

1H22 Results

11 August 2022

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1 Executive summary

Summary – 1H22 results

| (€m) | reported | | | ordinary | | |
|---------------------------------|----------|---------------------|--------|----------|-------|--------|
| | 1H22 | 1H21 | Change | 1H22 | 1H21 | Change |
| EBITDA | 2,047 | 1,678 | 22.0% | 2,184 | 1,959 | 11.5% |
| Net income | 557 | 484 | 15.1% | 717 | 557 | 28.7% |
| Capex | 721 | 439 | 64.2% | - | - | - |
| Net debt | 11,976 | 12,831 ¹ | -6.7% | - | - | - |
| Free cash flow after minorities | 1,460 | 663 | - | - | - | - |

Note:

1. As of 31 December 2021

The first half of 2022 has been marked by the strong performance of international activities, ordinary EBITDA up 23.9% vs. 1H21, comparing positively vs. Spanish operations, whose ordinary EBITDA has increased by 2.3% vs. 1H21.

Ordinary EBITDA for 1H22 stood at €2,184m, up 11.5% vs. 1H21 mainly underpinned by the strong performance in International LNG, supported by higher gas prices globally and particularly in Europe. In Spain however, energy supply continued to experience margin pressure, affected by contracts with end customers not yet reflecting the increase of gas and electricity prices in major hubs.

As for Networks, international operations also outperformed results in Spain. Indeed, Networks LatAm growth was driven by tariff updates and positive FX evolution. Networks Spain remained relatively stable, as growth from electricity distribution activities compensated for lower gas demand and the negative impact of the progressive reduction in the gas distribution remuneration established in the regulatory framework 2021-2026.

Renewables posted ordinary EBITDA growth of 5.1% vs. 1H21, particularly in Spain reflecting higher prices and contract changes, which were partially offset by lower hydro production and the negative impact from new regulatory measures. Thermal generation for its part, increased by 17.6% in Spain and LatAm backed by the scenario and higher production levels.

Ordinary Net income reached €717m in 1H22, up 28.7% vs. 1H21, supported by the aforementioned international activities and greater contribution from equity associates.

As of 30 June 2022, Net debt amounted to €11,976m mainly supported by the strong cash flow generation coming from international activities and notably from the high cash conversion rates in International LNG. During 1H22, Naturgy paid out a dividend of 0.5 €/share corresponding to the final dividend for 2021.

Additionally, the Board of Directors has approved the first interim dividend against 2022 results, to be paid on 18 August 2022 and corresponding to 0.3 €/share, in line with last year dividend and committed in the Strategic Plan.

With regards to project Gemini, the board continues monitoring the progress of all the analysis underway which confirm its suitability and strategic sense. However, due to the current market volatility, the evolution of the European energy context and the numerous regulatory uncertainties, many of which have yet to be defined, the execution schedule is likely to be adjusted.

Energy demand and commodity prices

The first half of 2022 has experienced a decline of energy demand of group's activities in Spain, Brazil and Mexico, reflecting different macroeconomic environments, weather circumstances, and energy trends in the countries where the group operates. Thereby, electricity and gas demand in Spain compared on average 12% and 5% respectively below the first half of 2021 and remain below pre-pandemic levels (-17% and -10% respectively vs. 1H19). Similarly, average demand on gas distributed activities in Mexico and Brazil experienced a decrease of 10% and 35% vs. 1H21 respectively. On the other hand, gas and electricity demand in the remaining LatAm countries where the group operates experienced modest growth of +0.4% in Chile, +7% in Argentina gas and electricity and +5% in Panama electricity.

During the first half of 2022, LatAm currencies experienced a different evolution vs. 1H21. On the one hand, the USD, Mexican Peso and Brazilian Reals experienced positive appreciations, whereas the Argentinean and Chilean peso continued to depreciate vs. EUR. Overall, the evolution of LatAm currencies had a positive effect on the group's financial performance of €66m and €32m in ordinary EBITDA and ordinary Net income respectively.

The evolution of commodity prices for its part has followed a more consistent and global trend across regions, with an unprecedented rise of commodity prices in both gas and electricity markets. Brent prices compare 66% above on average when compared to 1H21 while gas prices on major hubs showed unprecedented increases, notably NBP which multiplied by ~3x on average vs. 1H21 but also HH which multiplied by 2x vs. 1H21. Wholesale electricity prices for their part multiplied by ~3.5x on average vs. 1H21 exceeding all-time highs. Such increases resulted in significant regulatory changes and ongoing uncertainty in Spain during the period, including the temporary regulatory cap of gas prices in Spain linked to the price signal of CCGTs in wholesale electricity markets.

2 Key comparability factors and non-ordinary items

Perimeter changes

There are no transactions completed in 1H22 with a relevant impact in comparability in 1H22 vs. 1H21 results.

Non-ordinary items

Non-ordinary items are summarized below:

| (€m) | EBITDA | | Net income | |
|-------------------------------------------|-------------|-------------|-------------|------------|
| | 1H22 | 1H21 | 1H22 | 1H21 |
| Restructuring costs | -15 | -300 | -9 | -209 |
| Regulatory fines | -6 | - | -4 | - |
| Provisions | -108 | 12 | -126 | 9 |
| Sales of land and buildings | - | 8 | - | 5 |
| Procurement agreement | - | 2 | - | 2 |
| Lean transformation costs | -13 | -32 | -9 | -22 |
| Generation taxes | - | 28 | - | 25 |
| Asset write-down | - | - | -10 | -16 |
| UF Gas agreement | 40 | - | 30 | 103 |
| Interest sales and corporate transactions | - | - | 13 | -18 |
| Discontinued operations | - | - | -16 | 47 |
| Other | -35 | 1 | -29 | 1 |
| Total | -137 | -281 | -160 | -73 |

At the EBITDA level, non-ordinary impacts in 1H22 amounted to €-137m, of which €-108m corresponding to provisions related to the first instance conviction sentence against Naturgy's Chilean subsidiary Metrogas S.A. in favor of Transportadora de Gas del Norte, S.A. (TGN).

At the Net income level, non-ordinary items in 1H22 amounted to €-160m, of which €-126m corresponding to the after-tax impact of Metrogas S.A. sentence including the amounts claimed for the resolution of contracts (loss of profits) and accrued financial expenses, adjusted by the corresponding non-controlling interests. The remaining amount of non-ordinary items at the Net income level (€34m) relates to the after-tax impact of the aforementioned items as well as the negative impact of discontinued operations.

Metrogas S.A., the Chilean subsidiary in which Naturgy has a 55.6% shareholding, received a first-instance conviction sentence on 4 August 2022, on a series of lawsuits for alleged contractual breaches in the transportation of Argentine gas filed by Transportadora de Gas del Norte, S.A. (TGN) originating in 2009, when Argentina stopped supplying gas to Chile during the Argentine gas crisis. The sentence condemns Metrogas to pay TGN for unpaid invoices and early termination of contracts (loss of earnings), for an approximate sum of USD250m (€236m), plus costs and interests linked. This ruling and its potential effects, which are not final and subject to appeal, have been provisioned and are incorporated as non-ordinary items in Naturgy's accounts for the first half of 2022. Metrogas will exercise all actions it is entitled to in order to defend its interests, appealing the judicial ruling.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

| | 1H22 | Change (%) | FX effect (€m) | |
|--------------------|----------|------------|-----------------|---------------------|
| | | | Ordinary EBITDA | Ordinary Net income |
| USD/€ | 1.09 | -9.9% | 40 | 26 |
| MXN/€ | 22.17 | -8.8% | 13 | 4 |
| BRL/€ | 5.56 | -14.3% | 20 | 4 |
| ARS/€ ¹ | 131.28 | 15.7% | -6 | -2 |
| CLP/€ | 903.48 | 4.1% | -3 | 0 |
| Other | - | - | 2 | 0 |
| Total | - | - | 66 | 32 |

Note:

1. Exchange rate as of 30 June 2022 considering Argentina as hyperinflationary economy

3 Consolidated results

| (€m) | reported | | | ordinary | | |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1H22 | 1H21 | Change | 1H22 | 1H21 | Change |
| Net sales | 16,737 | 9,130 | 83.3% | 16,737 | 9,125 | 83.4% |
| EBITDA | 2,047 | 1,678 | 22.0% | 2,184 | 1,959 | 11.5% |
| Other results | -114 | 106 | - | 0 | 0 | - |
| Depreciation, amortisation and impairment expenses | -704 | -729 | -3.4% | -684 | -707 | -3.3% |
| Impairment of credit losses | -127 | -52 | - | -127 | -52 | - |
| EBIT | 1,102 | 1,003 | 9.9% | 1,373 | 1,200 | 14.4% |
| Financial result | -336 | -236 | 42.4% | -266 | -241 | 10.4% |
| Profit/(loss) of companies measured under the equity method | 65 | 33 | 97.0% | 65 | 33 | 97.0% |
| Income tax | -194 | -204 | -4.9% | -287 | -259 | 10.8% |
| Income from discontinued operations | -16 | 51 | - | 0 | 0 | - |
| Non-controlling interest | -64 | -163 | -60.7% | -168 | -176 | -4.5% |
| Net income | 557 | 484 | 15.1% | 717 | 557 | 28.7% |

Ordinary Net sales totaled €16,737m in 1H22, up 83.4% vs. 1H21, mainly as a result of higher energy prices in the period.

Consolidated **ordinary EBITDA** reached €2,184m in 1H22, up 11.5% vs. 1H21 supported by the strong performance of international activities, up 23.9% vs. 1H21, comparing positively vs. Spanish operations, which have increased by 2.3% vs. 1H21.

Depreciation, amortization and impairment expenses reached in the period €-704m, 3.4% lower than in 1H21.

Impairment and credit losses reached €-127m in 1H22, higher than in 1H21 mostly following the impact from higher energy prices in the supply activity.

Financial result amounted to €-336m, up 42.4% vs. 1H21. Lower net debt in the period was offset by a slightly higher **average cost of gross financial debt** (excluding cost from IFRS 16 debt) for 1H22 (2.8% in 1H22 vs. 2.5% as of FY21). As of 30 June 2022, **80%** of gross debt is at fixed rates and **76%** is denominated in Euros.

Other financial expenses/income includes the financial expenses related to Metrogas S.A. sentence aforementioned.

| Financial result (€m) | 1H22 | 1H21 | Change |
|---------------------------------|-------------|-------------|--------------|
| Cost of net financial debt | -248 | -240 | 3.3% |
| Other financial expenses/income | -88 | 4 | - |
| Total | -336 | -236 | 42.4% |

Equity-accounted affiliates contributed €65m in 1H22 as detailed below:

| Profit/(loss) of companies measured under the equity method | reported | | |
|-------------------------------------------------------------|-----------|-----------|--------------|
| | 1H22 | 1H21 | Change |
| UFG sub-group | 4 | -4 | - |
| Electricity Puerto Rico | 25 | 27 | -7.4% |
| CGE sub-group | 7 | 3 | - |
| Renewable Generation and Cogeneration | 18 | 3 | - |
| Medgaz/Medina | 10 | 4 | - |
| Others | 1 | 0 | - |
| Total | 65 | 33 | 97.0% |

The increase comes as result of the higher contribution from renewable activities and gas pipelines (Medgaz/Medina).

