

Looking Inside



Impact Outside

2024 Annual Report

FL●ENE

Looking Inside



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2024 Annual Report

2024 ANNUAL REPORT

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N.P.C./M.C.R.C. 509 148 247
Capital social 89 529 141 euros

Design and graphic production:

Choice – Comunicação Global, Lda.
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www.choice.pt

Published:

April 2025



Looking Inside Impact Outside

Floene is more than just a brand.

It is a Company with a national presence and a living network of people and infrastructure that works every day to ensure the safe and efficient supply of energy, while promoting sustainable solutions and driving the energy transition.

In 2024, at the inauguration of our headquarters in Lisbon, we created an exhibition journey that visually and accessibly illustrates our role as a gas distributor – with a growing focus on renewable gases.

This journey is structured around five core themes: the Network, the Territory, the Communities, the Environment, and Renewable Gases. These are strategic areas of our activity and reflect the impact we aim to generate.

Each of these themes is presented through a visual piece, designed to encourage reflection and help us better understand how our work contributes to the development of more resilient and sustainable communities.

More than an artistic display, this project aims at strengthening the alignment between Floene's mission and the individual contribution of each employee.

We believe that by deepening our understanding of who we are and what we do, we reinforce awareness of the positive impact we can – and should – have, both locally and on a broader scale.

The creation of this collaborative space, designed to inspire and bring people together, strengthens our culture and boosts our ability to act with purpose.

Looking Inside, Impact Outside.

We invite you to explore the five themes and reflect on Floene's role in the present and the future.

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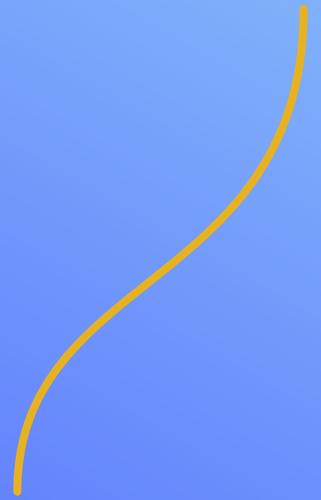




THE ENVIRONMENT • Natural harmony

The pieces aim to translate the balance between sustainable vitality and effervescence with the robustness of Floene's goals and desire to grow. The canopy symbolises constant energy and renewal, while the trunk evokes firmness and resilience. This contrast is enhanced by the choice of distinct materials between the top and bottom, where the lighter elements of the canopy contrast with the robust materials at the base, creating a rhythmic harmony between lightness and stability.

01



Global Vision

01. Global Vision



We invested in strategic synergies, fostering debate and strengthening partnerships with companies, municipalities and academic institutions, which are essential for boosting the integration of renewable gases and accelerating the decarbonisation of the national economy

1.1. Message to Stakeholders

Dear Stakeholders,

In the journey of energy transition, Floene positions itself as a reference, determined to lead by example and ambition. More than just keeping up with the changes shaping the energy sector, we aim to drive them, becoming active agents of this transformation. Our approach is clear: foster innovation, promote sustainable solutions, and consolidate strategic partnerships that accelerate the implementation of a cleaner, more efficient, and inclusive energy model. **We believe in a balanced vision of decarbonisation that promotes security of supply, greater competitiveness for the national economy, and accessibility for all.**

The year 2024 represents a significant milestone in this trajectory, which can only be achieved by realising the ambition to produce, distribute, and use renewable gases, namely **biomethane and hydrogen**.

Portugal faces unprecedented energy challenges, finding itself at a critical moment to consolidate its commitment to energy transition and the decarbonisation of its economy.

The Biogas Action Plan 2024-2040, more than a response to energy and climate demands, constitutes a vector of sustainable development aligned with European decarbonisation goals and international climate commitments.

This Plan, which is a unique opportunity for our country, aims to replace 9% of natural gas consumption with biomethane by 2030. This substitution allows the development to achieve significant reduction of natural gas imports and associated costs, thereby decreasing external energy and technological dependence, contributing to national decarbonisation goals, and increasing the incorporation and diversification of renewable energies in the national energy matrix.

The development of biomethane has great potential to stimulate local economies, encouraging the development of associated infrastructures, services, and technologies, strengthening territorial cohesion, and combating depopulation in rural and low-density areas.

The energy transition we are undergoing and the demanding carbon neutrality goals we are internationally committed to do not allow us to delay the development of renewable gases any longer: we are behind, and the time to act is now.

In this context, we have reinforced our commitment as key players for energy transformation, investing in initiatives that promote energy literacy, encourage consumption efficiency, and enable the adoption of renewable gases.

The launch of the “Dá-lhe Gás” project, which highlights the potential of renewable gases, particularly biomethane, in the economic, social, and environmental dynamization of different territories and communities, involving students and teachers from schools in the districts of Aveiro, Leiria, and Viseu, and counting on the strong commitment and dedication of our teams, is a clear demonstration that it is possible to go further, promoting impactful initiatives.

We have also invested in strategic synergies, fostering debate and strengthening partnerships with companies, municipalities, and academic institutions, essential for driving the integration of renewable gases and accelerating the decarbonisation of the national economy, starting with the conferences we promoted in Évora and Faro, within the scope of our social responsibility programme “Comunidades de Futuro”.

As evidence of audacity and a willingness to cooperate with various sectors of society, we were present at the National Agriculture Fair, initiating close collaboration with the agricultural sector, essential for biomethane production.



From our new headquarters in Lisbon – whose inauguration marked a turning point in the way we work and relate to each other – and from our facilities spread across the north and south of the country, we remain determined to build a fairer, more sustainable and inclusive energy future

Without modern, resilient, and future-sized gas distribution networks, there is no opportunity to develop the enormous potential for renewable gas production that exists in the national territory. These infrastructures are the backbone of a flexible, secure, and sustainable energy system, allowing not only the efficient supply of natural gas today but also the full and effective integration of biomethane and hydrogen.

Our focus continues to be on the decarbonisation of Portuguese society, promoting sustainable alternatives, particularly for the most energy-intensive sectors, thus providing more competitive energy and lower decarbonisation costs, contributing to Portugal’s environmental goals. An example of this is the successful Indústria de Futuro project, aimed at

promoting the incorporation of renewable gases in production processes and contributing to the decarbonisation and energy efficiency of the national industrial sector. However, we know that the journey of energy transition occurs in a scenario of national and global uncertainty, requiring flexibility, resilience, diversification of sources, and autonomy.

Within our organization, we are concluding one of the most structuring processes in our history: the autonomy of our corporate processes, which will allow for even more agile and focused action on the challenges of the energy sector. This transformation requires effort and dedication from everyone, and it is with pride that we witness the commitment and determination of our teams in this journey.

None of this would be possible without people. The true strength of Floene lies in its employees and partners, whose dedication, knowledge, and passion are the pillars of our actions. With their professionalism and innovative spirit, they turn

problems into solutions, challenges into opportunities, fulfilling our commitment to lead the energy transition. They ensure that every step taken reflects our ambition and consolidates our position as a reference in the national energy sector.

From our new headquarters in Lisbon – with better conditions, marking a turning point in how we work and relate – and our facilities spread from north to south of the country, we remain determined to build a fairer, more sustainable, and inclusive energy future.

This journey, and our ability to adapt and evolve, is what we invite you to learn about in detail in the following pages, reflecting the vast range of activities and the main results of the 2024 exercise.

With the energy of the future,

Diogo da Silveira and Gabriel Sousa
Chairman and CEO



CFO

Pedro Álvaro
de Brito
Gomes Doutel

CEO

Gabriel Nuno
Charrua
de Sousa

Chairman

Diogo António
Rodrigues
da Silveira

CSO

Satoshi
Kanomata

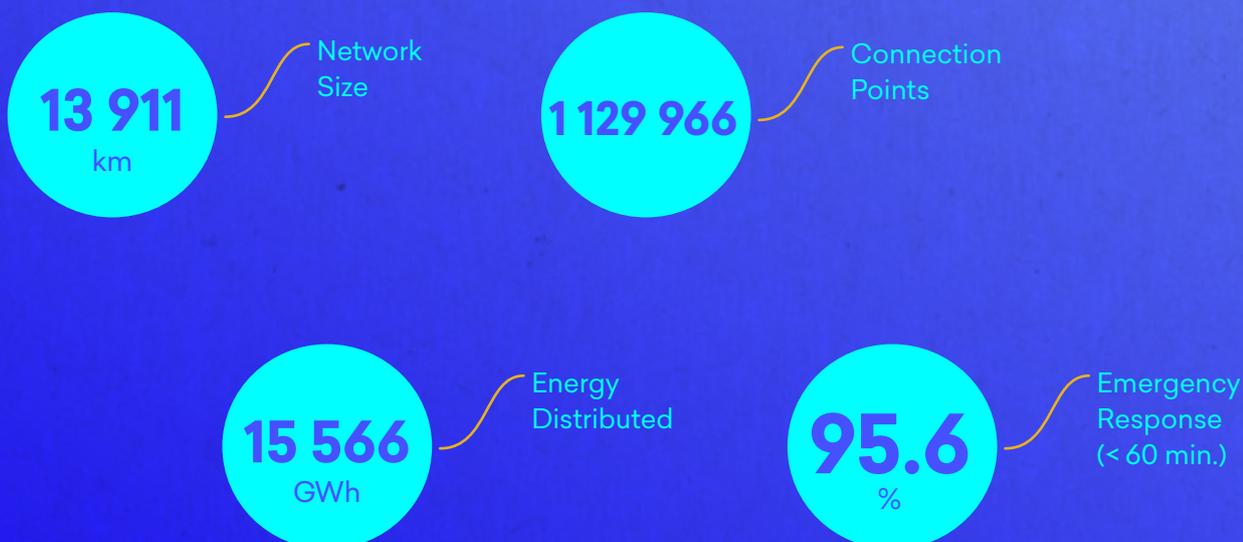
COO

Carlos Miguel
Faria da Silva



1.2. Floene in numbers

Operational Indicators



Financial Indicators (millions of EUR)



ESG Indicators

ENVIRONMENT

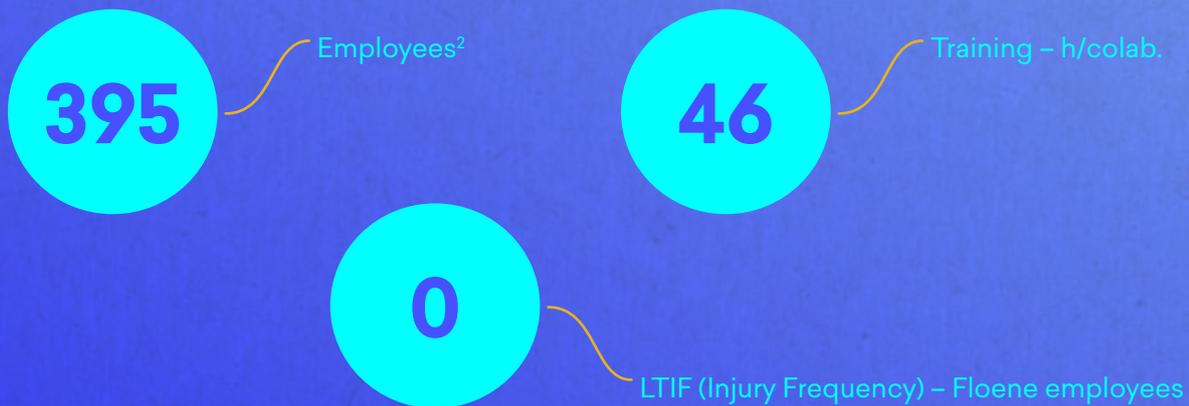
20 386 tCO₂ eq
GHG emissions
Scope 1 and 2

7 131 tCO₂ eq
GHG emissions
Scope 3

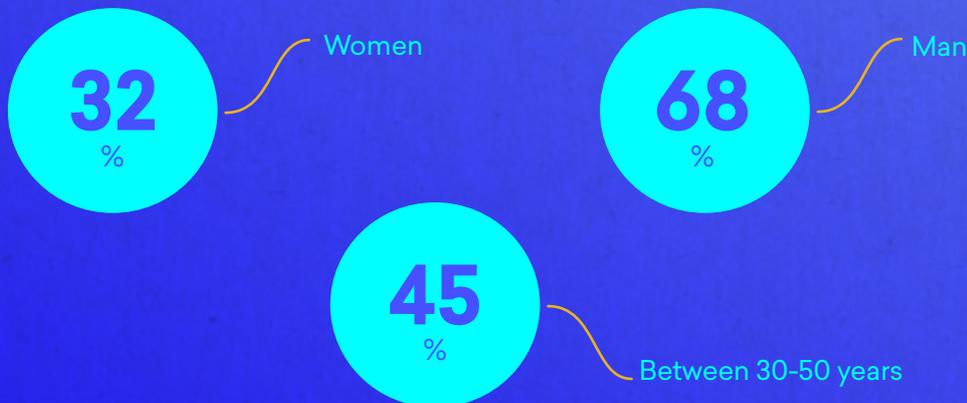
100 %
Waste
recovered¹

45 %
Waste
incorporated
(Works)

SOCIAL & GOVERNANCE



Gender and Age



1. Includes operations of valorisation and incorporation.

2. Includes Executive Committee members. Does not include trainees/interns, employees on fixed-term contracts or unpaid leave, or members of other governing bodies. Employees from all Floene Group companies are taken into account.

1.3. Evolution of the main indicators

Operational indicators	Unit.	2024	2023	Δ	Δ%
Connection points	#	1,129,966	1,131,566	(1,600)	(0.1%)
Gas volume distributed	GWh	15,566	15,653	(87)	(0.6%)
Total network size	Km	13,911	13,800	110	0.9%
Primary Network	Km	790	790	0	-
Secondary Network	Km	13,121	13,010	110	0.9%
Service lines	#	376,390	371,810	4,580	1.2%

Thousands of EUR

Financial indicators (thousands of EUR)	2024	2023	Δ	Δ%
EBITDA	102,602	102,622	(20)	(0.0%)
EBIT	52,405	53,449	(1,044)	(2.0%)
Net income	10,050	17,025	(6,975)	(41.0%)
Free cash flow ¹	49,250	28,433	20,817	73.2%
Net debt ²	609,053	591,835	17,218	2.9%
Net fixed assets ³	1,121,270	1,120,897	374	0.0%
CAPEX	49,496	41,077	8,418	20.5%

1. Cash flows from operating activities - Cash flows from investment activities

2. Bank debt + Bond loans - Cash and equivalents

3. Tangible assets + Intangible assets (excluding Goodwill)

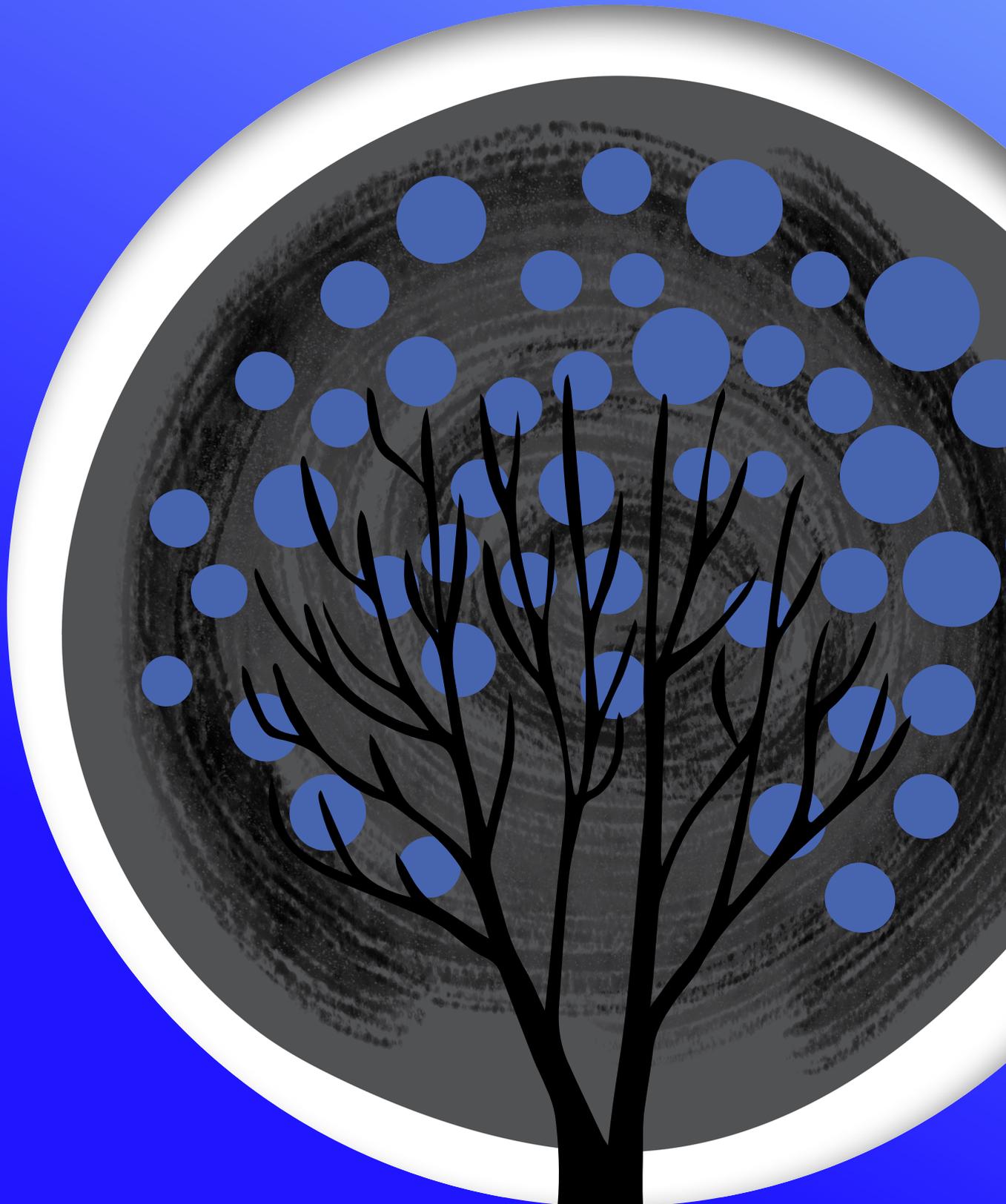
ESG Information	2024	2023	Δ	Δ%
GREENHOUSE GASES EMISSIONS (TCO₂EQ)				
Scope 1+2	20,386	23,470	(3,084)	(13.1%)
Scope 3	7,131	7,553	(422)	(5.6%)
Scope 1+2+3	27,517	31,023	(3,506)	(11.3%)
GHG Emissions Intensity Scope 1+2 (tCO ₂ /GWh)	1,3	1,5	(0,2)	(12.7%)
GHG Emissions Intensity Scope 1+2 (tCO ₂ /km network)	1,5	1,7	(0,2)	(13.8%)
PEOPLE				
No. of employees ¹	395	408	(13)	(3.2%)
% of women vs men	32%	32%	-	-
% of women in top management positions ²	31%	31%	-	-
Training per employee (h) ³	46	35	11	30.4%
Employee Retention	90%	94%	(4.0%)	(4.3%)
Employee turnover	10%	6%	4.0%	66.7%

1. Includes Executive Committee members. Does not include trainees/interns, employees on fixed-term contracts or unpaid leave, or members of other governing bodies. Employees from all Floene Group companies are taken into account. Accounting is performed at the end of the reporting period.

2. Top management includes the Executive Committee, Directors, and Managers.

3. Training per employee includes members of the Executive Committee.

In 2023, the number of employees was revised following a change in the applied criteria, and the reported scope 1+2+3 of greenhouse gas emissions was updated due to a correction in the calculation.



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02



Our
business

02. Our business



Floene's distribution network stands out as one of the most modern and efficient in Europe

2.1. Activity and business model

Floene Group is the leading gas distribution operator in Portugal, directly managing nine Gas Distribution Network Operators (DSO) – Beiragás, Dianagás, Duriensegás, Lisboagás, Lusitaniagás, Medigás, Paxgás, Setgás and Tagusgás. With more than EUR 1.1 million residential, tertiary and industrial customers, it is present in 106 municipalities from the north to the south of the country, with a market share of around 72% in terms of connections points.

Floene manages the concession and licences responsible for operating the gas networks in nine of Portugal's eleven regional concessions. The nine DSOs operate under a common management team and share operational systems, which allows for greater efficiency and consistency in operation.

Five of the DSOs operate under Concession contracts signed with the Portuguese state in 2008, valid for 40 years, while the others operate under Licences with an operating period of 20 years.

Floene's distribution network stands out as one of the most modern and efficient in Europe. Consisting mainly of polyethylene pipes (94%) and with an average age of less than 18 years, this infrastructure guarantees a completely safe supply and allows us to offer a high-quality service, fully complying with the requirements of the Energy Services Regulatory Authority (ERSE) and the sector's legislation.



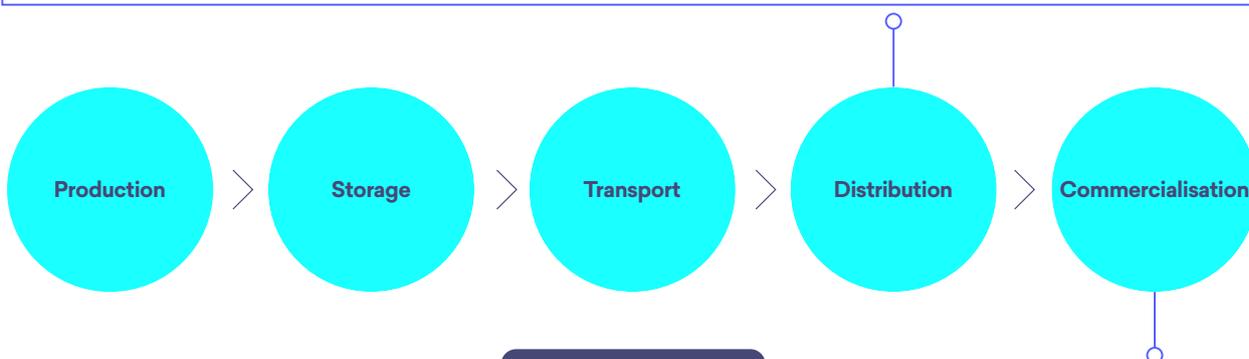
Floene Group is the leading gas distribution operator in Portugal, directly managing nine Gas Distribution Network Operators (DSO)

Our business

How and where we operate

Distribution

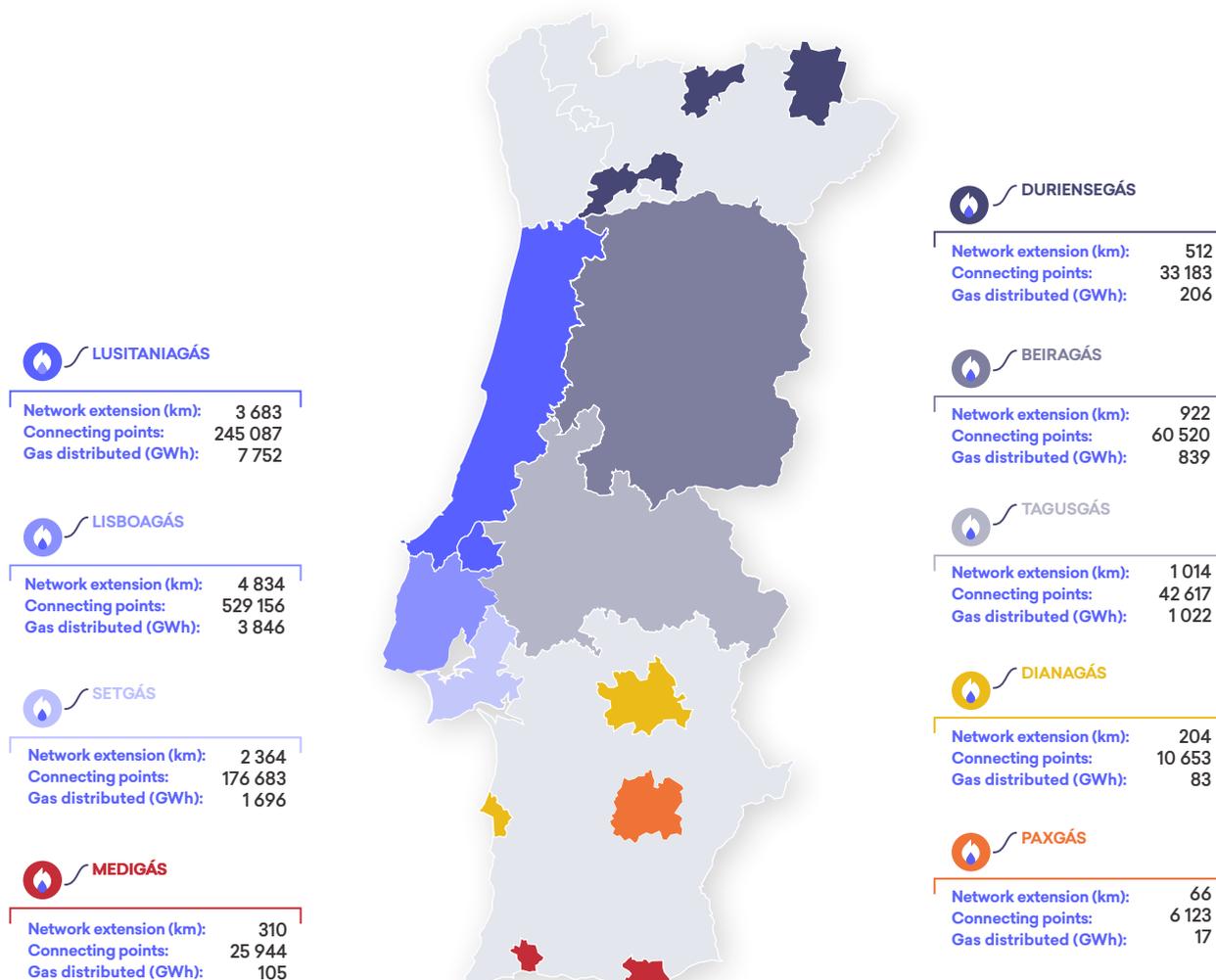
Distribution ensures the flow of natural gas from the high-pressure (HP) transmission network into the medium-pressure (MP: between 20 and 4 bar) and low-pressure (LP: below 4 bar) distribution networks, all the way to the consumption facilities (delivery points). These networks are also referred to as interconnected networks, in contrast to other local distribution networks that are supplied by liquefied natural gas (LNG) storage units (UAG), delivered by tanker trucks.



Commercialisation

The DSOs supplying gas to **fewer than 100,000 customers** (Beiragás, Duriensegás, Dianagás, Tagusgás, Paxgás, and Medigás) also engage in gas commercialization activities. This includes acting as retail last resort suppliers (CURr), with corresponding financial reporting obligations.

Where we are



2.2. History and presence

We are new energies with more than 175 years of experience:

1847

The first gas concession contract is signed.

1997

Start of the generalised distribution of natural gas in Portugal.

2006

New framework for gas distribution. Liberalisation and unbundling of natural gas marketing.

Switch from city gas to natural gas in the Lisbon region (Lisbon, Oeiras, Amadora and Loures).

1999-2002

2014

Galp Gás Natural Distribuição (GGND) is reorganised and begins to centrally manage distribution through concessionaires.

2016

Marubeni and Toho Gas join the GGND share capital.

2022

Presentation of the new corporate brand – Floene – replacing the previous *Galp Gás Natural Distribuição*.

Allianz Capital Partners becomes the majority Shareholder of GGND.

2021

2023

Public inauguration of the “The Natural Energy of Hydrogen” project, which brings hydrogen to Seixal.

2024

Floene headquarters move to new premises, 100% renovated with the new brand.

2.3. Purpose, Mission, Values and Strategy

Our Purpose, Mission, Commitment and Values make up our identity and lead us to want to promote a fair and responsible energy transition.



Purpose

We promote sustainable communities.

We've been around since 1847, we're here to stay and we embrace the transformation and sustainable progress of the communities in which we operate.



Mission

We are new energy with 175 years of experience.

We lead by example and by our ability to bring ever more efficient and cleaner energy solutions.



Commitment

To be the best partner in energy transformation.

We expand and innovate – to realise the energy transformation. We promote sustainability - to grow together and encourage doing things differently - to continue to have a future.



Values

- Collaboration**
We are all one.
- Respect**
We take care of our surroundings.
- Audacity**
We imagine and realise.



Strategy

To be one of the main promoters of the energy transition.

Floene is at the forefront of **decarbonisation** and the **energy transition**, meeting all the conditions for the distribution of **renewable gases**. Its **13,911-kilometre** network, mostly made of polyethylene, is prepared to transport **green hydrogen** and **biomethane**, reinforcing its role

as a key player in the transition to a low-carbon economy in Portugal. Committed to **sustainability**, Floene aims to grow responsibly, creating value and promoting the well-being of communities by integrating the new energies of the future.



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03

Highlights
of the year

FL  ENE

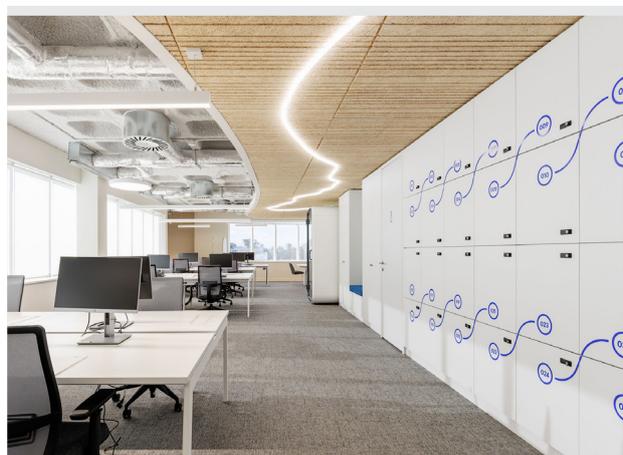
03. Highlights of the year

“

The inauguration of Floene's new headquarters in 2024 marked a milestone in the Company's transformation process

Reaffirming its commitment to the energy transition, in 2024 Floene developed innovative initiatives to promote renewable gases, supporting strategic partnerships with local producers, municipalities, industrial associations, academia and other relevant

players. The aim is to contribute to a more sustainable energy future for Portugal, leveraging the current natural gas distribution network, which is 100% capable of receiving and distributing the renewable gases of the future.



Floene new headquarters – 100% renovated with the new brand

Highlights of the year



“Dá-lhe Gas” programme

Energy literacy

Learn more on [page 41](#)



National Agriculture Fair

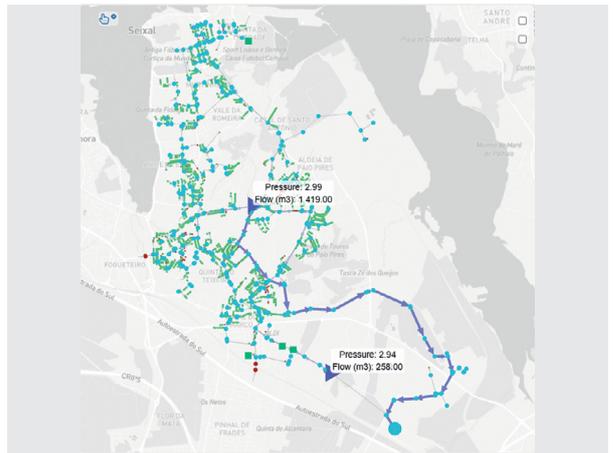
Floene 1st Participation

Learn more on [page 52](#)



Injection of green H₂ into the Rio Maior distribution network

Learn more on [page 52](#)



Gas Quality Tracking System (GQTS)

Learn more on [page 53](#)



Floene joins the Oil and Gas Methane Partnership 2.0

Oil and Gas Methane Partnership 2.0 (OGMP 2.0)

Learn more [here](#).



Future Industry

End of the cycle of the Roadmap for the Introduction of Renewable Gases in the National Industrial Sector

Learn more on [page 55](#)



We continued to promote “Communities of the Future”

Learn more on [page 37](#)



We continued to promote Natural Hydrogen Energy through the Green Pipeline project (GPP)

Learn more [here](#).



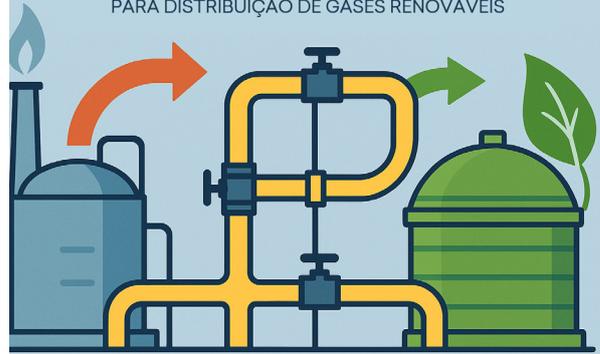
TRÓCA DE CALDEIRAS

O PROGRAMA FINANCIADO PARA MELHORAR A EFICIÊNCIA ENERGÉTICA DA SUA CASA

Boiler Exchange (PPEC)

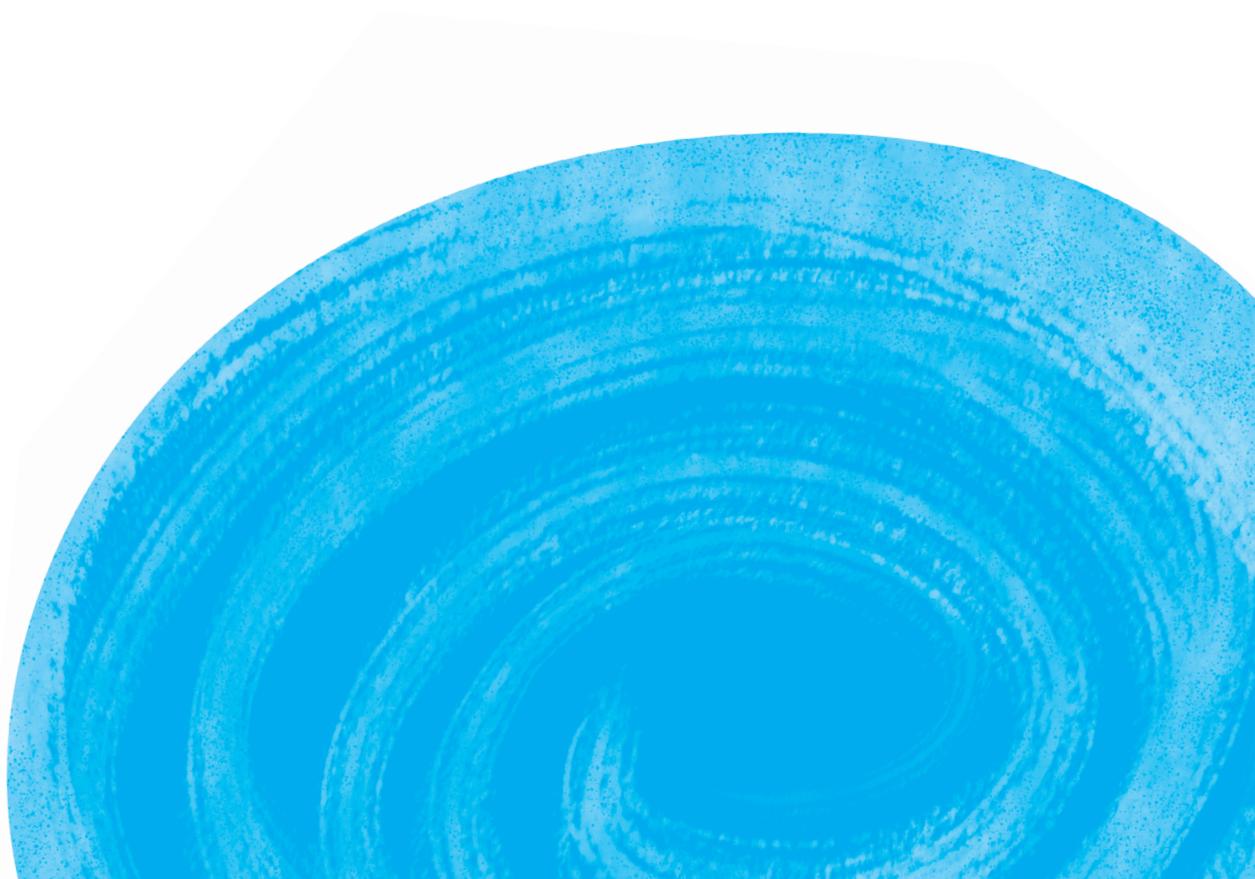
Learn more on [page 54](#)

RETROFIT DA REDE DE GÁS PARA DISTRIBUIÇÃO DE GASES RENOVÁVEIS



Retrofit project

Learn more on [page 54](#)





THE NETWORK • Living Flows

This piece reimagines the invisible path of gas through the pipelines that extend across the territory, bringing energy to consumers' homes. The intense colour symbolises vitality, transformation, and constant movement. Each shade celebrates the energy flowing through these networks, reminding us that, more than mere transportation, the flow of gas represents a dynamic connection between technology and life, between source and destination.



