2023
Results

27 February 2024

Naturgy

Transforming together

Contents

1. Executive summary

FY23 review

(€m)	FY23	FY22	Change
EBITDA	5,475	4,954	10.5%
Net income	1,986	1,649	20.4%
Capex	2,136	1,907	12.0%
Net debt	12,090	12,070	0.2%
Free cash flow after minorities	2,536	1,914	32.5%

Following the unprecedented rise of gas and electricity prices in 2022, the year 2023 experienced a decline of energy prices towards historical average levels as the market rebalanced. In this context, gas and power prices remained highly correlated and the decline of gas prices in Europe translated into a similar decline in wholesale electricity prices. Spain electricity prices were among the most competitive in Europe in 2023.

FY23 was marked by plenty regulatory developments as well, aimed primarily at a better balance between affordability, stability, and sustainability, ensuring a more resilient energy system for European citizens and businesses, in response to the energy crisis experienced in 2022.

Against this backdrop, Naturgy endeavored to balance incremental growth in renewables while ensuring security of supply as well as competitive energy prices.

Naturgy EBITDA reached €5,475m in 2023, up 10.5% when compared to 2022, maintaining a balanced EBITDA mix between regulated and liberalized activities, which represented approximately 47% and 53% of total EBITDA respectively.

The strong results and cash flow generation supported the important step up in investments, while delivering on dividend commitments and maintaining stable Net debt levels.

During 2023, investments reached €2,944 (+53% vs FY22) including organic Capex of €2,136m and renewables M&A. Investments were mainly devoted to renewable developments and networks.

In renewables, installed capacity increased 1GW during 2023 reaching a total capacity of 6.5GW. Consistent with Naturgy's strategic focus, the Company continued to grow in Spain, Australia and USA. In Spain, capacity increased by 575MW, through the commissioning of new capacity and the integration of ASR wind (422MW). In Australia, wind capacity increased 109MW together with 10MW of battery storage. In USA, the 7V Solar Ranch plant in Texas begun trial operations. With 300MW, this is the largest solar plant Naturgy has ever built and an important milestone for the Company.

Renewables growth is expected to accelerate in the coming years with up to 1.2GW and 2.3GW additional capacity coming into operation in 2024 and 2025 respectively.

Furthermore, Naturgy continues to progress on renewable gases in Spain, with more than 70 biomethane and hydrogen projects under different stages of development. Spain is deemed as a country with highly attractive prospects in biomethane and a production potential of approximately 160 TWh per annum, which is equivalent to roughly 50% of the total gas demand in 2023. Importantly, 160 TWh per annum is 8x larger than the PNIEC target for 2030, and 3x larger than the proportional target for Spain based on the RePower EU 2030 target.

In terms of infrastructure readiness, gas distribution networks are already capable of distributing biomethane with no modifications. Additionally, Nedgia's modern networks (98%) can operate with 20-30% hydrogen blending with minor modifications.

Prudent financial management and capital discipline remained a priority during 2023 in the face of lingering volatility and regulatory uncertainty.

Naturgy's Net debt at the end of 2023 stood at €12,090m, in line with the levels at the closing of 2022. Net debt to EBITDA decreased from 2.4x at the end of 2022 to 2.2x in 2023. Furthermore, Naturgy maintains an ample liquidity buffer, with €9.2bn in available cash and equivalents and undrawn credit lines at the end of 2023. On 30 May 2023, the rating agency S&P revised Naturgy's outlook to stable from negative and reaffirmed its BBB credit rating, while on 25 October 2023 Fitch affirmed its BBB long-term issuer credit rating with stable outlook.

In terms of shareholder remuneration, a total dividend against 2023 results of €1.40/share will be proposed to the Annual Shareholder's Meeting, in accordance with the committed dividend policy. Having completed the payment of two interim dividends corresponding to €0.50/share each in August and November of 2023 respectively, the final dividend of €0.40/share shall be payable in April 2024, subject to AGM approval.

Since 2020, Naturgy had a track record of growing EBITDA, Investment and dividends while reducing Net debt. Moreover, Naturgy has exceeded guidance in terms of EBITDA and Net debt, while delivering on its dividend commitments and investment program objectives for 2023.

The Company is also progressing on key ESG metrics and is on track to meet its 2025 ESG targets. Regarding environmental metrics, Naturgy continued to reduce its emissions with an 8.5% reduction vs. 2022. With regards to social aspects, Naturgy continues to enhance diversity within the Group, having reached a 36% women representation in management positions. Finally, Naturgy remains committed to best governance practices, as demonstrated by the increase to 20% of the management variable pay linked to ESG metrics, including a fair balance of health and safety, diversity, emissions free installed capacity and employee satisfaction metrics.

Energy demand and commodity prices

Gas prices in Europe were affected by lower demand and mild temperatures, translating into high storage levels, as well as subdued gas demand from Asia. In this context, gas prices on major hubs experienced relevant declines, with the TTF and JKM comparing on average -63% and -53% below 2022 respectively. Wholesale electricity prices for their part compared 48% below on average vs. 2022. Finally, average Brent prices were 18% lower than in 2022.

Demand had a mixed evolution across markets, with declines mainly in Spain and Brazil. Electricity and gas demand in Spain decreased on average 7.2% and 3.2% respectively vs. 2022, affected by macroeconomic uncertainty and mild temperatures throughout winter. Similarly, average demand on gas distribution activities in Chile and Brazil experienced a 3.4% and 14.4% decrease vs. 2022 respectively. On the other hand, gas and electricity demand in the remaining LatAm countries where the Group operates experienced growth: 1.0% in Mexico, 5.6% and 0.4% in Argentina gas and electricity respectively, and 7.3% in Panama electricity.

2. Key comparability factors

Reporting structure

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

In addition, changes have been 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 are as follows:

- 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 31 December 2022, which has been re-expressed to include the modifications defined in the year to the segment structure.

As of 31 December 2023, the business segments have been 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

In 2022 these segments formed Networks Spain and Networks LatAm groups. Within this group, a holding that develops cross activities directly linked to the businesses of said group has been integrated.

- **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 (International LNG until 31 December 2022)
    - The management of gas procurement and the rest of gas infrastructure, as well as the supply to high energy intensive consumption clients (as of 31 December 2022 these activities conformed the Markets & Procurement segment)
    - The management of Medgaz pipeline, which is equity accounted (Pipelines until 31 December 2022)

- 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. As of 31 December 2022, it was included in the Renewable and new businesses segment
- 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 2022 these segments formed the groups of Energy management, Renewables and new businesses and Supply. 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, as well as the rest of activities considered as new businesses as of 31 December 2022

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	FY23	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.08	2.6%	6	19
MXN/€	19.19	-9.5%	31	8
BRL/€	5.40	-0.8%	1	1
ARS/€ [1]	894.54	-	-119	-18
CLP/€	908.64	-1.0%	-2	-3
Other	-	-	-3	0
Total	**-**	**-**	**-86**	**7**

Note:
1. Exchange rate as of 31 December 2023 considering Argentina as hyperinflationary economy

Naturgy

3. Consolidated results

(€m)	FY23	FY22	Change
Net sales	22,617	33,965	-33.4%
EBITDA	**5,475**	**4,954**	**10.5%**
Other results	-55	-111	-50.5%
Depreciation, amortisation and impairment expenses	-1,742	-1,532	13.7%
Impairment of credit losses	-208	-228	-8.8%
EBIT	**3,470**	**3,083**	**12.6%**
Financial result	-518	-665	-22.1%
Profit/(loss) of companies measured under the equity method	90	128	-29.7%
Income tax	-768	-697	10.2%
Income from discontinued operations	-	-23	-100.0%
Non-controlling interest	-288	-177	62.7%
Net income	**1,986**	**1,649**	**20.4%**

Net sales totaled €22,617m in FY23, down 33.4% vs. FY22, mainly as a result of the exceptionally high energy prices in 2022, mainly caused by the start of the Russia – Ukraine conflict.

Consolidated EBITDA reached €5,475m in FY23, up 10.5% vs. FY22, mainly supported by the good performance of both international regulated and liberalized activities.

Depreciation, amortization and impairment expenses reached €-1,742m in the period, 13.7% higher than in FY22, primarily as a result of impairments amounting to €288m, the majority of which corresponding to LatAm thermal generation (€168m). The balance relates to other impairments in renewables USA, Chile, Spain and Mexico gas responding to specific circumstances in each case.

Impairment of credit losses reached €-208m in FY23, 8.8% lower than in FY22.

Financial result amounted to €-518m, down 22.1% vs. FY22. The decreased is mainly explained by the accrued interests booked in 2022 linked to the Transportadora de Gas del Norte, S.A. (TGN), provisions in Chile, as well as the lower average Net debt in the period, which was partially offset by higher cost of gross financial debt (3.9% in FY23 vs. 3.0% in FY22, both excluding cost from IFRS 16 debt) due to higher interest rates, particularly in LatAm. As of 31 December 2023, 75% of gross debt is at fixed rates and 65% is denominated in Euros.