The **effective tax rate** for 1H22 stood at **23.3%**, vs. 25.5% in 1H21.

Income from **discontinued operations** stood at **€-16m** in 1H22 vs. €51m in 1H21, coming from electricity distribution Chile.

| Income from discontinued operations (€m) | 1H22 | 1H21 | Change |
|------------------------------------------|------------|-----------|----------|
| Electricity distribution Chile | -16 | 51 | - |
| Total | -16 | 51 | - |

Income attributed to non-controlling interests amounted to -€64m in 1H22, -60.7% vs. 1H21, as detailed in the following table:

| Income attributed to non-controlling interests (€m) | 1H22 | 1H21 | Change |
|-----------------------------------------------------|------------|-------------|---------------|
| EMPL | 2 | -17 | - |
| Nedgia | -41 | -31 | 32.3% |
| Other affiliates ¹ | 1 | -86 | - |
| Other equity instruments | -26 | -29 | -10.3% |
| Total | -64 | -163 | -60.7% |

Note:

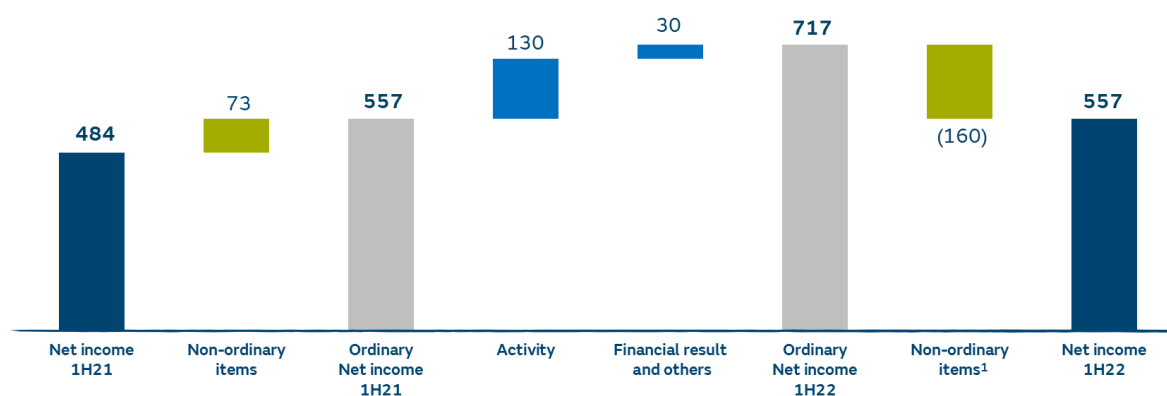
1. Including GPG, gas distribution in Chile, Brazil, Mexico and Argentina, and electricity distribution in Panama

The lower deduction from EMPL follows the termination of the concession in October 2021, while higher income attributed to non-controlling interest in Nedgia and other affiliates obeys to improved performance.

The Other equity instruments caption includes the accrued interest on perpetual subordinated notes (hybrids).

All in all, **Ordinary Net income reached €717m in 1H22, up 28.7% vs. 1H21**, supported by the aforementioned international activities and greater contribution from equity associates in the period.

Net income evolution (€m)

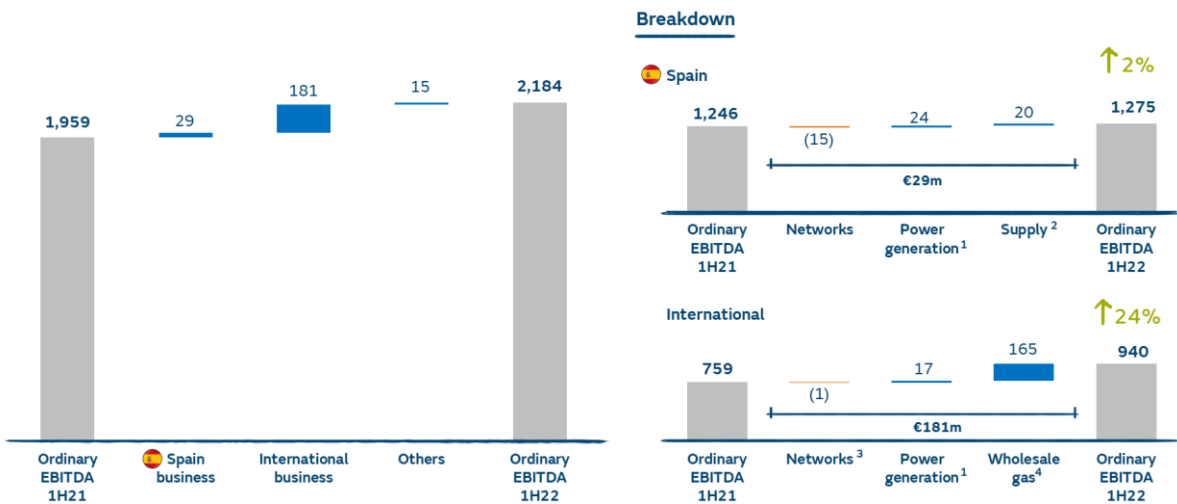


Note:

1. Of which €126m provisions related to the first instance conviction sentence against Naturgy's Chilean subsidiary Metrogas S.A. in favor of Transportadora de Gas del Norte, S.A. (TGN)

EBITDA evolution by geography (€m)

Ordinary EBITDA for 1H22 stood at €2,184m, up 11.5% vs. 1H21, mainly underpinned by the strong performance of international activities. Thereby international activities increased by 23.9% vs. 1H21 comparing positively vs. Spanish operations, which have increased by 2.3% vs. 1H21.



Notes:

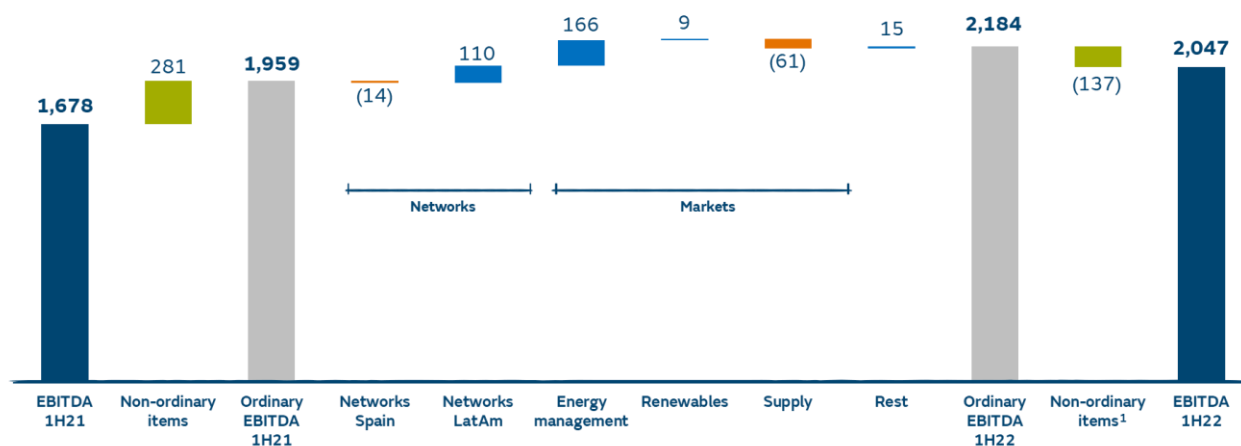
1. Including Renewables and Thermal generation
2. Including retail Supply as well as exship and industrial gas sales in Spain reported under Markets & procurement unit
3. Including EMPL whose concession terminated in October 2021
4. Including International LNG and Markets & procurement units excluding exship and industrial gas sales

EBITDA evolution by business (€m)

The strong performance in Markets was driven by international activities, notably in International LNG, supported by higher gas prices globally and particularly in Europe.

As exhibited below, growth in Energy management and Networks LatAm was partially offset by Supply and networks activities in Spain.

| (€m) | reported | | | ordinary | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1H22 | 1H21 | Change | 1H22 | 1H21 | Change |
| Networks | 1,198 | 1,050 | 14.1% | 1,320 | 1,224 | 7.8% |
| Markets | 901 | 702 | 28.3% | 895 | 781 | 14.6% |
| Rest | -52 | -74 | -29.7% | -31 | -46 | -32.6% |
| Total | 2,047 | 1,678 | 22.0% | 2,184 | 1,959 | 11.5% |



Note:

1. Of which €108m provisions related to the first instance conviction sentence against Naturgy's Chilean subsidiary Metrogas S.A. in favor of Transportadora de Gas del Norte, S.A. (TGN)

4 Results by business unit

4.1 Networks

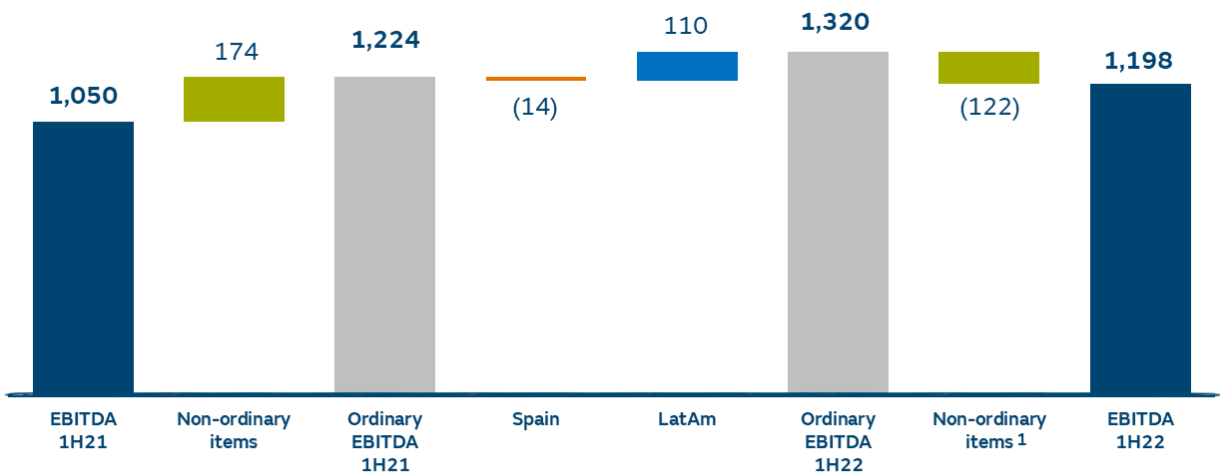
| EBITDA (€m) | reported | | | ordinary | | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1H22 | 1H21 | Change | 1H22 | 1H21 | Change |
| Networks Spain | 801 | 650 | 23.2% | 813 | 827 | -1.7% |
| Gas networks | 456 | 390 | 16.9% | 464 | 481 | -3.5% |
| Electricity networks | 345 | 260 | 32.7% | 349 | 346 | 0.9% |
| Networks LatAm | 397 | 400 | -0.7% | 507 | 397 | 27.7% |
| Chile gas | 12 | 112 | -89.3% | 120 | 106 | 13.2% |
| Brazil gas | 142 | 99 | 43.4% | 142 | 100 | 42.0% |
| Mexico gas | 123 | 108 | 13.9% | 124 | 109 | 13.8% |
| Panama electricity | 68 | 61 | 11.5% | 68 | 62 | 9.7% |
| Argentina gas | 35 | 11 | - | 36 | 11 | - |
| Argentina electricity | 17 | 9 | 88.9% | 17 | 9 | 88.9% |
| Total | 1,198 | 1,050 | 14.1% | 1,320 | 1,224 | 7.8% |

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA increased 7.8% to €1,320m during the period, driven by the good performance of Networks LatAm, supported by tariff updates and positive FX evolution. Networks Spain remained broadly stable, with electricity distribution partially compensating the decrease in gas distribution.