04



Our Governance

04. Our Governance

4.1. Governance structure and model

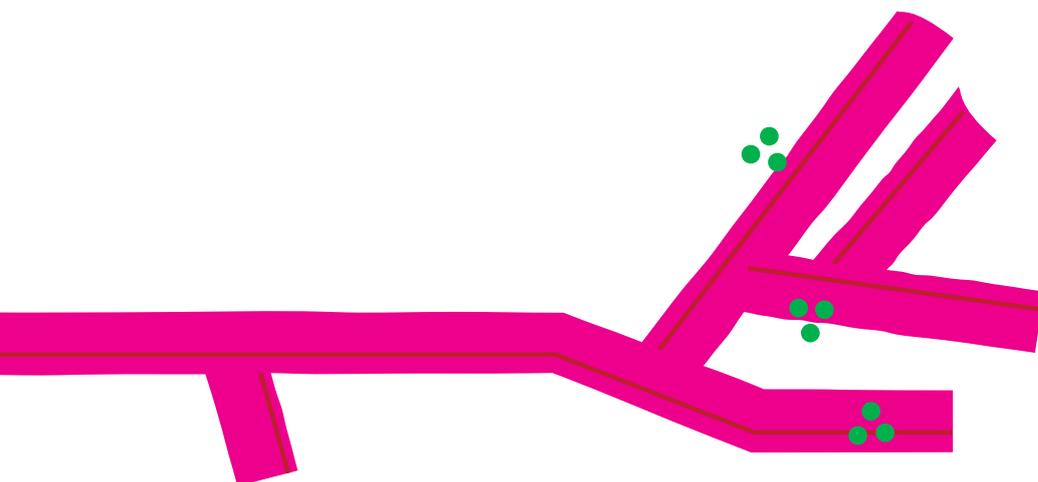
4.1.1. Shareholder structure

Floene Shareholder structure underwent a significant change in 2021, with the entry of Allianz Capital Partners, which holds 75.01% of the capital, through its subsidiaries Allianz Infrastructure Luxembourg II S.à r.l. and Allianz European Infrastructure Acquisition Holding S.à r.l. The remainder of Floene share capital is held by Meet Europe Natural Gas, Lda. (a consortium formed by the Japanese companies Marubeni Corporation and Toho Gas Co.Ltd.) and Petrogal, S.A. (Galp Group), with 22.50% and 2.49% respectively.

Floene Group is made up of the Company Floene Energias, S.A., five concessionaires and four licences, whose shareholdings are shown below.

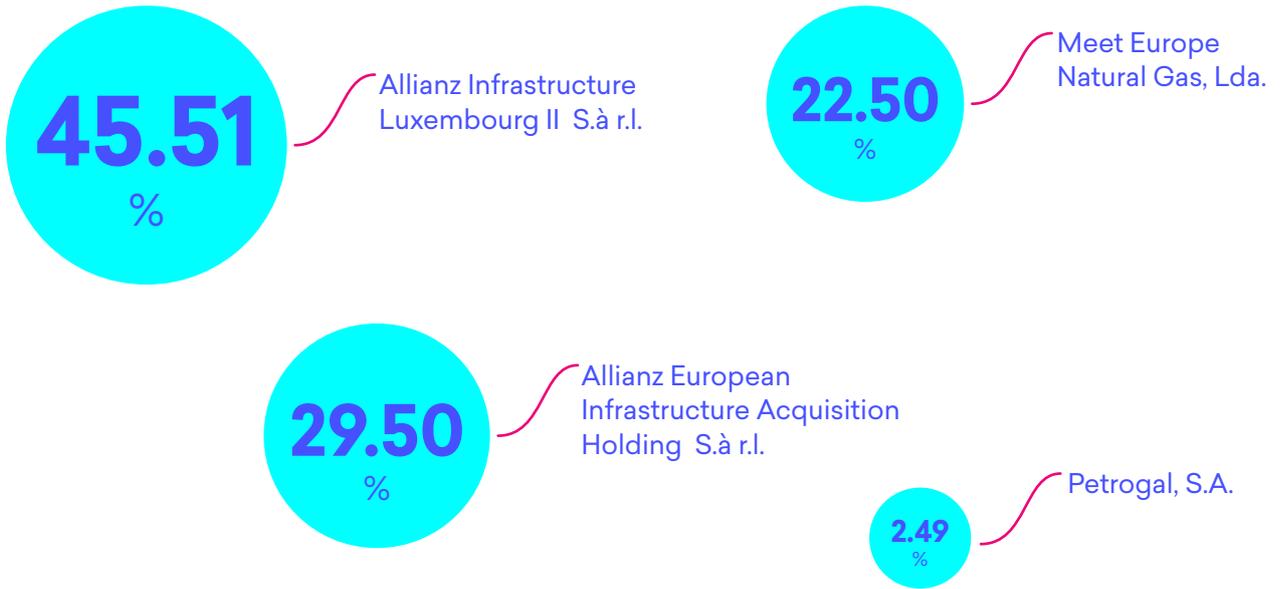


In 2021, Allianz Capital Partners acquired 75.01% of Floene's share capital, significantly altering the Group's Shareholder structure

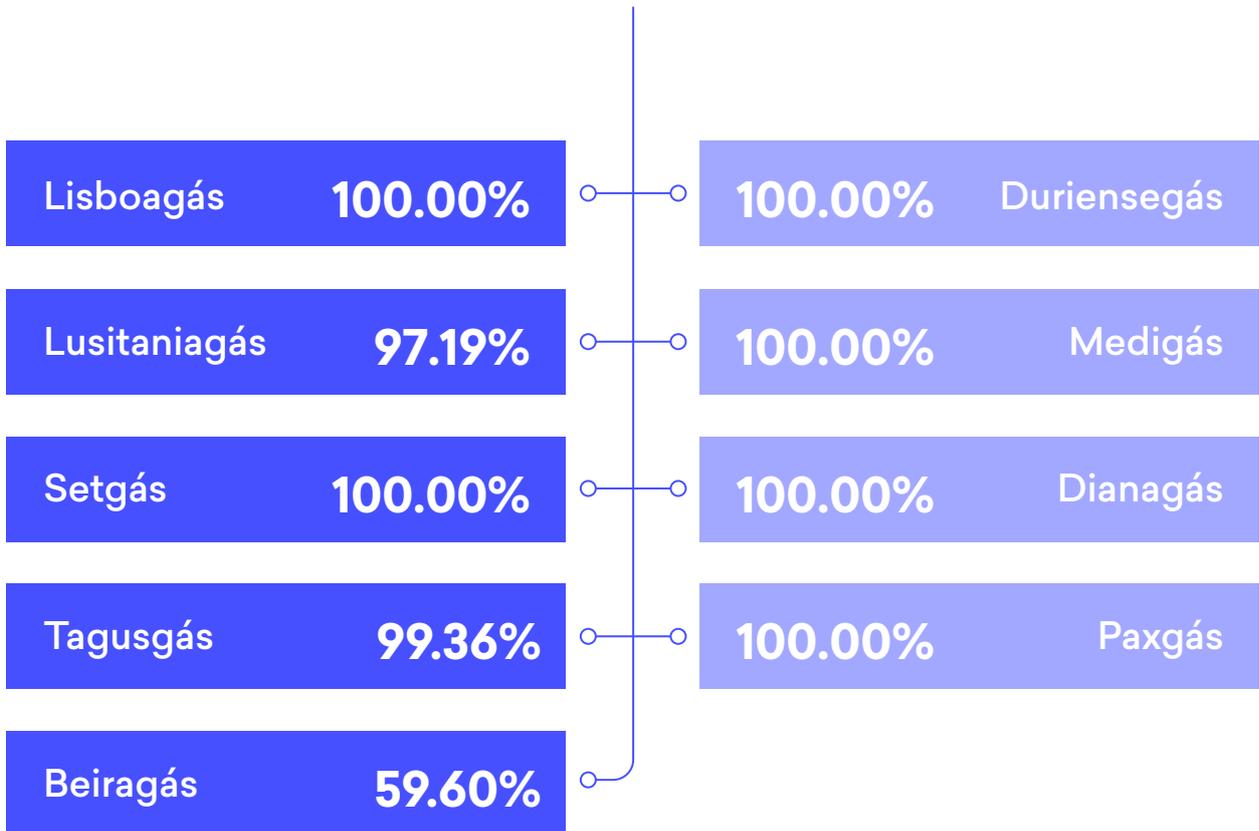




Our Governance



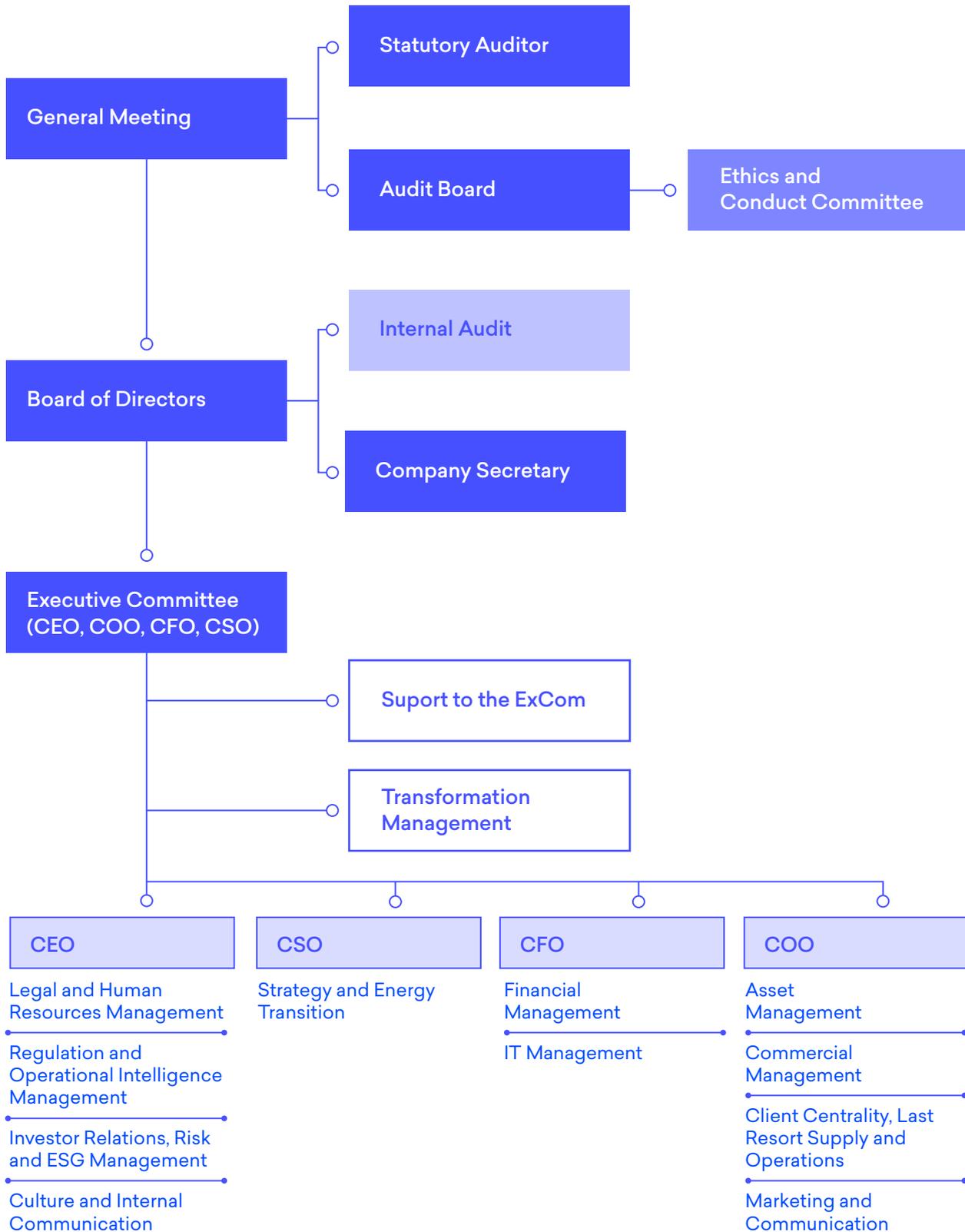
DISTRIBUÍMOS ENERGIAS DE FUTURO



● Concessionary companies ● Licensed companies

4.1.2. Corporate Governance Model

Organisational chart



Floene adopts a classic monist corporate model, as provided for in the Commercial Companies Code, which aims for transparency, effective decision-making and a clear separation of powers between the various governing bodies. This model includes the following bodies:

- **General Meeting** – the Company’s highest governing body, which brings together Shareholders to participate in the Group’s decisions;
- **Board of Directors** – responsible for managing the Company; made up of nine members, including four executives and five non-executives; makes the Group’s main strategic decisions, supervises and delegates day-to-day management to the Executive Committee;
- **Executive Committee** – made up of the four members of the Executive Board of Directors, it has powers delegated by the Board of Directors to carry out the day-to-day management of the Group;
- **Audit Board** – made up of three permanent members and one alternate member, elected by the General Meeting, this is the body responsible for supervising the Group’s activities;
- **Statutory Auditor** – external entity responsible for auditing the financial statements, ensuring the compliance of the information provided as required for the legal review of the Company’s accounts, as well as exercising other powers granted by law.
- **Company Secretary** – in charge of providing specialised support to the Governing Bodies, ensuring compliance with legal and administrative formalities.

The composition of the Governing Bodies for the current term of office (2022-2024) is detailed in Appendix I.

The Internal Audit Department is hierarchically dependent on the Board of Directors and reports functionally to the Audit Board. This department plays a crucial role in the independent and systematic assessment of the internal control and risk management system.

The Company has an Ethics and Conduct Committee, made up of three members appointed by the Supervisory Board, on a proposal from the Board of Directors, whose mandate corresponds to the term of office of the Audit Board.

As of **31 December 2024**, Floene **organisational structure** had **twelve directorates**, ensuring efficient management of its areas of activity, as shown in the organisational chart.

To strengthen **strategic internal communication** and the **sharing of knowledge** between management, the Company organised various committees throughout the year, with different topics for discussion, ranging from Strategy and Market, Innovation and Information Technologies and Performance, ESG and Stakeholders, Risk and Internal Control.

From the **second half of 2024**, to streamline the topics under discussion and allow regular monitoring of the main strategic and operational issues, Floene held monthly board meetings with senior management, while maintaining the four-monthly ESG and Stakeholders committees, as well as the Risk and Internal Control committee. From 2025 onwards, the Company will hold a biannual committee dedicated to Safety.

4.1.3. Integrating Sustainability into our Organisation

Overall management of ESG issues is the responsibility of the **Investor Relations, Risk and Sustainability Department**, which reports to the Executive Committee. Its responsibilities include promoting the Company’s sustainability, best corporate management practices and information disclosure. Its integrated approach to environmental, social and governance performance management focuses on **protecting and creating sustainable value** for all Stakeholders.

At the operational level, all departments are **aligned and committed** to implementing best practices, ensuring **sustainable performance** in the economic, environmental, social and governance dimensions.

The **Board of Directors**, as the highest governance body, is responsible for **reviewing and approving the sustainability report**, including the list of

material topics, on an annual basis. It also monitors environmental issues at quarterly meetings through the ESG Report, as well as interacting two to three times a year on issues relating to the **decarbonisation and energy transition plan**.

In 2024, Floene reinforced its commitment to sustainability by launching a **dedicated ESG area on the intranet**, making sustainability issues more accessible to all employees.

4.2. Ethics and transparency

Floene identity is based on fundamental ethical principles: we embrace the transformation and sustainable progress of the communities in which we operate.

Floene is committed to ensuring an environment where its values - collaboration, respect and audacity - are lived by all employees and expressed in everyday behaviour.

So, at the end of 2023, the Company developed a new Code of Ethics, which reflects our new identity, purpose, mission and values, and which directly addresses issues that are essential to Floene and its people's integration into an increasingly complex and demanding society.

At the same time, a new communication channel was launched for reporting episodes of misconduct - *ComunicaÉtica*. Available on the intra homepage and on the [Floene website](#), this channel guarantees the strictest confidentiality of the information provided and total anonymity.

In the same line, in addition to subscribing to Floene Code of Ethics and Conduct, the DSOs also have their own codes of conduct. These documents establish the principles and general rules of behaviour to be observed by the managers and other employees of the DSOs, ensuring absolute respect for the rules of independence and transparency in the performance of their duties, as well as guaranteeing the absence of discriminatory behaviour.

Floene Ethics and Conduct Committee (ECC) is an **internal and independent structure**, reporting

to the Audit Board, responsible for monitoring the implementation of the Code of Ethics, as well as clarifying any doubts about its application. The ECC receives and processes information transmitted via *ComunicaÉtica* - Communication of Irregularities - regarding alleged offences or violations of the Code of Ethics or internal rules and regulations. It is also responsible for promoting training for employees in matters of ethics and conduct.

The transparent, open and constructive culture we want for our Company is based on understanding and recognising the principles that guide it. Following the publication of the new Code of Ethics and the launch of the whistleblowing channel in 2024, the Ethics Committee organised the webinar "We Talk - Ethics", broadcast online on the theme "Building healthy environments - Understanding and combating the different types of corporate harassment". This webinar was attended by the Chairman of the Ethics Committee, Adolfo Mesquita Nunes, and the member, Joana Appleton, in a live broadcast to the entire Company. The session was attended by around 270 employees, who had the possibility to submit their questions to the panel.

In 2024, the number of complaints received by the Ethics and Conduct Committee was significantly higher than the previous year, a clear sign of trust and openness regarding the new means made available to whistleblowers. Of the 11 complaints received, five were considered out of scope because they were commercial and technical complaints. In the remaining cases, all the complaints were analysed and considered concluded after the respective investigations.

4.3. Risk management and internal control

Floene has implemented an **Internal Control and Risk Management System** integrated into the organisational structure, which provides reasonable assurance that its objectives will be met in relation to (i) the continuity and sustainability of its operations; (ii) the safeguarding and protection of assets; (iii) the prevention and detection of fraud and errors; (iv) compliance with applicable legislation and regulations; and (v) financial and non-financial reporting.



Our Governance

Floene internal control and risk management system is part of a regulatory framework that includes a set of policies and an Internal Control Manual, approved by the Board of Directors, which follows the COSO Framework (Internal Control – Integrated Framework) and ISO 31000 reference model, as well as the organisational model associated with the integrated and global management of internal control and risk management in the Company.

Floene internal control and risk management governance structure is based on the **three lines of defence model**, which ensures the complete allocation of responsibilities, as well as an adequate segregation of duties and reporting within the scope of internal control and risk management.

Floene adopts a dynamic, comprehensive and continuous risk management methodology, which includes activities to identify and assess threats and opportunities, as well as defining action plans to mitigate and monitor the main risks associated with its activities.



This process is carried out periodically, at least once a year, based on the importance of the risk and any changes in the context, involving the Executive Committee, the Risk and Internal Control Committee, the Risk Management area and those responsible for identifying risks and mitigation action plans. The Internal Audit Department and the Audit Board are responsible for assessing the adequacy and efficiency of the internal control and risk management system, focussing primarily on the risks with the greatest impact highlighted by the Risk Management Model adopted.

The Internal Control and Risk Management system is overseen by the Board of Directors which, on an annual basis, approves the matrix of critical risks (highest probability of occurrence and impact).

During 2024, the Risk and Internal Control Committee held three meetings; its mission is to support the Board of Directors and the Executive Committee in the review and regular monitoring of the Floene Group’s risks and opportunities, ensure the application of the risk management policy and guarantee the implementation of an appropriate action plan.

In recent years, new challenges in the energy sector have resulted in an increase in the overall risk assessment of Floene activity. The context of regulated gas activities has become more adverse, both in Europe and in Portugal, driven by the growing trend towards electrification in the energy strategy.

Risk	Risk Level ¹	Evolution vs 2023
Regulatory	Critical	↑
Market/Gas Demand	Critical	↑
Energy Transition	High	↑
Recruitment and Retention	High	↓
Financial	High	↓

1. Risk Level: Low/Medium/High/Critical

The updated risk assessment led to an upward revision of three risks: i) Regulatory Risk; ii) Market Risk and iii) Energy Transition Risk. The latter rose due to the delay in the development of renewable gases, namely in the implementation of the Biomethane Action Plan, published in March and with no progress until the end of 2024. Recruitment and Retention Risk fell to “High”, due to the consolidation of the carve-out process, as did ii) Financial Risk, following the successful early renegotiation of the EUR 180 million financing line, which was originally due in March 2026.

Regarding mitigation measures, the first risk mentioned is managed through systematic monitoring of national and European regulatory and legislative trends, as well as legal, compliance and regulatory advice in close liaison with the Company, in order to guarantee compliance with statutory, legal and regulatory provisions.

For its part, the market risk and reduction in gas consumption is managed by promoting and developing low carbon, innovative and more efficient solutions, reinforcing the message of the need for energy alternatives in the process of decarbonising society. Mitigation involves a range of initiatives such as programmes aimed at passing on knowledge, the creation of digital customer retention campaigns and simulators for saving money when using natural gas, among others.

In the context of the Energy Transition Risk, Floene, as the largest natural gas distribution operator in Portugal, has been a leader in developing initiatives to boost the decarbonisation of energy consumption. The Company recognises that renewable gases, such as biomethane, are a strategic opportunity to reduce greenhouse gas emissions and promote new dynamics in key sectors such as agriculture and industry.

With regard to **adapting to climate change**, Floene is fully aware of the risks and opportunities associated with this phenomenon. For this reason, since the **second half of 2024**, it has undertaken a **robust assessment of the physical climate risks** to its assets, with a particular focus on the vulnerability of gas distribution infrastructures to extreme weather events.

Although most of the gas infrastructure is buried, reducing exposure to adverse weather events, Floene is **further analysing the risks** associated with extreme temperature conditions, natural disasters and other severe weather events, considering their likelihood and the financial and operational impacts.

The Company also has **mitigation and adaptation**

actions underway, including emergency response plans, insurance for catastrophic events and specific strategies for infrastructure. The quantification of the costs of these actions is being developed as part of this assessment process.

To minimise exposure to various risks resulting from claims arising from its operational activity, Floene Group takes out the insurance policies it deems necessary. These instruments cover the risks that may occur during the course of business, with a view to transferring the risk and minimising potential operational and financial damage, including civil liability property insurance, social, financial and cybersecurity insurance, among others.

4.3.1. Certified management systems

Floene has implemented and certified its Environment, Quality, Safety and Health management system in the Group's DSOs, in accordance with the NP EN ISO 9001, NP EN ISO 14001 and ISO 45001 standards. This certification reinforces continuous improvement, which is essential for the sustainability of gas distribution, and emphasises Floene commitment to the environment, customer satisfaction and employee safety.

4.3.2. Legal and regulatory compliance

As part of legal compliance, operational and verification audits are carried out to check compliance with applicable legal requirements, as well as other environmental aspects of Floene. These audits also cover occupational health and safety, quality, energy and the protection of people and data. In addition, reviews of information systems are carried out to test the effectiveness of internal control mechanisms, guaranteeing the necessary conditions for maintaining a process of continuous improvement.

4.4. Involvement with Stakeholders

In order to drive the energy transition and generate a positive impact on the territories in which we operate and the communities we serve, we have

been building a relationship of trust, proximity and transparency with our Stakeholders, in different areas and sectors of activity, on a path that has always been based on creating shared economic, social and environmental value and promoting balanced and sustainable growth.

With a firm commitment to being the best partner in the energy transformation, we have worked daily to guarantee the safety, reliability and sustainability of our network, investing in the use of renewable gases and actively contributing to the decarbonisation of the economy and the construction of a fairer, more efficient and responsible energy sector.

The year 2024 was marked by the reinforcement of our mission to promote sustainable communities and by the many initiatives that, being aligned with the needs of people, families and companies, and with the global challenges of the energy transition, have helped us to consolidate a more sustainable future for Portugal, where ambition and responsibility go hand in hand.

“Communities of the Future”

Conceived in 2022, Floene’s purpose materialised in 2023 with the launch of “Communities of the Future”, a versatile and dynamic social responsibility programme. Aware of the importance of stimulating the unique potential of each region to meet its energy needs, Floene continued its journey to promote Sustainable Communities in 2024.

With this programme, the Company is committed to contributing to the economic, environmental and social development of each location in which it operates, with a view to meeting two of its Sustainable Development Goals, SDG 4 – Quality education and SDG 17 – Partnerships for the goals. Floene is thus a facilitator of a just energy transition, fostering partnerships and increasing national awareness and education about renewable gases as a way of mitigating climate change.



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The “Communities of the Future” programme takes place in two phases:

1. Conferences

The first step of this programme is the launching of conferences in each region where Floene operates, with the aim of making local communities aware of the opportunities of the energy transition and the positive impact of renewable gases and jointly defining priorities for action.

To ensure that the content and debates are relevant to the specific realities of each region, the panels are attended by national and local representatives.

Topics include the circular economy, the importance of renewable gases in reducing carbon emissions,

opportunities for new business ventures, emerging skills and innovative professions.

After the conferences held in 2023 in Aveiro, Leiria and Viseu, in 2024 the “Communities of the Future” travelled to the south of the country, with Évora and Faro hosting two other well-attended conferences.

As was the case in 2023, these conferences also aroused great interest in 2024, and various priorities for action in each community are being defined and worked on, as well as planning the next meetings to reach more regions.

Évora



Faro



2. Projects

In a second phase, intervention projects are developed in partnership with communities, promoting the active participation of all Stakeholders in favour of a more sustainable society.

Attentive to the particularities of each community, Floene intends to develop specific projects in the areas of education and training, the promotion of renewable gases and strengthening partnerships with local organisations. The main lines of action include the following initiatives:

- **“Dá-lhe Gás” programme** – a pioneering initiative in Portugal, raising awareness of the decarbonisation of the energy sector through renewable gases (biomethane and green hydrogen), preparing new generations for the energy transition and the circular economy;
- **Future Professions** – continued development and strengthening of partnerships with technical and vocational schools, polytechnics and universities, through participation in university fairs, debates on the energy transition, study visits to the Green Pipeline project, among other initiatives;

- **Biomethane Producers** – approaching the agricultural sector as a potential biomethane producer, namely through working meetings, webinars on energy/energy transition/renewable gases and presence at the National Agriculture Fair;
- **Relations with the main local players, “living forces”** – identifying and approaching local organisations with an environmental and social impact and creating partnerships;
- **Floene Renewable Gases Platform** – a project created to promote literacy about renewable gases, biomethane and green hydrogen, with the aim of stimulating business development by supporting market operators along the production and consumption value chain.

Active participation in national and international associations

Floene recognises the importance of maintaining an active presence in various industry associations and collaborating with international partners to achieve the goals of energy transition and decarbonisation. This proactive approach reflects the commitment to contribute to a low-carbon economy, through transversal co-operation with various associations and national and international initiatives.

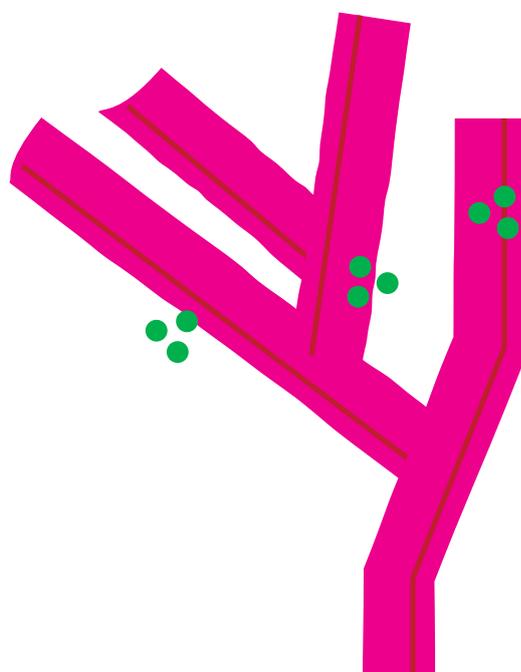
By participating in these associations, Floene co-operates with its peers and shares experiences with the aim of developing good practices, forming links and identifying future opportunities. In several of these associations, the Company has worked collaboratively, monitoring and analysing the impact of European Union (EU) political and legislative initiatives on the business and sector. In addition, to monitor developments in national and European energy policy, it participates as a member or leader of Working Groups and Committees in the above-mentioned associations.

Floene stepped up her participation in GD4S, leading the Industry Working Group (WG) and acting as Vice-Chair of the Distribution Committee and Chair of the Heating Working Group at Eurogas. Through

the Heating WG, it has led Eurogas positioning on the subject and the role of renewable gases, in position papers, meetings with sister associations and responses to EU consultations. In addition, different departments and areas participated in association WGs, such as the Renewable Gases - Engineering Department in BIP Task Force 4, the Commercial Department in the GD4S Building WG and the Eurogas Heating WG, and Asset Management in



Floene has been working collaboratively, monitoring and analysing the impact of European Union policy and legislative initiatives on the business and the sector of the future



the CH4 Industry WG.

Eurogas



In May 2024, Floene CEO, Gabriel Sousa, was re-elected to the Eurogas Board. This achievement reflects Floene commitment to actively participating in the challenges and discussions of the energy sector at European level. The re-election is a testimony to the relevant role that Floene plays in the debates, as well as evidence of the recognition by its peers and partners. As a member of the Eurogas Board of Directors, Floene CEO will continue to defend the interests of the sector, driving important initiatives and contributing to shaping the future of the gases industry in Europe.

GD4S

In November 2024, Floene hosted GD4S members in Lisbon for an event that included an internal meeting of the Executive Committee, a visit to the Green Pipeline project and various technical sessions on renewable gases. The event was attended by twenty representatives of GD4S member companies, an association that brings together the main gas distribution network operators in Europe, connecting more than 35.5 million customers, which corresponds to 35% of the EU gas market.

During the Executive Committee meeting, the association's strategic initiatives were discussed,

reinforcing alignment and collaboration between members. Events of this nature allow Floene to share its experience and vision of the future of decarbonisation in Portugal, while promoting collaboration between European gas distribution network operators, with the aim of boosting growth and innovation in the renewable gases sector. The event was attended by representatives from Italgas, Nedgia, Enexis, Alliander, Stedin, Gas Networks of Ireland (GNI), GRDF, Distrigaz, Cadent and Enaon. The opening of the Executive Committee meeting was attended by Floene CEO, while the technical sessions were attended by the Company's CSO.

Biomethane Industrial Partnership (BIP)

Floene has been a BIP member since 2022 and is leading the TF 4.4 working group "How to optimise the injection of biomethane into the grid and the necessary grid reinforcements (reverse flow technology, grid extensions)". The work in progress was presented at a joint BIP and EBA webinar on "Greening the Gas Grid". This webinar provided guidelines for connecting biomethane to gas grids, gave an overview of the positive changes brought about by the recently adopted Hydrogen and Decarbonised Gases Package, and addressed the national regulations that influence the connection of biomethane to the grid: grid connection, cost sharing, gas quality and injection rates.

The report, entitled "Optimising the cost of biomethane grid injection", explores the technical, regulatory and economic pathways for integrating biomethane into Europe's extensive gas grid. By addressing cost and regulatory barriers, this work will help unlock the potential for greater biomethane production and utilisation, contributing significantly to the EU's clean energy goals. Resolving these issues is essential to achieving the EU's biomethane production target by 2030.

International Gas Union (IGU)

Floene took part in the International Gas Union’s Distribution Committee. The aim of this initiative was to provide Committee members with the opportunity to share knowledge and experiences, taking advantage of the IGU’s global network to strengthen international collaboration. Membership of the IGU allows access to exclusive information, facilitates networking with experts from different countries and sectors and makes it possible to influence the development of innovative solutions for sustainability in the gas sector, contributing to the advancement of good practices and global policies. Study Group 1 (SG1) of the International Gas Union’s Distribution Committee, led by Floene CEO, is made up of 25 members from 12 countries and focuses on the role of smart gas networks in promoting sustainability and innovation.



Throughout 2024, work continued on the 2022-2025 triennium, culminating in face-to-face meetings of the Committee in March and November, which promoted the exchange of ideas between members, offering perspectives from different countries on specific issues.

Strategic collaboration for the development of biomethane

In 2024, Floene sought to **intensify its partnership with GRDF**, a leading gas distribution Company in France, with the aim of **strengthening co-operation in the field of renewable gases**, with the prospect

of **sharing knowledge and experience and joint actions**, helping to promote the development of biomethane and its integration into gas distribution networks in Portugal.

“Dá-lhe Gás” programme – Energy literacy

As part of the “Communities of the Future” programme, and with a view to meeting two of its Sustainable Development Goals (SDG 4 – Quality Education and SDG 17 – Partnerships for the Goals), Floene is taking on the responsibility of training new generations by raising awareness among young people of the importance of decarbonisation through renewable gases.



The Company aims to create real awareness of the importance of renewable gases in changing the energy paradigm in Portugal, making their role more visible and promoting their contribution to the circular economy and to the economic, social and environmental development of the regions

involved. To this end, we launched the “Dá-lhe Gás” programme (which translates into “Give it Gas – Nothing is lost, everything is renewed”, an energy literacy initiative aimed at 9th grade school students. In this 2024/2025 school year, the project is present in three districts: Aveiro, Leiria and Viseu.

The programme is divided into two components:

1. Training and mentoring students in energy transition issues, with a focus on renewable gases, so that they can understand and apply the fundamental concepts related to this topic. The programme encourages students to “act locally to impact globally”, as it is implemented in local communities, outside of large urban centres, respecting their specificities and promoting a positive economic, social and environmental impact;

2. A digital learning platform that offers students the necessary path to realise their projects. It adopts a learning methodology based on projects, problems and collaboration, using active teaching methods.

In 2024, the registered teams submitted their projects and will be present at the final event (in 2025), which will bring together students from all the schools. Each team will present their solution in Pitch format to a jury representing the Education, Energy and Civil Society sectors. Prizes will be awarded to the first and second-placed teams, in accordance with the Programme regulations.

Volunteering “Dá-lhe gás” – Energy literacy



As well as being an energy literacy programme, “Dá-lhe Gás” is also a volunteer programme that allows Floene employees to play an active role in the education of new generations. Employees act as “ambassadors” for renewable gases, supporting students throughout the development of their projects.

This initiative strengthens the corporate culture and the values of collaboration, respect and audacity through the direct involvement of the internal community in the fulfilment of Floene purpose.

During the training and mentoring phase, the volunteers held face-to-face sessions in the schools, sharing their knowledge and experiences. In addition, contact between volunteers and students is maintained throughout the programme via the digital learning platform, where they interact, exchange views and collaborate in the development of projects. Volunteering thus guarantees



ongoing mentoring, establishing a strong relationship between theory and practice.

In this first mobilisation of Floene internal community, 28 employees signed up for Corporate Volunteering:

- **8 Mentor Volunteers** responsible for accompanying a group of students in person and digitally throughout the various phases of the project;
- **10 Digital Mentor Volunteers** in charge of accompanying a group of online students during the ideation, development and preparation phases of the final output;
- **10 Activators Mentor Volunteers** responsible for logistical support at the final event, accompanying students and serving as jury members, among other duties.

Corporate Social Responsibility Action – Volunteering



Floene volunteers at the “O Século” Foundation, in Lisbon



Floene volunteers at the Viseu Association of Santa Teresinha, in Viseu

The focus of Floene business is the homes of the Portuguese, and its purpose is to promote sustainable communities, which includes housing dignity and combating energy poverty. As such, the Company seeks to combine the internal organisational objective - activation of the Collaboration value – with the relevance of current events, such as the housing crisis in Portugal. The Private Social Solidarity Institutions (IPSS) involved are supplied by natural gas, making the action carried out by Floene even more relevant. This initiative reflected the Company’s values and its commitment to building sustainable communities, in line with Floene strategic Sustainable Development Goals (SDGs): SDG 10 – Reduced Inequalities, SDG 11 – Sustainable Cities and Communities and SDG 17 – Partnerships for the Goals.

The corporate social responsibility action was carried out in partnership with Just a Change, a non-profit organisation that (re)builds houses for needy people and IPSS in Portugal. For two days, with one team in Lisbon and another in Viseu, Floene organised a volunteer project for the rehabilitation of two private social solidarity institutions: the “O Século” Foundation and the Viseu Association of Santa

Teresinha. Organised into work teams made up of employees from different departments and hierarchical levels, the volunteers restored and painted walls and doors, as well as cleaning and preparing spaces for intervention, both inside and out. In addition, Floene assessed the energy efficiency levels of the natural gas equipment in both IPSS.

The work carried out has helped to ensure a safer and more welcoming environment for the 74 beneficiaries of these institutions, significantly improving the conditions of six spaces at the **“O Século” Foundation** – a corridor, two bathrooms and three bedrooms – and three bedrooms at the **Viseu Association of Santa Teresinha**. In addition, the assessment of the energy efficiency levels of natural gas equipment reinforced Floene commitment to sustainability and the fight against energy poverty, promoting greater comfort and efficiency in energy consumption.

The initiative also generated a positive impact within Floene, strengthening the spirit of collaboration among employees by bringing together multidisciplinary teams in favour of a common goal, creating a positive social impact.



THE NETWORK • Living Flows

This piece reimagines the invisible path of gas through the pipelines that extend across the territory, bringing energy to consumers' homes. The intense colour symbolises vitality, transformation, and constant movement. Each shade celebrates the energy flowing through these networks, reminding us that, more than mere transportation, the flow of gas represents a dynamic connection between technology and life, between source and destination.



05



Sustainability Declarations

05. Sustainability Declarations

5.1. Framework and commitment

Sustainability has become a global imperative, with challenges such as climate change and resource scarcity requiring an urgent and coordinated response at international level. The transition to a more sustainable economic model is essential to balance economic development, environmental protection and social justice.

The energy sector is in the midst of a transformation, driven by the need to decarbonise the economy and reduce greenhouse gas (GHG) emissions. Companies in this sector, including Floene, are facing profound change, seeking to achieve decarbonisation while maintaining competitiveness and ensuring a just, sustainable and economically viable transition for all.

It is in this context that Floene approach to sustainability is based on its purpose: **“We promote sustainable communities”**.

The Sustainability Strategy defined by Floene

In 2024, Floene strengthened the alignment between its sustainability initiatives and the Group’s strategy, structuring its ESG journey in the

2022-2025 Sustainability Agenda. This strategy integrates the challenges identified in the dual materiality assessment and is based on four axes – **Governance, Planet, People** and **Prosperity** – which encompass the ten material topics and the initiatives to improve the Company’s performance:

1. Quality service, safe and efficient supply;
2. Energy efficiency and climate change;
3. Customer satisfaction;
4. Economic performance and financial sustainability;
5. Regulatory compliance;
6. Innovation, adaptation and resilience;
7. Safety, well-being and development of our people;
8. Involvement with the local community/Stakeholders
9. Ethics and transparency;
10. Sustainable supply chain management.

