



FY21 Results

4 February 2022

Contents

1	Executive summary	3
2	Key comparability factors and non-ordinary items	5
3	Consolidated results	7
4	Results by business unit	10
	4.1 Energy management and networks	10
	4.2 Renewables and new businesses	16
	4.3 Supply	18
5	Cash flow	20
6	Financial position	22
7	ESG metrics and highlights	24
Annexes:		
■	Annex I: Financial Statements	26
■	Annex II: Communications to the CNMV	41
■	Annex III: Glossary of terms	43
■	Annex IV: Contact details	44
■	Annex V: Disclaimer	45

1 Executive summary

Summary – FY21 results

(€m)	reported			ordinary		
	FY21	FY20	Change	FY21	FY20	Change
EBITDA	3,529	3,449	2.3%	3,983	3,714	7.2%
Net income	1,214	-347	-	1,231	872	41.2%
Capex	1,484	1,279	16.1%	-	-	-
Net debt	12,831	13,612	-5.7%	-	-	-
Free cash flow after minorities	2,113	1,626	30.0%	-	-	-

The year 2021 has been marked by the gradual recovery of energy demand and the significant rise of commodity prices, impacting both gas and electricity. This trend has intensified during the second half of the year as we approached the winter season.

Naturgy ordinary EBITDA reached €3,983m in the full year 2021, up 7% vs. previous year, and above its guidance, mainly supported by the gradual recovery of energy demand and the rising commodity prices, particularly gas.

Ordinary Net Income reached €1,231m in 2021, up 41% vs. 2020. On a reported basis, Net income reached €1,214m. The restructuring costs linked to the employee voluntary departure plan in Spain, and the breakup penalties associated to the cease of certain gas contracts in the last quarter of the year, were almost fully compensated by the net gains from the disposal of CGE Chile, the agreement in UFG, and the 2013-2020 hydro canon provision reverted during the last quarter of 2021.

Total capex amounted to €1,484m in 2021, up 16% vs. the previous year. This increase was mainly explained by greater investments in renewable developments in Australia, Spain & the USA, as well as by higher investments in supply (commercial efforts and digitization).

Net debt at the end of 2021 stood at €12,831m, implying a Net debt / LTM reported EBITDA of 3.6x compared to 3.9x as of 31 December 2020. The significant net debt reduction and deleveraging was mainly driven by the disposal of Naturgy's Chilean electricity networks subsidiary in Chile and the cash payments resulting from the agreement to exit UFG. On the other hand, the surge and volatility in gas prices had a temporary negative impact on working capital consumption, notably in 4Q21, which has partially offset the expected reduction in net debt. Such impact however is deemed as transitory and WC consumption is expected to normalize in the forthcoming quarters.

During 2021, the company paid out a total dividend of 1.33 €/share in cash, including the final dividend of 2020 (0.63 €/share) paid in March as well as the first and second interim dividends for 2021 corresponding to 0.3 €/share and 0.4 €/share, paid in August and November 2021, respectively. The company will be proposing a 2021 final dividend of 0.5 €/share in its upcoming AGM, in line with its dividend policy of 1.2 €/share per year.

2021 review

Macroeconomic growth and energy demand

Energy demand experienced a gradual recovery during the year in the regions where the Group operates. Electricity and gas demand in Spain compared on average 2.4% and 5.4% above 2020 respectively. Similarly, electricity and gas demand across the Latin American regions where the Group operates experienced an increase on average of 4.8% and 22.5% respectively during 2021 and compared to 2020.

During 2021, LatAm currencies depreciated against EUR with a negative effect of €-42m and €-8m on the Group's ordinary EBITDA and Net Income respectively. The depreciation pace has moderated in 2021 compared to prior years, albeit Brazil and Argentina continued to show a notable depreciation in the year.

Evolution of commodity prices

The year 2021 has been marked by the volatile energy scenario and the surge of gas and electricity prices, most notably during the second half of the year.

Brent prices increased by 69.5% on average when compared to 2020 while gas prices on major gas hubs show as well significant increases vs. 2020 (HH increased by 71.4% and NBP multiplied by 4.9x on average). Wholesale electricity prices for their part multiplied by 3.3x on average vs. 2020, exceeding all-time highs. Said increases resulted in significant regulatory changes and uncertainty in Spain during the year.

Corporate activity

During 2021 Naturgy continued to progress on its business simplification and de-risking, reducing risk concentration in Chile and reaching a solution to its lingering disputes in Egypt, reinforcing the company's balance sheet and strength to pursue more ambitious renewable growth.

On 10 March 2021, Naturgy, ENI and The Arab Republic of Egypt completed the agreement to amicably resolve the disputes affecting Union Fenosa Gas (UFG), the 50%/50% partnership between Naturgy and ENI. Naturgy received a series of cash payments adding up to approximately US\$0.6bn, as well as most of the assets outside of Egypt, excluding UFG's commercial activities in Spain.

Furthermore during 2021, Naturgy completed the disposal of its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A in Chile (CGE), to State Grid International Development Limited (SGID) for a total purchase price (equity value) of €2,570m.

COVID-19 update

Naturgy continues to support and protect the interests of all its stakeholders, including measures to preserve employee health, safety and wellbeing, resources to guarantee effective remote work, or individual protection and support by Naturgy's medical services.

Relevant measures remain in place to support society as well as customers and suppliers, including the reinforcement of key infrastructures to ensure the stability and quality of electricity and gas supply. Moreover, and in light of the significant rise in electricity prices and the impact it might have on its industrial and SME/retail clients, Naturgy announced at the beginning of September, its Commitment Initiative, consisting on offering a fixed price of €60/MWh for electricity in Spain for 2 years without conditions, using its inframarginal production. Further to this, Naturgy extended its offering with a fixed price of 65 euros / MWh for three years, which allows clients to get a stable price not linked to the volatility of the pool for a longer horizon.

Naturgy reiterates the importance and value of its commitment to society and reaffirms its willingness to maintain its support for its clients with measures within the company's reach.

2 Key comparability factors and non-ordinary items

Reporting structure

FY21 results follow the new organizational structure i) Energy management and networks, ii) Renewables and new businesses, and iii) Supply. Accordingly:

- Networks includes all networks businesses including Spain gas and electricity networks as well as networks LatAm, including Chile Gas, Brazil gas, Mexico gas, Panama electricity and Argentina gas and electricity
- Energy management is composed of: i) Markets & procurement, ii) International LNG, iii) Pipelines (EMPL), iv) Spain thermal generation and v) LatAm thermal generation
- Markets and procurement includes all gas procurement and internal and external sales (except from International LNG and gas sales to end customers <500GWh in Spain)
- Renewables, new businesses and innovation includes all renewable generation activities (including hydro) previously reported as part of European power generation and International power generation, together with new businesses
- Supply includes all power sales to end customers in Spain as well as gas sales to end customers < 500GWh in Spain

Perimeter changes

The **main transactions completed in 2021 with an impact in comparability** in FY21 vs. FY20 results include the following:

- On March 2021, Naturgy, ENI and the Arab Republic of Egypt completed the agreement reached on 1 December 2020 to amicably resolve the disputes affecting Union Fenosa Gas (UFG). As a result, a positive impact of €127m has been recognized in FY21, while UFG assets assigned to Naturgy have been fully consolidated.
- On September 2021, Naturgy completed the disposal of its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A in Chile (CGE), to State Grid International Development Limited (SGID), translating into €64m net capital gains

The **main transactions completed in 2020 with an impact in comparability** in FY21 vs. FY20 results include the following:

- On April 2020, Naturgy completed the sale of its assets in Kenya
- On July 2020, Naturgy completed the transaction to acquire a 34.05% stake in Medgaz
- On November 2020, Naturgy reached an agreement to sell its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A. Following this agreement the activity was classified as “Non-current assets available for sale” and results reported as “discontinued operations” for comparative purposes.
- In addition, gas distribution activity in Peru and coal generation in Spain were reported as discontinued operations since April and June 2020 respectively. These activities have not contributed to FY21 consolidated results

Non-ordinary items

Non-ordinary items are summarized below:

(€m)	EBITDA		Net income	
	FY21	FY20	FY21	FY20
Restructuring costs	-410	-197	-291	-144
Lean transformation costs	-39	-	-27	-
Provisions reversal	6	37	4	28
Sales of land and buildings	5	7	3	5
Procurement agreement	36	-94	28	-76
Taxes	188	-	164	-
Cost of gas contracts withdrawal	-234	-	-176	-
UF Gas agreement	-	-	127	-
Interest sales and corporate transactions	-	-	4	10
Asset write-down	-	-	-11	-1,019
Discontinued operations	-	-	113	17
Other	-6	-18	45	-40
Total	-454	-265	-17	-1,219

At the EBITDA level, non-ordinary impacts in FY21 amounted to -€454m, corresponding mostly to restructuring costs (-€410m) in Spain, notably in networks and supply activities, and gas supply contracts break-up costs (-€234m), which have been partially offset by taxes reverted, mostly as a consequence of the hydro canon sentence (+€191m), and other less relevant positive items.

