

Naturgy Finance Iberia, S.A.

Audit Report

Financial Statements as at 31 December 2024

Management Report



This version of our report is a free translation of the original, which is prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the annual accounts

To the sole shareholder of Naturgy Finance Iberia, S.A. (Unipersonal Company):

Opinion

We have audited the annual accounts of Naturgy Finance Iberia, S.A. (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2024, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.



Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p data-bbox="277 472 858 562">Assessment of the accounting treatment of bond and securities transactions carried out during the fiscal year</p> <p data-bbox="277 595 858 685">As detailed in note 1 of the accompanying notes to the annual accounts, the Company is one of the Naturgy Group's debt issuing vehicles.</p> <p data-bbox="277 719 820 808">As part of this activity, in fiscal year 2024, the Company carried out several significant bond and debenture transactions (Note 9):</p> <ul data-bbox="277 842 858 1458" style="list-style-type: none"> <li data-bbox="277 842 858 999">• In April 2024, the Company redeemed undated subordinated securities for an amount of €500 million at their nominal amount plus accrued outstanding interest at the redemption date. <li data-bbox="277 1032 858 1335">• In September 2024, the Company issued a partial tender redemption offer for bonds under the EMTN program for a nominal amount of €1,000 million, which was completed in October 2024. This redemption concluded with a €19 million impact on the income statement due to the difference between the redemption price and the carrying amount of the bonds at the redemption date. <li data-bbox="277 1368 858 1458">• In October 2024, the Company issued two bonds for an aggregate amount of €1,000 million under the EMTN program. <p data-bbox="277 1491 858 1738">As indicated in Note 3.1, bonds and securities are initially recorded at fair value and subsequently at amortized cost, using the effective interest method. In the case of the settlement of financial liabilities, the difference between the carrying amount and the consideration paid for their settlement is recognized in the income statement for the year.</p> <p data-bbox="277 1771 858 1861">Given the significance and relevance of these transactions, we consider them to be a relevant aspect of our audit.</p>	<p data-bbox="890 595 1437 685">Our audit procedures in connection with these transactions included, among others, the following:</p> <p data-bbox="890 719 1422 808">First, we obtained an understanding of the process implemented by the Company for recording transactions in the capital markets.</p> <p data-bbox="890 842 1437 931">In connection with the redemption transactions of undated subordinated securities and bonds under the EMTN program, we have:</p> <ul data-bbox="890 965 1461 1435" style="list-style-type: none"> <li data-bbox="890 965 1461 1122">• Analysed the contractual terms of the redeemed securities and bonds and, in the case of the redemption of bonds under the EMTN program, the redemption offer. <li data-bbox="890 1155 1461 1245">• Obtained bank documentation supporting the cash payments for the redemption of the bonds and securities. <li data-bbox="890 1279 1461 1435">• Compared the consideration paid with the carrying amount of the bonds and securities as of the redemption date to assess the impact on the income statement. <p data-bbox="890 1469 1422 1491">In connection with the bond issues, we have:</p> <ul data-bbox="890 1525 1461 1872" style="list-style-type: none"> <li data-bbox="890 1525 1422 1648">• Examined the contractual terms of the issues to analyze their terms and their accounting records at fair value at the time of issuance. <li data-bbox="890 1682 1461 1749">• Obtained bank documentation supporting cash collections for the issues. <li data-bbox="890 1783 1461 1872">• Reviewed the calculations made by the Company to determine the amortized cost of the bonds at year-end. <p data-bbox="890 1906 1437 2024">Finally, we assessed the adequacy of the information disclosed in the annual accounts regarding the bond and securities transactions carried out during the year.</p>



Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p>Assessment of the recoverability of the loans granted to Naturgy Energy Group, S.A.</p> <p>As indicated in note 4 to the financial statements, as of December 31, 2024, the Company has loans granted to Naturgy Energy Group, S.A. (the parent company of the Naturgy Group, of which the Company is a member) presented under the headings "Long-term investments in group companies and associates" and "Short-term investments in group companies and associates" in the accompanying balance sheet, amounting to €5,094,323 thousand and €1,268,430 thousand, respectively.</p> <p>At the time of recognition, the Company measures these investments at fair value and, subsequently, at amortized cost, as described in note 3.1 to the accompanying financial statements.</p> <p>Furthermore, at each accounting close, the Company analyzes the loans granted to group companies for signs of impairment. In this assessment, the Company considers, among other things, the financial position, results, and working capital (current assets less current liabilities) of the borrower, as well as its credit rating (Note 3.7.c) of the financial statements).</p> <p>If management identifies objective evidence of an impairment loss, impairment corrections are made. The amount of the impairment loss on financial assets measured at amortized cost is the difference between their carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.</p>	<p>Based on the procedures performed, we have not identified any relevant aspects worth highlighting regarding the accounting treatment of bond and debenture transactions carried out during the 2024 financial year.</p> <p>Our audit procedures have included, among others, the following:</p> <ul style="list-style-type: none">• Obtaining and understanding the contracts relating to the loans granted to group companies and associates.• Verifying that the amortized cost calculations of the loans, made by the Company's management, were carried out in accordance with the content of the respective contracts.• Evaluating the financial information of Naturgy Energy Group, S.A. as of December 31, 2024, and assessing its financial and liquidity situation as of that date.• Obtaining and evaluating the credit ratings of Naturgy Energy Group, S.A. issued by renowned rating agencies, verifying that the entity has an investment-grade rating.• Evaluating the sufficiency of the information disclosed in the annual accounts regarding the recoverability of these loans. <p>Based on the procedures performed, we have not identified any relevant aspects worth highlighting regarding the valuation of these investments.</p>



Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p>The Company's management has not recorded any impairment corrections on these investments as of December 31, 2024.</p> <p>The significance of their carrying amount has led us to consider this matter a relevant aspect of our audit.</p>	

Emphasis of matter

We draw attention to note 2.2 of the annual accounts, which describes that in 2024, the Company changed its registered office from the Netherlands to Spain. Therefore, the accompanying annual accounts for 2024 are the first that the Company's sole director has prepared applying the Spanish financial reporting framework (PGC). The Company has adapted the comparative information for 2023 to present it in accordance with the PGC and, consequently, the figures for the previous year differ from those contained in the approved annual accounts for 2023. The impacts of the transition to the PGC on equity as of December 31, 2023, and on the income statement for the year then ended are detailed in Note 2.2. Our opinion is not modified in respect of this matter.

Other matters

On 11 March 2024, PricewaterhouseCoopers Accountants, N.V issued their audit report on the annual accounts for the 2023 financial year, which differ from the comparative figures presented in the annual accounts for the 2024 financial year, given that the annual accounts for 2023 were prepared in accordance with accounting principles generally accepted in the Netherlands, in which a favourable opinion was expressed.

Other information: Management report

Other information comprises only the management report for the 2024 financial year, the formulation of which is the responsibility of the Company's sole director and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the entity obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the management report is consistent with that contained in the annual accounts for the 2024 financial year, and its content and presentation are in accordance with the applicable regulations.



Responsibility of the sole director and the audit and control committee of the sole shareholder, Naturgy Energy Group, S.A., in relation to the annual accounts

The sole director is responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned sole director determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the sole director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit and control committee of the sole shareholder, Naturgy Energy Group, S.A., is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.



Naturgy Finance Iberia, S.A.

- Conclude on the appropriateness of the sole director' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit and control committee with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

From the significant risks communicated with the entity's audit and control committee, we determine those risks that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Jordi Toscas Vigara (23239)

19 February 2025

Naturgy Finance Iberia, S.A.U.
2024 Report

ANNUAL ACCOUNTS

Balance sheet
Income statement
Statement of recognised revenues and expenses
Statement of changes in equity
Cash flow statement
Notes to the annual accounts



This 2024 Annual Report is a translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

BALANCE SHEET OF NATURGY FINANCE IBERIA, S.A.U.

(€ '000)

	31 December	
	2024	2023 (*)
NON-CURRENT ASSETS	5.094.323	6.785.505
Long-term investments in group companies and associates (Note 4)	5.094.323	6.785.505
Loans to undertakings	5.094.323	6.785.505
CURRENT ASSETS	1.278.803	518.552
Trade and other receivables (Note 5)	2.881	370
Current tax assets (Note 13)	822	-
Other amounts receivable from public authorities	2.059	370
Short-term investments in group companies and associates (Note 4)	1.268.430	513.259
Loans to undertakings	1.268.430	513.259
Short-term financial assets (Note 6)	-	10
Other financial assets	-	10
Short-term accruals	5	105
Cash and cash equivalents (Note 7)	7.487	4.808
Cash at banks and in hand	4.461	4.808
Other cash equivalents	3.026	-
TOTAL ASSETS	6.373.126	7.304.057
EQUITY (Note 8)	10.482	8.416
Shareholders' equity	10.482	8.416
Capital	91	91
Share capital	91	91
Share premium	165	165
Reserves	5.160	5.121
Voluntary reserves	5.160	5.121
Income for the year	5.066	3.039
NON-CURRENT LIABILITIES	5.094.020	6.785.357
Long-term borrowings (Note 9)	5.094.020	6.785.357
Bonds and other negotiable securities	5.094.020	6.785.357
CURRENT LIABILITIES	1.268.624	510.284
Short-term borrowings (Note 9)	1.261.190	496.786
Bonds and other negotiable securities	1.261.190	496.786
Short-term payables - Group companies and associates (Note 10)	5.453	13.156
Trade and other payables (Note 12)	1.981	342
Trade payables	1.359	176
Trade payables - Group companies and associates	5	-
Current tax liabilities (Note 13)	-	166
Other amounts payable to public authorities	617	-
TOTAL EQUITY AND LIABILITIES	6.373.126	7.304.057

Notes 1 to 20 form an integral part of these annual accounts

(*) see Note 2.2



INCOME STATEMENT OF NATURGY FINANCE IBERIA, S.A.U.