Financial result (€m)	FY23	FY22	Change
Cost of net financial debt	-485	-501	-3.2%
Other financial expenses/income	-33	-164	-79.9%
Total	**-518**	**-665**	**-22.1%**

Equity-accounted affiliates contributed €90m in FY23 as detailed below:

Profit/(loss) of companies measured under the equity method	FY23	FY22	Change
Qalhat	8	18	-55.6%
Electricity Puerto Rico	59	51	15.7%
Chile societies	17	18	-5.6%
Renewable Generation and Cogeneration	-14	20	-
Medgaz/Medina	16	19	-15.8%
Others	4	2	100.0%
Total	**90**	**128**	**-29.7%**

The effective tax rate for FY23 stood at 25.2%, vs. 27.4% in FY22.

Income from discontinued operations decreased to nil in FY23 vs. €-23m in FY22 as there are no discontinued operations in the current consolidation perimeter.

Income from discontinued operations (€m)	FY23	FY22	Change
Electricity distribution Chile	-	-23	-
Total	**-**	**-23**	**-**

Income attributed to non-controlling interests amounted to €-288m in FY23, increasing 62.7% vs. FY22, as exhibited in the following table:

Income attributed to non-controlling interests (€m)	FY23	FY22	Change
Spain gas Networks	-73	-50	46.0%
Chile gas Networks	-79	35	-
Other affiliates [1]	-102	-113	-9.7%
Other equity instruments	-34	-49	-30.6%
Total	**-288**	**-177**	**62.7%**

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 the positive contribution from Chile gas Networks in FY22, impacted by the provisioning of the fist-instance conviction sentence on TGN in Chile, as well as the impairment carried out in LatAm thermal generation this year. 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 in November 2022.

All in all, Net income reached €1,986m in FY23, a 20.4% increase, supported by the strong performance of both regulated and liberalized activities abroad, as well as Renewable generation and Supply in Spain, and the positive evolution of financial result, reflecting the strong deleverage achieved during the period.

4. Results by business unit

4.1. Distribution networks

EBITDA (€m)	FY23	FY22	Change
Spain gas	822	837	-1.8%
Mexico gas	291	256	13.7%
Brazil gas	356	307	16.0%
Argentina gas	20	59	-66.1%
Chile gas	323	160	-
Spain electricity	650	683	-4.8%
Panama electricity	175	143	22.4%
Argentina electricity	26	30	-13.3%
Holding	**-25**	**-15**	**66.7%**
Total	**2,638**	**2,460**	**7.2%**

Please refer to Annex for additional P&L disclosure

EBITDA increased 7.2% to €2,638m during the year, mainly driven by the strong performance in LatAm, which benefited from tariff updates and positive operational performance. Chile gas (€323m; x2) comparison was affected by the one-off provisioning in 2022 relating to the fist-instance conviction sentence on TGN. Panama electricity (€175m; +22,4%), Mexico gas (€291m; +13.7%), and Brazil gas (€356m; +16.0%) all benefited from relevant tariff updates. The good overall performance in LatAm was partially offset by a net negative FX impact of €-106m in the period, primarily attributed to the impact of the Argentinean peso depreciation (€-119m).

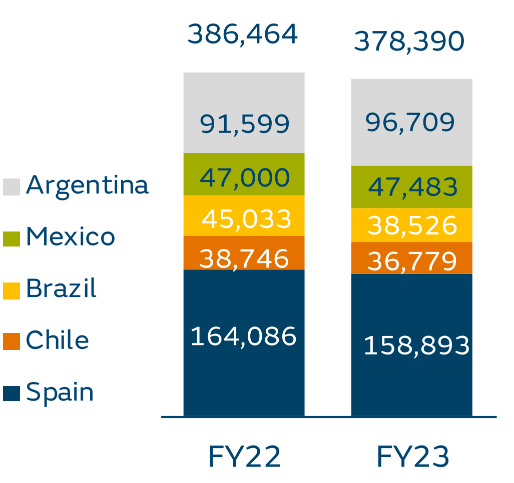
Spain gas (€822m; -1.8%) was impacted by lower demand in SME/commercial segments, as well as lower regulatory retribution after 2020 tariff review. Spain electricity (€650m; -4.8%) was affected by lower remuneration as 2022 registered the collection of accrued remuneration from 2017-2019, and higher operation and maintenance expenses due to higher activity.

Spain gas

FY23 EBITDA reached €822m, down 1.8% vs. FY22, driven by lower demand in SME / commercial segments, as well as the lower regulated remuneration as established in the current regulatory framework, partially offset by lower gas losses.

Gas sales (excluding LPG) decreased by 3.2%, while connection points decreased 0,3% vs. FY22.

Gas sales (GWh)
(-2.1%)

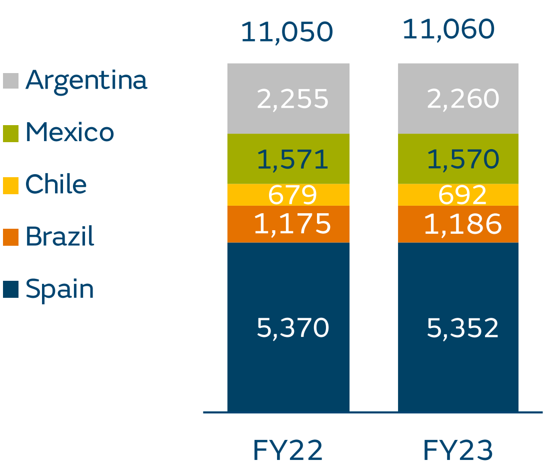


Mexico gas

FY23 EBITDA increased 13.7% to €291m supported by higher reserved capacity for distribution by third parties, lower energy losses and positive FX impact (€26m), partly offset by lower supply margins.

Gas sales increased by 1.0% while connection points remained stable (-0.1%).

Gas connection points ('000)
(+0.1%)



Brazil gas

FY23 EBITDA totaled €356m, 16.0% up vs. FY22. Tariff updates were partially offset by lower demand, particularly in the power generation segment, due to abundant hydro resource in the year. FX impact was slightly positive in the period (€1m).

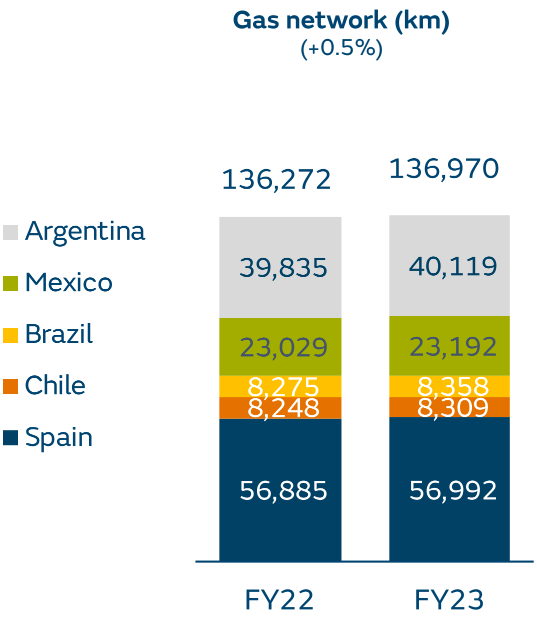
Gas sales decreased 14.4% when compared to FY22, mainly as a result of lower demand for generation amid higher water reserves, and to a lower extent lower vehicular demand.

Connection points grew 0.9% in the period.

Argentina gas

FY23 EBITDA amounted to €20m, down 66.1% when compared to FY22, mainly due to the negative FX impact in the period (€-59m). Higher sales, notably in the generation and TPA segment, and tariff updates (applied only from May), were not enough to compensate for the continued currency depreciation.

Overall gas sales increased by 5.6%, while connection points remained stable (+0.2%) vs. FY22.



Chile gas

FY23 EBITDA totaled €323m, 102% up when compared to FY22, which is mainly explained by the TGN provision (€-108m) registered in 1H22 related to the first instance conviction sentence in favor of Transportadora de Gas del Norte, S.A. (TGN). In addition, the positive performance in the distribution activity was offset by lower contribution from the supply activity, which experienced some margin compression despite higher sales. FX impact was limited to €-9m.

Total gas sales decreased by 5.1%, mostly as a result of lower distributed and TPA sales (-3.4% and -6.4% respectively), while supply sales increased by 5.7%.

Connection points increased by 1.9%.