At the Net income level, non-ordinary items in FY21 amounted to -€17m. The aforementioned items and its corresponding impact at Net income level were offset by the agreement in UFG, which had a positive impact of €127m and the contribution from discontinued operations, with a positive impact of €113m, of which CGE Electricidad €111m.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	Avg. FY21	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.18	3.5%	-16	-1
MXN/€	23.99	-1.7%	1	0
BRL/€	6.38	8.9%	-19	-4
ARS/€ ¹	116.94	13.7%	-9	-3
CLP/€	898.05	-0.3%	1	0
Other	-	-	0	0
Total	-	-	-42	-8

Note:

1. Exchange rate as of 31 December 2021 as a consequence of considering Argentina as an hyperinflationary economy

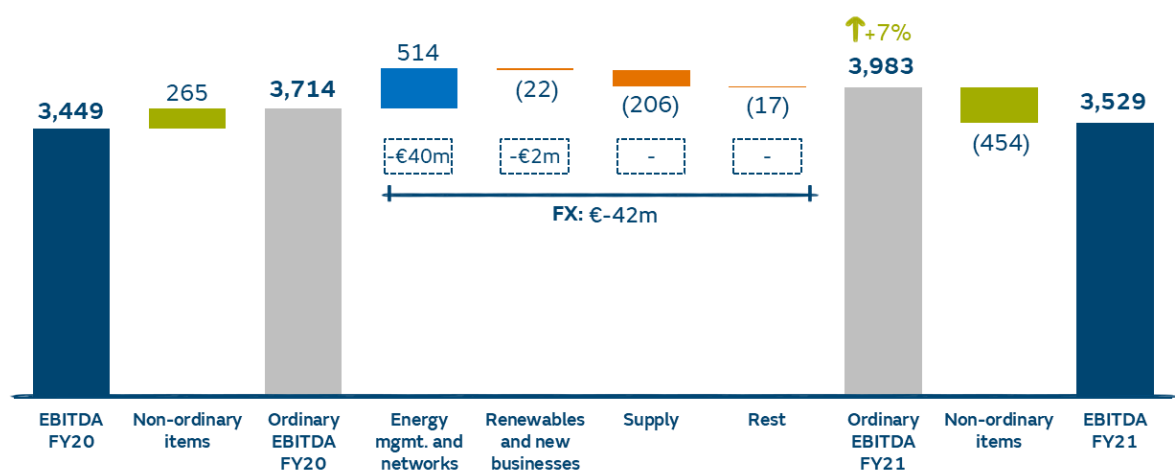
3 Consolidated results

(€m)	reported			ordinary		
	FY21	FY20	Change	FY21	FY20	Change
Net sales	22,140	15,345	44.3%	22,130	15,345	44.2%
EBITDA	3,529	3,449	2.3%	3,983	3,714	7.2%
Other results	133	12	-	0	0	-
Depreciation, amortisation and impairment expenses	-1,462	-2,839	-48.5%	-1,446	-1,478	-2.2%
Impairment of credit losses	-99	-156	-36.5%	-99	-156	-36.5%
EBIT	2,101	466	-	2,438	2,080	17.2%
Financial result	-394	-538	-26.8%	-486	-502	-3.2%
Profit/(loss) of companies measured under the equity method	90	36	-	90	29	-
Income tax	-358	-19	-	-459	-374	22.7%
Income from discontinued operations	117	24	-	0	0	-
Non-controlling interest	-342	-316	8.2%	-352	-361	-2.5%
Net income	1,214	-347	-	1,231	872	41.2%

Ordinary Net sales totaled €22,130m in FY21, **44.2%** above FY20, mainly as a result of higher demand and energy prices in the period, with a particularly positive impact in Energy management activities.

Consolidated **ordinary EBITDA** reached €3,983m in FY21, up 7.2% vs. FY20, mainly supported by the gradual recovery of energy demand, rising energy prices and the positive impact of open positions in energy markets, positively affecting energy management and merchant activities. Networks businesses remained resilient, while renewables were affected by some specific events and adjustments in Spain. The Supply activity in Spain was impacted by higher gas procurement costs and pool prices, notably during the second half of the year.

EBITDA evolution (€m)



(€m)	reported			ordinary		
	FY21	FY20	Change	FY21	FY20	Change
Energy management and networks	3,266	2,859	14.2%	3,560	3,046	16.9%
Renewables and new businesses	488	352	38.6%	340	362	-6.1%
Supply	-96	326	-	153	359	-57.4%
Rest	-129	-88	46.6%	-70	-53	32.1%
Total	3,529	3,449	2.3%	3,983	3,714	7.2%

Depreciation, amortization and impairment losses reached in the quarter **-€1,462m, 48.5%** lower than in FY20. This reduction is explained by the impairment made in FY20 in certain assets for a total amount of -€1,363m, mainly affecting Spain conventional generation (-€1,145m) and gas activities in Argentina (-€198m).

Impairment and credit losses reached **-€99m** in FY21, **36.5%** lower than in FY20, recovering from the significant increase in FY20 as a result of the COVID-19 crisis.

Financial result amounted to -€394m, down 26.8% vs FY20, following lower net debt in the period, an improvement in the **average cost of gross financial debt¹** for FY21, reaching 2.5%, in line with FY20 (cost of net financial debt decreased 1.4% in the period), and non-ordinary positive impacts due to the reversal of certain financial provisions. As of 31 December 2021, **83%** of gross debt is at fixed rates and **29%** is denominated in foreign currency.

Financial result (€m)	FY21	FY20	Change
Cost of net financial debt	-491	-498	-1.4%
Other financial expenses/income	97	-40	-
Total	-394	-538	-26.8%

Equity-accounted affiliates contributed €90m in FY21 as detailed below:

Profit/(loss) of companies measured under the equity method	FY21	FY20	Change
UFG sub-group	-3	-30	-90.0%
Electricity Puerto Rico	54	51	5.9%
CGE sub-group	9	8	12.5%
Renewable Generation and Cogeneration	15	-2	-
Medgaz/Medina	12	6	100.0%
Others	3	3	-
Total	90	36	-

The ordinary **effective tax rate** for FY21 stood at **22.5%**, vs. 23.3% in FY20.

Contribution from **discontinued operations stood at €117m in FY21, mostly** reflecting the contribution of electricity distribution activities in Chile, as shown below:

Income from discontinued operations (€m)	FY21	FY20	Change
Peru	2	-12	-
Coal generation Spain	0	-38	-100.0%
Electricity distribution Chile	115	74	55.4%
Total	117	24	-

Note:

1. Cost from IFRS 16 debt not included

Income attributed to non-controlling interests amounted to -€342m in FY21, +8.2% vs. FY20, as detailed below:

Income attributed to non-controlling interests (€m)	FY21	FY20	Change
EMPL	-32	-41	-22.0%
Nedgia	-72	-76	-5.3%
Other affiliates ¹	-179	-139	28.8%
Other equity instruments	-59	-60	-1.7%
Total	-342	-316	8.2%

Note:

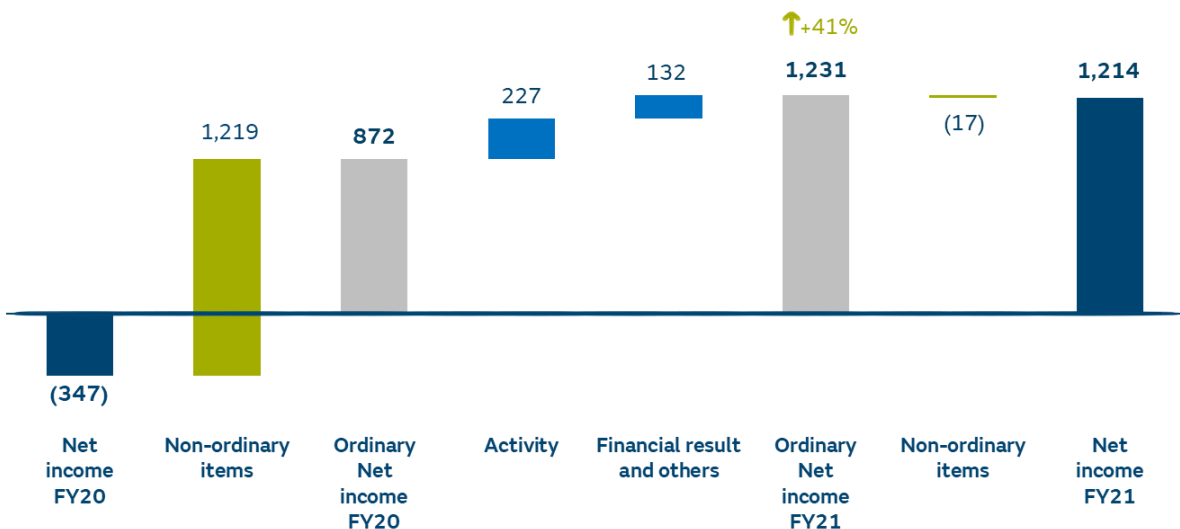
1. Including GPG, gas distribution in Chile, Brazil, Mexico and Argentina, and electricity distribution in Chile and Panama

The decrease of EMPL contribution and other affiliates follow the capacity step down in EMPL effective since February 2020, as well as the termination of the concession in October 2021, and the lower contribution from LatAm activities respectively.

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

Net ordinary income in FY21 amounted to €1,231m, up 41.2% vs. FY20.

Net income evolution (€m)



4 Results by business unit

4.1 Energy management and networks

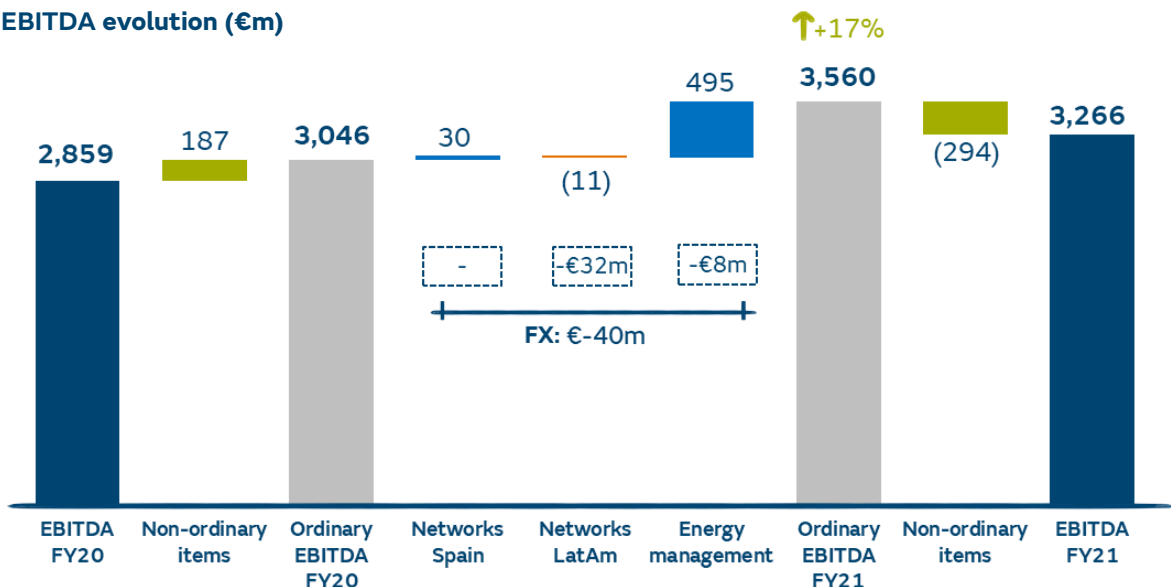
EBITDA (€m)	reported			ordinary		
	FY21	FY20	Change	FY21	FY20	Change
Networks Spain	1,448	1,538	-5.9%	1,657	1,627	1.8%
Gas networks	857	891	-3.8%	961	940	2.2%
Electricity networks	591	647	-8.7%	696	687	1.3%
Networks LatAm	828	834	-0.7%	829	840	-1.3%
Chile gas	191	206	-7.3%	186	207	-10.1%
Brazil gas	231	203	13.8%	233	204	14.2%
Mexico gas	218	222	-1.8%	219	224	-2.2%
Panama electricity	125	130	-3.8%	127	132	-3.8%
Argentina gas	40	52	-23.1%	41	52	-21.2%
Argentina electricity	23	21	9.5%	23	21	9.5%
Energy management	990	487	-	1,074	579	85.5%
Markets and procurement	90	-223	-	167	-170	-
International LNG	373	129	-	357	198	80.3%
Pipelines (EMPL)	191	240	-20.4%	194	240	-19.2%
Spain thermal generation	91	104	-12.5%	111	74	50.0%
LatAm thermal generation	245	237	3.4%	245	237	3.4%
Total	3,266	2,859	14.2%	3,560	3,046	16.9%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA increased 16.9% to €3,560m during the period, driven by resilient Spanish networks and the positive impact of the current energy scenario in the Company's gas balance, which together with the optimization of open positions, supported the improvement in Markets & procurement and International LNG activities. These have been partially offset by the negative FX evolution in LatAm and the already anticipated lower contribution from EMPL.