(€ '000)

	2024	2023 (*)
Revenues	150.836	157.083
Financial revenues on loans to group companies and associates	131.749	157.083
Other sundry financial revenues	19.087	-
Operating expenses	(148.818)	(152.261)
Financial expenses on debts to third parties	(117.607)	(133.871)
Financial expenses on debt to group companies and associates	(12.124)	(18.390)
Other financial expenses	(19.087)	-
Staff expenses	(44)	(167)
Wages, salaries and similar	(44)	(167)
Other operating expenses	(1.345)	(578)
Outside services	(1.345)	(578)
OPERATING PROFIT/(LOSS) (Note 14)	629	4.077
INCOME BEFORE TAXES	629	4.077
Corporate income tax (Note 13)	4.437	(1.038)
Profit for the year	5.066	3.039

Notes 1 to 20 form an integral part of these annual accounts

(*) see Note 2.2

STATEMENT OF CHANGES IN EQUITY OF NATURGY FINANCE IBERIA, S.A.U.

(€ '000)

A) STATEMENT OF RECOGNISED REVENUES AND EXPENSES

	2024	2023 (*)
Income for the year	5.066	3.039
Revenues and expenses recognised directly in equity	-	-
Transfers to profit or loss	-	-
TOTAL REVENUE AND EXPENSE RECOGNISED IN THE YEAR	5.066	3.039

B) TOTAL STATEMENT OF CHANGES IN EQUITY

(€ '000)

	Share capital	Share premium	Reserves	Income for the year	Total
BALANCE as of 31.12.2022 (*)	91	165	4.925	3.696	8.877
Total recognised revenues and expenses	-	-	-	3.039	3.039
Transactions with shareholders or owners					
- Distribution of dividends	-	-	(3.500)	-	(3.500)
Other variations in equity	-	-	3.696	(3.696)	-
BALANCE as of 31.12.2023 (*)	91	165	5.121	3.039	8.416
Total recognised revenues and expenses	-	-	-	5.066	5.066
Transactions with shareholders or owners					
- Distribution of dividends	-	-	(3.000)	-	(3.000)
Other variations in equity	-	-	3.039	(3.039)	-
Balance at 31.12.2024	91	165	5.160	5.066	10.482

Notes 1 to 20 form an integral part of these annual accounts

(*) see Note 2.2

CASH FLOW STATEMENT OF NATURGY FINANCE IBERIA, S.A.

(€ '000)

	2024	2023 (*)
Income before taxes	629	4.077
Adjustments to income	(1.928)	(4.822)
Financial revenues	(150.836)	(157.083)
Financial expenses	148.818	152.261
Other revenues and expenses	90	-
Changes in working capital	1.820	(14)
Debtors and other receivables	166	-
Other current assets	15	(20)
Creditors and other payables	1.639	6
Other operating cash flow	4.802	6.085
Interest paid	(142.287)	(152.456)
Interest received	145.329	159.792
Income tax receipts/(payments)	1.760	(1.251)
Cash flows from operating activities	5.323	5.326
Amounts paid on investments	(989.370)	-
Group companies and associates	(989.370)	-
Amounts received from divestments	1.911.806	651.608
Group companies and associates	1.911.801	651.608
Other financial assets	5	-
Cash flows from investing activities	922.436	651.608
Receipts and payments in connection with instruments representing financial liabilities	(922.080)	(653.860)
Issuance:	989.370	-
Bonds and other negotiable securities	989.370	-
Repayment/redemption of:	(1.911.450)	(653.860)
Bonds and other negotiable securities	(1.911.450)	(653.860)
Payment of dividends and remuneration on other equity instruments	(3.000)	(3.500)
Dividends	(3.000)	(3.500)
Cash flow from financing activities	(925.080)	(657.360)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	2.679	(426)
Beginning cash and cash equivalents	4.808	5.234
Ending cash and cash equivalents	7.487	4.808

Notes 1 to 20 form an integral part of these annual accounts

(*) see Note 2.2



NOTES TO THE ANNUAL ACCOUNTS OF NATURGY FINANCE IBERIA, S.A.U. FOR THE YEAR ENDED 31 DECEMBER 2024

Note 1. General information

Naturgy Finance Iberia, S.A.U. (hereinafter, the Company and formerly called Naturgy Finance, B.V.) has its registered office at Avenida América, 38 in Madrid (until 28 May 2024, it was domiciled at Barbara Strozilaan, 101 in Amsterdam) and it was incorporated in the Netherlands in 1993.

On 20 November 2023, the sole shareholder resolved to allow the Board of Directors to initiate a legal cross-border conversion in accordance with Directive (EU) 2019/2121 and the relevant implementing legislation in the Netherlands and Spain, under which the Company, without dissolving, winding up or going into liquidation, would transfer its registered office from the Netherlands to Spain and convert its legal form from a Dutch limited liability company (B.V.) to a Spanish corporation (S.A.). The process was registered at the Madrid Mercantile Registry on 28 May 2024 and, consequently, the Company changed its corporate name from Naturgy Finance B.V. to Naturgy Finance Iberia, S.A.U.

The Company's main object is the issuance of debt financial instruments, including ordinary or subordinated debt, in accordance with the First Additional Provision of Law 10/2014, of 26 June, on the organization, supervision and solvency of credit institutions, and with the Capital Companies Law or such legislation as replaces or complements them at any time.

In pursuit of its object, the Company is authorised to raise funds, including the issuance of subordinated securities, negotiable bonds and commercial paper in the capital and money markets. In connection with these issues, the Company signed a Guarantee Agreement with its sole shareholder that establishes Naturgy Energy Group S.A. as the unconditional and irrevocable guarantor of the issues made by the Company.

The Company has not had employees since 1 April 2024 and is managed on an operating level by Naturgy Energy Group, S.A.

The sole shareholder of the Company is Naturgy Energy Group, S.A., a company incorporated in Spain; consequently, pursuant to Law 2/1995 of 23 March, it is a single-shareholder company.

The Company is part of the Naturgy Group (hereinafter "Naturgy"), whose parent company is Naturgy Energy Group, S.A., with registered offices at Avenida de América 38, Madrid.

The consolidated annual accounts of Naturgy for 2023 were approved at the general shareholders' meeting held on 2 April 2024 and filed at the Madrid Mercantile Registry. Those for 2024 were authorised by the Board of Directors of Naturgy on 18 February 2025 and, at the date of authorisation of these annual accounts, they are pending approval by the General Meeting.

Pursuant to its object, the Company is one of the Naturgy Group's vehicles for issuing debt under the following programmes:



Euro Commercial Paper (ECP) Programme

In March 2010, the Company entered a Euro Commercial Paper (ECP) Programme as issuer, guaranteed by Naturgy Energy Group, S.A., under which the Company can issue notes provided that the amount outstanding at any given time does not exceed EUR 1,000 million. The Company signed a revolving cash advance facility agreement with Naturgy Energy Group, S.A. to on-lend the proceeds raised under the ECP programme. The Company did not issue or redeem any ECP notes in 2024 and 2023. As of 31 December 2024 and 2023, the Company did not have any ECP notes outstanding.

Euro Medium Term Note (EMTN) Programme

Since November 2010, the Company has been participating, together with its sister company, Naturgy Capital Markets S.A., in a Euro Medium-Term Notes (EMTN) programme, guaranteed by the Naturgy Group S.A. The program allows notes to be issued, offered, sold, listed on the Official List of the Luxemburg Stock Exchange, and traded on the Luxembourg Stock Exchange's regulated market. The notes may be admitted to listing, trading, and/or quotation by any other listing authority, stock exchange and /or quotation system as may be agreed with the Issuer and the Guarantor.

The Company may also issue unlisted notes, also guaranteed by Naturgy Energy Group, S.A.

This EMTN program is updated periodically and, after various extensions, the last having taken place in December 2024, the programme limit is €12,000,000 thousand.

Undated subordinated securities

The Company has been issuing undated subordinated securities since 2014.

The Company entered into Guarantee Agreements in connection with the ECPs, the EMTN program and the undated subordinated securities under which Naturgy Energy Group S.A. is established as the unconditional and irrevocable guarantor of the payment, by the Company (as issuer) to any holder of the securities issued, of any amount outstanding at the date and time specified for such payment. As a result, the Company pays to Naturgy Energy Group, S.A. an annual guaranteed fee of 0.25% of the principal amounts of the issues.

Note 2. Basis of presentation, comparability and accounting policies

2.1. Basis of presentation

The Company's annual accounts for 2023 were drawn up in accordance with Dutch GAAP (Note 2.2) and approved by the Sole Shareholder on 11 March 2024.

These annual accounts for 2024, which were authorised by the Company's sole administrator on 18 February 2025, will be submitted to the Sole Shareholder for approval and are expected to be approved without any changes.

The accompanying annual accounts are presented in accordance with current mercantile legislation and with the rules laid down in the Spanish National Chart of Accounts approved by

Royal Decree 1514/2007, of 16 November, as amended by Royal Decree 1159/2010 of 17 September, Royal Decree 602/2016 of 2 December, and Royal Decree 1/2021 of 12 January, as well as by the adoption of the Resolution of 10 February 2021 of the Spanish Institute of Accounting and Auditing which establishes rules for recognition, measurement and the preparation of the annual accounts for the recognition of revenue from sales of goods and services.

These annual accounts have been prepared based on the Company's accounting records in order to present a true and fair view of its equity and financial position as of 31 December 2024, as well as the Company's results and changes in its equity and cash flows for the year then ended.

Unless otherwise stated, the figures set out in these annual accounts are expressed in thousands of euro, this being the Company's functional and presentation currency.

2.2 Comparison of information and matters arising derived from the transition to Spanish GAAP

The annual accounts present, for comparison purposes, for each item in the balance sheet, income statement, statement of changes in equity, cash-flow statement and notes to the accounts, the figures corresponding to the previous year as well as the figures for 2024.

As indicated in Note 1 to these annual accounts, in 2023 the Company was resident in the Netherlands and, therefore, the financial statements for 2023 were prepared in accordance with Dutch GAAP; these annual accounts are the first to be prepared by the Company in accordance with Spanish GAAP, as referred to in Note 2.1.

