	191	356
Argentina gas	38			12	8	20
Chile gas	244			118	205	323
Spain electricity	341			322	328	650
Panama electricity	128			77	98	175
Argentina electricity	30			19	7	26
Holding	**-6**			**-15**	**-10**	**-25**
Energy Markets	**1,415**			**1,654**	**1,295**	**2,949**
Energy management	**384**			**863**	**241**	**1,104**
Thermal generation	**285**			**239**	**431**	**670**
Spain	97			109	291	400
GPG LatAm	188			130	140	270
Renewable generation	**305**			**235**	**294**	**529**
Spain	249			205	232	437
USA	-3			-6	-4	-10
GPG LatAm	39			31	76	107
GPG Australia	20			5	-10	-5
Renewable gases	**-1**			**-2**	**-3**	**-5**
Supply	**452**			**347**	**357**	**704**
Holding	**-10**			**-28**	**-25**	**-53**
Rest	**-23**			**-55**	**-57**	**-112**
TOTAL EBITDA	**2,846**			**2,849**	**2,626**	**5,475**

Results by business unit

1. Distribution networks

Spain gas

€m	1H24	1H23	Change
Net sales	511	535	-4.5%
Procurement	-50	-51	-2.0%
Gross margin	**461**	**484**	**-4.8%**
Other operating income	17	17	0.0%
Personnel expenses	-26	-27	-3.7%
Taxes	-9	-9	-
Other operating expenses	-50	-53	-5.7%
EBITDA	**393**	**412**	**-4.6%**
Depreciation, provisions and other results	-131	-131	-
EBIT	**262**	**281**	**-6.8%**

Mexico gas

€m	1H24	1H23	Change
Net sales	332	361	-8.0%
Procurement	-159	-193	-17.6%
Gross margin	**173**	**168**	**3.0%**
Other operating income	12	6	100.0%
Personnel expenses	-11	-10	10.0%
Taxes	-1	-	-
Other operating expenses	-25	-24	4.2%
EBITDA	**148**	**140**	**5.7%**
Depreciation, provisions and other results	-44	-35	25.7%
EBIT	**104**	**105**	**-1.0%**

Brazil gas

€m	1H24	1H23	Change
Net sales	797	876	-9.0%
Procurement	-617	-670	-7.9%
Gross margin	**180**	**206**	**-12.6%**
Other operating income	18	21	-14.3%
Personnel expenses	-10	-10	-
Taxes	-3	-3	-
Other operating expenses	-47	-49	-4.1%
EBITDA	**138**	**165**	**-16.4%**
Depreciation, provisions and other results	-36	-36	-
EBIT	**102**	**129**	**-20.9%**

Argentina gas

€m	1H24	1H23	Change
Net sales	224	196	14.3%
Procurement	-119	-118	0.8%
Gross margin	**105**	**78**	**34.6%**
Other operating income	8	9	-11.1%
Personnel expenses	-25	-23	8.7%
Taxes	-16	-17	-5.9%
Other operating expenses	-34	-35	-2.9%
EBITDA	**38**	**12**	**-**
Depreciation, provisions and other results	-7	-6	16.7%
EBIT	**31**	**6**	**-**

Chile gas

€m	1H24	1H23	Change
Net sales	397	406	-2.2%
Procurement	-115	-250	-54.0%
Gross margin	**282**	**156**	**80.8%**
Other operating income	1	1	-
Personnel expenses	-13	-14	-7.1%
Taxes	-2	-2	0.0%
Other operating expenses	-24	-23	4.3%
EBITDA	**244**	**118**	**-**
Depreciation, provisions and other results	15	-32	-
EBIT	**259**	**86**	**-**

Spain electricity

€m	1H24	1H23	Change
Net sales	415	398	4.3%
Procurement	-	-	-
Gross margin	**415**	**398**	**4.3%**
Other operating income	11	10	10.0%
Personnel expenses	-22	-23	-4.3%
Taxes	-12	-12	-
Other operating expenses	-51	-51	-
EBITDA	**341**	**322**	**5.9%**
Depreciation, provisions and other results	-130	-121	7.4%
EBIT	**211**	**201**	**5.0%**

Panama electricity

€m	1H24	1H23	Change
Net sales	510	427	19.4%
Procurement	-355	-323	9.9%
Gross margin	**155**	**104**	**49.0%**
Other operating income	4	3	33.3%
Personnel expenses	-4	-4	0.0%
Taxes	-3	-4	-25.0%
Other operating expenses	-24	-22	9.1%
EBITDA	**128**	**77**	**66.2%**
Depreciation, provisions and other results	-35	-34	2.9%
EBIT	**93**	**43**	**-**