According to the criteria established by IAS 29 "Financial Information in Hyperinflationary Economies", the Argentine economy should be considered as hyperinflationary. As a result, FX differences arising during the year have been applied to 2021 results, which have been as well updated by inflation rates.

EBITDA evolution (€m)

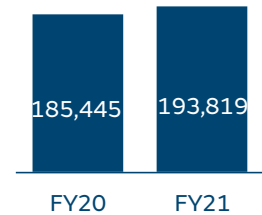


Spain gas networks

FY21 Ordinary EBITDA reached €961m, up 2.2% vs. FY20. Higher distributed sales supported by demand recovery, as well as operational improvements, allow to compensate the lower base remuneration under the new regulatory framework.

Gas sales (excluding LPG) increased by 4.5%, while connection points remained stable vs. FY20 (-0.6%).

Gas sales Spain (GWh)
(+4.5%)



Electricity sales Spain (GWh)
(+1.9%)

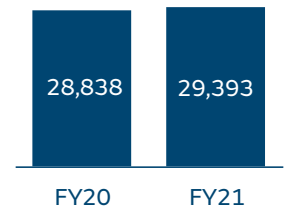
ICEIT (mins)	39.5	35.8
Opex/km (€/km)	1,248	1,159

Spain electricity networks

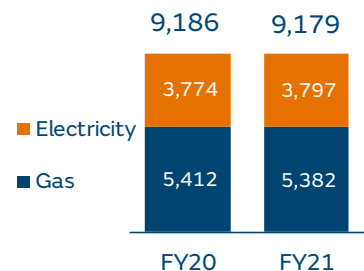
FY21 Ordinary EBITDA amounted to €696m, a 1.3% increase vs. FY20 as a result of investments and additional efficiencies, offsetting the lower financial remuneration under the regulatory framework 2020-25.

Connection points increased by 0.6% during the period, while electricity sales increased by 1.9%.

Unitary opex per km of installed network decreased by 7.1% vs. FY20.



Connection points ('000)
(-0.1%)



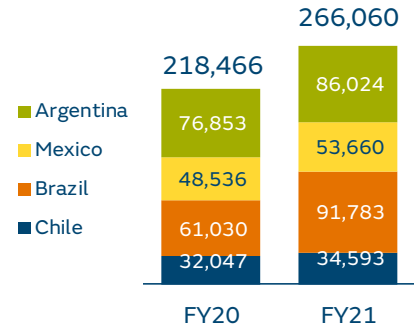
Chile gas

FY21 Ordinary EBITDA totaled €186m, 10.1% lower than in FY20. Higher distribution sales and efficiencies were offset by lower gas supply sales and margins.

Total gas sales increased by 7.9% as a result of higher TPA and distributed sales (+14.0% and +5.9% respectively), while supply sales decreased by 53.8%.

Connection points increased by 1.7%.

Gas sales (GWh)
(+21.8%)



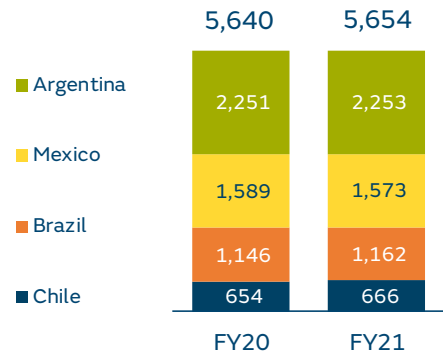
Brazil gas

FY21 Ordinary EBITDA totaled €233m, 14.2% higher than in FY20. Sales growth, notably in the Generation + TPA segment, tariff updates and positive opex evolution outweighed the negative FX impact (-€18m).

Overall gas sales increased 50.4%, notably in Generation + TPA (+82.9% vs FY20). Commercial, NGV and industrial segments have also shown strong growth (+17.4%, +14.9% and +8.4% respectively), with retail being the only laggard segment (-1.1%).

Connection points grew 1.4% in the period.

Gas connection points ('000)
(+0.3%)



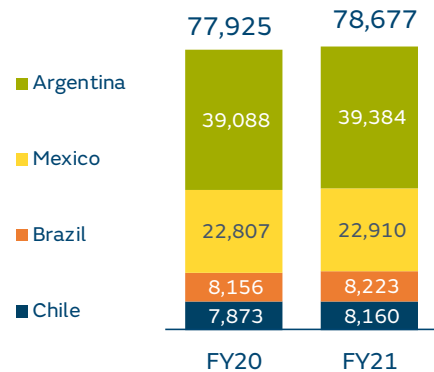
Mexico gas

FY21 Ordinary EBITDA decreased 2.2% to €219m.

Higher sales in the Generation + TPA, industrial and NGV segments, as well as higher margins in the supply activity, were offset by lower contribution from energy services and delayed tariff updates.

Gas sales increased by 10.6%, with every segment growing above 12% except for retail (-6.6%). Connection points decreased by 1.0%.

Gas network (km)
(+1.0%)

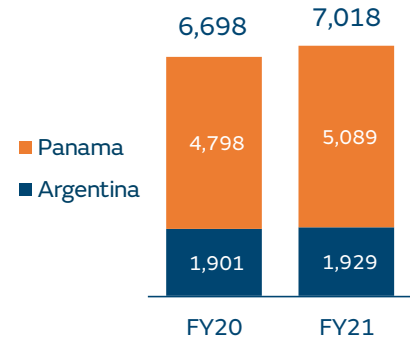


Panama electricity

FY21 Ordinary EBITDA amounted to €127m, down 3.8% vs. FY20, driven by negative FX impact (-€4m) and mild temperatures, which offset sales growth from economic recovery.

Electricity sales increased by 6.1%, while connection points grew by 2.8%.

Electricity sales (GWh)
(+4.8%)

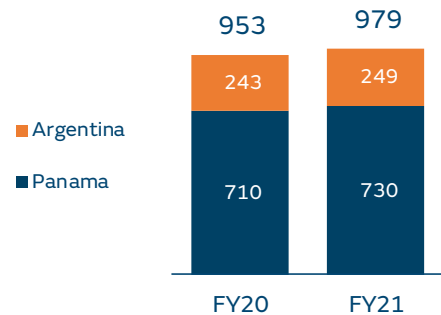


Argentina gas

FY21 Ordinary EBITDA amounted to €41m, down 21.2% vs. FY20. Higher sales in all segments - except industrial - and tariff updates were not sufficient to compensate higher opex associated to inflation and negative FX evolution (-€6m).

Gas sales increased by 11.9%, while connection points remained stable (+0.1%) vs. FY20.

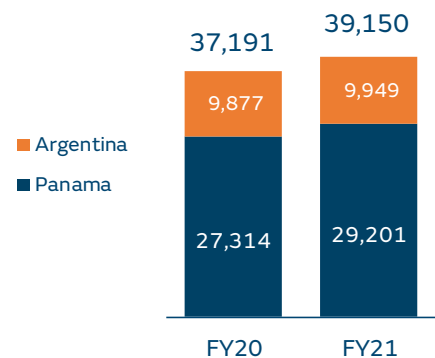
Electricity connection points ('000)
(+2.8%)



Argentina electricity

FY21 Ordinary EBITDA amounted to €23m, 9.5% higher than in FY20, driven by sales and connection points growth (+1.5% and +2.6% respectively), and despite the negative FX impact (-€3m).

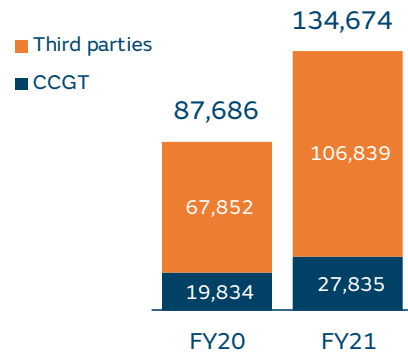
Electricity network (km)
(+5.3%)



Markets and procurement

FY21 Ordinary EBITDA reached €167m vs. €-170m in FY20. The scenario of high energy prices resulted in a transitory margin increase during the second half of the year, which came on top of higher sales during the year (+53.6%).

Gas sales (GWh)
(+53.6%)

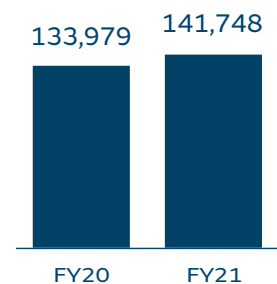


International LNG

FY21 Ordinary EBITDA reached €357m, up 80.3% vs. FY20. The scenario of high prices and management capabilities to optimize our portfolio, has allowed for higher margins during the second half of the year, most notably in Q421, which coupled with higher sales have resulted in significant EBITDA growth.

As of 31 December 2021, contracted sales for 2022 and 2023-24 stood at 80% and 76% respectively.