According to the criteria established by IAS 29 "Financial Information in Hyperinflationary Economies", the Argentine economy should be considered as hyperinflationary. As a result, FX differences arising from 30 June 2022 will be applied to the accumulated 2022 results, which will also be updated by inflation rates.

EBITDA evolution (€m)



Note:

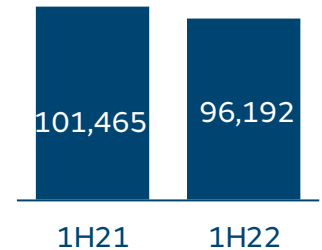
1. Of which €108m provisions related to the first instance conviction sentence against Naturgy's Chilean subsidiary Metrogas S.A. in favor of Transportadora de Gas del Norte, S.A. (TGN)

Spain gas networks

1H22 ordinary EBITDA reached €464m, down 3.5% vs. 1H21, explained by both lower demand and the reduction of regulated remuneration, as expected under the current regulatory period 2021-26.

Gas sales (excluding LPG) decreased by 5.2%, while connection points remained stable vs. 1H21 (-0.4%).

Gas sales Spain (GWh)
(-5.2%)



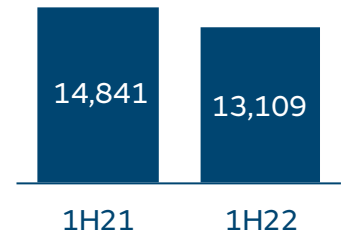
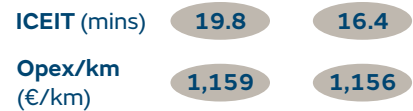
Spain electricity networks

1H22 ordinary EBITDA amounted to €349m, a 0.9% increase vs. 1H21 as a result of additional investments.

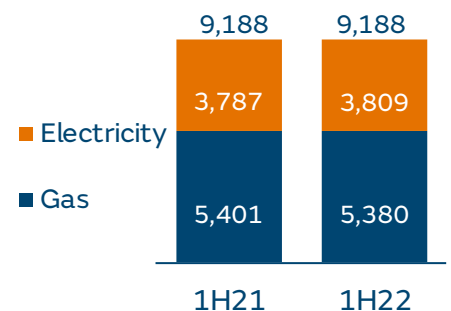
Connection points increased by 0.6% during the period, while electricity sales decreased by 11.7%.

Unitary opex per km of installed network remained stable vs. 1H21 (-0.3%).

Electricity sales Spain (GWh)
(-11.7%)



Connection points ('000)
(0.0%)



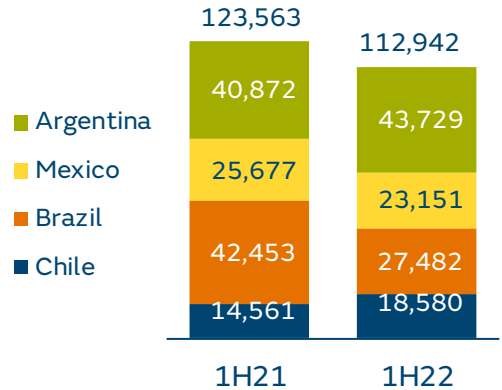
Chile gas

1H22 ordinary EBITDA totaled €120m, 13.2% higher than in 1H21, as a result of higher gas supply margins, which more than compensated for the lower contribution from the distribution activity. FX impact contributed with €3m.

Total gas sales increased by 27.6%, mostly as a result of higher TPA sales (+38.5%), while distributed sales remained stable (+0.4%).

Connection points increased by 1.7%.

Gas sales (GWh)
(-8.6%)



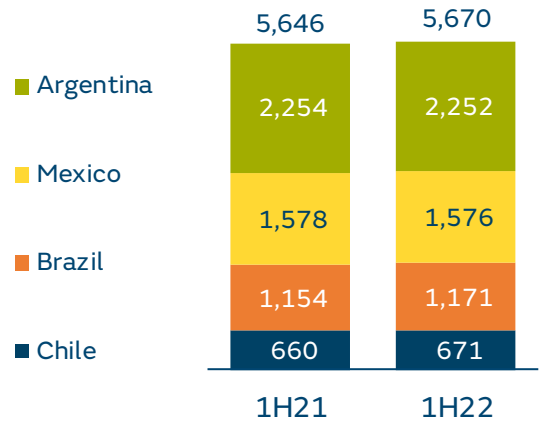
Brazil gas

1H22 ordinary EBITDA totaled €142m, 42.0% higher than in 1H21. Tariff updates and the positive FX impact (€19m), more than compensated for lower sales in the generation and TPA segments.

Overall gas sales decreased 35.3% vs 1H21, notably in TPA (-54.3%). Industrial and domestic segments have also shown some reduction (-4.3%, and -2.4% respectively), while GNV and commercial segments have shown some growth (+11.8% and +9.3% respectively).

Connection points grew 1.5% in the period.

Gas connection points ('000)
(+0.4%)



Mexico gas

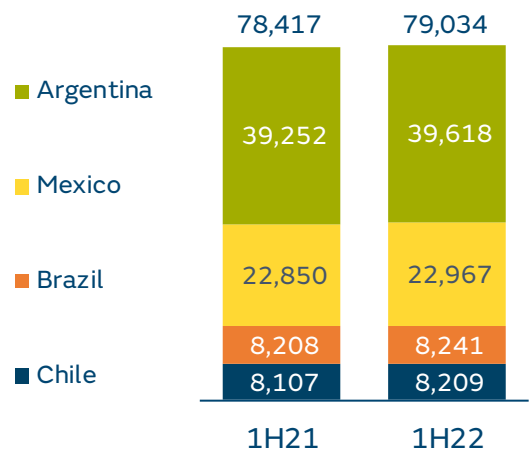
1H22 ordinary EBITDA increased 13.8% to €124m.

Lower sales in the Generation + TPA segments were compensated by significant growth in supply margins, as well as positive FX impact (€11m).

Gas sales decreased by 9.8%, mostly as a result of the decrease in Generation and TPA sales (-20.0%).

Connection points remained stable (-0.1%).

Gas network (km)
(+0.8%)

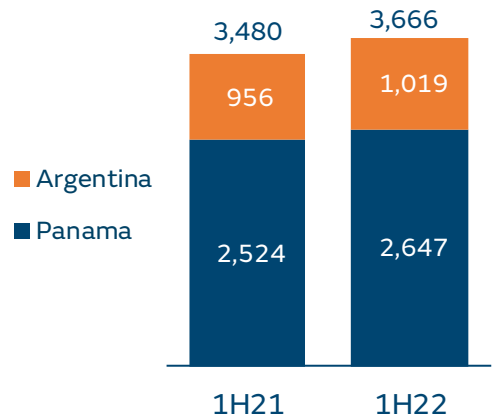


Panama electricity

1H22 ordinary EBITDA amounted to €68m, up 9.7% vs. 1H21, driven by positive FX impact (€6m) and sales growth (+4.9%), most notably in the TPA segment.

Connection points grew by 3.3%.

Electricity sales (GWh)
(+5.3%)

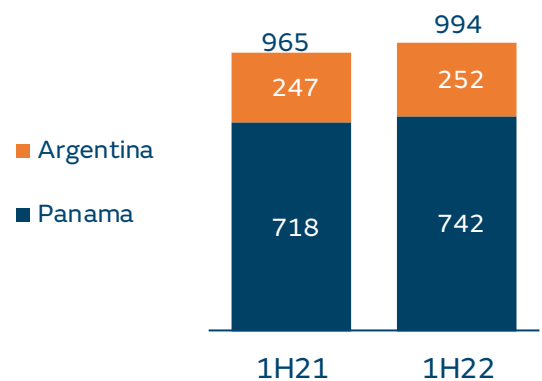


Argentina gas

1H22 ordinary EBITDA amounted to €36m, vs. €11m in 1H21. The growth is explained by both higher sales in all segments - except retail, where remained stable - and tariff updates. On the other side, FX impact amounted to €-4m.

Gas sales increased by 7.0%, while connection points remained stable (-0.1%) vs. 1H21.

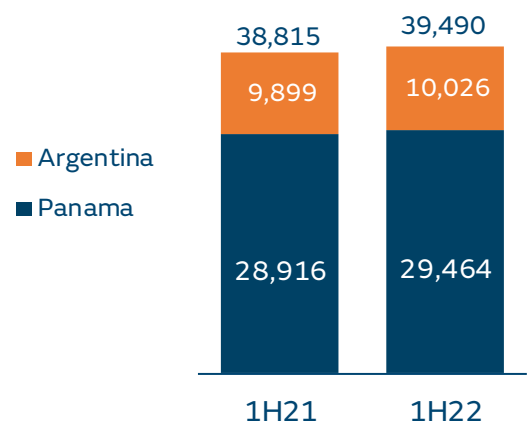
Electricity connection points ('000)
(+3.0%)



Argentina electricity

1H22 ordinary EBITDA amounted to €17m, 88.9% higher than in 1H21, driven by inflation update and both sales and connection points growth (+6.6% and +2.0% respectively). FX impact accounted for €-2m.