Argentina electricity

€m	1H24	1H23	Change
Net sales	97	77	26.0%
Procurement	-43	-37	16.2%
Gross margin	**54**	**40**	**35.0%**
Other operating income	7	6	16.7%
Personnel expenses	-9	-8	12.5%
Taxes	-4	-3	33.3%
Other operating expenses	-18	-16	12.5%
EBITDA	**30**	**19**	**57.9%**
Depreciation, provisions and other results	-1	-1	0.0%
EBIT	**29**	**18**	**61.1%**

2. Energy markets

Energy management

€m	1H24	1H23	Change
Net sales	2,596	5,094	-49.0%
Procurement	-2,139	-4,117	-48.0%
Gross margin	**457**	**977**	**-53.2%**
Other operating income	11	11	-
Personnel expenses	-14	-14	-
Taxes	-41	-90	-54.4%
Other operating expenses	-29	-21	38.1%
EBITDA	**384**	**863**	**-55.5%**
Depreciation, provisions and other results	-236	-121	95.0%
EBIT	**148**	**742**	**-80.1%**

Thermal generation

Spain

€m	1H24	1H23	Change
Net sales	649	1,165	-44.3%
Procurement	-396	-901	-56.0%
Gross margin	**253**	**264**	**-4.2%**
Other operating income	6	3	100.0%
Personnel expenses	-31	-31	-
Taxes	-80	-71	12.7%
Other operating expenses	-51	-56	-8.9%
EBITDA	**97**	**109**	**-11.0%**
Depreciation, provisions and other results	-64	-89	-28.1%
EBIT	**33**	**20**	**65.0%**

GPG LatAm

€m	1H24	1H23	Change
Net sales	415	342	21.3%
Procurement	-196	-183	7.1%
Gross margin	**219**	**159**	**37.7%**
Other operating income	1	-	-
Personnel expenses	-11	-10	10.0%
Taxes	-1	-1	0.0%
Other operating expenses	-20	-18	11.1%
EBITDA	**188**	**130**	**44.6%**
Depreciation, provisions and other results	-42	-206	-79.6%
EBIT	**146**	**-76**	**-**

Renewable generation

Spain

€m	1H24	1H23	Change
Net sales	395	338	16.9%
Procurement	-17	-42	-59.5%
Gross margin	**378**	**296**	**27.7%**
Other operating income	3	4	-25.0%
Personnel expenses	-23	-21	9.5%
Taxes	-57	-29	96.6%
Other operating expenses	-52	-45	15.6%
EBITDA	**249**	**205**	**21.5%**
Depreciation, provisions and other results	-125	-94	33.0%
EBIT	**124**	**111**	**11.7%**

USA

€m	1H24	1H23	Change
Net sales	4	-	-
Procurement	-	-	-
Gross margin	**4**	**-**	**-**
Other operating income	1	-	-
Personnel expenses	-2	-1	100.0%
Taxes	-	-	-
Other operating expenses	-6	-5	20.0%
EBITDA	**-3**	**-6**	**-50.0%**
Depreciation, provisions and other results	-4	-47	-91.5%
EBIT	**-7**	**-53**	**-86.8%**

GPG LatAm

€m	1H24	1H23	Change
Net sales	76	54	40.7%
Procurement	-17	-4	-
Gross margin	**59**	**50**	**18.0%**
Other operating income	7	8	-12.5%
Personnel expenses	-7	-7	0.0%
Taxes	-1	-2	-50.0%
Other operating expenses	-19	-18	5.6%
EBITDA	**39**	**31**	**25.8%**
Depreciation, provisions and other results	-16	-39	-59.0%
EBIT	**23**	**-8**	**-**

GPG Australia

€m	1H24	1H23	Change
Net sales	16	14	14.3%
Procurement	-	-	-
Gross margin	**16**	**14**	**14.3%**
Other operating income	-	-	-
Personnel expenses	-3	-2	50.0%
Taxes	-	-	0.0%
Other operating expenses	7	-7	-
EBITDA	**20**	**5**	**-**
Depreciation, provisions and other results	-17	-6	-
EBIT	**3**	**-1**	**-**

Renewable gases

€m	1H24	1H23	Change
Net sales	22	-	-
Procurement	-17	-	-
Gross margin	**5**	**-**	**-**
Other operating income	-	-	-
Personnel expenses	-3	-1	-
Taxes	-	-	-
Other operating expenses	-3	-1	-
EBITDA	**-1**	**-2**	**-50.0%**
Depreciation, provisions and other results	-3	-	-
EBIT	**-4**	**-2**	**100.0%**