International LNG sales (GWh)
(+5.8%)

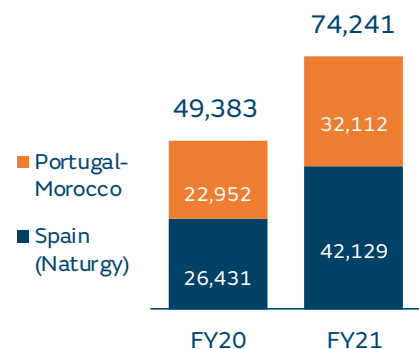


Pipelines (EMPL)

FY21 Ordinary EBITDA decreased by 19.2% to €194m, as a result of the capacity step down and US\$ depreciation (-€10m).

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

Gas transport (GWh)
(+50.3%)



Spain thermal generation

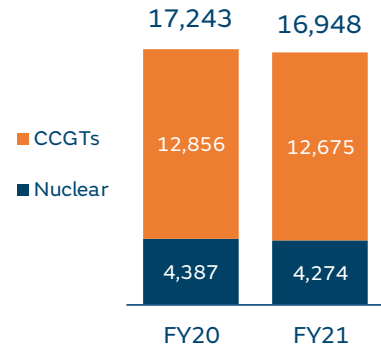
FY21 Ordinary EBITDA amounted to €111m, up 50.0% vs FY20 on the back of higher electricity prices. Nevertheless, the performance of our CCGTs has been affected by higher gas prices during the year, notably in 2H21.

Pool prices multiplied by 3.3x vs. FY20, averaging €111.9/MWh in the period, as a result of higher gas and CO₂ prices, particularly acute in the second half of the year.

Total production suffered a slight decrease (-1.7%) with CCGTs and nuclear production decreasing by 1.4% and 2.6% respectively in the year.

Spain thermal power production (GWh) (-1.7%)

Pool fwd prices ¹ (€/MWh)	44.0	89.3
Pool Price ² (€/MWh)	34.0	111.9

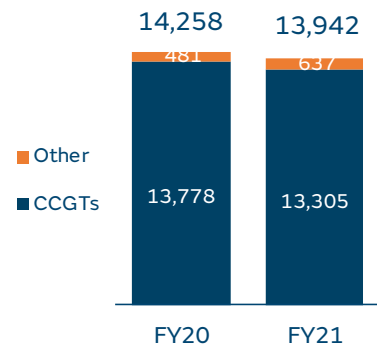


LatAm thermal generation

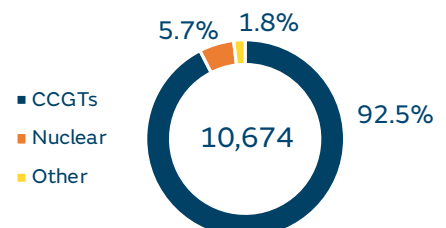
FY21 Ordinary EBITDA reached €245m, up 3.4% vs. FY20, following higher margins in Mexico as a result of PPAs and higher electricity prices, offset by US\$ depreciation (-€8m).

Total production decreased by 2.2%, with CCGTs production decreasing 3.4% while other thermal increased 32.6%.

LatAm thermal power production (GWh) (-2.2%)



FY21 thermal installed capacity (MW)



Notes:

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



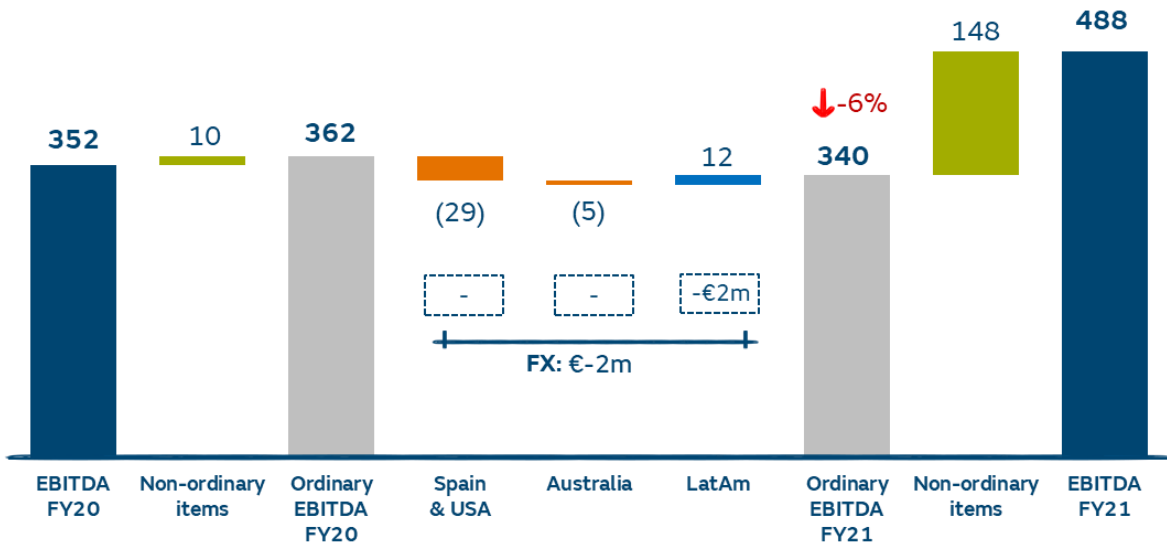
4.2 Renewables and new businesses

EBITDA (€m)	reported			ordinary		
	FY21	FY20	Change	FY21	FY20	Change
Spain & USA	408	272	50.0%	252	281	-10.3%
Australia	9	14	-35.7%	9	14	-35.7%
LatAm	71	66	7.6%	79	67	17.9%
Total	488	352	38.6%	340	362	-6.1%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA reached €340m (-6.1%) in FY21. Higher wind production in Spain and new installed capacity in Chile have been offset by lower bilateral prices and regulatory adjustments in Spain, lower margins in Australia, and lower wind resource in Mexico as well as a slightly negative FX impact in LatAm (-€2m). Naturgy currently operates 5,221 MW of renewable capacity.

EBITDA evolution (€m)



Spain & USA

FY21 Ordinary EBITDA amounted to €252m, down 10.3% vs. FY20, negatively impacted by sector changes to the accounting treatment of regulatory revenues, as well as a reduction in the bilateral sale price to our supply business.

Installed capacity as of end FY21 reached 4,127MW, 74MW higher compared to FY20, 73MW wind capacity and the remaining 1MW solar.

Australia

FY21 Ordinary EBITDA was €9m vs. €14m in FY20.

The reduction is mainly explained by lower margins following the quarterly mark to market valuation of existing PPAs under contracts for differences regime.

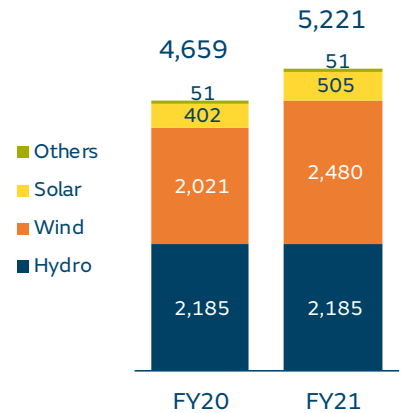
Naturgy continued to progress developing renewable assets in Australia. Accordingly, Installed capacity as of end FY21 reached 277MW, 181MW higher compared to FY20, all of them wind.

LatAm

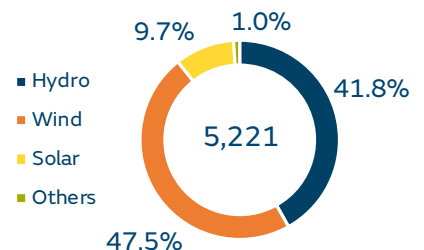
FY21 Ordinary EBITDA reached €79m, 17.9% higher than in FY20, mainly driven by new capacity coming into operation in Chile, which has been partially offset by FX impact (-€2m).

Installed capacity in LatAm as of end FY21 reached 818MW, 307MW higher compared to FY20, of which 206MW wind and 101MW solar.

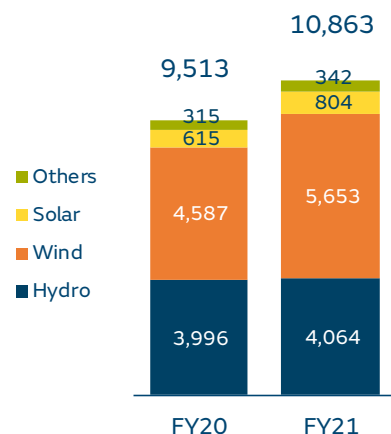
Total renewable installed capacity (MW)
(+12.1%)



FY21 renewable installed capacity (MW)
(technology)



Total renewable production (GWh)
(+14.2%)



4.3 Supply

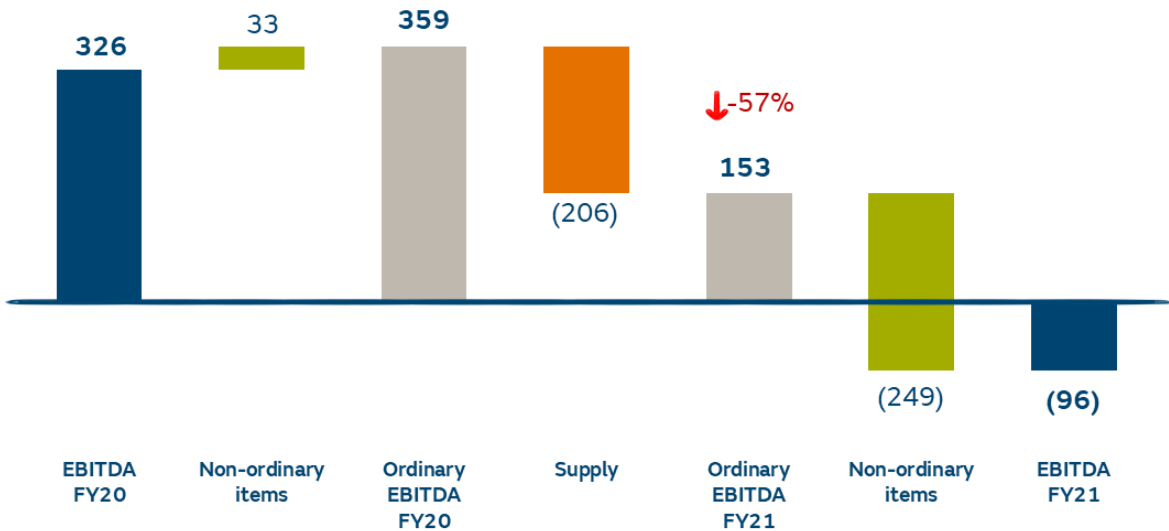
EBITDA (€m)	reported			ordinary		
	FY21	FY20	Change	FY21	FY20	Change
Total	-96	326	-	153	359	-57.4%

Please refer to Annex for additional P&L disclosure

Supply in Spain was impacted by contracts with end customers not reflecting the increase of gas and electricity procurement costs.