Electricity network (km)
(+1.7%)



4.2 Markets

| EBITDA (€m) | reported | | | ordinary | | |
|--------------------------------------|------------|------------|---------------|------------|------------|---------------|
| | 1H22 | 1H21 | Change | 1H22 | 1H21 | Change |
| Energy management | 580 | 366 | 58.5% | 555 | 389 | 42.7% |
| Markets and procurement | -51 | 17 | - | -90 | 12 | - |
| International LNG | 436 | 86 | - | 436 | 88 | - |
| Pipelines (EMPL) | -6 | 99 | - | 2 | 113 | -98.2% |
| Spain thermal generation | 74 | 56 | 32.1% | 80 | 68 | 17.6% |
| LatAm thermal generation | 127 | 108 | 17.6% | 127 | 108 | 17.6% |
| Renewables and New businesses | 164 | 185 | -11.4% | 187 | 178 | 5.1% |
| Spain & USA | 129 | 152 | -15.1% | 152 | 141 | 7.8% |
| Australia | 0 | 0 | - | 0 | 0 | - |
| LatAm | 35 | 33 | 6.1% | 35 | 37 | -5.4% |
| Supply | 157 | 151 | 4.0% | 153 | 214 | -28.5% |
| Total | 901 | 702 | 28.3% | 895 | 781 | 14.6% |

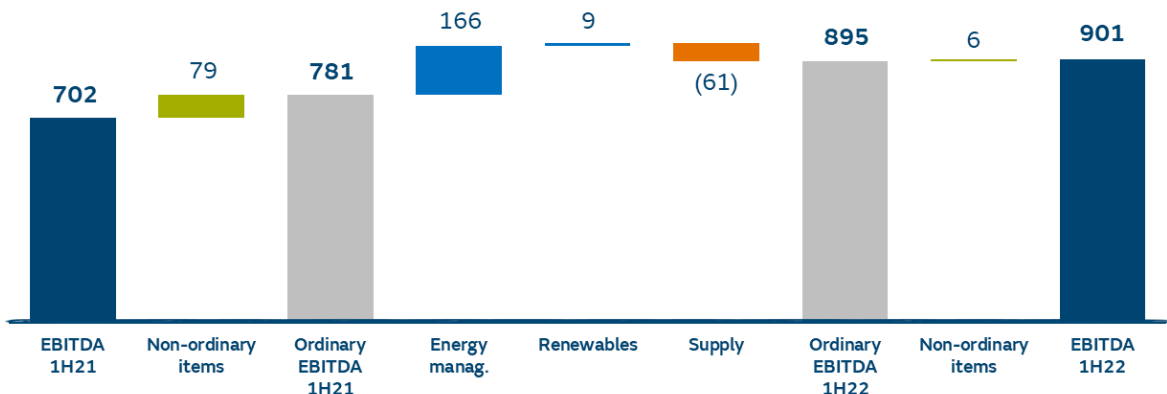
Please refer to Annex for additional P&L disclosure

Ordinary EBITDA reached €895m in 1H22 (+14.6% vs. 1H21). The current energy scenario, with high energy prices, has allowed to benefit from open positions in the international markets and notably in International LNG.

Renewables posted ordinary EBITDA growth of 5.1% vs. 1H21, particularly in Spain reflecting higher prices and contract changes, which were partially offset by lower hydro production and the negative impact from new regulatory measures. Thermal generation for its part, increased by 17.6% in Spain and LatAm backed by the scenario and higher production levels.

Supply activities in Spain continued to experience margin pressure affected by contracts with end customers not yet reflecting the increase of gas and electricity prices in major hubs.

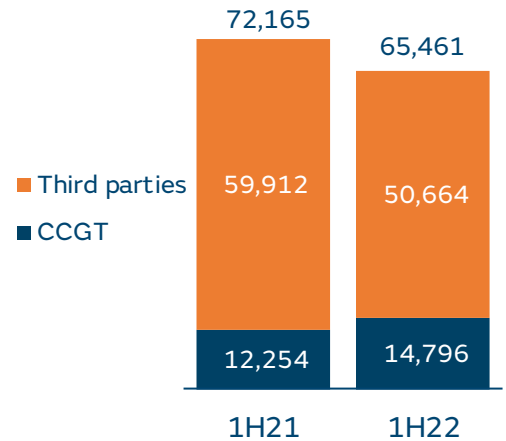
EBITDA evolution (€m)



Markets and procurement

1H22 ordinary EBITDA reached €-90m vs. €12m in 1H21. Higher selling prices have been offset by higher procurement costs. Total sales reached 65,461 GWh, -9.3% vs. 1H21.

Gas sales (GWh)
(-9.3%)

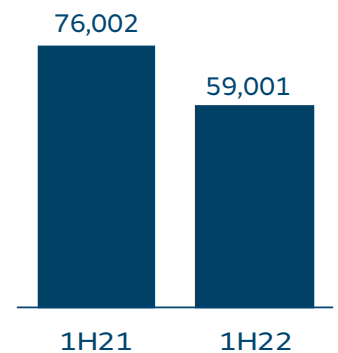


International LNG

1H22 ordinary EBITDA reached €436m, vs. €88m in 1H21. The scenario of high prices and the increased spread between TTF and HH has supported higher margins over the period, resulting in significant EBITDA growth.

As of 30 June 2022, contracted sales for 2022 and 2023-24 stood at 90% and 78% respectively.

International LNG sales (GWh)
(-22.4%)



Pipelines (EMPL)

This asset ended its activity on October 31, 2021, thus not contributing to Naturgy's consolidated EBITDA from that date.

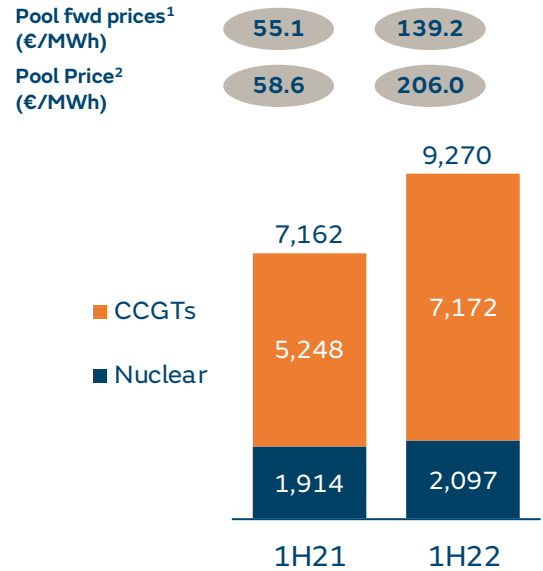
Spain thermal generation

1H22 ordinary EBITDA amounted to €80m, up 17.6% vs. 1H21 on the back of higher electricity production and rising prices in bilateral contracts.

Pool prices multiplied by 3.5x vs. 1H21, averaging €206/MWh in the period, as a result of higher gas and CO₂ prices.

Total production increased by 29.4%, with CCGTs and nuclear production increasing by 9.6% and 36.7% respectively in the year.

Spain thermal power production (GWh) (+29.4%)

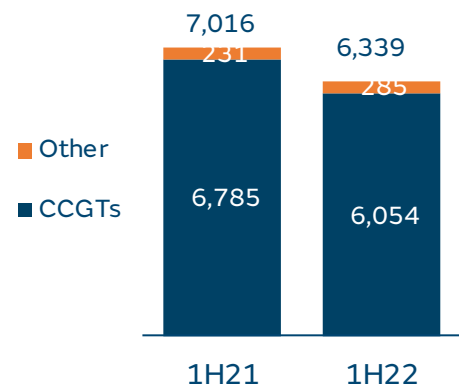


LatAm thermal generation

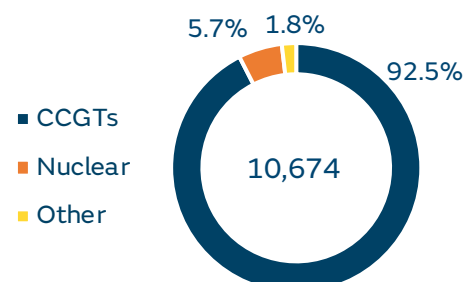
1H22 ordinary EBITDA reached €127m, up 17.6% vs. 1H21, following higher margins in Dominican Republic and Mexican PPAs, as well as positive FX impact (€12m).

Total production decreased by 9.6%, with Mexican CCGTs decreasing by 10.8% while other thermal increased by 23.4%.

LatAm thermal power production (GWh) (-9.6%)



1H22 thermal installed capacity (MW)



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



Renewables Spain & USA

1H22 ordinary EBITDA amounted to €152m, up 7.8% vs. 1H21, mainly reflecting higher prices and contract changes, which were partially offset by lower wind and hydro production (-5.2% and -64.0% respectively) vs. 1H21 and negative regulatory impacts.

Installed capacity as of end 1H22 reached 4,213MW, 130MW higher compared to 1H21, all of it corresponding to wind capacity.

Renewables Australia

1H22 ordinary EBITDA was €0m, same as in 1H21.

Higher production (+44%) and improved margins following mark to market valuation of existing PPAs were offset by higher opex from Berrybank coming into operation post 1Q21.

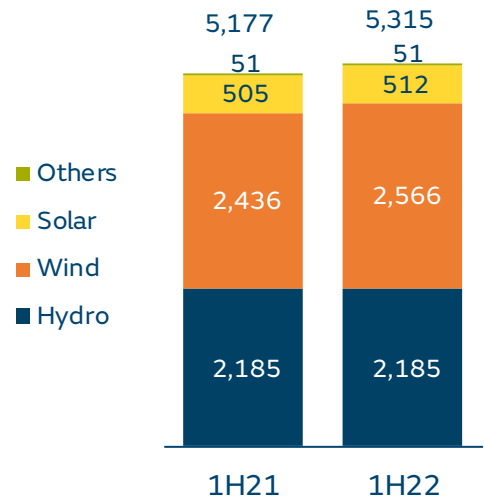
Installed capacity as of end 1H22 reached 277MW, all of them wind capacity.

Renewables LatAm

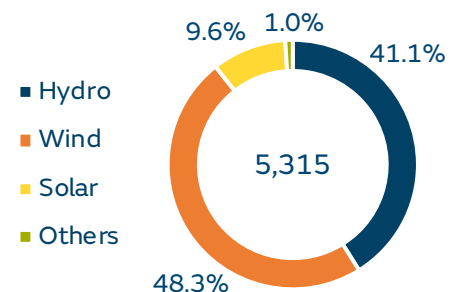
1H22 ordinary EBITDA reached €35m, 5.4% lower than in 1H21, driven by lower production in Mexico and Brazil, as well as lower margins in Chile, which was partially compensated by positive FX impact (€4m).

Installed capacity in LatAm as of end 1H22 reached 825MW, 7MW higher compared to 1H21, all of them solar capacity.