Supply

€m	1H24	1H23	Change
Net sales	3,393	4,891	-30.6%
Procurement	-2,839	-4,337	-34.5%
Gross margin	**554**	**554**	**-**
Other operating income	69	71	-2.8%
Personnel expenses	-37	-34	8.8%
Taxes	-54	-93	-41.9%
Other operating expenses	-80	-151	-47.0%
EBITDA	**452**	**347**	**30.3%**
Depreciation, provisions and other results	-113	-116	-2.6%
EBIT	**339**	**231**	**46.8%**

Capex

Growth capex

€m	1H24	1H23	Change
Distribution Networks	**157**	**144**	**9.0%**
Spain gas	19	21	-9.5%
Mexico gas	16	14	14.3%
Brazil gas	6	8	-25.0%
Argentina gas	2	2	-
Chile gas	15	15	-
Spain electricity	67	52	28.8%
Panama electricity	24	24	-
Argentina electricity	8	8	-
Holding	**-**	**-**	**-**
Energy Markets	**446**	**379**	**17.7%**
Energy management	**-**	**-**	**-**
Thermal generation	**-**	**-**	**-**
Spain	-	-	-
GPG LatAm	-	-	-
Renewable generation	**386**	**329**	**17.3%**
Spain	164	96	70.8%
USA	127	81	56.8%
GPG LatAm	1	7	-85.7%
GPG Australia	94	145	-35.2%
Renewable gases	**2**	**-**	**-**
Supply	**58**	**50**	**16.0%**
Holding	**-**	**-**	**-**
Rest	**-**	**-**	**-**
TOTAL Capex	**603**	**523**	**15.3%**

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Maintenance capex

€m	1H24	1H23	Change
Distribution Networks	**224**	**226**	**-0.9%**
Spain gas	31	33	-6.1%
Mexico gas	15	15	-
Brazil gas	20	21	-4.8%
Argentina gas	7	9	-22.2%
Chile gas	10	9	11.1%
Spain electricity	114	111	2.7%
Panama electricity	27	28	-3.6%
Argentina electricity	-	-	-
Holding	**-**	**-**	**-**
Energy Markets	**104**	**86**	**20.9%**
Energy management	**3**	**1**	**-**
Thermal generation	**71**	**64**	**10.9%**
Spain	57	35	62.9%
GPG LatAm	14	29	-51.7%
Renewable generation	**25**	**17**	**47.1%**
Spain	23	16	43.8%
USA	-	-	-
GPG LatAm	2	1	100.0%
GPG Australia	-	-	-
Renewable gases	**-**	**-**	**-**
Supply	**5**	**3**	**66.7%**
Holding	**-**	**1**	**-100.0%**
Rest	**6**	**4**	**50.0%**
TOTAL Capex	**334**	**316**	**5.7%**

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since FY23 results' presentation:

Inside Information

- Naturgy publishes the FY 2023 results report (disclosed 27 February 2024, registration number 2128).
- Naturgy files the FY 2023 results presentation (disclosed 27 February 2024, registration number 2129).
- Criteria discloses conversations with a potential investment group, regarding a possible cooperation pact related to Naturgy (disclosed 16 April 2024, registration number 2195).
- The CNMV suspends the trading of Naturgy Energy Group S.A. (disclosed 17 April 2024, registration number 2197).
- Taqa publish a statement in relation to the news that appeared in the press . (disclosed 17 April 2024, registration number 2198).
- The CNMV lifts the trading of Naturgy Energy Group S.A. (disclosed 17 April 2024, registration number 2199).
- Criteria discloses the end of conversations with Taqa (disclosed 10 June 2024, registration number 2283).

Other Relevant Information

- Naturgy announces its FY 2023 results release (disclosed 7 February 2024, registration number 26462).
- Naturgy files the 2023 results webcast link and reaffirms 2023 guidance (disclosed 8 February 2024, registration number 26506).
- MSC removes Naturgy as a constituent from its indices (disclosed 13 February 2024, registration number 26538).
- Naturgy files the Annual Financial Report for the year 2023 (disclosed 28 February 2024, registration number 26944).
- Naturgy discloses information on earnings for the second half of 2023 (disclosed 28 February 2024, registration number 26949).
- Naturgy publishes the Annual Corporate Governance Report for the year 2023 (disclosed 28 February 2024, registration number 26950).
- Naturgy publishes the Annual Report on remuneration of directors for the year 2023 (disclosed 28 February 2024, registration number 26951).
- Naturgy publishes the Annual Report on remuneration of directors for the year 2023 (disclosed 28 February 2024, registration number 26951).
- Naturgy files the notice of the 2024 Ordinary General Shareholders' Meeting (disclosed 29 February 2024, registration number 27031).