Spain electricity

FY23 EBITDA amounted to €650m, a 4.8% decrease vs. FY22, mainly as a result of lower remuneration vs. prior year as 2022 registered the collection of accrued remuneration from 2017-2019. FY23 experienced higher operation and maintenance expenses due to higher activity vs. FY22. The year 2023 registered record investments in electricity networks Spain.

Connection points increased by 0.4% during the period, while electricity sales decreased by 7.2%.

Panama electricity

FY23 EBITDA amounted to €175m, up 22.4% vs. FY22, driven by higher sales (+7.3%) due to higher temperatures and approved tariff review (from July-23), which were partially offset by negative FX impact (€-5m).

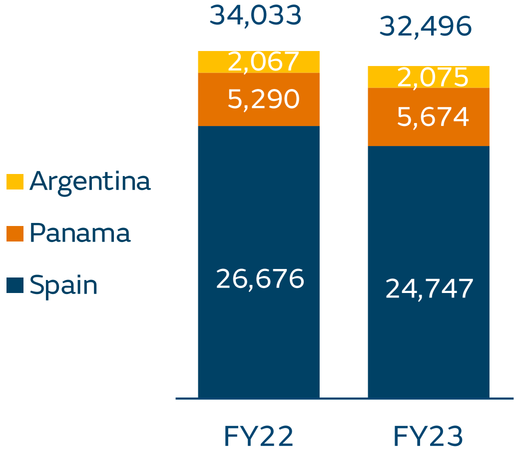
Connection points grew by 2.5%.

Argentina electricity

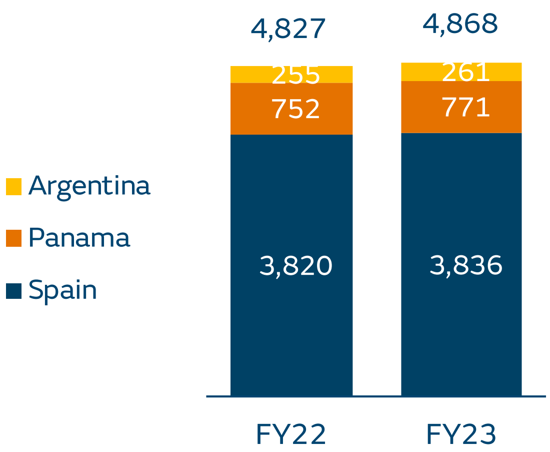
FY23 EBITDA amounted to €26m, down 13.3% vs. FY22, mainly driven by the significant negative FX impact (€-60m). Tariff updates were not sufficient to compensate for the significant currency depreciation in the period and opex inflation.

Electricity sales remained stable (+0.4%), while connection points increased by 2.4% when compared to FY22.

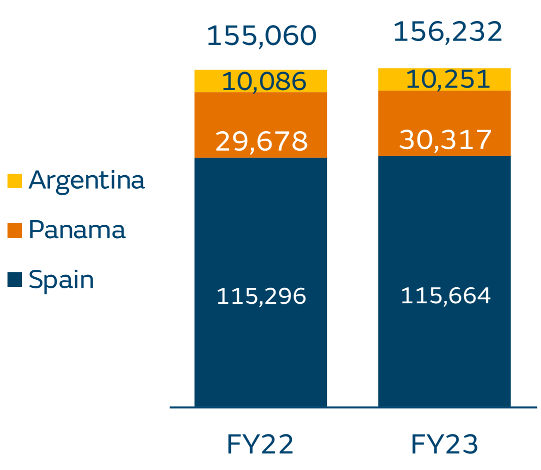
Electricity sales (GWh)
(-4.5%)



Electricity connection points ('000)
(+0.8%)



Electricity network (km)
(+0.8%)



4.2. Energy markets

EBITDA (€m)	FY23	FY22	Change
Energy management	**1,104**	**992**	**11.3%**
Thermal generation	**670**	**687**	**-2.5%**
Spain	400	422	-5.2%
GPG LatAm	270	265	1.9%
Renewable generation	**529**	**374**	**41.4%**
Spain	437	311	40.5%
USA	-10	-26	-61.5%
GPG LatAm	107	74	44.6%
GPG Australia	-5	15	-
Renewable gases	**-5**	**-3**	**66.7%**
Supply	**704**	**542**	**29.9%**
Holding	**-53**	**-37**	**43.2%**
Total	**2,949**	**2,555**	**15.4%**

Please refer to Annex for additional P&L disclosure

The Markets businesses posted an aggregate EBITDA of €2,949m, an increase of 15.4% when compared to FY22. Overall, international liberalized activities continued to benefit from the energy scenario experienced during the year. Within the Markets businesses, Energy management, Renewable generation and Supply contributed most of the growth in the period.

Energy management, which currently stands for the previous LNG and Markets activity, experienced a decrease of gas prices, albeit with persisting volatility, mainly affected by lower demand and mild temperatures in Europe translating into high storage levels, as well as subdued gas demand from Asia. In this context, most of the gas sales financial hedging ineffectiveness that was accounted in 2022 (€-767m) expired during 2023, while the ineffectiveness linked to hedging derivatives as of 31 December 2023 reached €-36m. All in all, EBITDA amounted to €1,104m in 2023.

Spain thermal generation had another strong year delivering €400m EBITDA, evidencing the key role of CCGTs in guaranteeing continuity of energy supply in the system. LatAm thermal generation for its part experienced higher production as well as higher margins, which were offset by negative FX impact (€-9m).

Renewable generation reached an EBITDA of €529m during the period, an increase of 41.4% when compared to FY22. The positive evolution is mainly explained by higher installed capacity and higher production in Spain, higher production in Mexico, as well as accrued revenues from prior years in Chile paid in the period.

Naturgy has decided to provide greater disclosure of the “Renewable gases” business segment, which includes the management of renewable gas projects, specifically biomethane and green hydrogen, and whose contribution as this point remains nonmaterial.

Finally, the Supply business in Spain posted an EBITDA of €704m in FY23, a 29.9% increase vs. FY22, benefiting from higher overall margins offset by lower sales.

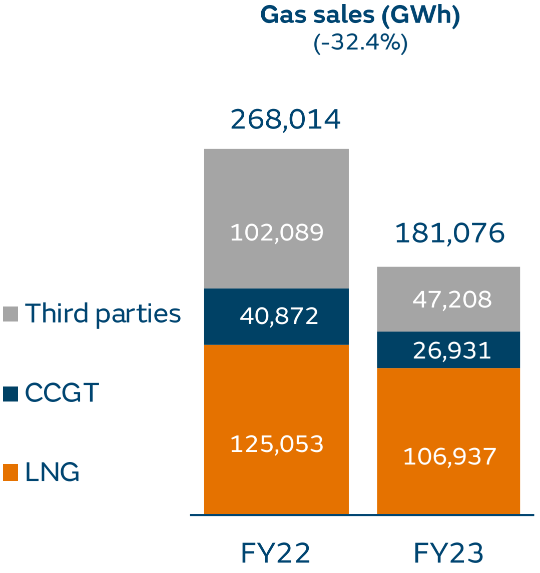
Energy management

Energy management stands for the former LNG and Markets activity.

FY23 EBITDA reached €1,104m. FY22 included -€767m due to ineffectiveness in gas sale hedging derivatives caused by the decoupling with respect to the indices covered in sales transactions, with most of these expiring in 2023. The ineffectiveness linked to such derivatives which is outstanding as of 31 December 2023 amounts to -€36m.

In addition, lower sales and gas prices due to the energy scenario were compensated by the termination in 2022 of sales and hedging contracts with negative margins in Europe and Iberia. Positive FX impact was €28m.

Total sales reached 181,076 GWh, -32.4% vs. FY22.



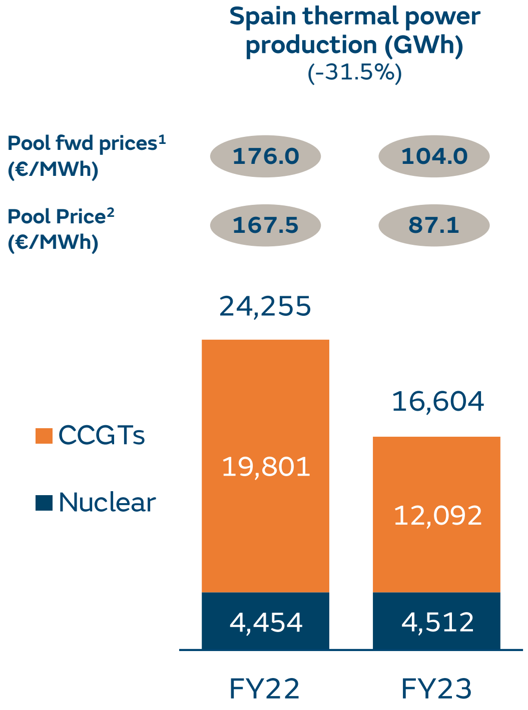
Thermal generation: Spain

FY23 EBITDA reached €400m posting another strong year for thermal generation and CCGTs in Spain. This represented a 5.2% decrease vs. FY22, mainly due higher renewable resource partially offset by higher CCGT unitary margins.

