

ANNUAL GENERAL SHAREHOLDERS' MEETING
MARCH 25, 2025

REPORT PREPARED BY THE BOARD OF DIRECTORS OF NATURGY ENERGY GROUP, S.A. FOR THE PURPOSES OF ARTICLES 286, 297 AND 506 OF THE CAPITAL COMPANIES ACT ON THE PROPOSAL FOR AN AGREEMENT AUTHORISING THE BOARD TO INCREASE THE SHARE CAPITAL, WITH THE POWER TO EXCLUDE THE PRE-EMPTIVE SUBSCRIPTION RIGHT.

This Report is formulated by virtue of the obligation established in Article 286 of the Capital Companies Act (hereinafter "LSC"), in relation to Articles 297 and 506 of said Law.

In accordance with article 297.1 b) LSC, the General Shareholders' Meeting may, subject to the requirements established for the amendment of the Articles of Association, delegate to the Board of Directors the power to agree on one or more occasions to increase the share capital up to a certain amount, at the time and in the amount decided by the Board of Directors. without prior consultation with the General Meeting. The capital increase, or increases referred to, may not exceed half of the share capital and must be made, by means of monetary contributions, within a maximum period of five (5) years, taking in both cases the time of authorization as a reference.

In addition, as allowed by article 506 LSC in the case of listed companies, when the General Shareholders' Meeting delegates to the directors the power to increase the share capital in accordance with the provisions of article 297.1 b) referred to above, it may also attribute to them the power to exclude the pre-emptive subscription right in relation to the issues of shares that are subject to delegation. when the Company's interest so requires, although such proposal for exclusion must be included in the notice of the General Shareholders' Meeting and a report from the directors justifying the proposal shall be made available to the shareholders.

The proposal to which this Report refers also includes, as permitted by Article 506 of said Law, the attribution to the directors of the power to exclude, in whole or in part, the pre-emptive subscription right of the shareholders in relation to the issues of shares subject to this delegation, when the interest of the Company so requires, all under the terms of the aforementioned article 506 LSC.

In any case, it is expressly stated that if, in the exercise of the aforementioned powers, the Board of Directors decides to suppress the pre-emptive subscription right in relation to a specific share capital increase, it will issue a Report detailing the specific reasons of social interest that justify such measure, at the time of agreeing to the increase. which will be the subject of the correlative Auditor's Report referred to in article 506 LSC. Both Reports will be made available to shareholders and communicated to the first General Shareholders' Meeting held after the share capital increase agreement, in accordance with the provisions of the aforementioned provision.

Rationale and Timing of the Proposed Agreement

The dynamics of any commercial company and, in particular, of companies whose shares are admitted to official trading, require that their governing and administrative bodies have at all times the most suitable instruments to provide an adequate response to the demands that the Company itself demands in each case or the needs of the market. Among these needs may be to provide the Company with new economic resources to meet such demands, which can be obtained through new contributions in the form of capital.

Taking into account the current global economic situation and the high volatility of the markets, the speed of execution is of particular importance and becomes a determining factor for the successful achievement of a potential attraction of additional resources.

The LSC, in order to obviate difficulties such as not being able to foresee a priori the short or medium-term needs to increase the share capital and having to go to the General Shareholders' Meeting to increase the share capital, with the costs and delay that its holding would entail, thus hindering an agile and effective response, allows, in its article 297.1 b), that the General Shareholders' Meeting authorises the Board of Directors to increase the share capital, within certain limits, complying with a series of requirements, without prior consultation with said Meeting, as well as the possibility of excluding the pre-emptive subscription right, in accordance with the provisions of article 506 LSC, in the event that there are reasons of social interest that justify such a measure.

Based on this legal possibility, frequently used by companies whose shares are admitted to official trading, the General Shareholders' Meeting held on March 15, 2022 authorized the Board of Directors to increase the share capital, in one or more times, up to a maximum amount of €484,806,900 through the issuance of new ordinary shares, privileged or redeemable, with or without a vote, at par or with an issue premium.

Currently the share capital is €969,613,801, and it is proposed to delegate to the Board of Directors to authorize the increase of the share capital up to the maximum amount corresponding to 50% of it, consequently, the limit of the maximum authorized capital would amount to €484,806,900 (amount equivalent to 50% of the share capital as of the date of this report).

Likewise, in accordance with the provisions of article 506 LSC, the delegation to the Board of Directors to increase the capital referred to in this Report also includes the attribution of the power to exclude, in whole or in part, the pre-emptive subscription right of shareholders in relation to the issues of shares that are agreed in the exercise of the aforementioned delegation. when the interest of the Company so requires, all under the terms of the aforementioned article.

