



Nortegas Energía Distribución S.A.U. and Subsidiaries

2023 Full Year Results

June 2024

Disclaimer

The materials in this document are provided for information purposes only and is not in particular intended to confer any legal rights on any recipient. None of the information contained in this document constitutes an offer of, or an invitation to purchase, any security, nor any investment advice or services.

The scope of the presentation is Nortegas Energía Distribución, S.A.U. (“Nortegas” or the “Company”) and its subsidiaries, so the outcome and financial results contained therein, do not include companies outside the aforementioned scope. Statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future and there can be no assurance that future results will not be materially different from those described herein. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. Any forward-looking statement involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. There may be material risks that are currently not considered to be material or of which Nortegas, and its respective advisors or representatives are unaware.

This document does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities, and nothing contained herein shall form the basis of any contract or commitment whatsoever. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company in any jurisdiction or an inducement to enter into investment activity. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of the Company’s or shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document. None of the Company, nor any of the Company’s shareholders, directors, officers, employees or affiliates nor any other person accepts any liability (in negligence or otherwise) whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

In providing this document, neither the Company nor its respective advisers and/or agents undertake any obligation to provide the recipient with access to any additional information or to update this document or any additional information or to correct any inaccuracies in any such information which may become apparent.

The information and opinions contained herein are provided as at the date of the document. We assume no obligations to update the forward-looking information contained herein to reflect actual results, changes in assumptions or changes in factors affecting this information.

Agenda

1 Key Highlights

2 Operational Overview

3 Financial Overview

4 Environmental, Social and Governance (“ESG”)

5 New Businesses and Renewable Gases Update

6 Closing Remarks

1	Key Highlights
2	Operational Overview
3	Financial Overview
4	Environmental, Social and Governance (“ESG”)
5	New Businesses and Renewable Gases Update
6	Closing Remarks

1 Key Highlights

2023 – Main Milestones

<p>Steady Growth Delivered Despite Macroeconomic Challenges</p>	<ul style="list-style-type: none"> Nortegas continues growing in residential & commercial segments, proving resilience and long-term prospects of natural gas despite a market impacted by the evolution of gas prices throughout the year <ul style="list-style-type: none"> +5.5k additional net connection points compared to 2022 results (+15.2k gross new connection points) 21.6 TWh of aggregate remunerated volume in 2023 Volume evolution (-5.0% vs. 2022) <ul style="list-style-type: none"> Domestic & Commercial and LPG volumes impacted by warmer temperatures throughout 2023 Industrial segment volumes impacted by current macro environment
<p>Resilient Financial Performance with Strong Cash Generation</p>	<ul style="list-style-type: none"> Revenues amounting to €201M during 2023, (-6.5% YoY decrease) mainly affected by remuneration adjustments and warmer temperatures EBITDA of €148M during 2023, (-4.6% YoY decrease) affected by lower remuneration Strong cash generation¹ of €125M thanks to discretionary capex (85% conversion ratio)
<p>De-Risked Capital Structure</p>	<ul style="list-style-type: none"> Long-term maturity structure protected from market fluctuations (100% fixed interest rate) No additional refinancing until subsequent regulatory period Strong liquidity position, with €120m of undrawn facilities S&P confirmed Nortegas' investment rating in November 2023 (BBB - / stable outlook)
<p>Fully Committed with Promotion of Renewable Gases and Actively Achieving ESG Agenda Goals</p>	<ul style="list-style-type: none"> Dedicated to becoming a leading business amidst Spain's ongoing energy transition Maintained a Top Score / 5 stars in GRESB ESG performance assessment with 95 points (vs. 95 points in 2022) Successfully reduced GHG emissions reduction by 49% in comparison with 2019 levels 4,364 t Co2 eq emissions avoided through boilers transformations Continuous update and revision of the Diversity, Equity and Inclusion initiatives to foster equal opportunity and non-discrimination