The figures under the previous regulatory framework were audited by PricewaterhouseCoopers Accountants, N.V., an audit firm that is a member of the PwC network in the Netherlands (PwC Netherlands).

The Company considers 1 January 2023 to be the date of first application of Spanish GAAP and, therefore, the comparative information has been adapted for presentation in accordance with Spanish GAAP.

Although no transition adjustments have been recognised with an effect on equity as of the transition date or on profit or loss for 2023, the structure and presentation of the balance sheet and income statement have been adapted. These differences in the presentation of the annual accounts are not material. Moreover, the annual accounts now contain a statement of changes in equity and a statement of cash flows, which were not required under Dutch GAAP.

The 2023 annual accounts of Naturgy Finance, B.V. are available on the Naturgy Energy Group, S.A. website (www.naturgy.com).

2.3 Accounting policies

The main accounting policies and valuation standards applied by the Company to prepare these annual accounts are governed by the regulations referred to in Note 2.1.

Note 3. Accounting policies

The main accounting principles applied by the Company to prepare these annual accounts are described below:

3.1 Financial assets and liabilities

Financial assets

The Company classifies its financial assets based on their valuation category, which is determined on the basis of the business model and the characteristics of the contractual cash flows, and it reclassifies financial assets if and only if it changes its business model for managing those assets.

Purchases and sales of investments are recognised on the trade date, which is the date on which the Company undertakes to purchase or sell the asset, classifying the acquisition under the following categories:

a) Financial assets at cost

This category includes equity investments in Group companies and associates, as well as investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument or cannot be reliably estimated.

They are carried at the lower of acquisition cost, which is equivalent to the fair value of the consideration provided plus directly-attributable transaction costs, or fair value, in the case of investments acquired through business combinations, and recoverable value. The recoverable value is determined as the higher of fair value minus selling costs and the present value of the cash flows generated by the investment.

If there is no better evidence of recoverable value, it is taken to be the equity of the investee company adjusted by any unrealised capital gains subsisting at the valuation date. Value adjustments, and any reversals, are recognised in the income statement in the year in which they take place.

b) Financial assets at amortised cost

These are non-derivative financial instruments which are held to collect contractual cash flows when those cash flows consist only of principal and interest payments. They are classified as current assets, except for those maturing after twelve months as from the balance sheet date, which are classified as non-current assets.

They are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. Interest revenues on these financial assets are recognised as financial revenues, any gain or loss arising on their derecognition is recognised directly in profit or loss, and impairment losses are presented as a separate item in the income statement.

c) Financial assets at fair value through profit or loss

These are assets acquired for short-term sale. Derivatives form part of this category unless they are designated as hedges. These financial assets are stated at fair value, both initially and in subsequent remeasurements, and changes in their value are recognised in profit or loss.

Equity instruments in this category are recognised at fair value, and fair value changes or the proceeds from their sale are recognised in profit or loss.

The fair values of listed investments are based on their listed prices (Level 1). In the case of shareholdings in unlisted companies, fair value is determined using valuation techniques that include the use of recent transactions between willing knowledgeable parties, references to substantially similar instruments, and the analysis of discounted future cash flows (Levels 2 and 3). If recent available information is insufficient to determine fair value, or if there are a range of possible fair value measurements and the cost value is the best estimate within that range, the investments are recorded at their acquisition cost less any impairment losses.

d) Equity instruments at fair value through equity

These are equity instruments for which the company has made an irrevocable choice at the time of initial recognition to account for them in this category. They are recognised at fair value, and fair value changes are recognised in equity. However, impairment adjustments and dividends from such investments are recognised in profit or loss. At the time of sale, gains or losses are reclassified to profit or loss.

Fair value measurements are classified using a fair value hierarchy that reflects the relevance of the variables employed to perform the measurement. This ranking has three levels:

- Level 1: Valuations based on the listed price of identical instruments in an active market. Fair value is based on listed market prices at the balance sheet date.
- Level 2: Valuations based on variables that are observable for the asset or liability. The fair value of financial assets in this category is determined using measurement techniques. The measurement techniques maximise the use of available observable market data and place as little reliance as possible on specific estimates made by the company. If all significant inputs required to calculate the fair value are observable, the instrument is classified as Level 2. If one or more of the significant inputs are not based on observable market data, the instrument is classified as Level 3.
- Level 3: Measurements based on variables that are not based on observable market information.

Financial assets are derecognised when the contractual rights to the asset's cash flows have expired or have been transferred; in the latter case, the risks and rewards of ownership must have been substantially transferred. In asset assignments where the risks and rewards of ownership are retained, the financial assets are not derecognised and a liability is recognised in the same amount as the consideration received.

Receivables assignment agreements are treated as factoring without recourse provided that the risks and rewards inherent in ownership of the assigned financial assets are transferred.

Impairment of financial assets is based on their recoverable value. The Company recognises impairment of financial assets at each reporting date.

Impairment of financial assets at amortised cost

Impairment losses on financial assets at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. For financial assets at variable interest rates, the effective interest rate corresponding to the measurement date according to the contractual conditions is used. The impairment loss, and its reversal when the loss decreases due to a subsequent event, is recognised in profit or loss. The reversal of the loss is capped at the amortised cost that the assets would have had if the impairment loss had not been recognised.

Financial liabilities

a) Financial liabilities at amortised cost

Borrowings are initially recognised at fair value, net of any transaction costs incurred. Any difference between the amount received and the repayment value is recognised in profit or loss during the period of repayment using the effective interest rate method.

In the event of contractual modifications to a liability at amortised cost that do not result in derecognition, any transaction costs or fees incurred are adjusted in the carrying amount of the financial liability. Thereafter, the amortised cost of the financial liability is determined by applying the effective interest rate that matches the carrying amount of the financial liability with the cash flows payable under the new terms.

In a contractual modification of a liability, the terms are considered to be materially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received from the lender, and using the original effective interest rate as the discount rate, differs by at least 10% from the discounted present value of the cash flows remaining on the original financial liability. In this case, the original financial liability is derecognised and the new financial liability is recognised.

The difference between the carrying amount of a derecognised financial liability and the consideration paid is recognised in profit or loss.

Borrowings are classified as current liabilities unless they mature in more than twelve months as from the balance sheet date or include clauses providing for tacit renewal at the Company's option.

In addition, trade and other current payables are financial liabilities that fall due in less than twelve months; they are initially recognised at fair value, do not accrue explicit interest, and are carried at their nominal value. Those maturing in more than 12 months are classified as non-current.

b) Financial liabilities at fair value through profit or loss

These are liabilities acquired for short-term sale. Derivatives form part of this category unless they are designated as hedges. These financial liabilities are stated at fair value both initially and in subsequent remeasurements, and fair value changes are recognised in profit or loss.

3.2 Share capital and reserves

Share capital is represented by ordinary shares.

Issuance costs of new shares or options, net of taxes, are deducted from equity as a reduction in reserves or from the share premium account in the case of issuances with a share premium.

Dividends on ordinary shares are recognised as a deduction from equity in the year they are declared.

3.3 Income tax

Corporate income tax expense includes the deferred tax expense and the current tax expense, which is the amount payable (or refundable) in connection with taxable income for the year.

Deferred taxes are recorded by applying, to temporary differences that arise between the taxable income on assets and liabilities and their respective accounting figures in the annual accounts, the tax rates that are expected to be in force when the assets and liabilities are realised.

Deferred taxes arising from direct charges or credits to equity accounts are also charged or credited to equity.

Deferred tax assets and tax credits are recognised only to the extent that it is probable that future taxable income will be available against which to offset the temporary differences and apply the tax credits.

If tax rates change, deferred tax assets and liabilities are remeasured. These amounts are charged or credited to profit or loss, or to reserves, depending on the account to which the original amount was charged or credited.

3.4 Recognition of revenues and expenses

Interest revenues and expenses are recognised using the effective interest method.

The effective interest rate is the discount rate that matches the carrying amount of a financial instrument with the estimated cash flows over the expected life of the instrument, based on its contractual terms and conditions and for financial assets without considering future credit losses, except for those acquired or originated with incurred losses, for which the effective interest rate adjusted for credit risk, i.e. considering the credit losses incurred at the time of acquisition or origination, is used.

Revenues and expenses are measured at fair value and recognised as a function of the actual flow of related goods or services, regardless of when the monetary or financial flow arises.

The Company recognises revenues when they can be reliably measured, i.e. when it is probable that the future economic benefits will flow to the Company.

3.5 Transactions between related parties

In general, transactions between related parties are recognised initially at fair value. If the agreed price differs from fair value, the difference is recognised taking into account the economic reality of the transaction. Subsequent remeasurements conform to the relevant accounting standards.

3.6 Cash flow statement

The cash flow statement was prepared using the indirect method and contains expressions with the following meanings:

- a) Operating activities: Activities that give rise to the Company's ordinary revenues, as well as other activities that cannot be classified as investing or financing.
- b) Investing activities: Acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- c) Financing activities: Activities that generate changes in the size and composition of equity and liabilities and do not form part of operating activities.

3.7 Significant accounting estimates, judgements, etc.

The preparation of annual accounts requires estimates and judgments to be made. Below are the measurement policies that require the greatest use of estimates:

- a) Income tax (Note 3.3)

Calculation of the income tax expense requires interpretation of tax legislation in the jurisdictions in which the Company operates. The decision as to whether the tax authority will accept a given uncertain tax treatment and the expected outcome of outstanding litigation requires material estimates and judgements to be made. The Company evaluates the recoverability of deferred tax assets based on estimates of future taxable income and the capacity of the Company to generate sufficient profits during the periods in which these deferred taxes are deductible. Deferred tax liabilities are recognised based on estimates of the net assets that will not be tax deductible in the future.

- b) Fair value of financial assets and liabilities

Fair value is defined as the price that would be received on selling an asset or that would be paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date.

