

# Management Report and Accounts First Half 2021

## Galp Gás Natural Distribuição, S.A.

Social Office: Rua Tomás da Fonseca - Torre C - 1600-209 Lisbon

Capital Social: 89.529.141,00 EUR

MCRC/NIPC: 509148247



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## 1. Main highlights of the first half of 2021

### Financial performance

In the first six months of 2021, the **EBITDA** of Grupo Galp Gás Natural Distribuição, S.A. ("**GGND**") was €52.6 m, minus €1.2 m (2.2%) YoY. This variation is mainly explained by the decrease in Allowed Revenue, reflecting the lower rate of return ("RoR") of 4.7%, not compensated by the positive effect of the temporary reduction in net operating costs and the s-2 adjustment published by the Energy Services Regulatory Authority (ERSE) in the amount of c. €1.0 m.

**Consolidated net income** stood at €6.3 m, with a decrease of €1.7 m, minus 21.7% YoY, mainly due to the reduction in EBITDA.

**Cash flow from operating activities** (CFFO) increased to €54.7 m, plus €6.7 m YoY, supported by improved clients receipts, reflecting the increase in the gas volume invoiced by 3.5%, with greater representation in the higher tariffs applied in the low pressure segment below 10,000 m<sup>3</sup>, which includes clients with lower consumption.

**Free cash flow** (FCF) was €40.0 m, plus €2.8 m YoY.

As at 30 June 2021, **net debt** was €560.3 m, minus €38.2 m compared to December 2020, due to increased cash generation in the period. Cash and equivalents at the end of the period amounted to €114.8 m.

**ND/EBITDA** is 5,4x and **DSCR** is 4,4x, which are compliance with the terms defined in EMTN Program.

**Gas volume distributed** increased 6.3% YoY to 9,227 GWh in the first half of 2021, mainly due to the recovery of industry and contribution of the lower consumption segments.

The total **investment** was €14 m, plus €3 m (27.4%) YoY. During the first half of 2021, 3,562 new connection points in net terms and 87 km of network were built.

### Provision and disclosure of information

Following the withdrawal of the United Kingdom from the European Union, and considering that the bonds issued by Galp Gás Natural Distribuição, S.A. under the Medium Term Note Programme are only admitted to trading on the main market of the London Stock Exchange, Galp Gás Natural Distribuição, S.A. is no longer subject to the supervision of the Portuguese Securities Market Commission (CMVM) and the obligations to provide and disclose information provided for in the Portuguese Securities Code (CVM). Thus, Galp Gás Natural Distribuição, S.A. is now subject to the supervision of the Financial Conduct Authority (FCA) and continues to provide and disclose relevant information in accordance with the reporting and transparency obligations provided for by the FCA for issuers of securities.

### COVID-19 Impacts

As a consequence of the current situation related to the COVID-19 pandemic, **GGND** management continues to monitor developments and implement the necessary measures contained in its contingency plan, ensuring the continuity of the distribution service, as well as the management and maintenance activities, operations and all conditions for the provision of energy service as an essential public service to consumers, along the lines established by ERSE.

Although the duration of this pandemic is still uncertain, significant negative impacts on the operation and regulatory compliance of the **GGND** Group are not expected. Furthermore, under the regulated activity, it minimizes financial and liquidity risks.

## Regulatory Framework

The natural gas distribution business is supported by the application of regulated tariffs approved annually by ERSE, based on Allowed Revenue.<sup>1</sup>

The regulatory period, understood as the period in which the parameters for calculating Allowed Revenue remains constant, has been extended to 4 years, in place of the previous 3 years, starting to coincide with civil years. Thus, the 5th regulatory period will run from January 1, 2020 to December 31, 2023.

Regarding the calculation of Allowed Revenue, ERSE maintained the methodology, which results from the sum of: (i) capital cost, defined as the product of the regulated asset base ("RAB") by the rate of return of regulated assets indexed to average yield the average yield of 10-years treasury bonds issued by the Portuguese State ("RoR") published by ERSE, plus depreciation and amortization of those assets; (ii) the recovery of OPEX (allowed operating costs) indexed to efficiency factors (inflation, consumption locations and volume of gas distributed), with revision of the applicable regulatory parameters; and (iii) adjustments, in particular related to tariff deviation.<sup>2</sup>

The tariff deviation is defined as the difference between the Allowed Revenue billed in year s-2 and the Allowed Revenue estimated by ERSE.

The calculation of the RoR is made according the average yield of 10-years treasury bonds issued by the Portuguese State.

The RoR provided by ERSE for fiscal year 2021 was 4.7%, in the natural gas distribution business, comparing to 5.2% in the previous year, reflecting the reduction in the yields of the treasury bonds issued by the Portuguese State.

## Risk management

As a holding company of regulated companies ("**GGND** Group") operating in the natural gas distribution sector, the existence of a robust internal regulatory framework and the disciplined approach to the risks are important aspects of **GGND**.

**GGND** Group's operations are a long-term nature, which implies that many of the risks to which it is exposed are permanent. However, the internal regulatory framework ensures that activities are conducted in accordance with strategic objectives, and the risks are properly managed in order to create long-term value for shareholders.

**GGND** identified as the main risks of the first half of 2021, as described in the Management Report of 2020: (i) Regulatory, legislative and compliance uncertainties; (ii) Information System Failure; (iii) Project Implementation Risks; (iv) Financial and Market Risks; and (v) Dependence on Third-Party.

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<sup>1</sup> <https://www.erse.pt/atividade/regulamentos-gas-natural/tarifario/>

<sup>2</sup> Parameters for the regulation period 2020-2023, according to Directive No. 12/2019, published in the Diário da República, 2nd series - No. 123/2019, of 1 July.

GGND's main risks are managed, monitored, and reported in accordance with the general guidelines accepted by GGND and its group companies.

The main risks identified above are those foreseen for the second half of 2021, highlighting the liquidity risk. As at June, 30 2021, GGND has €114.8 m in cash and equivalents, as well as €70.0 m in available credit lines. The €184.8 m in total is sufficient for all of our current liabilities.

## 2. Key indicators

### 2.1 Operational indicators

	Unit	First Half			
		2021	2020	Variation YoY	
Connection points <sup>1</sup>	#	1 120 684	1 117 122	3 562	0.3%
Gas volume distributed	GWh	9 227	8 682	545	6.3%
Total network extension <sup>1</sup>	km	13 410	13 323	87	0.7%
20bar network	km	790	790	0	-
4bar network	km	12 620	12 533	87	0.7%

<sup>1</sup> The values for 2020 report as of December 31

### 2.2 Financial information

thousands of €					
	First Half				
	2021	2020	Variation YoY		
EBITDA	52 611	53 772	(1 161)	(2.2%)	
EBIT	27 603	29 070	(1 467)	(5.0%)	
Financial results	(5 099)	(5 183)	85	(1.6%)	
Net income	6 257	7 994	(1 738)	(21.7%)	
Free cash flow <sup>1</sup>	39 988	37 172	2 816	7.6%	
Net debt <sup>2</sup>	560 336	601 844	(41 509)	(6.9%)	
Net fixed assets <sup>3</sup>	1 140 675	1 160 936	(20 261)	(1.7%)	
CAPEX <sup>4</sup>	14 067	11 040	3 027	27.4%	

<sup>1</sup> Cash flows from operating activities - Cash flows from investment activities

<sup>2</sup> Bank debt + Bond loans - Cash and equivalents

<sup>3</sup> Tangible assets + Intangible assets (excluding Goodwill)

<sup>4</sup> Capital expenditure considers the additions of the year of tangible and intangible assets