(1) Cash Generation = EBITDA – Capex

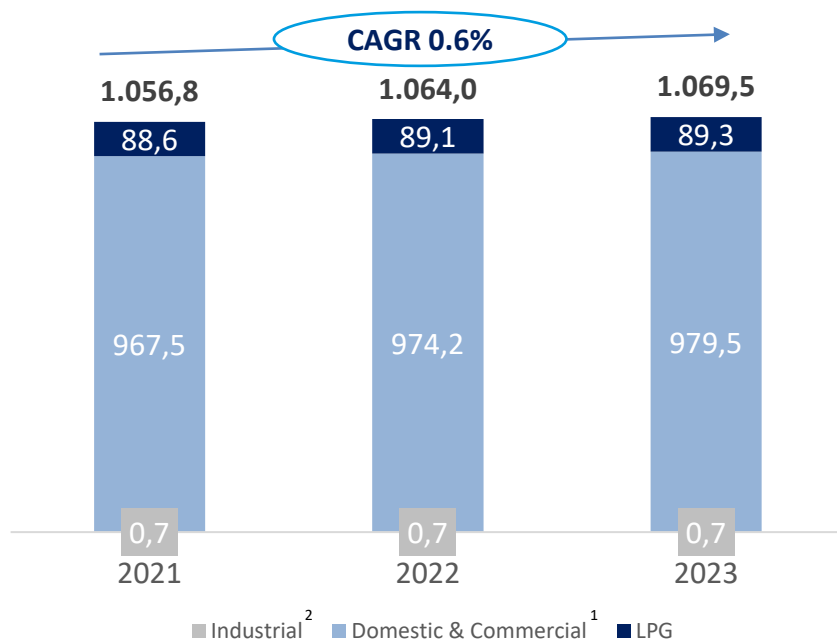
1	Key Highlights
2	Operational Overview
3	Financial Overview
4	Environmental, Social and Governance (“ESG”)
5	New Businesses and Renewable Gases Update
6	Closing Remarks

2 Operational Overview

Connection Points and Volumes

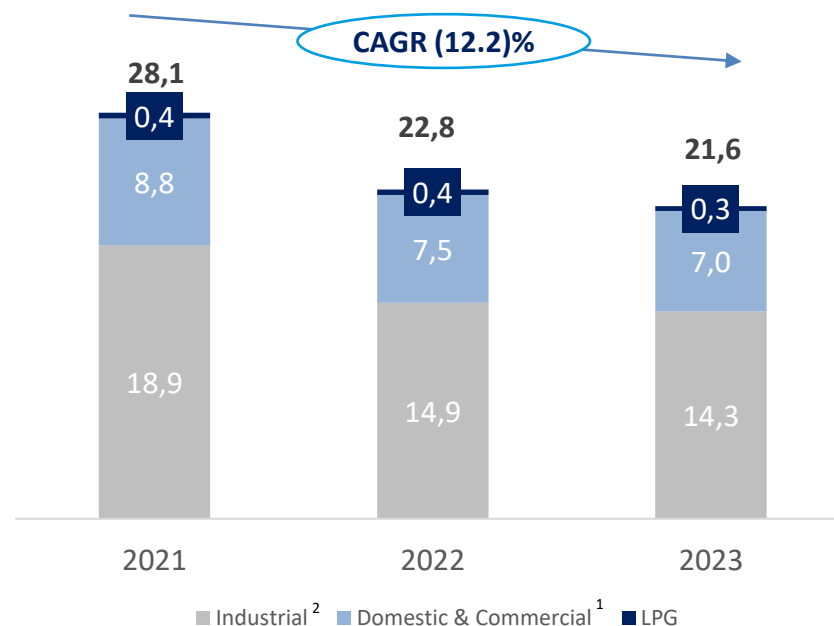
Evolution of Connection Points by Commercial Segment

Number of CPs in '000s, as of 31st of December of each year



Evolution of Volume by Commercial Segment

TWh, as of 31st of December of each year



- Nortegas experienced a **sustainable CP growth during 2023**. As of December 2023, **gross growth in CPs has been over 15.2k (+5.5k net CPs)**, largely centred on the Domestic & Commercial segment growth
- Nevertheless, the **Domestic & Commercial segment** experienced a **-6.9% YoY decrease in volumes** in 2023 given the warmer temperatures, while the **Industrial sector slowed down due to high prices and macro environment**, showing a **YoY decrease of -4.0%**

(1) Domestic & Commercial includes <= 4 bar connections; (2) Industrial volume includes > 4 bar connections

1	Key Highlights
2	Operational Overview
3	Financial Overview
4	Environmental, Social and Governance (“ESG”)
5	New Businesses and Renewable Gases Update
6	Closing Remarks