Sustainability declarations

Alignment with the SDGs and the Sustainability Agenda

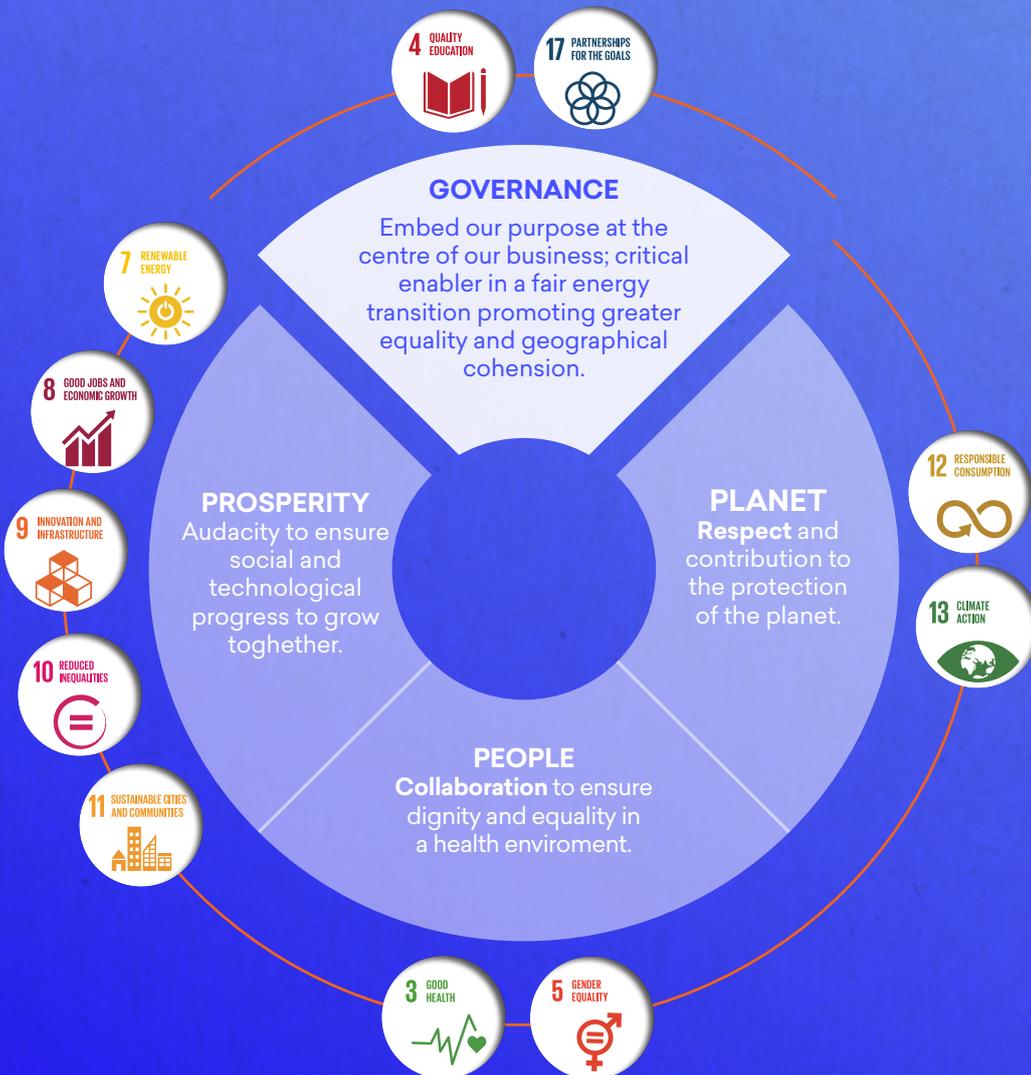
Since 2022, Floene has been committed to the **United Nations 2030 Agenda** and the **Sustainable Development Goals (SDGs)**:

- **SDG 4 (Quality Education):** Investment in training employees and communities, promoting literacy on renewable gases, energy transition and sustainability;

- **SDG 17 (Partnerships for the Goals):** As the largest gas distributor in Portugal, Floene collaborates with various entities to boost the decarbonisation of the energy sector and the adoption of renewable gases.

“Our approach to sustainability is based on our purpose: “We promote sustainable communities”

Sustainability Roadmap



The structure of Floene positioning reflects the link between the strategic axes and the Company’s values. The **2022-2025 Sustainability Agenda** associates each of the four axes – **Governance, Planet, People** and **Prosperity** – with the material topics valued by Stakeholders, translating them into commitments, initiatives and targets aligned with the SDGs.

The progress of the agenda is monitored through **65 KPIs**, which make it possible to assess the initiatives that have been completed, are underway and have yet to be started, ensuring that the strategic objectives are realised.

Axes	Material Topics	Commitments	No. of KPIs per SDG
PEOPLE	Safety, well-being and development of our people	<ul style="list-style-type: none"> Promoting the safety, health and well-being of employees. Promoting employee involvement and development. Promoting an organisational culture and climate that is conducive to attracting and retaining talent. Promoting a culture of equality, diversity and inclusion, ensuring equal opportunities throughout the organisation. 	<p>10</p>  <p>14</p> 
GOVERNANCE	Ethics and Transparency	<ul style="list-style-type: none"> Fostering a culture of ethics and compliance. Ensuring the legal compliance of processes and operations, internal policies and regulations. 	<p>5</p> 
	Regulatory compliance	<ul style="list-style-type: none"> Fostering close relations with the local community. Strengthening renewable gas literacy. 	<p>2</p>  <p>1</p> 
	Involvement with the local community/ Stakeholders		<p>6</p> 

Axes	Material Topics	Commitments	No. of KPIs per SDG
PROSPERITY	Customer satisfaction	<ul style="list-style-type: none"> Contributing to a low-carbon economy - Facilitating the market for renewable gases and decarbonisation and promoting inclusive and sustainable economic growth, full and productive employment and decent work for all. 	<p>3</p>  
	Economic performance and financial sustainability	<ul style="list-style-type: none"> Promote the Company's financial sustainability. 	<p>2</p> 
	Innovation, adaptation and resilience	<ul style="list-style-type: none"> Fostering a culture of innovation in the Company. Promoting technological training, developing solutions aligned with sustainability challenges and fostering knowledge networks and partnerships. 	<p>4</p>  <p>1</p> 
	Quality service, safe and efficient supply	<ul style="list-style-type: none"> Ensuring the quality and supply of the service provided. Developing a customer-centred culture, exceeding their needs and expectations. 	<p>3</p> 
PLANET	Energy efficiency and climate change	<ul style="list-style-type: none"> Contribute to increasing energy efficiency. Mitigate climate change by reducing operational carbon emissions. 	<p>5</p>  <p>3</p> 
	Sustainable supply chain management	<ul style="list-style-type: none"> Ensuring relationships with suppliers with transparency and integrity, integrating ESG criteria. 	<p>1</p> 
TOTAL KPI			65

KPI status to 2024		
Completed 27 (42%)	In progress 27 (42%)	Planned 11 (16%)

In 2024, Floene completed **42%** of its Sustainability Agenda, with **42%** of ongoing initiatives on schedule and **16%** planned to be implemented by 2025, in line with the targets and deadlines set.

Progress monitoring is integrated into the Corporate Strategy **2022-2025** and is regularly reported to the Management Bodies through **quarterly reports and four-monthly Committees**, which guarantees the Organisation's ongoing commitment to these objectives, on a par with other strategic ambitions.

Adherence to Global Reporting Initiative (GRI) standards

This Sustainability Report has been drawn up in accordance with the guidelines of the Global Reporting Initiative (GRI) for the period from 1 January 2024 to 31 December 2024. The GRI is an international organisation that defines a set of standards for communicating sustainability information. Adherence to the GRI standards guarantees the comparability and reliability of the information provided, reflecting Floene commitment to sustainability.

Governance in Sustainability

Sustainability governance is essential for boosting performance in **sustainability KPIs**. Since 2022, Floene has organised its work on the basis of a structured model based on the following principles:

- **Top management commitment:** sustainability is integrated into the Company's strategy and operations, with KPIs associated with the reduction of GHG emissions;
- **Integration into Risk Management:** sustainable risks and opportunities are identified, assessed and incorporated into the Company's management;
- **Stakeholder Involvement:** dialogue with Stakeholders ensures that their expectations are taken into account when making decisions;
- **Transparency and Communication:** performance and sustainable initiatives are reported annually in the integrated report;
- **Scope of the Sustainability Report:** covers Floene activities in Portugal from **1 January to 31 December 2024**.

External evaluations

Floene has an unsolicited rating from MSCI, where the ESG risk rating methodology is based on Floene publicly available information, namely the Annual Report and Accounts and the official website.

In March 2025, Floene maintained its AAA rating (on an AAA-CCC scale) in MSCI's ESG Ratings assessment¹.



1. Floene use of any data from MSCI ESG Research LLC or its affiliates ("MSCI"), as well as the use of MSCI logos, trademarks, service marks or index names herein, does not constitute a sponsorship, endorsement, recommendation or promotion of Floene by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided "as is" and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

5.2. Environment

Floene places environmental protection as a priority, implementing practices to protect, conserve and restore the planet, and recognises its fundamental role in facilitating the energy transition and decarbonising the sector.

5.2.1. Energy transition

Floene sees the energy transition as an opportunity to optimise the infrastructure of the **National Gas System**.

We continue to develop initiatives that accelerate the introduction of **renewable gases** into the distribution network, aligning ourselves with the economy’s decarbonisation objectives. We believe that effective decarbonisation requires renewable energy alternatives in gas and electricity, as well as the decentralisation of energy production and distribution. This decentralisation is essential to promote the use of renewable or low-carbon gases, contributing to real decarbonisation.

In addition, **energy efficiency** and the use of renewable energies are at the centre of Floene sustainability strategy, namely through the monitoring of environmental performance indicators and the development of initiatives to promote more efficient use of energy and increased use of renewable gases.

Floene development plan keeps pace with emerging energy trends, promoting a fair and equitable energy transition while boosting economic and social growth in all regions of the country. The distribution network should reach **biomethane** and **green hydrogen** producers located in various regions of the country, facilitating their integration into the national energy system. By the end of 2024, the Company had received **226 requests**

for information on injecting renewable gases into Floene network, and it should be noted that during 2024 there was a considerable increase in requests related to biomethane.

Requests for Information – Renewable gas injection into the network	2024	Accumulated
Hydrogen	21	152
Biomethane	55	74
Total	76	226

Main projects in the decarbonisation strategy and promotion of renewable gases

In 2024, Floene continued to develop projects focused on three main axes:

- **Integration of renewable gases** into the grid, including green hydrogen and biomethane;
- **Promoting energy efficiency**;
- **Promoting literacy on renewable gases** and their role in the energy transition.

The success of these projects depends on **strategic partnerships** with local producers, municipalities, industry associations, academia and other players, contributing to a more sustainable energy future in Portugal.

The main initiatives developed in 2024 were:

Injection of green H₂ into the Rio Maior distribution network

The injection of green hydrogen into the current natural gas network of Rio Maior and Caldas da Rainha is an important milestone on the road to decarbonisation in the country, with the distribution of renewable gases to a large number of customers, since this network covers around 13,700 consumers, including 65 industrial consumers.

The hydrogen will be produced by Essential Advantage, at an H₂ production plant located in Rio Maior, and this is the first commercial project to inject green hydrogen into the distribution network in Portugal. The promoter plans to inject 7.6 GWh/year of hydrogen into the grid, which will have an environmental impact equivalent to planting around 500 trees.

Throughout 2024, various construction works were carried out, including the connection section for the Essential Advantage producer's Mixing Station and Hydrogen Injection.



Aware of the pioneering nature of this first injection of green hydrogen into the network, Floene has developed a detailed communication plan about the project and the use of renewable gases by consumers. As part of this initiative, the Company has published a Technical Guide with information on the use of renewable gases in gas infrastructures, available on its website.

Biomethane Roadmap 2024

Within the framework of biomethane, Floene has carried out a comprehensive programme of activities including high-level meetings, active participation in regulatory development, dialogue with the agricultural sector, presence at sectoral events, holding conferences and webinars on topics related to energy, the energy transition and renewable gases, involving local communities in the theme of the energy transition through renewable gases and establishing new partnerships.

One of the main focuses of this tour was to bring Floene closer to the agricultural sector, which materialised with its participation for the first time in the National Agriculture Fair. As well as having a stand where it presented the role of infrastructure and renewable gases in the energy transition and the main advantages of biomethane, Floene, in close partnership with the Confederation of Farmers of



Portugal, organised a seminar on the opportunities and challenges of recovering agricultural waste to produce biomethane, which was attended by more than 120 people.

Adherence to the “Oil and Gas Methane Partnership 2.0” (OGMP 2.0)

In December 2024, Floene completed the process of joining the “Oil and Gas Methane Partnership 2.0 (OGMP 2.0)”, an initiative of the United Nations Environment Programme (UNEP), internationally recognised as a benchmark for promoting transparency and reducing methane emissions in the energy sector.

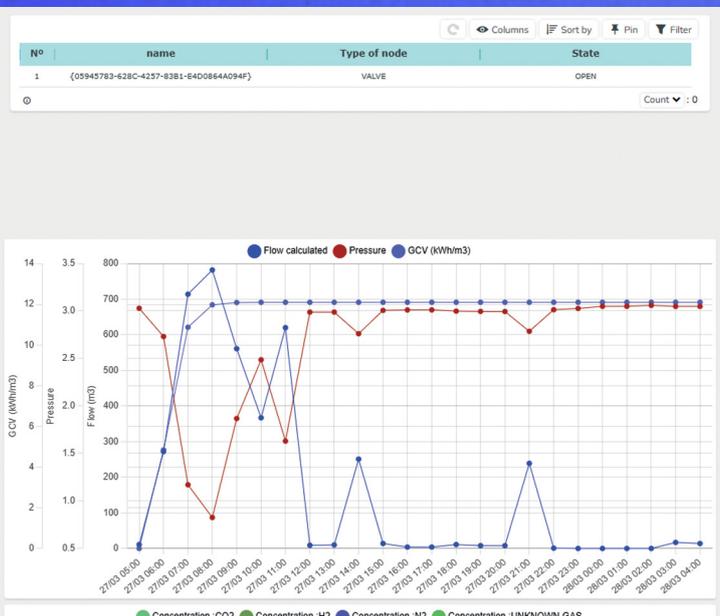
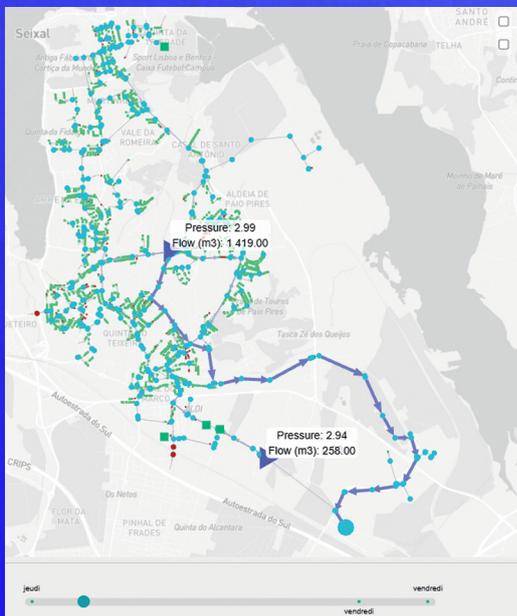
As the largest gas distribution network operator in Portugal, Floene is thus reinforcing its commitment to sustainability and the energy transition, contributing to a more transparent, responsible future in line with global standards of excellence.



“Gas Quality Tracking System” (GQTS)

Launched in July 2024, this project aims to ensure accurate measurements of the gas consumed, without the need to invest in extensive physical sensors. Pilot tests have begun on a system to monitor gas characteristics in networks where biomethane and hydrogen are mixed, using a “digital twin” of

the network, which makes it possible to estimate the Higher Calorific Value (HCV). This system guarantees greater transparency in measurement and fair billing.



Throughout 2024, Floene deepened and continued a wide range of initiatives launched in previous years, including the following:

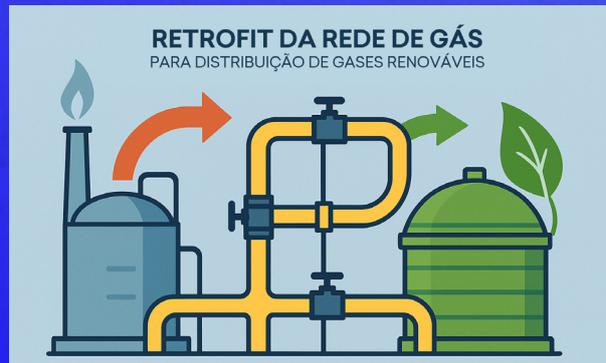
“Natural Hydrogen Energy”

Started in 2022 and lasting two years, the Natural Hydrogen Energy project was the first to inject green hydrogen into the gas network in Portugal. The hydrogen is produced locally, using 100% renewable energy, and travels 1400 meters in a polyethylene network to a station, where it is mixed with natural gas and distributed to around 80 customers. Since the start of the project, the percentage of hydrogen has already risen to 15%, with the aim of reaching a maximum of 20% vol. Officially opened in March 2023, this project has attracted huge interest from both national and international players and has received a considerable number of visitors, with almost a thousand visitors in 2024.



Retrofit project

This project aims to validate the suitability of networks for receiving gases of renewable origin, identifying the best solutions to consider. The ultimate goal is to ensure that gas distribution networks are able to distribute gases of renewable origin with a guarantee of safe supply to customers. By 2024, a roadmap has been defined for adapting existing networks, preparing them for hydrogen contents of up to 20% and up to 100%.



“Boiler Replacement” (PPEC)

This programme was created as part of the Energy Consumption Efficiency Promotion Plan (PPEC), approved by ERSE, in response to the objective of improving energy efficiency. The programme defines tangible measures for the gas sector, such as the replacement and scrapping of energy inefficient equipment with more efficient alternatives in the residential segment. Aimed at customers supplied with natural gas who have atmospheric or other conventional (non-condensing) gas central heating boilers from before 2015, the programme offers them the opportunity to replace this equipment with new, more efficient models. The project began operating



in 2023 and is expected to replace 942 pieces of equipment and reduce CO₂ emissions by 14%. By the end of 2024, the replacement rate had already reached around 63% of the total planned volume.

Roadmap for the Introduction of Renewable Gases in the National Industrial Sector - “Industries of the Future”

Starting in 2022 and lasting two years, the Industries of the Future project, as part of the Plan to Promote Efficiency in Energy Consumption, approved by ERSE – the Energy Services Regulatory Authority, is a pioneer in Portugal. The aim of this roadmap was to boost the decarbonisation of the national economy using renewable gases in industry, with special emphasis on hydrogen. The focus was on building synergies at local and regional level, supporting and diagnosing the energy needs of energy-intensive industries, as well as promoting the impact of renewable gases on decarbonisation and the development of the Portuguese economy. At the end of 2024, the balance of this initiative was clearly positive. The results highlighted below reflect the interest and timeliness of this roadmap:

- **More than 280** participating companies
- **More than 30 sectors of** activity, especially the ceramics, chemical, metallurgical and metalworking industries;
- **10** awareness-raising and training **events** with more than **2,300 registrations**;
- **30 registered for the Energy Diagnostics**, which included technical visits and the subsequent characterisation and presentation of efficiency and decarbonisation measures for each industrial unit visited;
- **100 professionals accredited with Professional Training Certificates** in the **6 advanced training courses**, with a view to providing qualifications focused on renewable gases;
- **7 sectoral action plans**, presented jointly with partners for energy efficiency and decarbonisation, covering the metallurgical, glass, ceramics, cogeneration, chemical, paper and food industries;
- **More than 90** national and international **speakers**;
- Floene has also provided a **digital simulator**, allowing industries to better understand the results of integrating renewable gases into different industrial processes and, above all, the benefits of this integration.



5.2.2. Carbon footprint

Floene recognises its responsibility to reduce the emissions, waste and resource consumption generated by its activity. This commitment is reflected in the continuous improvement of efficiency and the transformation of its operations and value chain, ensuring a reduced environmental footprint as the business grows.

In addition to the sector's global decarbonisation initiatives, Floene is also committed to reducing its carbon footprint. **Scope 1 and 2** emissions have been disclosed since 2021, based on the year 2020, and **scope 3 emissions** were included for the first time in 2023.

- **Scope 1 emissions:** direct GHG emissions from sources controlled by the Company, such as methane from the distribution network, gas consumption in the administrative buildings and AGU, and the Company's fleet.
- **Scope 2 emissions:** GHG emissions associated with the generation of electricity purchased and consumed by the Company.
- **Scope 3 emissions:** indirect emissions resulting from the Company's activities, occurring from sources outside its direct control, such as the value chain.

The carbon footprint is an essential indicator for identifying opportunities to reduce GHG emissions. It is calculated based on the **Greenhouse Gas Protocol**, following the **Corporate Transparency and Accounting Standards** issued by the **World Resources Institute (WRI)** and the **World Business Council for Sustainable Development (WBCSD)**.

Scope 1 and 2 emissions

Greenhouse gas emissions (tCO ₂ eq)	2024	2023	2022
SCOPE 1			
Fleet	1,198	1,228	1,137
Network fugitive emissions ¹	19,081	22,122	13,746
Equipment's fugitive emissions	6	0	27
Natural gas – boilers	65,4	77	67
Natural gas – administrative buildings	36	43	31
Total Scope 1	20,386	23,470	15,008
SCOPE 2			
Electricity (Market based) ²	0*	0*	0*
Electricity (Location based) ³	130	121	151
Total Scope 2⁴	0*	0*	0*
Total Scope 1 + 2	20,386	23,470	15,008

1. Natural gas losses to the atmosphere in the distribution network

2. Market-based calculation using our supplier's emission factor.

3. Location-based calculation, where the APA's emission factors were taken into account, given that our activity takes place in Portugal.

4. In accordance with the GHG Protocol Standard, the preferred calculation method is market based, while the location based method was disregarded.

* Since 2022 with 100% renewable guarantee of origin contract.

Regarding 2023, adjustments were made to the fleet emissions value.

Overall, there was a decrease in emissions compared to 2023 (-13%). This decrease is mainly due to the reduction in fugitive methane emissions in the network, whose values are estimated based on a methodology approved and used by Sedigas.

Currently, the entire network is searched for leaks every five years and a different section is analysed each year. The results obtained vary greatly due to the specific characteristics of the section in question (type of network material, age, location of the leak and its pressure). It is noteworthy that **medium-pressure networks (4 to 20 bar) have a leakage flow three to eight times higher than low-pressure networks (below 4 bar).**

As mentioned, fugitive emissions in the network vary considerably depending on the characteristics of the section. Therefore, a precise comparison can only be made after five years, when the same section is analysed again.

As far as the Company's fleet is concerned, Floene remains committed to electrification in order to reduce its emissions. Currently, 12% of vehicles are plug-in hybrid electric vehicles. For this reason, fleet emissions saw a slight reduction in 2024 compared to 2023 (approximately -3%), in line with the goal of reaching a 30% hybrid fleet by 2025, as defined in our decarbonisation plan.

Short-term decarbonisation plan

In 2021, targets were set for reducing emissions (scopes 1 and 2) through a short-term decarbonisation plan (2022-2025), with the aim of reducing emissions by 25% by 2025 (compared to the base year of 2020). This plan includes various operational initiatives, such as:

Actions	Status	Observation
Purchasing electricity with certificates of 100% renewable origin	Completed in 2022	-
Fleet conversion to 30% hybrid	Ongoing and aligned	12% of the fleet converted
Conversion of the existing iron and steel network to polyethylene and implementation of a leak detection improvement programme in order to reduce the occurrence of leaks in the network and, consequently, its emissions	Ongoing and aligned	72% of network renewal plan completed 32% reduction in the number of leaks detected and repaired (LDAR) in 2024 vs. 2020.
Initiatives developed by the working group – Damage by third parties, in order to reduce the occurrence of PTSD in the network and, consequently, its emissions	Ongoing and aligned	14% average reduction in incidents

Scope 3 emissions

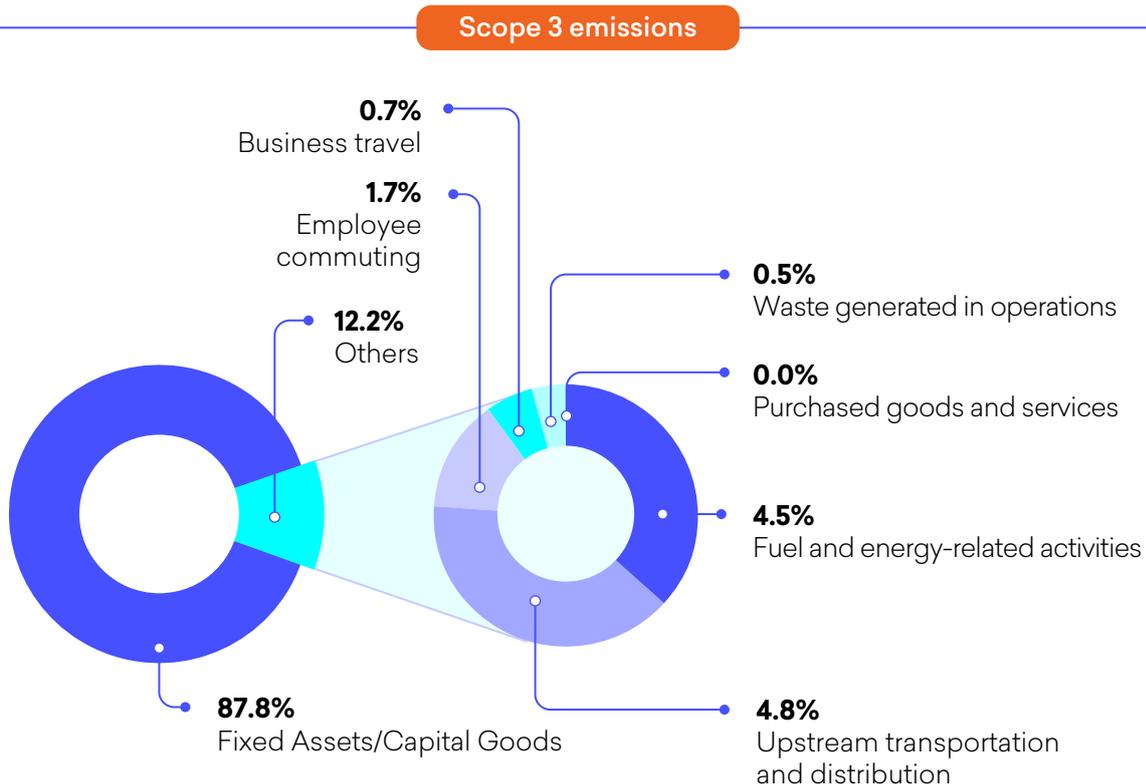
Since 2023, Floene has been calculating its scope 3 emissions, taking into account the applicable categories. As with scope 1 and 2 emissions, this calculation covers the nine DSOs and follows the methodology approved by the GHG Protocol, making it possible to estimate the emissions of its value chain with a high degree of utilisation of emission factors specific to its activity.

Scope 3 emissions can cover up to 15 categories. In Floene footprint, emissions from seven categories were considered.

Scope 3 emissions (tCO ₂ eq)	2024	2023	2022
C1 – Purchased goods and services ¹	-	-	-
C2 – Fixed assets/Capital goods ²	6,259	6,760	6,544
C3 – Fuel and energy-related activities	324	322	464
C4 – Upstream transport and distribution	341	265	376
C5 – Waste generated in operations	34	41	33
C6 – Business travel	49	57	70
C7 – Employee commuting	124	110	120
Total	7,131	7,553	7,607

1. The assets acquired by Floene (Category 1) that materially represent its activity as a natural gas distributor are network construction services and the acquisition of meters. However, in accordance with the GHG Protocol, as these goods/ services are classified as fixed assets, they should be considered in category 2.

2. Regarding 2023, the C2 emissions value was corrected due to an error in the calculation.



Sustainability declarations

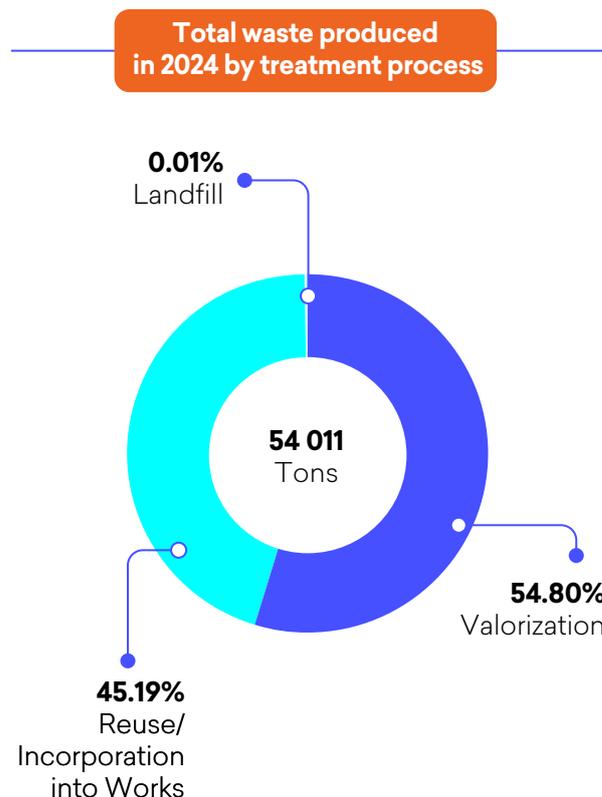
In 2024, Floene scope 3 emissions totalled 7,131 tCO₂eq, representing 26% of the Company’s overall emissions. Around 88% of these emissions come from the fixed assets category, due to the construction of the gas distribution network and other related works. At this level, emissions associated with the production of polyethylene pipes used in the construction of the network (19%) stand out.

As part of its sustainability strategy, and with a view to mitigating the environmental impacts associated with its activities, Floene has also been strengthening its commitment to the circular economy through efficient management of the waste it generates. The Company has a very positive performance in waste management, with almost 100% of the waste generated in its contracts fully recovered. These materials are subjected to reuse, re-utilisation or incorporation into the works themselves, promoting a sustainable approach. The residual fraction of administrative waste destined for final disposal in landfill is insignificant, representing less than 0.01% of the total waste generated.

The following graph illustrates Floene positive impact on this recovery strategy, showing a waste incorporation rate of around 45%.

Floene is committed to improving the calculation of its Scope 3 emissions by investing in improving the data collection process and interaction with the value chain, guaranteeing more accurate information that is aligned with the services and products provided.

“ Floene has a very positive performance in waste management, with almost 100% of the waste generated in its contracts fully recovered



Greenhouse gas emissions (tCO ₂ eq)	2024	2023	2022
Scope 1	20,386	23,470	15,008
Scope 2	0	0	0
Scope 3	7,131	7,553	7,607
Total	27,517	31,023	22,615

5.2.3. Sustainable supply chain

Floene recognises the impact of its activity and is committed to creating **sustainable value** throughout its supply chain. With **94% national suppliers**, it boosts the local economy and the creation of direct and indirect jobs.

Supplier management is centralised in the Group's purchasing department, guaranteeing uniform criteria and total transparency. Floene adopts a rigorous methodology for selecting, qualifying and evaluating suppliers, ensuring reliability and ethics in the supply chain.

In addition, **GDPR and cybersecurity risks** are managed through the One Trust platform, integrated into the Purchasing system, allowing for structured monitoring and effective mitigation plans.

STAR" programme – promoting safety and excellence

The annual **"STAR" programme** recognises and values the performance of our suppliers, especially contractors, highlighting good practices and promoting safety. The initiative includes periodic awards and ongoing assessments, contributing to the development of skills and the improvement of operation.

5.3. Social

We are committed to continually raising standards of safety, fairness, inclusion and healthy labour practices. Safety is our top priority, materialised through a culture focused on continuously protecting the health of our employees and partners. At the same time, we invest in programmes that promote the well-being of our professionals and enrich the experience of working for the Company.

5.3.1. Safety and well-being

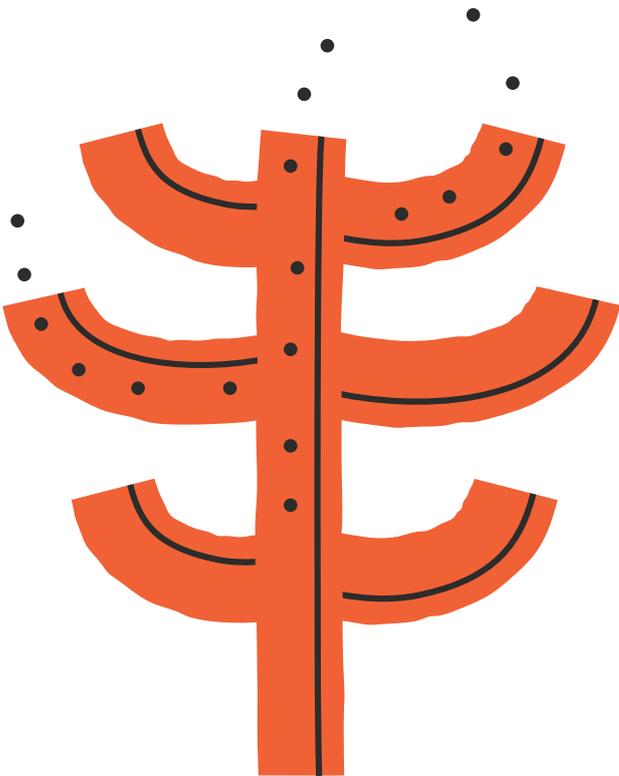
Occupational safety

We work hard to guarantee decent working conditions and fair employment, in line with international and local laws and guidelines. Its basic principle is to comply with and, where possible, exceed existing legal and regulatory requirements in terms of Occupational Health and Safety (OHS).

People are Floene most important asset, which is why ensuring safe and healthy workplaces is a priority. The Company has implemented a safety culture to prevent accidents and occupational illnesses, protecting both its employees and the service providers who work on its behalf.

Our commitment to OSH is formalised through a system certified to the internationally recognised ISO 45001 standard (Occupational Safety and Health Management System – OSHMS). Certification is granted by APCER, an external organisation.

In addition, the Group's Code of Ethics and Conduct forms the basis for working conditions, reinforced by a complete set of global human resources policies and procedures that make fair hiring possible.



Sustainability declarations

Prevention is a daily management based on various actions, such as:

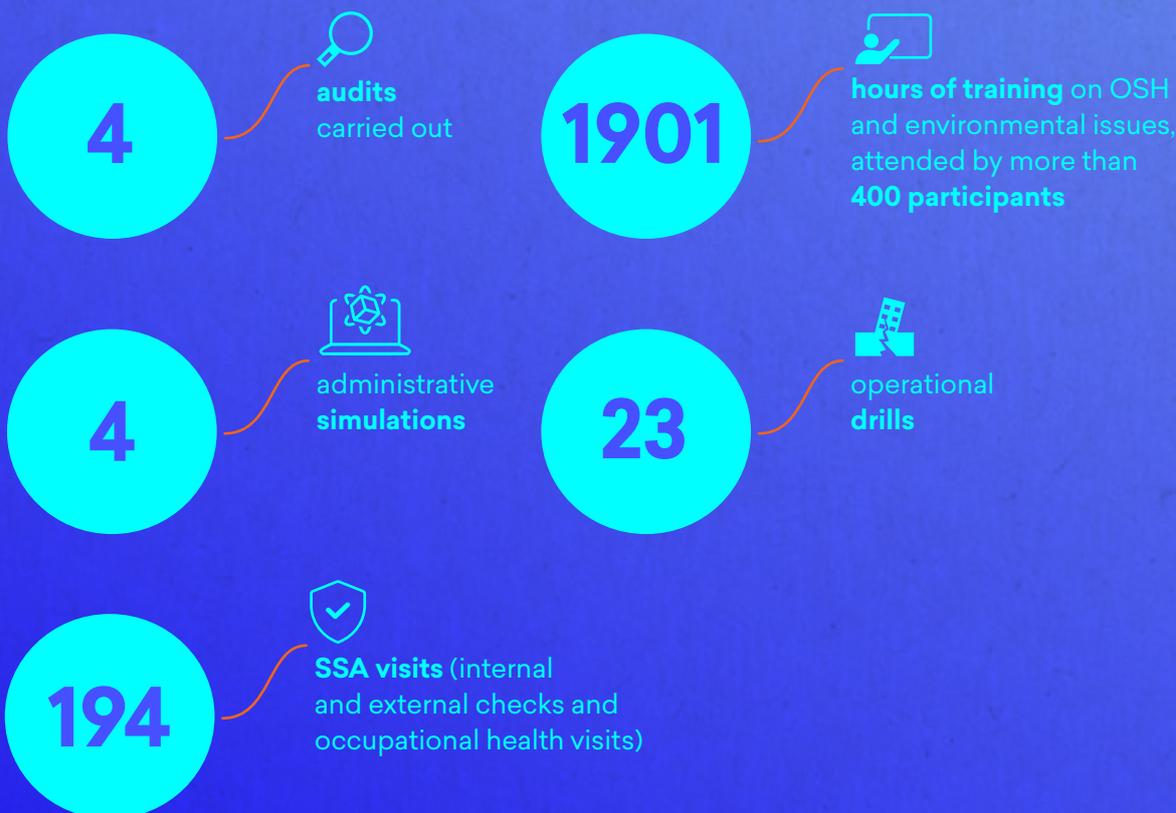
1. Identifying and managing the hazards and risks of activities;
2. Carrying out assessments to check compliance with occupational health and safety requirements, such as indoor air quality, radon and illuminance;
3. Regular OSH technical checks by qualified in-house specialists, site safety coordinators, occupational physicians and external specialists;
4. Carrying out internal and external audits and legal compliance checks to assess compliance with legal, regulatory and other requirements;
5. Careful investigation and determination of the root causes of incidents, definition and monitoring of the implementation of corrective actions;

6. Carrying out training and drills for proper emergency management;
7. Training for employees and service providers in matters of safety at work;
8. Control and document management of service providers;
9. Monitoring compliance with the prevention plans defined by the areas.