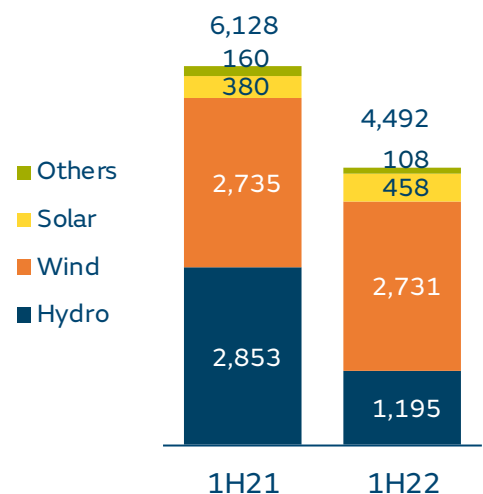
Total renewable installed capacity (MW)
(+2.7%)



1H22 renewable installed capacity (MW)
(technology)



Total renewable production (GWh)
(-26.7%)



Supply

1H22 ordinary EBITDA reached €153m, -28.5% vs. 1H21, driven by challenging conditions in power supply, due to lower sales and margins in the industrial segment, impacted by volumes sold and not covered with inframarginal generation.

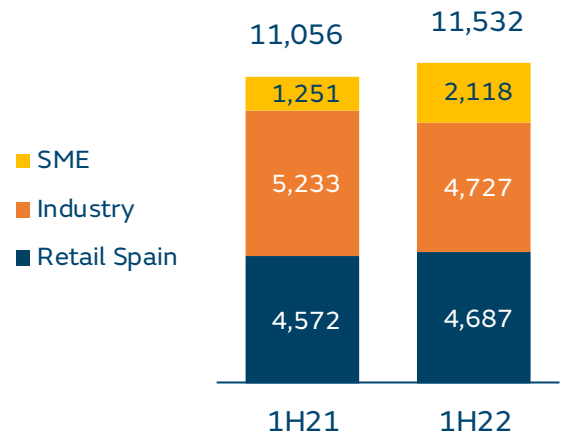
Gas supply for its part, benefited from improved overall margins, which were nevertheless offset by lower sales and costs linked to some contract withdrawals for repricing in the industrial segment.

Gas sales decreased by 17.3% in 1H22, notably in the industrial segment (-20.9%).

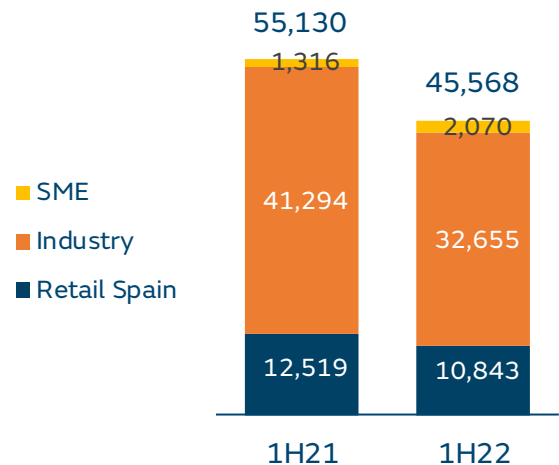
Power sales showed slight growth (+4.3%) in 1H22 as a result of higher sales in the SME segment (+69.3%) and retail (+2.5%), which compensated for lower industrial sales (-9.7%).

Finally, the number of contracts increased by 3.0% vs. 1H21.

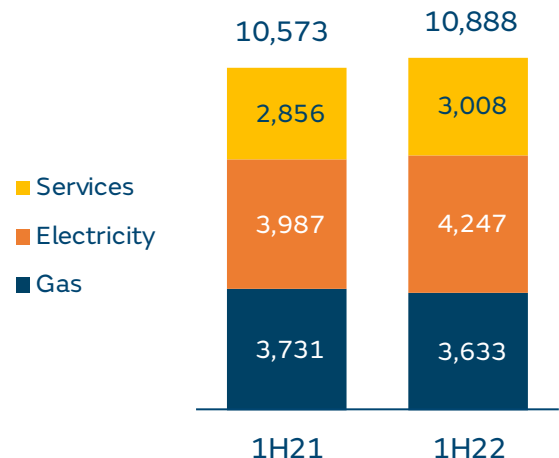
Electricity sales (GWh)
(+4.3%)



Gas sales (GWh)
(-17.3%)

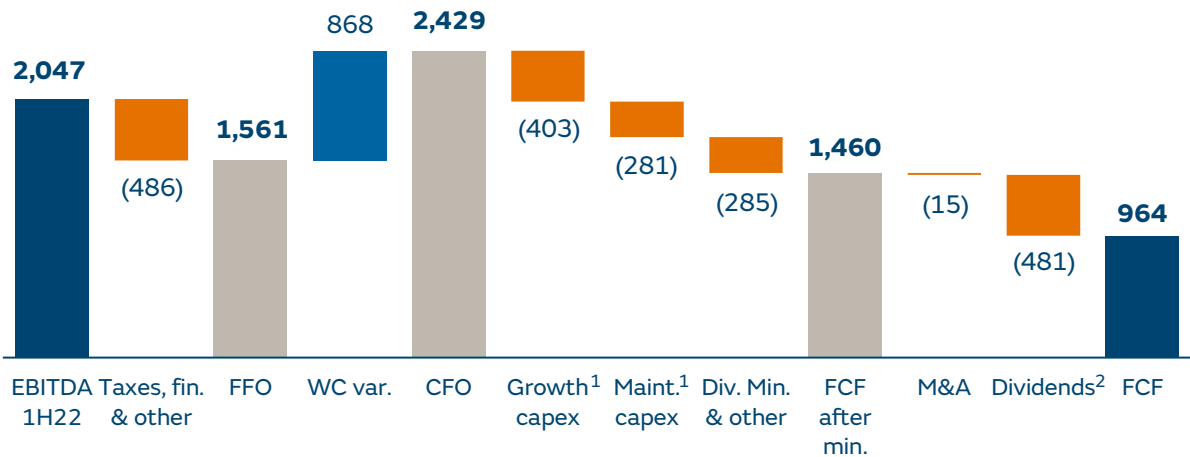


Contracts ('000)
(3.0%)



5 Cash flow

Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions

2. Dividends paid net of those received by group companies

1H22 free cash flow after minorities amounted to €1,460m supported by funds from operations and positive working capital variation. During the first half of the year a total of €481m were paid as dividends (net of dividends paid to group companies). Free cash flow reached in the period €964m.

As of 30 June 2022, Net debt amounted to €11,976m, mainly reflecting the strong cash flow generation as well as the positive contribution from working capital variation.

Capex

The breakdown of PP&E and intangible investments between maintenance and growth provides useful information on the investment profile of the group. The breakdown of capex by type and business is as follows:

| (€m) | Maintenance capex | | |
|--------------------------|-------------------|------------|--------------|
| | 1H22 | 1H21 | Change |
| Networks | 155 | 127 | 22.0% |
| Markets | 121 | 44 | - |
| Rest | 7 | 10 | -30.0% |
| Total investments | 283 | 181 | 56.4% |

Maintenance capex in 1H22 amounted to €283m, compared to €181m in 1H21, as result of higher maintenance in both thermal and renewable generation plants, as well as Networks LatAm, the latter partially explained by currency appreciation.

| (€m) | Growth capex | | |
|--------------------------|--------------|------------|--------------|
| | 1H22 | 1H21 | Change |
| Networks | 123 | 97 | 26.8% |
| Markets | 315 | 161 | 95.7% |
| Total investments | 438 | 258 | 69.8% |

Growth capex in the period represented more than 60% of total capex and amounted to €438m in 1H22.

Growth capex in 1H22 included:

- A total of €123m invested in the development of networks in Spain and LatAm, of which €57m in Spain, €28m in Panama, €13m in Chile and €10m in Mexico.
- A total of €255m invested in the construction of different renewable projects, of which €136m in Spain, €111m in Australia and €8m in LatAm.
- €59m in the Supply activity.

Wind farm in Australia



Naturgy continues to progress on agreements confirming its commitment to renewables growth:

- In Australia, with several projects under different stages of development which would increase our total installed capacity in the country to c. 1,000MW in the following years.
- In the United States, Naturgy is investing €264m in its first photovoltaic plant which will have an installed capacity of 300MW, the company's largest in the world. Naturgy plans to invest more than €1bn to reach an operating capacity of 1,200MW in the following years. Last year, Naturgy acquired a portfolio of 25 projects in the United States, totaling more than 3.5GW, and signed an exclusive five-year development agreement with Candela Renewables which enables the development of solar and energy storage projects exclusively for Naturgy.
- In Spain, Naturgy continues to progress on the following projects awarded in the Spanish renewable auctions in 2021:
 - 45MW of solar capacity in the Canary Islands, which will allow the group to double its current installed capacity in the region.
 - 235MW and 221MW of wind and solar projects respectively as part of the Spanish renewable auctions.

6 Financial position

As of 30 June 2022, net debt amounted to €11,976m, significantly below year-end 2021 figure, reflecting the cash generation capacity of the group.

During 1H22, the most relevant transactions and refinancing operations included:

- Loan in Spain for €100m of 3 years at Euribor + 0.40%.
- Refinancing of loans and revolving credit lines in Spain for a total of €3,284m and international businesses for a total of €239m, including the refinancing of a syndicated revolving credit facility for €2,000m increasing the maturity for 1 year and with ESG metrics included in the pricing mechanism.

Liquidity (€m)

Liquidity as of 30 June 2022 stood at €9,898m, including €4,365m in cash and equivalents and €5,533m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of 30 June 2022.