### 3. Financial information

#### 3.1 Income statement

thousands of €	First Half			
	2021	2020	Variation YoY	
Turnover	79 718	83 747	(4 029)	(4.8%)
Net operating costs	(27 107)	(29 975)	2 869	(9.6%)
Cost of sales	(1 021)	(1 793)	772	(43.1%)
External supplies and services	(19 579)	(22 705)	3 125	(13.8%)
Employee costs	(11 058)	(10 136)	(922)	9.1%
Other operating income (costs)	4 558	4 696	(138)	(2.9%)
Impairment loss on receivables	(7)	(38)	31	(82.4%)
<b>EBITDA</b>	<b>52 611</b>	<b>53 772</b>	<b>(1 161)</b>	<b>(2.2%)</b>
Amortisation, depreciation and impairment <sup>1</sup>	(24 919)	(24 634)	(285)	1.2%
Provisions	(90)	(69)	(21)	30.5%
<b>EBIT</b>	<b>27 603</b>	<b>29 070</b>	<b>(1 467)</b>	<b>(5.0%)</b>
Share results of investments	(0)	70	(70)	(100.1%)
Financial results <sup>1</sup>	(5 099)	(5 183)	85	(1.6%)
<b>Profit before tax</b>	<b>22 504</b>	<b>23 956</b>	<b>(1 452)</b>	<b>(6.1%)</b>
Taxes	(5 762)	(5 490)	(273)	5.0%
Energy sector extraordinary contribution	(10 485)	(10 472)	(13)	0.1%
<b>Consolidated net income</b>	<b>6 257</b>	<b>7 994</b>	<b>(1 738)</b>	<b>(21.7%)</b>
Non-controlling interests	(335)	(370)	35	(9.5%)
<b>Net income to GGND</b>	<b>5 922</b>	<b>7 624</b>	<b>(1 702)</b>	<b>(22.3%)</b>

<sup>1</sup>Includes IFRS 16

#### Turnover

In the first half of 2021, turnover amounted to €79.7 m, minus 4.8% YoY. This variation was due to the reduction in the Allowed Revenue by €4.0m inherent in (i) a lower rate of return (RoR), which fell from 5.2% in June 2020 to 4.7% in June 2021, due to the reduction in the yields of 10-years treasury bonds issued by the Portuguese State, (ii) 2% reduction in the base of remunerated assets (RAB) and (iii) reduction of allowed operation costs. As a positive variation we highlight the adjustment s-2 published by the Regulatory Authority of Energy Services (ERSE), in the amount of c. €1.0 m.

#### Net operation cost

Net operating costs amounted to €27.1 m, minus € 2.9 m YoY, which is explained by some delay in carrying out planned activities in progress.

## EBITDA

EBITDA was €52.6 m, minus 2.2% YoY, mainly reflecting the reduction of RoR to the floor (minimum limit) 4.7%, due to average value of the yields of 10-years treasury bonds issued by the Portuguese State was 0.250% or below, positively compensated by the temporary reduction of net operating costs.

## EBIT

EBIT decreased to €27.6 m, minus 5.0% YoY, reflecting the change in EBITDA and a €0.3 m increase in depreciation.

## Financial results

Financial results were €5.1 m, minus 1.6% compared to the previous year.

## Income tax and CESE

Income tax stood at €5.8 m.

CESE had a negative impact on results by around €10.5 m due to the recognition of €9.0 m from the CESE for the year 2021 and the remaining €1.5 m is the interest for late payment.

## Net income

In the first 6 months of 2021, consolidated net income was €6.3 m, minus 21.7% YoY, mainly due to the reduction in EBIT and increased income tax by €0.3 m.

### 3.2 Cash flow

thousands of €

	First Half		
	2021	2020	Var. YoY
<b>Cash and equivalents at the beginning of the period</b>	<b>76 879</b>	<b>42 705</b>	<b>34 174</b>
Clients receipts	129 458	122 305	7 152
Payments to suppliers	(34 303)	(30 768)	(3 535)
Payments related to employees <sup>1</sup>	(10 627)	(10 889)	261
(Payment)/Receipt of Income Tax	(780)	(3 463)	2 683
Payment of value-added tax (VAT)	(17 188)	(15 069)	(2 119)
Payment of underground taxes (TOS)	(11 113)	(12 413)	1 300
Other operating (payments)/receipts	(797)	(1 751)	954
<b>Cash flows from operating activities</b>	<b>54 650</b>	<b>47 952</b>	<b>6 697</b>
Cash flow from capital expenditure	(14 661)	(13 615)	(1 046)
Financial investments	0	2 835	(2 835)
<b>Cash flows from investing activities</b>	<b>(14 661)</b>	<b>(10 780)</b>	<b>(3 881)</b>
Payment of loans	(521)	(4 749)	4 228
Net financial expenses <sup>2</sup>	(1 013)	(1 014)	1
Payment of dividends	(485)	0	(485)
<b>Cash flows from financing activities</b>	<b>(2 019)</b>	<b>(5 763)</b>	<b>3 744</b>
<b>Net cash flow</b>	<b>37 970</b>	<b>31 409</b>	<b>6 560</b>
Change in scope	0	(445)	-
<b>Cash and equivalents at the end of the period</b>	<b>114 848</b>	<b>73 669</b>	<b>41 179</b>

<sup>1</sup> Includes payments to employees, retirement and pre-retirement, pension fund, social security and staff income tax

<sup>2</sup> Includes payments of interests, similar costs, lease payments and lease interest (IFRS 16)

Cash flows from operating activities (CFFO) increased to €54.7 m, plus 14.0% YoY. This evolution essentially reflected the following favorable effects (i) the increase in clients receipts through the increase in invoiced volumes (3.5%) and average increase in tariffs, as well as an increase in compensation defined by ERSE, (ii) postponement of the final payment of income tax for the year 2020 to Galp under the special regime of group taxation, due to the extension of deadlines by the Tax Authority. Regarding the increase in payments to suppliers, it is mainly explained by the payment of the entire annual insurance fee in the first half of the year.

Cash flows from investing activities amounted to €14.7 m reflecting the increase in investment foreseen in the execution plan for 2021, higher compared to the previous year which was impacted by the postponement of projects due to the pandemic.

Cash and equivalents at the end of the period was €114.8 m.



### 3.3 Financial Position

thousands of €

	30 Jun.2020	31 Dec.2020	Var. vs 31 Dec.2020
Net fixed assets	1 140 675	1 151 169	(10 494)
Active use rights (IFRS 16)	11 897	12 309	(412)
Working capital <sup>1</sup>	18 791	26 331	(7 540)
Subsidies to investment	(210 625)	(214 527)	3 902
Other non-current assets (liabilities)	(146 131)	(128 050)	(18 081)
<b>Capital employed</b>	<b>814 608</b>	<b>847 232</b>	<b>(32 624)</b>
Short-term debt	1 042	1 098	(56)
Long-term debt	674 142	674 308	(166)
<b>Total debt</b>	<b>675 184</b>	<b>675 406</b>	<b>(222)</b>
Cash and equivalents	114 848	76 879	37 970
<b>Net Debt</b>	<b>560 336</b>	<b>598 527</b>	<b>(38 192)</b>
Leases (IFRS 16)	12 363	12 702	(340)
Equity	241 909	236 002	5 907
<b>Total equity and net debt</b>	<b>814 608</b>	<b>847 232</b>	<b>(32 625)</b>
<b>Net Debt to equity</b>	<b>2,3x</b>	<b>2,5x</b>	<b>-</b>

<sup>1</sup> Working capital = Current assets - Current liabilities (excluding cash and equivalents, short-term debt, short-term leases and short-term subsidies)

As at June 30, 2021, net fixed assets were € 1,140.7 m, minus €10.5 m, reflecting the increase in depreciation, not offset by the increase in investment.

The Working Capital decreased to €18.8 m, minus €7.5 m.

The tariff deviation decreased to € 18.4 m, minus €10.7 m in the first 6 months of the year.