The decrease of gas prices combined with Naturgy competitive advantages in terms of operational excellence and location, has allowed to capture higher margins compared to FY22, when production was higher to cover the shortfall in renewables and hydro, which nevertheless translated into lower margins, amid elevated gas and CO_2 prices.

Pool prices decreased by 48.0% vs. FY22, averaging €87.1/MWh in the period, as a result of lower gas prices.

Total production decreased by 31.5%, all coming from CCGTs (-38.9%), while nuclear production experienced a slight increase (+1.3%).

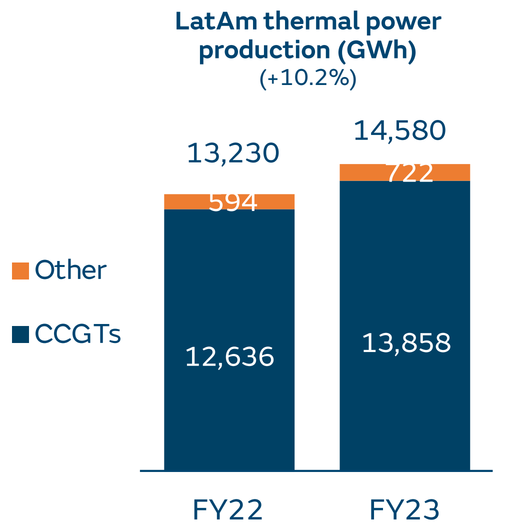


Notes:
1. Average price of 1Y ahead forward Spanish base prices in the Iberian Energy Derivatives Exchange (OMIP) in the period
2. Average price in the daily power generation market

Thermal generation: GPG LatAm

FY23 EBITDA reached €270m, up 1.9% vs. FY22, mainly supported by higher production and margins in Dominican Republic as well as higher margins in the surplus market in Mexico, partly offset by lower availability in PPAs and negative FX impact (€-9m).

Overall production increased by 10.2%, with Mexican CCGTs and other thermal (Dominican Republic) increasing by 9.7% and 21.5% respectively.

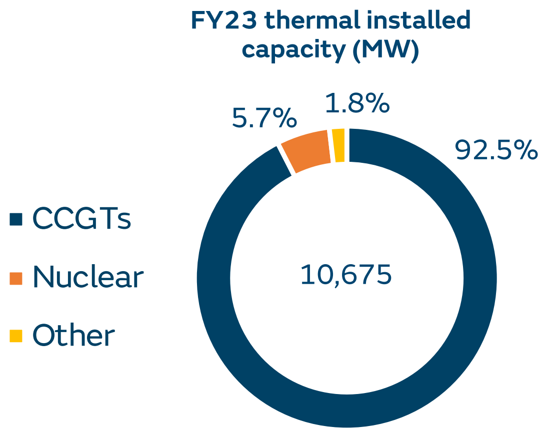


Renewable generation: Spain

FY23 EBITDA amounted to €437m, up 40.5% vs. FY22, which is primarily explained by commissioning of new capacity and ASR Wind acquisition, as well as higher production in conventional hydro. This was partly offset by lower regulated revenues (new parameters for the semi-period 2023-25) and overall selling prices.

Installed capacity as of 31 December 2023 reached 4,967MW, 575MW higher than in FY22, of which 541MW wind and 34MW solar capacity.

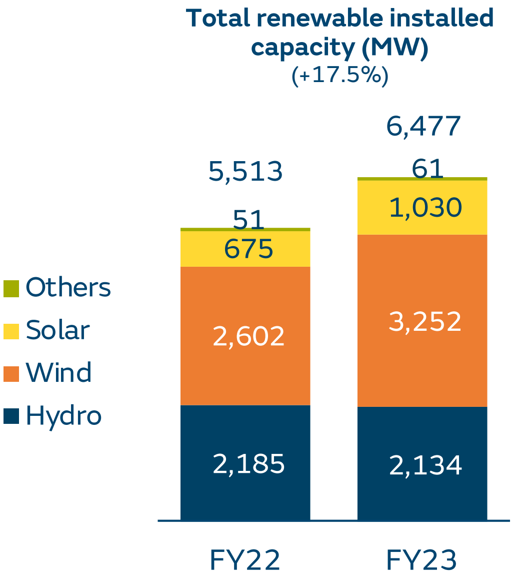
Total production increased by 46.0%, with hydro increasing by 2.1x, solar by 53.4%, wind by 14.6% and the rest by 54.5%.



Renewable generation: USA

FY23 EBITDA amounted to €-10m, up from €-26m vs. FY22, which was affected by a provision made over a guarantee granted.

As of 31 December 2023, Naturgy already started the trial operation of its first solar plant in the US, with an installed capacity of 300MW. Additionally, Grimes solar plant construction is underway (+263MW COD in 2Q25).



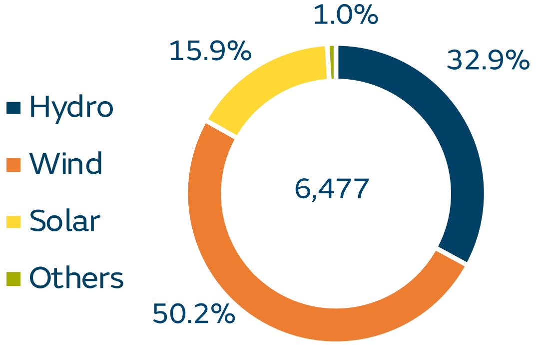
Renewable generation: GPG LatAm

FY23 EBITDA reached €107m, 44.6% higher than in FY22, driven by higher production in Mexico, and recovery of commercial operation in Chile, which were partially offset by lower hydro production in Costa Rica and Panama. FX impact was slightly positive (€2m).

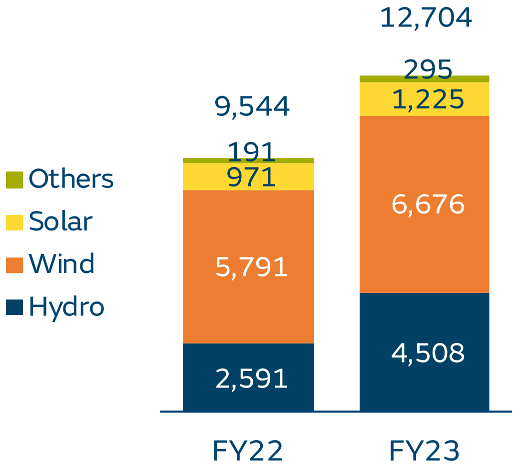
Installed capacity in LatAm reduced due to the end of La Joya concession in Costa Rica, reaching 814MW as of 31 December 2023.

Overall production decreased by 5.2%, with hydro decreasing by 35.6%, while wind and solar increased by 9.0% and 4.8% respectively.

FY23 renewable installed capacity (MW)
(technology)



Total renewable production (GWh)
(+33.1%)



Renewable generation: GPG Australia

FY23 EBITDA was €-5m, vs. €15m in FY22.

The reduction is explained by lower margins, mostly owing to the negative evolution of the mark to market valuation of existing PPAs and lower selling prices.

Installed capacity as of 31 December 2023 reached 396MW, of which 386MW in wind technology and 10MW of battery storage, increasing from 277MW in 2022 (all wind).

Renewable gases

The Renewable gases business segment is now reported separately. This segment includes the management of renewable gas projects, specifically biomethane and green hydrogen, whose contribution at this point to consolidated EBITDA remains nonmaterial (€-5m).

Naturgy currently operates 2MW of biomethane capacity which produced 204MWh during 2023 and is progressing on a number of additional projects in Spain. In addition, two hydrogen projects in Meirama (30MW) and in La Robla (280MW) are underway, with Naturgy evaluating a portfolio of additional options.

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

FY23 EBITDA reached €704m, up 29.9% vs. FY22, mainly benefiting from higher margins, particularly in electricity, as well as a more balanced power generation/supply integrated position offset by lower sales.

Power supply margins recovered from 2022, supported by growing fixed priced contracts as well as lower costs compared to FY22, which was affected by the cost of energy sales not covered via own inframarginal generation.