The detail of the group's current liquidity is as follows:

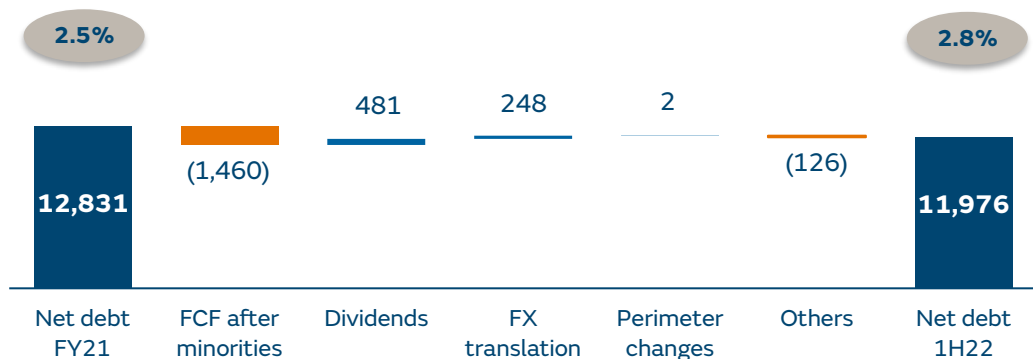
| Liquidity | | Consolidated Group | | Chile | | Brazil | Argentina | Mexico | Panama | Holding & others |
|--------------------------------|-----------|--------------------|--------------|-----------|-----------|------------|-----------|-----------|-----------|------------------|
| | | 1H22 | FY21 | CLP | USD | BRL | ARS | MXN | USD | EUR/Others |
| Cash and equivalents | €m | 4,365 | 3,965 | 46 | 63 | 166 | 52 | 53 | 70 | 3,915 |
| Undrawn committed credit lines | €m | 5,533 | 5,459 | - | - | 41 | - | - | 28 | 5,464 |
| Total | €m | 9,898 | 9,424 | 46 | 63 | 207 | 52 | 53 | 98 | 9,379 |

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

| (€m) | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------|------|-------|-------|-------|------|
| Undrawn committed credit lines | 171 | 2,168 | 1,074 | 2,000 | 120 |

Net debt evolution (€m)

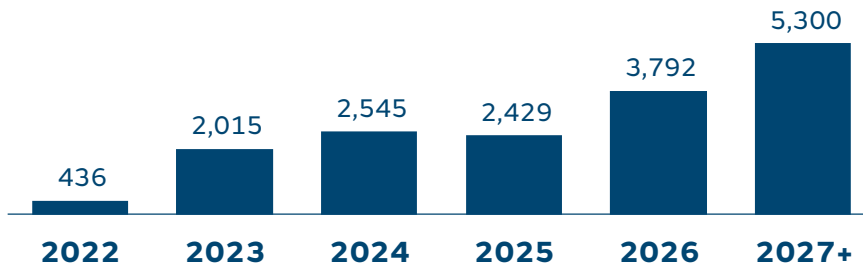
Avg. cost of debt¹



Note:

1. Does not include cost from IFRS 16 debt

Gross debt maturities (€m)



Debt structure

| Financial debt by currency | | Consolidated Group | | Chile | | Brazil | Argentina | Mexico | Panama | Holding & others |
|-----------------------------------|----|--------------------|--------|-------|-----|--------|-----------|--------|--------|------------------|
| | | 1H22 | FY21 | CLP | USD | BRL | ARS | MXN | USD | EUR/Others |
| Net financial debt | €m | 11,976 | 12,831 | 358 | 24 | 139 | -38 | 494 | 794 | 10,205 |
| Average cost of debt ¹ | % | 2.8 | 2.5 | 10.4 | 4.0 | 12.0 | 43.2 | 7.9 | 4.7 | 1.5 |
| % fixed rated (gross debt) | % | 80 | 83 | 86 | 21 | 1 | - | 47 | 22 | 90 |

Note:

1. Does not include cost from IFRS 16 debt

Credit metrics

| Credit metrics | 1H22 | FY21 |
|--------------------------------|------|------|
| EBITDA/Net financial debt cost | 8.3 | 7.2 |
| Net debt /LTM EBITDA | 3.1 | 3.6 |

7 ESG metrics and highlights

| | | 1H22 | 1H21 | Change | Comments |
|---------------------------------------------|------------------------|--------|-------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Health and safety | | | | | |
| Accidents with lost time ¹ | units | 3 | 6 | -50.0% | Significant reduction of accidents in the period, after an unusually high number of accidents in 1H21. |
| LT Frequency rate ² | units | 0.09 | 0.15 | -40.0% | |
| Environment | | | | | |
| GHG Emissions ³ | M tCO ₂ e | 6.7 | 6.1 | 9.8% | Lower hydro production (-64%) has obliged to cover demand with higher CCGT production in the period. New renewable into operation lowers the increase in terms of emission factor. |
| Emission factor | t CO ₂ /GWh | 273 | 250 | 9.2% | |
| Emissions-free installed capacity | % | 36.7 | 36.1 | 1.7% | New wind capacity coming into operation in Spain. |
| Emissions-free net production | % | 32.2 | 38.8 | -17.0% | Lower hydro production in Spain in the period vs. 1H21. |
| Interest in people | | | | | |
| Number of employees | persons | 7,203 | 8,006 | -10.0% | Perimeter changes and workforce optimization. |
| Training hours per employee | hours | 15.3 | 11.1 | 37.8% | Growth explained by more training hours in risk prevention courses, as well as follow up campaigns and new platforms in operation. |
| Women representation | % | 32.6 | 31.4 | 3.8% | Increase following group's policies to advance in gender parity. |
| Society and integrity | | | | | |
| Economic value distributed | €m | 15,923 | 9,540 | 66.9% | Increase mostly as a consequence of higher procurement costs |
| Complaints received by the ethics committee | units | 21 | 39 | -46.2% | Good evolution, although partially explained by workforce reduction. |

Notes:

1. In accordance to OSHA criteria
2. Calculated for every 200,000 working hours
3. Scopes 1 and 2

Health and safety ratios show a significant improvement over last year, which was affected by an unusual number of accidents.

With respect to the environment, Naturgy continues to increase its emissions-free installed capacity. However, due to the severe draught in 1H22, CCGTs production increased to cover the higher thermal gap thereby worsening emission rates.

In the social side, trainings per hour continue to show a good improvement following new platforms and follow-up campaigns.

Lastly, from the Governance point of view, the group's policies to advance in gender parity continue to show an improvement in percentage of women representation, while complaints to the ethics committee continue to show a very positive evolution.

Annexes

Annex I: Financial Statements

Consolidated income statement

| (€m) | reported | | | ordinary | | |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1H22 | 1H21 | Change | 1H22 | 1H21 | Change |
| Net sales | 16,737 | 9,130 | 83.3% | 16,737 | 9,125 | 83.4% |
| Procurement | -13,841 | -6,331 | - | -13,733 | -6,332 | - |
| Gross margin | 2,896 | 2,799 | 3.5% | 3,004 | 2,793 | 7.6% |
| Operating expenses | -533 | -451 | 18.2% | -472 | -422 | 11.8% |
| Personnel costs | -300 | -609 | -50.7% | -285 | -309 | -7.8% |
| Own work capitalised | 33 | 39 | -15.4% | 33 | 39 | -15.4% |
| Other operating income | 134 | 91 | 47.3% | 93 | 77 | 20.8% |
| Taxes | -183 | -191 | -4.2% | -189 | -219 | -13.7% |
| EBITDA | 2,047 | 1,678 | 22.0% | 2,184 | 1,959 | 11.5% |
| Other results | -114 | 106 | - | - | - | - |
| Depreciation, amortisation and impairment expenses | -704 | -729 | -3.4% | -684 | -707 | -3.3% |
| Impairment of credit losses | -127 | -52 | - | -127 | -52 | - |
| EBIT | 1,102 | 1,003 | 9.9% | 1,373 | 1,200 | 14.4% |
| Financial result | -336 | -236 | 42.4% | -266 | -241 | 10.4% |
| Profit/(loss) of companies measured under the equity method | 65 | 33 | 97.0% | 65 | 33 | 97.0% |
| Profit before taxes | 831 | 800 | 3.9% | 1,172 | 992 | 18.1% |
| Income tax | -194 | -204 | -4.9% | -287 | -259 | 10.8% |
| Income from discontinued operations | -16 | 51 | - | - | - | - |
| Non-controlling interest | -64 | -163 | -60.7% | -168 | -176 | -4.5% |
| Net income | 557 | 484 | 15.1% | 717 | 557 | 28.7% |

Consolidated balance sheet

| (€m) | 30/06/2022 | 31/12/2021 |
|---------------------------------------|---------------|---------------|
| Non-current assets | 28,336 | 27,257 |
| Intangible assets | 5,934 | 5,734 |
| Property, plant and equipment | 17,037 | 16,587 |
| Right of use assets | 1,181 | 1,229 |
| Equity-accounted investments | 649 | 630 |
| Non-current financial assets | 569 | 394 |
| Other non-current assets | 591 | 416 |
| Deferred tax assets | 2,375 | 2,267 |
| Current assets | 12,777 | 10,992 |
| Non-current assets available for sale | 21 | 40 |
| Inventories | 1,094 | 878 |
| Trade and other accounts receivable | 6,796 | 5,714 |
| Other current financial assets | 501 | 395 |
| Cash and cash equivalents | 4,365 | 3,965 |
| TOTAL ASSETS | 41,113 | 38,249 |

| (€m) | 30/06/2022 | 31/12/2021 |
|-------------------------------------------------------------|---------------|---------------|
| Equity | 6,625 | 8,873 |
| Equity attributable to the parent company | 3,703 | 5,889 |
| Non-controlling interest | 2,922 | 2,984 |
| Non-current liabilities | 21,097 | 20,054 |
| Deferred revenues | 913 | 889 |
| Non-current provisions | 1,490 | 1,146 |
| Non-current financial liabilities | 14,418 | 15,114 |
| Deferred tax liabilities | 1,598 | 1,787 |
| Other non-current liabilities | 2,678 | 1,118 |
| Current liabilities | 13,391 | 9,322 |
| Liabilities linked to non-current assets available for sale | 24 | 26 |
| Current provisions | 390 | 589 |
| Current financial liabilities | 2,099 | 1,698 |
| Trade and other accounts payable | 10,616 | 6,803 |
| Other current liabilities | 262 | 206 |
| TOTAL LIABILITIES AND EQUITY | 41,113 | 38,249 |

Summary cash flow statement

| (€m) | 1H22 | 1H21 | Change |
|----------------------------------------|--------------|--------------|--------------|
| EBITDA | 2,047 | 1,678 | 22.0% |
| Taxes | -194 | -204 | -4.9% |
| Financial result | -336 | -236 | 42.4% |
| Other items | 44 | -48 | - |
| Funds from operations | 1,561 | 1,190 | 31.2% |
| Change in working capital | 868 | 97 | - |
| Cash flow from operations | 2,429 | 1,287 | 88.7% |
| Growth capex | -403 | -235 | 71.5% |
| Maintenance capex | -281 | -178 | 57.9% |
| Divestments | 7 | 8 | -12.5% |
| Dividends to minorities | -166 | -211 | -21.3% |
| Others | -126 | -8 | - |
| Free cash flow after minorities | 1,460 | 663 | - |
| Dividends, share buy-back & others | -481 | -605 | -20.5% |
| M&A | -15 | 343 | - |
| Net free cash flow | 964 | 401 | - |