The net debt was € 560.3 m, minus € 38.2 m, supported by cash and equivalents recorded at the end of this period.

### 3.4 Financial ratios

	First Half	Lock-up	Default
	2021	Limits	
Net Debt <sup>1</sup> / EBITDA <sup>2</sup>	5.4x	> 6.5x	> 7.0x
Debt Service Coverage Ratio <sup>3</sup>	4.4x	< 2.0x	< 1.5x

<sup>1</sup> Bank Loan + Bond (including Origination Fess) + Accrued Interest - Cash and equivalents

<sup>2</sup> EBITDA + provisions as of June 30, 2021, annualized on a straight-line basis

<sup>3</sup> (Cash Flow from Operating Activity - CAPEX Payments) / Interest Service annualized

Net Debt/EBITDA and DSCR under the EMTN program, as of June 30, 2021 are in compliance.

### 4. Subsequent events

Regarding the extraordinary contribution on the energy sector (CESE), the GGND Group company, Duriensegás, S.A., was notified in July 2021 of an unfavorable final decision of the constitutional court for the year 2014. Following this decision, Duriensegás, S.A. paid € 0.38 million. The companies Beiragás, S.A., Setgás, S.A. and Tagusgás, S.A. were also notified of unfavorable final decisions of the constitutional court for the years 2014 to 2016, whose estimated financial impact amounts to €2.7 million, with the respective payment due in the second half of 2021. Both amounts referred to are provisioned (Note 15 in the annex to the condensed consolidated financial statements).

## The Board of Directors

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Diogo António Rodrigues da Silveira  
**Chairman**

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Jaroslava Korpanec  
**Member**

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Karl Klaus Liebel  
**Member**

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Ippei Kojima  
**Member**

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Maria Marta de Figueiredo Geraldés Bastos  
**Member**

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Gabriel Nuno Charrua de Sousa  
**Member**

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Yoichi Onishi  
**Member**

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Jose Manuel Rodrigues Viera  
**Member**

## 5. Appendixes

### 5.1 Governing bodies

The composition of the Governing Bodies of Galp Gás Natural Distribuição, S.A. as at June 30, 2021 is as follows:

#### Board of the General Meeting

Ana Paz Ferreira da Câmara Perestrelo de Oliveira, *Chairman*

Rafael de Almeida Garrett Lucas Pires, *Secretary*

#### Company Secretary

Rita Andrade Lopes Picão Fernandes Campos de Carvalho, *Permanent*

Inês Freire Figueira Ribeiro, *Alternate*

#### Board of Directors

Diogo António Rodrigues da Silveira, *Chairman*

Jaroslava Korpanec, *Member*

Karl Klaus Liebel, *Member*

Ipppei Kojima, *Member*

Maria Marta de Figueiredo Geraldês Bastos, *Member*

Gabriel Nuno Charrua de Sousa, *Member*

Yoichi Onishi, *Member*

José Manuel Rodrigues Vieira, *Member*

#### Executive Committee

Gabriel Nuno Charrua de Sousa, *CEO*

Yoichi Onishi, *CFO*

José Manuel Rodrigues Vieira, *COO*

#### Audit Board

Daniel Bessa Fernandes Coelho, *Chairman*

Pedro Antunes de Almeida, *Member*

Armindo José Faustino dos Santos Marcelino, *Member*

Amável Alberto Freixo Calhau, *Alternate Member*

#### Statutory Auditor

PricewaterhouseCoopers & Associados – SROC, Lda., enrolled with OROC with no. 183 and registered with with number 20161485 represented by:

Ana Maria Ávila de Oliveira Lopes Bertão, *ROC No. 902, Effective*

José Manuel Henriques Bernardo, *ROC No. 903, Alternate*

## 5.2 Mandatory statements

### Shareholders with qualifying holdings as at 30 June 2020

Shareholders	No. of Shares	Nominal Value	%
Allianz Infrastructure Luxembourg II S.A R.L	40,743,727	1,00 EUR	45.5089%
Allianz European Infrastructure Acquisition Holding S.A R.L.	26,412,081	1,00 EUR	29.5011%
MEET Europe Natural Gas, Lda.	20,144,057	1,00 EUR	22.5000%
Petrogal, S.A.	2,229,276	1,00 EUR	2.4900%
Total	89,529,141	1,00 EUR	100.0000%

### Share ownership as at 30 June 2021 by current members of the Board of Directors and the supervisory bodies

As of 30 June 2021, none of the members of the administration and audit board held shares or bonds issued by **GGND**.

### Main transactions between related parties carried out in the first half of 2021

During the first half of 2021 there were no relevant transactions between **GGND** related parties that had a significant impact on its financial situation or respective performance, nor that had an impact on the information included in the annual report concerning the financial year 2020, during the first 6 months of the financial year 2021.

## 5.3 Statements of compliance of the information presented

### Statement of compliance of the Board of Directors

In accordance with the applicable reporting principles applicable for the interim financial reporting, each member of the **GGND** Board of Directors below declares that, to the best of their knowledge, the information presented in the consolidated financial statements for the first half of the financial year 2021 was prepared in accordance with the applicable accounting standards, giving a true and fair value of the assets and liabilities, financial position and results of **GGND** and the companies included in the perimeter consolidation, and that the interim management report for the first half of the year 2021 faithfully describes the main events that occurred during the period to which it refers and the impact on the respective financial statements, as well as a description of the main risks and uncertainties for the next six months.

Lisbon, 31 August 2021

**The Board of Directors**

**Chairman:**

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Diogo António Rodrigues da Silveira

**Members:**

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Jaroslava Korpanec

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Karl Klaus Liebel

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Ippei Kojima

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Maria Marta de Figueiredo Geraldês Bastos

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Gabriel Nuno Charrua de Sousa

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Yoichi Onishi

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Jose Manuel Rodrigues Viera

## Statement of compliance of the Audit Board

In accordance with the applicable reporting principles applicable for the interim financial reporting, each member of the **GGND** Audit Board below declares that, to the best of their knowledge, the information presented in the consolidated financial statements for the first half of the financial year 2021 was prepared in accordance with the applicable accounting standards, giving a true and fair value of the assets and liabilities, financial position and results of **GGND** and the companies included in the perimeter consolidation, and that the interim management report for the first half of the 2021 faithfully describes the main events that occurred during the period to which it refers and the impact on the respective financial statements, as well as a description of the main risks and uncertainties for the next six months.

Lisbon, 31 August 2021

### The Audit Board

#### Chairman:

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Daniel Bessa Fernandes Coelho

#### Members:

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Pedro Antunes de Almeida

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Armindo José Faustino dos Santos Marcelino

## 6. Abbreviations

c.:	approximately
CESE:	Energy sector extraordinary contribution
CFFO:	Cash flow generated by operating activities
EBIT:	Earnings before interest and taxes; that is , operating result
EBITDA:	Earnings before interest, taxes, depreciation, amortization and provisions; that is , EBIT more depreciations, amortization and provisions
EMTN:	Euro medium term note
EUR/ €:	Euro
ERSE:	Regulatory body of potential energy services ethical
FCF:	Free cash flow
GGND:	Galp Gás Natural Distribuição, SA
GWh:	Gigawatt hour
m:	Million
m <sup>3</sup>	Cubic meters
ND/ EBITDA	Net debt to Earnings before interest, taxes, depreciation, amortization and provisions; that is , EBIT more depreciations, amortization and provisions
DSCR	Debt service coverage ratio
URD:	Tariff for use of access to the distribution network
URT:	Tariff for use of access to the transport network
UGS:	Global system usage tariff
Unid:	unit
Var.:	variation
YoY:	<i>year-on-year</i>





# Condensed Consolidated Financial Statements as of 30 June 2021

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## Condensed consolidated statement of financial position

### Galp Gás Natural Distribuição, S.A.

Condensed consolidated statement of financial position as of 30 June 2021 and 31 December 2020