The fair value of long-term loans to group companies is estimated using discounted cash flows over the remaining term of the loans. The discount rates were determined based on the cost of borrowings in euros of Naturgy Energy Group, S.A., adjusted by the additional spread stipulated in the contracts. The fair value of bonds issued at a fixed interest rate is determined using the quoted market price available at year-end.

c) Recoverable value of loans to Group companies

At each accounting close, the Company analyses whether there are signs of impairment in loans granted to group companies. Financial assets at amortised cost are considered to have suffered impairment when there is objective evidence that the Company will not be able to recover the entire loan amounts under the original terms of the loans.

In assessing indications of impairment, the Company considers, among other things, the financial position, results and working capital (current assets less current liabilities) of the borrower, as well as the borrower's credit rating.

Additionally, all loans are made within the Naturgy Group, which is exposed to the risk of climate change and the geopolitical environment; see sections c) and d) below.

d) Climate change and the Paris Agreement

In line with the objectives of the Paris Agreement and the goal of achieving climate neutrality established in Regulation (EU) 2021/1119, Naturgy has a Climate Transition Plan (CTP) to achieve net zero emissions by 2050, considering all the scopes of the carbon footprint and prioritising the pathways to reduce global warming to 1.5°C, where feasible, subject to the energy and regulatory policy of each of the countries where it operates.

Naturgy's greenhouse gas (GHG) emission reduction targets for 2030 are as follows:

- Reduction of Scope 1 and 2 emissions by 36% with respect to 2022, in line with the 1.5° global warming reduction pathway.
- Reduction of Scope 3 emissions in Spain by 22% with respect to 2022. This target is aligned with the "Well Below 2 Degrees" (WB2D) reduction pathway. If emissions from the other countries are considered, the Scope 3 reduction is expected to be 8%.

In 2024, the reduction with respect to 2022 was 21% for Scope 1 and 2 emissions and 2% for total Scope 3 emissions.

To achieve the objectives set out in the CTP, Naturgy will continue to promote and lead a business model and investment plan fully aligned with the energy trilemma: security of supply, accessibility and affordability of energy, and mitigation of environmental impact.

Naturgy's Strategic Plan 2025-2027 envisages continuing to invest in the energy transition, principally in to renewable generation, electricity grids and renewable gases. It also plans to continue developing energy solutions that promote efficiency at a competitive cost for customers.

The CTP's main lines of action, as set out in the Strategic Plan 2025-2027, are based on an integrated electricity and gas business model that promotes the decarbonisation of energy through technological neutrality and at the lowest possible cost for consumers, specifically:

- Promoting renewable electricity generation using solar and wind together with the necessary growth of electricity grids and back-up capacity using natural gas combined cycle plants.
- Developing renewable gases as a lever for the decarbonisation of natural gas through biomethane produced from organic waste and, in the medium/long term, green hydrogen generated from surplus renewable electricity. This promotes decarbonisation at the lowest possible cost to the consumer and drives the circular economy through the use of waste or surpluses.
- Offering eco-efficient, carbon-neutral products and services at competitive prices to our customers.
- Increasing electrification of final demand in applications where it is most efficient.

Naturgy's CTP will contribute to the future objective of transforming the energy mix contemplated in the new National Energy and Climate Plan (NECP) 2023-2030, approved by the Spanish Cabinet on 24 September 2024, which is also aligned with the objective of climate neutrality in the EU by 2050. For the other countries where Naturgy operates, the published national plans and the GHG reduction pathways set out by the International Energy Agency in the "Net Zero Roadmap" scenario are taken into account.

These annual accounts have been prepared taking into account the decarbonisation commitments made by Naturgy, in addition to the risks and uncertainties related to climate change and the decarbonisation of the economy.

e) Military conflicts in Ukraine and the Middle East

During 2024, the conflict between Ukraine and Russia that began in February 2022 continued to be a source of instability both in the region and globally, with both sides experiencing attrition, but with no clear signs of a solution in the short term.

The war has had a significant impact on the global energy market, particularly on the gas industry, since, at its outset, it worsened the price situation that had already begun to deteriorate at the end of 2021. After the war's turbulent first year, the situation stabilised somewhat in 2023 and 2024 as a result of high levels of gas in storage, diversification of supplies, and contained growth in demand.

Naturgy is monitoring the status and evolution of the current situation arising from the crisis in order to manage potential risks. The analyses aim to assess the indirect impacts of the conflict on business activity, the financial situation and economic performance, focusing particularly on the generalised increase in commodities prices and the reduced availability of material supplies from areas affected by the conflict.

In this context, as part of its diversified portfolio, Naturgy has a long-term contract for the procurement of gas of Russian origin that it entered into in 2013 with an international consortium formed by Novatek (50.1%), TotalEnergies (20%), CNPC (20%) and Silk Road Fund (9.9%) that is not affected by any type of sanction. This contract has take-or-pay clauses that cover its entire term. Since the beginning of the conflict, Naturgy has received the volumes strictly established in the contract. In 2024, the volume under this contract accounted for 16% of Naturgy's global procurements (15% in 2023).

None of Naturgy's counterparties are susceptible to being affected by the sanctions, nor does it hold any interest in companies operating in Russia or Belarus or have investments in these countries, or cash balances or equivalent liquid assets that are unavailable as a result of those measures and sanctions. For further details on interest rate, commodity price, credit and liquidity risks, see Note 11.

Meanwhile, Israel's military actions continued in Palestinian territory in 2024 following the terrorist attack in October 2023. At the end of January 2025, a truce was arranged that has allowed the release of hostages and prisoners on both sides. However, the situation remains fragile, with reports of sporadic ceasefire violations and persistent tensions in the region. While this conflict is not expected to have major global energy consequences as long as it remains regionally contained, it reduces expectations of normalisation in the region concerned and increases the geopolitical risk premium in already stressed markets.

Naturgy has a wholly-owned subsidiary in Israel called Spanish Israeli Operation and Maintenance Company Ltd that has been providing services at the Ramat Gavriel and Alan Tavor CCGT plants since the end of 2019. That company reported less than Euros 1 million in EBITDA in 2023 and 2024. Despite the conflict, the company has continued to operate normally.

As this situation is constantly evolving and it is difficult to predict the extent or duration of the conflict, Naturgy constantly monitors the relevant macroeconomic and business variables in order to obtain the best estimate of potential impacts in real time, also taking into account recommendations by national and international supervisory bodies on the matter.

Note 4. Investments in Group companies and associates

The classification of investments in Group companies and associates by category as of 31 December 2024 and 2023 is as follows:

As of 31 December 2024	Financial assets at amortised cost
Loans to group companies	5.094.323
Non-current	5.094.323
Loans to group companies	1.268.430
Current	1.268.430
Total	6.362.753

As of 31 December 2023	Financial assets at amortised cost
Loans to group companies	6.785.505
Non-current	6.785.505
Loans to group companies	513.259
Current	513.259
Total	7.298.764

Loans to group companies

The Company is one of the Naturgy Group's vehicles for the following debt programs (Note 9).

Net changes during the year in non-current and current loans to group companies and associates are as follows:

	Loans to group companies
Balance as of 01.01.2023	7.928.263
Increase	18.184
Reduction	(626.790)
Net change in accrued interest	(20.893)
Balance as of 31.12.2023	7.298.764
Increase	1.009.217
Reduction	(1.911.800)
Net change in accrued interest	(33.428)
Balance as of 31.12.2024	6.362.753

Loans under the EMTN programme

This heading includes loans granted to Naturgy Energy Group, S.A. for the same amount and maturity as the securities issued by the Company (nominal amounts of €5,851 million as of 31 December 2024 and €6,262 million as of 31 December 2023) under the Euro Medium-Term Note (EMTN) programme, which mature between 2025 and 2034 in accordance with the amortisation schedule of the bonds issued by the Company (Note 9). The interest rate is based on the interest rate of the securities issued under the Euro Medium-Term Note programme, plus a spread.

The Company incurred certain expenses to arrange those issues, which are presented as a reduction in the principal for the purposes of determining the amortised cost of the bonds (and that of the associated loans granted to Naturgy Energy Group, S.A.).

On 23 September 2024, the company issued a tender offer to redeem a nominal amount of €1,000 million of bonds listed on the Luxembourg stock exchange at different maturities and with different annual coupons; the final outcome as of 1 October was the redemption of €708 million at 1.250% maturing in 2026, €175 million at 1.250% maturing in 2026, and €117 million at 1.375% maturing in 2027. Also, the loans to Naturgy Energy Group, S.A. related to these bonds were repaid in identical amounts.

This transaction had a negative impact on the Company's income statement in the amount of €19 million, recognised under "Other financial expenses", for loans related to Naturgy Energy Group, S.A. in the amount of the difference between the loan's carrying amount and the amount collected upon redemption.

On 2 October 2024, the Company issued on the Luxembourg stock exchange a 6-year €500 million note with an annual coupon of 3.250% and a 10-year €500 million note with an annual coupon of 3.625%, the proceeds of which were used to make two new loans to Naturgy Energy Group, S.A. for identical amounts.

On 11 March 2024, the €412 million loan granted to Naturgy Energy Group, S.A. (and the associated bond issue) matured and was collected (repaid) on that date.

Loans associated with the undated subordinated securities

This heading includes loans granted to Naturgy Energy Group, S.A. for the same amount and maturity as the undated subordinated securities issued by the Company (nominal amounts of €500 million as of 31 December 2024 and €1,000 million as of 31 December 2023), which mature in 2027 in accordance with the amortisation schedule of the bonds issued by the Company (Note 9); the loans may be extended by one year. The interest rate is based on the interest rate of the securities issued, under the Euro Medium-Term Note programme, plus a spread; if the debt is redeemed, the amount must be repaid immediately.

Additionally, in April 2024, the Company redeemed €500 million of undated subordinated securities and cancelled the related intercompany loan.

Other loans

This item also includes the credit line of up to €10 million granted to Naturgy Energy Group, S.A. bearing nominal interest at 3-month Euribor plus a spread (€730 thousand as of 31 December 2024 and 2023).