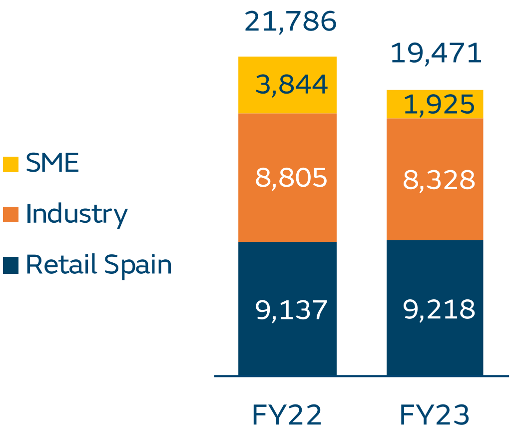
Overall power sales decreased by 10.6%, particularly in the SME and industrial segments (-49.9% and –5.4% respectively), while retail sales increased by 0.9%.

Gas supply showed healthy margins although below 2022 levels, mostly owing to the transfer of customers from liberalized to regulated tariffs in the residential segment.

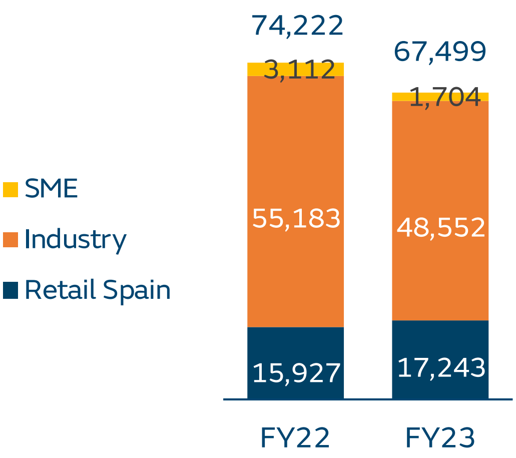
Gas sales decreased by 9.1% vs. FY22, with SME and industrial segments down by 45.2% and 12.0% respectively, while retail sales increased 8.3%.

Total number of contracts decreased by 0.7% vs. FY22.

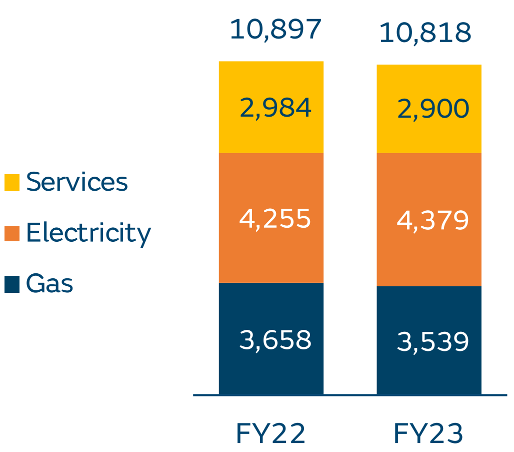
Electricity sales (GWh)
(-10.6%)



Gas sales (GWh)
(-9.1%)

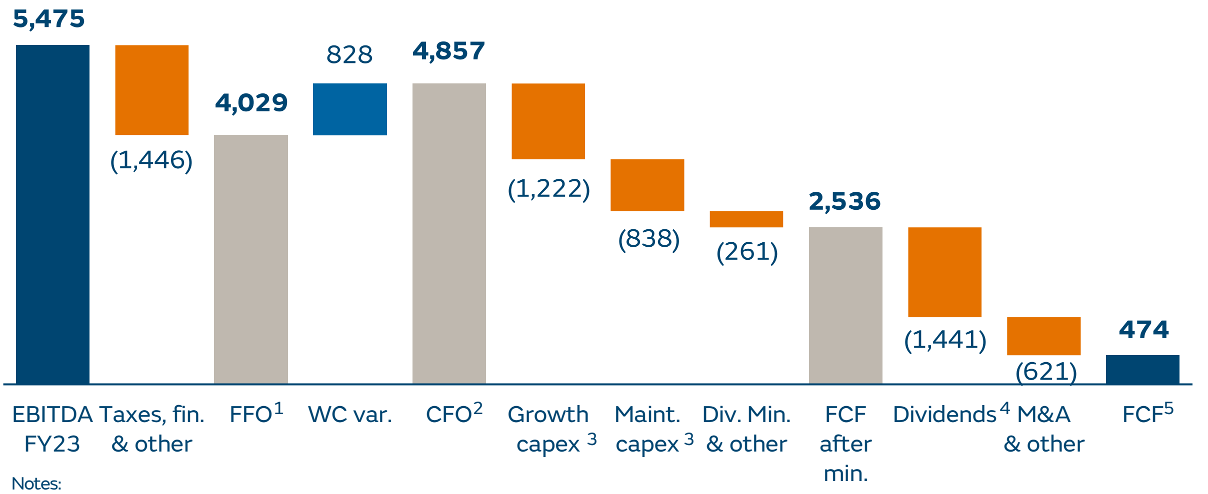


Contracts ('000)
(-0.7%)



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).

Prudent financial management and capital discipline continued to be a cornerstone in the face of lingering volatility and regulatory uncertainty.

FFO was strong in the period underpinned by the strong performance of liberalized activities abroad. As a result, Naturgy's Net debt position remained stable (€12,090m as of FY23 vs. €12,070m as of FY22), despite deploying €2,671m in capex and acquisitions, and delivering on shareholder remuneration commitment, which translated into a dividend cash outflow of €1,441m in the period, corresponding to the final dividend on 2022 results, as well as the two interim dividends on 2023 results. Working capital variation contributed as well to the good evolution of Net debt, reducing financing needs for approximately €0.8bn in the period.

Capex

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

	Maintenance capex		
(€m)	**FY23**	**FY22**	**Change**
Distribution Networks	592	463	27.9%
Energy Markets	235	255	-7.8%
Rest	17	18	-5.6%
Total investments	**844**	**736**	**14.7%**

Maintenance capex in FY23 amounted to €844m, compared to €736m in FY22, as result of higher maintenance capex in Networks activities.

Growth capex

(€m)	FY23	FY22	Change
Distribution Networks	316	313	1.0%
Energy Markets	976	858	13.8%
Total investments	**1,292**	**1,171**	**10.3%**

Growth capex in the period represented more than 60% of total capex and amounted to €1,292 in FY23.

Growth capex in FY23 included:

- A total of €316m invested in networks development in Spain and LatAm, of which €171m in Spain, €35m in Mexico, €19m in Brazil, €16m in Argentina, €28m in Chile and €47m in Panama
- A total of €864m invested in the development of different renewable projects, of which €264m in Spain, €297m in USA, €286m in Australia and €17m in LatAm
- €111m in the Supply activity

Wind farm in Australia

Naturgy remains committed to renewables development and has reached close to 6.5GW of installed capacity as of 31 December 2023. In this respect, 1.0GW of additional capacity came into operation during the year, of which 575MW in Spain, 300MW in USA, 119MW in Australia, and 21MW in LatAm.

In Spain, Naturgy reached an agreement with Ardian for the acquisition of 100% of ASR Wind, a portfolio of 12 renewable energy projects in Spain composed of: i) 422MW regulated operating wind assets, and ii) 435MWp solar PV hybridization projects. The transaction was completed in 3Q23 for an Enterprise Value of €672m, equivalent to approximately 8x EV/ EBITDA 2023E. At the same time, in USA Naturgy completed during the year the construction of its first photovoltaic plant, which ended the year undergoing operational tests for commissioning. In Australia, during 2023 Naturgy started operating its third wind farm, Berrybank II, increasing the Company's total installed capacity in the country to 396MW (including 10MW of batteries capacity).

For the next years, Naturgy is engaged in the construction of more than 20 wind farms and photovoltaic plants in Spain, totaling approximately 1.6GW of additional renewable energy capacity expected to be operational in the 2024-25 period.

Also, in Australia Naturgy concludes the year 2023 with the start of the construction of 2 additional photovoltaic projects: Glenellen (260MW) in New South Wales and Bundaberg (100MW) in Queensland, and aims to achieve an operational renewable capacity exceeding 1GW in 2024 with the start of commercial operations of the Ryan Corner (wind 218MW), Hawkesdale (wind 97MW) in Victoria, Crookwell III (wind 58MW) in New South Wales, and the hybrid solar plant in Cunderdin (128MW photovoltaic and 55MW/220MWh of storage batteries) in Western Australia.

Lastly, in the USA Naturgy has begun the construction of the Grimes photovoltaic project (263MW) in Texas, which will be its second installation in this geography.

The Company is also leading renewable gas developments in Spain as a key pilar of decarbonization. Naturgy is currently working on several hydrogen and biomethane projects and is well positioned and willing to deploy capital and resources in this area.

6. Financial position

As of 31 December 2023, Net debt amounted to €12,090m, stable vs. year-end 2022 figure (€12,070m), and despite the growth in capex and dividends paid in the year, reflecting the strong cash generation during the period.