(Amounts stated in thousand Euro - € k)

Assets	Notes	June 2021	December 2020
<b>Non-current assets:</b>			
Tangible assets	4	460	469
Intangible assets and Goodwill	5	1,142,490	1,152,975
Rights-of-use of assets	6	11,897	12,309
Deferred tax assets	13	19,447	17,788
Other receivables	9.2	10,501	25,831
Other financial assets		3	7
<b>Total non-current assets:</b>		<b>1,184,798</b>	<b>1,209,378</b>
<b>Current assets:</b>			
Inventories	8	1,646	2,097
Trade receivables	9.1	9,117	10,626
Other receivables	9.2	68,998	59,141
Cash and cash equivalents	10	114,848	76,879
<b>Total current assets:</b>		<b>194,609</b>	<b>148,743</b>
<b>Total assets:</b>		<b>1,379,407</b>	<b>1,358,121</b>
<b>Equity and Liabilities</b>			
<b>Equity:</b>			
Share capital		89,529	89,529
Reserves		12,080	11,045
Retained earnings		120,515	115,476
<b>Total equity attributable to shareholders:</b>		<b>222,124</b>	<b>216,050</b>
Non-controlling interests	16	19,785	19,952
<b>Total equity:</b>		<b>241,909</b>	<b>236,002</b>
<b>Liabilities:</b>			
<b>Non-current liabilities:</b>			
Financial Debt	11	674,142	674,308
Liabilities for leases	6	11,321	11,635
Other payables	12	207,534	215,830
Post-employment and other employee benefits liabilities	14	65,571	66,253
Deferred tax liabilities	13	18,379	19,471
Provisions	15	88,288	77,713
<b>Total non-current liabilities:</b>		<b>1,065,235</b>	<b>1,065,210</b>
<b>Current liabilities:</b>			
Financial debt	11	1,042	1,098
Liabilities for leases	6	1,042	1,068
Trade payables		8,502	9,216
Other payables	12	50,143	41,638
Current income tax payable	13	11,534	3,889
<b>Total current liabilities:</b>		<b>72,263</b>	<b>56,909</b>
<b>Total liabilities:</b>		<b>1,137,498</b>	<b>1,122,119</b>
<b>Total equity and liabilities:</b>		<b>1,379,407</b>	<b>1,358,121</b>

The accounting notes form an integral part of the condensed consolidated statement of financial position and should be read in conjunction.

## Condensed consolidated statement of income and comprehensive income

## Galp Gás Natural Distribuição, S.A.

Condensed consolidated statement of income and comprehensive income for the six month periods ended 30 June 2021 and 30 June 2020

(Amounts stated in thousand Euro - € k)

	Notes	June 2021	June 2020
Sales	17	1,708	2,986
Service rendered	17	78,010	80,762
Other operating income	17	18,364	15,813
Financial income	17 e 19	47	24
Results related to investments in associates and joint ventures		-	70
<b>Total revenues and income:</b>		<b>98,129</b>	<b>99,655</b>
Cost of sales	18	(1,021)	(1,793)
External supplies and services	18	(19,579)	(22,705)
Employee costs	18	(11,058)	(10,136)
Amortisation, depreciation and impairment loss on fixed assets	18	(24,919)	(24,634)
Provisions	18	(90)	(69)
Impairment losses on receivables	18	(7)	(38)
Other operating costs	18	(13,806)	(11,117)
Financial costs	18 e 19	(5,145)	(5,208)
<b>Total costs and expenses:</b>		<b>(75,625)</b>	<b>(75,699)</b>
<b>Result before taxes and energy sector extraordinary contribution:</b>		<b>22,504</b>	<b>23,956</b>
Income tax	13	(5,762)	(5,490)
Energy sector extraordinary contribution	13	(10,485)	(10,472)
<b>Consolidated net result for the period</b>		<b>6,257</b>	<b>7,994</b>
<b>Result attributable to:</b>			
Shareholders of Galp Gás Natural Distribuição, S.A.		5,922	7,624
Non-controlling interests	16	335	370
<b>Earnings per share (in Euro)</b>		<b>0.07</b>	<b>0.09</b>
<b>Consolidated net result for the period</b>		<b>6,257</b>	<b>7,994</b>
<b>Items which will not be recycled in the future through net income:</b>			
Actuarial gains and losses - retirement benefits		420	(915)
Income tax related to actuarial gains and losses	13	-	19
Other adjustments – prior year corrections	2.3	(268)	-
<b>Total comprehensive income of the period attributable to:</b>		<b>6,409</b>	<b>7,099</b>
Shareholders of Galp Gás Natural Distribuição, S.A.		6,074	6,729
Non-controlling interests		335	370

The accounting notes form an integral part of the condensed consolidated statement of income and comprehensive income and should be read in conjunction.

## Condensed consolidated statement of changes in equity

## Galp Gás Natural Distribuição, S.A.

Condensed consolidated statement of changes in equity for the six month periods ended 30 June 2021 and 30 June 2020

(Amounts stated in thousand Euro - € k)

	Share capital	Other reserves	Retained earnings	Sub-Total	Non-controlling interests	Total
<b>Balance as of 1 January 2020</b>	<b>89,529</b>	<b>9,454</b>	<b>108,905</b>	<b>207,888</b>	<b>19,590</b>	<b>227,477</b>
Consolidated net income for the period	-	-	7,624	7,624	370	7,994
Other gains and losses recognised in Equity	-	-	(895)	(895)	-	(895)
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6,729</b>	<b>6,729</b>	<b>370</b>	<b>7,099</b>
Increase/decrease in capital reserves	-	1,592	(1,592)	-	(258)	258
<b>Balance as of 30 June 2020</b>	<b>89,529</b>	<b>11,045</b>	<b>114,042</b>	<b>214,616</b>	<b>19,701</b>	<b>234,318</b>
<b>Balance as of 1 January 2021</b>	<b>89,529</b>	<b>11,045</b>	<b>115,476</b>	<b>216,050</b>	<b>19,952</b>	<b>236,002</b>
Consolidated net income for the period	-	-	5,922	5,922	335	6,257
Other gains and losses recognised in Equity	-	-	152	152	-	152
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6,074</b>	<b>6,074</b>	<b>335</b>	<b>6,409</b>
Increase/decrease in capital reserves	-	1,035	(1,035)	-	(502)	(502)
<b>Balance as of 30 June 2021</b>	<b>89,529</b>	<b>12,080</b>	<b>120,515</b>	<b>222,124</b>	<b>19,785</b>	<b>241,909</b>

The accounting notes form an integral part of the condensed consolidated statement of changes in equity and should be read in conjunction.

## Condensed consolidated statement of cash flows

### Galp Gás Natural Distribuição, S.A.

Condensed consolidated statement of cash flows for the six month periods ended 30 June 2021 and 30 June 2020

(Amounts stated in thousand Euro - € k)

	Notes	June 2021	June 2020
<b>Operating activities:</b>			
Cash received from customers		129,458	122,305
(Payments) to suppliers		(34,303)	(30,768)
(Payments) relating to tax on oil products ("ISP")		(401)	(392)
(Payments) of value-added tax (VAT)		(17,188)	(13,965)
(Payments) relating to others		(1)	-
(Payments) relating to personnel		(10,627)	(11,848)
Other (payments) relating to the operational activity		(11,507)	(13,918)
(Payments) of income taxes		(780)	(3,463)
<b>Cash flows from operating activities (1)</b>		<b>54,650</b>	<b>47,952</b>
<b>Investing activities:</b>			
Cash received for the disposal of tangible and intangible assets		1	13
Cash (payments) for the acquisition of tangible and intangible assets		(14,663)	(13,629)
Cash received from financial investments		-	2,835
<b>Cash flows from investing activities (2)</b>		<b>(14,661)</b>	<b>(10,780)</b>
<b>Financing activities:</b>			
(Payments) relating to loans obtained	11	(521)	(4,749)
(Payments) from interests and similar expenses		(380)	(428)
(Payments) relating to leases	6	(461)	(389)
(Payments) relating to leasing interests	6	(173)	(198)
Dividends paid		(485)	-
<b>Cash flows from financing activities (3)</b>		<b>(2,019)</b>	<b>(5,763)</b>
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		37,970	31,409
Cash changes by changes in the consolidation perimeter		-	(445)
Cash and cash equivalents at the beginning of the period		76,879	42,705
<b>Cash and cash equivalents at the end of the period</b>	<b>10</b>	<b>114,848</b>	<b>73,669</b>

The accounting notes form an integral part of the condensed consolidated statement of cash flows and should be read in conjunction.