The Board of Directors considers that this power to exclude the pre-emptive subscription right, as complementary to the power to increase the capital, is justified,

on the one hand, by the relative reduction in the costs associated with the transaction (including, in particular, the commissions of the financial institutions participating in the issue) that such exclusion usually allows compared to an issue with pre-emptive subscription rights, and, on the other hand, because it enables directors to be in a position to significantly increase the speed of action and response that current financial markets sometimes require, allowing the Company to take advantage of times when market conditions are most favourable. In addition, the suppression of the pre-emptive subscription right distorts to a lesser extent the trading of the Company's shares during the issuance period, which is usually shorter than in an issue with rights.

However, it should be noted that the exclusion of the pre-emptive subscription right is a power that the General Meeting delegates to the Board of Directors, and that it is up to the latter, in view of the specific circumstances and with respect for the legal requirements, to decide in each case whether or not to exclude such right.

In the event that the Board of Directors decides to make use of the possibility of excluding the pre-emptive subscription right in relation to a specific capital increase that it may agree to in use of the authorisation granted by the General Shareholders' Meeting, it will issue, at the time of agreeing to the increase, an explanatory report of the specific reasons of corporate interest that justify the decision to suppress the right. which will in turn be the subject of the pertinent auditors' report referred to in article 506 LSC. Both reports will be made available to the shareholders and communicated to the first General Meeting held after the increase agreement, in accordance with the provisions of the aforementioned provision.

Proposed agreement:

FOURTEENTH.- Delegation to the Board of Directors of the power to carry out capital increases within the limit established in article 297.1.b) of the Capital Companies Act, within the legal period of five years from the date of this meeting, and with the power to exclude the pre-emptive subscription right, in whole or in part, in accordance with the provisions of Article 506 of the Capital Companies Act

To delegate to the Board of Directors, as broadly as is necessary in law, the power to increase the share capital of the Company, in accordance with the provisions of article 297.1.b) of the Capital Companies Act, within the legal period of five years from the date of this General Meeting, up to the maximum amount corresponding to 50% of the Company's share capital at the time of this authorisation, being able to execute the increase in one or more times, in the amount it decides, through the issuance of new shares with or without voting, ordinary or preferred, including redeemable shares, or any other type of shares permitted by Law, with or without an issue premium, or several modalities at the same time, the equivalent value of which consists of monetary contributions; and being able to set the terms and conditions of the capital increase, among others, to determine the nominal value of the shares to be issued, the share

premium, their characteristics and the possible privileges conferred on them, the attribution of the right of redemption and its conditions, as well as the exercise of the same by the Company.

The capital increases that, where appropriate, the Board of Directors agrees under this delegation will be carried out through the issuance and circulation of new ordinary, privileged or redeemable shares, with or without vote, or of any other class, with a premium, fixed or variable, or without a premium, the equivalent of which will consist of monetary contributions.

The Board of Directors may establish, in all matters not provided for in this delegation agreement, the terms and conditions of the capital increases, including, but not limited to, the characteristics of the shares, the type of issue, the investors and markets to which the increases are intended and the placement procedure. as well as to freely offer new shares that are not subscribed within the preferential subscription period(s), in the event that this right is not excluded.

The Board of Directors may also establish that, in the event of incomplete subscription, the capital increase shall be null and void or that the share capital shall be increased only by the amount of the subscriptions made, as well as redraft Article 4 of the Bylaws relating to the share capital and the number of shares outstanding. once each of the increases has been agreed and executed

2.-The Board of Directors is also expressly empowered to:

- (i) which, in accordance with the provisions of article 506 of the Capital Companies Act, may exclude, in whole or in part, the shareholders' pre-emptive subscription right, when the corporate interest so requires. In this case, the capital may be increased, in one or more times, up to the maximum nominal amount equal to 20% of the Company's share capital at the time of approval of this resolution.*
- (ii) request the admission to trading, permanence and, where appropriate, exclusion, in organized secondary markets, Spanish or foreign, of the shares that may be issued by virtue of this authorization, carrying out in such case, before the competent bodies of the different national or foreign securities markets, the necessary or convenient procedures and actions for admission to trading, permanence and/or, where appropriate, for their exclusion.*

(iii) which, in turn, under the provisions of article 249 bis of the Capital Companies Act, may delegate or replace the powers contained in this agreement.

(iv) To redraft the article of the bylaws relating to the share capital once the increase has been agreed and executed.

3.- This delegation implies the express revocation, insofar as it has not been used prior to the adoption of this resolution, of the delegation conferred on the Board of Directors, by virtue of the resolution adopted by the Ordinary General Meeting of Shareholders held on March 15, 2022, with a similar nature to that included in this item of the Agenda".

Madrid, February 18, 2025

The Board of Directors of NATURGY ENERGY GROUP, S.A