3 Financial Overview

Nortegas Consolidated Income Statement

Income Statement as of 31st December 2023

€M	2022	2023
A Revenues	215	201
<i>Natural gas distribution remuneration</i>	159	150
<i>LPG regulated revenues</i>	31	25
<i>Other regulated revenues</i>	23	23
<i>Other revenues</i>	2	3
B Supplies	(26)	(23)
Self-constructed assets	7	7
Other Income	2	2
C Operating Expenses ¹	(43)	(39)
EBITDA	155	148
<i>Margin</i>	72.1%	73.5%
<i>Margin ex-LPG²</i>	80.0%	80.7%
Amortisation Expenses	(84)	(84)
EBIT	70	64
<i>Margin</i>	32.8%	31.6%
Net Financial Expenses	(19)	(17)
Profit before income tax	52	47
Income Tax	(11)	(9)
Profit for the year	40	38

Comments

- A Revenue decrease** due to a lower remuneration on distributed natural gas mainly driven by lower **volumes caused by:**
 - **Remuneration adjustments**
 - **Ongoing macro volatility**
 - **Warm temperatures** throughout the year
- **High percentage of regulated revenues at around 99%**
- B Supplies decrease** mainly derived from lower residential demand and lower regulated prices affecting LPG business with **no relevant impact on LPG margin**
- C Operating Expenses:** correction on operating expenses driven by active cost management

(1) Includes Early Retirement Plan on-off costs (€1,1M in 2022)

(2) Deducting the cost of the LPG from LPG Revenues to show the net margin of the LPG in the revenues (similar to natural gas distribution remuneration)

3 Financial Overview

Nortegas Consolidated Cash Flow Statement

Cash Flow Statement as of 31st December 2023

€M	2022	2023
EBITDA	155	148
Corporate Tax payments	(15)	(12)
Change in Current Assets & Liabilities & Others	(10)	(5)
A Capex	(28)	(23)
B Interest payments	(18)	(16)
Cash-flow from operating and investing activities	83	92
Debt repayment / issuance	(141)	-
Cash-flow after third party financing activities	(58)	92
End of Period Cash and Cash Equivalents	39	68

€M	2022	2023
EBITDA	155	148
CapEx	(28)	(23)
C Cash Generation (EBITDA-Capex)	127	125
<i>Cash Conversion</i>	<i>82.0%</i>	<i>84.7%</i>

Comments

A CapEx:

- Gross investment of **€23M in 2023 (-€5M vs. 2022), including:**
 - Expansion Investments to sustain the development of Natural Gas and LPG CPs
 - Maintenance Capex related to works for network substitution
 - Investment in IT as part of the digital transformation strategy of the Company

B Interest payments include mainly bond interests

- C Sustained trend on Strong cash generation:** EBITDA-CapEx of €125M in 2023 (vs. €127M in 2022) deriving in a cash conversion ratio of 85% (vs. 82% in 2022)

3 Financial Overview

Nortegas Consolidated Balance Sheet

Balance Sheet as of 31st December 2023

€M	2022	2023
Property, plant and equipment	918	884
Goodwill	46	46
Other intangible assets	1,397	1,370
Right-of-use assets	2	1
Other non-current financial assets	1	1
Deferred tax assets	0	0
Total non-current assets	2,364	2,303
Other current assets	41	42
Cash and cash equivalents	39	68
Total current assets	79	110
Total assets	2,443	2,413

Total equity	992	965
Financial liabilities from issuing bonds	1,121	1,122
Leases	1	1
Other non-current financial liabilities	2	1
Other non-current liabilities	18	22
Deferred tax liabilities	265	263
Total non-current liabilities	1,407	1,409
Current financial liabilities	8	8
Leases	0	0
Debt with group companies and associates	6	15
Other current liabilities	30	16
Total current liabilities	44	39
Total equity and liabilities	2,443	2,413

Comments

- Total **Cash on Balance Sheet** at 2023 year-end amounted **€68M vs €39M in Dec 2022**
- Total **Equity at year end 2023 amounted to €965M**
- Total **Net Debt at year end 2023 amounted to €1,079M** representing a **reduction of €21m** in comparison to 2022 figures, **mainly driven by the cash position increase**
- Financial policy driven by the shareholder commitment to **maintain an investment grade credit rating**