## Notes to the condensed consolidated financial statements

### 1. Corporate information

Galp Gás Natural Distribuição, S.A. (“Company”) was incorporated as of 2 December 2009 under the name Galp Gás Natural Distribuição, SGPS, S.A., with the corporate purpose of managing shareholder interest in other group companies. As of 1 April 2015 by unanimous decision of the sole shareholder of GDP Gás de Portugal, SGPS, S.A., the Company changed its corporate name to the current one, Galp Gás Natural Distribuição, S.A., as well as its corporate business to the exercise of activities in the energy sector, in particular in the distribution of natural gas, including the delivery of support services to corporate business, in the areas of management, administration and logistics, purchase and supply and information systems.

Its Head Office is in Lisbon, Rua Tomás da Fonseca, Torre C 1, 1600-209 Lisbon.

The condensed financial statements are presented in Euro (functional currency) as this is the currency preferably used in the economic environment in which the Group operates.

### 2. Significant accounting policies

#### 2.1. Basis of presentation

Condensed consolidated financial statements for the six-month period ended 30 June 2021 were prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by European Union. These condensed financial statements do not include all the notes that are usually prepared in the annual financial statements. Additionally, only material changes were disclosed as required by IFRS 7 and IFRS 13. In this context, these condensed financial statements should be read in conjunction with the GGND Group's consolidated financial statements for the year ended 31 December 2020.

The accounting policies adopted as of 30 June 2021 are consistent with those applied for the year ended 31 December 2020 and for the semester ended 30 June 2020.

Based on the results of the GGND Group, as well as the macroeconomic environment in Portugal and the segment in which it operates, there were no indications, as of 30 June 2021, that would lead us to reassess the conclusions reached in the preparation of the annual financial statements as of 31 December 2020, regarding the recoverability of tangible and intangible assets

These condensed consolidated financial statements have been prepared in thousand Euro, unless otherwise stated. Due to rounding, the totals and subtotals of the tables presented may not be equal to the sum of the numbers presented.

#### Providing and disclosing information

Following the departure of the United Kingdom from the European Union, and since the bonds issued by Galp Gás Natural Distribuição, SA under Medium Term Note Programme are only admitted to trading on the main market of the London Stock Exchange, Galp Gás Natural Distribuição, SA is no longer subject to the supervision of the Portuguese Securities Market Commission (CMVM) and to the obligations to provide and disclose information provided for in the Portuguese Securities Code (CVM). Thus, Galp Gás Natural Distribuição, S.A. is now subject to the supervision of the Financial Conduct Authority (FCA) and continues to provide and disclose relevant information in accordance with the reporting and transparency obligations established by the FCA for issuers of securities.

#### 2.2. Impact of Covid-19 pandemic

On 11 March 2020 Covid-19 virus was declared pandemic by the World Health Organization (WHO). Prophylactic social isolation was put into practice in several countries, which contributed to the global closure of the economy, reducing the demand for oil and oil products causing a shock in the oil and gas industry, namely in Portugal where GGND operates. However, since the Group' activity is regulated,

being the remuneration defined based on the infrastructure's cost and exploration costs related to the concession activity - regulated revenues, the going concern basis is not at risk.

#### Pensions and other post-employment benefits

Pension plans and other post-employment benefits are reviewed during the year, when there is an indication that there may be significant changes in the fair values of the assets that are part of the plans or in the present value of the liabilities with pensions and other post-employment benefits. The review carried out resulted in a negative impact in the first semester of the year of € 163 k on the assets that comprise the portfolio. This review affected remeasurements (actuarial losses) included in Equity, as well as the net liability in the financial position. GGND believes that in the second semester of 2021, the high volatility observed in the markets may still affect the fair value of the plan's assets, impacting the corresponding liabilities and equity.

#### Liquidity risk

GGND decided to carry out a liquidity risk analysis as of 30 June 2021, in order to verify the group's ability to meet its current obligations. As of 30 June 2021, GGND has € 115 m in cash and cash equivalents, as well as € 70 m in available and unused credit lines, a total of € 185 m. These amounts are sufficient to satisfy all of its current liabilities.

### **2.3. Other adjustments – prior year corrections**

As at 31 December 2020, Medigás - Sociedade Distribuidora de Gas Natural do Algarve, SA (Medigás) corrected its net result for 2020, the impact on the GGND Group's accounts was directly reflected in equity, in retained earnings.

This correction in the amount of € 268 k, reduced Medigás' 2020 net profit from € 695 k to € 427 k.

### **3. Segment reporting**

The Group is comprised by Galp Gás Natural Distribuição, S.A. and its subsidiaries that carry out their activities of distribution and commercialization of natural gas on a last resort basis.

The Natural Gas operational segment encompasses the areas of distribution and commercialisation of natural gas on a last resort basis.

Regarding "Others", the Group considered the holding company Galp Gás Natural Distribuição, S.A.

The financial information for the previously identified segments, as of 30 June 2021 and 2020 is presented as follows:



## Condensed Consolidated Financial Statements as of 30 June 2021

	Unit: € k							
	Consolidated		Gas		Others		Consolidation adjustments	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Income</b>								
Sales and services rendered	79,718	83,747	79,488	83,551	10,470	6,917	(10,240)	(6,720)
Cost of sales	(1,021)	(1,793)	(1,021)	(1,793)	-	-	-	-
Other revenues and expenses	(26,086)	(28,182)	(27,616)	(28,923)	(8,701)	(6,036)	10,230	6,777
<b>EBITDA</b>	<b>52,611</b>	<b>53,772</b>	<b>50,852</b>	<b>52,835</b>	<b>1,769</b>	<b>881</b>	<b>(10)</b>	<b>57</b>
Amortisations, depreciation and impairment losses on fixed assets	(24,919)	(24,634)	(24,507)	(24,236)	(412)	(398)	-	-
Provisions (net)	(90)	(69)	(90)	(69)	-	-	-	-
<b>EBIT</b>	<b>27,603</b>	<b>29,070</b>	<b>26,255</b>	<b>28,530</b>	<b>1,357</b>	<b>483</b>	<b>(10)</b>	<b>57</b>
Results from associates and joint ventures	-	70						
Other financial income	(5,099)	(5,183)						
Income tax	(5,762)	(5,490)						
Energy sector extraordinary contribution	(10,485)	(10,472)						
<b>Consolidated Net (loss)/income, of which:</b>	<b>6,257</b>	<b>7,994</b>						
Attributable to non-controlling interests	(335)	(370)						
Attributable to shareholders of Galp Gás Natural Distribuição, S.A.	5,922	7,624						
<b>OTHER INFORMATION <sup>(1)</sup></b>								
<b>Segment Assets <sup>(2)</sup></b>								
Financial investments <sup>(3)</sup>	2,278	2,278	3	3	2,275	2,275	-	-
Other assets	1,390,814	1,355,843	1,317,124	1,308,042	255,446	201,689	(181,755)	(153,888)
<b>Segment Assets</b>	<b>1,393,093</b>	<b>1,358,121</b>	<b>1,317,127</b>	<b>1,308,045</b>	<b>257,721</b>	<b>203,964</b>	<b>(181,755)</b>	<b>(153,888)</b>
of which Rights-of-use assets	11,897	12,309	6,745	6,978	5,152	5,331	-	-