During 2023, the most relevant transactions and refinancing operations included:

- Refinancing of loans and revolving credit lines in Spain for a total of €2,156m and international businesses for a total of €531m
- Wind project Berrybank II Mini-perm structure loan and credit lines in AUD equivalent to €91m with 5 years maturity
- Naturgy Energy Group S.A. has formalized an EIB loan in EUR for €700m over 20 years, providing for a first tranche of €500m. Additionally, in December 2023, has signed new bilateral loans with credit entities for €750m
- Naturgy Finance BV has renewed EMTN program of €12,000m for a period of 1 year

Net debt to EBITDA decreased from 2.4x as of FY22 to 2.2x as of FY23. The Group maintains a strong financial position and has substantially reinforced its balance sheet.

On 30 May 2023, the rating agency S&P revised Naturgy's outlook to stable from negative and affirmed its BBB credit rating. On 25 October 2023 Fitch affirmed its BBB long-term issuer credit rating with stable outlook.

Liquidity (€m)

Liquidity as of 31 December 2023 stood at €9,237m, including €3,686m in cash and equivalents and €5,551m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of 31 December 2023.

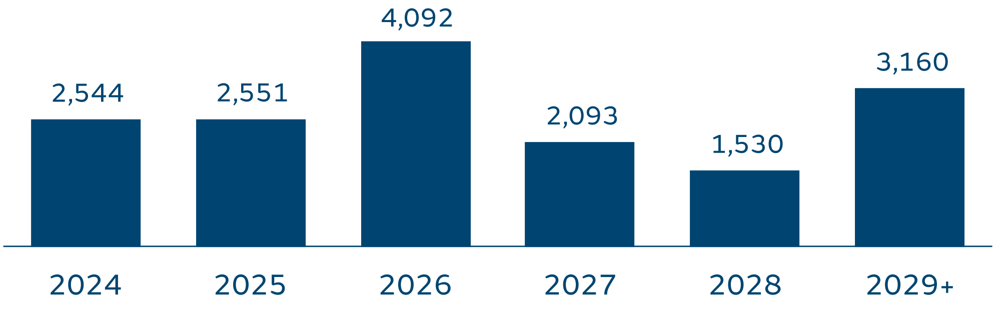
The detail of the Group's current liquidity is exhibited below:

Liquidity		**Consolidated Group**		**Chile**		**Brazil**	**Argentina**	**Mexico**	**Panama**	**Holding & others**
		FY23	**FY22**	**CLP**	**USD**	**BRL**	**ARS**	**MXN**	**USD**	**EUR/Others**
Cash and equivalents	€m	3,686	3,985	162	76	252	41	95	38	3,022
Undrawn commited credit lines	€m	5,551	5,497	-	-	41	-	9	37	5,464
Total	**€m**	**9,237**	**9,482**	**162**	**76**	**293**	**41**	**104**	**75**	**8,486**

The weighted average maturity of the undrawn credit lines stands over 2 years, according to the following detail:

(€m)	**2024**	**2025**	**2026**	**2027**	**2028**	**2029+**
Undrawn commited credit lines	133	1,935	3,478	-	-	5

Gross debt maturities (€m)



Debt structure

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		FY23	FY22	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Net financial debt	€m	12,090	12,070	222	-12	63	-25	562	829	10,451
Average cost of debt[1]	%	3.9	3.0	9.4	6.8	14.0	139.4	10.4	8.3	1.7
% fixed rated (gross debt)	%	75	80	58	19	1	1	51	15	86

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

Credit metrics

Credit metrics	FY23	FY22
EBITDA/Net financial debt cost	11.3	9.9
Net debt /LTM EBITDA	2.2	2.4

7. ESG metrics and highlights

		FY23	FY22	Change	Comments
Health and safety					
Accidents with lost time[1]	units	9	8	12.5%	Health and safety metrics show an increase in accidents vs. FY22, although within the expected range considering the Group's characteristics
LT Frequency rate[2]	units	0.13	0.12	8.3%	
Environment					
GHG Emissions[3]	M tCO2 e	12.9	15.1	-14.6%	Lower CCGT production in Spain
Emission factor	t CO2/GWh	247	279	-11.5%	
Emissions-free installed capacity	%	41.0	37.5	9.3%	New renewable capacity coming into operation
Emissions-free net production	%	38.6	29.4	31.3%	Higher hydro production and increase in renewable installed capacity
Interest in people					
Number of employees[4]	persons	7,010	7,112	-1.4%	Stable workforce evolution
Training hours per employee	hours	41.5	35.9	15.6%	Positive response to follow-up campaigns and new platforms and courses in operation
Women representation[4]	%	33.9	32.7	3.7%	Significant women representation in new hirings
Society and integrity					
Economic value distributed[5]	€m	20,193	32,089	-37.1%	Decrease explained mainly by lower procurement costs
Complaints received by the ethics comittee	units	80	43	86.0%	Enhanced monitoring and reporting procedures

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

Health & safety metrics show a small increase in accidents compared to FY22, although within the expected range considering the Group's characteristics.

Naturgy has achieved during the year 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 close to 6.5GW of renewable operational power in the period. In addition, approximately 1.2GW of additional renewable installed capacity is expected to come into operation in 2024.

In terms of governance, the Group continues to progress on gender parity and women representation, while complaints to the Ethics Committee show a significant increase vs. FY22, mostly explained by improvements in certain monitoring and reporting procedures.

Furthermore, ESG targets as part of management incentives have increased from 10% to 20%, incorporating emissions-free installed capacity and employee satisfaction metrics, on top of the already existing health & safety and diversity metrics.

In relation to social initiatives, trainings per hour continue to improve supported by additional and more comprehensive training programs available to employees.

Annexes

Annex I: Financial Statements

Consolidated income statement

(€m)	FY23	FY22	Change
Net sales	22,617	33,965	-33.4%
Procurement	-15,106	-27,194	-44.5%
Gross margin	**7,511**	**6,771**	**10.9%**
Operating expenses	-1,270	-1,173	8.3%
Personnel costs	-659	-621	6.1%
Own work capitalised	79	74	6.8%
Other operating income	324	241	34.4%
Taxes	-510	-338	50.9%
EBITDA	**5,475**	**4,954**	**10.5%**
Other results	-55	-111	-50.5%
Depreciation, amortisation and impairment expenses	-1,742	-1,532	13.7%
Impairment of credit losses	-208	-228	-8.8%
EBIT	**3,470**	**3,083**	**12.6%**
Financial result	-518	-665	-22.1%
Profit/(loss) of companies measured under the equity method	90	128	-29.7%
Profit before taxes	**3,042**	**2,546**	**19.5%**
Income tax	-768	-697	10.2%
Income from discontinued operations	-	-23	-100.0%
Non-controlling interest	-288	-177	62.7%
Net income	**1,986**	**1,649**	**20.4%**

Consolidated balance sheet

(€m)	31/12/2023	31/12/2022
Non-current assets	**29,264**	**28,368**
Intangible assets	5,969	5,972
Property, plant and equipment	18,666	17,379
Right of use assets	1,189	1,162
Equity-accounted investments	612	656
Non-current financial assets	484	493
Other non-current assets	425	496
Deferred tax assets	1,919	2,210
Current assets	**8,629**	**12,022**
Non-current assets available for sale	-	-
Inventories	1,254	1,828
Trade and other accounts receivable	3,254	5,801
Other current financial assets	435	408
Cash and cash equivalents	3,686	3,985
TOTAL ASSETS	**37,893**	**40,390**

(€m)	31/12/2023	31/12/2022
Equity	**11,929**	**9,979**
Equity attributable to the parent company	9,448	7,574
Non-controlling interest	2,481	2,405
Non-current liabilities	**18,874**	**20,632**
Deferred revenues	951	926
Non-current provisions	1,848	1,656
Non-current financial liabilities	13,426	13,999
Deferred tax liabilities	2,016	1,951
Other non-current liabilities	633	2,100
Current liabilities	**7,090**	**9,779**
Liabilities linked to non-current assets available for sale	-	-
Current provisions	543	700
Current financial liabilities	2,544	2,302
Trade and other accounts payable	3,721	6,562
Other current liabilities	282	215
TOTAL LIABILITIES AND EQUITY	**37,893**	**40,390**

Summary cash flow statement

(€m)	FY23	FY22	Change
EBITDA	**5,475**	**4,954**	**10.5%**
Taxes	-377	-762	-50.5%
Financial result	-518	-665	-22.1%
Other items	-551	987	-
Funds from operations	**4,029**	**4,514**	**-10.7%**
Change in working capital	828	-272	-
Cash flow from operations	**4,857**	**4,242**	**14.5%**
Growth capex	-1,222	-1,101	11.0%
Maintenance capex	-838	-732	14.5%
Divestments	-	25	-100.0%
Dividends to minorities	-183	-347	-47.3%
Others	-78	-173	-54.9%
Free cash flow after minorities	**2,536**	**1,914**	**32.5%**
Dividends, share buy-back & others	-1,451	-1,153	25.8%
M&A	-611	-17	-
Net free cash flow	**474**	**744**	**-36.3%**