Half-year reported EBITDA by business unit

| (€m) | 1H22 | 1H21 | 2H21 | FY21 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Networks | 1,198 | 1,050 | 1,226 | 2,276 |
| Networks Spain | 801 | 650 | 798 | 1,448 |
| Gas networks | 456 | 390 | 467 | 857 |
| Electricity networks | 345 | 260 | 331 | 591 |
| Networks LatAm | 397 | 400 | 428 | 828 |
| Chile gas | 12 | 112 | 79 | 191 |
| Brazil gas | 142 | 99 | 132 | 231 |
| Mexico gas | 123 | 108 | 110 | 218 |
| Panama electricity | 68 | 61 | 64 | 125 |
| Argentina gas | 35 | 11 | 29 | 40 |
| Argentina electricity | 17 | 9 | 14 | 23 |
| Markets | 901 | 702 | 680 | 1382 |
| Energy management | 580 | 366 | 624 | 990 |
| Markets and procurement | -51 | 17 | 73 | 90 |
| International LNG | 436 | 86 | 287 | 373 |
| Pipelines (EMPL) | -6 | 99 | 92 | 191 |
| Spain thermal generation | 74 | 56 | 35 | 91 |
| LatAm thermal generation | 127 | 108 | 137 | 245 |
| Renewables and New businesses | 164 | 185 | 303 | 488 |
| Spain & USA | 129 | 152 | 256 | 408 |
| Australia | 0 | 0 | 9 | 9 |
| LatAm | 35 | 33 | 38 | 71 |
| Supply | 157 | 151 | -247 | -96 |
| Rest | -52 | -74 | -55 | -129 |
| TOTAL EBITDA | 2,047 | 1,678 | 1,851 | 3,529 |

Results by business unit

1. Networks

Networks Spain

Spain gas networks

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|--------------|
| Net sales | 594 | 610 | -2.6% |
| Procurement | -60 | -47 | 27.7% |
| Gross margin | 534 | 563 | -5.2% |
| Other operating income | 17 | 19 | -10.5% |
| Personnel expenses | -27 | -109 | -75.2% |
| Taxes | -9 | -15 | -40.0% |
| Other operating expenses | -59 | -68 | -13.2% |
| EBITDA | 456 | 390 | 16.9% |
| Depreciation, provisions and other results | -137 | -142 | -3.5% |
| EBIT | 319 | 248 | 28.6% |

Spain electricity networks

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|--------------|
| Net sales | 418 | 415 | 0.7% |
| Procurement | 0 | 0 | - |
| Gross margin | 418 | 415 | 0.7% |
| Other operating income | 10 | 9 | 11.1% |
| Personnel expenses | -22 | -102 | -78.4% |
| Taxes | -14 | -15 | -6.7% |
| Other operating expenses | -47 | -47 | - |
| EBITDA | 345 | 260 | 32.7% |
| Depreciation, provisions and other results | -130 | -123 | 5.7% |
| EBIT | 215 | 137 | 56.9% |

Networks LatAm

Chile gas

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|-------------|------------|---------------|
| Net sales | 388 | 283 | 37.1% |
| Procurement | -345 | -151 | - |
| Gross margin | 43 | 132 | -67.4% |
| Other operating income | 1 | 8 | -87.5% |
| Personnel expenses | -13 | -12 | 8.3% |
| Taxes | -2 | -1 | 100.0% |
| Other operating expenses | -17 | -15 | 13.3% |
| EBITDA | 12 | 112 | -89.3% |
| Depreciation, provisions and other results | -157 | -31 | - |
| EBIT | -145 | 81 | - |

Brazil gas

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|--------------|
| Net sales | 902 | 541 | 66.7% |
| Procurement | -724 | -414 | 74.9% |
| Gross margin | 178 | 127 | 40.2% |
| Other operating income | 11 | 8 | 37.5% |
| Personnel expenses | -10 | -8 | 25.0% |
| Taxes | -2 | -1 | 100.0% |
| Other operating expenses | -35 | -27 | 29.6% |
| EBITDA | 142 | 99 | 43.4% |
| Depreciation, provisions and other results | -39 | -30 | 30.0% |
| EBIT | 103 | 69 | 49.3% |

Mexico gas

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|--------------|
| Net sales | 512 | 335 | 52.8% |
| Procurement | -364 | -204 | 78.4% |
| Gross margin | 148 | 131 | 13.0% |
| Other operating income | 5 | 5 | - |
| Personnel expenses | -9 | -9 | - |
| Taxes | 0 | 0 | - |
| Other operating expenses | -21 | -19 | 10.5% |
| EBITDA | 123 | 108 | 13.9% |
| Depreciation, provisions and other results | -29 | -26 | 11.5% |
| EBIT | 94 | 82 | 14.6% |

Panama electricity

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|-----------|-----------|---------------|
| Net sales | 433 | 350 | 23.7% |
| Procurement | -339 | -267 | 27.0% |
| Gross margin | 94 | 83 | 13.3% |
| Other operating income | 2 | 2 | - |
| Personnel expenses | -4 | -5 | -20.0% |
| Taxes | -3 | -2 | 50.0% |
| Other operating expenses | -21 | -17 | 23.5% |
| EBITDA | 68 | 61 | 11.5% |
| Depreciation, provisions and other results | -33 | -21 | 57.1% |
| EBIT | 35 | 40 | -12.5% |

Argentina gas

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|-----------|-----------|--------------|
| Net sales | 227 | 170 | 33.5% |
| Procurement | -128 | -112 | 14.3% |
| Gross margin | 99 | 58 | 70.7% |
| Other operating income | 11 | 9 | 22.2% |
| Personnel expenses | -21 | -15 | 40.0% |
| Taxes | -17 | -15 | 13.3% |
| Other operating expenses | -37 | -26 | 42.3% |
| EBITDA | 35 | 11 | - |
| Depreciation, provisions and other results | -3 | -7 | -57.1% |
| EBIT | 32 | 4 | - |

Argentina electricity

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|-----------|-----------|---------------|
| Net sales | 64 | 42 | 52.4% |
| Procurement | -29 | -22 | 31.8% |
| Gross margin | 35 | 20 | 75.0% |
| Other operating income | 8 | 4 | 100.0% |
| Personnel expenses | -7 | -5 | 40.0% |
| Taxes | -2 | 0 | - |
| Other operating expenses | -17 | -10 | 70.0% |
| EBITDA | 17 | 9 | 88.9% |
| Depreciation, provisions and other results | -1 | -1 | - |
| EBIT | 16 | 8 | 100.0% |

2. Markets

Energy management

Markets and procurement

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|--------|
| Net sales | 7,670 | 2,866 | - |
| Procurement | -7,738 | -2,836 | - |
| Gross margin | -68 | 30 | - |
| Other operating income | 49 | 13 | - |
| Personnel expenses | -13 | -15 | -13.3% |
| Taxes | -3 | 0 | - |
| Other operating expenses | -16 | -11 | 45.5% |
| EBITDA | -51 | 17 | - |
| Depreciation, provisions and other results | -10 | 96 | - |
| EBIT | -61 | 113 | - |

International LNG

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|--------|
| Net sales | 2,602 | 1,873 | 38.9% |
| Procurement | -2,155 | -1,772 | 21.6% |
| Gross margin | 447 | 101 | - |
| Other operating income | 1 | 0 | - |
| Personnel expenses | -6 | -10 | -40.0% |
| Taxes | 0 | 0 | - |
| Other operating expenses | -6 | -5 | 20.0% |
| EBITDA | 436 | 86 | - |
| Depreciation, provisions and other results | -49 | -94 | -47.9% |
| EBIT | 387 | -8 | - |

Pipelines (EMPL)

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|-----------|------------|----------------|
| Net sales | 0 | 126 | -100.0% |
| Procurement | 0 | 0 | - |
| Gross margin | 0 | 126 | -100.0% |
| Other operating income | 2 | 1 | 100.0% |
| Personnel expenses | -8 | -19 | -57.9% |
| Taxes | 0 | 0 | - |
| Other operating expenses | 0 | -9 | -100.0% |
| EBITDA | -6 | 99 | - |
| Depreciation, provisions and other results | 0 | -28 | -100.0% |
| EBIT | -6 | 71 | - |

Spain thermal generation

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|---------------|
| Net sales | 1,707 | 562 | - |
| Procurement | -1,515 | -332 | - |
| Gross margin | 192 | 230 | -16.5% |
| Other operating income | 2 | 7 | -71.4% |
| Personnel expenses | -29 | -48 | -39.6% |
| Taxes | -50 | -90 | -44.4% |
| Other operating expenses | -41 | -43 | -4.7% |
| EBITDA | 74 | 56 | 32.1% |
| Depreciation, provisions and other results | -57 | -39 | 46.2% |
| EBIT | 17 | 17 | - |

LatAm thermal generation

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|--------------|
| Net sales | 492 | 545 | -9.7% |
| Procurement | -340 | -416 | -18.3% |
| Gross margin | 152 | 129 | 17.8% |
| Other operating income | 1 | 2 | -50.0% |
| Personnel expenses | -8 | -7 | 14.3% |
| Taxes | -1 | 0 | - |
| Other operating expenses | -17 | -16 | 6.3% |
| EBITDA | 127 | 108 | 17.6% |
| Depreciation, provisions and other results | -39 | -37 | 5.4% |
| EBIT | 88 | 71 | 23.9% |

Renewables and New businesses

Spain & USA

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|---------------|
| Net sales | 321 | 288 | 11.5% |
| Procurement | -86 | -36 | - |
| Gross margin | 235 | 252 | -6.7% |
| Other operating income | 14 | 10 | 40.0% |
| Personnel expenses | -22 | -41 | -46.3% |
| Taxes | -32 | -29 | 10.3% |
| Other operating expenses | -66 | -40 | 65.0% |
| EBITDA | 129 | 152 | -15.1% |
| Depreciation, provisions and other results | -86 | -79 | 8.9% |
| EBIT | 43 | 73 | -41.1% |

Australia

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|-----------|-----------|--------------|
| Net sales | 11 | 4 | - |
| Procurement | 0 | 0 | - |
| Gross margin | 11 | 4 | - |
| Other operating income | 0 | 0 | - |
| Personnel expenses | -1 | -1 | - |
| Taxes | 0 | 0 | - |
| Other operating expenses | -10 | -3 | - |
| EBITDA | 0 | 0 | - |
| Depreciation, provisions and other results | -6 | -5 | 20.0% |
| EBIT | -6 | -5 | 20.0% |

LatAm

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|-----------|-----------|--------------|
| Net sales | 65 | 73 | -11.0% |
| Procurement | -12 | -19 | -36.8% |
| Gross margin | 53 | 54 | -1.9% |
| Other operating income | 5 | 5 | - |
| Personnel expenses | -7 | -10 | -30.0% |
| Taxes | -1 | -1 | - |
| Other operating expenses | -15 | -15 | - |
| EBITDA | 35 | 33 | 6.1% |
| Depreciation, provisions and other results | -15 | -15 | - |
| EBIT | 20 | 18 | 11.1% |