1) 2020 amounts refer to the year ended 31 December 2020

2) Net amount

3) Accounted for based on the equity method of accounting (including Goodwill and other financial assets)



#### 4. Tangible assets

During the six month period ended 30 June 2021 the breakdown and movements in tangible assets were as follow:

Unit: € k

	Land, natural resources and buildings
<i>As of 30 June 2021</i>	
Acquisition cost	938
Accumulated depreciation	(479)
<b>Net amount</b>	<b>460</b>
<b>Balance as of 1 January 2021</b>	
Depreciation and impairment	(9)
<b>Balance as of 30 June 2021</b>	<b>460</b>

## 5. Intangible assets and Goodwill

During the six month period ended 30 June 2021 the breakdown and movements in intangible assets and goodwill were as follow:

Unit: € k

	Concession arrangements									Total
	Land	Buildings	Basic equipment	Reconversion of natural gas consumption	Intangible assets in progress	Other concession arrangements	Total concession arrangements	Other intangible assets	Goodwill	
As of 30 June 2021										
Acquisition cost	12,678	12,214	1,347,576	624,669	3,752	23,600	2,024,489	2,660	2,336	2,029,485
Accumulated amortization	(4,710)	(7,379)	(572,700)	(277,926)	-	(22,726)	(885,441)	(1,493)	(61)	(886,995)
<b>Net amount</b>	<b>7,969</b>	<b>4,835</b>	<b>774,876</b>	<b>346,743</b>	<b>3,752</b>	<b>874</b>	<b>1,139,048</b>	<b>1,167</b>	<b>2,275</b>	<b>1,142,490</b>
<b>Balance as of 1 January 2021</b>	<b>8,097</b>	<b>5,010</b>	<b>781,167</b>	<b>352,274</b>	<b>1,424</b>	<b>1,886</b>	<b>1,149,858</b>	<b>842</b>	<b>2,275</b>	<b>1,152,975</b>
Additions	-	-	-	-	13,513	-	13,513	555	-	14,067
Amortisations	(134)	(173)	(15,577)	(7,936)	-	(417)	(24,237)	(230)	-	(24,467)
Write-offs/Disposals	-	-	(85)	-	-	-	(85)	-	-	(85)
Transfers	5	(2)	9,371	2,405	(11,184)	(595)	-	-	-	-
<b>Balance as of 30 June 2021</b>	<b>7,969</b>	<b>4,835</b>	<b>774,876</b>	<b>346,743</b>	<b>3,752</b>	<b>874</b>	<b>1,139,048</b>	<b>1,167</b>	<b>2,275</b>	<b>1,142,490</b>

## 6. Leases

The rights of use are detailed as follows:

	Unit: € k		
	Buildings	Other rights of use	Total
<i>As of 30 June 2021</i>			
Acquisition cost	13,537	566	14,103
Accumulated amortisation	(1,858)	(349)	(2,206)
<b>Net amount</b>	<b>11,680</b>	<b>218</b>	<b>11,897</b>
<b>Balance as of 1 January 2021</b>	<b>12,004</b>	<b>306</b>	<b>12,309</b>
Additions	-	3	3
Amortisation	(353)	(90)	(443)
Other adjustments	30	(1)	29
<b>Balance as of 30 June 2021</b>	<b>11,680</b>	<b>218</b>	<b>11,897</b>

The lease liabilities are detailed as follows:

	Unit: € k	
	June 2021	December 2020
<b>Maturity analysis - contractual undiscounted cash flow</b>	<b>15,515</b>	<b>17,005</b>
Less than one year	1,053	1,083
One to five years	3,807	3,854
More than five years	10,655	12,069
<b>Lease liabilities included in the statement of financial position</b>	<b>12,363</b>	<b>12,702</b>
Current	1,042	1,068
Non-current	11,321	11,635

The amounts recognized in the consolidated statement of income for the period are as follows:

	Unit: € k		
	Notes	June 2021	June 2020
		<b>214</b>	<b>411</b>
Interest on lease liabilities	19	178	198
Expenses related to short-term, low value and variable payments leases <sup>1</sup>		36	213

<sup>1</sup> Includes short-term leases

The amounts recognized in the condensed consolidated statement of cash flows are as follows:

	Unit: € k	
	June 2021	June 2020
<b>Financing activities</b>	<b>634</b>	<b>587</b>
Payments relating to leases	461	389
Payments relating to leasing interests	173	198

## 7. Investments in associates



Not applicable.

## 8. Inventories

Inventories as of 30 June 2021 and 31 December 2020 are detailed as follow:

	Unit: € k	
	June 2021	December 2020
	1,646	2,097
<b>Raw, subsidiary and consumable materials</b>	<b>1,638</b>	<b>2,090</b>
Other raw materials	1,723	2,174
Write-down on raw, subsidiary and consumable materials	(84)	(84)
<b>Goods</b>	<b>7</b>	<b>8</b>
Goods	7	8

## 9. Trade and other receivables

### 9.1. Trade receivables

The caption Trade receivables as of 30 June 2021 and 31 December 2020 presents the following detail:

		Unit: € k	
	Notes	June 2021	December 2020
		9,117	10,626
Trade receivables		9,875	11,377
Allowance for doubtful amounts	9.3	(758)	(751)

### 9.2. Other receivables

The caption Other receivables as of 30 June 2021 and 31 December 2020 presents the following detail:

	Unit: € k				
	Notes	June 2021		December 2020	
		Current	Non-current	Current	Non-current
		68,998	10,501	59,141	25,831
<b>State and other Public Entities</b>		-	-	1	-
<b>Other debtors</b>		695	-	408	-
Suppliers debtor balances		379	-	392	-
Advances to suppliers		316	-	16	-
<b>Related Parties</b>		-	-	401	-
Other receivables from associates, joint ventures and other related parties		-	-	401	-
<b>Other accounts receivables</b>		18,844	4,352	16,429	4,506
Personnel		149	-	148	-
Collateral provided		155	-	148	-
Subsoil occupation levies		17,778	4,352	15,317	4,506
Other receivables		763	-	816	-
<b>Assets resulting from contracts</b>		46,733	6,115	41,376	21,299
Sales and services rendered not yet invoiced		15,654	-	15,660	-
Tariff deviation - "pass through"		14,465	-	12,022	-
Tariff deviation – core		15,629	6,115	13,255	21,299
Uniformity tariff compensation		335	-	92	-
Other accrued income		650	-	346	-
<b>Deferred charges</b>		2,762	33	562	26
Prepaid rents		7	-	7	-
Interest and other financial charges		63	-	60	-
Prepaid insurance		2,326	-	13	-
Other deferred costs		367	33	482	26
<b>Impairment on other receivables</b>	9.3	(36)	-	(36)	-

The caption Subsoil occupation levies amounting to € 22,129 k refers to levies on subsoil occupation already paid to local authorities. According to the natural gas supply concession agreement between the Portuguese Government and the Group companies, and in accordance with the Resolution of the Council of Ministers No. 98/2008, dated 8 April, companies have the right to invoice the full amount of subsoil levies paid to the local authorities for the area under concession to commercialization entities or to direct customers.