Half-year EBITDA by business unit

(€m)	1H23	2H23	FY23	1H22	2H22	FY22
Distribution Networks	**1,250**	**1,388**	**2,638**	**1,191**	**1,269**	**2,460**
Spain gas	412	410	822	456	381	837
Mexico gas	140	151	291	123	133	256
Brazil gas	165	191	356	142	165	307
Argentina gas	12	8	20	35	24	59
Chile gas	118	205	323	12	148	160
Spain electricity	322	328	650	345	338	683
Panama electricity	77	98	175	68	75	143
Argentina electricity	19	7	26	17	13	30
Holding	**-15**	**-10**	**-25**	**-7**	**-8**	**-15**
Energy Markets	**1,654**	**1,295**	**2,949**	**889**	**1,666**	**2,555**
Energy management	**863**	**241**	**1,104**	**380**	**612**	**992**
Thermal generation	**239**	**431**	**670**	**202**	**485**	**687**
Spain	109	291	400	74	348	422
GPG LatAm	130	140	270	128	137	265
Renewable generation	**235**	**294**	**529**	**175**	**199**	**374**
Spain	204	233	437	165	146	311
USA	-5	-5	-10	-25	-1	-26
GPG LatAm	31	76	107	35	39	74
GPG Australia	5	-10	-5	0	15	15
Renewable gases	**-2**	**-3**	**-5**	**-1**	**-2**	**-3**
Supply	**347**	**357**	**704**	**158**	**384**	**542**
Holding	**-28**	**-25**	**-53**	**-25**	**-12**	**-37**
Rest	**-55**	**-57**	**-112**	**-33**	**-28**	**-61**
TOTAL EBITDA	**2,849**	**2,626**	**5,475**	**2,047**	**2,907**	**4,954**

Naturgy

Results by business unit

1. Distribution networks

Spain gas

(€m)	FY23	FY22	Change
Net sales	1,112	1,135	-2.0%
Procurement	-148	-133	11.3%
Gross margin	**964**	**1,002**	**-3.8%**
Other operating income	34	34	0.0%
Personnel expenses	-52	-52	0.0%
Taxes	-17	-19	-10.5%
Other operating expenses	-107	-128	-16.4%
EBITDA	**822**	**837**	**-1.8%**
Depreciation, provisions and other results	-267	-391	-31.7%
EBIT	**555**	**446**	**24.4%**

Mexico gas

(€m)	FY23	FY22	Change
Net sales	718	1,035	-30.6%
Procurement	-378	-735	-48.6%
Gross margin	**340**	**300**	**13.3%**
Other operating income	24	12	100.0%
Personnel expenses	-21	-17	23.5%
Taxes	-1	-	-
Other operating expenses	-51	-39	30.8%
EBITDA	**291**	**256**	**13.7%**
Depreciation, provisions and other results	-80	-63	27.0%
EBIT	**211**	**193**	**9.3%**

Brazil gas

(€m)	FY23	FY22	Change
Net sales	1,753	1,932	-9.3%
Procurement	-1,312	-1,535	-14.5%
Gross margin	**441**	**397**	**11.1%**
Other operating income	47	36	30.6%
Personnel expenses	-22	-21	4.8%
Taxes	-6	-5	20.0%
Other operating expenses	-104	-100	4.0%
EBITDA	**356**	**307**	**16.0%**
Depreciation, provisions and other results	-75	-78	-3.8%
EBIT	**281**	**229**	**22.7%**

Argentina gas

(€m)	FY23	FY22	Change
Net sales	267	444	-39.9%
Procurement	-160	-256	-37.5%
Gross margin	**107**	**188**	**-43.1%**
Other operating income	8	19	-57.9%
Personnel expenses	-29	-40	-27.5%
Taxes	-24	-35	-31.4%
Other operating expenses	-42	-73	-42.5%
EBITDA	**20**	**59**	**-66.1%**
Depreciation, provisions and other results	-7	-7	0.0%
EBIT	**13**	**52**	**-75.0%**

Chile gas

(€m)	FY23	FY22	Change
Net sales	877	895	-2.0%
Procurement	-483	-664	-27.3%
Gross margin	**394**	**231**	**70.6%**
Other operating income	10	1	-
Personnel expenses	-29	-27	7.4%
Taxes	-4	-4	0.0%
Other operating expenses	-48	-41	17.1%
EBITDA	**323**	**160**	**-**
Depreciation, provisions and other results	-65	-188	-65.4%
EBIT	**258**	**-28**	**-**

Spain electricity

(€m)	FY23	FY22	Change
Net sales	804	839	-4.2%
Procurement	-	-3	-100.0%
Gross margin	**804**	**836**	**-3.8%**
Other operating income	20	21	-4.8%
Personnel expenses	-48	-44	9.1%
Taxes	-24	-26	-7.7%
Other operating expenses	-102	-104	-1.9%
EBITDA	**650**	**683**	**-4.8%**
Depreciation, provisions and other results	-254	-263	-3.4%
EBIT	**396**	**420**	**-5.7%**

Panama electricity

(€m)	FY23	FY22	Change
Net sales	887	891	-0.4%
Procurement	-655	-694	-5.6%
Gross margin	**232**	**197**	**17.8%**
Other operating income	6	5	20.0%
Personnel expenses	-9	-9	0.0%
Taxes	-7	-5	40.0%
Other operating expenses	-47	-45	4.4%
EBITDA	**175**	**143**	**22.4%**
Depreciation, provisions and other results	-69	-66	4.5%
EBIT	**106**	**77**	**37.7%**

Argentina electricity

(€m)	FY23	FY22	Change
Net sales	98	128	-23.4%
Procurement	-44	-63	-30.2%
Gross margin	**54**	**65**	**-16.9%**
Other operating income	7	14	-50.0%
Personnel expenses	-11	-13	-15.4%
Taxes	-4	-5	-20.0%
Other operating expenses	-20	-31	-35.5%
EBITDA	**26**	**30**	**-13.3%**
Depreciation, provisions and other results	-2	-2	0.0%
EBIT	**24**	**28**	**-14.3%**

2. Energy markets

Energy management

(€m)	FY23	FY22	Change
Net sales	8,786	18,653	-52.9%
Procurement	-7,539	-17,641	-57.3%
Gross margin	**1,247**	**1,012**	**23.2%**
Other operating income	58	65	-10.8%
Personnel expenses	-31	-36	-13.9%
Taxes	-125	-3	-
Other operating expenses	-45	-46	-2.2%
EBITDA	**1,104**	**992**	**11.3%**
Depreciation, provisions and other results	-164	-99	65.7%
EBIT	**940**	**893**	**5.3%**

Thermal generation

Spain

(€m)	FY23	FY22	Change
Net sales	2,410	5,709	-57.8%
Procurement	-1,756	-4,993	-64.8%
Gross margin	**654**	**716**	**-8.7%**
Other operating income	26	6	-
Personnel expenses	-60	-56	7.1%
Taxes	-129	-86	50.0%
Other operating expenses	-91	-158	-42.4%
EBITDA	**400**	**422**	**-5.2%**
Depreciation, provisions and other results	-159	-122	30.3%
EBIT	**241**	**300**	**-19.7%**

GPG LatAm

(€m)	FY23	FY22	Change
Net sales	777	1,080	-28.1%
Procurement	-441	-760	-42.0%
Gross margin	**336**	**320**	**5.0%**
Other operating income	-	2	-100.0%
Personnel expenses	-25	-19	31.6%
Taxes	-1	-1	0.0%
Other operating expenses	-40	-37	8.1%
EBITDA	**270**	**265**	**1.9%**
Depreciation, provisions and other results	-252	-84	-
EBIT	**18**	**181**	**-90.1%**

Renewable generation

Spain

(€m)	FY23	FY22	Change
Net sales	707	597	18.4%
Procurement	-72	-102	-29.4%
Gross margin	**635**	**495**	**28.3%**
Other operating income	10	15	-33.3%
Personnel expenses	-45	-42	7.1%
Taxes	-46	-53	-13.2%
Other operating expenses	-117	-104	12.5%
EBITDA	**437**	**311**	**40.5%**
Depreciation, provisions and other results	-202	-141	43.3%
EBIT	**235**	**170**	**38.2%**

USA

(€m)	FY23	FY22	Change
Net sales	-6	-	-
Procurement	-	-	-
Gross margin	**-6**	**-**	**-**
Other operating income	11	-	-
Personnel expenses	-4	-1	-
Taxes	-1	-	-
Other operating expenses	-10	-25	-60.0%
EBITDA	**-10**	**-26**	**-61.5%**
Depreciation, provisions and other results	-67	-3	-
EBIT	**-77**	**-29**	**-**