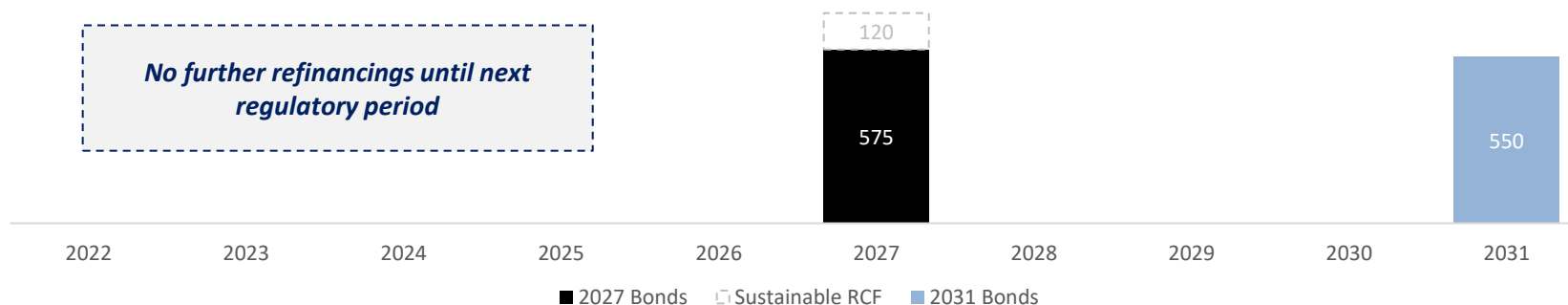
3 Financial Overview

Financial Policy and Capital Structure Supporting Investment Grade Rating

Debt and Liquidity Position as of 31st December 2023 (Nortegas Energía Distribución, S.A.U. and subsidiaries)

Instrument	Available (€M)	Drawn (€M)	Coupon
September 2027 Bonds	--	575	2.065%
January 2031 Bonds	--	550	0.905%
Sustainable Revolving Credit Facility	120	--	Euribor + 0.75%
Cash on Balance Sheet	68	--	--
Total	188	1,125	--

Debt Maturities as of 31st December 2023 (€M)



Key Data Points

Net Debt €1,079M	ND/EBITDA 7.3x	Rating S&P ¹ BBB- Stable outlook (November 2023)	Liquidity €188M	Average Maturity 5.5 yrs	Average Financial Cost 1.34%
----------------------------	--------------------------	-----------------------------------------------------------------------------	---------------------------	------------------------------------	----------------------------------------

1	Key Highlights
2	Operational Overview
3	Financial Overview
4	Environmental, Social and Governance (“ESG”)
5	New Businesses and Renewable Gases Update
6	Closing Remarks

4 ESG Review

Strong ESG Commitment

Environmental, social and governance factors are continuously promoted, targeting responsible investments and a better management of risk for more sustainable long-term returns

Environmental excellence: Towards neutrality	<ul style="list-style-type: none"> Climate Risk assessment update according to TCFD Climate change mitigation and adaptation plan: <ul style="list-style-type: none"> Support the development of biomethane and green hydrogen and enable injection into the gas distribution network Carbon footprint 2023: preliminary audit in February 2024 according to the UNE-EN ISO 14064-1:2019 in its scope 1, 2 and 3: <ul style="list-style-type: none"> Scope 1 stationary combustion and fugitive emissions reduction Spanish Ecological Transition Ministry's Emission Factors' application for Scopes 1 and 2 New emission sources addition to the Scope 3 ISO 14001:2015 first follow-up audit in April 2024
Social Impact & Stakeholder focus	<ul style="list-style-type: none"> HSE fully integrated in business activities and in the supply chain: ISO 45001:2014 renovation Certification as a Family Responsible Company . Efr model review audit passed. High employee and family participation in the ImplicAcción corporate volunteering program. Promote technology R&D in collaboration with regional & national development authorities
Transparency, integrity, ensuring sustainable growth in the business	<ul style="list-style-type: none"> Ethics code approved by the Board of Directors ("BoD") Focus on ESG training: BoD and all the employees Risk management system reviewed Accountability and Transparency: <ul style="list-style-type: none"> Clients' satisfaction surveys Employees working environment survey Nortegas' plan is to align its sustainable linked loan with the Loan Market Association's (LMA) Sustainability Linked Loan Principles (SLLP) The Sustainability Indicators are largely recognized, comply with the principles of the SLLP and are aligned with the sustainability strategy and objectives of Nortegas