### 9.3. Impairment of trade and other receivables

Movement on impairment of trade and other receivables for the six-month period ended 30 June 2021 is presented as follow:

	Unit: € k			
	Initial balance	Increase	Decrease	Ending balance
	787	56	(50)	794
Trade receivable	751	56	(50)	758
Other receivable	36	-	-	36

## 10. Cash and cash equivalents

For the periods ended 30 June 2021 and 31 December 2020, Cash and cash equivalents is detailed as follows:

	Notes	June 2021	December 2020
		<b>114,848</b>	<b>76,879</b>
Cash and cash equivalents		114,848	76,879

Unit: € k

## 11. Financial debt

Financial debt as of 30 June 2021 and 31 December 2020 was presented as follows:

	Notes	June 2021		December 2020	
		Current	Non-current	Current	Non-current
		<b>1,042</b>	<b>674,142</b>	<b>1,098</b>	<b>674,308</b>
<b>Bank loans</b>		<b>1,042</b>	<b>5,729</b>	<b>1,098</b>	<b>6,249</b>
Origination Fees		-	-	-	(1)
Loans and commercial paper		1,042	5,729	1,098	6,250
<b>Bonds and Notes</b>		<b>-</b>	<b>668,413</b>	<b>-</b>	<b>668,059</b>
Origination Fees		-	(1,587)	-	(1,941)
Bond loans and Notes		-	670,000	-	670,000

Unit: € k

The movement of financial debt for the period comprised between 31 December 2020 and 30 June 2021 was as follow:

	Initial balance	Principal amortisations	Adjustments	Ending balance
<b>Financial debt</b>	<b>675,406</b>	<b>(521)</b>	<b>298</b>	<b>675,184</b>
<b>Bank loans</b>	<b>7,347</b>	<b>(521)</b>	<b>(55)</b>	<b>6,771</b>
Origination Fees	(1)	-	1	-
Loans and commercial paper	7,292	(521)	-	6,771
Other loans	56	-	(56)	-
<b>Bonds and Notes</b>	<b>668,059</b>	<b>-</b>	<b>354</b>	<b>668,413</b>
Origination Fees	(1,941)	-	354	(1,587)
Bond loans and Notes	670,000	-	-	670,000

Unit: € k

During the first half of 2021, partial repayments of € 521 k of contracted loans were made.

The financial debt, excluding origination fees and bank overdrafts as of 30 June 2021 presents the following expected repayment plan:

Unit: € k

Maturity	Loans		
	Total	Current	Non-current
	<b>676,771</b>	<b>1,042</b>	<b>675,729</b>
2021	521	521	-
2022	1,042	521	521
2023	601,042	-	601,042
2024	71,042	-	71,042
2025 and following	3,125	-	3,125

## 12. Other payables

As of 30 June 2021 and 31 December 2020, Other payables were detailed as follow:

Unit: € k

	June 2021		December 2020	
	Current	Non-current	Current	Non-current
	50,143	207,534	41,638	215,830
<b>State and other public entities</b>	<b>5,431</b>	<b>-</b>	<b>5,033</b>	<b>-</b>
Payable VAT	4,005	-	4,073	-
"ISP" - Tax on oil products	105	-	107	-
Withholding income tax	553	-	370	-
Social Security contributions	767	-	466	-
Other taxes	-	-	18	-
<b>Other payables</b>	<b>5,489</b>	<b>-</b>	<b>7,290</b>	<b>-</b>
Tangible and intangible assets suppliers	5,469	-	7,267	-
Trade receivables credit balances	16	-	19	-
Advances on sales	4	-	4	-
<b>Related parties</b>	<b>137</b>	<b>-</b>	<b>130</b>	<b>-</b>
Payable dividends	137	-	130	-
<b>Other payables</b>	<b>2,444</b>	<b>-</b>	<b>2,328</b>	<b>-</b>
Personnel	77	-	67	-
Guarantee deposits and guarantees received	546	-	300	-
Other creditors	1,821	-	1,961	-
<b>Accrued costs</b>	<b>26,873</b>	<b>6,119</b>	<b>17,134</b>	<b>10,513</b>
External supplies and services	2,779	-	2,251	-
Payable remunerations	2,223	-	2,700	-
Bonuses to employees	3,070	-	2,078	-
Accrued interest	6,618	-	2,497	-
Accrued insurance premiums	487	-	378	-
Tariff deviation - core	5,974	6,119	4,136	10,513
Tariff deviation - "pass through"	5,692	-	2,850	-
Accrued personnel costs - others	-	-	66	-
Financial costs and losses	18	-	2	-
Other accrued costs	11	-	176	-
<b>Deferred income</b>	<b>9,770</b>	<b>201,415</b>	<b>9,722</b>	<b>205,316</b>
Government grants	9,210	201,415	9,210	205,316
Others	560	-	512	-

The increase in accrued interest when compared with December is mainly related with the payment term of these interests, due on September of each year.



### 13. Income tax and energy sector extraordinary contribution

The companies that are part of the Group and whose participation percentage is 75% or more, and as long as such participation gives more than 50% of the voting right, they are taxed in accordance with the special regime for the taxation of groups of companies ("RETGS"). Until 2020, the taxable net income was determined at Galp Energia, SGPS, S.A., however, in 2021, following the change in the shareholder structure, the taxable net income is now determined at Galp Gás Natural Distribuição, S.A.. The tax rate applied to companies based in Portugal is progressive, with a range between 22.5% and 31.5%

The income tax estimated of the Company and its subsidiaries is registered based on their taxable net income, which for the six month period ended 30 June 2021, represents a tax payable of € 11,534 k.

Income tax and energy sector extraordinary contribution recognized in the condensed consolidated statement of income for the six-month period ended 30 June 2021 and 2020, is detailed as follow:

							Unit: € k
Notes	June 2021			June 2020			
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total	
			<b>16,247</b>			<b>15,962</b>	
<b>Income tax</b>	<b>8,436</b>	<b>(2,674)</b>	<b>5,762</b>	<b>5,956</b>	<b>(467)</b>	<b>5,490</b>	
Current income tax	8,525	(2,674)	5,851	5,956	(467)	5,490	
Adjustment of previous year's income tax estimate	(89)	-	(89)	-	-	-	
<b>Energy Sector Extraordinary Contribution "CESE"</b>	<b>15</b>	<b>-</b>	<b>10,485</b>	<b>-</b>	<b>-</b>	<b>10,472</b>	

As of 30 June 2021, the deferred tax assets and liabilities movement is presented as follow:

					Unit: € k
	31 December 2020	Impact on the statement of income	Adjustments	30 June 2021	
<b>Deferred tax assets</b>	<b>17,788</b>	<b>1,659</b>	<b>-</b>	<b>19,447</b>	
Adjustments to tangible and intangible assets	4	-	-	4	
Retirement benefits and other benefits	13,339	(119)	-	13,220	
Tariff deviation - core	3,243	1,734	-	4,978	
Temporarily non-deductible provisions	1,201	44	-	1,245	
<b>Deferred tax liabilities</b>	<b>(19,471)</b>	<b>1,015</b>	<b>78</b>	<b>(18,379)</b>	
Adjustments to tangible and intangible assets fair value	(10,253)	191	-	(10,062)	
Tariff deviation - core	(8,292)	796	78	(7,418)	
Others	(926)	27	-	(899)	

The adjustment of deferred tax referring to tariff deviation - core, in the amount of € 78 k, is related to the correction of Medigás net result for 2020 (see note 2.3).

#### 14. Post-employment and other employee benefits liabilities

As of 30 June 2021 and 31 December 2020, the GGND Group Pension Fund assets, valued at fair value and classified at Level 1, are presented as follow, according to the report submitted by the respective management company:

	June 2021	December 2020
<b>Total</b>	<b>19,735</b>	<b>19,898</b>
Shares	5,714	5,637
Bonds	13,911	14,119
Liquidity	109	142

Unit: € k

As of 30 June 2021 and 31 December 2020, the Group had recorded in liabilities the following amounts related to Post-employment and other employee benefits:

	June 2021	December 2020
Liabilities	(65,571)	(66,253)
<b>Net liabilities</b>	<b>(65,571)</b>	<b>(66,253)</b>
<b>Liabilities</b>	<b>(85,305)</b>	<b>(86,150)</b>
Liability related to pension fund	(28,824)	(29,173)
Other employee benefits liabilities	(56,481)	(56,977)
<b>Assets</b>	<b>19,735</b>	<b>19,898</b>

Unit: € k

The main assumptions considered in the calculation of post-employment liabilities, including discount rate and wage and pension growth rate, did not change in the six-month period ended 30 June 2021. For more details, please refer to the consolidated financial statements and notes attached with reference to 31 December 2020.