Accordingly, **FY21 Ordinary EBITDA amounted to €153m, -57.4% lower** than FY20, primarily driven by lower margins in power and gas supply due to higher procurement costs, as well as lower contribution from services and solutions activities.

EBITDA evolution (€m)



Supply

FY21 Ordinary EBITDA reached €153m, -57.4% vs. FY20, driven by challenging conditions in power supply, affected by lower sales in the retail segment as well as lower margins due to rising pool prices, notably affecting the industrial segment.

Gas supply for its part, benefited from growth in industrial sales and higher retail margins, which nevertheless were more than offset by lower industrial margins, consequence of higher procurement costs.

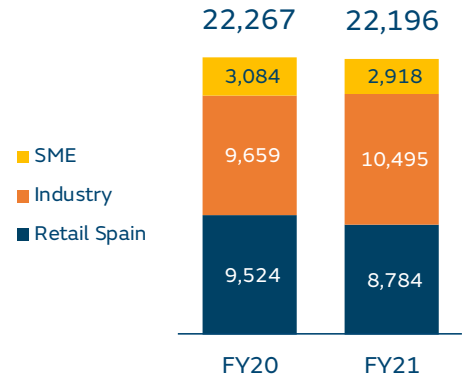
Gas sales increased by 11.8% in FY21, notably in the industrial segment (+14.6%) as a consequence of COVID-19 impact in 2020.

Power sales remained stable (-0.3%) in FY21 as a result of higher sales in the industrial segment (+8.7%), which compensated for the decrease in retail and SME sales (-7.8% and -5.4% respectively).

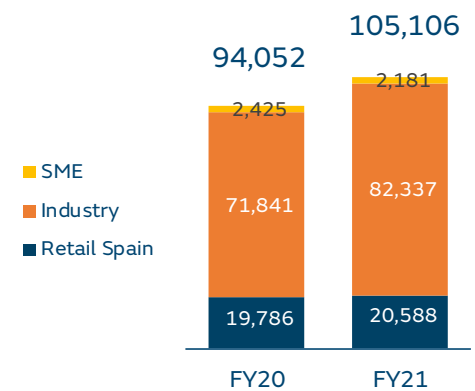
In addition, it is important to highlight that during 2021 Naturgy has signed several PPA contracts with different industrial clients to supply renewable electricity for a total of 710 GWh/year, starting in 2022 and 7-10 years of duration.

Finally, the number of contracts remained stable vs FY20 (-0.5%).

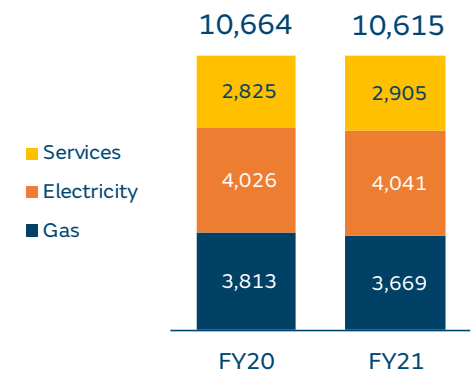
Electricity sales (GWh) (-0.3%)



Gas sales (GWh) (+11.8%)

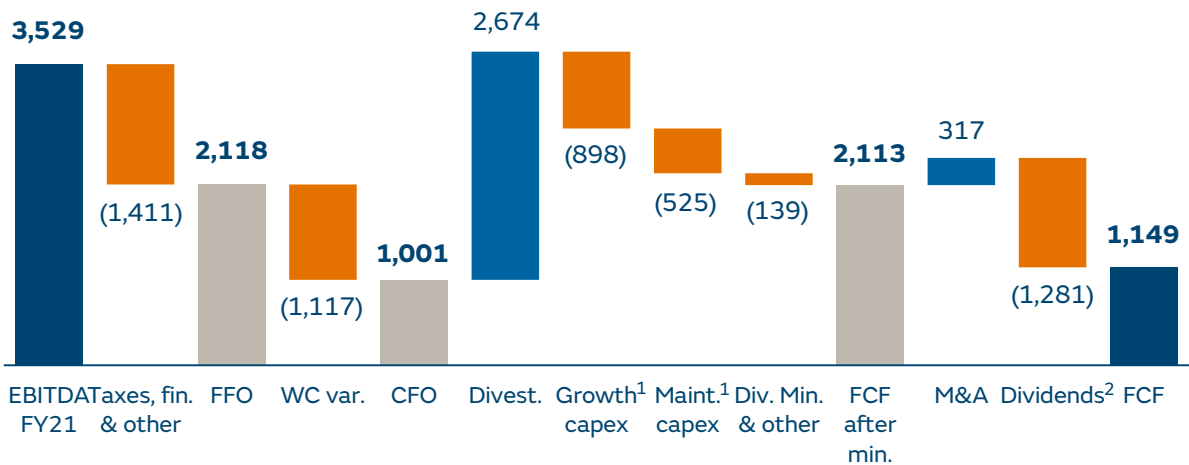


Contracts ('000) (-0.5%)



5 Cash flow

Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions
2. Net of dividends received by the group companies. Includes €3m of own shares repurchase for the 2021 employee share program

FY21 free cash flow after minorities amounted to €2,113m driven by cash from operations and cash collections from the disposal of CGE and the agreement to exit UFG, and after the €1,423m Capex in the period. On the other hand, the surge and volatility in gas prices had a temporary negative impact on working capital consumption, notably in 4Q21, which has partially offset the expected reduction in net debt. Such impact however is deemed as transitory and WC consumption is expected to normalize in the forthcoming quarters

Net debt amounted to €12,831m while Net debt / LTM EBITDA stood at 3.6x compared to 3.9x as of 31 December 2020.

Capex

The breakdown of capex by type and business unit was as follows:

(€m)	Maintenance capex		
	FY21	FY20	Change
Energy management and networks	458	461	-0.7%
Renewables and new businesses	27	25	8.0%
Supply	23	21	9.5%
Rest	24	39	-38.5%
Total investments	532	546	-2.6%

Maintenance capex in FY21 amounted to €532m, compared to €546m in FY20, a 2.6% reduction

(€m)	Growth capex		
	FY21	FY20	Change
Energy management and networks	260	295	-11.9%
Renewables and new businesses	579	404	43.3%
Supply	113	34	-
Rest	0	0	-
Total investments	952	733	29.9%

Growth capex in the period was close to 65% of total capex and amounted to €952m in FY21.

Growth capex in FY21 included:

- A total of €579m invested in the construction of different renewable projects, of which €213m in Spain, €328m in Australia and €38m in Latam.
- €249m invested in the development of networks, of which €127m in Spain and €122m in Latam.
- €113m in the supply activity



In addition, Naturgy has reached several agreements that confirm its commitment to renewable growth:

- Naturgy reached several agreements in Australia which will increase its presence in the country to over 750MW by 2022
- On 15 January 2021, Naturgy, through its 100% owned subsidiary Naturgy Solar USA, LLC, acquired 100% of the economic interests of a pipeline holding a portfolio of 8GW solar projects together with 4.6GW of co-located energy storage projects spanning 9 states in the U.S., of which 25 projects totaling 3.2GW of solar and 2GW storage could be operational before 2026. As part of the transaction, Naturgy also entered into a 5 year development agreement with Candela Renewables, a first in class team holding over 20 years of experience in the field, with a proven track record in the development of solar and energy storage projects in the U.S.
- On 15 March 2021, Naturgy was awarded with 45MW of solar capacity in the Canary Islands, which will allow the Group to double its current installed capacity in the region.
- Lastly, on 26 January and 19 October 2021, Naturgy was awarded with a total of 235MW and 221MW respectively of wind and solar projects as part of the Spanish renewable auctions.

Other transactions

On 10 March 2021, Naturgy, ENI and The Arab Republic of Egypt completed the agreement reached on 1 December 2020, to amicably resolve the disputes affecting Union Fenosa Gas (UFG). As a result, capital gains for a total amount of €127m have been registered in the “Other results” caption, and UFG assets assigned to Naturgy have been fully consolidated (100%).

As already stated, on 26 July 2021 the sale of Naturgy’s entire equity shareholding (96.04%) in CGE Electricidad to State Grid International Development Limited (SGID) was completed, with receiving proceeds of €2,591m in 3Q21.

6 Financial position

As of 31 December 2021, net debt amounted to €12,831m, significantly below year-end 2020 figure, and despite the already mentioned temporary increase in working capital, reflecting the cash generation capacity of the group as well as the proceeds from the disposal of CGE Electricidad. Net debt / LTM EBITDA stood at 3.6x compared to 3.9x as of 31 December 2020. BBB rating has been confirmed by rating agencies with stable outlook.

During FY21, the most relevant transactions and refinancing operations included:

- Issue of two bonds in Mexico for €120m with a maturity of 3 years with a TIIE + 0.49% coupon and for €100m with a maturity of 9 years with a 8.21% coupon.
- Mini-Perm loans for projects of Cabo Leones II and San Pedro for a total of €273m which include a revolving credit line with 7 years tenor at Libor + 2.27% and a partial floating interest rate hedge.
- Mini-Perm loan for wind projects of Berrybank for a total of €175m with a tenor of 5 years. The transaction has hedged the 75% of floating rate risk (BBSY + 1,30%).
- Revolving credit line in Panamá for €297m with a tenor of 4.6 years at Libor + 4.25% to reduce the refinance risk of short-term credit lines.
- Project Finance in Parque Eólico Peñarrodana S.L. for €60m of 8.5 years at Euribor + 1.35% and other in Naturgy Renovables Ruralia S.L. for €24m of 16 years at Euribor + 2.32%.
- Refinancing of loans and revolving credit lines in Spain for a total of €4,661m and international businesses for a total of €541m, including:
 - Refinancing of a syndicated revolving credit facility increasing the limit from €1,750m to €2,000m with maturity of 3 years at Euribor + 0,30%. ESG metrics were included in the pricing mechanism. Additionally, at parent company, revolving credit facilities for a total amount of €983m have been refinanced, with ESG targets introduced in some of them as well.
 - GPG has obtained the extension of its syndicated loan of \$1,400 m for an additional year, maturing in 2026 (\$100m remain in 2025). In addition, GPG has increased the hedge of floating rates exposure with two forward starting swaps.
- On 16 November, Naturgy completed the issuance of subordinated perpetual securities for an amount of €500m, redeemable from February 2027, with an annual yield of 2.375%. As part of the transaction, the company launched a tender offer, limited to €500m, for the outstanding subordinated perpetual securities redeemable from November 2022.