In line with previous years, no serious accidents involving Floene employees were recorded. This result indicates that employees are familiar with the current safety procedures and instructions and apply them in the performance of their duties.

Security in numbers

In 2024, the in-house OSH team strengthened its presence in the field, stepping up site visits to check on the implementation of prevention measures and compliance with legal requirements, thus promoting greater proximity to Stakeholders.



In 2024, Floene intranet, in the area dedicated to Quality, Safety and Environment, became the main internal communication channel for OSH, providing employees with all the information on the performance of the health and safety management system.

Aware of the importance of everyone’s role in safety at work, the “**Safety Dialogues**” project was launched in the second half of the year, promoting the prior identification of tasks, risks and mitigation measures before work begins on site. This initiative involves both Floene supervisors/coordinators and contractors, reinforcing the adoption of safe practices in an autonomous manner.

Senior management reinforced its commitment to OSH through visits to the field, promoting the exchange of experiences and good practices and thus strengthening proximity to Stakeholders.

Number of accidents in 2024

There was an overall decrease of 71% in the number of accidents compared to the previous year. There were no accidents involving lost working days among Floene employees. However, there were two lost-time accidents among contractors and service providers.

Frequency Index

In 2024, Floene frequency rate was zero accidents per one million hours worked, which represents the best possible result for an organisation.

Overall, (Floene, contractors and service providers), the accident frequency rate was 1.1 accident per million hours worked, which, according to the International Labour Organisation (ILO), is a performance classified as Very Good (<20).

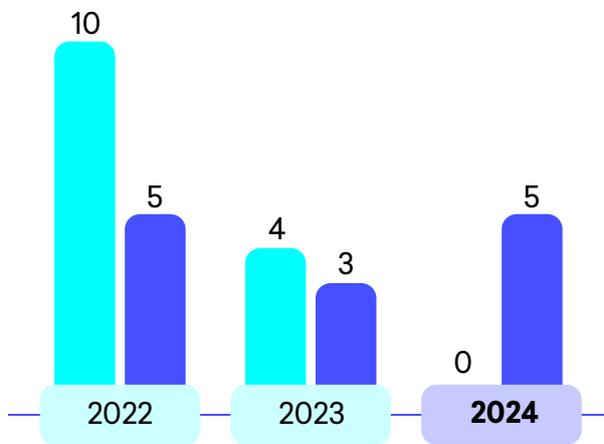
Since 2022, Floene has seen a positive evolution in its Frequency Index, which is the result of greater monitoring of works in the field by multidisciplinary teams, as well as audits carried out by internal and external safety specialists.

Floene therefore has a **very positive Frequency Index**, not only in general terms, but also when compared to other companies in the same sector.



In 2024, Floene frequency rate was zero accidents per one million hours worked, which represents the best possible result for an organisation

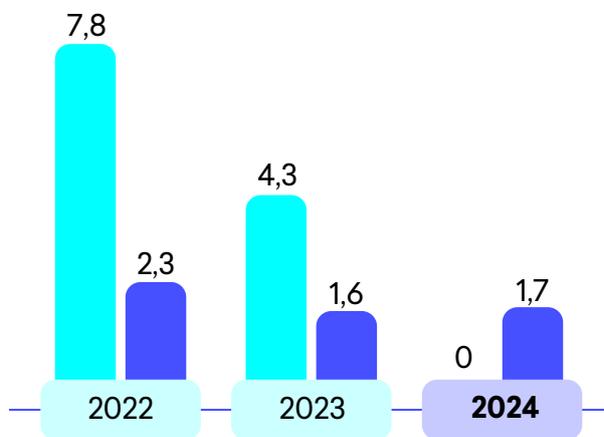
Personal Accidents (Total)



Floene Service Providers

Note: Personal accidents of Floene employees (on duty or In Itinere) or service providers (on duty), visitors or the community.

Frequency Index (LTIF)



Floene Service Providers

Note: Factor for normalizing the number of hours worked: 1,000,000; for the calculation of the indices shown in the graph above.

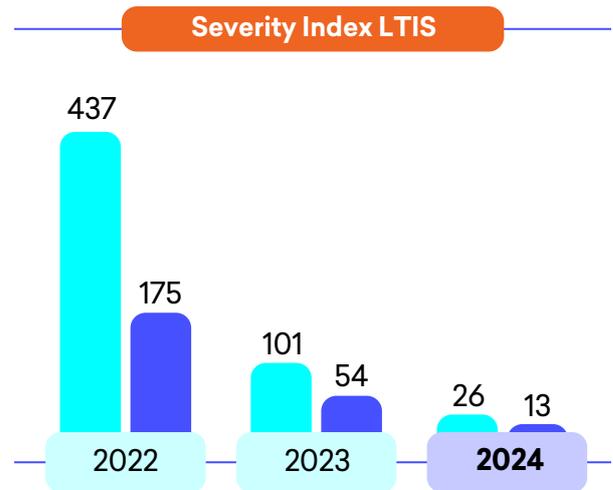
Sustainability declarations

The **Severity Index** reflects the number of days lost due to accidents at work, normalised per million hours worked.

According to the ILO, a severity index **below 500 is classified as Very Good**. Since 2022, Floene has seen a positive evolution in this index, which shows progress in its safety culture, with an emphasis on prevention and greater awareness among employees and service providers of the risks of the activities they carry out.

Benchmark 2023	LTIF	LTIS
Company A	3.9	0.04
Company B	1.6	0.5
Company C	4.6	0.25
Floene ¹	2.6	0.07
Floene 2024¹	1.1	0.02

1. Floene Employee + Service Providers



Floene Service Providers

Note: Factor for normalising the number of hours worked: 1,000,000; for the calculation of the indices shown in the graph above, only accidents with days lost were taken into account.

The main elements of Floene safety culture include:



Health and well-being

Floene encourages its employees to take care of their health and well-being by creating a safe environment that fosters open dialogue about mental health at work and by providing them with the necessary support. In addition to occupational health services, in 2024 the Company continued the wellbeing promotion activities started in 2023 and launched new initiatives:

- Publicising and Promoting Access to Online Medicine – 133 employees used the Multicare Online service in 2024;
- Vaccination – Seasonal Flu – Reduction in sick leave and absenteeism;
- New benefits package;
- Multicare Vitality;
- Promoting participation in races.

New benefits package

With the aim of fostering a work environment in which people feel compensated, valued and happier, promoting individual and collective success, a package of additional benefits for employees has been approved and publicised. This measure aims to contribute to improving employees' quality of life, providing a better balance between personal and professional life, and includes:

- Merit Scholarship for employees' children – a monetary prize awarded to the five students with the best averages at each of the following levels of education: third cycle, secondary, bachelor's, master's and beginning of doctorate;
- Time off on employees' birthdays;
- Time off on employees' children's birthdays (under 18 inclusive).

This initiative has resulted in an increase in social peace in the Company, raising employee satisfaction levels, promoting greater commitment to the Organisation and encouraging education.

Promoting participation in races

To encourage employees to adopt a more active and healthier lifestyle, Floene promotes participation in races and has set up internal running clubs. These initiatives help to reduce diseases related to obesity and sedentary lifestyles, as well as encouraging socialising and strengthening mental health.

5.3.2. Development and training

5.3.2.1. Internal transformation

2024 was undoubtedly one of the most demanding years in the transformation process that has been underway since 2021, with the acquisition of the majority stake by Allianz Capital Partners. In 2024, the transfer of responsibilities from Galp Energia to Floene was ensured for all processes that are not totally dependent on technology, such as the Corporate Secretary's Office, Legal Services, Facilities Management, among others. In this context, we highlight the inauguration of Floene new headquarters, a milestone in the Company's transformation process, reflecting its commitment to innovation and sustainability.

During the first half of 2024, the contracting processes for the various pieces of technology that will enable Floene to leverage its positioning into a new dimension of modernity, replacing critical applications that are at the end of their life cycle (more than 30 years in operation), were finalised.

The implementation of the technological component entered cruising speed in the second half of 2024, with the conditions to fulfil the extremely ambitious execution schedule. The new infrastructure and the applications supporting the operation will all be in operation during the first half of 2025. At the same time, during October 2024, the migration of the operational management of CURr activity (Beiragás, Dianagás, Duriensegás, Medigás, Paxgás and Tagusgás) to Floene sphere of responsibility was ensured.

In order to contribute to the robustness of the Organisation in the medium and long term, and leveraging the investment in technological evolution underway, the transition plan has entered its critical implementation phase.

The conclusion of Floene transformation process (2021-2025) will translate into a totally different reality for the Organisation at the beginning of 2026. Floene will have total autonomy from Galp Energia, modern systems and processes in line with the best market practices, people fully prepared for the new challenges, geared towards implementing a strategy of universal adoption of renewable gases and decarbonisation of the network.

Recruitment and Mobility Policy

Floene has defined a Recruitment and Mobility Standard, aligned with the United Nations SDGs, in particular SDGs 5 and 8.

With the implementation of this standard, 21 recruitment processes were completed in 2024 (vs. 39 in 2023, ↓ 46%), distributed as follows

- **1 (4.8%) internal mobility** (vs. 12 in 2023, 30.8%);
- **18 (85.7%) for permanent positions** (vs. 33 in 2023, 84.6%);
- **9 (42.8%) for women** (vs. 16 in 2022, 41.0%).

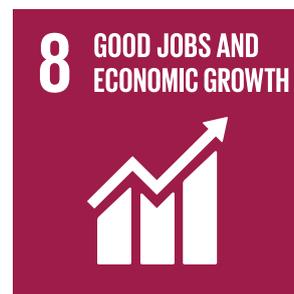
Outreach initiatives to universities and vocational schools

Continuing to create and strengthen relationships with higher education institutions and vocational schools, Floene took part in various initiatives throughout 2024, such as:

- University and vocational school fairs;
- Workshop on hydrogen, as part of the MecanIST Fair;
- Debate on the energy transition, with Bosch and REN, as part of the MecanIST Fair;
- Study visits to the Green Pipeline project, with a total of 49 participants;
- Presentation of Floene at technical vocational schools;
- Curricular and extracurricular internships, totaling four.



In 2024, 21 recruitment processes were completed under the Recruitment and Mobility Standard, aligned with the United Nations SDGs



Through these initiatives, Floene aims to:

- Increase the Company's visibility and strengthen its employer brand in order to attract young talent;
- Fulfilling recruitment needs for gas-related technicians on the national market;
- Create awareness of renewable gases;
- Create a bridge between academia and professional practice.

Diversity and inclusion workshops

In line with SDG 4 – Quality Education, which provides for inclusive and equitable education throughout life, in 2023 Floene began talks with the institutions A Voz do Autista (“The Autistic Voice”), LinkedOut, Valor T and Casa Qui (“Qui Home”), with the aim of promoting more diverse and inclusive recruitment. The Company's recruitment standard, published in June of the same year, emphasises the importance of diversity in teams, highlighting its positive impact on business competitiveness.

To strengthen ties with these organisations, Floene set out to help participants improve their CVs and prepare for job interviews, thus facilitating their access to the job market.

Trainee Programme – 2nd Edition

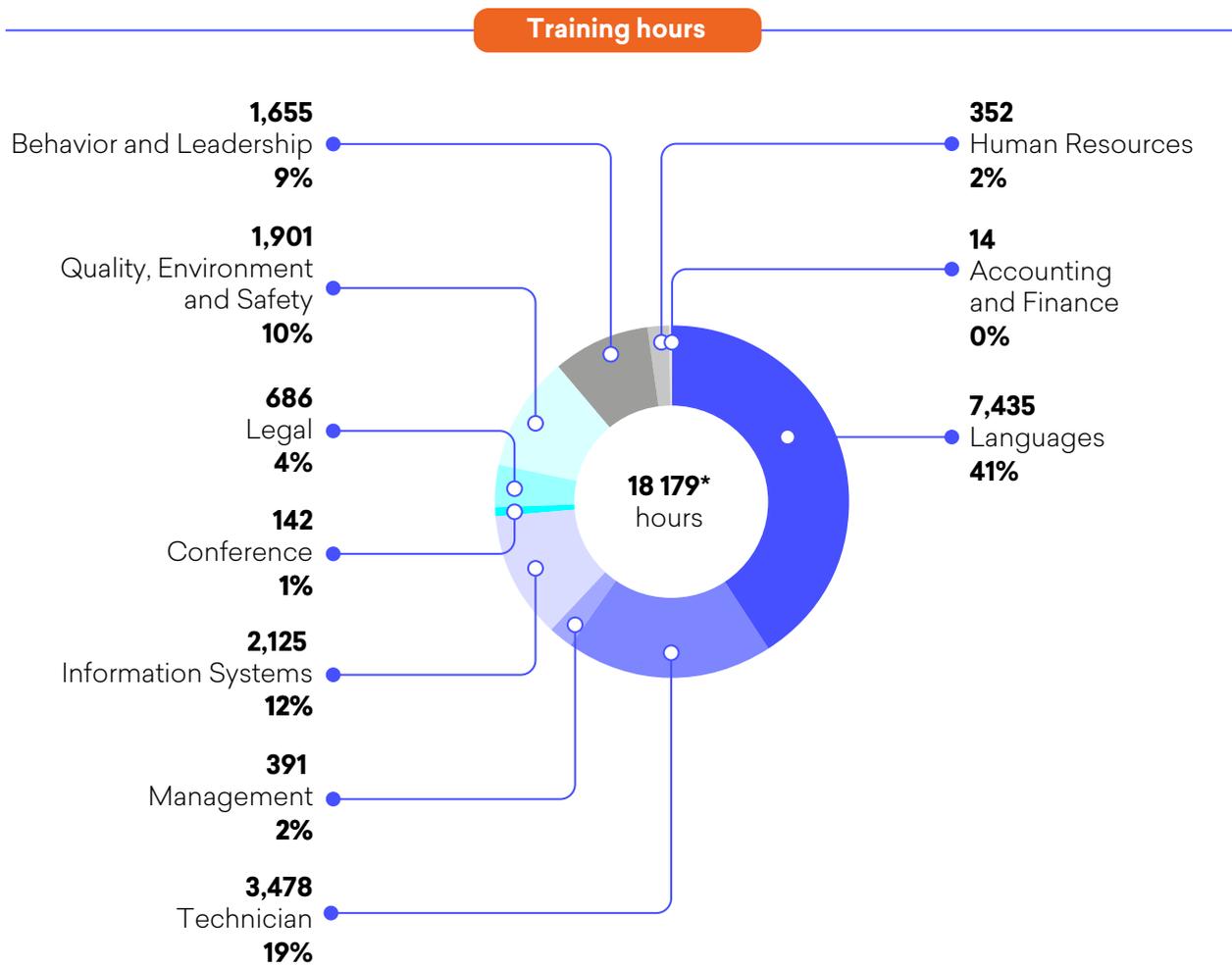
The 2nd edition of the trainee programme began in September 2023 and, throughout 2024, Floene promoted various initiatives the aim of strengthening the development of skills, practical knowledge of the business and the integration of trainees into the organisational culture. The following stand out:

Field Trips – visits to the field, which provided a practical insight into the business. These activities allowed the trainees to understand how processes work and the impact of daily operations, reinforcing the link between theory and practice;

Annual Project – launch of the strategic challenge “How can Floene leverage the production and injection of biomethane into gas networks, becoming a key player in this new sector?”.

5.3.2.2. Training

In 2024, in the context of ongoing training and skills development, Floene significantly increased the volume of training hours, totalling 18,179 hours, which represents an increase of 24% compared to 2023. It also reinforced the design of programmes tailored to the needs of its professional community, with the aim of developing technical and behavioural skills that are essential for the future of the Organisation. The training had a special focus on technical competences, with an emphasis on the following topics:



*Includes the training hours of the trainees/interns.

Several training actions are worth highlighting throughout 2024, namely:

- **Transversal English programme** – 185 employees;
- **“Hydrogen Training” Programme (Operational Strand)** – 6 classes, 14 training hours/class;
- **Operational Leadership Programme** – 1 class, 29.5 hours of training, 9 hours of coaching.

Team-Building with Sales Management

With the aim of strengthening cohesion, teamwork, trust and communication between employees from different teams, as well as developing more specific skills in line with Floene Values (Respect, Collaboration and Audacity), a team-building event was held in June 2024 with the Sales Department under the slogan “The whole, greater than the sum of the parts”.

It was a dynamic and motivational behavioural training programme. During the team-building session, the experience of high-performance sports coaches was shared, as they apply their approach to building high-performance teams in the business world.

Security Training Programme

In 2024, Floene continued with its Safety Training Plan, which consists of various relevant actions to promote safety in the Company’s activities. This plan included numerous actions, of which the following stand out for their relevance and scope:

- Defensive driving;
- Chemical agents;
- Decree-Law no. 50/2005 (Machinery and Equipment Directive);
- Internal Emergency Plan;
- Safety Management System for the Prevention of Major Accidents (SGSPAG).

5.4. Taxonomy

Context

The European Union Taxonomy is a classification system that defines technical criteria to identify economic activities considered “environmentally sustainable”. Governed by **Regulation (EU) 2020/852** of the European Parliament and of the Council of 18 June 2020, it aims to direct public and private investment towards activities that promote the transition to a more sustainable economy.

Floene is subject to the **Taxonomy Regulation** because it is covered **by the Corporate Sustainability Reporting Directive (CSRD)** and because it fulfils two of the three eligibility criteria:

1. **It employs more than 250 workers;**
2. **It has a turnover of more than 40 million euros.**

In this way, Floene is obliged to report its share of **eligible** activities **aligned** with the European Taxonomy in 2026, compared to the 2025 tax year, using the disclosure requirements defined by the **Delegated Acts for Climate and the Environment**.

5.4.1. Floene Taxonomy Status

Although the regulatory obligation only applies from 2026 (FY 2025), in 2024 Floene began implementing the EU Taxonomy Regulation in advance of the same year’s fiscal year, recognising the complexity of the process and the need for internal preparation to ensure compliance and transparency in future reporting.

Meanwhile, in February 2025, the Omnibus legislative package was published, which proposes restricting Taxonomy reporting to companies with more than **1,000 employees**, which would exclude Floene from its scope. However, this proposal **has not yet been formally approved**, and its implementation may take some time.

Floene has therefore chosen to continue the work it has already started, ensuring a robust survey of **eligible** activities and a structured **alignment** analysis. This approach makes it possible to maintain a high standard of **transparency** and to prepare the Company for potential future developments in the regulatory framework.

Eligible Floene Activities

The analysis carried out identified the following activities as **eligible** under the European Taxonomy, based on their sales, investments and operating costs:

Activities identified as eligible *	Description of the activity carried out by Floene
MAC 4.14 Renewable and low-carbon gas transport and distribution networks	Floene started the pilot project "The Natural Energy of Hydrogen – Green Pipeline Project" in 2023, which consists of injecting hydrogen into the distribution network (mixed with natural gas). As part of this project, Floene operates 1,400 metres of network dedicated to hydrogen
MAC 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Hire and leasing of vehicles for the Group's fleet
MAC 7.3. Installation, maintenance and repair of energy-efficient equipment	Contracted services for the installation, maintenance and repair of energy-efficient equipment, including LED lights, HVAC and low water and energy consumption devices
MAC 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and monitoring the energy performance of buildings	Contracted services for the installation, maintenance and repair of sensor equipment (motion control and daylight)
MAC 7.7. Acquisition and ownership of buildings	Building operation and management
MAC 8.1. Data processing, information hosting and related activities	Data centre costs
OMC 9.1. Research, development and innovation activities close to the market	R&D within the scope of the GQTS (Gas Quality Tracking System) software project, which aims to increase the potential for injecting renewable gases into the grid and thus reduce GHG emissions
EC 3.2. Renovation of existing buildings	Building renovation works

* MAC: Climate Change Mitigation Objective; CE: Circular Economy Goal.

Considerations on the eligibility analysis carried out:

Floene core activity, gas distribution, was excluded from the eligible activities because it is not included in Annexes I and II of the Climate Delegated Act and the Environmental Delegated Act.

5.4.2. Next steps

Floene will continue to carry out the **alignment** exercise, analysing the activities identified in detail to check that they meet the technical criteria required by the Taxonomy. This assessment considers the **substantial contribution** to environmental objectives and ensures that these activities do not cause negative impacts in other areas.

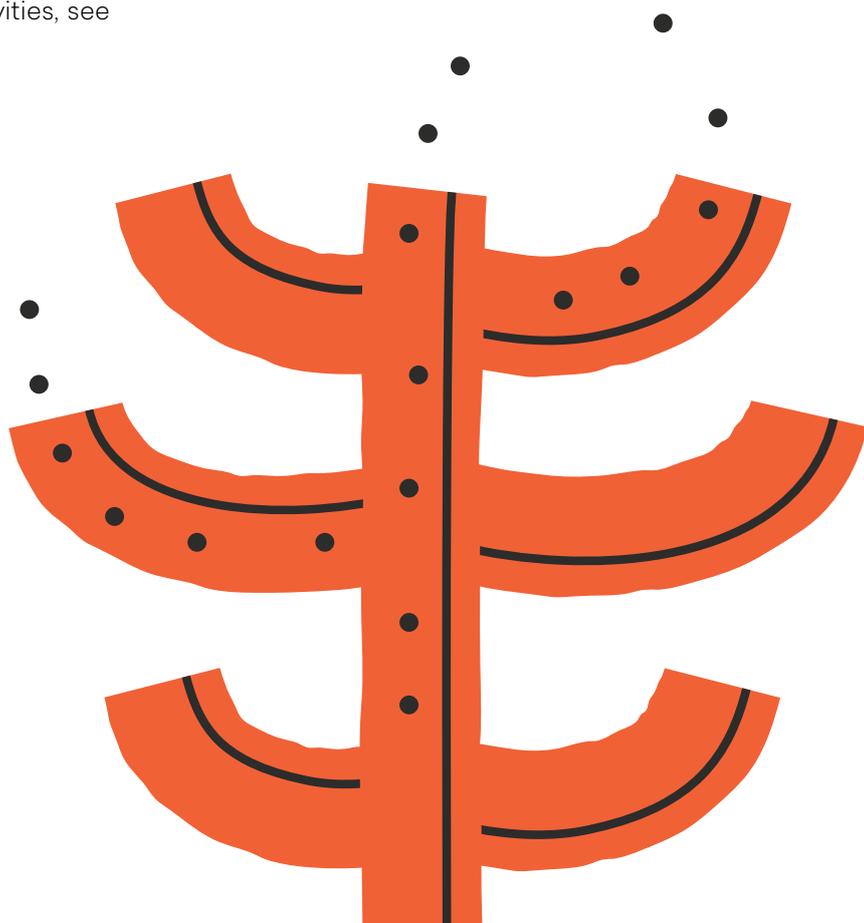
Based on the eligibility and alignment assessment, Floene will publish the respective KPI (sales, CAPEX and OPEX) in accordance with the requirements of the Delegated Act on disclosure, which complements Article 8 of the Taxonomy Regulation.

Despite the ongoing regulatory changes, Floene maintains its commitment to **transparency and preparedness**, guaranteeing that it will be ready for any future legislative developments.

For more information on the developments already made in analysing the alignment of activities, see Annex VI.



Although the regulatory obligation only applies from 2026 (FY 2025), in 2024 Floene began implementing the EU Taxonomy Regulation in advance of the same year's fiscal year





THE NETWORK • Living Flows

This piece reimagines the invisible path of gas through the pipelines that extend across the territory, bringing energy to consumers' homes. The intense colour symbolises vitality, transformation, and constant movement. Each shade celebrates the energy flowing through these networks, reminding us that, more than mere transportation, the flow of gas represents a dynamic connection between technology and life, between source and destination.



06



Financial Performance

06. Financial Performance



Floene's EBITDA stood at EUR 103 million, broadly stable compared to the previous year

6.1. Innovation and resilience

6.1.1. Information Systems

Floene is committed to the continuous improvement of its business processes, with a special focus on its carbon footprint. The evolution of its IT systems plays a strategic role in this objective, as it contributes to the digitisation of a growing number of tasks, minimising the need for paper printouts, as well as unnecessary travel, by allowing remote services to be provided.

Floene digital and technological transformation journey is based on three fundamental axes:

- **Sustainability**

With the aim of developing and implementing digital solutions that have a positive impact on the environment and climate, Floene prioritise the selection of technological partners who share its concern for reducing the carbon footprint. Business processes, supported by information systems, are continually analysed with a view to optimising energy efficiency, promoting remote activities and minimising face-to-face travel. At the same time, the digitalisation of operations will contribute to reducing the environmental footprint.

- **Safety and security**

The digital transformation journey is an ongoing process in which the security of IT systems is a

priority. The Company is committed to ensuring the privacy of personal data and protecting the assets that support its operational processes.

Aware of cybercrime threats such as data breaches and cyberattacks, Floene invests in protecting digital identities from usurpation or manipulation and implements measures to prevent disruption to its operations.

In 2024, Floene continued to invest in protecting its business processes and the services it provides to customers and partners. The Company keeps its cybersecurity management processes up to date, with continuous monitoring of its IT systems, and promotes training and awareness-raising among employees of the importance of information security and associated prevention.

- **People**

Floene digital and technological transformation is primarily aimed at serving and benefiting all the parties involved in its processes. This includes increasing the transparency of the services provided, bringing them closer to the end users and, ultimately, valuing human talent.

For 2024, Floene has continued to develop more, and better processes supported by automation, as well as providing users with better personal productivity tools, always with the aim of valuing

human talent and increasing the quality and performance of the services provided.

The Company believes that digital and technological transformation is fundamental to its success and is committed to continuing to invest in this direction.

6.2. Operating and financial results

6.2.1. Regulatory framework

Under Directive No. 18/2024, ERSE published in *Diário da República* 136/2024 of 16 July, the “Gas Tariffs and Prices for the Gas Year 2024-2025”, based on the parameters proposed for the 2024-2027 regulatory period. This includes distribution network access tariffs, regulated services prices, and demand forecast for the period from 1 October 2024 to 30 September 2025.

The published tariffs aim to enable the recovery of revenues by regulated companies, reflecting the efficient costs of the activities within the national gas system, as calculated by ERSE in accordance with the current regulatory methodologies.

A general increase in network access tariffs across all segments was observed, primarily driven by declining demand in recent years and the incorporation of the final adjustment for 2022. This period was also characterised by significant fluctuations in Portuguese Treasury Bonds, which had a direct impact on the rate of return.

For the Floene Group companies, the allowed revenues for the 2024-2025 period, excluding adjustments from previous periods, show a slight decrease compared to the previous gas year.

Regarding the rate of return calculated on a calendar year basis, the rate considered by the regulated companies of the Floene Group at the end of 2024 was 5.64 %, slightly below the 5.66% rate published by ERSE for the same year. This reduction results from the evolution of Portuguese Treasury Bonds (OT), as well as from the methodological revision implemented by ERSE for their definition, to be applied in the new regulatory period starting in 2024.

The allowed revenues for the gas distribution activity results from the sum of the following components:

- Cost of capital, defined as the product of the Regulated Asset Base (RAB) and the Rate of Return (RoR) published by ERSE, plus the amortisation and depreciation of those assets. The RoR is determined through a methodology that combines fixed parameters with a variable component indexed to the average daily yield of 10-year OT, subject to a maximum and a minimum value;
- Recovery of net allowed operating costs (OPEX) indexed to efficiency factors established by the regulator and adjusted based on the GDP deflator and market trends (e.g. number of active customers and energy demand);
- Adjustments to the allowed revenues, corresponding to the difference between actual revenues collected and the allowed revenues calculated by ERSE for calendar year two years prior (n-2).

For the last resort supply activity, the value of the allowed revenues results from the sum of the following components:

- Recovery OPEX, indexed to the efficiency factors defined by the regulator, adjusted for the GDP deflator and by regulated market evolution (e.g. number of active customers);
- Additional revenue established in the supply licence;
- Differential between average payment and collection terms; and
- Adjustments to allowed revenues, reflecting the difference between actual revenues collected and the allowed revenues calculated by ERSE for calendar year n-2.

According to current regulatory assumptions, the gas year runs from 1 October of one year to 30 September of the next, during which the regulated tariffs apply. Therefore, in 2024, the applicable gas tariffs and prices were those from the 2023-2024 gas year (1 January to 30 September) and the 2024-2025 gas year (1 October to 31 December), both published by ERSE.

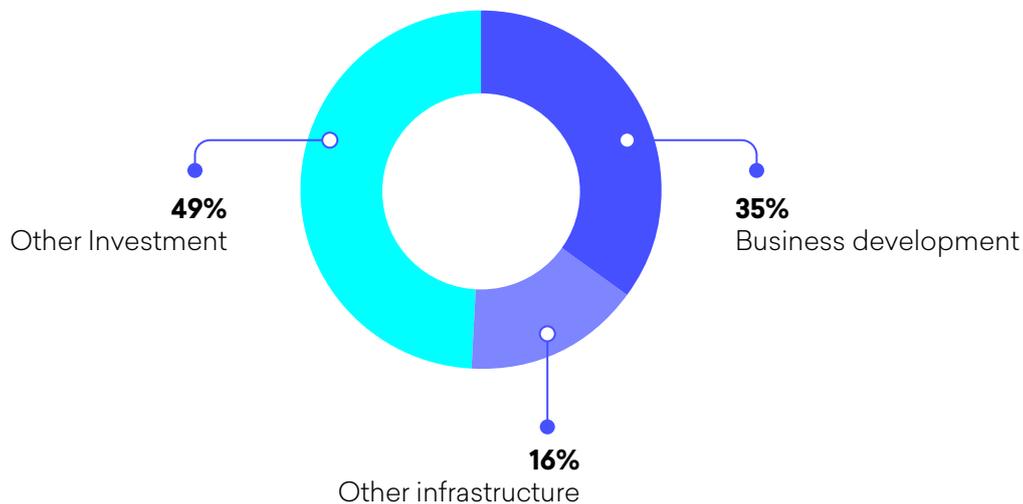
6.2.2. Investments



	2024	2023	Δ	Δ%
Business development	17,490	19,285	(1,795)	(9.3%)
Other Infrastructure	7,784	7,523	260	3.5%
Other Investments	24,222	14,269	9,952	69.7%
CAPEX	49,496	41,077	8,418	20.5%
IFRS 16	6,649	238	6,411	2 693.7%
CAPEX + IFRS 16	56,145	41,315	14,829	35.9%

Thousands of EUR

Investments



In 2024, Floene invested EUR 49.5 million (excluding IFRS 16), representing a year-on-year (YoY) increase of 20.5%. The main investment focus was on “Other investments”, which accounted for 49% of the total investment. “Business development” represented 35% of the total, while investments in “Other infrastructure” reached 16%.

“Other investments” amounted to EUR 24.2 million (+69.7% YoY) and, as anticipated, focused on the optimisation and efficiency programme within Floene Group’s internal transformation process (carve-out from the previous Shareholder). This process includes investment in information systems, reflecting Floene’s commitment to promoting operational excellence through the implementation of an ecosystem that enables the technological and digital transformation of its operations to ensure value creation for all Stakeholders.

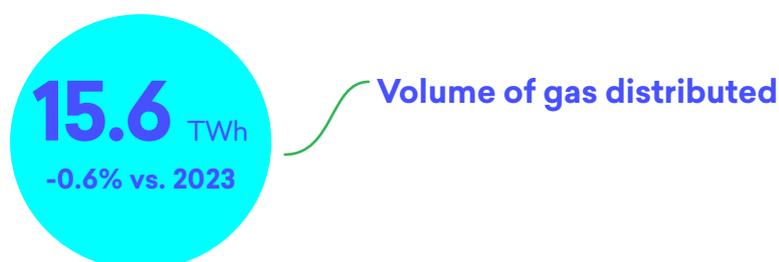
Floene believes that injecting renewable gases, such as biomethane and green hydrogen, into existing networks is key to enabling a swift and fair energy transition and to supporting a more balanced energy mix, particularly for energy-intensive industries. The network that currently distributes natural gas to over 1.1 million customers will, in the future, distribute renewable gases.

For this reason, Floene continues to drive business development, with total investment reaching EUR 17.5 million (-9.3% YoY), 67% of which was allocated to the expansion of 110 km of the gas distribution network, including 4,580 service connections. By the end of 2024, the gas distribution network had reached a total length of 13,911 kilometres. The remaining 33% of the investment was absorbed to connect 13,232 new connection points to the distribution network, providing households, services and industries access to more efficient energy source through a continuous and reliable supply.

Investment in “Other infrastructures” totalled EUR 7.8 million (+3.5% YoY) and resulted from the identification of opportunities or needs for intervention to ensure the continued supply security, proper operation of the entire infrastructure, and reliability of the equipment associated with the gas distribution system. During this period, investment was also made in the renewal of an additional 10 kilometres of network, as well as reinforcements and restructuring of the existing network, continuing the plan to replace steel and iron networks with polyethylene, with completion scheduled for 2026.

Regarding the PDIRD-G 2024, a revised version was submitted in December 2024. Its approval is the responsibility of the Government, following discussion in the Portuguese Parliament.

6.2.3. Volume of gas distributed



	2024	2023	Δ	Δ%
Domestic [< 10 m ³]	2,743	2,735	9	0.3%
Tertiary [10m-100m m ³] + Industrial [100 m-1 M m ³]	765	779	(14)	(1.8%)
Industrial [> 1 M m ³]	12,057	12,139	(82)	(0.7%)
Total	15,566	15,653	(87)	(0.6%)

GWh

The volume of natural gas distributed through the distribution network reached 15,566 GWh, showing a decrease of 0.6% compared to the same period in the previous year.

In 2024, the demand for natural gas slightly increased in the domestic segment (+0.3% YoY), with this segment representing 60% of the revenues for the Floene Group.

In the tertiary and industrial segments, natural gas demand decreased by 1.8 % and 0.7 % respectively. The industrial segment continues to represent about 78% of the volume distributed on the network. In 2024, the ceramics, glass and food/beverage sectors consumed around half of the volumes distributed through the distribution network.

Nationally, the demand for natural gas in the low and medium pressure system remained stable at 23 TWh, with 69% of this being distributed by Floene. Natural gas is an affordable and comfortable energy source, which remains a more efficient and cleaner alternative when compared to other fossil energy sources, underscoring its strategic importance in the energy transition process.

6.2.4. Results in 2024



Thousands of EUR

	2024	2023	Δ	Δ%
Regulated revenues (net of pass-through revenues) 1	154,389	153,194	1,195	0.8%
Retailer last resort gas sales	1,851	1,765	86	4.9%
Use of gas distribution network	152,538	151,429	1,109	0.7%
Others Revenues	1,214	1,015	199	19.6%
Net operational Costs¹	(52,858)	(50,439)	(2,420)	4.8%
External costs	(34,692)	(33,932)	(761)	2.2%
Personnel costs	(27,768)	(25,602)	(2,166)	8.5%
Other operational income (costs)	9,602	9,095	507	5.6%
Impairment losses on other receivables	(143)	(1,148)	1,005	(87.5%)
EBITDA	102,602	102,622	(20)	(0.0%)

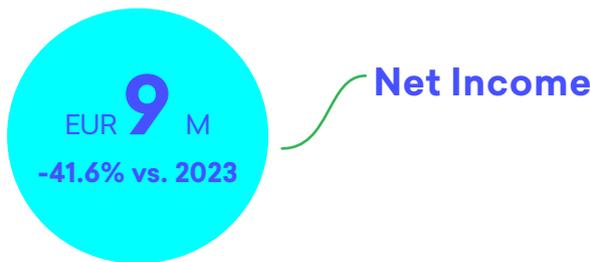
1. Non-core revenues/expenses accepted by the tariff with a neutral impact on EBITDA.

The increase of EUR 1.2 million in allowed revenues, including adjustments from the 2022 calendar year (s-2), is primarily driven by the increase resulting from the final s-2 year adjustment published by ERSE. This adjustment helped offset the impact of the reduction in the base return on remuneration (RoR) from 5.9 % to 5.64 %, following the decrease in interest rates of Portuguese 10-year government bonds. The allowed revenues were recorded based on the actual value as of 31 December 2024, and the variables contributing to their calculation, in accordance with the methodology published by ERSE for the current regulatory period.

Net operational costs, excluding pass-through effects (non-core costs accepted by the tariff), increased by 4.8% compared to 2023, totalling EUR 52.9 million, mainly reflecting the higher costs associated with the ongoing internal transformation process and the Group's transition to autonomy from its previous Shareholder, particularly in the increase in personnel costs.

The favourable variance of EUR 1.0 million in the "Impairments" item is explained by the reduction in impairments related to the pass-through tariff deviation of the Last Resort Supply activity (CURr), compared to the previous year.

As a result, Floene's EBITDA stood at EUR 102.6 million, broadly stable compared to the previous year.



	Thousands of EUR			
	2024	2023	Δ	Δ%
EBITDA	102,602	102,622	(20)	(0.0%)
Amortisation, depreciation and impairment ¹	(49,991)	(49,446)	(545)	1.1%
Provisions	(206)	272	(478)	(175.7%)
EBIT	52,405	53,449	(1,044)	(2.0%)
Financial results¹	(31,183)	(22,850)	(8,333)	36.5%
Profit before tax	21,222	30,599	(9,377)	(30.6%)
Taxes	(6,400)	(8,299)	1,900	(22.9%)
Energy sector extraordinary contribution	(4,773)	(5,275)	503	(9.5%)
Consolidated net income	10,050	17,025	(6,975)	(41.0%)
Non-controlling interests	(720)	(1,049)	329	(31.4%)
Net income to FLOENE	9,330	15,976	(6,646)	(41.6%)

1. Includes IFRS 16.

EBIT decreased by 2.0% YoY, to EUR 52.4 million, reflecting a EUR 0.5 million increase in amortisation and depreciation and a EUR 0.5 million increase in provisions.