Additional regulatory disclosures can be found at: www.cnmv.es www.naturgy.com

Annex II: Communications to the CNMV

Other Relevant Information

- Naturgy discloses the resolutions adopted by the 2024 Ordinary General Shareholders' Meeting (disclosed 2 April 2024, registration number 27783).
- Communication regarding the Executive Chairman participation in the LTIP program (disclosed 22 April 2024, registration number 28134).
- Naturgy announces its 1H24 results release (disclosed 3 July 2024 registration number 29502)
- Naturgy is bringing forward the publication of half-yearly results to July 23, 2024 (disclosed 5 July 2024, registration number 29546).

Additional regulatory disclosures can be found at: www.cnmv.es www.naturgy.com

Annex III: Alternative Performance Metrics

Naturgy's financial disclosures contain magnitudes and metrics drafted in accordance with International Financial Reporting Standards (IFRS) and others that are based on the Group's disclosure model, referred to as Alternative Performance Metrics (APM), which are viewed as adjusted figures with respect to those presented in accordance with IFRS. Below is a glossary of terms with the definition of the APMs (available as well in our webpage).

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 June 2024	30 June 2023	
EBITDA	EBITDA = Revenue (2)– Procurements (2) + Other operating income (2)– Personnel expenses (2)– Other operating expenses (2) + Gain/(loss) on disposals of fixed assets (2) + Release of fixed asset grants to Income and other (2)	2,846 million euros	2,849 million euros	EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") measures the Group´s operating profit before deducting interests, taxes, depreciations and amortizations. By dispensing with the financial, tax and accounting expenses magnitudes that do not entail a cash outflow, it allows evaluating the comparability of the results over time. It is an indicator widely used in the markets to compare the results of different companies.
Operating expenses (OPEX)	Personnel expenses (2)+ Own work capitalised (4)+ Other operating expenses (2) - Taxes (4)	843 million euros = 288 + 38 + 801 - 284	962 million euros = 318 + 35 + 948 - 339	Measure of the expenses incurred by the Group to carry out its operating activities, without considering taxes. Amount allowing comparability with other companies.
Investments (CAPEX)	Investment in intangible assets (4) + Investment in property, plant and equipment (4)	937 million euros = 137 + 800	839 million euros = 133 + 706	Measure of the investment effort of each period in assets of the different businesses, including accrued and unpaid investments. It allows to know the allocation of its resources and facilitates the comparison of the investment effort between periods. It is made up both of maintenance and growth investments (funds invested in the development and expansion of the Group's activities).
Net investments (Net CAPEX)	CAPEX (5) - Other investment receipts/(payments) (3)	701 million euros = 937 – 236	799 million euros = 839 – 40	Measure of the investment effort of each period without considering the assets transferred or contributed by third parties.
Gross investments	Investemts (CAPEX) (5) + Payments for investments for acquisition of subsidiaries, net of cash and equivalents (3)	947 million euros = 937 million euros +10 million euros	953 million euros = 839 million euros + 114 million euros	Measurement of the investment effort in each period in assets of the different businesses, including accrued and unpaid investments, and in assets acquired through subsidiaries. It provides the investment effort in maintenance and growth investments (resources invested in the development and growth of the Group's activities) and in investments, through the acquisition of companies.
Gross financial debt	"Non-current financial liabilities" (1) + "Current financial liabilities" (1)	16,144 million euros = 13,557 + 2,587	15,560 million euros = 12,778 + 2,782 Comparable information as of 30 June of the previous year: 15,970 million euros = 13,426+ 2,544	Measure of the Group's indebtness. Includes current and non-current concepts. This indicator is widely used in capital markets to compare different companies.
Net financial debt	Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets associated with financial liabilities" (4)	11,838 million euros = 16,144 - 4,087 – 219	10,752 million euros = 15,560 - 4,555 - 253 Comparable information as of 30 June of the previous year: 12,090 million euros = 15,970 - 3,686 – 194	Measure of the Group's level of financial debt including current and non-current items, after discounting the cash and cash equivalents and asset derivatives linked to financial liabilities. This indicator is widely used in capital markets to compare different companies.