Liquidity (€m)

Liquidity as of 31 December 2021 stood at €9,424m, including €3,965m in cash and equivalents and €5,459m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of 31 December 2021.

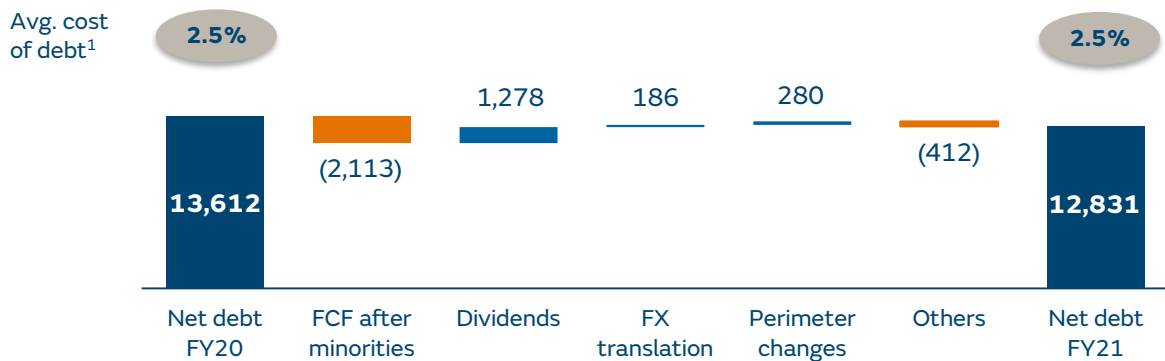
The detail of the Group's current liquidity is as follows:

Liquidity		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		FY21	FY20	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Cash and equivalents	€m	3,965	3,927	54	52	114	52	135	33	3,525
Undrawn committed credit lines	€m	5,459	5,548	-	-	22	-	-	49	5,388
Total	€m	9,424	9,475	54	52	136	52	135	82	8,913

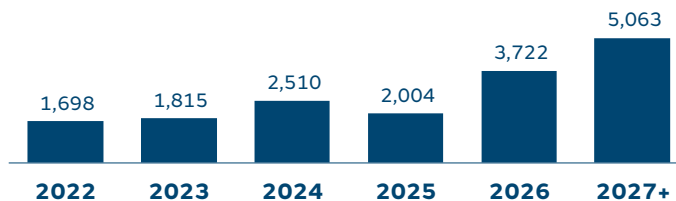
The weighted average maturity of the undrawn credit lines stands at 2 years, according to the following detail:

(€m)	2022	2023	2024	2025	2026
Undrawn committed credit lines	483	1,992	2,874	-	110

Net debt evolution (€m)



Gross debt maturities (€m)



Debt structure and credit metrics

Financial debt by currency		Consolidated Group		Chile	Brazil	Argentina	Mexico	Panama	Holding & others	
		FY21	FY20	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Net financial debt	€m	12,831	13,612	345	29	147	-43	362	707	11,284
Average cost of debt ¹	%	2.5	2.5	6.9	3.5	5.9	41.8	6.9	4.5	1.7
% fixed rated (gross debt)	%	83	83	85	23	1	1	56	55	89

Credit metrics	FY21	FY20
EBITDA/Net financial debt cost	7.2	6.9
Net debt /LTM EBITDA	3.6	3.9

Note:

1. Does not include cost from IFRS 16 debt

7 ESG metrics and highlights

		FY21	FY20	Change	Comments
Health and safety					
Accidents with lost time ¹	units	8	4	100.0%	Increase in accident ratio as a consequence of the exceptionally low 2020, notably in 1Q20
LT Frequency rate ²	units	0.10	0.04	-	
Environment					
GHG Emissions ³	M tCO ₂ e	13.5	15.5	-12.9%	Growing renewable production (+12.1%) coupled with lower thermal (-1.9%) production in the period
Emission factor	t CO ₂ /GWh	261	297	-12.1%	
Emissions-free installed capacity	%	33.0	29.0	13.8%	New renewable capacity coming into operation in Chile, as well as the shutdown of the coal capacity in June 2020
Emissions-free net production	%	35.4	32.4	9.3%	
Interest in people					
Number of employees	persons	7,366	9,335	-21.1%	Perimeter changes and workforce optimization
Training hours per employee	hours	28.8	26.6	8.3%	Reinforced training programs, with a growing relevance of on-line format
Women representation	%	32.4	32.9	-1.5%	Slight reduction as a consequence of higher women representation in companies exiting the consolidation perimeter
Society and integrity					
Economic value distributed	€m	22,494	16,235	38.6%	Increase in Economic value distributed following activity growth
Complaints received by the ethics committee	units	61	80	-23.8%	Complaints within normal parameters, and aligned with the evolution in the number of employees

Notes:

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

On the quantitative side, Naturgy continues to increase both emissions-free installed capacity and production, as well as significantly reducing its GHG emissions, consequence both of the new renewable capacity coming into operation and the closure of our coal plants.

COVID-19 Company initiatives

Naturgy continues to support and protect the interests of all its stakeholders, including measures to preserve employee health, safety and wellbeing, resources to guarantee effective remote work, or individual protection and support by Naturgy's medical services.

Relevant measures remain in place to support society as well as customers and suppliers, including the reinforcement of key infrastructures to ensure the stability and quality of electricity and gas supply. Moreover, and in light of the significant rise in electricity prices and the impact it might have on its industrial and SME/retail clients, Naturgy announced at the beginning of September, its Commitment Initiative, consisting on offering a fixed price of €60/MWh for electricity in Spain for 2 years without conditions, using its inframarginal production. Further to this, Naturgy extended its offering with a fixed price of 65 euros / MWh for three years, which allows clients to get a stable price not linked to the volatility of the pool for a longer horizon.

Naturgy reiterates the importance and value of its commitment to society and reaffirms its willingness to maintain its support for its clients with measures within the company's reach.

Annexes

Annex I: Financial Statements

Consolidated income statement

(€m)	reported			ordinary		
	FY21	FY20	Change	FY21	FY20	Change
Net sales	22,140	15,345	44.3%	22,130	15,345	44.2%
Procurement	-16,529	-10,138	63.0%	-16,551	-10,033	65.0%
Gross margin	5,611	5,207	7.8%	5,579	5,312	5.0%
Operating expenses	-1,154	-807	43.0%	-880	-800	10.0%
Personnel costs	-1,017	-875	16.2%	-606	-678	-10.6%
Own work capitalised	77	77	-	77	77	-
Other operating income	173	220	-21.4%	162	176	-8.0%
Taxes	-161	-373	-56.8%	-349	-373	-6.4%
EBITDA	3,529	3,449	2.3%	3,983	3,714	7.2%
Other results	133	12	-	0	0	-
Depreciation, amortisation and impairment expenses	-1,462	-2,839	-48.5%	-1,446	-1,478	-2.2%
Impairment of credit losses	-99	-156	-36.5%	-99	-156	-36.5%
EBIT	2,101	466	-	2,438	2,080	17.2%
Financial result	-394	-538	-26.8%	-486	-502	-3.2%
Profit/(loss) of companies measured under the equity method	90	36	-	90	29	-
Profit before taxes	1,797	-36	-	2,042	1,607	27.1%
Income tax	-358	-19	-	-459	-374	22.7%
Income from discontinued operations	117	24	-	0	0	-
Non-controlling interest	-342	-316	8.2%	-352	-361	-2.5%
Net income	1,214	-347	-	1,231	872	41.2%

Consolidated balance sheet

(€m)	31/12/2021	31/12/2020
Non-current assets	27,257	26,591
Intangible assets	5,734	5,575
Property, plant and equipment	16,587	16,128
Right of use assets	1,229	1,388
Equity-accounted investments	630	813
Non-current financial assets	394	361
Other non-current assets	416	691
Deferred tax assets	2,267	1,635
Current assets	10,992	12,954
Non-current assets available for sale	40	4,835
Inventories	878	519
Trade and other accounts receivable	5,714	3,115
Other current financial assets	395	558
Cash and cash equivalents	3,965	3,927
TOTAL ASSETS	38,249	39,545

(€m)	31/12/2021	31/12/2020
Equity	8,873	11,265
Equity attributable to the parent company	5,889	8,028
Non-controlling interest	2,984	3,237
Non-current liabilities	20,054	19,030
Deferred revenues	889	871
Non-current provisions	1,146	1,052
Non-current financial liabilities	15,114	14,968
Deferred tax liabilities	1,787	1,793
Other non-current liabilities	1,118	346
Current liabilities	9,322	9,250
Liabilities linked to non-current assets available for sale	26	2,840
Current provisions	589	246
Current financial liabilities	1,698	2,571
Trade and other accounts payable	6,803	3,230
Other current liabilities	206	363
TOTAL LIABILITIES AND EQUITY	38,249	39,545

Summary cash flow statement

(€m)	FY21	FY20	Change
EBITDA	3,529	3,449	2.3%
Taxes	-864	-214	-
Net interest cost	-394	-538	-26.8%
Other non-cash items	-153	-53	-
Funds from operations	2,118	2,644	-19.9%
Change in working capital	-1,117	788	-
Cash flow from operations	1,001	3,432	-70.8%
Growth capex	-898	-686	30.9%
Maintenance capex	-525	-542	-3.1%
Divestments	2,674	-	-
Dividends to minorities	-429	-443	-3.2%
Others	290	-135	-
Free cash flow after minorities	2,113	1,626	30.0%
Dividends, share buy-back & others	-1,281	-1,543	-17.0%
M&A	317	-4	-
Net free cash flow	1,149	79	-