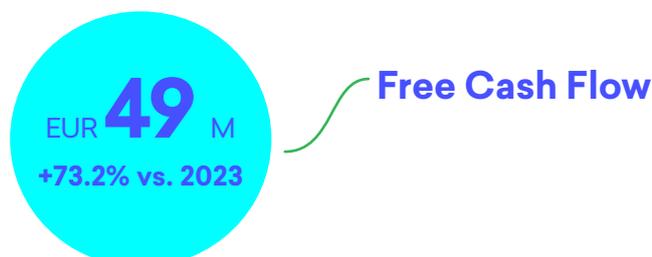
Net financial results were negative by EUR 31.2 million in 2024, representing a 36.5% YoY increase, driven by higher financial costs. This increase was mainly due to the full-year impact of the financial cost associated with the EMTN 2023 bond, issued in July 2023, whereas the 2023 results still benefited from the significantly lower interest rate of the EMTN 2016 bond. As a result, in 2024, the average cost of debt rose from 3.15 % to 4.41 % (+1.26 basis points vs. 2023), also influenced by an increase in net debt, which reached EUR 609 million.

Income tax expenses decreased by 22.9% to EUR 6.4 million, reflecting the EUR 9.4 million decline in profit before tax, corresponding to an effective tax rate of 30%.

In 2024, the Extraordinary Contribution on the Energy Sector (CESE) continued to significantly impact the Group's results, amounting to EUR 14.5 million, of which EUR 8.8 million relates to the 2024 CESE and EUR 5.7 million corresponds to interest on late payments. The Group has opted not to pay this contribution, as its constitutionality remains under legal challenge. This impact was partially offset by the reversal of a EUR 9.8 million provision, following three final favourable rulings by the Constitutional Court, which declared the 2019 CESE unconstitutional, as well as a ruling related to the 2020 CESE (see Note 19 in the Notes to the Financial Statements).

In 2024, Floene Group's net income totalled EUR 9.3 million, representing a 41.6% decrease, due the factors mentioned above.

6.2.5. Cash Flow



	Thousands of EUR			
	2024	2023	Δ	Δ%
Cash and cash equivalents at the beginning of the period	79,505	87,523	(8,018)	(9.2%)
Cash flow from operating activities	97,840	62,901	34,939	55.5%
Cash flow from investing activities	(48,590)	(34,468)	(14,122)	41.0%
Free Cash Flow	49,250	28,433	20,817	73.2%
Loans obtained	39,300	599,160	(559,860)	(93.4%)
Loan repayments	(82,667)	(601,042)	518,375	(86.2%)
Financial charges ¹	(34,175)	(19,515)	(14,660)	75.1%
Payment of dividends	(31,503)	(15,054)	(16,449)	109.3%
Net cash variation	(59,794)	(8,017)	(51,777)	645.8%
Effect of exchange rate differences	0	(1)	1	(100.0%)
Cash and cash equivalents at the end of the period	19,711	79,505	(59,828)	(75.2%)

1. Includes lease payments and lease interest (IFRS 16).

Operating Cash Flow reached EUR 97.8 million, representing a 55.5% YoY increase. This performance was mainly driven by the following factors:

- i) An increase of EUR 34.6 million (+15.7% YoY) in cash received from customers, resulting from an average rise of approximately 19% in regulated tariffs. This includes both distribution networks access tariffs and transmission networks access tariffs charged by the Transmission System Operator. This effect offset the EUR 11.7 million increase (+17.7% YoY) in payments to suppliers. These revenues and corresponding costs are neutral in the consolidated income statement (pass-through effect);
- ii) A reduction of EUR 14.9 million YoY in income tax payments, due to a lower current tax for 2023, considering the advance payments made during that year. This resulted in a receivable balance, which was carried over to 2024, leading to a reduction in tax payments in that year.

Cash flow from investment activities increased by 41 % YoY to EUR 48.6 million.

Free Cash Flow amounted EUR 49.2 million, registering an increase of EUR 20.8 million (+73.2% YoY), explained by the increase in Cash Flow from operating activities mentioned above.

As for Cash Flow from financing activities, the negative variation of EUR 72.6 million is explained by the following reasons: i) early refinancing of the EUR 70 million bond loan and the EUR 4.1 million Project Finance loan of the Group Company Beiragás, replaced by financing through the issuance of commercial paper in the amount of EUR 30.8 million; ii) payment of net financial charges, which increased to EUR 34.1 million (+75.1% YoY), following the rise in interest rates resulting from the worsening of financial market conditions at the time of the EMTN renegotiation in July 2023 compared to the negotiation date of the previous EMTN being refinanced, in September 2016; and iii) payment of EUR 31.5 million in dividends to Shareholders.

Net cash variation was negative by EUR 59.8 million. Considering that cash at the beginning of the period amounted to 79.5 million euros, Floene ended the period with cash and cash equivalents of EUR 19.7 million.



Operating Cash Flow reached EUR 97.8 million, representing a 55.5% YoY increase. This performance was mainly driven by an increase of EUR 34.6 million (+15.7% YoY) in cash received from customers, resulting from an average in regulated tariffs, and a reduction of EUR 14.9 million YoY in income tax payments, among other factors. As for Cash Flow from financing activities amounted EUR 49.2 million, registering an increase of EUR 20.8 million

6.2.6. Financial situation

Thousands of EUR

	2024	2023	Δ
Net fixed assets	1,121,270	1,120,897	374
Active use rights (IFRS 16)	11,491	10,279	1,212
Working capital ¹	24,674	26,470	(1,796)
Subsidies to investment	(180,526)	(189,070)	8,544
Other non-current assets (liabilities)	(121,320)	(106,142)	(15,178)
Capital employed	855,589	862,432	(6,843)
Short-term debt	30,831	71,444	(40,613)
Long-term debt	597,933	599,896	(1,963)
Total debt	628,764	671,340	(42,576)
Cash and equivalents	19,711	79,505	(59,794)
Net Debt	609,053	591,835	17,218
Leases (IFRS 16)	12,414	11,016	1,398
Equity	234,122	259,581	(25,459)
Equity, net debt and leases	855,589	862,432	(6,843)
Net Debt to equity	2.6x	2.3x	-

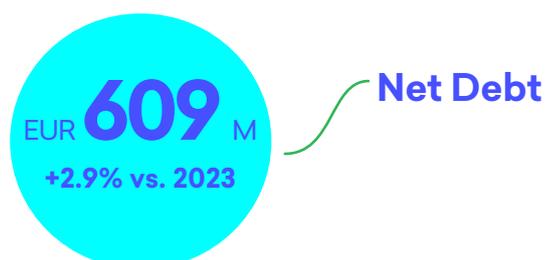
1. Working capital = Current Assets - Current Liabilities (excluding Cash and equivalents, Short-term debt, Short-term leases and Short-term subsidies)

As of 31 December 2024, Floene's net fixed assets amounted to EUR 1,121.3 million, representing an increase of EUR 0.4 million compared to the end of the previous year, driven by the increase in investment recorded during the year.

Capital employed decreased compared to the previous year to EUR 855.6 million, mainly reflecting: i) a reduction in working capital to EUR 25 million, explained by a EUR 7.9 million variation in income tax; and ii) a decrease in other non-current assets/liabilities, due to a EUR 7.7 million reduction in the medium and long-term tariff deviation.

The balance of recoverable tariff deviation, related to regulated distribution and pass-through activities, stood at EUR 40.4 million, down EUR 3.9 million YoY.

6.2.7. Financing and debt



Thousands of EUR

Sources of Financing	2024	2023
EMTN 2024 - Notes	420,000	420,000
Syndicated Bond Loan	180,000	180,000
Bond Loans	0	70,000
Bank Loans	0	4,167
Commercial Paper	30,800	0
Other	(2,036)	(2,827)
Total	628,764	671,340
Cash and Equivalent	19,711	79,505
Net Debt	609,053	591,835

During 2024, the following refinancing operations were carried out, improving commercial conditions in several dimensions, including pricing, flexibility of use, and extended maturity. With the execution of these transactions – alongside a new Syndicated Bond Loan of EUR 180 million, which finance the early repayment of the 2023 Syndicated Bond Loan, formalised in February 2025 (see Chapter 9 – Relevant facts occurring after the close of the Financial Year) – the Floene Group successfully completed its refinancing process initiated in 2022. This process encompassed seven transactions amounting EUR 1,650 million, positioning the Company with a strong financial position to face future challenges:

- On 8 March 2024, the Company formalised a Commercial Paper Programme totalling EUR 79 million, aimed at strengthening its financial position. The Programme has a four-year term (from the date of the first issuance) and features a floating interest rate indexed to Euribor plus a contractually agreed spread. As of 31 December 2024, commercial paper issuance under this programme amounted EUR 23.8 million, with a maturity of less than one year;
- On 24 April 2024, the Company early repaid a EUR 70 million bond loan originally maturing on 1 August 2024 using cash and cash equivalents;
- In June 2024, the Group Company Beiragás, early repaid its Project Finance loan, originally contracted in 2005 and maturing in 2027, in the amount of EUR 4.1 million, also using available cash and cash equivalents. Following this repayment, the Company is no longer subject to compliance with financial covenants;
- Additionally, Beiragás formalised a separate Commercial Paper Programme amounting of EUR 12.5 million, indexed to Euribor plus a contractually agreed spread. The goal was to refinance the above-mentioned Project Finance loan and strengthen the Company's financial position. As of 31 December 2024, issuances under this programme amounted to EUR 7.0 million, with maturity of less than one year.

At the end of 2024, net debt totalled EUR 609.1 million, an increase of 2.9% YoY. Fixed-rate debt accounted for 61% of Floene's total financial debt, based on the total value of the credit lines negotiated.

6.2.8. Rating

Floene's financial policy is based on the active management of debt and cash and equivalents, with the objective of maintaining a strong liquidity position and a long-term debt profile that supports the Company's strategy of maintaining an investment grade rating.

In May 2024, S&P reaffirmed Floene's investment grade rating (BBB-), with a stable outlook.

6.3. Quality of service and customer satisfaction

6.3.1. Quality service, safe and efficient supply

Floene is committed to ensuring a reliable, high-quality gas supply, ensuring consumer satisfaction and the preservation its assets. To this end, safety and accident prevention are fundamental priorities in our operations, protecting not only our employees and partners, but also the communities in which we operate, and the entire infrastructure associated with our activities.

Compliance and development projects

In addition to the various initiatives previously described, several works were carried out at the facilities of the Autonomous Gas Units in Service, with the goal of improving operating and safety conditions. These efforts reflect current technological advancements and best practices. The implementation of this project, initially scheduled to run until 2025, was concluded in 2024.

Maintenance and operation of the distribution network

Managing Floene's distribution network requires continuous monitoring, with gas network maintenance being primary preventative in nature. As a DSO, our main mission is to enhance the overall quality of the system, ensuring high standards of

safety, operational reliability, service quality and supply continuity.

To meet these goals, we have implemented a preventive maintenance plan that includes regular inspections across most of the networks, leak detection and other targeted activities. These include visual inspection and functional control of the Pressure Reduction and Metering Stations (PRM), checking the operability of valves, systematic leak detection across the network, adjusting parameters and reversing PRM lines, as well as identifying coating faults on steel pipelines.

We also provide technical resources to monitor works on public roads, with the aim of preventing third-party damage to our infrastructure.

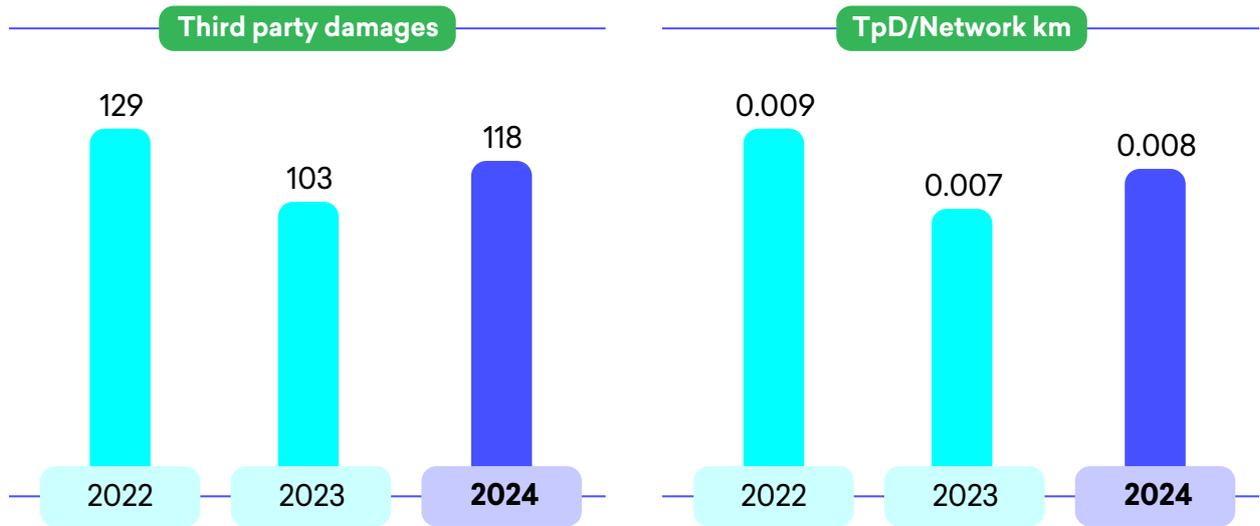
Third Party Damages

Interventions carried out by entities external to Floene, in close proximity to the gas distribution network, such as construction projects or upgrades to communication, water supply, and other utilities, represent one of the main risk factors for the integrity of the network. In 2024, 118 Third-Party Damages (TPD) were recorded.

To mitigate these risks, Floene has a dedicated working group responsible for continuously tracking and analysing the evolution of such damages, characterising the incidents and identifying their root causes and developing and implementing corrective and preventive measures. This group also monitors the effectiveness of ongoing preventive actions, including:

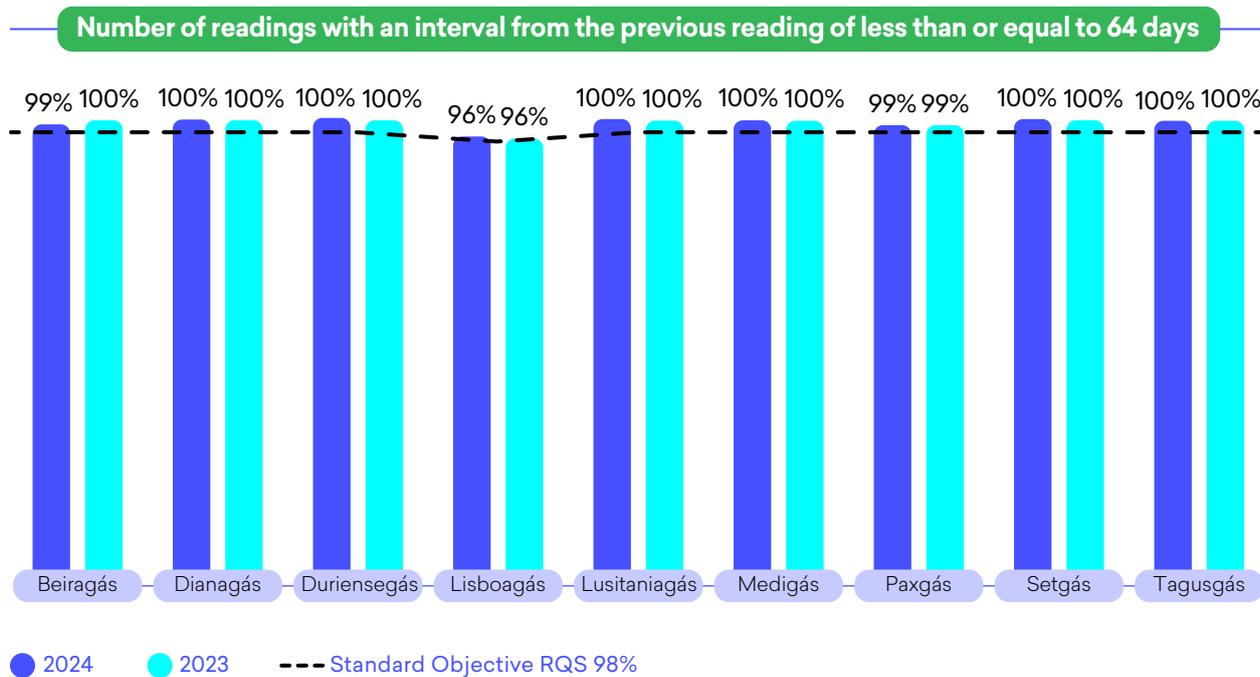
- Enhance monitoring and awareness campaigns for third-party works;
- Improve access to and availability of network registry data for external Stakeholders;
- Engagement with municipal authorities to emphasise the importance of early notification and reporting of construction works, especially in areas containing gas infrastructure.

Financial Performance



Performance in service quality indicators

In 2024, the Floene Group companies complied with the standards established by ERSE under the Gas Sector Quality of Service Regulation (RQS), as shown in the following charts. The service quality reports of the companies are publicly available and can be accessed on Floene’s website.



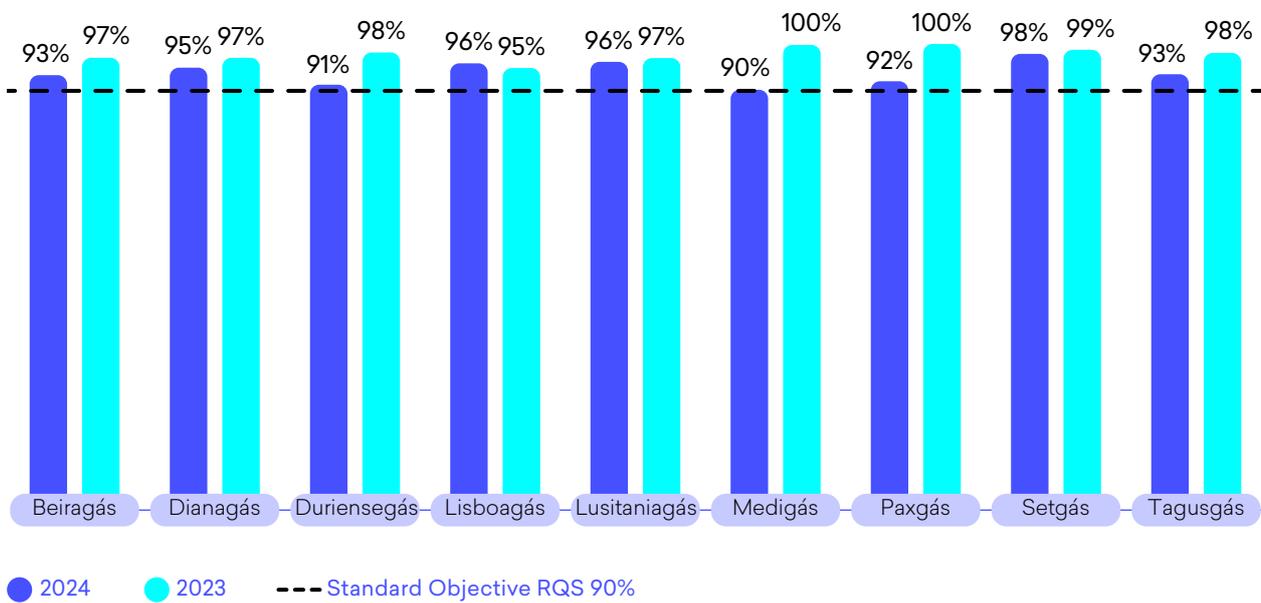
● 2024 ● 2023 --- Standard Objective RQS 98%

NOTE: with the publication of the RQS of July 2023, article 86 and annex I, the standard value of this indicator for Lisboagás was changed to 96%.

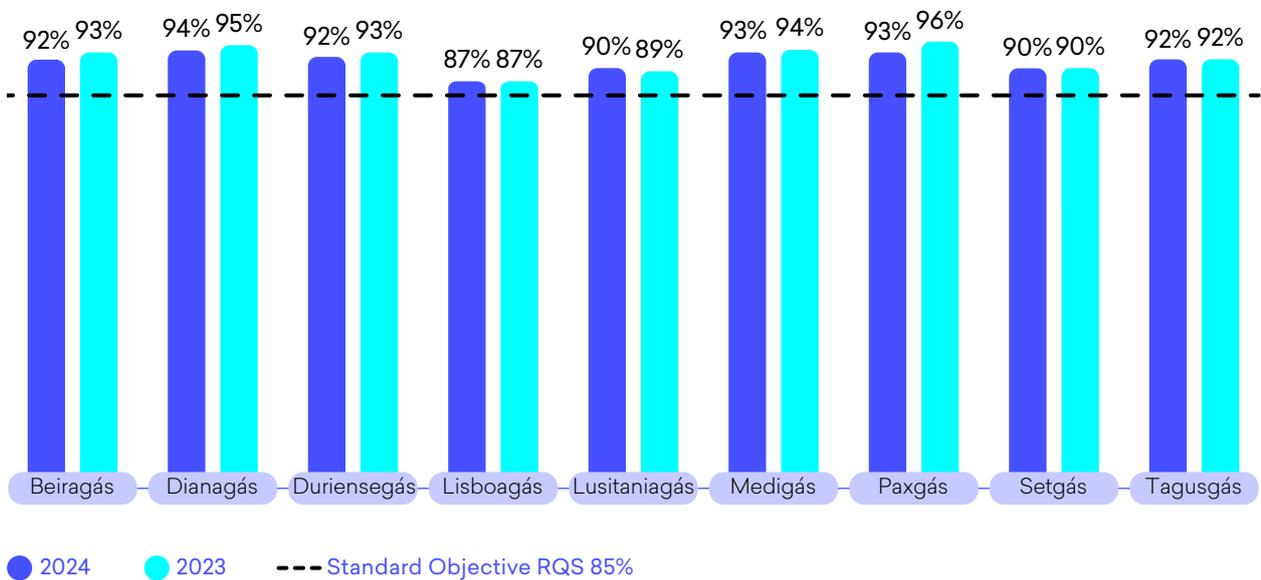


In 2024, the Floene Group companies complied with the standards established by ERSE under the Gas Sector Quality of Service Regulation

Number of written request for information answered within 15 working days or less



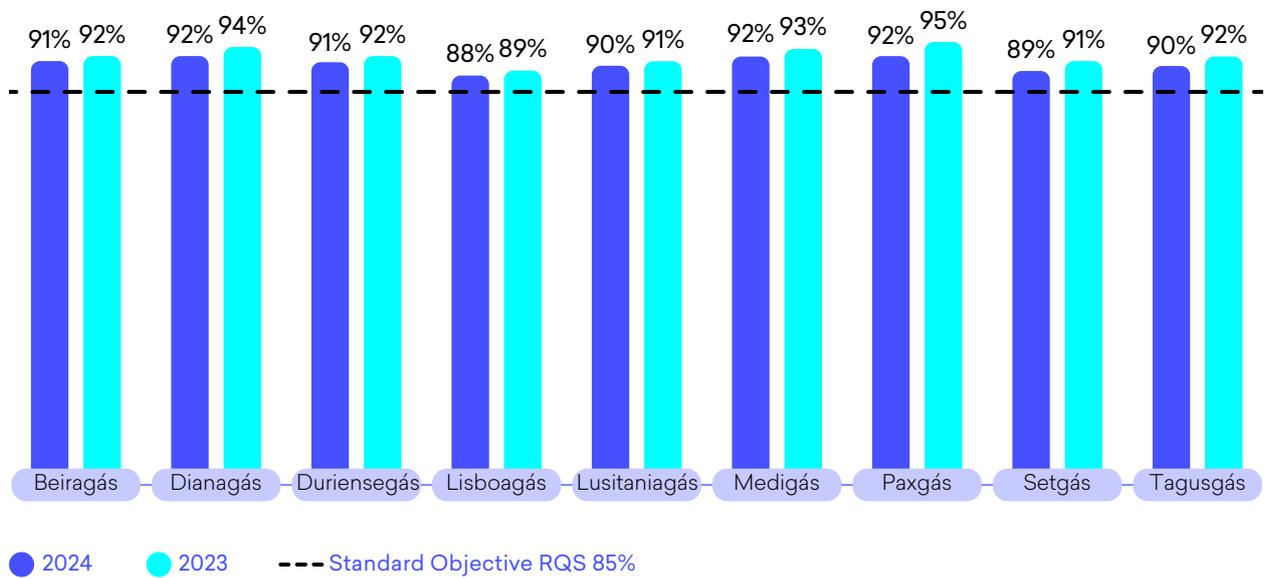
Number of commercial telephone calls with a waiting time of 60 seconds or less



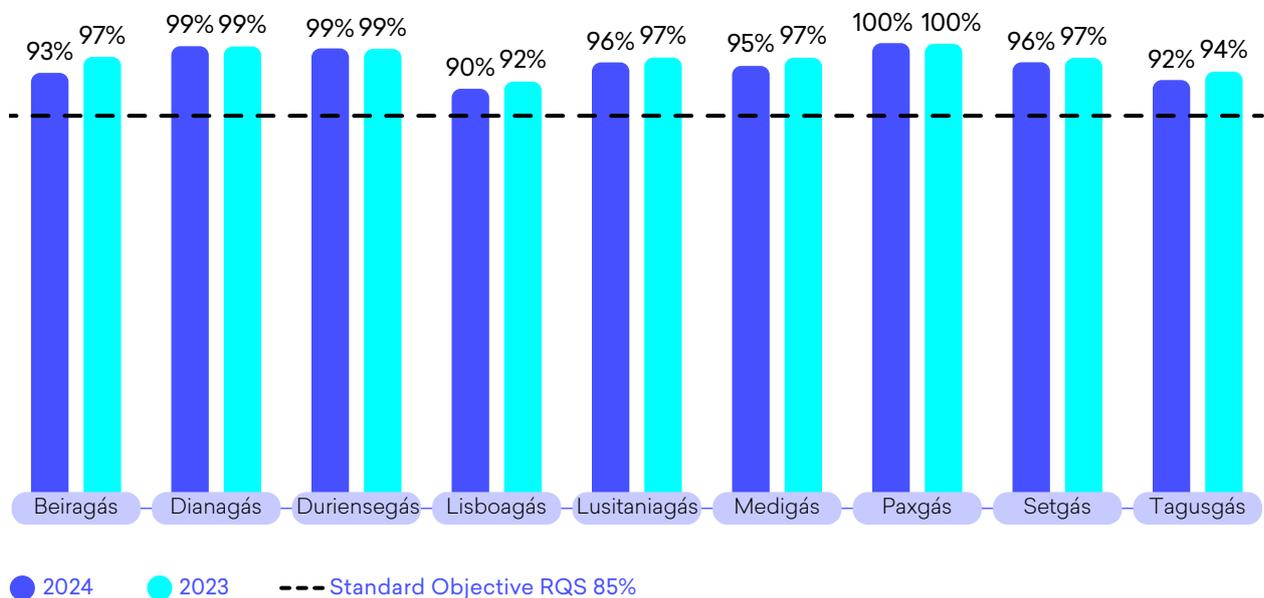
Our emergency response system

The Floene Group’s DSOs provide their customers with a free, continuous emergency system, available 24 hours a day, 365 days a year. When triggered via phone contact, an initial triage is conducted, followed by the dispatch of an on-call team to the location within a maximum of 60 minutes. Upon arrival, the team assesses the situation and takes the necessary measures to ensure the safety of people and property, including, if necessary, temporarily interrupting the gas supply. In 2024, the Floene Group met the standard target set by the Quality-of-Service Regulation (RQS) for emergency response.

Number emergency and breakdown telephone calls with waiting time less than or equal to 60 seconds



Number of emergency situations with arrival time at the location of less than or equal to 60 minutes



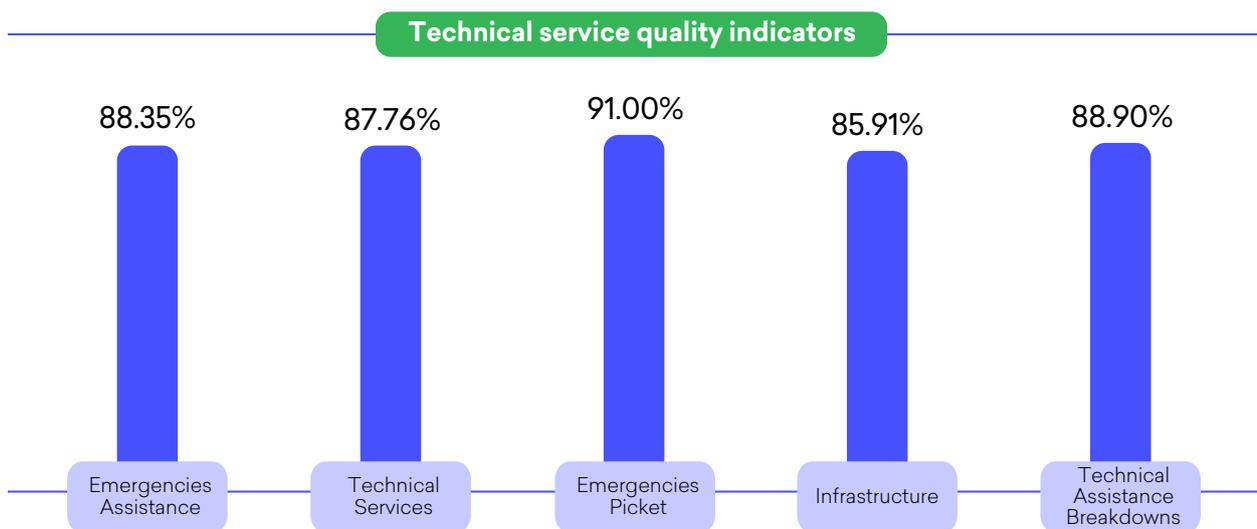
6.3.2. Customer satisfaction

Floene remains focused on its approach to generating and capturing value for the gas consumer/customer, particularly through the service it provides and the experience it offers, aiming to maximise customer satisfaction.

As part of the service quality provided to customers, as a distribution network operator, Floene monitors issues such as service continuity and the characteristics of the natural gas supply (technical service quality) as well as customer service (commercial service quality). The service quality indicators regularly monitored by the Company, as outlined in the RQS, demonstrate high levels of service quality over the years.



In 2024, Floene achieved very positive results, clearly reflecting its commitment to continuous improvement centered on the customer experience



Floene provided training for all field technicians who interact with customers, aiming to standardise and improve service quality

With this focus, in 2024, Floene achieved very positive results, clearly reflecting its commitment to continuous improvement centered on the customer experience. Highlights include:

- **Recommended Brand of the Year**, in the Electricity and/or Gas – Distribution category, recognised awarded by Consumer Trust in January 2025, based on consumer evaluations on the *Portal da Queixa* (“Complaints Portal”) platform throughout 2024;
- **+1.4% improvement in customer satisfaction indicators** compared to 2023;
- **-22% reduction in complaints** received by Distribution Network Operators compared to the previous year.

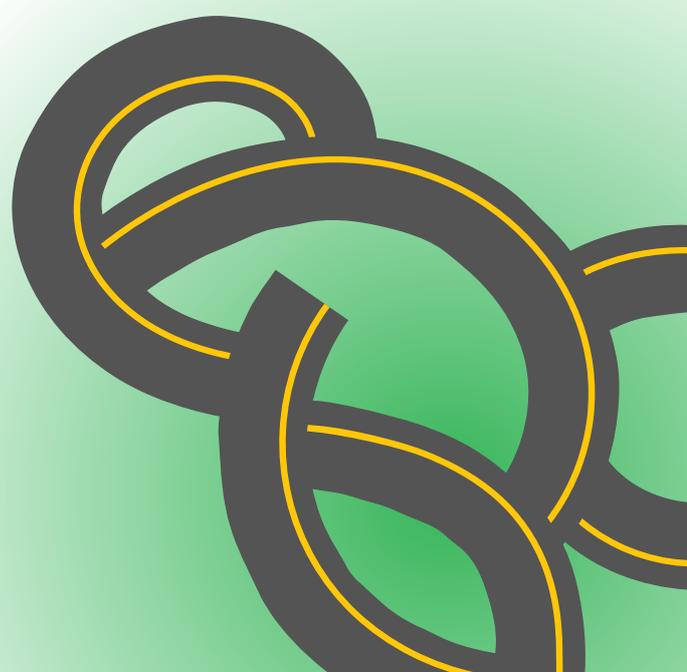
In 2024, Floene took a significant step forward in enhancing the service provided by its Last Resort Suppliers (CURr), with the aim of maximising customer satisfaction and delivering a more efficient experience. The Company brought services operations in-house, developed a new dedicated commercial system, redesigned its corporate image and invoices, and launch a new Customer Portal along with a mobile application (App).

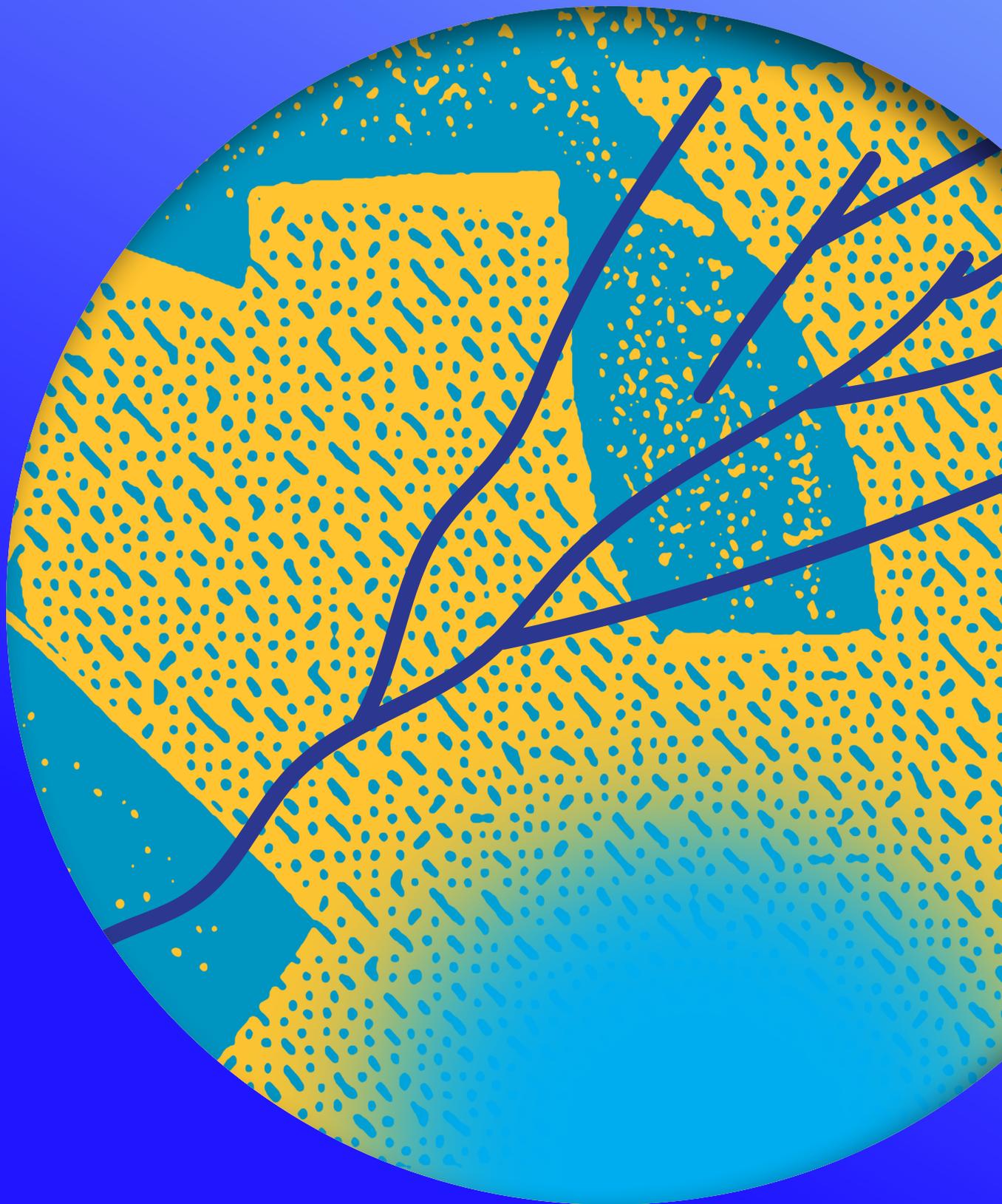
Building on the work started in 2023 with the creation of the Best Practices Manual, Floene provided training for all field technicians who interact with customers, aiming to standardise and improve service quality.

Additionally, at the end of the year, Floene launched an Artificial Intelligence pilot project focused on

Sentiment Analysis. This initiative seeks to generate valuable insights to support informed decision-making and enhance strategic planning. The key focus areas include:

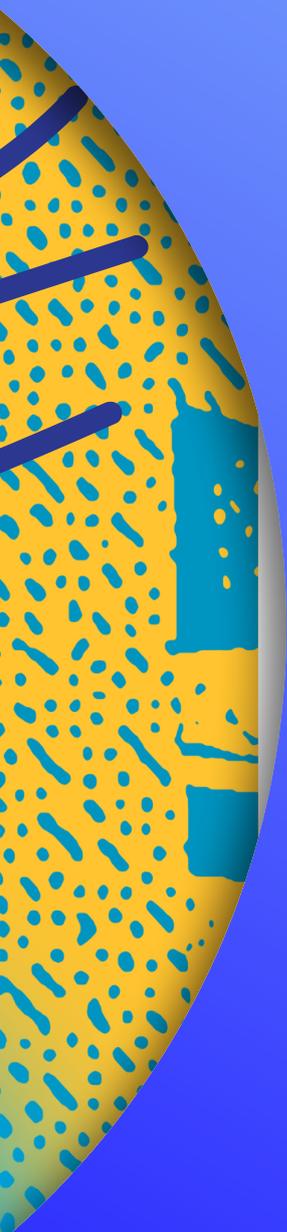
- **Customer perception:** understanding preferences, critical points and behavioural trends;
- **Performance monitoring:** analysing CURr and DSO calls interactions to gain a dual perspective on the effectiveness of internal processes and network operations;
- **Service optimisation:** extracting insights from call interactions to identify opportunities for improving the DSO service delivery and CURr operations, addressing inefficiencies and enhancing the customer experience;
- **Churnreduction:** identifying customer concerns during calls to enable proactive measures aimed at addressing dissatisfaction.