The nominal amounts and fair values of the non-current and current financial investments in 2024 and 2023, excluding outstanding interest, is as follows (million euro):

	As of 31.12.2024			At 31.12.2023		
	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Under 1 year	1.200.600	734	1.199.866	911.800	(1.253)	913.053
1 to 5 years	4.650.000	148.878	4.501.122	6.350.600	337.620	6.012.980
More than 5 years	500.000	(345)	500.345	-	-	-
Total	6.350.600	149.267	6.201.333	7.262.400	336.367	6.926.033

The average interest accrued on current and non-current investments in Group companies and associates in 2024 in connection with these loans is 1.78% (2023: 1.90%).

As of 31 December 2024, accrued outstanding interest amounted to €60,085 thousand (2023: €101,513 thousand), presented under "Investments in group companies and associates" in current assets.

Note 5. Trade and other receivables

The components of the "Trade and other receivables" account as of 31 December 2024 and 2023 are classified entirely under financial assets at amortised cost and are of the same type.

The breakdown of this item is as follows:

	2024	2023
Current tax assets (Note 13)	822	-
Other receivables from public authorities	2.059	370
Total	2.881	370

The "Other receivables from public authorities" account includes balances receivable from the Dutch tax authorities relating to non-final settlements of corporate taxes for prior years and the outstanding balance for 2019 arising from the Mutual Agreement Procedure agreed between the Dutch and Spanish tax authorities to avoid double taxation (Note 13).

Note 6. Financial assets

Financial assets by class and category as of 31 December 2024 are as follows:

As of 31 December 2024	Financial assets at amortised cost
Loans to third parties	-
Other financial assets	-
Non-current financial assets	-
Total	-

As of 31 December 2023	Financial assets at amortised cost
Loans to third parties	-
Other financial assets	10
Non-current financial assets	10
Total	10

The "Other financial assets" caption includes surety bonds that were fully cancelled during 2024.

Note 7. Cash and cash equivalents

On 17 June 2024, the Company entered into a cash pooling agreement with its shareholder Naturgy Energy Group, S.A., bearing interest at 3-month EURIBOR.

As of 31 December 2024, this item includes the cash pooling balance that the company had with Naturgy Energy Group, S.A. for €3,022 thousand (2023: €0 thousand) and the balance in demand bank accounts for €4,461 thousand (2023: €4,808 thousand).

As of 31 December 2024, accrued unpaid interest amounted to €4 thousand (2023: €0 thousand).

Note 8. Equity

The main equity items are as follows:

Share capital and share premium

The variations in 2024 and 2023 in the number of shares and in the share capital and share premium accounts are as follows:

	Number of shares	Share capital	Share premium account	Total
As of 1 January 2023	200	91	165	256
Variation	-	-	-	-
As of 31 December 2023	200	91	165	256
Variation	-	-	-	-
As of 31 December 2024	200	91	165	256

The subscribed share capital is represented by 200 equal, cumulative and indivisible shares of €453.78 par value each.

All issued shares are fully paid up and carry equal voting and dividend rights.

No transactions involving own shares were carried out in 2024 and 2023.

Holdings in the Company's share capital as of 31 December 2024 and 2023 are as follows:

	Stake (%)	
	2024	2023
Naturgy Energy Group, S.A.	100%	100%

In accordance with the Capital Companies Law, the Company is registered at the Mercantile Registry as a Single-Shareholder Company.

The Spanish Capital Companies Law specifically allows the use of the "Share premium" balance to increase capital and imposes no specific restrictions on its use.

The contracts signed with the Sole Shareholder are detailed in Notes 4 and 7.

Reserves

“Reserves” includes the following reserves:

	2024	2023
Voluntary reserve	5.160	5.121
Total	5.160	5.121

Legal reserve

Appropriations to the legal reserve are made in compliance with the Spanish Capital Companies Law, which stipulates that 10% of the profits must be transferred to this reserve until it represents at least 20% of share capital. The legal reserve can be used to increase capital in the part that exceeds 10% of the capital increased.

Except for the use mentioned above, and as long as it does not exceed 20% of share capital, the legal reserve can only be used to offset losses in the event of no other reserves being available.

Since the Company was domiciled in the Netherlands until 28 May 2024 and was governed by Dutch law, there were no legal reserve balances as of 31 December 2024 and 2023. This allocation will be taken into consideration in the next proposal for the distribution of income for 2024 to be submitted to the Company's Sole Shareholder.

Voluntary reserve

On 11 March 2024, the Sole Shareholder approved the proposed distribution of profit for 2023, allocating an amount of €39 thousand to voluntary reserves.

As of 31 December 2024, the Company has voluntary reserves in the amount of €5,160 thousand (2023: €5,121 thousand). These reserves are unrestricted.

Proposed distribution of income

The proposed distribution of 2024 income that the Sole Administrator will submit to the Sole Shareholder for approval is as follows:

Available for distribution	5.066
Profit and loss	5.066
Distribution	5.066
To legal reserve	18
To dividend	5.048

Note 9. Financial liabilities

Set out below is a breakdown of financial liabilities, excluding “Trade and other payables”, as of 31 December 2024 and 2023, by nature and category:

As of 31 December 2024	Financial liabilities at amortised cost
Bonds and other negotiable securities	5.094.020
Non-current financial liabilities	5.094.020
Bonds and other negotiable securities	1.261.190
Current financial liabilities	1.261.190
Total	6.355.210

As of 31 December 2023	Financial liabilities at amortised cost
Bonds and other negotiable securities	6.785.357
Non-current financial liabilities	6.785.357
Bonds and other negotiable securities	496.786
Current financial liabilities	496.786
Total	7.282.143

Interest-bearing debt

The changes arising during the year in items making up non-current and current borrowings are as follows:

	Bonds and other negotiable securities
Balance as of 01.01.2023	7.910.058
Increase	18.150
Reduction	(626.790)
Net change in accrued interest	(19.275)
Balance as of 31.12.2023	7.282.143
Increase	1.008.715
Reduction	(1.911.450)
Net change in accrued interest	(24.198)
Balance as of 31.12.2024	6.355.210

Bonds and other negotiable securities

The Company is one of the vehicles for issuing under Naturgy's Euro Medium-Term Notes programme and enjoys an irrevocable guarantee from its parent company. That programme was established in 1999 and allowed the issuance of up to €2,000 million in total principal. After a number of expansions, most recently in December 2024, the Programme's limit is €12,000 million. As of 31 December 2024, a total principal amount of €5.851 million had been issued,



entirely by the Company (31 December 2023: €7.005 million, of which €6,262 million were issued by the Company and €743 million by group company Naturgy Capital Markets, S.A.), with an amount of €6,149 million unused (2023: €4,995 million).

As is habitual in the Euromarket, the outstanding bonds, in the amount of €5,851 million (€7,005 million as of 31 December 2023), might have to be repaid early if a change in control triggered a downgrade of more than two full notches in at least two of the Company's three ratings, or if all the ratings fell below investment grade, provided that the rating agency stated that the rating downgrade was a result of the change in control.

Naturgy Energy Group, S.A. acts as guarantor of these bond issues in the amount of €5,851 million (Note 4).

A bond amounting to €412 million matured on 11 March 2024.

On 23 September 2024, the company issued a tender offer to redeem a nominal amount of €1,000 million of bonds listed on the Luxembourg stock exchange at different maturities and with different annual coupons; the final outcome as of 1 October was the redemption of €708 million at 1.250% maturing in 2026, €175 million at 1.250% maturing in 2026 and €117 million at 1.375% maturing in 2027.

This transaction had a positive impact on the Company's income statement in the amount of €19 million, recognised under "Other sundry financial revenues" for the difference between the loan's carrying amount and the redemption price.

On 2 October 2024, the Company issued on the Luxembourg stock exchange a 6-year €500 million note with an annual coupon of 3.250% and a 10-year €500 million note with an annual coupon of 3.625%.

There were no issues under the programme in 2023.

The total nominal amount outstanding as of 31 December 2024 is as follows:

Naturgy Finance Iberia, S.A.U.					
Issuer	Market where listed	Nominal (million euro)	Issue	Maturity	Coupon
Naturgy Finance, S.A.U.	Luxembourg	401	2015	2025	1,375%
Naturgy Finance, S.A.U.	Luxembourg	800	2017	2025	0,875%
Naturgy Finance, S.A.U.	Luxembourg	292	2020	2026	1,250%
Naturgy Finance, S.A.U.	Luxembourg	425	2016	2026	1,250%
Naturgy Finance, S.A.U.	Luxembourg	883	2017	2027	1,375%
Naturgy Finance, S.A.U.	Luxembourg	850	2018	2028	1,500%
Naturgy Finance, S.A.U.	Luxembourg	300	2017	2029	1,875%
Naturgy Finance, S.A.U.	Luxembourg	900	2019	2029	0,750%
Naturgy Finance, S.A.U.	Luxembourg	500	2024	2030	3,250%
Naturgy Finance, S.A.U.	Luxembourg	500	2024	2034	3,625%
Total		5.851			

Those bonds are listed on the Luxembourg Stock Exchange.

Undated subordinated securities

On 24 April 2015, the Company issued undated 9-year subordinated guaranteed fixed-rate securities callable in 2024 for an amount of €500 million, with an issue price of 99.049%; the securities bear interest at a fixed rate, calculated as a reference rate plus a spread; the reference rate is the 9-year swap rate (equivalent to 0.421% at the issue date) and may be reviewed every 9 years. The initial coupon was set at 3.375%. The applicable spread is 3.079% in the first 9 years, 3.329% between 2025 and 2044, and 4.079% thereafter. In April 2024, the Company exercised the call option and redeemed these undated subordinated securities at their principal amount plus accrued outstanding interest at the call date. Likewise, the Company collected the intercompany loan related to this bond.