GPG LatAm

(€m)	FY23	FY22	Change
Net sales	155	134	15.7%
Procurement	-8	-19	-57.9%
Gross margin	**147**	**115**	**27.8%**
Other operating income	15	14	7.1%
Personnel expenses	-14	-14	0.0%
Taxes	-3	-5	-40.0%
Other operating expenses	-38	-36	5.6%
EBITDA	**107**	**74**	**44.6%**
Depreciation, provisions and other results	-55	-65	-15.4%
EBIT	**52**	**9**	**-**

GPG Australia

(€m)	FY23	FY22	Change
Net sales	15	33	-54.5%
Procurement	-	-	-
Gross margin	**15**	**33**	**-54.5%**
Other operating income	-	-	-
Personnel expenses	-4	-3	33.3%
Taxes	-1	-1	0.0%
Other operating expenses	-15	-14	7.1%
EBITDA	**-5**	**15**	**-**
Depreciation, provisions and other results	-21	-12	75.0%
EBIT	**-26**	**3**	**-**

Supply

(€m)	FY23	FY22	Change
Net sales	8,728	11,144	-21.7%
Procurement	-7,579	-10,269	-26.2%
Gross margin	**1,149**	**875**	**31.3%**
Other operating income	77	10	-
Personnel expenses	-69	-69	0.0%
Taxes	-115	-89	29.2%
Other operating expenses	-338	-185	82.7%
EBITDA	**704**	**542**	**29.9%**
Depreciation, provisions and other results	-202	-241	-16.2%
EBIT	**502**	**301**	**66.8%**

Capex

Growth capex

(€m)	FY23	FY22	Change
Distribution Networks	**316**	**313**	**1.0%**
Spain gas	39	47	-17.0%
Mexico gas	35	27	29.6%
Brazil gas	19	14	35.7%
Argentina gas	4	5	-20.0%
Chile gas	28	31	-9.7%
Spain electricity	132	106	24.5%
Panama electricity	47	66	-28.8%
Argentina electricity	12	17	-29.4%
Holding	**-**	**-**	**-**
Energy Markets	**976**	**858**	**13.8%**
Energy management	**1**	**1**	**0.0%**
Thermal generation	**-**	**-**	**-**
Spain	-	-	-
GPG LatAm	-	-	-
Renewable generation	**864**	**750**	**15.2%**
Spain	264	332	-20.5%
USA	297	170	74.7%
GPG LatAm	17	23	-26.1%
GPG Australia	286	225	27.1%
Renewable gases	**-**	**-**	**-**
Supply	**111**	**106**	**4.7%**
Holding	**-**	**1**	**-100.0%**
Rest	**-**	**-**	**-**
TOTAL Capex	**1,292**	**1,171**	**10.3%**

Maintenance capex

(€m)	FY23	FY22	Change
Distribution Networks	**592**	**463**	**27.9%**
Spain gas	78	69	13.0%
Mexico gas	35	41	-14.6%
Brazil gas	49	43	14.0%
Argentina gas	11	21	-47.6%
Chile gas	25	9	-
Spain electricity	317	215	47.4%
Panama electricity	77	65	18.5%
Argentina electricity	-	-	-
Holding	**-**	**-**	**-**
Energy Markets	**235**	**255**	**-7.8%**
Energy management	**3**	**4**	**-25.0%**
Thermal generation	**149**	**164**	**-9.1%**
Spain	104	87	19.5%
GPG LatAm	45	77	-41.6%
Renewable generation	**57**	**61**	**-6.6%**
Spain	55	57	-3.5%
USA	-	-	-
GPG LatAm	2	4	-50.0%
GPG Australia	-	-	-
Renewable gases	**-**	**-**	**-**
Supply	**24**	**26**	**-7.7%**
Holding	**2**	**-**	**-**
Rest	**17**	**18**	**-5.6%**
TOTAL Capex	**844**	**736**	**14.7%**

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1H23 results' presentation:

Inside Information

- Naturgy discloses the report on earnings for the first half of 2023 (disclosed 24 July 2023, registration number 1921).
- Naturgy reports on the agreements adopted in the meeting held by the Board of Directors on October 23, 2023 (disclosed 24 October 2023, registration number 1988).

Other Relevant Information

- Naturgy discloses a share buyback programme (disclosed 24 July 2023, registration numbers 23734 and 23743).
- Naturgy files the presentation on earnings for the first half of 2023 (disclosed 24 July 2023, registration number 23735).
- Naturgy discloses the first half 2023 financial information (disclosed 24 July 2023, registration number 23748).
- Naturgy discloses the results of the share buyback programme (disclosed 28 July 2023, registration number 23980).
- Naturgy announces its FY 2023 results release (disclosed 7 February 2024, registration number 26462).
- Naturgy sends the link to follow the webcast of the 2023 results presentation and reaffirms the 2023 guidance (disclosed 8 February 2024, registration number 26506).
- Naturgy is removed as a constituent from various MSCI indices (disclosed 13 February 2024, registration number 26538).

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

Naturgy

Annex III: Alternative Performance Metrics

Naturgys' 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
		31 December 2023	31 December 2022	
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)	Euros 5,475 million	Euros 4,954 million	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)	Euros 1,929 million = 580 + 79 + 1,780 - 510	Euros 1,794 million = 547 + 74 + 1,511 – 338	Measure of the expenses incurred by the Group to carry out its business activities, without considering costs that do not involve cash outflows and taxes. Amount allowing comparability with other companies.
Investments (CAPEX)	Investment in intangible assets (4) + Investment in property, plant and equipment (4)	Euros 2,136 million = 327 + 1,809	Euros 1,907 million = 333 + 1,574	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 facilitate the comparison of the investment effort between periods. It is made up both of maintenance and growth investments (funds invested in the development or for the expansion of the Group's activities).
Net investments (Net CAPEX)	CAPEX (5) - Other investment receipts/(payments) (3)	Euros 2,060 million = 2,136 – 76	Euros 1,833 million = 1,907 – 74	Measure of the investment effort of each period without considering the assets transferred or contributed by third parties.
Gross financial debt	"Non-current financial liabilities" (1) + "Current financial liabilities" (1)	Euros 15,970 million = 13,426+ 2,544	Euros 16,301 million = 13,999 + 2,302	Measure of the Group's level of financial debt. 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)	Euros 12,090 million = 15,970 - 3,686 – 194	Euros 12,070 million = 16,301 - 3,985 – 246	Measure of the Group's level of financial debt including current and non-current items, after discounting the cash and cash equivalents balance 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))	50.3% = 12,090 / (12,090 + 11,929)	54.7% = 12,070 / (12,070 + 9,979)	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)	Euros 485 million = 675 - 190	Euros 501 million = 568 - 67	Measure of the cost of financial debt without considering 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)	11.3x = 5,475 / 485	9.9x = 4,954 /501	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) / EBITDA (5)	2.2x = 12,090 / 5,475	2.4x = 12,070/4,954	Measure of the Group's ability to generate resources to meet financial debt payments.
Free Cash Flow after minorities	Net Free cash flow (5)+ Parent company dividends net of collected by other group companies (4)+ Purchase of treasury shares (4)+ Investment payments (group companies, associates and business units) (3)	Euros 2,536 million = 474 + 1,441 + 10 + 611	Euros 1,914 million = 744 + 1,153 + 0 + 17	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)	Euros 474 million = 4,857 – 2,739 - 2,263 + 619	Euros 744 million = 4,242 - 1,486 – 2,854 + 842	Measure of cash generation to assess the funds available to debt service.
Average cost of financial gross debt	Annualized financial expense of the operations included in the gross financial debt excluding cost of financial lease liabilities and other refinancing expenses / monthly weighted average of the gross financial debt (excluding the debt by lease liabilities)	3.9% = (675 - 84 - 29) / 14,325	3.0% = (568-85-31) / 15,099	Measure of the effective interest rate of financial debt. This indicator is widely used in capital markets to compare different companies.
Liquidity	Cash and other equivalent liquid (1) + Undrawn and fully committed lines of credit (4)	Euros 9,237 million = 3,686 + 5,551	Euros 9,482 million = 3,985 + 5,497	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) + Work carried out for fixed assets (4) + Financial expenses (2) + Dividends paid by the parent company (4) + Discontinued activities expenses before taxes (4)	Euros 20,193 million = 15,106 + 1,780 + 377 + 580 + 79 + 817 + 1,454 + 0	Euros 32,089 million = 27,194 + 1,511 + 762 + 547 + 74 + 837 + 1,164 + 0	Measure of the company´s value considering the economic valuation generated by its activities, distributed to the different interest groups (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

Annex IV: Contact details

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Annex V: Disclaimer

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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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