THE TERRITORY • Pulsing network

A symbol of Floene's capillarity and its connection across the territory. Each line, each shape, celebrates the commitment to reaching ever further, sustaining the future.



07



**Proposed
allocation
of results**

FLENE

07. Proposed allocation of results

Floene closed the 2024 financial year with a positive net result of EUR 45,539,038.54 (forty-five million, five hundred and thirty-nine thousand, thirty-eight euros and fifty-four cents), determined on an individual basis in accordance with the International Financial Reporting Standards (IFRS).

In November 2024, Floene distributed, as an advance dividend on the 2024 financial year's profit, the amount of EUR 15,643,838.77, corresponding to EUR 0.17473460 per share.

The Board of Directors proposes, in accordance with the legal requirements, that the remaining amount of the net result for the 2024 financial year of EUR 29,895,199.77 be allocated as follows:

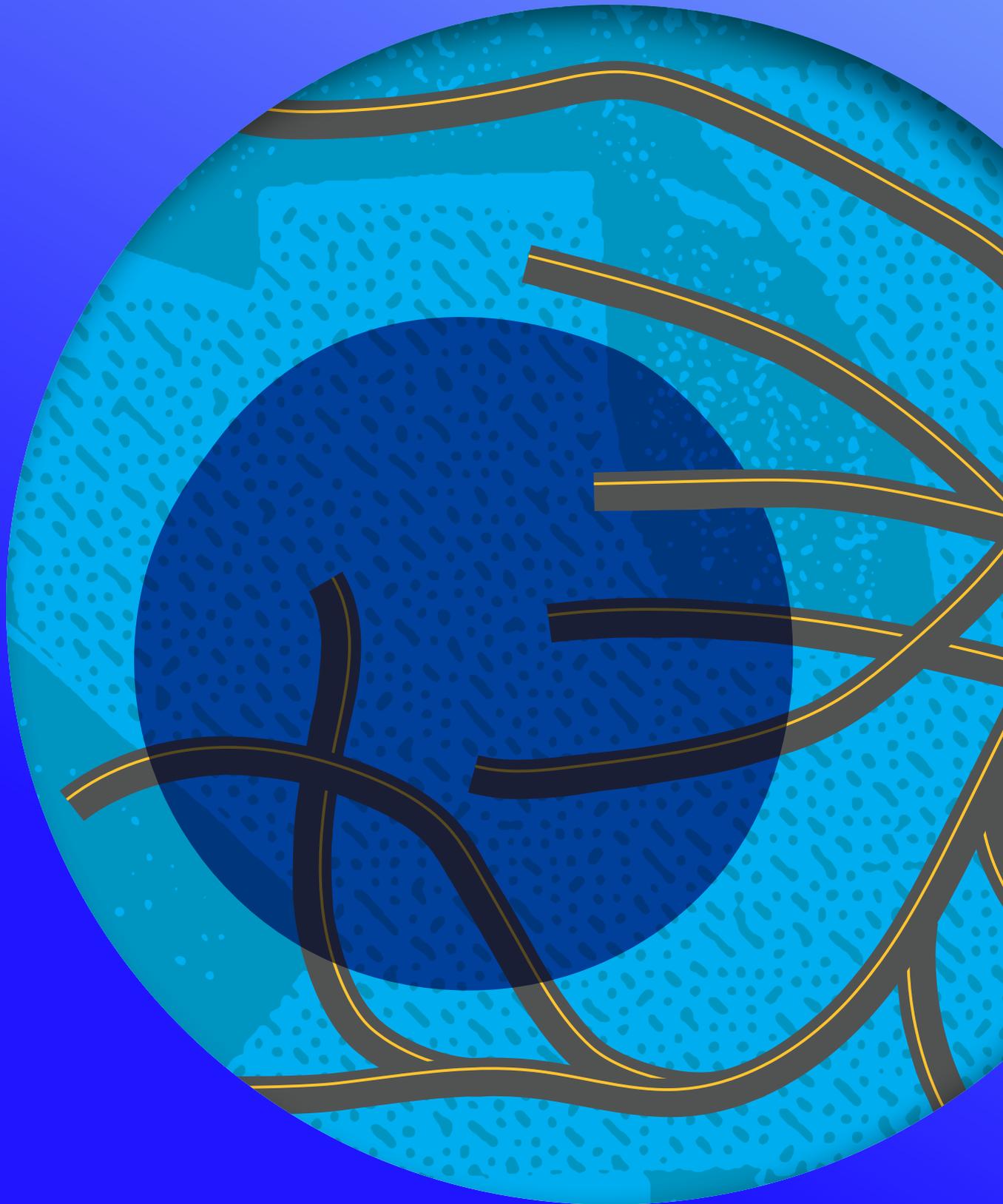
- Appropriation to the legal reserve in the amount of EUR 2,276,951.93;
- Transfer to retained earnings in the amount of EUR 27,618,247.84.

It is also proposed that a maximum amount of up to EUR 2,890,000.00 be distributed to Floene Group employees and the Company's executive directors as a share in the 2024 results. This amount has already been recognised and expressed in the Floene Group's consolidated financial statements and in the individual financial statements of each of its subsidiaries, and the calculation of the respective net results for 2024 has already included this amount.

The allocation of this amount among the Group's companies, for distribution to their respective employees, will be determined by Floene's Executive Committee, under the terms of the applicable internal rules, while the amount directed to Floene's executive directors will be determined by the General Shareholders' Meeting, under the applicable legal terms.

Proposed allocation of results





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sustaining the future.



08



Future Prospects

08. Future Prospects



Portugal's existing gas network will play a key role in enabling the distribution of renewable gases such as biomethane and hydrogen in the future

On a geopolitical level, international tensions are expected to remain high, reflecting the uncertainty over ceasefire negotiations in ongoing conflicts, as well as the growing fragmentation of global trust that characterises the current scenario.

On a national level, Portugal is facing a challenging political context, with a crisis that has resulted in the calling of early legislative elections, increasing uncertainty about the country's political and economic direction.

Internally, Floene will be completing its journey of transformation, digitalisation and autonomy, a process that will optimise internal operations and improve operational efficiency. This phase represents an excellent opportunity to improve the performance of its systems and services, aligning them with the new demands of the market.

With the growing focus on energy transition issues in Portugal, Floene will reinforce its commitment to decarbonisation targets by investing in the expansion of various initiatives to promote renewable gases, such as biomethane and hydrogen, through

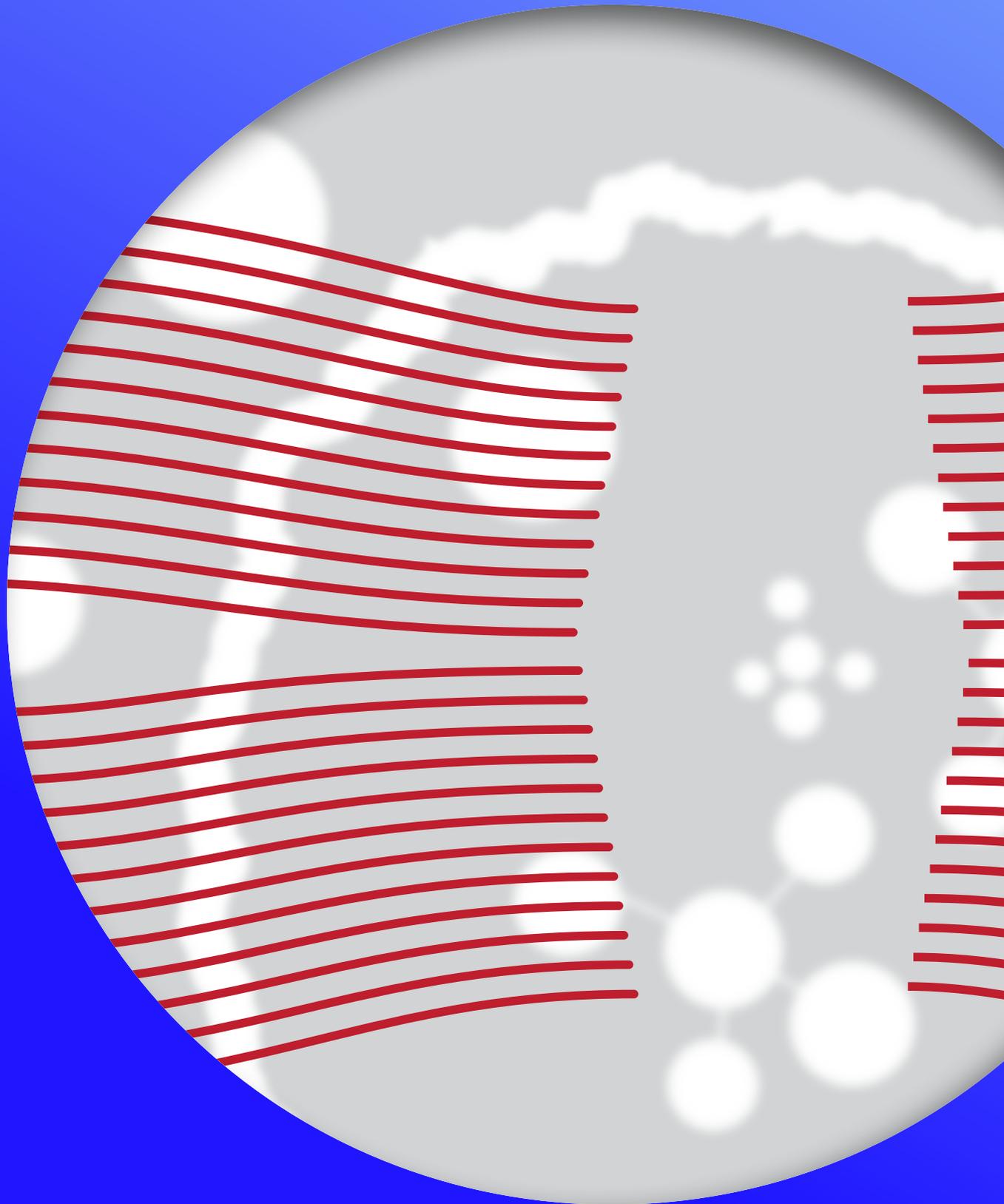
strategic partnerships. The essential role of renewable gases in the country's decarbonisation and the need to accelerate their development are more urgent than ever to ensure greater energy independence and security.

In January 2025, Floene, through its concessionaire Lisboaagás, signed a contract with HyChem for the injection of green hydrogen into the gas distribution network in the Lisbon region, which covers the municipalities of Lisbon, Amadora, Oeiras, Cascais, Mafra, Sintra and Loures. The distribution of green hydrogen mixed with natural gas is expected to begin in 2027, benefiting approximately half a million domestic customers and around 1,300 industrial customers.

In February 2025, Floene and Gaz Réseau Distribution France (GRDF), the largest gas distribution network operators in Portugal and France respectively, strengthened their strategic partnership for the development of renewable gases. This step is crucial to speeding up the production of biomethane in Portugal and is part of a series of bilateral agreements signed during French President Emmanuel Macron's visit to Porto, which strengthened cooperation between the two countries in the field of energy transition.

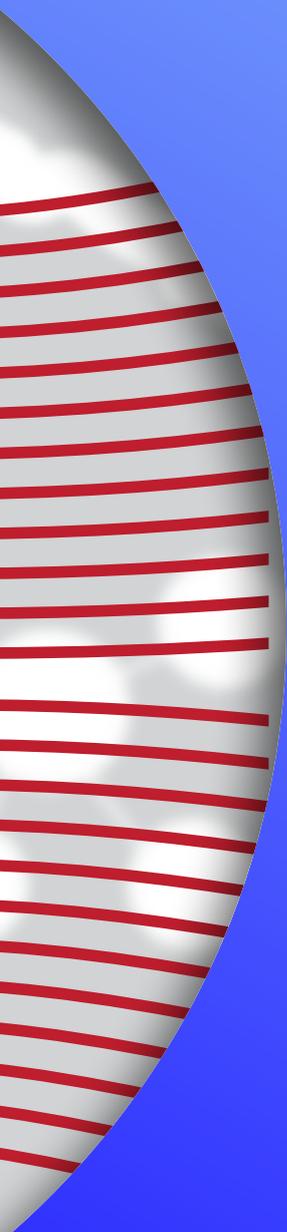
The energy transition will not be possible without a competitive gas system and the integration of renewable gases. Portugal's existing gas network will play a key role in enabling the distribution of renewable gases such as biomethane and hydrogen in the future. This will give consumers more options for decarbonising their consumption, without the need to replace existing equipment.





THE COMMUNITIES • Connections that transform

Composed of three unique pieces, it represents Floene's spirit and its catalytic role in promoting sustainable communities. The presence of predominantly parallel lines creates a synergistic rhythm. Each of the colours represents the multiplicity of communities – their stories, aspirations, and diversity – united by the same direction, the same desire. Floene positions itself as an invisible force, acting as the link that fosters a continuous flow of growth and innovation.



09



**Relevant facts
occurring after
the close of the
financial year**

FL  ENE

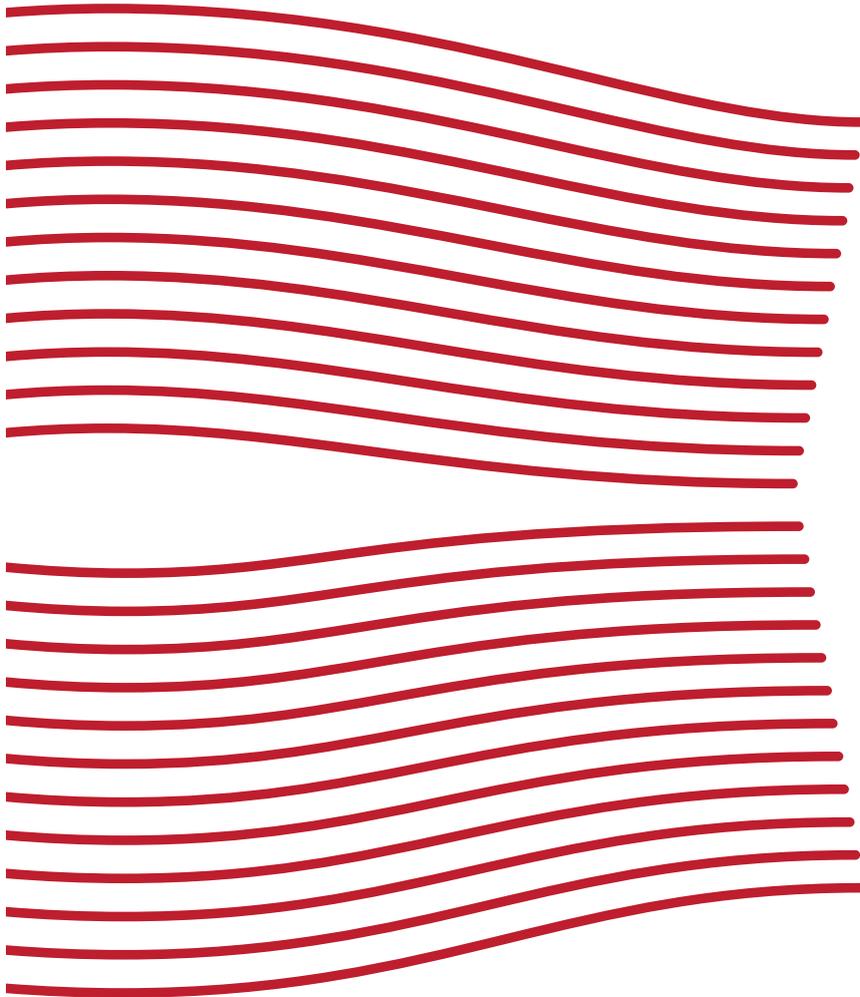
09. Relevant facts occurring after the close of the financial year

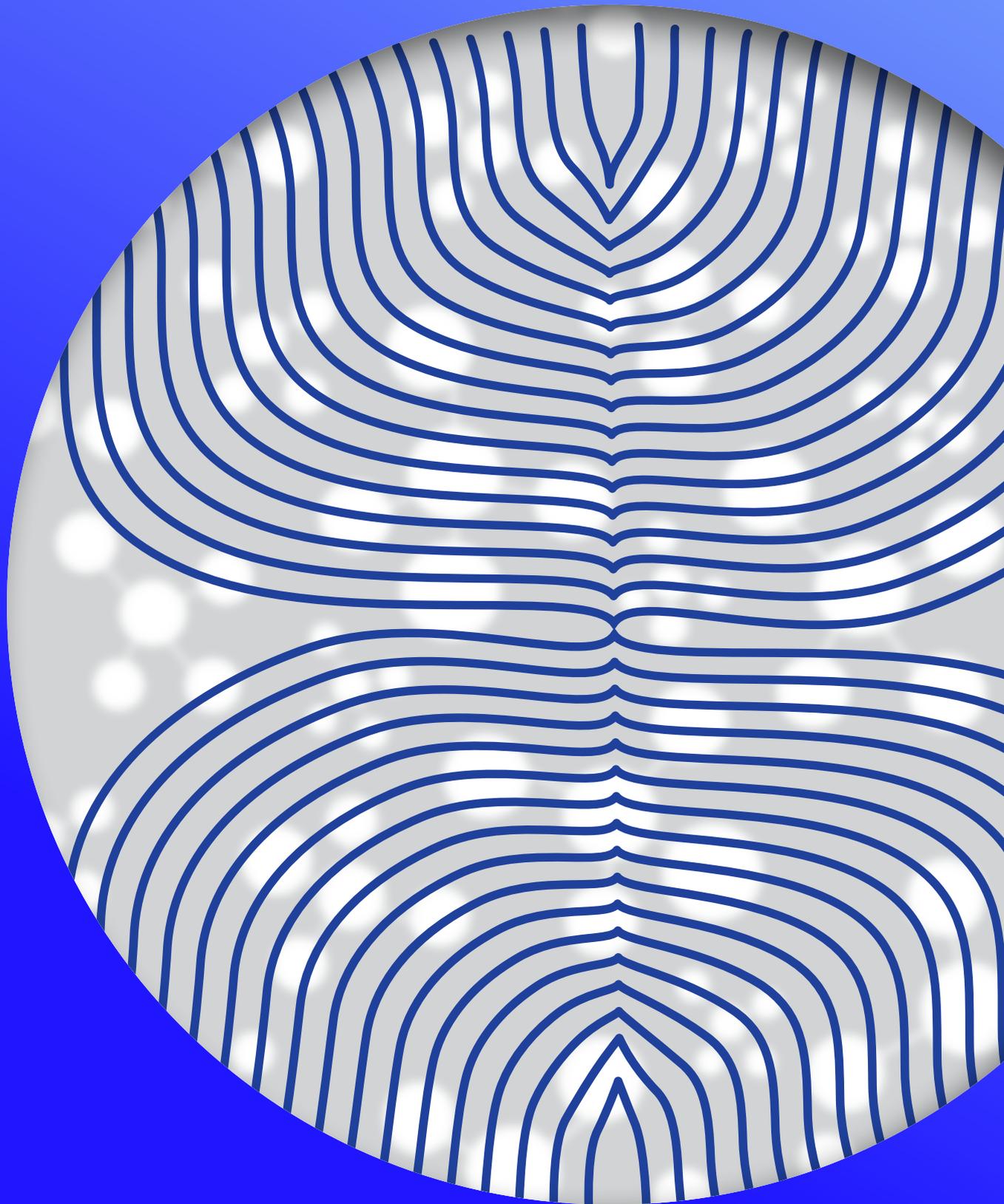
On 14 February 2025, Floene formalised a new Syndicated Bond Loan in the amount of EUR 180 million, with the aim of financing the early repayment of the entire 2023 Syndicated Bond Loan. The full amount was drawn on 27 February 2025. The Syndicated Bond Loan contracted in 2025 has a term of five years from the date of issue (i.e. it matures on 27 February 2030) and a variable interest rate, indexed to Euribor and a contracted spread. On 7 March 2025, the Company repaid in advance the 2023 Syndicated Bond Loan, which matured on 7 March 2026.

On 20 February 2025, Medigás was notified to make the payment for the 2014 CESE, following Ruling no. 915/2024, of 17 December 2024, issued by the Constitutional Court with an unfavourable decision against the Company that has already become final, whose financial impact amounts to EUR 228 thousand, including interest on late payment, the amount of which is fully provisioned.

There were no additional subsequent events after 31 December 2024, with a material impact on the accompanying financial statements

Relevant facts occurring after the close of the financial year





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10



**Additional
information**

10. Additional information

Report methodology

Floene Energias S.A. is publishing its Management Report and Consolidated and Individual Accounts 2024, as required by the regulations and standards in force, which includes the reporting of financial and non-financial/sustainability information.

This report has been prepared in accordance with the applicable globally recognised standards and guidelines, namely the Commercial Companies Code (CSC) guidelines on the content of the management report and transparency and market abuse regulations on Issuers' Information Duties, as well as the Euronext Dublin Listing Rules.

Regarding the reporting of financial information, the consolidated and individual financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

With regard to the reporting of non-financial/sustainability information, this report complies with the principles of the AA1000 Stakeholders Engagement Standard, with a view to materiality analysis, and in accordance with the GRI (Global Reporting Initiative) standards version 2021, and includes Floene's

commitments, strategies, initiatives, projects and programmes for the period between 1 January and 31 December 2024. This report is published annually.

Included in this report are all the activities of the Floene Energias S.A. Group, namely the activities of its nine Regional Distribution Operators, including the gas marketing activity, carried out as a retailer of last resort (CURr) for companies that supply gas to less than 100,000 customers.

Throughout the report, there are hyperlinks to internal chapters and external websites that provide additional information on the topics covered, available in the digital version of this document.

Acknowledgements

Floene's Board of Directors would like to extend a word of thanks to all those who, individually or jointly, contributed to the results achieved and to the preparation of this report. Floene is committed to constantly improving the quality of its services and its social and environmental impact.

Feedback and contacts

We value and are interested in hearing the opinions of all our Stakeholders. To this end, should you require any clarification or additional information on the topics covered in this report, please contact:

Management of Investor Relations, Risk and ESG

ir@floene.pt
ESG@floene.pt

Telephone:
(+351) 219 023 417

Address:
Rua Tomás da Fonseca,
Torre A, 15.º Piso,
1600-209 Lisboa,
Portugal

Lisbon, 28 April 2025

The Board of Directors

Diogo António Rodrigues da Silveira
Chairman

Gabriel Nuno Charrua de Sousa
Member

Roxana Tataru
Member

Pedro Álvaro de Brito Gomes Doutel
Member

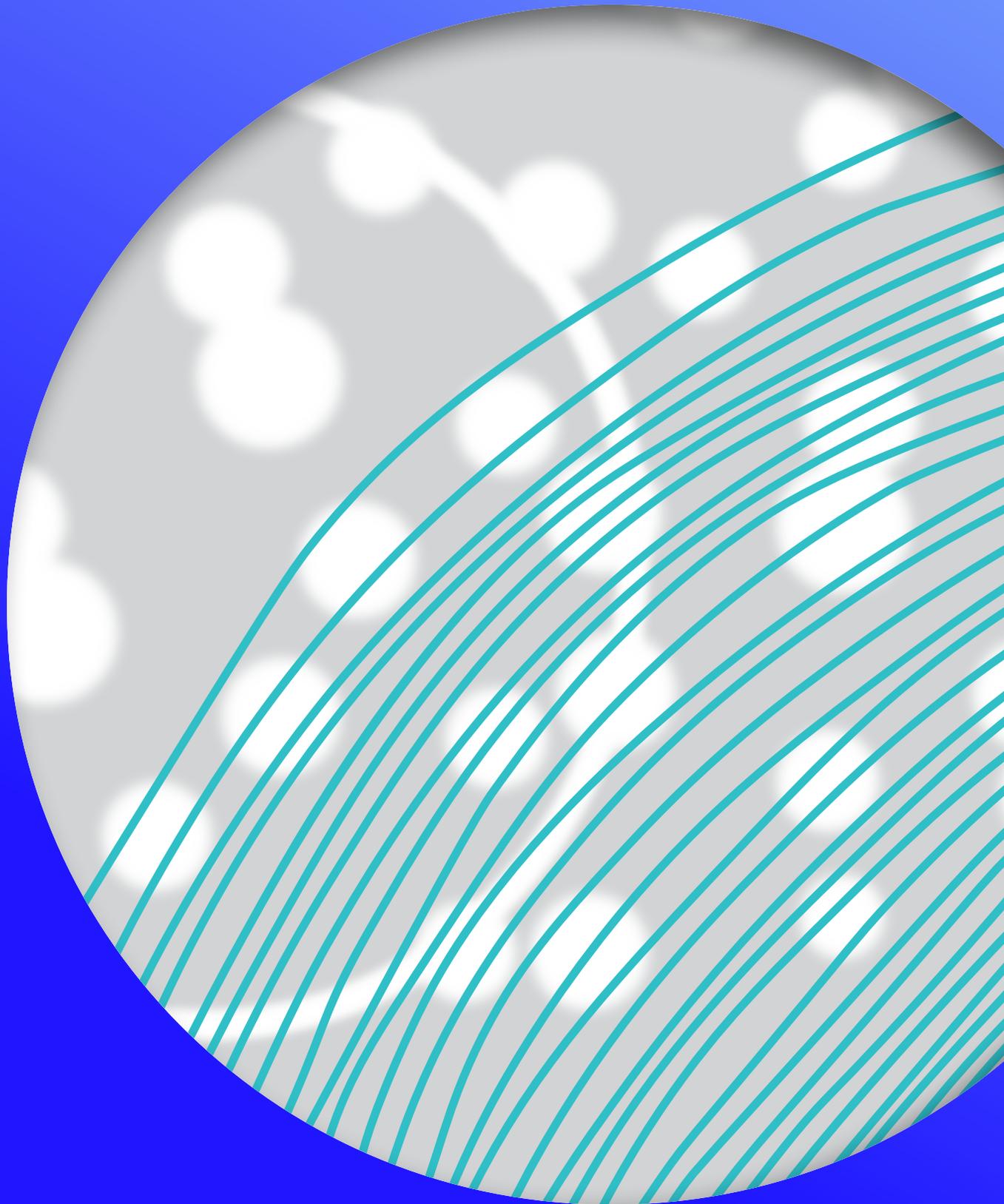
Karl Klaus Liebel
Member

Carlos Miguel Faria da Silva
Member

Ippei Kojima
Member

Satoshi Kanomata
Member

Francisco Maria Metello de Almeida e Brito de Moraes
Member



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11



Annexes

11. Annexes

Annex I – Declarations

As of today, the composition of Floene's governing bodies for the current 2022-2024 term is as follows:



A. Governing Bodies

General Meeting Board

Pedro Schiappa Pietra Ferreira Cabral, Chairman
Rafael de Almeida Garrett Lucas Pires, Secretary

Company Secretary

Pedro Maria Soares Cruz Teles Feio, Member
Ana Trouillet Pessoa, Alternate

Board of Directors

Diogo António Rodrigues da Silveira, Chairman
Roxana Tataru, Member
Karl Klaus Liebel, Member
Ippei Kojima, Member
Francisco Maria Metello de Almeida e Brito de Moraes (1), Member
Gabriel Nuno Charrua de Sousa, Member (CEO)
Pedro Álvaro de Brito Gomes Doutel, Member (CFO)
Carlos Miguel Faria da Silva, Member (COO)
Satoshi Kanomata, Member (CSO)

1. Board of Directors' resolution of 24 January 2025 (Co-option)

Executive Committee

Gabriel Nuno Charrua de Sousa, CEO
Satoshi Kanomata, CSO
Pedro Álvaro de Brito Gomes Doutel, CFO
Carlos Miguel Faria da Silva, COO

Audit Board

Pedro Miguel Ribeiro de Almeida Fontes Falcão, Chairman
João Albino Cordeiro Augusto, Member
José Carlos Carvalho Brites, Member I
Amável Alberto Freixo Calhau, Member

Statutory Auditor

PricewaterhouseCoopers & Associados – SROC, Lda., represented by:
Rita da Silva Gonçalves dos Santos, ROC no. 1681, Member
José Manuel Henriques Bernardo, ROC no. 903, Alternate

B. Qualifying holdings in the Company's share capital on 31 December 2024

Hareholders	No. of Shares	Nominal Value	%
Allianz Infrastructure Luxembourg II S.à r.l.	40,743,759	1.00 EUR	45.51%
Allianz European Infrastructure Acquisition Holding S.à r.l.	26,412,050	1.00 EUR	29.50%
Meet Europe Natural Gas, Lda.	20,144,057	1.00 EUR	22.50%
Petrogal, S.A.	2,229,275	1.00 EUR	2.49%
Total	89,529,141	1.00 EUR	100.00%

C. Own shares

(Article 66(d) and 325-A (1) of the Companies Code)

During the 2024 financial year, Floene did not acquire or sell any of its own shares.

On 31 December 2024, Floene did not hold any own shares.

D. Shareholding position of the members of the management and supervisory bodies as of 31 December 2024

(Article 447(5) of the Companies Code)

None of the members of the management and supervisory bodies held any Floene shares or bonds on 31 December 2024.

E. Annual amount of remuneration received, both in aggregate and individually, by the members of the Company's management, supervisory, and General Meeting boards in 2024

The gross annual amount of remuneration earned in aggregate and individually in 2024 by the members of the Company's management and supervisory bodies and the Board of the General Meeting currently in office is shown in the table below.

Directors

						EUR
Name	Position	Period	Fixed Remuneration ¹	Other Remuneration ²	Variable Remuneration ³	Total
Diogo da Silveira	Chairman of the Board of Directors non-executive	Year 2024	213,000	0	0	213,000
Gabriel Sousa	Executive director (CEO)	Year 2024	180,000	2,939	57,260	240,199
Pedro Doutel ⁴	Executive director (CEO)	Year 2024	139,048	2,417	42,683	184,148
Satoshi Kanomata	Executive director (CEO)	Year 2024	108,000	62,526	16,013	186,539
Miguel Faria	Executive director (CEO)	Year 2024	154,000	2,714	23,229	179,943
Total			794,048	70,596	139,185	1,003,829

1. Includes amounts related to Salary, Holiday Allowance and Christmas Allowance.

2. Includes amounts related to Food Allowance and amounts associated with expatriation.

3. Includes amounts relating to the Profit Sharing Bonus.

4. Includes period of unpaid leave.

Audit Board

				EUR
Name	Position	Period	Fixed Remuneration	
Pedro Falcão	Chairman	Year 2024	30,000	
Carlos Brites	Member	Year 2024	25,000	
João Augusto	Member	Year 2024	15,000	
Total			70,000	

Board of the General Meeting

				EUR
Name	Position	Period	Attendance fees	
Pedro Schiappa Cabral	Chairman	Year 2024	1,500	
Rafael Lucas Pires	Secretary	Year 2024	500	
Total			2,000	

Statutory Auditor/External Auditor

The value of audit services provided by the Statutory Auditor in 2024 amounted to EUR 128,679, while the value of non-audit services totaled EUR 78,485.

In 2024, the following non-audit services were provided by the Statutory Auditor/External Auditor and by the entities belonging to their network to the Company and to the companies under its control:

- Limited Review of Floene's half year accounts;
- Assurance and agreed-upon procedures regarding physical quantities, underground occupancy rates, and regulated accounts of the Group Companies for regulatory purposes;
- Assurance services related to the Expense Maps within the scope of the Energy Consumption Efficiency Promotion Plan (PPEC);
- Certification of Floene's interim balance sheet as of 30 September 2024, for the purpose of early dividend payment;
- Assurance services regarding the sustainability report;
- Support in the implementation of the European environmental taxonomy directive

Following the amendment of Article 3 of the Legal Framework for Audit Supervision, approved by Law 99-A/2021 of 31 December and effective from 1 January 2022, Floene ceased to meet the criteria to be classified as a Public Interest Entity in Portugal as of that date. Under these circumstances, the limit for non-audit services provided under Article 4(2) of EU Regulation No. 537/2014 no longer applies. Until the issuance of bonds under the EMTN 2023 Programme, Floene was not an issuer of securities admitted to trading on a regulated market in the European Union.

F. Provision of services to Group companies and creditor positions with subsidiaries

(Article 5 no. 4 of Decree-Law no. 495/88 of 30 December, as amended by Decree-Law no. 318/94 of 24 December)

See Note 28 of the notes to the individual financial statements and Note 30 of the notes to the consolidated financial statements.

Annex II – Declaration of compliance by the members of the Board of Directors

In accordance with the reporting principles applicable to annual financial information, each of the members of the Board of Directors listed below hereby declare that, to the best of their knowledge, the management report, the individual and consolidated annual accounts, the auditor's report and other accounting documents relating to the 2024 financial year were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial position, and the results of Floene and the companies included in the consolidation perimeter. It is also stated that the management report faithfully describes the evolution of the business, the performance, and the position of Floene, and the companies included in the consolidation perimeter, as well as contain a description of the main risks and uncertainties that Floene and the companies included in the consolidation perimeter face in their activity.

Lisbon, 28 April 2025

The Board of Directors

Diogo António Rodrigues da Silveira
Chairman

Gabriel Nuno Charrua de Sousa
Member

Roxana Tataru
Member

Pedro Álvaro de Brito Gomes Doutel
Member

Karl Klaus Liebel
Member

Carlos Miguel Faria da Silva
Member

Ippei Kojima
Member

Satoshi Kanomata
Member

Francisco Maria Metello de Almeida e Brito de Moraes
Member

Annex III a) – Consolidated Financial Statements as at 31 December 2024

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Disclaimer:

Translation of a report originally issued in Portuguese. In the event of a discrepancy, the Portuguese language version prevails.

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Consolidated statement of financial position

Consolidated statement of financial position as at 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

Assets	Notes	2024	2023
NON-CURRENT ASSETS			
Tangible assets	5	1,465	454
Goodwill	9	2,275	2,275
Intangible assets	6	1,119,805	1,120,442
Right-of-use of assets	7	11,491	10,279
Deferred tax assets	17	12,292	11,416
Other receivables	12	20,138	28,077
Other financial assets	13	4	3
Total non-current assets		1,167,471	1,172,946
CURRENT ASSETS			
Inventories	11	1,130	1,209
Trade receivables	12	13,593	10,565
Other receivables	12	70,622	63,470
Current income tax receivable	17	-	4,921
Cash and cash equivalents	14	19,711	79,505
Total current assets		105,055	159,670
Total assets		1,272,526	1,332,616

(Amounts stated in thousand Euros - € k)

Equity and Liabilities	Notes	2024	2023
EQUITY			
Share capital	23	89,529	89,529
Ancillary capital contributions	23	22,358	21,588
Reserves	23	13,402	13,223
Retained earnings		87,541	113,152
Total equity attributable to shareholders		212,830	237,493
Non-controlling interests	24	21,292	22,088
Total equity		234,122	259,581
LIABILITIES			
Non-current liabilities:			
Financial debt	15	597,933	599,896
Lease liabilities	7	11,133	9,923
Other payables	16	172,702	181,310
Post-employment and other employee benefit liabilities	18	49,427	44,441
Deferred tax liabilities	17	17,573	18,588
Provisions	19	88,269	84,060
Total non-current liabilities		937,038	938,219
Current liabilities			
Financial debt	15	30,831	71,444
Lease liabilities	7	1,281	1,093
Trade payables	16	8,359	10,683
Other payables	16	57,899	51,597
Current income tax payable	17	2,996	-
Total current liabilities		101,367	134,817
Total liabilities		1,038,404	1,073,035
Total equity and liabilities		1,272,526	1,332,616

The accompanying notes form an integral part of the consolidated statement of financial position and must be read in conjunction.

Consolidated statement of income and other comprehensive income

Consolidated statement of income and other comprehensive income for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
Sales	25	7,307	6,188
Services rendered	25	172,479	161,127
Other operating income	25	42,335	43,613
Financial income	25 and 28	2,201	6,640
Total revenue and income		224,322	217,568
Cost of sales	26	(4,526)	(4,525)
Supplies and external services	26	(54,352)	(42,483)
Staff costs	27	(27,768)	(25,602)
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	26	(49,991)	(49,446)
Provisions	26	(206)	272
Impairment losses on accounts receivable	26	(143)	(1,148)
Other operating costs	26	(32,730)	(34,547)
Financial expenses	26 and 28	(33,384)	(29,490)
Total costs and expenses		(203,099)	(186,969)
Profit before taxes and other contributions		21,222	30,599
Income tax	17	(6,400)	(8,299)
Energy sector extraordinary contribution	19	(4,773)	(5,275)
Consolidated net income for the year		10,050	17,025
Income attributable to:			
Floene Energias, S.A. shareholders		9,330	15,976
Non-controlling interests	24	720	1,049
Basic and diluted earnings per share (in Euros)		0,10	0,18
Consolidated net income for the year		10,050	17,025
ITEMS WHICH WILL NOT BE RECYCLED IN THE FUTURE THROUGH NET INCOME			
Remeasurements – pension benefits	18	(6,007)	1,187
Income taxes related to remeasurements	17 and 18	1,245	(31)
Total other comprehensive income		(4,762)	1,156
Total comprehensive income for the year, attributable to:		5,287	18,181
Floene Energias, S.A. shareholders		4,568	17,132
Non-controlling interests		720	1,049

The accompanying notes form an integral part of the consolidated statement of income and other comprehensive income and must be read in conjunction.