#### 15. Provisions

During the six month period ended 30 June 2021, Provisions presented the following movements:

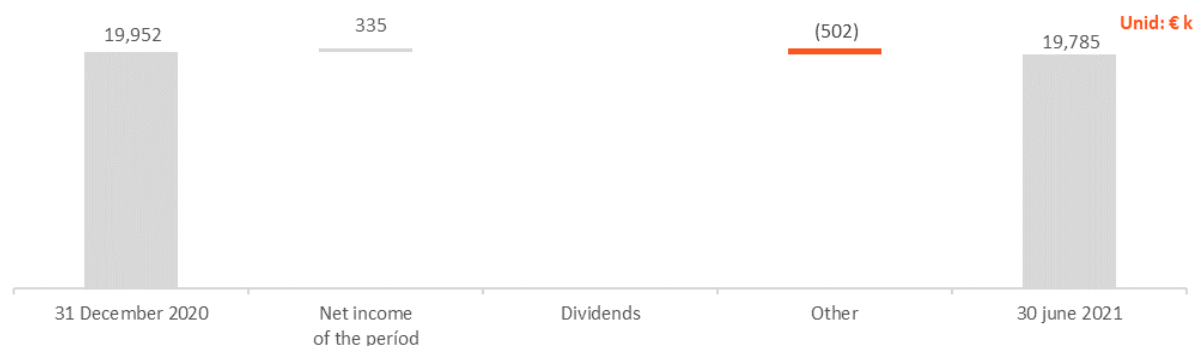
	June 2021			December 2020	
	Lawsuits	"CESE I"	Other risks and charges	Total	Total
<b>At the beginning of the period</b>	<b>456</b>	<b>73,816</b>	<b>3,441</b>	<b>77,713</b>	<b>65,190</b>
Increases	-	10,485	95	10,580	12,103
Decreases	(5)	-	-	(5)	(30)
Regularization	-	-	-	-	450
<b>At the end of the period</b>	<b>451</b>	<b>84,301</b>	<b>3,536</b>	<b>88,288</b>	<b>77,713</b>

Unit: € k

The increase in CESE I is a recurring annual increase that occurs in January of each year. This contribution is levied on some of the intangible assets allocated to the concession. For more information, see the Annual Report and financial statements as of 31 December 2020.



## 16. Non-controlling interests



## 17. Revenues and income

Revenues and income for the six month period ended 30 June 2021 and 30 June 2020 are detailed as follows:

	Notes	June 2021	June 2020
		98,129	99,655
<b>Sales</b>		<b>1,708</b>	<b>2,986</b>
Goods		1,708	2,986
<b>Services rendered</b>		<b>78,010</b>	<b>80,762</b>
<b>Other operating income</b>		<b>18,364</b>	<b>15,813</b>
Revenue under the IFRIC 12		13,513	10,788
Others		4,851	5,025
<b>Results from associates and joint ventures</b>		<b>-</b>	<b>70</b>
<b>Financial income</b>	<b>19</b>	<b>47</b>	<b>24</b>

Unit: € k

## 18. Costs and Expenses

Costs and expenses for the six month period ended 30 June 2021 and 30 June 2020 are detailed as follow:

		Unit: € k	
	Notes	June 2021	June 2020
<b>Total costs:</b>		<b>75,625</b>	<b>75,699</b>
<b>Cost of sales:</b>		<b>1,021</b>	<b>1,793</b>
Goods		1,020	1,793
<b>External suppliers and services:</b>		<b>19,579</b>	<b>22,705</b>
Subcontracts		7,228	7,161
IT Services		2,268	3,874
Maintenance and repairs		1,248	1,136
Technical assistance and inspection services		1,327	1,422
Reading, billing and collecting services		766	601
Other costs		6,743	8,510
<b>Employee costs:</b>		<b>11,058</b>	<b>10,136</b>
<b>Amortisation, depreciation and impairment losses on fixed assets</b>	<b>4/5/6</b>	<b>24,919</b>	<b>24,634</b>
<b>Provisions</b>	<b>15</b>	<b>90</b>	<b>69</b>
<b>Impairment losses on receivables</b>	<b>9</b>	<b>7</b>	<b>38</b>
<b>Other costs:</b>		<b>13,806</b>	<b>11,117</b>
Costs arising from the construction of assets under IFRIC 12		13,513	10,788
Donations		1	-
Other taxes		18	31
Other operating costs		274	298
<b>Financial expenses</b>	<b>19</b>	<b>5,145</b>	<b>5,208</b>

External suppliers and services amounted to € 19,579 k, a reduction of approximately € 3,000 k, which is largely explained by the delay in carrying out planned activities.

## 19. Financial income and expenses

The detail of the Financial income and expenses for the six month period ended 30 June 2021 and 2020 is as follow:

		Unit: € k	
	Notes	June 2021	June 2020
		<b>(5,099)</b>	<b>(5,183)</b>
<b>Financial income:</b>		<b>47</b>	<b>24</b>
Interest on bank deposits		47	24
<b>Financial expenses:</b>		<b>(5,145)</b>	<b>(5,208)</b>
Interest on bank loans, bonds, overdrafts and other		(4,392)	(4,375)
Interest on lease liabilities	6	(178)	(198)
Other financial costs		(575)	(635)



## 20. Subsequent events

Regarding the energy sector extraordinary contribution (CESE), the GGND Group company, Duriensegás, S.A., was notified in July 2021 of the unfavourable final decision of the Portuguese Constitutional Court for the contribution of 2014. Following this decision, Duriensegás, S.A. paid € 0.38 million. The companies Beiragás, S.A., Setgás, S.A. e Tagusgás, S.A. were also notified of unfavourable final decisions by the Portuguese Constitutional Court for the years 2014 to 2016, whose estimated financial impact amounts to € 2.7 million, with the respective payment due in the second half of 2021. Both amounts referred to are provisioned (Note 15).



## 21. Approval of the condensed financial statements

The condensed consolidated financial statements were approved by the Board of Directors on 31 August 2021.

### THE BOARD OF DIRECTORS:

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#### President:

Diogo António Rodrigues da Silveira

#### Members:

Jaroslava Korpancová

Karl Klaus Liebel

Ippei Kojima

Maria Marta de Figueiredo Geraldes Bastos

Gabriel Nuno Charrua de Sousa

Yoichi Onishi

José Manuel Rodrigues Vieira

### THE ACCOUNTANT:

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Paula de Freitas Gazul

distribuição  
gás natural



# Review report on the condensed consolidated financial statements



## ***Review Report on the Condensed Consolidated Financial Statements***

***(Free translation from the original in Portuguese)***

### ***Introduction***

We have reviewed the accompanying condensed consolidated financial statements of Galp Gás Natural Distribuição, S.A. (the Entity), which comprise the condensed consolidated statement of financial position as at June 30, 2021 (which shows total assets of Euros 1,379,407 thousand and total shareholder's equity of Euros 241,909 thousand, including a net income attributable to Entity's shareholders of Euros 5,922 thousand), the condensed consolidated statement of income and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

### ***Management's responsibility***

The Management is responsible for the preparation of the condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

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**PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.**

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**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Galp Gás Natural Distribuição, S.A. as at June 30, 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

September 16, 2021

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda  
represented by:

Ana Maria Ávila de Oliveira Lopes Bertão, R.O.C.