Supply

Supply

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------------|------------|------------|---------------|
| Net sales | 5,859 | 3,544 | 65.3% |
| Procurement | -5,522 | -3,196 | 72.8% |
| Gross margin | 337 | 348 | -3.2% |
| Other operating income | 1 | 4 | -75.0% |
| Personnel expenses | -32 | -94 | -66.0% |
| Taxes | -45 | -19 | - |
| Other operating expenses | -104 | -88 | 18.2% |
| EBITDA | 157 | 151 | 4.0% |
| Depreciation, provisions and other results | -134 | -72 | 86.1% |
| EBIT | 23 | 79 | -70.9% |

Capex

Growth capex

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------|------------|------------|---------------|
| Networks | 123 | 97 | 26.8% |
| Networks Spain | 57 | 52 | 9.6% |
| Gas networks | 21 | 22 | -4.5% |
| Electricity networks | 36 | 30 | 20.0% |
| Networks LatAm | 66 | 45 | 46.7% |
| Chile gas | 13 | 13 | - |
| Chile electricity | 0 | 0 | - |
| Brazil gas | 5 | 4 | 25.0% |
| Mexico gas | 10 | 8 | 25.0% |
| Panama electricity | 28 | 15 | 86.7% |
| Argentina gas | 2 | 1 | 100.0% |
| Argentina electricity | 8 | 4 | 100.0% |
| Markets | 315 | 161 | 95.7% |
| Energy management | 1 | 5 | -80.0% |
| Markets and procurement | 0 | 0 | - |
| International LNG | 1 | 5 | -80.0% |
| Pipelines (EMPL) | 0 | 0 | - |
| Spain thermal generation | 0 | 0 | - |
| LatAm thermal generation | 0 | 0 | - |
| Renewables and New businesses | 255 | 114 | - |
| Spain & USA | 136 | 48 | - |
| Australia | 111 | 53 | - |
| LatAm | 8 | 13 | -38.5% |
| Supply | 59 | 42 | 40.5% |
| Rest | 0 | 0 | - |
| TOTAL Growth Capex | 438 | 258 | 69.8% |

Maintenance capex

| (€m) | 1H22 | 1H21 | Change |
|--------------------------------------|------------|------------|---------------|
| Networks | 155 | 127 | 22.0% |
| Networks Spain | 88 | 82 | 7.3% |
| Gas networks | 27 | 23 | 17.4% |
| Electricity networks | 61 | 59 | 3.4% |
| Networks LatAm | 67 | 45 | 48.9% |
| Chile gas | 5 | 3 | 66.7% |
| Chile electricity | 0 | 0 | - |
| Brazil gas | 13 | 7 | 85.7% |
| Mexico gas | 11 | 7 | 57.1% |
| Panama electricity | 28 | 21 | 33.3% |
| Argentina gas | 10 | 7 | 42.9% |
| Argentina electricity | 0 | 0 | - |
| Markets | 121 | 44 | - |
| Energy management | 94 | 36 | - |
| Markets and procurement | 0 | 0 | - |
| International LNG | 0 | 0 | - |
| Pipelines (EMPL) | 0 | 0 | - |
| Spain thermal generation | 39 | 25 | 56.0% |
| LatAm thermal generation | 55 | 11 | - |
| Renewables and New businesses | 15 | 5 | - |
| Spain & USA | 14 | 5 | - |
| Australia | 0 | 0 | - |
| LatAm | 1 | 0 | - |
| Supply | 12 | 3 | - |
| Rest | 7 | 10 | -30.0% |
| TOTAL Maintenance Capex | 283 | 181 | 56.4% |

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since FY21 results' presentation:

Inside Information

- There are no Inside Information releases this first half year.

Other Relevant Information

- Naturgy publishes the FY 2021 results report (disclosed 4 February 2022, registration number 13891).
- Naturgy files the FY 2021 results presentation (disclosed 4 February 2022, registration number 13902).
- Naturgy files the Annual Financial Report for the year 2021 (disclosed 4 February 2022, registration number 13916).
- Naturgy discloses information on earnings for the second half of 2021 (disclosed 4 February 2022, registration number 13917).
- Naturgy publishes the Annual Corporate Governance Report for the year 2021 (disclosed 7 February 2022, registration number 13919).
- Naturgy publishes the Annual Report on remuneration of directors for the year 2021 (disclosed 7 February 2022, registration number 13922).
- Naturgy informs about its proposed reorganization and changes to its Board of Directors (disclosed 10 February 2022, registration number 14016).
- Naturgy files the notice of the 2022 Ordinary General Shareholders' Meeting (disclosed 14 February 2022, registration number 14039).
- Naturgy files the presentation of the 2022 Ordinary General Shareholders' Meeting (disclosed 15 March 2022, registration number 15005).
- Naturgy discloses the resolutions adopted by the 2022 Ordinary General Shareholders' Meeting (disclosed 15 March 2022, registration number 15006).
- Naturgy announces its first quarter 2022 results release (disclosed 6 May 2022, registration number 16090).
- Naturgy informs about the publication schedule of the first quarter 2022 results (disclosed 10 May 2022, registration number 16212).
- Naturgy files the 1Q22 results presentation (disclosed 12 May 2022, registration number 16254).
- Naturgy discloses the Shareholders' General Meeting regulations (disclosed 27 June 2022, registration number 17001).
- Naturgy files the regulations of the Board of Directors and its Committees (disclosed 27 June 2022, registration number 17002 and 17003).
- Naturgy announces its first half 2022 results release (disclosed 26 July 2022, registration number 17536).
- Naturgy reschedules its 1H22 results publication to Thursday 11 August 2022 (disclosed 5 August 2022, registration number 17861).

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

Annex III: Glossary of terms

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.

| Alternative performance metrics | Definition and terms | Reconciliation of values | | Relevance of use |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 31 June 2022 | 31 June 2021 | |
| EBITDA | Operating profit = Net sales (2) - Procurements (2) + Other operating income (2) - Personnel expenses (2) - Other operating expenses (2) + Results from the sale of fixed assets (2) + Allocation of grants relating to fixed assets and others (2) | Euros 2,047 million | Euros 1,678 million | Measure of earnings before interest, taxes, depreciation and amortization and provisions |
| Ordinary EBITDA | EBITDA - Non-ordinary items | Euros 2,184 million = 2,047 + 137 | Euros 1,959 million = 1,678 + 281 | EBITDA corrected of impacts like restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group |
| Ordinary Net income | Attributable net income of the period to the parent company (2) - Non-ordinary items | Euros 717 million = 557 + 160 | Euros 557 million = 484 + 73 | Attributable Net Income corrected of impacts like assets write-down, discontinued operations, restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group |
| Investments (CAPEX) | Investments in intangible assets (4) + Investments in property, plant & equipment (4) | Euros 721 million = 138 + 583 | Euros 439 million = 90 + 349 | Realized investments in property, plant & equipment and intangible assets |
| Net Investments (net CAPEX) | CAPEX (5) - Other proceeds/(payments) of investments activities (3) | Euros 684 million = 721 - 37 | Euros 413 million = 439 - 26 | Investments (CAPEX) net of other cash received from investment activities (cessions and contributions) |
| Gross financial debt ⁽⁷⁾ | "Non-current financial liabilities" (1) + "Current financial liabilities" (1) | Euros 16,517 million = 14,418 + 2,099 | Euros 16,812 million = 15,114 + 1,698 | Current and non-current financial debt |
| Net financial debt ⁽⁷⁾ | Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets associated with debt" (4) | Euros 11,976 million = 16,517 - 4,365 - 176 | Euros 12,831 million = 16,812 - 3,965 - 16 | Current and non-current financial debt less cash and cash equivalents and derivative financial assets |
| Leverage (%) ⁽⁷⁾ | Net financial debt (5) / (Net financial debt (5) + "Net equity" (1)) | 64.4% = 11,976 / (11,976 + 6,625) | 59.1% = 12,831 / (12,831 + 8,873) | The ratio of external funds over total funds |
| Cost of net financial debt | Cost of financial debt (4) - "Interest revenue" (4) | Euros 248 million = 265 - 17 | Euros 240 million = 246 - 6 | Amount of expense relative to the cost of financial debt less interest revenue |
| EBITDA/Cost of net financial debt | EBITDA (5) / Cost of net financial debt (5) | 8.3x = 2,047 / 248 | 7.2x = 3,529 / 491 | Ratio between EBITDA and cost of net financial debt |
| Net financial debt/EBITDA ⁽⁷⁾ | Net financial debt (5) / Last twelve months EBITDA (5) | 3.1x = 11,976 / 3,898 | 3.6x = 12,831 / 3,529 | Ratio between net financial debt and EBITDA |
| Free Cash Flow after minorities | Net Free Cash Flow (5) + Dividends controlling company to third parties (4) + Acquisitions of treasury shares (4) + Inorganic investments payments (4) | Euros 1,460 million = 964 + 481 - 0 + 15 | Euros 663 million = 401 + 605 + 0 - 343 | Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments |
| Net Free Cash Flow | Cash flow generated from operating activities (3) + Cash flows from investing activities (3) + Cash flow generated from financing activities (3) - Receipts and payments on financial liability instruments (3) | Euros 964 million = 2,429 - 801 - 1,386 + 722 | Euros 401 million = 1,287 - 71 - 1,209 + 394 | Cash flow generated by the Company available to pay the debt |
| Average cost of financial gross debt ⁽⁷⁾ | Annualized financial expenses of the operations included in gross financial debt, except for those corresponding to IFRS16 debt and other refinancing expenses / weighted monthly average of the gross financial debt (including financial liabilities derivatives instruments and excluding IFRS16 debt) | 2.8% = (265 - 42 - 13) = 210 * (360/180) / 15,156 | 2.5% = (510 - 92 - 29) / 15,751 | Indicator of financing cost in interest rate |
| Liquidity ⁽⁷⁾ | Cash and cash equivalents (1) + Undrawn committed credit lines (4) | Euros 9,898 million = 4,365 + 5,533 | Euros 9,424 million = 3,965 + 5,459 | Indicator of liquid resources available to meet any payment |
| Economic value distributed | Procurement (2) + Other operating expenses (including Taxes) (2) + Income tax payments (3) + Personnel costs (2) + Own work capitalized (4) + Financial expenses (2) + Dividends paid by parent company to third parties (4) + Expenses from discontinued operations (4) | Euros 15,923 million = 13,841 + 716 + 194 + 267 + 33 + 391 + 481 + 0 | Euros 9,540 million = 6,331 + 642 + 204 + 570 + 39 + 286 + 605 + 863 | Provides a basic indication of the economic value generated by the activity of the Group for all stakeholders |

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
- (7) Comparative information as of 31 December 2021

Annex IV: Contact details

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Annex V: Disclaimer

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