Consolidated statement of changes in equity

Consolidated statement of changes in equity for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	Share Capital	Ancillary capital contributions	Reservas	Retained earnings	Sub-Total	Non-controlling interests (Note 24)	Total
As at 1 January 2023		89,529	19,516	13,037	111,206	233,289	21,089	254,378
Consolidated net income for the year		-	-	-	15,976	15,976	1,049	17,025
Other comprehensive income	18	-	-	-	1,156	1,156	-	1,156
Comprehensive income for the year		-	-	-	17,132	17,132	1,049	18,181
Dividends distribution		-	-	-	(15,000)	(15,000)	-	(15,000)
Increase/decrease in reserves		-	-	186	(186)	-	(50)	(50)
Constitution of ancillary capital contributions		-	2,072	-	-	2,072	-	2,072
As at 31 December 2023		89,529	21,588	13,223	113,152	237,493	22,088	259,581
Consolidated net income for the year		-	-	-	9,330	9,330	720	10,050
Other comprehensive income	18	-	-	-	(4,762)	(4,762)	-	(4,762)
Comprehensive income for the year		-	-	-	4,568	4,568	720	5,287
Dividends distribution	23	-	-	-	(14,356)	(14,356)	(1,520)	(15,876)
Interim dividends	23	-	-	-	(15,644)	(15,644)	-	(15,644)
Increase/decrease in reserves	23	-	-	179	(179)	-	5	5
Constitution of ancillary capital contributions	23	-	770	-	-	770	-	770
As at 31 December 2024		89,529	22,358	13,402	87,541	212,830	21,292	234,122

The accompanying notes form an integral part of the consolidated statement of changes in equity and must be read in conjunction.

Consolidated statement of cash flow

Consolidated statement of cash flow for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
OPERATING ACTIVITIES			
Cash received from customers		255,617	221,012
(Payments) to suppliers		(77,900)	(66,164)
(Payments) to staff		(31,465)	(28,733)
(Payments) relating to VAT		(26,053)	(28,344)
(Payments) relating to income tax	17	891	(14,021)
(Payments) relating to subsoil occupation levies		(20,402)	(18,637)
(Payments, net) relating to energy sector extraordinary contribution		-	60
Other receipts relating to the operational activity		(2,849)	(2,272)
Cash flow from operating activities (1)		97,840	62,901
INVESTING ACTIVITIES			
(Payments) for the acquisition of tangible and intangible assets		(49,914)	(39,516)
Cash received from interest and similar income		1,325	5,048
Cash flow used in investing activities (2)		(48,590)	(34,468)
FINANCING ACTIVITIES			
Cash received related to loans obtained	15	39,300	599,160
(Payments) related to loans obtained	15	(82,667)	(601,042)
(Payments) of interests and similar costs		(33,069)	(18,273)
Payments relating to leases	7	(655)	(915)
Payments relating to lease interests	7	(451)	(328)
Dividends paid	23	(31,503)	(15,054)
Cash flow used in financing activities (3)		(109,044)	(36,451)
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		(59,794)	(8,017)
Effect of exchange rate change on cash and cash equivalents		-	(1)
Cash and cash equivalents at the beginning of the year	14	79,505	87,523
Cash and cash equivalents at the end of the year	14	19,711	79,505

The accompanying notes form an integral part of the consolidated statement of cash flow and must be read in conjunction.

Notes to the consolidated financial statements as at 31 December 2024

1. Introductory Note

Parent-Company

Floene Energias, S.A. (“Floene” or “Company”), established on 2 December 2009 and formerly designated Galp Gás Natural Distribuição, S.A., with Head Office at Rua Tomás da Fonseca in Lisbon, Portugal, and with the corporate purpose of developing activity in the energy sector, especially the natural gas distribution and commercialisation, including supporting management services in the areas of management, administration, and logistics, purchasing and supply and information systems.

The Group

On 31 December 2024, Floene Energias, S.A. and its subsidiaries (jointly as “Group” or “Floene Group”), developed their activities in the distribution and last resort commercialisation of natural gas.

In October 2016, Galp Gás & Power, SGPS, S.A. (nowadays Galp New Energies, S.A.) sold 22.50% of the Floene Energias, S.A. to Meet Europe Natural Gas Lda. This sale resulted in an agreement concluded on 28 July 2016 between Galp Energia SGPS, S.A., through its subsidiary Galp New Energies, S.A. and Marubeni Corporation and Toho Gas Co. Ltd.

On 26 October 2020, Galp New Energies S.A. agreed with Allianz Capital Partners, the asset management division of the Allianz Group, and on behalf of the Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., to sell 75.01% of its stake in Floene, with the remaining 2.49% of Floene’s share capital being held by Galp Energia, SGPS, S.A. through its subsidiary Petrogal, S.A.

On 24 March 2021, after the regulatory authorizations and obtaining consents from third parties, Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., became the respective holders of 45.51%, and 29.50% of Floene’s share capital. The remaining share capital of Floene is held by Meet Europe Natural Gas, Lda. and Petrogal, S.A.

Gas Activity

The business segment of gas covers the natural gas distribution, exercised under a public service regime, and the natural gas commercialisation as a retail last resort, according to the applicable regulation.

This public service was granted by the Portuguese State to the Floene Group companies, five of which operate under a Concession contract for a period of 40 years starting in 2008 (until the year 2047), while the others operate under exploration licenses for operating the local distribution network, for a period of 20 years, from 1 January 2008 until 2027 and, as it supplies gas to less than 100,000 customers, last resort commercialisation retailer licenses were also granted, to the commercialisation to customers with consumption below 2 M m³/year, who choose to remain under the regulated tariff regime. The licenses for gas distribution and commercialisation, whose period ended in 2022, were reissued in February 2022, pursuant to paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008 to 31 December 2027, similar to the other licenses held by the Group.

In summary, for each subsidiary company, the detail of concession/licenses, as well as their maturity, is presented below:

Subsidiary	Licences and period
Beiragás – Companhia de Gás das Beiras, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution and Last Resort Commercialisation Retailer activities.
Tagusgás – Empresa de Gás do Vale do Tejo, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution and Last Resort Commercialisation Retailer activities.
Lusitaniagás – Companhia de Gás do Centro, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution activity.
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution activity.
Setgás – Sociedade de Distribuição de Gás Natural, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution activity.
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	Exploration licenses: for a period of 20 years, which ends in the year 2027 for the Évora exploration hub (the start date of the license was modified in 2022 under paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008) and Sines, for the Distribution and Last Resort Commercialisation Retailer activities.
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	Exploration licenses: for a period of 20 years, which ends in the year 2027 (for Bragança, Chaves and Vila Real the start date of the license was modified in 2022 under paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008) for the Amarante, Bragança, Chaves, Marco de Canaveses and Vila Real exploration hubs, for the Distribution and Last Resort Commercialisation Retailer activities.
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	Exploration licenses: for a period of 20 years, which ends in the year 2027 for the Faro and Olhão exploration hubs (the start date of the license was modified in 2022 under paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008) and Portimão, for the Distribution and Last Resort Commercialisation Retailer activities.
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	Exploration licenses: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution and Last Resort Commercialisation Retailer activities.

Energy Services Regulatory Entity (“ERSE”), according to Directive No. 18/2024, published in the Portuguese Republic Diary No. 136/2024, of 16 July, the “Natural gas tariffs and prices for the gas year 2024-2025”, following the parameters proposed for the 2024-2027 regulation period, which integrate the tariffs for access to distribution networks, prices for regulated services and supply perspectives for the period between 1 October 2024 and 30 September 2025.

The published tariffs aim to allow for the recovering of income in by regulated companies which reflect the efficient costs of the national gas system activities, calculated by ERSE according to the regulatory methodologies in force.

There has been a generalized increase of network access tariffs in all segments, essentially resulting from the negative oscillation of demand in the last few years and by the inclusion of the definitive adjustment of 2022, a period in which was verified a negative change in Portuguese Treasury Bonds, that had a direct negative impact in the remuneration rate. When it comes to allowed revenue for companies over the 2024-2025 period, excluding adjustments for previous years, a slight decrease is observed when compared to prior year.

Within the scope of the Tariff Regulation, the Group develops the Gas Distribution Activity (“ADG”) and the Network Access Activity (“AAR”) in its role as Distribution Network Operator (“ORD”), and also the Gas Commercialisation Activity in its role as Retail Last Commercialisation Retailer (“CURr”), which includes the following functions: (i) Purchase and Sale of Gas (“FCVG”); (ii) Purchase and Sale of Network Access (“FCVAR”); and (iii) Commercialisation of Gas (“FCG”).

Due to the current situation resulting from the geopolitical conflict between Russia and Ukraine, and the Middle East conflict, the Company’s Management continues to monitor the evolution of the situation, in order to control possible operational risks, guarantee the maintenance of its activities and mitigate any materially relevant financial impacts – in Floene’s Group companies. Up to the date of approval of the accounts, the conflicts aforementioned had no significant impact on the activity.

2. Material accounting policies, judgments and estimates

The material information of the main policies adopted by the Group to prepare the financial statements is explained below. During the year ended 31 December 2024, no material misstatements related to previous years were recognised.

Basis of presentation

Financial Statements are presented in thousands of Euros (Unit: € k), rounded to the nearest thousand, unless otherwise stated. Therefore, the subtotals and totals of the tables presented in these consolidated financial statements and explanatory notes may not be equal to the sum of the amounts presented, due to rounding.

Company’s consolidated financial statements were prepared on a going concern basis, at historical cost, on the accounting records of companies included in the consolidation maintained in accordance with International Financial Reporting Standards as adopted by the European Union, effective for the economic exercise beginning on 1 January 2024. These standards include International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and International Accounting Standards (“IAS”) issued by the International Accounting Standards Committee (“IASC”) and respective interpretations – SIC and IFRIC, issued by the Standing Interpretation Committee (“SIC”) and International Financial Reporting Interpretation Committee (“IFRIC”). These standards and interpretations are hereinafter referred to as “IFRS”.

The accounting policies adopted are, according to their content, included in the respective note in the notes to the financial statements. Common or generic accounting policies for several notes is found in this Note.

Information disclosure

In 2023, with the emission of a Bond loan (EMTN 2023), admitted to trading on the Euronext Dublin regulated market, and for the purposes of the Transparency Directive and the Market Abuse Regulation, Floene became subject to the supervision of the CBI (Central Bank of Ireland) and to provide and disclose relevant information in accordance with the reporting and transparency obligations applicable to Ireland.

Under the Law No. 99-A/2021 on 31 December, Floene does not qualify as a Public Interest Entity in Portugal in virtue of its Securities not being admitted to negotiation in Portugal’s regulated market.

Judgments and estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and expenses recognised each year. The actual results could be different depending on the estimates currently made.

Certain estimates are considered critical if: (i) the nature of the estimates is considered to be significant due to the level of subjectivity and judgment required to record situations in which there is great uncertainty or a high susceptibility of these situations to changes; and (ii) the impact of the estimates on the financial situation or operating performance is significant.

The accounting principles and areas that require the greatest number of judgments and estimates in the preparation of the financial statements are: (i) impairment of goodwill, tangible and intangible assets and right-of-use assets (Notes 9, 5, 6 and 7); (ii) provisions for contingencies (Note 19); (iii) demographic and financial assumptions used to calculate liabilities for retirement and other benefits (Note 18); (iv) impairment of accounts receivable (Note 12); (v) useful lives and residual values of tangible and intangible assets (Note 5 and 6); and (vi) deferred tax assets and uncertain tax position estimates (Note 17); and (vii) revenue and income (Note 25).

Accounting policy

Basic and diluted earnings per share

The basic earnings per share are calculated based on the division of profits or losses attributable to holders of the Company's common equity by the weighted average number of outstanding common shares during the period. For the purpose of calculating diluted earnings per share, the Company adjusts the profits or losses attributable to holders of the Company's common equity, as well as the weighted average number of outstanding shares, for the purposes of all potential diluting common shares. In the period covered by these financial statements, there were no dilutive effects with an impact on net earnings per share, so this is equal to the basic earnings per share.

3. Impacts resulting from the application of new standards or changes to IFRS standards

Published standards and interpretations that came into force in the financial year

The IFRS standards approved and published in the Official Journal of the European Union ("OJEU") with application during the year 2024 are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: 'Supplier financing arrangements' (issued on 25 May 2023)	16/05/2024	01/01/2024	2024	No accounting impacts.
Amendments to IAS 1 Presentation of financial statements: Classification of liabilities as non-current and current (issued on 23 January 2020); Classification of liabilities as non-current and current – deferral of the effective date (issued on 15 July 2020); Non-current liabilities with covenants (issued on 31 October 2022)	20/12/2023	01/01/2024	2024	No accounting impacts.
Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback transactions (issued on 22 September 2022)	21/11/2023	01/01/2024	2024	No accounting impacts.

Published standards and interpretations that will become effective in future years

The IFRS standards approved and published in the OJEU during the year ended 31 December 2024 and with accounting application in subsequent years are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 21 Effects of changes in exchange rates: Lack of interchangeability (issued on 15 August 2023)	13/11/2024	01/01/2025	2025	No predictable accounting impacts.

Standards and interpretations not yet published by the European Union

The IFRS standards (new and amended), not yet endorsed by the EU are summarised in the table below:

IAS Standards	Accounting application date	Enforcement year	Observations
IFRS 19 – Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	01/01/2027	2027	No significant predictable impact.
IFRS 18 – Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	01/01/2027	2027	Impact on disclosures.
Annual Improvements – Volume 11 (issued on 18 July 2024)	01/01/2026	2026	No significant predictable impact.
Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments and contracts referencing nature-dependent electricity (issued in May and December 2024)	01/01/2026	2026	No significant predictable impact.

4. Segment information

Accounting policy

The operational segment is a component of an entity:

- a) That develops business activities that can obtain revenue and incur in costs (including revenue and costs related with transactions with other components of the same entity);
- b) Whose operating results are regularly reviewed by the entity's chief operating decision maker for the purpose of making decisions about allocating resources to the segment and assessing its performance; and

c) For which distinct financial information is available.

All the accounting policies in the segment reporting are coherently used within the Group. All the inter-segmental revenues are at market prices and are eliminated in the consolidation.

Operating segments

The Group, as at 31 December 2024, is comprised by Floene Energias, S.A. and its subsidiaries that develop their activities in the distribution and commercialisation 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 (Note 25 for further details on the Gas activity).

In respect of the segment “Other”, the Group considered the holding Floene Energias, S.A.

The financial information of the segments identified above, as at 31 December 2024 and 2023, is presented as follows:

(Unit: € k)

	Consolidated		Natural Gas		Other		Consolidation adjustments	
	2024	2023	2024	2023	2024	2023	2024	2023
Sales and Services rendered	179,786	167,315	179,451	166,670	25,737	24,932	(25,402)	(24,286)
Cost of sales	(4,526)	(4,525)	(4,526)	(4,525)	-	-	-	-
Other income and expenses	(72,658)	(60,168)	(73,115)	(60,668)	(25,028)	(23,873)	25,485	24,374
EBITDA	102,601	102,622	101,810	101,476	709	1,059	83	87
Amortisation, depreciation and impairment losses	(49,991)	(49,446)	(49,108)	(48,285)	(883)	(1,160)	-	-
Provisions (net)	(206)	272	(206)	272	-	-	-	-
EBIT	52,405	53,449	52,497	53,463	(175)	(102)	83	87
Financial income and expenses	(31,182)	(22,850)						
Income tax	(6,400)	(8,299)						
Energy Sector Extraordinary Contribution	(4,773)	(5,275)						
Consolidated net income, of which is attributable to:	10,050	17,025						
Non-controlling interests	720	1,049						
Floene Energias, S.A. shareholders	9,330	15,976						
OTHER INFORMATION								
Segment assets ⁽¹⁾								
Investments in subsidiaries ⁽²⁾	2,279	2,278	4	3	2,275	2,275	-	-
Other assets	1,270,247	1,330,338	1,239,333	1,272,150	199,752	238,118	(168,838)	(179,930)
Segment assets	1,272,526	1,332,616	1,239,337	1,272,153	202,027	240,393	(168,838)	(179,930)
of which rights-of-use of assets	11,491	10,279	6,597	5,728	6,237	4,550	(1,343)	-

1. Net amount

2. Goodwill and Other financial assets

The main inter-segmental services rendered transactions refer to back-office and management services.

In a context of related parties, similar to what happens between independent companies that carry out transactions with each other, the conditions on which their commercial and financial relations are based are governed by market mechanisms.

The assumptions underlying the determination of prices in transactions between the Group's Companies are based on the consideration of the economic realities and characteristics of the situations under consideration, that is, on the comparison of the characteristics of the operations or of the companies likely to have an impact on the conditions inherent to commercial transactions under analysis. In this context, the goods and services traded, the functions exercised by the parties (including the assets used and the risks assumed), the contractual clauses, the economic situation of the parties as well as the respective business strategies are analysed, among others.

The remuneration, in a context of related parties, thus corresponds to that which is, as a rule, adequate to the functions exercised by each intervening company, considering the assets used and the risks assumed. Thus, and in order to determine this remuneration, the activities carried out and the risks assumed by the companies within the value chain of the goods/services they transact are identified, according to their functional profile, namely with regard to the functions they carry out – distribution and marketing.

In short, market prices are determined not only by analysing the functions that are performed, the assets used, and the risks incurred by an entity, but also bearing in mind the contribution of these elements to the company's profitability. This analysis involves verifying whether the profitability indicators of the companies involved fall within the ranges calculated based on the assessment of a panel of functionally comparable, but independent companies, thus allowing prices to be fixed with a view to respecting the principle of fair competition.

The reconciliation between segment information and Statement of income for 2024 and 2023 is as follows:

(Unit: € k)

Segment information captions	2024	2023
Sales and services rendered	179,786	167,315
Cost of Sales	(4,526)	(4,525)
Other income and expenses	(72,658)	(60,168)
EBITDA	102,601	102,622
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	(49,991)	(49,446)
Provisions (net)	(206)	272
EBIT	52,405	53,449
Financial income and expenses	(31,182)	(22,850)
Income tax	(6,400)	(8,299)
Energy Sector Extraordinary Contribution	(4,773)	(5,275)
Consolidated net income for the year	10,050	17,025

(Unit: € k)

Consolidated statement of income captions	2024	2023
Sales	7,307	6,188
Services rendered	172,479	161,127
Cost of sales	(4,526)	(4,525)
Other operating income	42,335	43,613
Supplies and external services	(54,352)	(42,483)
Staff costs	(27,768)	(25,602)
Impairment losses on accounts receivable	(143)	(1,148)
Other operating costs	(32,730)	(34,547)
Operating income before amortisations and provisions	102,601	102,622
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	(49,991)	(49,446)
Provisions (net)	(206)	272
Operating income	52,405	53,449
Financial income and expenses	(31,182)	(22,850)
Income tax	(6,400)	(8,299)
Energy Sector Extraordinary Contribution	(4,773)	(5,275)
Consolidated net income for the year	10,050	17,025

5. Tangible assets

Accounting policy

Recognition

Tangible assets acquired up to 1 January 2010 (date of transition to IFRS) are recorded under the option provided for in IFRS 1 at their deemed cost, which corresponds to the acquisition cost, revalued, when applicable, in accordance with the legal provisions on 1 January 2004, date of the first adoption of IFRS in the financial statements of the parent entity that owned the Company at the time, less accumulated depreciation and eventual impairment losses.

Tangible assets acquired after that date are stated at cost, less accumulated depreciation and impairment losses. The acquisition cost includes the purchase amount, plus transport and assembly costs and financial costs incurred during the construction phase.

Tangible assets in progress reflect assets that are still under construction and are recorded at acquisition cost less any impairment losses, depreciated from the moment the investment projects are substantially completed or ready for use.

Depreciations are calculated on the deemed cost (for acquisitions until 1 January 2010) or on the acquisition cost, using the straight-line method, applied from the date on which the assets are available to be used as intended by management. It is used among the most appropriate economic rates, those that allow the reinstatement of the tangible assets, during its estimated useful life, considering, where applicable, the concession period.

The average effective annual depreciation rate used for Buildings and other constructions is 2% for 2024 and 2023.

The capital gains or losses resulting from the sale or write-off of tangible assets are determined by the difference between the sale price and the net book value on the date of sale/write-off. The net book value includes accumulated impairment losses. The recorded capital gains and losses are recorded in the consolidated statement of income under Other operating income or Other operating costs, respectively.

Costs for repairs and maintenance of a current nature are recorded as expenses for the year in which they are incurred. Major repairs related to the replacement of parts of equipment or other tangible assets are recorded as tangible assets, if the replaced component is identified and written off, and depreciated at rates corresponding to the residual useful life of the respective main fixed assets.

Impairment

Impairment tests are carried out whenever a devaluation of the asset in question is identified. In cases where the amount at which the asset is recorded is greater than its recoverable amount, an impairment loss is recognised, which is recorded in the consolidated statement of income under the item of depreciation, depreciation, impairment losses of assets and right-of-use of assets.

The recoverable amount is the higher of the net selling price and the value in use. The net selling price is the amount that would be obtained from the sale of the asset, in a transaction between independent and knowledgeable entities, less costs directly attributable to the sale. The value in use is determined by updating the estimated future cash flows of the asset over its estimated useful life. The recoverable amount is estimated for the asset or cash-generating unit to which it may belong. The discount rate used to update discounted cash flows reflects the Floene Group's Weighted Average Cost of Capital ("WACC").

The projection period of the cash flows varies according to the average useful life of the cash-generating unit.

The movements occurred during the period are as follows:

(Unit: € k)

	Land, natural resources and buildings	Other	Total
AS AT 31 DECEMBER 2023			
Acquisition cost	938	53	992
Accumulated depreciation	(526)	(12)	(537)
Net amount	413	42	454
AS AT 31 DECEMBER 2024			
Acquisition cost	1,992	53	2,045
Accumulated depreciation	(556)	(25)	(581)
Net amount	1,436	29	1,465

(Unit: € k)

	Land, natural resources and buildings	Other	Total
Balance as at 1 January 2023	432	14	445
Depreciation	(19)	(12)	(30)
Transfers	-	39	39
Balance as at 31 December 2023	413	42	454
Balance as at 1 January 2024	413	42	454
Additions	1,054	-	1,054
Depreciation	(30)	(13)	(44)
Balance as at 31 December 2024	1,436	29	1,465

The additions to tangible assets, in the amount of € 1,054 k, are related to renovation works at the new Group's headquarters.

6. Intangible assets

Accounting policy

Intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses. Intangible assets are only recognised if they are identifiable, and if they are likely to result in future economic benefits for the Group and are controllable and measurable with reliability.

Development expenses are only recorded as intangible assets if the Group demonstrates technical and economic capacity, as well as a decision to complete that development and start its commercialisation or own use, and also demonstrates the probability of the asset generating future economic benefits. If expenses do not meet these requirements, development expenses are recorded as a cost for the year in which they are incurred.

Research expenses are recognised as a cost for the year.

Intangible assets with finite useful lives are amortised using the straight-line method.

Amortisation rates vary according to the terms of existing contracts or the expected use of the intangible asset.

With the application of IFRIC 12, the Group classifies the Natural Gas assets that are the subject to the concession and exploration license, and whose remuneration is controlled by ERSE, in accordance with the Intangible Asset Model. Thus, tangible assets of companies with regulated activity are classified as intangible assets, under the heading of Concession Services Agreements, being amortised over their economic useful lives using the straight-line method applicable as from the date of deployment using among the most appropriate economic rates, those that allow the asset to be reinstated, during the estimated useful life or according to the terms of existing contracts or the expected use.

According to the Concession Contracts and Licences signed with the Portuguese State, and currently in force, when the concessions contracts/licenses period reaches its end or if they are extinguished, the transmission of the infra-structures and other means related to the concession to the State occurs, and the concessionaire, unless the law relieves the State from this obligation, will be paid an indemnity corresponding to the book value of the intangible assets net of amortisations and co-payments.

The book value of the net intangible assets at the end of the Concession Agreements or Licenses, may be considered as a financial asset (Mixed Model under IFRIC 12) at that moment. This amount is recognised as at 31 December 2024 as Intangible assets, based on Management's best estimate regarding the effective amount's recovery, and considering the definition by ERSE for assets remuneration.

Usage rights on infrastructures related to gas, namely gas distribution networks, are being amortised over the period of 45 years.

The Group capitalises the expenses related to the conversion of consumption to gas that are reflected in the adaptation of facilities. The Group considers that it is able to control the future economic benefits of these reconversions through the continuous distribution/sale of gas provided for in Decree-Law 140/2006, of 26 July. These expenses are amortised by the straight-line method until the end of the concession period attributed to the natural gas distribution companies.

Impairment

See Note 5.

By the IFRIC 12 application, the regulated assets subject to the public concession of infrastructure to private individuals were transferred to the headings "Concession agreements", as shown below:

(Unit: € k)

	Concession agreement							Other intangible assets	Total
	Lands	Buildings	Basic equipment	NG consumption reconversion	Intangible assets under construction	Other concession agreements	Total concession agreement		
AS AT 31 DECEMBER 2023									
Acquisition cost	12,717	12,980	1,421,795	633,520	3,214	26,939	2,111,165	14,687	2,125,852
Accumulated amortisation	(5,379)	(8,036)	(651,473)	(312,206)	-	(24,746)	(1,001,840)	(3,569)	(1,005,409)
Net amount	7,338	4,943	770,322	321,314	3,214	2,193	1,109,325	11,117	1,120,442
AS AT 31 DECEMBER 2024									
Acquisition cost	12,717	13,469	1,448,643	637,753	1,632	28,392	2,142,606	30,889	2,173,495
Accumulated amortisation	(5,647)	(8,235)	(683,249)	(326,959)	-	(25,551)	(1,049,641)	(4,048)	(1,053,690)
Net amount	7,070	5,234	765,394	310,794	1,632	2,840	1,092,965	26,841	1,119,805

(Unit: € k)

	Concession agreement								Other intangible assets	Total
	Lands	Buildings	Basic equipment	NG consumption reconversion	Intangible assets under construction	Other concession agreements	Total concession agreement			
Balance as at 1 January 2023	7,606	5,099	775,051	331,277	2,263	1,506	1,122,801	4,928	1,127,729	
Additions	-	-	-	-	34,115	-	34,115	6,963	41,077	
Amortisations	(268)	(217)	(32,093)	(14,525)	-	(567)	(47,671)	(734)	(48,405)	
Write-offs	-	-	(20)	-	-	-	(20)	-	(20)	
Other adjustments and transfers	-	62	27,384	4,562	(33,163)	1,254	99	(39)	60	
Balance as at 31 December 2023	7,338	4,943	770,322	321,314	3,214	2,193	1,109,325	11,117	1,120,442	
Balance as at 1 January 2024	7,338	4,943	770,322	321,314	3,214	2,193	1,109,325	11,117	1,120,442	
Additions	-	-	-	-	32,240	-	32,240	16,202	48,442	
Amortisations	(268)	(199)	(32,557)	(14,753)	-	(816)	(48,593)	(479)	(49,072)	
Write-offs	-	-	(6)	-	-	-	(6)	-	(6)	
Other adjustments and transfers	-	490	27,636	4,234	(33,822)	1,463	-	-	-	
Balance as at 31 December 2024	7,070	5,234	765,394	310,794	1,632	2,840	1,092,965	26,841	1,119,805	

The additions related with the concession agreement for the year ended 2024, in the amount of € 32,240 k (2023: € 34,115 k) mainly refer to assets related to the construction of gas infrastructures and investments in the gas consumption reconversion (Notes 25 and 26). The additions of Other intangible assets in the amount of € 16,202 k, relates to projects related to the change of the new IT system of Floene Group companies and the new brand.

7. Right-of-use of assets and Lease liabilities

Accounting policy

Recognition

The Group recognises both a right-of-use of assets and a lease liability as at the lease commencement date. The right-of-use of assets are initially measured at cost, which represents the initial amount of the lease liabilities, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

Lease liabilities are initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company's incremental borrowing rate. Generally, the Company uses its

incremental borrowing rate as the discount rate. The types of lease payments included in the measurement of the lease liabilities are as follows:

- fixed payments, including in kind fixed payments;
- variable lease payments that are pegged to an index or a rate;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to be able to exercise; and
- penalties for the early termination of a lease unless the Company is reasonably certain not to terminate it early.

Lease liabilities are initially remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use of assets, or it is recorded in profit or loss if the carrying amount of the right-of-use of assets has been reduced to zero.

The Group presents right-of-use of assets and lease liabilities as a separate line in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use of assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use of assets are amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use of assets or the end of the lease term. The estimated useful lives of right-of-use of assets are determined as those used for the property and equipment items.

Impairment

The right-of-use of assets are reduced by eventual amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

Accounting estimates and judgments

Useful lives, residual values of intangible assets and discount rates

The calculation of the residual values of assets, the estimation of the useful lives, and the discount rates used are based on the assumptions of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

Impairment of Right-of-use of assets

Identifying impairment indicators, estimating future cash flow and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives and residual amounts.

The details of right-of-use of assets are as follows:

	Buildings	Other	Total
(Unit: € k)			
AS AT 31 DECEMBER 2023			
Acquisition cost	13,537	934	14,472
Accumulated amortisation	(3,627)	(566)	(4,193)
Net amount	9,910	369	10,279
AS AT 31 DECEMBER 2024			
Acquisition cost	13,888	702	14,591
Accumulated amortisation	(2,611)	(488)	(3,100)
Net amount	11,277	214	11,491

The movements occurred during the period are as follows:

	Buildings	Other	Total
(Unit: € k)			
Balance as at 1 January 2023	10,618	461	11,078
Additions	-	238	238
Amortisation	(708)	(303)	(1,011)
Write-offs	-	2	2
Other adjustments	-	(30)	(30)
Balance as at 31 December 2023	9,910	369	10,279
Balance as at 1 January 2024	9,910	369	10,279
Additions	6,543	106	6,649
Amortisation	(636)	(240)	(876)
Write-offs	(271)	-	(271)
Other adjustments	(4,269)	(21)	(4,289)
Balance as at 31 December 2024	11,277	214	11,491

During 2024, the Group signed a lease agreement for non-residential purposes, with the entity MP Torre A, S.A, relating to fractions of Torre A' building at the Torres de Lisboa Business Centre, as well as car parking spaces, with an expected term in 2039. The Group recorded an increase of € 6,260 k in Right-of-use of assets – Buildings, and an increase in non-current and current liabilities, as Lease liabilities, of € 5,822 k and € 457 k, respectively. The amount of € 4,269k, recorded in Other adjustments, corresponds to the write-off of the lease agreement for the former headquarters that would end in 2037.

Lease liabilities are as follows:

(Unit: € k)

	2024	2023
Maturity analysis – contractual undiscounted cash flow:	16,686	13,352
Less than one year	1,308	1,108
One to five years	4,809	3,909
More than five years	10,569	8,334
Lease liabilities included in the consolidated statement of financial position:	12,414	11,016
Current	1,281	1,093
Non-current	11,133	9,923

In addition to the depreciations of the rights-of-use of assets for the year shown in the first table of this note, the amounts recognised in the consolidated statement of income for the year present the following detail:

(Unit: € k)

	Notes	2024	2023
		1,469	1,297
Lease interests	28	451	328
Expenses related to short-term, low-value and variable-payment leases		1,018	969

The amounts recognised in the consolidated statement of cash flow are as follows:

(Unit: € k)

	2024	2023
Financing activities	1,106	1,243
Payments relating to leases	655	915
Payments relating to lease interests	451	328

8. Government grants and other grants

Accounting policy

Government grants and other grants are recorded at fair value when there is certainty that they will be received and that the Group will comply with the conditions required for them to be granted. The investment grants for tangible and intangible assets are recorded in deferred income as a liability and recognised in the consolidated statement of income as operating income, in proportion to the depreciation/amortisation of the granted assets.

The amounts recognised in the financial statement related to grants are as follows:

	Notes	2024	2023
(Unit: € k)			
Programmes		428,151	428,078
Energy Programme (“Programa Energia”)		103,689	103,689
Protede		19,708	19,708
Operational Economy Programme (“Programa Operacional Economia”)		303,393	303,393
Proalgarve – FEDER		882	882
Portugal 2020 Programme (“Programa Portugal 2020”)		110	110
Green Pipeline - Environmental Fund		370	297
Accumulated amount recognised as income		(247,625)	(239,007)
Amount to be recognised	16	180,526	189,071

During the year ended 31 December 2024, an amount of € 8,618 k (2023: € 8,635 k) was recognised in the consolidated statement of income (Note 25).

9. Goodwill

Recognition

The differences between the investee’s acquisition cost and the fair value of the identifiable assets and liabilities of the acquired entities at the acquisition date, if positive, are recorded within goodwill. The negative differences are recognised immediately in the consolidated statement of income.

The difference between the payment amount of the participation in the Group companies and the fair value of their equity was, at 31 December 2024 and 2023, as follows:

	2024	2023
	2,275	2,275
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	1,640	1,640
Lusitaniagás – Companhia de Gás do Centro, S.A.	585	585
Beiragás – Companhia de Gás das Beiras, S.A.	50	50

Goodwill impairment analysis

In the Goodwill impairment analysis, the carrying value of Goodwill is allocated to the respective cash generating unit (“CGU”). The recoverable amount of Goodwill is estimated based on the value in use, which is determined by updating the estimated future cash flows of the cash generating unit. The recoverable amount is estimated for the cash generating unit to which it may belong, according to the discounted cash flow method.

The discount rate used to update discounted cash flows reflects the WACC of the Group for the business segment to which the cash generating unit belongs to.

(Unit: € k)

Cash generating unit	Valuation Model	Cash flows	Discount rates	
			2024	2023
Financial Investments (included in the concession period)	DCF (Discounted Cash Flow) or RAB	In accordance with the budget for 2025 and the four-year strategic plan	5.7%	5.9%

The demand and consumption of natural gas has been steady through the years. There is no evidence of impairment. The core business of the Floene Group is regulated and, as a result, the impairment analysis is based on Regulatory Asset Base (RAB).

10. Financial investment in subsidiaries

Not applicable.

11. Inventories

Accounting policy

Inventories (goods, raw and subsidiary materials, finished and semi-finished goods, and products and work in progress) are stated at acquisition cost (in the case of goods and raw and subsidiary materials) or production cost (in the case of finished and semi-finished goods and products and work in progress) or at the net realisable value, whichever is the lower.

The net realisable value corresponds to the selling price less costs to complete production and to sell.

Whenever the cost exceeds the net realisable value, the difference is recorded in operating expenses as part of the Cost of sales.

Inventories at 31 December 2024 and 31 December 2023 are as follows:

(Unit: € k)

	2024	2023
	1,130	1,209
Raw, subsidiary and consumable materials	1,190	1,270
Goods	10	10
Decrease in inventories	(70)	(70)

As at 31 December 2024, raw, subsidiary and consumables materials, in the amount of € 1,190 k (2023: € 1,270 k), essentially corresponds to materials to be used in the construction of the Group's infrastructure.

Goods, in the amount of € 10 k (2023: € 10 k), corresponds essentially to natural gas held in the regasification units ("UAG").

12. Trade receivables and Other receivables

Accounting policy

Accounts receivable are initially recorded at fair value and subsequently measured at amortised cost, less any impairment losses, recognised in Impairment losses on accounts receivable. Usually, the amortised cost of these assets does not differ from their nominal value or their fair value.

Trade receivables and Other receivables are derecognised when the contractual rights to the cash flow expire (i.e., they are collected), when they are transferred (e.g., sold) or when they are impaired.

Accounting estimates and judgments

Impairment of accounts receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses the lifetime expected losses for all accounts receivable. Accounts receivables were grouped by business segment (common credit risk characteristics) for the purpose of assessing the expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the clients' credit risk profiles. The credit risk analysis is based on the annual probability of default and considers the clients' credit risk profiles. The probability of default represents an annual probability of default, reflecting the current and projected information and considering macroeconomic factors.

Accounts receivables are adjusted for management's estimate of the collection risks as at the statement of financial position date, which may differ from the actual impairment to be incurred.

Credit risk

For credit risk purposes, if trade and other receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit risk assessment considers the credit quality of the client, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings, in accordance with limits set by Management. Clients' compliance with credit limits is regularly monitored by Management.

Exposure to credit risk is non-significant, given that the services provided in "Services rendered" are invoiced to natural gas suppliers in the regulated market. For further credit risk mitigation, contracts with natural gas suppliers anticipate the provision of bank guarantees that are destined to cover that risk, in addition to being formalised in contracts insurance policies for eventual credit defaults, which are a standard part of the Group's overall risk policy.

Trade receivables

The caption Trade receivables, on 31 December 2024 and 2023, presented the following detail:

(Unit: € k)

	Notes	2024	2023
		13,593	10,565
Trade receivables		14,175	11,004
Impairment of trade receivables		(583)	(439)
Ageing of trade receivables	Exposure to risk	13,593	10,565
Not yet due	Low	12,449	8,752
Overdue up to 180 days	Medium	17	841
Overdue between 181 and 365 days	High	89	214
Overdue over 365 days	Very High	1,038	758

(Unit: € k)

Impairment of Trade receivables	Notes	2024	2023
Impairment at the beginning of the year		439	561
Net increase (decrease) in impairment losses	26	143	(122)
Impairment at the end of the year		583	439

Other receivables

The caption Other receivables, at 31 December 2024 and 2023, presented the following detail:

(Unit: € k)

	Notes	2024		2023	
		Current	Non-current	Current	Non-current
		70,622	20,138	63,470	28,077
Other debtors		24,060	210	25,308	365
Subsoil Occupation Levies	29	21,218	210	21,754	365
Others		2,842	-	3,554	-
Assets resulting from contracts		43,908	19,859	36,278	27,643
Sales and services rendered but not yet invoiced		19,192	-	16,390	-
Tariff deviation – pass-through		8,740	-	10,574	-
Tariff deviation – core		14,808	19,859	8,781	27,643
Other accrued income		1,169	-	534	-
Deferred charges		2,735	69	3,235	69
Other deferred charges		2,735	69	3,235	69
Impairment of other receivables		(81)	-	(1,351)	-

(Unit: € k)

Impairment of Other receivables	Notes	2024	2023
Impairment at the beginning of the year		1,351	81
Net increase of impairment	26	-	1,270
Utilisation of impairment losses		(1,270)	-
Impairment by the end of the year		81	1,351

The Tariff deviation – pass-through refer to the remuneration of the network access charges related to the global use of the system (“UGS”) and use of the transport networks (“URT”), paid to third parties, corresponding to the difference between the amount paid by the Group and the amount billed to customers, duly accrued so that the impact on the consolidated statement of income for these functions is nil.

