The financial information disclosed by Enagás contains figures and measurements prepared in line with applicable accounting legislation, in addition to a series of measurements prepared in accordance with the reporting standards established and developed internally, known as Alternative Performance Measures (APMs).

These APMs are considered to be adjusted figures with respect to those presented in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU), which is the accounting framework applicable to the Enagás Group's consolidated financial statements, and the reader should therefore consider them as supplementary information, not replacements.

APMs are important for users of financial information because they are the measures used by Enagás management to assess the Group's financial performance, cash flows or financial position for making operational or strategic decisions. These APMs are consistent with the main indicators used by the investment and analyst community in capital markets.

In this regard, and in accordance with the provisions of the Guideline issued by the European Securities and Markets Authority (ESMA), in force since July 3, 2016 on the transparency of Alternative Performance Measures, Enagás provides the following information relating to those APMs included in the management information for Q3 2023 that it considers significant.

1. Alternative Performance Measures relating to the Income Statement

EBITDA

EBITDA (*Earnings Before Interest, Tax, Depreciation and Amortization)*) is an indicator that measures the company's operating income before interest, taxes, impairments and amortisation. By stripping out financial and tax figures and accounting costs that do not involve cash outflows, it is used by management to assess results over time, allowing comparisons with other companies in the sector.

EBITDA is calculated as operating income plus depreciation and amortisation, impairment losses, if any, and other items that do not represent cash inflows or outflows in Enagás' operations (such as capital gains or losses on divestments, provisions, etc.).

The reconciliation based on the Operating Income shown in the Consolidated Financial Statements as at September 30, 2023 is shown below:

	Q3 2023	
Operating revenue	672.7	
Results from Affiliates	144.4	(*)
Operating Expenses	-245.1	
EBITDA	**572.0**	

(*) For management purposes, "Results from affiliates" presented as part of the operating income, in the amount of 144.4 million euros, does not include the impact of the amortisation of the PPAs, for the sum of 38.5 million euros, which is considered to be a higher amortisation expense and is therefore excluded from EBITDA. Considering the two items together, the amount would be 105.9 million euros.

Adjusted EBITDA

Adjusted EBITDA is an indicator that measures the company's margin of operating income before the deduction of interest, taxes, impairment, depreciation and amortisation, and includes both dividends received as well as interest on subordinated debt from associates that are included in the financial statements of the Enagás Group using the equity method.

Management uses this measurement to calculate the leverage ratios described in the section "Alternative Performance Measures relating to the Balance Sheet and leverage ratios" so they can be compared with the figures of other companies in the sector. Below is the reconciliation of the Adjusted EBITDA of Q3 2023, which is subsequently used in the leverage ratios:

	Q32023	LTM Q3 2023
EBITDA	572.0	764.3
Dividends (*)	137.5	140.2
Results from Affiliates (**)	-144.4	-191.7
ADJUSTED EBITDA	**565.1**	**712.8**

(*) These are essentially dividends received from companies accounted for using the equity method. Additionally, it includes dividends from subordinated debt collected from companies accounted for using the equity method.
(**) Since dividends received from affiliates are indicated here, the results of these companies are excluded but instead included in EBITDA as explained in the previous section.

EBIT

EBIT ("Earnings Before Interest and Taxes") is an indicator that measures a company's operating income before the deduction of interest and taxes. Similar to the previous indicator, the company's Management uses this figure to assess the company's earnings over time and compare them with the figures of other companies in its sector.

EBIT is calculated the same way as EBITDA, deducting depreciation and amortisation, impairment, if any, as well as other items that do not involve cash inflows or outflows in Enagás operations (such as capital gains or losses on disposals, provisions, etc.).

EBIT for Q3 2023 amounted to 334.8 million euros. This figure matches the Operating Income for that period.

2. Alternative Performance Measures related to the Balance Sheet and leverage ratios

Net Debt

Net financial debt or net debt is the main indicator used by Management to measure the level of the Group's debt. It is gross debt less cash.

To calculate **gross debt**, the headings "Bank loans" and "Bonds and other marketable securities" measured at amortised cost and in relation to "Other financial liabilities" are added, including different loans to credit institutions and the adjustment arising from the application of IFRS16.

The cash amount is taken from the consolidated balance sheet heading "Cash and cash equivalents".

The reconciliation between the APM and the figures corresponding to the consolidated balance sheet for the period ending September 30, 2023 are shown below (million euros):

	Q3 2023
Cash and cash equivalents	827.7
Bank loans	-1,505.2
Bonds and other marketable securities	-2,342.7
Other financial liabilities (1)	-386.2
Net debt	**-3,406.4**

(1) The amount included in this heading relating to the recognition of the financial liability for the application of IFRS16 amounts to 385.3 million euros. Additionally, the debt granted by different bodies to credit institutions amounts to 0.8 million euros.

Ratios linked to Net Debt

Management uses two ratios to analyse leverage and the Group's capacity to meet its financial obligations over time, comparing these with other companies in the sector.