Half year reported EBITDA by business unit

(€m)	1H21	2H21	FY21	1H20	2H20	FY20
Energy management and networks	1,414	1,852	3,266	1,476	1,383	2,859
Networks Spain	649	799	1,448	696	842	1,538
Gas networks	389	468	857	402	489	891
Electricity networks	260	331	591	294	353	647
Networks LatAm	399	429	828	433	401	834
Chile gas	111	80	191	99	107	206
Brazil gas	99	132	231	104	99	203
Mexico gas	108	110	218	119	103	222
Panama electricity	61	64	125	69	61	130
Argentina gas	11	29	40	29	23	52
Argentina electricity	9	14	23	13	8	21
Energy management	366	624	990	347	140	487
Markets and procurement	16	74	90	-80	-143	-223
International LNG	86	287	373	165	-36	129
Pipelines (EMPL)	100	91	191	126	114	240
Spain thermal generation	56	35	91	15	89	104
LatAm thermal generation	108	137	245	121	116	237
Renewables and new businesses	185	303	488	193	159	352
Spain & USA	152	256	408	162	110	272
Australia	0	9	9	1	13	14
LatAm	33	38	71	30	36	66
Supply	151	-247	-96	134	192	326
Rest	-72	-57	-129	-59	-29	-88
TOTAL EBITDA	1,678	1,851	3,529	1,744	1,705	3,449

Accumulated EBITDA by business unit

(€m)	reported			ordinary			
	FY21	FY20	Change	FY21	FY20	Change	FX
Energy management and networks	3,266	2,859	14.2%	3,560	3,046	16.9%	-40
Networks Spain	1,448	1,538	-5.9%	1,657	1,627	1.8%	0
Gas networks	857	891	-3.8%	961	940	2.2%	0
Electricity networks	591	647	-8.7%	696	687	1.3%	0
Networks LatAm	828	834	-0.7%	829	840	-1.3%	-32
Chile gas	191	206	-7.3%	186	207	-10.1%	-2
Brazil gas	231	203	13.8%	233	204	14.2%	-18
Mexico gas	218	222	-1.8%	219	224	-2.2%	1
Panama electricity	125	130	-3.8%	127	132	-3.8%	-4
Argentina gas	40	52	-23.1%	41	52	-21.2%	-6
Argentina electricity	23	21	9.5%	23	21	9.5%	-3
Energy management	990	487	-	1,074	579	85.5%	-8
Markets and procurement	90	-223	-	167	-170	-	0
International LNG	373	129	-	357	198	80.3%	10
Pipelines (EMPL)	191	240	-20.4%	194	240	-19.2%	-10
Spain thermal generation	91	104	-12.5%	111	74	50.0%	0
LatAm thermal generation	245	237	3.4%	245	237	3.4%	-8
Renewables and new businesses	488	352	38.6%	340	362	-6.1%	-2
Spain & USA	408	272	50.0%	252	281	-10.3%	0
Australia	9	14	-35.7%	9	14	-35.7%	0
LatAm	71	66	7.6%	79	67	17.9%	-2
Supply	-96	326	-	153	359	-57.4%	0
Rest	-129	-88	46.6%	-70	-53	32.1%	0
TOTAL EBITDA	3,529	3,449	2.3%	3,983	3,714	7.2%	-42

Results by business unit

1. Energy management and networks

Spain gas networks

(€m)	FY21	FY20	Change
Net sales	1,206	1,177	2.5%
Procurement	-87	-70	24.3%
Gross margin	1,119	1,107	1.1%
Other operating income	37	38	-2.6%
Personnel expenses	-144	-107	34.6%
Taxes	-28	-25	12.0%
Other operating expenses	-127	-122	4.1%
EBITDA	857	891	-3.8%
Depreciation, provisions and other results	-294	-297	-1.0%
EBIT	563	594	-5.2%

Spain electricity networks

(€m)	FY21	FY20	Change
Net sales	840	842	-0.2%
Procurement	0	0	-
Gross margin	840	842	-0.2%
Other operating income	19	18	5.6%
Personnel expenses	-136	-83	63.9%
Taxes	-29	-30	-3.3%
Other operating expenses	-103	-100	3.0%
EBITDA	591	647	-8.7%
Depreciation, provisions and other results	-255	-251	1.6%
EBIT	336	396	-15.2%

Chile gas

(€m)	FY21	FY20	Change
Net sales	620	521	19.0%
Procurement	-380	-256	48.4%
Gross margin	240	265	-9.4%
Other operating income	9	4	-
Personnel expenses	-26	-26	-
Taxes	-3	-3	-
Other operating expenses	-29	-34	-14.7%
EBITDA	191	206	-7.3%
Depreciation, provisions and other results	-65	-63	3.2%
EBIT	126	143	-11.9%

Brazil gas

(€m)	FY21	FY20	Change
Net sales	1,288	1,001	28.7%
Procurement	-995	-729	36.5%
Gross margin	293	272	7.7%
Other operating income	18	23	-21.7%
Personnel expenses	-19	-21	-9.5%
Taxes	-2	-4	-50.0%
Other operating expenses	-59	-67	-11.9%
EBITDA	231	203	13.8%
Depreciation, provisions and other results	-59	-64	-7.8%
EBIT	172	139	23.7%

Mexico gas

(€m)	FY21	FY20	Change
Net sales	776	579	34.0%
Procurement	-508	-316	60.8%
Gross margin	268	263	1.9%
Other operating income	10	24	-58.3%
Personnel expenses	-20	-20	-
Taxes	0	-1	-100.0%
Other operating expenses	-40	-44	-9.1%
EBITDA	218	222	-1.8%
Depreciation, provisions and other results	-53	-57	-7.0%
EBIT	165	165	-

Panama electricity

(€m)	FY21	FY20	Change
Net sales	727	759	-4.2%
Procurement	-560	-586	-4.4%
Gross margin	167	173	-3.5%
Other operating income	5	4	25.0%
Personnel expenses	-10	-9	11.1%
Taxes	-4	-4	-
Other operating expenses	-33	-34	-2.9%
EBITDA	125	130	-3.8%
Depreciation, provisions and other results	-51	-63	-19.0%
EBIT	74	67	10.4%

Argentina gas

(€m)	FY21	FY20	Change
Net sales	415	418	-0.7%
Procurement	-261	-278	-6.1%
Gross margin	154	140	10.0%
Other operating income	19	17	11.8%
Personnel expenses	-35	-27	29.6%
Taxes	-32	-26	23.1%
Other operating expenses	-66	-52	26.9%
EBITDA	40	52	-23.1%
Depreciation, provisions and other results	-14	-223	-93.7%
EBIT	26	-171	-

Argentina electricity

(€m)	FY21	FY20	Change
Net sales	100	104	-3.8%
Procurement	-50	-50	-
Gross margin	50	54	-7.4%
Other operating income	11	4	-
Personnel expenses	-11	-8	37.5%
Taxes	-2	-12	-83.3%
Other operating expenses	-25	-17	47.1%
EBITDA	23	21	9.5%
Depreciation, provisions and other results	-3	-2	50.0%
EBIT	20	19	5.3%

Markets and procurement

(€m)	FY21	FY20	Change
Net sales	8,229	4,222	94.9%
Procurement	-8,040	-4,407	82.4%
Gross margin	189	-185	-
Other operating income	23	22	4.5%
Personnel expenses	-39	-27	44.4%
Taxes	-1	-1	-
Other operating expenses	-82	-32	-
EBITDA	90	-223	-
Depreciation, provisions and other results	111	-26	-
EBIT	201	-249	-

International LNG

(€m)	FY21	FY20	Change
Net sales	3,416	2,785	22.7%
Procurement	-3,005	-2,626	14.4%
Gross margin	411	159	-
Other operating income	-3	0	-
Personnel expenses	-25	-21	19.0%
Taxes	-2	0	-
Other operating expenses	-8	-9	-11.1%
EBITDA	373	129	-
Depreciation, provisions and other results	-188	-135	39.3%
EBIT	185	-6	-

Pipelines (EMPL)

(€m)	FY21	FY20	Change
Net sales	211	260	-18.8%
Procurement	0	0	-
Gross margin	211	260	-18.8%
Other operating income	2	1	100.0%
Personnel expenses	-9	-7	28.6%
Taxes	0	0	-
Other operating expenses	-13	-14	-7.1%
EBITDA	191	240	-20.4%
Depreciation, provisions and other results	-47	-56	-16.1%
EBIT	144	184	-21.7%

Spain thermal generation

(€m)	FY21	FY20	Change
Net sales	2,091	1,010	-
Procurement	-1,695	-638	-
Gross margin	396	372	6.5%
Other operating income	11	48	-77.1%
Personnel expenses	-86	-70	22.9%
Taxes	-147	-164	-10.4%
Other operating expenses	-83	-82	1.2%
EBITDA	91	104	-12.5%
Depreciation, provisions and other results	-83	-1,081	-92.3%
EBIT	8	-977	-

LatAm thermal generation

(€m)	FY21	FY20	Change
Net sales	1,013	612	65.5%
Procurement	-723	-333	-
Gross margin	290	279	3.9%
Other operating income	4	3	33.3%
Personnel expenses	-16	-14	14.3%
Taxes	-1	-1	-
Other operating expenses	-32	-30	6.7%
EBITDA	245	237	3.4%
Depreciation, provisions and other results	-63	-85	-25.9%
EBIT	182	152	19.7%

2. Renewables and new businesses

Spain & USA

(€m)	FY21	FY20	Change
Net sales	507	516	-1.7%
Procurement	-90	-59	52.5%
Gross margin	417	457	-8.8%
Other operating income	16	15	6.7%
Personnel expenses	-82	-49	67.3%
Taxes	145	-72	-
Other operating expenses	-88	-79	11.4%
EBITDA	408	272	50.0%
Depreciation, provisions and other results	-150	-364	-58.8%
EBIT	258	-92	-

Australia

(€m)	FY21	FY20	Change
Net sales	21	20	5.0%
Procurement	0	0	-
Gross margin	21	20	5.0%
Other operating income	0	0	-
Personnel expenses	-2	-1	100.0%
Taxes	0	0	-
Other operating expenses	-10	-5	100.0%
EBITDA	9	14	-35.7%
Depreciation, provisions and other results	-10	-5	100.0%
EBIT	-1	9	-

LatAm

(€m)	FY21	FY20	Change
Net sales	150	104	44.2%
Procurement	-39	-4	-
Gross margin	111	100	11.0%
Other operating income	11	7	57.1%
Personnel expenses	-20	-16	25.0%
Taxes	-2	-2	-
Other operating expenses	-29	-23	26.1%
EBITDA	71	66	7.6%
Depreciation, provisions and other results	-29	-17	70.6%
EBIT	42	49	-14.3%