4 ESG Review

Key Indicators



- **4,364 t Co2 eq** emissions avoided by boilers transformations



- **49%** GHG emissions reduction in comparison with the year 2019



- **0** accidents own personnel



- **37%** women in leadership positions



- **5 stars** rating and 95 out of 100 in **2023** GRESB assessment¹



- **10%** compensation incentives linked to ESG criteria



- **121** volunteers have dedicated a total of **256.5** hours to our volunteering activities

2023 GRESB Infrastructure Asset Benchmark Report

Nortegas Energía Distribución, S.A.U | Nortegas Energía Distribución, S.A.U

GRESB Rating
★★★★★

Participation & Score



Peer Comparison



Nature of Ownership:
Private (non-listed)
entity

Sector:
Gas Distribution
Network

Location:
Spain

Rankings

[Guidance](#)



1	Key Highlights
2	Operational Overview
3	Financial Overview
4	Environmental, Social and Governance (“ESG”)
5	New Businesses and Renewable Gases Update
6	Closing Remarks

5 New Businesses and Renewable Gases Update

Integrated infrastructure company with ancillary energy services..

LPG Individual Boilers

Significant growth in the **A Punto maintenance service**, with **12,986 active customers** signed up for the service as of 2023



Natural Gas for Vehicles¹

Successful agreement with **Repsol** for the **development of NGV stations**

- **9 Fully operational stations**



Boiler Rooms¹

Strong commercial focus on boiler rooms segment

40 operations sold in 2023

4,364 Tn of CO2 emissions avoided in 2023



... supporting the energy transition through complementary green energy investments

Biomethane¹

Comprehensive biomethane plan in place with:

- **Start of operations and injection of over 10.3 GWh** into the distribution network through **Biolvegas** in 2023
- **Significant project pipeline under development**



Hydrogen Distribution Infrastructure

Basque Hydrogen Corridor:

- Project jointly with Petronor-Alba to promote green H₂ distribution infrastructure feed by a 100MW electrolyser recognized as Project of Common European Interest



Nortegas as a first mover on 2 projects:

- First 100% H₂ pipeline in Spain completed
- R&D project tests completed with **20% H₂ blending with Natural Gas**



Hydrogen Generation Projects under Development¹

First green hydrogen generation plant for electricity generation and network injection supplying via virtual PPAs

benorth₂



(1) outside of the Bonds' Perimeter, Legal chart in Appendix

1	Key Highlights
2	Operational Overview
3	Financial Overview
4	Environmental, Social and Governance (“ESG”)
5	New Businesses and Renewable Gases Update
6	Closing Remarks

6 Closing Remarks

Market Context

- 2023 characterized by **macro and geopolitical headwinds**, with no disruption on supply security
- **Gas prices returning to more stable levels since beginning of the year**, diverging from peak prices observed in 2022
- Volumes **impacted by macro environment and warmer temperatures**

Business Model

- Robust business model with **99.0% of revenues derived from regulated sources** and a **balanced customer profile**
- Sustained **increase in CPs** despite challenging market conditions, paired by **efficiencies and digitalization**
- Market volatility not affecting **strong cash conversion rate of 84% in 2023**

Capital Structure

- **Optimized** financial framework **with no maturities expected until the next regulatory period**
- All outstanding debt with **fixed interest rates, minimizing impact of macroeconomic conditions**
- **Strong liquidity position**

IG Rating

- Financial policy driven by the shareholder's dedication to **preserving an investment-grade credit rating**
- S&P's November 2023 assessment **reaffirming Nortegas' BBB- rating** (stable outlook)

ESG

- **ESG factors are continuously promoted**, aiming for responsible investments and **enhanced risk management** to achieve sustainable long-term returns

New Businesses

- Advancing Nortegas' aspiration to **reinforce the role of the distribution network as an enabler of Spain's energy transition** by promoting the development of renewable gases

A horizontal header bar with a dark blue square on the left and a white rectangle with a dark blue border on the right. The word 'Appendix' is written in bold black text inside the white rectangle.

Appendix

Appendix: Simplified Legal Chart