The **leverage ratio** is calculated as Net Debt/Adjusted EBITDA, calculated as shown below:

	Q3 2023
Net debt	3,406.4
Adjusted EBITDA	712.8
Net debt / Adjusted EBITDA	**4.8x**

The **ratio that compares cash flow generation capacity to net debt** is calculated as FFO over the last twelve months (LTM)/net debt, as follows:

	LTM Q3 2023
Adjusted FFO (*)	581.3
Net debt	3,406.4
FFO/Net Debt	**17.1%**

(*) This figure is explained below under Alternative Performance Measures relating to cash flow and investments. This item does not include the 67.5 million euros associated with the payment of corporate income tax for the divestment in GNLQ in 2022 as it is not generated by the Group's ordinary operations, as well as 3.7 million euros associated with the payment of corporate income tax for the divestment in Morelos.

3. Alternative Performance Measures relating to cash flow and investments

Funds from Operations (FFO)

The ***FFO*** is the main cash flow generation indicator analysed by Enagás Management since it jointly measures cash generation in the regulated and non-regulated domestic business and in the international business in the form of dividends from affiliates or interest charged on subordinated debt extended to these companies, after deducting both the payment of taxes and interest relating to the Group's financial debt.

It is calculated as:

FFO = EBITDA excluding profit (loss) from affiliates +/- taxes received/paid – interest paid +/- interest received/paid + dividends received from affiliates + interest on subordinated debt charged to affiliates.

The reconciliation between this APM and the figures seen in the Consolidated Financial Statements for the period ended September 30, 2023 is shown below:

	Q3 2023	LTM Q3 2023
Operating income	334.8	445.3
Depreciation and amortisation (*) (***)	237.2	319.0
EBITDA	**572.0**	**764.3**
Taxes received/(paid) (****)	-91.4	-136.2
Interest received/paid (**)	-68.5	-69.9
Dividends (**)	137.5	140.2
Other adjustments	0.7	3.3
Results from Affiliates (*)	-144.4	-191.7
FFO	**405.9**	**510.1**
Taxes received/(paid) (****)	71.2	71.2
Adjusted FFO	**477.1**	**581.3**

(*) For management purposes, in addition to the provision for impairment of assets, "Depreciation and amortisation" also includes the impact of the amortisation of the PPA, which is 38.5 million euros at September 30, 2023.
(**) Interest on subordinated debt charged to affiliates is included under "Dividends" for management purposes.
(***) Includes impairment losses and gains or losses on disposal of fixed assets recorded in the year.
(****) This item does not include 67.5 million euros associated with the payment of corporate income tax for the divestment in GNLQ in 2022 as it is not generated by the Group's ordinary operations, as well as 3.7 million euros associated with the payment of corporate income tax for the divestment in Morelos.

Operating cash flow (OCF)

Operating Cash Flow measures the company's capacity to generate operating cash flow after changes in working capital. The calculation is based on FFO and includes changes in working capital.

The **OCF** amounted to 474.9 million euros in Q3 2023. The reconciliation between this APM and the figures seen in the consolidated financial statements for the period ended September 30, 2023 is shown below (million euros):

	Q3 2023
FFO	**405.9**
Change in working capital	69.0
OPERATING CASH FLOW (OCF)	**474.9**

Free cash flow (FCF)

Free cash flow measures cash generation from operating and investment activities, and is considered by Enagás to be a key APM since it is the indicator used to assess the funds available to pay dividends to shareholders and to service debt.

The reported **FCF** for Q3 2023 stood at 349.0 million euros. The reconciliation between this APM and the figures seen in the consolidated financial statements for the period ended September 30, 2023 is shown below (million euros):

	Q3 2023
OPERATING CASH FLOW (OCF)	**474.9**
Payments for investments	-316.1
Proceeds from divestments (*)	190.2
Free Cash Flow (FCF)	**349.0**

(*) For management purposes, divestment proceeds of €190.2 M include the following items from the consolidated cash flow statement as at 30 September 2023: (i) the heading "Proceeds from divestments" for €90.2 M and (ii) the flows associated with the transaction with Reganosa for the sale of the 25% stake in Energy Musel Hub, which is included under the heading "Other proceeds from financing activities" for €99.9 M.

Discretionary cash flow (DCF)

Discretionary cash flow is an APM used by Management to manage existing funding needs. It is defined as Free Cash Flow (FCF) less dividends paid to shareholders and certain exchange rate differences related to net debt.

The reported **DCF** for Q3 2023 stood at 83.7 million euros. The reconciliation between this APM and the figures seen in the consolidated financial statements for the period ended September 30, 2023 is shown below (million euros):

	Q3 2023
Free Cash Flow (FCF)	**349.0**
Dividends paid	-269.8
Effect of changes in exchange rates	4.5
Discretionary Cash Flow (DCF)	**83.7**