In November 2021, the Company issued €500 million of undated subordinated debentures that are callable from February 2027, at an issue price of 99.600%; they bear interest at a fixed rate, calculated as a reference interest rate plus a spread. The reference interest rate is the 5.25-year swap rate (equivalent at the issue date to -0.062%) and may be reviewed every 5 years. The initial coupon was set at 2.374%. The spread is 2.437% in the first 10 years, 2.687% between 2032 and 2037, and 3.437% thereafter.

The breakdown as of 31 December 2024 of the balance of hybrid bonds issued by the Company is as follows:

Naturgy Finance Iberia, S.A.U.					
Issuer	Market where listed	Nominal (million euro)	Issue	Maturity	Interest rate
Naturgy Finance, S.A.U.	Luxembourg	500	2021	2027	2,374%

Although these undated subordinated debentures do not have a contractual maturity date, the Company is entitled to call them on 23 February 2027 and on the coupon payment date in any subsequent year.

As of 31 December 2024, accrued outstanding interest amounted to €60,842 thousand (2023: €85,039 thousand), classified as current borrowings.

The nominal and fair values of non-current and current borrowings in 2024 and 2023 in connection with the EMTN programme, excluding outstanding interest, is as follows (thousand euro):

	As of 31.12.2024			As of 31.12.2023 (*)		
	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Under 1 year	1.200.600	5.356	1.195.244	911.800	1.877	909.923
1 to 5 years	4.650.000	165.863	4.484.137	6.350.600	359.347	5.991.253
Mas de 5 años	500.000	1.350	498.650	-	-	-
Total	6.350.600	172.569	6.178.031	7.262.400	361.224	6.901.176

Note 10. Payables to Group companies and associates

The breakdown of debts to Group companies and associates is as follows:

As of 31 December 2024	Financial liabilities at amortised cost
Payables to Group companies	-
Non-current payables to group companies	-
Payables to Group companies	5.453
Current payables to group companies	5.453
Total	5.453

As of 31 December 2023	Financial liabilities at amortised cost
Payables to Group companies	-
Non-current payables to group companies	-
Payables to Group companies	13.156
Current payables to group companies	13.156
Total	13.156

Current and non-current payables to group companies and associates:

As of 31 December 2024, this caption includes the debts to Naturgy Energy Group, S.A. amounting to €5,453 thousand arising from the unconditional and irrevocable guarantee contract relating to the bonds issued by the Company; an annual guaranteed fee of 0.25% is paid on the principal amounts of the issues. (2023: €13,156 thousand)

The net changes during the year in items making up current debt to Group companies are as follows:

	Payables to Group companies
Balance as of 01.01.2023	-
Increase	13.156
Balance as of 31.12.2023	13.156
Reduction	(7.702)
Balance as of 31.12.2024	5.454

Note 11. Risk management and derivative financial instruments

Risk management

Naturgy has a Risk Control and Management Model that seeks to ensure that the company's performance is predictable within an acceptable bounded range. This model identifies, controls, models, establishes measurement methodologies, and manages and reports on risks, ensuring that the target risk profile and limits are maintained. The model is implemented on the basis of the principles of integration, segregation, homogeneity, coherence and transparency in corporate governance.

The Risk Management and Control Model is structured in four pillars:

- Risk governance
Governance and management mechanism in place for all risk types, with the participation of the Management Committee.
- Risk assessment
Methodology for the identification, evaluation and measurement/quantification of risks, defining the risk assessment methodologies, harmonising common procedures for the identification, assessment and treatment of the information associated with each risk, to ensure uniformity and coherence both when quantifying them individually and when subsequently aggregating them, with the aim of achieving a homogeneous, integrated vision of them.
- Risk appetite
Definition of risk tolerance by setting limits for the main risk categories, as a function of the Group's targets.
- Risk reporting
Regular, systematic risk reporting at different management levels, expressed in the Corporate Risk Map and recurring risk reports.

Interest rate risk

Fluctuations in interest rates modify the fair value of assets and liabilities that accrue a fixed interest rate and the cash flows from assets and liabilities pegged to a floating interest rate and, accordingly, they affect equity and profit, respectively.

The purpose of interest rate risk management is to balance floating- and fixed-rate borrowings in order to reduce borrowing costs within the established risk parameters.

All of the interest-bearing debt and the loans granted to the sole shareholder as of 31 December 2024 and 2023 are at fixed interest rates in line with the cost of the bonds that were issued; consequently, the Company is not exposed to material interest rate risk.

Credit risk

Credit risk is defined as the potential loss resulting from the possible nonfulfillment of contractual obligations by counterparties with which the Company does business.

The Company has provided loans to its sole shareholder, so that the fair value of those loans is closely linked to the credit rating of Naturgy Energy Group, S.A.

	2024	2023
Standard & Poor's	BBB (*)	BBB (*)
Fitch	BBB (*)	BBB (*)

(*) S&P: Stable outlook, Fitch: Stable outlook.

With respect to exposures to counterparties in transactions involving financial derivatives and the investment of cash surpluses, credit risk is mitigated by carrying out such operations with reputable financial institutions in line with internal criteria. No significant defaults or losses arose in 2024 and 2023.

Liquidity risk

The Company has liquidity policies that ensure compliance with its payment commitments, diversifying the coverage of financing needs and debt maturities. Prudent management of liquidity risk includes maintaining sufficient cash and realisable assets and having sufficient funds available to cover credit obligations.

As of 31 December 2024, the Company's working capital was positive in the amount of €10,179 thousand (€8,268 thousand in 2023).

The balance of cash and cash equivalents as described in Note 7 amounted to €7,487 thousand as of 31 December 2024 (€4,808 thousand in 2023).

There is also additional unused capacity to issue debt in capital markets amounting to €6,149 thousand (€4,995 thousand as of 31 December 2023) (Note 9).

In an international context that is deeply influenced by the war in Ukraine and current conflicts, and within the framework of the Group's financial policy, the Company maintains available funds to honour its obligations and to implement its business plans, while guaranteeing at all times the optimum level of liquid funds and seeking to maximise efficiency in the management of financial resources.

The ratings of the Company's bond issues in 2024 and 2023 are as follows:

	2024	2023
Standard & Poor's	BBB (*)	BBB (*)
Fitch	BBB+ (*)	BBB+ (*)

(*) S&P: Stable outlook, Fitch: Stable outlook.

Note 12. Trade and other payables

As of 31 December 2024 and 2023, the balance of the "Trade and other payables" account is classified entirely in the category of financial liabilities at amortised cost.

The breakdown of this item is as follows:

	2024	2023
Trade payables	1.359	176
Trade payables - Group companies and associates	5	-
Current tax liabilities (Note 13)	-	166
Other amounts payable to public authorities	617	-
Total	1.981	342

Information on average supplier payment period.

The average payment period is calculated in accordance with Law 15/2010 on measures to combat late payment in business transactions, and the changes introduced by Law 18/2022 of 28 September on the formation and growth of companies.

The disclosures in the notes to the annual accounts about the average trade supplier payment period that are required under that legislation are as follows:

	2024	2023
Total payments	1.514	333
Total payments outstanding	1	248
Average supplier payment period (days) (1)	111	106
Transactions paid ratio (days) (2)	111	75
Transactions pending payment ratio (days) (3)	21	147
Total payments made within the period established by the prompt payment regulations	512	152
% of amount paid within the period established by the prompt payment regulations with respect to total amount paid	33,81%	45,77%
Number of invoices paid within the period established by the prompt payment regulator	63	41
% of invoices paid within the period established by the prompt payment regulations with respect to total invoices paid	33,16%	54,67%

(1) Calculated on the basis of amounts paid and pending payment.

(2) Average payment period in transactions paid during the year.

(3) Average age of outstanding balances to suppliers.

The Company is evaluating its internal processes in order to contribute to expediting payment to suppliers within the maximum terms established by current law.

Note 13. Tax situation

Since 28 May 2024, the Company reports taxes as part of Tax Group no. 59/93, whose parent company is Naturgy Energy Group, S.A. and which encompasses all the companies resident in Spain that are directly or indirectly owned at least 75% by the parent company and meet certain requirements; this arrangement entails joint determination of group taxable income and of tax credits and rebates.

According to the communiqué filed with the Spanish tax authorities, the following companies were members of Naturgy tax group in 2024:

Naturgy Energy Group, S.A.	Naturgy Generación Térmica, S.L.U.
Biometano Segrià, S.L.	Naturgy Generación, S.L.U.
Boreas Eólica 2, S.A.	Naturgy Iberia, S.A.
Comercializadora Regulada, Gas & Power, S.A.	Naturgy Informática, S.A.U.
Encarnaciones Energy, S.L.	Naturgy Infraestructuras EMEA, S.L.
Energías Ambientales de Somozas, S.A.	Naturgy Ingeniería Nuclear, S.L.
Energías Renovables Agüimes, S.L.U.	Naturgy Innovahub, S.L.
Europe Mahgreb Pipeline, S.L.	Naturgy Inversiones Internacionales, S.A.
Gas Natural Comercializadora, S.A.	Naturgy LNG GOM, S.L.
Gas Natural Redes GLP, S.A.	Naturgy Nuevas Energías, S.L.U.
Gas Natural Transporte SDG, S.L.	Naturgy Participaciones, S.A.U.
General de Edificios y Solares, S.L.	Naturgy Renovables Canarias, S.L.U.
Global Power Generation, S.A.	Naturgy Renovables Ruralia, S.L.
GPG Ingeniería y Desarrollo de Generación, S.L.U.	Naturgy Renovables, S.L.U.
GPG México Wind, S.L.U.	Naturgy Vento, S.A.
GPG México, S.L.U.	Nedgia Andalucía, S.A.
H2Meirama, S.L.	Nedgia Aragón, S.A.
Holdering de Negocios de Gas, S.A.	Nedgia Balears, S.A.
Holdering Negocios Electricidad, S.A.	Nedgia Castilla La Mancha, S.A.
JGC Cogeneración Daimiel, S.L.	Nedgia Catalunya, S.A.
La Propagadora del Gas, S.A.	Nedgia Cegas, S.A.
Lignitos de Meirama, S.A.	Nedgia Madrid, S.A.
Mangos Energy, S.L.	Nedgia Navarra, S.A.
Naturgy Acciones, S.L.U.	Nedgia, S.A.
Naturgy Alfa Investments, S.A.U.	Operación y Mantenimiento Energy, S.A.
Naturgy Aprovisionamientos, S.A.	Parque Eólico Nerea, S.L.
Naturgy Capital Markets, S.A.	Parque Eólico Peñaroldana, S.L.
Naturgy Ciclos Combinados, S.L.U.	Petroleum, Oil & Gas España, S.A.
Naturgy Clientes, S.A.U.	Romera Eco Power Solar Energy, S.L.
Naturgy Comercializadora Empresas, S.A.U.	Sagane, S.A.
Naturgy Commodities Trading, S.A.	Societat Eòlica de L'Enderrocada, S.A.
Naturgy Distribución Latinoamérica, S.A.	Sol Moron Energy, S.L.
Naturgy Electricidad Colombia, S.L.	Tratamiento Cinca Medio, S.L.
Naturgy Engineering, S.L.	UFD Distribución Electricidad, S.A.
Naturgy Finance Iberia, S.A.U.	Unión Fenosa Preferentes, S.A.U.