3. Supply

Supply

(€m)	FY21	FY20	Change
Net sales	7,943	6,302	26.0%
Procurement	-7,506	-5,686	32.0%
Gross margin	437	616	-29.1%
Other operating income	8	7	14.3%
Personnel expenses	-141	-106	33.0%
Taxes	-50	-25	100.0%
Other operating expenses	-350	-166	-
EBITDA	-96	326	-
Depreciation, provisions and other results	-123	-156	-21.2%
EBIT	-219	170	-

Capex

Growth capex

(€m)	FY21	FY20	Change
Energy management and networks	260	295	-11.9%
Networks Spain	127	108	17.6%
Gas networks	47	43	9.3%
Electricity networks	80	65	23.1%
Networks LatAm	122	174	-29.9%
Chile gas	28	31	-9.7%
Chile electricity	-	60	-100.0%
Brazil gas	10	11	-9.1%
Mexico gas	23	21	9.5%
Panama electricity	46	42	9.5%
Argentina gas	3	4	-25.0%
Argentina electricity	12	5	-
Energy management	11	13	-15.4%
Markets and procurement	3	-	-
International LNG	8	13	-38.5%
Pipelines (EMPL)	-	-	-
Spain thermal generation	-	-	-
LatAm thermal generation	-	-	-
Renewables and new businesses	579	404	43.3%
Spain & USA	213	117	82.1%
Australia	328	100	-
LatAm	38	187	-79.7%
Supply	113	34	-
Rest	-	-	-
TOTAL Growth Capex	952	733	29.9%

Maintenance capex

(€m)	FY21	FY20	Change
Energy management and networks	458	461	-0.7%
Networks Spain	247	213	16.0%
Gas networks	69	53	30.2%
Electricity networks	178	160	11.3%
Networks LatAm	124	168	-26.2%
Chile gas	10	6	66.7%
Chile electricity	-	59	-100.0%
Brazil gas	18	22	-18.2%
Mexico gas	26	16	62.5%
Panama electricity	53	52	1.9%
Argentina gas	16	13	23.1%
Argentina electricity	1	-	-
Energy management	87	80	8.7%
Markets and procurement	4	1	-
International LNG	2	2	-
Pipelines (EMPL)	-	3	-100.0%
Spain thermal generation	55	51	7.8%
LatAm thermal generation	26	23	13.0%
Renewables and new businesses	27	25	8.0%
Spain & USA	25	23	8.7%
Australia	-	-	-
LatAm	2	2	-
Supply	23	21	9.5%
Rest	24	39	-38.5%
TOTAL Maintenance Capex	532	546	-2.6%

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1H21 results' presentation:

Inside Information

- Naturgy files the presentation of its 2021-2025 Strategic Plan (disclosed 28 July 2021, registration number 1014).
- Naturgy discloses the report of the Board of Directors in relation to the voluntary Public Takeover Bid launched by Global Infraco O (2) S.à r.l. (disclosed 17 September 2021, registration number 1063).
- The CNMV suspends trading on Naturgy Energy Group, S.A. while price sensitive information is disclosed (disclosed 14 October 2021, registration number 1093).
- The partial takeover bid for Naturgy Energy Group, S.A. launched by Global InfraCo O (2) S.à r.l. (investment vehicle managed by IFM) has been accepted by 10.83% of the share capital and the offeror has waived the minimum acceptance condition (disclosed 14 October 2021, registration number 1094).
- Global InfraCo O (2) S.à r.l. communicates its decision to waive the minimum acceptance condition of the offer for Naturgy Energy Group, S.A. and acquire all the shares that have accepted the offer, which represent 10.83% of Naturgy's share capital (disclosed 14 October 2021, registration number 1095).
- Naturgy announces a tender offer for the repurchase of notes (disclosed 15 November 2021, registration number 1170).
- Naturgy discloses the maximum amount for the repurchase of notes (disclosed 16 November 2021, registration number 1175).
- Naturgy announces the notes-repurchase offer results (disclosed 23 November 2021, registration number 1186).

Other Relevant Information

- Naturgy discloses the report on earnings for the first half of 2021 (disclosed 28 July 2021, registration number 10907).
- Naturgy files the presentation on earnings for the first half of 2021 (disclosed 28 July 2021, registration number 10909).
- Naturgy discloses the first half 2021 financial information (disclosed 30 July 2021, registration number 11122).
- Amendment of the price of the voluntary takeover offer for the shares of Naturgy Energy Group, S.A. launched by Global InfraCo O (2) S.à r.l. due to the dividend to be paid by Naturgy Energy Group, S.A. to its shareholders (disclosed 2 August 2021, registration number 11145).
- Global InfraCo O (2) S.à r.l. accepts the conditions of the Council of Ministers regarding the takeover bid for Naturgy Energy Group, S.A (disclosed 5 August 2021, registration number 11249).
- The CNMV authorizes the partial voluntary takeover bid for Naturgy Energy Group S.A. made by Global InfraCo O (2) S.à r.l. (disclosed 8 September 2021, registration number 11569).

- The CNMV informs of the acceptance period for the partial voluntary takeover bid for Naturgy Energy Group, S.A., launched by Global Infraco O (2) S.à r.l. (disclosed 9 September 2021, registration number 11577).
- Global InfraCo O (2) S.à r.l replaces the Annex 16 to the prospectus of the takeover bid for the sole purpose of including Duff & Phelps, S.L.U.'s introductory letter to its valuation report on Naturgy dated 1 July 2021 (disclosed 9 September 2021, registration number 11586).
- CRITERIA CAIXA, S.A.U. position in relation to the partial voluntary public offer of acquisition of Naturgy Energy Group, S.A (disclosed 24 September 2021, registration number 11804).
- Naturgy discloses a Statement to its shareholders in relation to recent press articles about the ongoing partial tender offer (disclosed 30 September 2021, registration number 11919).
- Naturgy announces its 9M 2021 results release (disclosed 3 November 2021, registration number 12536).
- Naturgy closes a subordinated perpetual securities issuance for an amount of €500 million (disclosed 16 November 2021, registration number 12787).
- Naturgy discloses the buy-back programme of the Company's own shares for delivery to active employees of the group in Spain (disclosed 10 December 2021, registration number 13123).
- Naturgy decides to extend the duration of the share buy-back programme linked to the employee's remuneration policy in Spain until 31 December 2021. (disclosed 13 December 2021, registration number 13165).
- Naturgy discloses the share buy-back programme result for delivery to employees of the group in Spain (disclosed 17 January 2022, registration number 13624).
- Naturgy announces its FY21 results release (disclosed 20 January 2022, registration number 13684).
- Naturgy reschedules its FY21 results publication to Friday 4 February 2022 (disclosed 31 January 2022, registration number 13821).

Annex III: Glossary of terms

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

metrics		31 December 2021	31 December 2020	
EBITDA	Operating profit	Euros 3,529 million	Euros 3,449 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary EBITDA	EBITDA - Non-ordinary items	Euros 3,983 million = 3,529 + 454	Euros 3,714 million = 3,449 + 265	EBITDA corrected of impacts like restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
OPEX	Personnel costs + own work capitalised + other operating expenses (Taxes not included)	Euros 2,171 million = 940 + 77 + 1,315 - 161	Euros 1,682 million = 798 + 77 + 1,180 - 373 excluding taxes	Amount registered in the income statement corresponding to operating expenses
Ordinary Net income	Attributable net income of the period - Non-ordinary items	Euros 1,231 million = 1,214 + 17	Euros 872 million = -347 + 1,219	Attributable Net Income corrected of impacts like assets write-down, discontinued operations, restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
Investments (CAPEX)	Investments in intangible assets + Investments in property, plant & equipment	Euros 1,484 million = 288 + 1,196	Euros 1,279 million = 187 + 1,092	Realized investments in property, plant & equipment and intangible assets
Net investments (net CAPEX)	CAPEX - Other proceeds/(payments) of investments activities	Euros 1,423 million = 1,484 - 61	Euros 1,228 million = 1,279 - 51	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	"Non-current financial liabilities" + "Current financial liabilities"	Euros 16,812 million = 15,114 + 1,698	Euros 17,539 million = 14,968 + 2,571	Current and non-current financial debt
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 12,831 million = 16,812 - 3,965 - 16	Euros 13,612 million = 17,539 - 3,927 cash and - 0 assets	Current and non-current financial debt less cash equivalents and derivative financial
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	59.1% = 12,831 / (12,831 + 8,873)	54.7% = 13,612 / (13,612 + 11,265)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 491 million = 510 - 19	Euros 498 million = 515 - 17	Amount of expense relative to the cost of financial debt less interest revenue
EBITDA/Cost of net financial debt	EBITDA / Cost of net financial debt	7.2x = 3,529 / 491	6.9x = 3,449 / 498	Ratio between EBITDA and cost of net financial debt
Net financial debt/EBITDA	Net financial debt / EBITDA	3.6x = 12,831 / 3,529	3.9x = 13,612 / 3,449	Ratio between net financial debt and EBITDA
Market cap	Number of shares (in thousands) outstanding at the end of the period * Price at the end of the period	Euros 27,760 million = 969,614 * Euros 28.63	Euros 18,384 million = 969,614 * Euros 18.96	Total enterprise value based on its market cap
Free Cash Flow after minorities	Free Cash Flow + Dividends and other + Acquisitions of treasury shares + Inorganic investments payments	Euros 2,113 million = 1,149 + 1,278 + 3 - 317	available to Euros 1,626 million = 79 + 1,359 + 184 pay to the shareholders (dividends or treasury + 4 shares), the payment of inorganic investments and debt payments	Cash flow generated by the Company
Net Free Cash Flow	Cash flow generated from operating activities + Cash flows from investing activities + Cash flow generated from financing activities - Receipts and payments on financial liability instruments	Euros 1,149 million = 1,001 + 1,896 + 0 - 2,851 + 1,103	Euros 79 million = 3,432 - 1,142 - 190 - 388 - 1,633	Cash flow generated by the Company available to pay the debt

Annex IV: Contact details

Capital Markets

Avenida de América 38

28028 Madrid

Spain

capitalmarkets@naturgy.com

Naturgy website:

www.naturgy.com

Annex V: Disclaimer

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

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Naturgy cautions that forward-looking information are subject to various risks and uncertainties, difficult to predict and generally beyond the control of Naturgy. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by Naturgy and their subsidiaries before the different supervisory authorities of the securities markets in which their securities are listed and, in particular, the Spanish National Securities Market Commission.

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

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