Leverage (%)	Net financial debt (5) / (Net financial debt (5) + "Net equity" (1))	49.9% = 11,838 / (11,838 + 11,876)	48.1% = 10,752 / (10,752 + 11,596) Comparable information as of 30 June of the previous year: 50,3% = 12,090 / (12,090 + 11,929)	Measure of the weight of external resources in the financing of business activity. This indicator is widely used in capital markets to compare different companies.
Cost of net financial debt	Cost of financial debt (4) - "Interest (financial revenues)" (4)	253 million euros = 355- 102	246 million euros = 326 - 80	Measure of the cost of financial debt net of income from financial interests. This indicator is widely used in capital markets to compare different companies.
EBITDA/Cost of net financial debt	EBITDA (5) / Cost of net financial debt (5)	11.2x = 2,846 / 253	11.6x = 2,849 / 246 Comparable information as of 30 June of the previous year: 11.3x = 5,475 / 485	Measure of the company's ability to generate operating resources in relation to the cost of financial debt. This indicator is widely used in capital markets to compare different companies.
Net financial debt/EBITDA	Net financial debt (5) / (last 12 months) EBITDA (5)	2.2x = 11,838 / 5,472	1.9x = 10,752 / 5,756 Comparable information as of 30 June of the previous year: 2.2x = 12,090 / 5,475	Measure of the Group's ability to generate resources to meet financial debt payments. This indicator is widely used in capital markets to compare different companies.
Free Cash Flow after minorities	Net Free cash flow (5) + Parent company dividends net of those collected by other group companies (4) + Purchase of treasury shares (4) + Investment payments (group companies, associates and business units) (3)	681 million euros = 287 + 384 + 0 + 10	1,977 million euros = 1,377 + 480 + 6 + 114	Measure of cash generation corresponding to operating and investment activities. It is used to evaluate funds available to pay dividends to shareholders, the payment of inorganic investments (acquisitions of companies or businesses) and to attend debt service.
Net Free Cash Flow	Cash flow generated from operating activities (3) + Cash flows from investing activities (3) + Cash flows from financing activities (3) – Receipts/payments from financial liability instruments (3)	287 million euros = 2,001 – 740 - 864 - 110	1,377 million euros = 3,151 – 1,239 - 1,324 + 789	Measure of cash generation to assess the funds available to debt service.
Average cost of financial gross debt	Cost of financial debt (4) - Cost of financial leases liabilities (4) - Other refinancing costs (4), proyected in annual terms / monthly average of the gross financial debt (4) (excluding debt from financial leases)	4.04% = (355 - 46 - 10) * (366 / 182) / 14,878	3.8% = (326 - 41 - 14) * (360 / 180) / 14,446 Comparable information as of 31 December of the previous year: 3.9% = (675 - 84 - 29) / 14,325	Measure of the effective interest rate of financial debt. This indicator is widely used in capital markets to compare different companies.
Liquidity	Cash and cash equivalents (1) + Undrawn and fully committed credit lines (4)	9,749 million euros = 4,087 + 5,662	10,108 million euros = 4,555 + 5,553 Comparable information as of 31 December of the previous year: 9,237 million euros = 3,686 + 5,551	Measure of the Group's ability to face any type of payment.
Economic value distributed	Procurements (2) + Other operating expenses (includes Taxes) (2) + Income tax payments (3) + Personnel expenses (2) + Own work capitalised (4) + Financial expenses (2) + Dividends paid by the parent company (4) + Discontinued activities expenses before taxes (4)	7,500 million euros = 5,301 + 801 + 229 + 288 + 38 + 437 + 384 + 22	10,176 million euros = 8,102 + 948 - 107 + 318 + 35 + 400 + 480 + 0	Measure of the Company's value considering the economic valuation generated by its activities, distributed to the different stakeholders (shareholders, suppliers, employees, public administrations and society).

Note:
(1) Caption of the Consolidated Balance Sheet
(2) Caption of the Consolidated Profit and Loss Account
(3) Caption of the Consolidated Cash-Flow Statement
(4) Magnitude detailed in the Consolidated Annual Statements
(5) Magnitude detailed in the MAR
(6) Magnitude detailed in the Management Report

Naturgy

Annex IV: Contact details

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Annex V: Disclaimer

This document is the property of Naturgy Energy Group, S.A. (Naturgy) and has been prepared for information purposes only.

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This document includes certain alternative performance measures ("APMs"), as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority in October 2015. For further information about this matter please refer to this presentation and to the corporate website (www.naturgy.com).

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