Corporate income tax is calculated on the basis of economic or accounting profit obtained by application of generally accepted accounting principles, which does not necessarily coincide with taxable profit, understood as taxable income for corporate income tax purposes.

The accounting profit before taxes coincides with the corporate income tax base.

The income tax expense/(revenue) is as follows:

	2024	2023
Current tax	(228)	-
Foreign tax	(4.209)	1.038
Total	(4.437)	1.038

Current corporate income tax is the result of applying a 25% tax rate to taxable income. International double taxation tax credits in the amount of €385 thousand were used, arising from the corporate income tax expense accrued in the Netherlands (foreign tax) prior to the company's cross-border conversion in May 2024 (Note 1).

Corporate income tax in the amount of €594 thousand was paid in 2024.

In addition, prior to the change of its registered office from the Netherlands to Spain, the Company had made payments on account to the Dutch tax authorities in the amount of €1,316 thousand relating to the 2024 corporate income tax settlement. The estimated outstanding balance is shown under "Trade and other receivables - Other receivables from public authorities" in the balance sheet (Note 5).

The foreign tax paid relates mainly to the total estimated amount of €4,428 thousand based on the Mutual Agreement Procedure between the Dutch and Spanish tax authorities for the years 2011 to 2019, of which €3,623 thousand were collected in 2024. Also included was a positive adjustment of prior year's balances in the amount of €166 thousand.

There were no unused tax losses or tax credits as of 31 December 2024 and 2023.

There were no deferred tax assets or liabilities as of 31 December 2024 and 2023.

The main regulatory issues impacting the Company's tax position in 2024 and 2023 are as follows:

OECD Pillar 2:

Ahead of the implementation of the rules included in OECD Pillar Two, Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union was approved on 15 December 2022. That Directive establishes a minimum tax rate of 15% for all Group companies in each country in which the group operates. If the minimum 15% rate is not attained in any country, the difference must be paid in the country of residence of the parent company — Spain in our case.

In order to transpose the Directive into Spanish law, on 21 December 2024, Spain's Official State Gazette published Law 7/2024 of 20 December, which establishes a top-up tax to guarantee an overall minimum level for multinational enterprise groups and large-scale domestic groups, a tax on the net interest income and fees of certain financial institutions, and a tax on liquids for electronic cigarettes and other tobacco-related products, and amending other tax regulations, in force for tax years beginning after 31 December 2023; accordingly, it was fully applicable to Naturgy in 2024. That legislation did not have any impact on the Company.

Tax audits and assessments:

A tax audit of Naturgy Energy Group, S.A. and dependent companies in Group 59/93 commenced in July 2021 in relation to corporate income tax. These proceedings are partial, the object of the verification being limited to certain aspects of the tax obligation. The years being audited for corporate income tax are 2016 to 2019.

That notice suspended the statute of limitations period in connection with the aforementioned taxes and periods for the entire Corporate Income Tax Group of entities.

In May 2023, tax assessments for corporate income tax were accepted, resulting in an adjustment of €36,369 thousand (€31,259 thousand in tax and €5,110 thousand in interest). That amount, which had been fully provisioned, was paid by Naturgy in July 2023 within the statutory deadline; this regularisation had no impact on the Company.

In accordance with Dutch tax law, at the date of authorisation of these annual accounts, the Company's returns for the last five years are open to inspection for the principal taxes to which it is subject. Also, in accordance with Spanish tax law, at the date of authorisation of these annual accounts, the Company's returns for the last year for the principal taxes to which it is subject and which are not involved in the tax audit referred to in the preceding paragraphs are open to inspection.

As a result, among other things, of the different interpretations to which current tax law lends itself, additional liabilities could arise as a result of an inspection. The Company considers, however, that any liabilities that might arise would not materially affect these annual accounts.

Naturgy assesses uncertain tax treatments and reflects the effect of uncertainty on taxable income, tax bases, and unused tax losses or tax credits. Naturgy has adequate coverage for possible obligations deriving from a number of tax claims. There are no lawsuits or uncertain tax treatments which are individually significant.

Note 14. Operating profit/(loss)

Revenues

Net revenue arises mainly from interest on loans granted to Naturgy Energy Group, S.A. (Note 4) in the amount of €131,749 thousand (2023: €157,083 thousand)

The "Other sundry financial revenues" item includes financial revenue in the amount of €19 thousand on the issuance and redemption in October 2024 (Note 9).

Operating expenses

Financial expenses on borrowings relate mainly to the expenses borne on the bonds issued under the Euro Medium-Term Notes programme and the undated subordinated debentures (Note 9) amounting to €117,607 thousand (2023: €133,871 thousand).

The "Financial expenses on debts to group and associated companies" caption includes the guarantee fee arising from the unconditional, irrevocable guarantee contract with Naturgy

Energy Group, S.A. in connection with the bonds issued by the Company (Note 10), amounting to €12,124 thousand (€18,390 thousand in 2023).

The "Other financial expenses" caption includes the financial expenses arising from the loans related to the issue and redemption transaction carried out in October 2024, in the amount of €19 million euros (Note 4).

Staff expenses

Since 1 April 2024, the Company has not had its own personnel and is managed at the operating level by Naturgy Energy Group, S.A. (as of 31 December 2023, the Company had one employee).

Staff expenses amounted to €44 thousand in 2024 (€167 thousand in 2023).

Other operating expenses

A breakdown of this heading in the income statement for 2024 and 2023 is as follows:

	2024	2023
Rent and fees	31	34
Advertising and other commercial services	-	-
Professional services and insurance	1.310	538
Local taxes	-	-
Utilities	1	1
Other services	3	5
Total	1.345	578

Note 15. Information on transactions with related parties

For the purposes of this section, related parties are as follows:

- Significant shareholders of Naturgy Finance Iberia, S.A.U., i.e. shareholders that directly or indirectly hold an interest equal to or greater than 5%, as well as the shareholders who, without being significant, have exercised the power to appoint a member of the governing body.

Under this definition, the company's significant shareholder is Naturgy Energy Group, S.A., the parent company of the Naturgy Group.

The following are significant shareholders through the interest held by Naturgy Energy Group, S.A. and the Naturgy Group:

- The significant shareholders of Naturgy are Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona ("la Caixa"), through Criteria Caixa, S.A.U. (Criteria); BlackRock Inc., mainly through GIP III Canary 1 S.à.r.l. (BlackRock); CVC Capital Partners SICAV-FIS, S.A., through Rioja Acquisitions, S.à.r.l. (CVC); and IFM Global Infrastructure Fund, through Global InfraCo O (2), S.à.r.l. (IFM).
- Directors and executives of the Company and their close relatives. The term "director" means the Company's Sole Administrator and the term "senior management" means the Executive

Chairman, in connection with his executive functions and the persons with senior management functions who report directly to the Board of Directors and its committees, or the Executive Chairman of Naturgy Energy Group, S.A. The transactions with directors and executive/senior management personnel are detailed in note 16.

- Group companies or entities. The transactions between group companies formed part of the ordinary course of business and were performed on an arm's-length basis.

There were no significant transactions with shareholders of Naturgy or with executives or directors in 2024 and 2023.

The aggregated amounts of transactions with group companies and associates are as follows:

Expenses, revenues and other transactions	2024		2023	
	Controlling company	Group companies	Controlling company	Group companies
Operating expenses	19.087	-	-	-
Financial expenses	12.124	-	18.390	-
Other operating expenses	5	-	-	-
Total expenses	31.216	-	18.390	-
Revenues	131.749	-	157.083	-
Total revenues	131.749	-	157.083	-

Balances with Group companies and associates are disclosed in notes 4, 7, 10 and 14.

Note 16. Information about the Sole Administrator

Remuneration of the Sole Administrator

Until 8 March 2024, the Company was governed by a Board of Directors; since that date, it has been governed by a Sole Administrator.

The Company's Sole Administrator has not received any amounts under the headings of salary, per diems or other remuneration.

The Company has not acquired any obligations to its Sole Administrator in connection with pensions or life insurance, and no other benefits or payments in kind accrued in 2024.

Transactions with the Sole Administrator

Directors have the obligation to avoid conflicts of interest as established by the Company's Board of Directors Regulations and Articles 228 and 229 of the Spanish Capital Companies Law. Additionally, those articles require that conflicts of interest incurred by the directors be disclosed in the annual accounts.

The Company's Sole Administrator has not reported any conflicts of interest requiring disclosure.

In 2024, the Sole Administrator did not carry out transactions with the Company or Group companies outside the ordinary course of business or other than on an arm's-length basis.

The Sole Administrator is covered with the same liability policy that insures all directors and executives of Naturgy. The Company paid €24 thousand under this heading in 2024 (€28 thousand in 2023).

Note 17. Environment

Naturgy is aware of its activities' environmental impacts and, therefore, the company pays particular attention to the protection of the environment and the efficient use of natural resources to meet energy demand.

Given the Company's activities, it has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. For this reason, no specific environmental disclosures are provided in these notes to the annual accounts.

Note 18. Applicability of international accounting standards

Article 537 of the Capital Companies Law establishes that companies that issue securities that are listed on a regulated market in any Member State of the European Union and that, in accordance with the regulations in force, publish only separate annual accounts are obliged to disclose, in the notes to annual accounts, the main changes that would arise in equity and in the income statement if the international financial reporting standards approved by the European Commission Regulations (EU-IFRS) had been applied.

The impact of the adoption of IFRS on the balance sheet and income statement as of 31 December 2024 and 2023 for the purposes of Naturgy group disclosures was as follows:

	(€ '000)	
	2024	2023
Financial revenues	1.215	1.158
Financial expenses	16.532	28.821
FINANCIAL INCOME	17.747	29.979
INCOME BEFORE TAXES	17.747	29.979
Corporate income tax	(55)	(48)
Profit for the year	17.802	30.027

	(€ '000)	
	31 December	
	2024	2023
Non-current financial assets	(4.127)	(5.343)
Deferred tax assets	799	1.103
NON-CURRENT ASSETS	(3.328)	(4.240)
Current financial assets	10.463	22.104
CURRENT ASSETS	10.463	22.104
TOTAL ASSETS	7.135	17.864
Non-current financial liabilities	(503.568)	(1.004.139)
Deferred tax liabilities	930	1.288
NON-CURRENT LIABILITIES	(502.638)	(1.002.851)
TOTAL LIABILITIES	(502.638)	(1.002.851)
Reserves	(31.531)	(20.746)
Prior year's income	340.339	310.311
Interim dividend	(324.321)	(307.218)
Equity due to issuance of financial instruments	507.484	1.008.341
Income for the year	17.802	30.027
EQUITY	509.773	1.020.715

These figures are presented through the way in which the Company's financial information is integrated into the consolidated annual accounts of Naturgy Energy Group, S.A. prepared in accordance with IFRS-EU.

Note 19. Audit fees

The fees accrued in 2024 and 2023 were as follows:

	2024			2023		
	PwC España, S.A.	PwC Holland, N.V.	Total	PwC España, S.A.	PwC Holland, N.V.	Total
Audit services	37	-	37	-	29	29
Assurance and audit-related services	70	15	85	-	2	2
Total fees	107	15	122	-	31	31

Fees for "Verification and audit-related services" relate to reports for the issuance of bonds and other marketable securities (comfort letters).

No tax services or other non-audit services were received.

Note 20. Events after the reporting date

The €401 million bond (and the loan granted to Naturgy Energy Group, S.A.) matured on 21 January 2025 and was paid (collected) on that date.

Apart from that, there have been no other material events after the reporting date.



NATURGY FINANCE IBERIA, S.A.U.

CERTIFICATE: At a meeting on 18 February 2025, the Sole Administrator authorised the 2024 Annual Accounts, comprising the balance sheet, income statement, statement of recognised revenues and expenses, total statement of changes in equity, cash flow statement and notes to the annual accounts, set out on 35 sheets of paper, numbered 1 to 35, both inclusive, bearing the Company stamp and his signature for identification purposes on all pages.

The Sole Administrator then signed those documents by signing this page number 36, which is incorporated as an annex to the Company's 2024 Directors' Report.

Mr. Enrique Berenguer Marsal
Sole Administrator

DIRECTORS' REPORT

Naturgy Finance Iberia, S.A.U.

Directors' report as of 31 December 2024

Naturgy Finance Iberia, S.A.U. (hereinafter, the Company and formerly called Naturgy Finance, B.V.) has its registered office at Avenida América, 38 in Madrid (until 28 May 2024, it was domiciled at Barbara Strozilaan, 101 in Amsterdam) and it was incorporated in the Netherlands in 1993.

On 20 November 2023, the sole shareholder resolved to allow the Board of Directors of the Company to initiate a legal cross-border conversion in accordance with Directive (EU) 2019/2121 and the relevant implementing legislation in the Netherlands and Spain; under this process, the Company, without dissolving, winding up or going into liquidation, transferred its registered office from the Netherlands to Spain and converted its legal form from a Dutch limited liability company (B.V.) to a Spanish corporation (S.A.). The process was registered at the Madrid Mercantile Registry on 28 May 2024 and, consequently, the Company changed its corporate name from Naturgy Finance B.V. to Naturgy Finance Iberia, S.A.U.

The Company's main object is the issuance of debt financial instruments, including ordinary or subordinated debt, in accordance with the First Additional Provision of Law 10/2014, of 26 June, on the organization, supervision and solvency of credit institutions, and with the Capital Companies Law or such legislation as replaces or complements them at any time.

The sole shareholder of the Company is Naturgy Energy Group, S.A., a company incorporated in Spain; consequently, pursuant to Law 2/1995 of 23 March, it is a single-shareholder company.

1. Highlights of the period

A bond amounting to €412 million matured on 11 March 2024.

On 23 September 2024, the company issued a tender offer to redeem a nominal amount of €1,000 million of bonds listed on the Luxembourg stock exchange at different maturities and with different annual coupons; the final outcome as of 1 October was the redemption of €708 million at 1.250% maturing in 2026, €175 million at 1.250% maturing in 2026 and €117 million at 1.375% maturing in 2027.

On 2 October 2024, the Company issued on the Luxembourg stock exchange a 6-year €500 million note with an annual coupon of 3.250%, and a 10-year €500 million note with an annual coupon of 3.625%.

Consequently, the total aggregate nominal value of the outstanding issues as of 31 December 2024 was €5,851 million, with the following maturities:

Naturgy Finance Iberia, S.A.U.

Issuer	Market where listed	Nominal (million euro)	Issue	Maturity	Coupon
Naturgy Finance, S.A.U.	Luxembourg	401	2015	2025	1,375%
Naturgy Finance, S.A.U.	Luxembourg	800	2017	2025	0,875%
Naturgy Finance, S.A.U.	Luxembourg	292	2020	2026	1,250%
Naturgy Finance, S.A.U.	Luxembourg	425	2016	2026	1,250%
Naturgy Finance, S.A.U.	Luxembourg	883	2017	2027	1,375%
Naturgy Finance, S.A.U.	Luxembourg	850	2018	2028	1,500%
Naturgy Finance, S.A.U.	Luxembourg	300	2017	2029	1,875%
Naturgy Finance, S.A.U.	Luxembourg	900	2019	2029	0,750%
Naturgy Finance, S.A.U.	Luxembourg	500	2024	2030	3,250%
Naturgy Finance, S.A.U.	Luxembourg	500	2024	2034	3,625%
Total		5.851			

Additionally, on 24 April 2024, the Company redeemed €500 million of undated subordinated notes.

Consequently, the nominal value of the hybrid bonds as of 31 December 2024 is €500 million, and the possible redemption calendar is as follows:

Naturgy Finance Iberia, S.A.U.

Issuer	Market where listed	Nominal (million euro)	Issue	Maturity	Interest rate
Naturgy Finance, S.A.U.	Luxembourg	500	2021	2027	2,374%

2. Business risks

The Company's activity is exposed to several risks.

Operating and financial risks are detailed in Note 11 of the Notes to the Annual Accounts.

3. Analysis of results

Net profit in 2024 amounted to €5,066 thousand, an increase of 66.70% with respect to 2023.

Net revenue amounted to €150,836 thousand, a decrease of 3.98% compared to 2023, mainly due to the decrease in loans granted to the Sole Shareholder.

Operating expenses amounted to €148,818 thousand, a decrease of 2.26% compared to 2023, mainly due to the decrease in bonds issued.

The Company's interest-bearing debt to third parties other than Naturgy was €6,355 million as of 31 December 2023, 12.73% less than as of 31 December 2022 after several bonds matured.

4. Research, development and technological innovation

The Company did not engage in any R&D or innovation activities in 2024.

5. Environment

Given the Company's activities, it has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results.

6. Projected performance

The Company will continue to be one of Naturgy's corporate funding vehicles, basically through issues in the Euro Medium-Term Notes (EMTN) programme.

7. Own shares

The Company did not hold any own shares in 2024 and 2023.

8. Information on average supplier payment period

The average payment period is calculated in accordance with Law 15/2010 on measures to combat late payment in business operations, as amended by Law 18/2022, of 28 September, on the formation and growth of companies.

The disclosures in the notes to the annual accounts about the average supplier payment period that are required under that legislation are as follows:

	2024	2023
Total payments	1.514	333
Total payments outstanding	1	248
Average supplier payment period (days) (1)	111	106
Transactions paid ratio (days) (2)	111	75
Transactions pending payment ratio (days) (3)	21	147
Total payments made within the period established by the prompt payment regulations	512	152
% of amount paid within the period established by the prompt payment regulations with respect to total amount paid	33,81%	45,77%
Number of invoices paid within the period established by the prompt payment regulator	63	41
% of invoices paid within the period established by the prompt payment regulations with respect to total invoices paid	33,16%	54,67%

(1) Calculated on the basis of amounts paid and pending payment.

(2) Average payment period in transactions paid during the year.

(3) Average age of outstanding balances to suppliers.

The Company is evaluating its internal processes in order to contribute to shortening the period of payment to suppliers within the maximum terms established by current legislation.



9. Events after the reporting date

The €401 million bond (and the loan granted to Naturgy Energy Group, S.A.) matured on 21 January 2025 and was paid (collected) on that date.

Apart from that, there have been no other material events after the reporting date.



NATURGY FINANCE IBERIA, S.A.U.

CERTIFICATE: At a meeting on 18 February 2025, the Sole Administrator authorised the Directors' Report for 2024, all sheets bearing the Company's seal and the signature of the undersigned for identification purposes, all on 4 sheets numbered 1 to 4 inclusive.

The Sole Administrator then signed those documents by signing this page number 5, which is incorporated as an annex to the Company's 2024 Directors' Report.

Mr. Enrique Berenguer Marsal
Sole Administrator