The utilisation of impairment losses of other receivables, in the amount of € 1,270 k, followed the write-off of Medigás (€ 456 k) and Dianagás (€ 814 k) of the pass-through tariff deviation balances from the commercialisation activity with more than 2 years, whose impairment had been constituted in 2023.

The annual allocation of the tariff deviation with origin in adjustments of core activity is detailed below:

(Unit: € k)

	2023	Change	2024
“ORD” – GAS DISTRIBUTION ACTIVITY (ADG)			
2021:	4,969	(4,969)	-
Increases	6,308	-	6,308
Adjustment	317	-	317
Reversal	(1,656)	(4,969)	(6,625)
2022:	11,363	(1,899)	9,464
Increases	11,363	-	11,363
Adjustment	-	943	943
Reversal	-	(2,843)	(2,843)
2023:	18,400	-	18,400
Increases	18,400	-	18,400
2024:	-	5,278	5,278
Increases	-	5,278	5,278
TARIFF DEVIATION – ADG	34,732	(1,591)	33,141
Assets resulting from contracts	36,364		34,563
Accrued costs	(1,633)		(1,422)

(Unit: € k)

	2023	Change	2024
“CURR” – GAS COMMERCIALISATION ACTIVITY (FCG)			
2021:	(1)	1	-
Increases	7	-	7
Reversal	(8)	1	(7)
2022:	(35)	61	26
Increases	(35)	24	(11)
Adjustment	-	70	70
Reversal	-	(33)	(33)
2023:	(76)	-	(76)
Increases	(76)	-	(76)
2024:	-	78	78
Increases	-	78	78
TARIFF DEVIATION – ADG	(112)	140	28
Assets resulting from contracts	60		104
Accrued costs	(172)		(76)

The accrued costs are included in the caption Other payables (Note 16).

13. Other financial assets

Other financial assets as at 31 December 2024 and 2023 is detailed as follows:

(Unit: € k)

	Non-current	
	2024	2023
	4	3
Financial assets at fair value through other comprehensive income	4	3

14. Cash and cash equivalents

Accounting policy

The amounts included in Cash and cash equivalents correspond to cash values, bank deposits, time deposits and other treasury applications with maturities of less than three months at the issue date, and which can be immediately mobilised with an insignificant risk of change in value.

For the purposes of the consolidated statement of cash flow, Cash and cash equivalents also include bank overdrafts recorded in the caption financial debt in the statement of financial position.

As at 31 December 2024 and 2023, Cash and cash equivalents details are as follows:

	(Unit: € k)	
	2024	2023
	19,711	79,505
Cash and cash equivalents	19,711	79,505

15. Financial debt

Accounting policy

Loans are recorded as liabilities at the nominal value received, net of the expenses incurred on the issuance of these loans. Loans are subsequently measured at amortised cost.

Financial charges are calculated at the effective interest rate and recorded in the consolidated statement of income on an accruals basis in accordance with each loan agreement.

Financial charges include interest on financing and, eventually, commission expenses on the structuring of loans.

Financial Debt as at 31 December 2023 and 31 December 2022 are as follows:

	(Unit: € k)				
	2024		2023		
	Notes	Current	Non-current	Current	Non-current
		30,831	597,933	71,444	599,896
Bank loans		30,831	-	1,065	3,125
Bank Loans and Commercial paper		30,800	-	1,042	3,125
Others		31	-	23	-
Bonds and Notes		-	597,933	70,379	596,771
Origination Fees		-	(2,067)	379	(3,229)
Bond loans and Notes		-	600,000	70,000	600,000

The average interest rate on loans supported by the Group in 2024 and 2023, amount to 3.83% and 3.15%, respectively.

Current and non-current loans, excluding origination fees and bank overdrafts, have the following repayment plan as at 31 December 2024:

(Unit: € k)

Maturity	Loans		
	Total	Current	Non-current
	630,800	30,800	600,000
2025	30,800	30,800	-
2026	180,000	-	180,000
2027	-	-	-
2028	420,000	-	420,000

Changes in the financial debt during the period ended 31 December 2024 are as follows:

(Unit: € k)

	Opening balance	New financing	Repayment of the principal	Other	Final balance
	671,340	39,300	(82,667)	791	628,764
Bank loans	4,190	39,300	(12,667)	8	30,831
Bank Loans and Commercial paper	4,167	39,300	(12,667)	-	30,800
Other	23	-	-	8	31
Bonds and notes	667,150	-	(70,000)	783	597,933
Origination fees	(2,850)	-	-	783	(2,067)
Bond loans and Notes	670,000	-	(70,000)	-	600,000

For comparative information, please refer to the financial statements for the year ended 31 December 2023.

Description of main loans

Bank loans – Other

In December 2005 it was celebrated, by Beiragás – Companhia de Gás das Beiras, S.A., a financial contract under a Project Finance regime that includes a credit line for investment until the maximum amount of € 27,000 k (Instalment A) which could be drawn until December 2008 and an operating credit line until the maximum amount of € 4,000 k (Instalment B) which could be reimbursed until December 2012, being this term extent until 31 December 2013.

In 2017, an amendment to the previously mentioned contract was signed, and the following was amended: i) Agent Bank; ii) reimbursement plan of Instalment A (repaid in 36 consecutive half-yearly instalments, from 15 June 2010 until 15 December 2027) and iii) the margin. The outstanding amount of the loan bears interest at 6-month Euribor increased by a spread, which varies over the repayment period.

On 15 June 2024, the financing was repaid in advance, with recourse to Caixa and its equivalents.

Bond Loan

On 1 August 2019, the Company issued bonds to the amount of € 70,000 k, with a 6-month Euribor interest rate plus spread with a maturity date of 1 August 2024. On 24 April 2024, the Company completed the early repayment of the entire Bond Loan, through Cash and cash equivalents.

Syndicate Bond Loan 2023

On 26 February 2023, the Company formalised a Syndicate Bond Loan, with an amount of up to € 300,000 k. On 7 March 2023, the Syndicate Bond Loan was used to finance the partial repurchase of EMTN 2016 through, in the total amount of € 180,000 k, with a maturity of 3 years and a variable interest rate indexed to the Euribor rate plus a contractual spread. The remaining amount was cancelled.

On 7 March 2025, the Company proceeded to the anticipated reimbursement of the total of the Syndicated bond loan, through the use of a new Syndicated Bond Loan, contracted as of 14 February 2025, which was fully used on 27 February 2025, in the amount of € 180,000 k, a 5-year term and variable interest rate indexed to Euribor rate and a contractual spread (Note 32).

EMTN 2023

On 3 July 2023, the Company concluded the EMTN 2016 refinancing process, with the issuance of a 5-year bond loan, in the amount of € 420,000 k, admitted to trading on the Euronext Dublin regulated market, with maturity on 3 July 2028 and coupon of 4.875%. The issuance was made under an EMTN Programme in accordance with the Prospectus published on 16 June 2023. Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander Totta, S.A., BNP Paribas and Mizuho Securities Europe GmbH acted as Joint-Bookrunners in this transaction. On 31 December 2024, the market value of the EMTN 2023 corresponds to € 438,564 k (fair value hierarchy Level 1, as of Note 21).

For the purposes of the Transparency Directive and the Market Abuse Regulation, and in the sequence of the last emission of securities, Floene became subject to the supervision of the CBI (Central Bank of Ireland) and to provide and disclose relevant information in accordance with the reporting and transparency obligations applicable to Ireland.

Commercial Paper Programme

On 8 March 2024, the Company formalised a Commercial Paper Programme, in the amount of € 79,000 k, with the purpose of reinforcing its financial position. The Commercial Paper Programme has a maturity date of 4 years (from its first emission, this is, 26 June 2028) and has a variable interest rate, indexed to the Euribor rate and a contractual spread. As at 31 December 2024, the Commercial paper debt amount ascends to € 23,750 k, with emissions with a maturity of less than a year. During the financial year ending on 31 December 2024, € 8,500 k were also borrowed and repaid, relating to this Commercial Paper Programme.

Commercial Paper Programme – Others

On 30 July 2024, Beiragás – Companhia de Gás das Beiras, S.A., formalised a Commercial Paper Programme, in the amount of € 12,500 k, with the purpose of reinforcing its financial position. The Commercial Paper Programme has 5-year term (from the formalisation of the contract) and a variable interest rate, indexed to Euribor rate and a contractual spread. As at 31 December 2024, the Commercial paper debt amount ascends to € 7,050 k, with emissions with a maturity of less than a year.

Under the loans in force on 31 December 2024, financial covenants do not apply.

16. Trade payables and Other payables

Accounting policy

Trade payables and Other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually, the amortised cost does not differ from the nominal value.

On 31 December 2024 and 31 December 2023, Trade payables and Other payables, current and non-current, are presented as follows:

(Unit: € k)

	Notes	2024		2023	
		Current	Non-current	Current	Non-current
Trade payables		8,359	-	10,683	-
Other payables		57,899	172,702	51,597	181,310
State and other public entities		5,022	-	2,582	-
VAT payable		3,927	-	1,487	-
"ISP" - Tax on oil products		290	-	256	-
Other taxes		805	-	839	-
Other creditors		10,196	-	7,431	-
Tangible and intangible assets suppliers		10,182	-	7,413	-
Other		13	-	17	-
Related parties		157	-	138	-
Other accounts payable		3,339	-	3,053	-
Accrued costs		30,478	761	29,679	824
External supplies and services		5,882	-	4,872	-
Staff remunerations to be paid		7,324	-	7,286	-
Tariff deviation – core	12	737	761	981	824
Tariff deviation – pass through		1,532	-	911	-
Bond Loans interests		13,327	-	14,605	-
Other accrued costs		1,676	-	1,025	-
Deferred income		8,708	171,942	8,714	180,487
Government grants	8	8,584	171,942	8,584	180,487
Others		124	-	130	-

17. Income tax

Accounting policy

Current Income tax is calculated based on the taxable results of the companies included in the consolidation in accordance with the applicable tax rules in each geographical area in which the Floene Group operates.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities recorded for accounting purposes and their amounts for tax purposes. Deferred tax assets and liabilities are calculated and reviewed annually using the tax rates expected to be in force when the temporary differences revert.

Deferred tax assets are recorded only when there is reasonable expectation of enough future taxable income to use them or whenever there are taxable temporary differences that offset the deductible temporary differences in the period they revert. Deferred tax liabilities are always recognised on the consolidated financial statements. Temporary differences underlying deferred tax are reviewed at each statement of financial position date in order to recognise deferred tax assets or liabilities that were not recorded in prior years as they did not fulfil all requisites and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

Deferred taxes are recorded in the consolidated statement of income for the year, unless they result from items recorded directly in equity, in which case the deferred tax is also recorded in equity.

The companies that are part of the Floene Group for over 1 year 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"), with the tax result of this group of entities being calculated at the level of Floene Energias, S.A. (until 2021 it was calculated at the level of Galp Energia SGPS, S.A.). The average tax rate applied to Group companies was 25%.

As at 31 December 2023 and 2022, the income tax payable is as follows:

	(Unit: € k)	
	Assets/(Liabilities)	
	2024	2023
	(2,996)	4,921
State and other public entities	(2,996)	4,921

The balance corresponds to the amount calculated resulting from the estimated income tax for the period, deducted from withholding taxes and payments on account.

As of 31 December 2024, and 31 December 2023, the amount of income tax is as follows:

(Unit: € k)

	2024			2023		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Income tax	7,048	(648)	6,400	5,551	2,748	8,299
Corporate income tax	7,048	(648)	6,400	5,551	2,748	8,299

The effective income tax rate as at 31 December 2024 and 2023, is as follows:

	2024	2023
Effective income tax rate	30.16%	27.12%
Income tax rate	25.00%	25.00%
Tax rate differences	5.02%	1.55%
(Excess)/insufficiency of estimated income tax	(2.40%)	(0.38%)
Autonomous taxation	1.93%	1.21%
Other increases and deductions	0.61%	(0.26%)

As at 31 December 2024 and 31 December 2023, incorporating the reduction in the income tax rate by 1%, as provided for in the Portuguese State Budget for 2025, the deferred tax assets and liabilities movements is as follows:

(Unit: € k)

	1 January 2024	Impact on the statement of income	Impact on equity	Other changes	31 December 2024
Deferred tax assets	11,416	(369)	1,245	-	12,292
Adjustments to tangible and intangible assets	15	(8)	-	-	7
Retirement benefits and other benefits	9,951	(496)	1,245	-	10,699
Tariff deviation	68	192	-	-	260
Non-deductible provisions	1,383	(57)	-	-	1,326
Deferred tax liabilities	(18,588)	1,017	-	(2)	(17,573)
Adjustments to tangible and intangible assets - Fair value	(9,106)	382	-	-	(8,724)
Tariff Deviation	(8,479)	261	-	-	(8,218)
Other	(1,003)	373	-	(2)	(631)

For comparative information, please refer to the financial statements for the year ended 31 December 2023.

18. Post-employment and other employee benefit liabilities

Accounting policy

Defined-contribution plans

The Group has a defined-contribution plan funded by a pension fund, which is managed by an independent entity. The Group contributions to the defined-contribution plan are charged to the consolidated statement of income in the relevant year.

Defined-benefit plans

The Group has a defined-benefit plan that provides the following benefits: retirement, disability and survivor pension supplement; pre-retirement; early retirement; retirement bonuses; and voluntary social insurance.

The payment of pension supplements for old age and disability, as well as survivors' pensions, is funded by a pension fund managed by independent entities.

Other retirement benefits

Along with the plans mentioned above, Group provided additional benefits related to healthcare, life insurance and a minimum defined-benefit plan (for disability and survival).

Recognition of defined-benefit plans

The period costs for post-employment benefit plans are determined based on the Projected Unit Credit method. This method reflects the services provided by employees at the valuation date, based on actuarial assumptions, as well as considering a discount rate to determine the present value of benefits and the remuneration projected rates of growth. The discount rate is based on the yield on high-quality bonds in Euros. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income during the period in which they arise. Past service costs are recognised immediately in the consolidated statement of income.

A defined-benefit plan net excess (in other words, asset) is only recognised when the Group is capable of obtaining future economic benefits, such as plan repayments or reduction of future contributions. When a plan is unfunded, a liability for the retirement benefit obligation is recognised in the consolidated statement of financial position. Costs recognised for retirement benefits are included in staff costs. The net obligation recognised in the consolidated statement of financial position is reported within non-current liabilities.

Accounting estimates and judgments

Demographic and financial assumptions used to calculate the retirement benefit liabilities

Accounting for pensions and other post-retirement benefits requires estimates to be made when measuring the group's pension plan surpluses and deficits. These estimates require assumptions to be made regarding uncertain events, including discount rates, inflation and life expectancy.

Post-employment benefits

(Unit: € k)

	2024	2023
Liabilities at the end of the year	(49,427)	(44,441)
Net liabilities	(49,427)	(44,441)
Post-employment obligations	(69,023)	(63,949)
Past services covered by the pension fund	(21,720)	(21,237)
Liabilities related with other benefits	(47,303)	(42,712)
Fund Assets	19,596	19,508

Post-employment obligations

(Unit: € k)

	2024	2023
Past service liability at the end of the current year	69,023	63,949
Past service liability at the end of the previous year	63,949	66,083
Current service cost	1,007	1,049
Interest cost	2,413	2,222
Actuarial (gains)/losses	6,284	(451)
Payment of benefits made by the Fund	(1,526)	(1,515)
Payment of benefits made by the Group	(4,583)	(3,557)
Curtailments	1,571	118
Other adjustments	(93)	1

The average maturity of the liabilities under the defined-benefit plans is 10.1 years (7.2 years in 2023).

Pension fund with defined benefits

(Unit: € k)

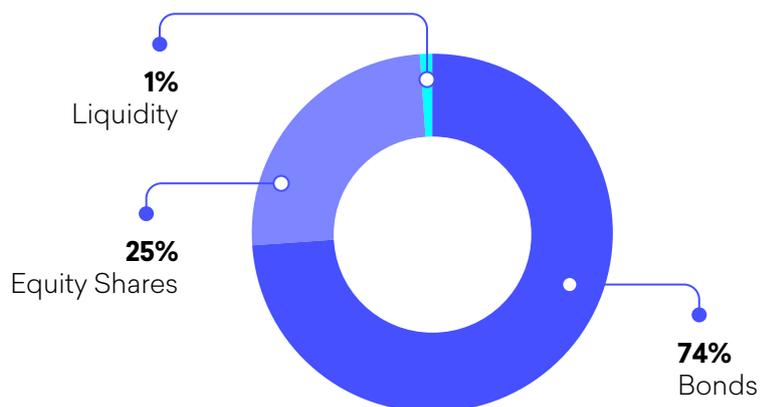
	2024	2023
Assets at the end of the current year	19,596	19,508
Assets at the end of the previous year	19,508	18,953
Net interest	749	682
Associate contributions	582	651
Payment of benefits	(1,526)	(1,515)
Financial gains/(losses)	283	736

Fund assets

(Unit: € k)

	2024	2023
Total	19,596	19,508
Shares	4,948	4,623
Bonds	14,383	13,342
Liquidity	265	1,543

Type of Assets 2024



The fair value hierarchy of assets is mostly Level 1 for shares and alternative investments and a uniform combination of Level 1 and 2 for bonds and real estate. Level 1 includes financial instruments valued on the basis of net market prices, e.g. from Bloomberg. Level 2 includes financial instruments valued at prices observable in current liquid markets for the same financial instrument provided by external counterparties, available through Bloomberg.

Post-employment benefit expenses

(Unit: € k)

	Notes	2024	2023
Current service cost		1,007	1,049
Net interest		1,664	1,540
Net cost for the year before special events		2,671	2,588
Curtailments impact – terminations by mutual agreement		-	(1)
Curtailments impact – pre-retirements and early retirements		1,573	118
Other adjustments		(199)	-
Net cost for the year of defined-benefit plan expenses		4,046	2,705
Defined contribution		482	451
Net cost for the year of defined-contribution plan expenses		482	451
Total	27	4,526	3,158

Remeasurements

(Unit: € k)

	Notes	2024	2023
		(4,762)	1,156
Gains and losses recognised through other comprehensive income		(6,007)	1,187
(Loss)/gains from actuarial experience		(3,637)	(819)
(Loss)/gains from changes in actuarial assumptions		(2,647)	1,270
Financial gain/(loss)		283	736
Other gains/(losses)		(7)	-
Income tax related to remeasurements	17	1,245	(31)

Assumptions

	Retirement benefits		Other benefits	
	2024	2023	2024	2023
Rate of return on assets	3.50%	4.00%	-	-
Discount rate	3.50%	4.00%	3.50%	4.00%
Rate of increase of salaries/costs	1.00%	1.00%	[0.00% – 3.00%]	[0.00% – 3.00%]
Rate of increase of pensions	[0.00% – 2.00%]	[0.00% – 2.00%]	0.00%	0.00%
Mortality table for current staff and pre-retirees	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011
Mortality table for retired staff	INE 2009-2011	INE 2009-2011	INE 2009-2011 GKF95	INE 2009-2011 GKF95
Disability table	EVK80 – 50%	EVK80 – 50%	EVK80 – 50%	EVK80 – 50%
Normal age for retirement	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively
Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

Stress analysis

Stress analysis of the discount rate

(Unit: € k)

	Discount rate 3.50%	-0.25%
Total	69,023	1,402
Retirement benefits	47,077	814
Other benefits	21,947	588

Stress analysis of the growth rate of health insurance costs

(Unit: € k)

	0% in the 1 st year and 3% in the following	Δ +1.00% from 2 nd year onwards	Δ -1.00% from 2 nd year onwards
Past services	20,153	2,046	(2,408)

19. Provisions

Accounting policy

Provisions are recorded when the Group has a present obligation (legal, contractual or constructive) resulting from a past event, it is probable that an outflow of resources entailing economic benefits will be required to settle that obligation, and a reliable estimate of the obligation amount can be made. Provisions are reviewed and adjusted on each consolidated statement of financial position date to reflect the best estimate at that date.

The Group calculates its estimates evolution based on the most likely outcome. Disputes for which no reliable estimate can be made are disclosed as contingent liabilities.

Provisions to legal disputes contain several types of provisions related to ongoing legal disputes. Management makes estimates regarding to provisions and contingencies, including assessing the likelihood of pending and potential litigation outcomes. By determining the outcomes, the Board of Directors considers the lawyers' opinions, as well as the past experience.

Floene measures uncertain tax positions (except corporate income tax), namely tax provisions, by the most likely outcome and not by probabilities.

Accounting estimates and judgements

Provisions by contingencies

The final cost of lawsuits, liquidations and other litigation may vary from estimates made due to different interpretations of standards, opinions and final assessments of the amount of losses. Therefore, any change in circumstances related to this type of contingencies could have a significant effect on the amount of the provision for contingencies recorded.

During the years ended 31 December 2024 and 2023, Provisions caption presented the following movements:

(Unit: € k)

	2024			2023
	CESE I	Other provisions	Total	Total
At the beginning of the year	79,903	4,157	84,060	81,069
Increases	14,552	206	14,758	12,605
Decreases	(9,779)	-	(9,779)	(7,602)
Utilisation	(769)	-	(769)	(2,012)
At the end of the year	83,907	4,363	88,269	84,060

For comparative information, please refer to the financial statements for the year ended 31 December 2023

The net increases for the year ended 31 December 2024 have the following decomposition:

(Unit: € k)

	Operational costs (Note 26)	CESE I	Total
2024	206	4,773	4,978
CESE I	-	4,773	4,773
Other provisions	206	-	206

For comparative information, please refer to the financial statements for the year ended 31 December 2023.

CESE

Since 2014, the Group has been subject to a special tax, the Energy Sector Extraordinary Contribution ("CESE"), under article No. 228 of Law 83C/2013 of 31 December, whose term has been successively pro-rogued by Law No. 82-B/2014, of 31 December, by Law No. 7-A/2016, of 30 March, by Law No. 114/2017, of 29 December, by Law No. 71/2018, of 31 December, by Law No. 2/2020, of 31 March, by Law No. 75-B/2020, of 31 December, by Law No. 99/2021, of 31 December, by Law No. 24-D/2022, of 30 December 2022 and by Law No. 82/2023, of 29 December.

CESE applies to companies from the energy sector, namely concessionaire companies of the distribution of natural gas and is levied on the amount of eligible net assets, this is the value of the assets allocated to the concessions accepted by ERSE ("Entidade Reguladora dos Serviços Energéticos") in the determination of allowed revenue to be recovered by tariffs in the following year, if this is higher than the value of the intangible asset elements recorded in the statutory accounts, on which the a 0.85% rate is applied.

Due to the fact that the Company contests the application of this contribution, the Group has not proceeded with the respective settlement at the due moment since 2014, having recorded the total amount of CESE in the Provisions caption and the expense was recognised in results in the respective years.

In 2024, the changes registered in the provision of CESE are detailed as follows:

- An increase in the amount of € 14,552 k, referring to 2024's CESE, including default interest. This has been recurrent and registered in January of each year, since this contribution began taking effect.
- The utilisation of € 769 k is related to payments made by Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A. relating to the CESE of 2015 and 2017, in the sequence of the unfavourable final decision of the Constitutional Court, correspondent to Court Decisions No. 248/2024 and No. 301/2024, respectively. Payments were financed via ancillary capital contributions from shareholders (Note 23).
- The decrease occurred in 2024, in the amount of € 9,779 k, is due to: i) the Summary Decision No. 399/2024, proffered by section 3 of the Constitutional Court, referring to CESE of 2019, which judged this tribute as unconstitutional, notified to Lisboagás on 27 June 2024 and which, having become final, allowed the reversal of the provision that amounted to € 5,240 k; ii) the decision taken by Court Decision No. 197/2024, proffered by section 1 of the Constitutional Court, referring to CESE of 2019, which judged this tribute as unconstitutional, notified to Setgás on 19 March 2024 and which, having become final, allowed the reversal of the provision that amounted to € 1,558 k; iii) the decision taken by Court Decision No. 197/2024, proffered by section 1 of the Constitutional Court, referring to CESE of 2019, which judged this tribute as unconstitutional, notified to Duriensegás on 24 April 2024 and which, having become final, allowed the reversal of the provision that amounted to € 306 k; and iv) the decision taken by the Constitutional Court in 2024, in favour of Lusitaniagás, referring to CESE of 2020, which allowed the reversal of its provision by € 2,675 k.

On 31 December 2024, the caption of CESE provisions in the amount of € 83,907 k corresponds to the total liability, excluding the years for which there was an unfavourable court decision, and the respective payment was made, but the Group continues to contest.

Other provisions

The caption Other provisions essentially refers to the provision made (€ 3,968 k) for the total debts issued by the Administration of the Port of Lisbon for the occupation of the Cabo Ruivo land claimed by Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A. Part of the increase in 2024, in the amount of € 206 k, under this caption concerns to the reinforcement of this provision.

20. Derivative financial instruments

Not applicable.

21. Financial assets and liabilities

Accounting policy

The Group classifies financial assets and liabilities into the following categories:

- Financial assets at fair value through other comprehensive income;
- Financial assets and liabilities carried at amortised cost;
- Financial assets and liabilities at fair value through profit or loss (derivatives).

Management determines the classification of its financial assets on initial recognition and changes this classification, if and only if there is a change in the model of financial assets management, which should rarely occur, and these are significant to the entity's operations and demonstrable to external parties. For financial liabilities, such changes in classification are not allowed.

Recognition and measurement

Purchases and sales of financial assets are recognised on the date of the transaction. Financial assets are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently restated at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Derecognised of financial assets

Financial Assets are derecognised from the consolidated statement of financial position when the rights to receive cash flow from investments have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if: (i) the inherent objective to the business model used is achieved, either to collect contractual cash flows or to sell financial assets, and (ii) the underlying contractual cash flows represent only principal and interest payments. Assets in this category, which are debt instruments, are initially and subsequently measured at their fair value, with changes in their book value recorded against Other comprehensive income, except for the recognition of impairment losses, interest or exchange gains and losses, which are recognised in the consolidated statement of income. When the asset is derecognised, the accumulated gain or loss in other comprehensive income is reclassified to profit or loss.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are non-derivative financial assets/liabilities which are held solely for payments of principal and interests ("SPPI"). If collection/payment is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets/liabilities. If not, they are presented as non-current assets/liabilities.

Trade receivables and other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest method, less impairment.

Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement. The fair value hierarchy has the following levels:

- Level 1 – the fair value of the assets or liabilities is based on active liquid market quotation as at the date of the statement of financial position;
- Level 2 – the fair value of the assets or liabilities is determined through valuation models based on observable market inputs; and
- Level 3 – the fair value of the assets or liabilities is determined through valuation models; whose main inputs are not observable in the market.

In general, the book value of financial assets and liabilities approximates fair value.

	Notes	2024	2023
(Unit: € k)			
Financial assets by category		99,835	156,196
Financial assets at fair value through other comprehensive income	13	4	3
Financial assets at amortised cost	12	104,353	102,112
- less deferred costs, subsoil occupation levies and receivable amounts from the State	12	(24,233)	(25,423)
Cash and cash equivalents	14	19,711	79,505

Financial assets at amortised cost comprises Trade receivables and Other receivables, net of impairments.

	Notes	2024	2023
(Unit: € k)			
Financial liabilities by category		694,468	734,163
Financial liabilities not measured at fair value	7, 15 and 16	880,139	925,946
- less deferred income and payable amounts to the State	16	(185,671)	(191,782)

Financial liabilities comprise Financial debt, Lease liabilities, Trade payables and Other payables.

22. Financial risk management

The Group is organised to identify, measure and control the different risks to which it is exposed to using various financial instruments to cover them, in accordance with the corporate guidelines across the Group. The contracting of these instruments is centralised.

The Group's exposure to financial risks resides, essentially in the interest rate risk.

Interest rate risk

The risk associated to interest rate fluctuations has, essentially, two significant impacts in the Group's accounts: i) remuneration on the Group's assets, in accordance with the Tariff Regulation; ii) in the debt service level of bank loans and bonds.

Since the remuneration rate of the Group's regulated assets changes with the evolution of 10-year Portuguese Treasury Bonds, which depends on the market interest rates, its cash flows from operating activities are affected by these fluctuations, positively or negatively, depending on whether these rates increase or decrease.

At the debt service level, the purpose of managing interest rate risk is to reduce the volatility of financial costs in the consolidated statement of income. The policy for interest rate risk management aims to reduce the exposure to variable rates by fixing the interest rate risk on loans, using a mix of variable and fixed rate instruments.

Interest rate stress analysis

The analysis of interest rate risk includes investments and loans at variable interest rates. As at 31 December 2024 and 2023, there were no financial investments with variable interest rates. A 0.5% increase in the interest rate would impact Group's financial income as outlined in the table below:

(Unit: € k)

	2024		2023	
	Risk exposure	Impact on statement of income	Risk exposure	Impact on statement of income
Financial debt	210,800	(1,389)	254,167	(1,288)

Note: excludes loans not subject to volatility risk of interest rate i.e. fixed rate loans.

Liquidity risk

Liquidity risk is defined as the impact on the profit and/or cash flow of the business of the Group's ability to obtain the financial resources necessary to meet its operating and investment commitments. Floene finances itself through the cash flow generated by its operations and maintains a diversified portfolio of loans and bonds.

In 2024, the Group formalised two Commercial Paper Programmes, whose unused amounts ascended to € 55,250 k and € 5,450 k, and are available for use (Note 15). Additionally, has also available short-term credit lines that have not been used in the amount of € 5 million as at 31 December 2024 and € 20 million as at 31 December 2023.

Floene has immediate access to Cash and cash equivalents amounting around to € 20 million as at 31 December 2024 and € 80 million as at 31 December 2023. The total of these combined amounts is over € 85 million as at 31 December 2024 and € 100 million as at 31 December 2023.

Regarding the maturity of the Group's financial liabilities, Floene will limit the concentration of debt maturity dates, in order to mitigate the risks associated with the refinancing of significant amounts of debt during a specific period (Note 15).

Credit risk and counterparty credit risk

Credit risk results from the potential non-payment by one of the parties of their contractual obligations, thus depending on the risk level of the counterparty. Credit risk limits are established by Floene and are implemented in the various business segments. The credit risk limits are defined and documented, and the credit limits for certain counterparties are based on their credit ratings, periods of exposure and the monetary amount of the exposure to credit risk. See Note 12 for further risk assessments, specifically regarding Trade receivables and Other receivables.

Additionally, counterparty credit risk exists in monetary investments and hedging instruments. The policy of counterparty credit risk management must ensure that all treasury counterparties involved in achieving the Group's objectives have adequate credit quality. Furthermore, for each type of treasury transaction, counterparties must comply with minimum rating requirements, as well as maximum exposure limits per counterparty.

Claims risk

Floene Group owns a wide insurance programme to reduce its exposure to various risks resulting from claims that may occur during the execution of its activity, as follows:

- Indemnity and environmental Insurance: covering general activity risks caused by third parties and risks of management risks;
- Patrimony Insurance: answer for damages with external origin that can be caused at Floene Group' assets and exploration losses;
- Social Insurances: cover work accidents, personal accidents, life and health risks;
- Other Insurances: cover risks on vehicles, travels, etc.

23. Equity

Equity management policy

Floene Energias, S.A. is the Group's holding Company in the natural gas distribution and commercialisation business in Portugal, with the Group's consolidated equity as at 31 December 2024 amounting to € 234,122 k (2023: € 259,581 k), and the net financial debt, corresponding to the difference between total Financial debt and Cash and cash equivalents at the end of the year, amounting to € 609,053 (2023: € 591,835 k) (Notes 14 and 15).

Shareholder structure and Dividends

Shareholder structure

During 2024, Floene shareholder structure has not changed, with the share capital remaining at € 89,529,141 divided into 89,529,141 shares, with a nominal value of one Euro each, being fully subscribed and paid up by the following shareholders

Shareholders	%	No. of shares
	100.00	89,529,141
Allianz Infrastructure Luxembourg II, S.à r.l.	45.51	40,743,759
Allianz European Infrastructure Acquisition Holding, S.à r.l.	29.50	26,412,050
Meet Europe Natural Gas, Lda.	22.50	20,144,057
Petrogal, S.A.	2.49	2,229,275

Reserves

During the year ended 31 December 2024, by deliberation at the Shareholders' General Meeting, the Company reinforced the legal reserve in € 179 k. The total amount of legal reserve is € 13,402 k.

Ancillary capital contributions

The Ancillary capital contributions was reinforced by € 770 k during the 2024 financial year, for a global amount of € 22,358 k, paid on 23 December 2024, with a view to strengthening the Group's capital structure and fulfil its financial obligations relating to the payment of CESE (Note 19). The Ancillary capital contributions are non-remunerated, are subject to the supplementary capital contributions regime as to their enforceability and delivery obligation, and were made in accordance with the following distribution among shareholders:

- Allianz Infrastructure Luxembourg II, S.à r.l.: € 350 k (2023: € 9,825 k);
- Allianz European Infrastructure Acquisition Holding, S.à r.l.: € 227 k (2023: € 6,369 k);
- Meet Europe Natural Gas, Lda.: € 173 k (2023: € 4,857 k); and
- Petrogal, S.A.: € 19 k (2022: € 538 k).

In accordance with current legislation, ancillary capital contributions can only be distributed to shareholders as long as the equity, after its repayment, is not less than the sum of capital and undistributed reserves.

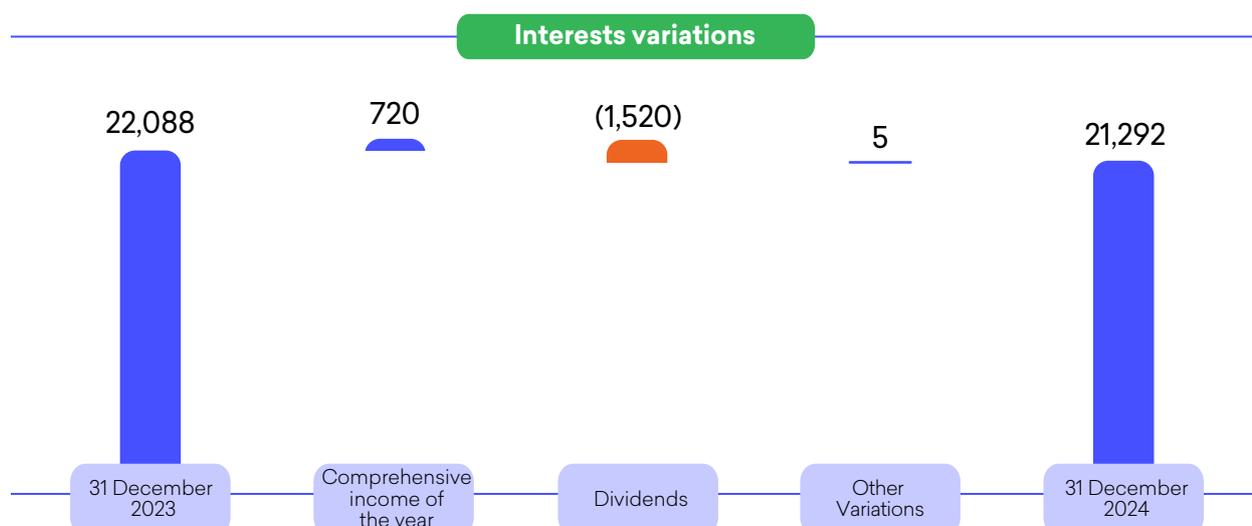
Dividends

In accordance with the unanimous written corporate resolution from 28 August 2024, dividends in the amount of € 14,356 k were attributed to the Company's shareholders, which were paid on 13 September 2024.

Additionally, on 29 October 2024, the Company's Board of Directors approved the Interim dividends to shareholders, in the amount of € 15,644 k, paid on 13 November 2024, making the total distributed dividends in 2024 amount to € 30,000 k.

24. Non-controlling interests

As at 31 December 2024, the changes in non-controlling interests during the year and included in equity are as follows:



The other variations refer mainly to remeasurements with a pension fund.

25. Revenue and income

Accounting policy

Revenue from gas sales (under the last resort commercialisation regime) and the services rendered for the use of the natural gas distribution network is recognised in the statement of income when the risks and rewards related to the possession of the assets are transferred to the buyer or the services are rendered, and the amount of the corresponding revenue can be reasonably estimated. Sales and services rendered are recognised net of taxes, discounts, and other costs inherent to their materialisation, by the fair value of the amount received or receivable.

Allowed revenue for the Gas Distribution Activity results from the sum of the following parts:

- the cost of capital, defined as the product of the Regulated Asset Base (“RAB”) by the Rate of Return on regulated assets (“RoR”) published by ERSE, plus the amortisation and depreciation of those assets. The RoR is defined by the application of a methodology that comprises a variety of fixed parameters as well as a variable component indexed to the average daily quotation of Portuguese Treasury Bonds (“OTs”) at 10 years, framed by a maximum and a minimum value;
- recovery of allowed net operating costs (“OPEX”) indexed to efficiency factors defined by the regulator, updated by the GDP deflator and market evolution (number of active customers and energy demand); and,
- adjustments to allowed revenue that correspond to the difference between the revenue actually recovered and the allowed revenue calculated by ERSE, relating to calendar year n-2.

Regarding to the Last Resource Commercialisation Activity, the amount of allowed revenue results from the sum of the following parts:

- recovery of allowed net operating costs (OPEX) indexed to efficiency factors defined by the regulator, updated by the GDP deflator and market evolution (number of active customers in the regulated market);
- additional income established in the commercialisation license;
- difference between average payment and collection periods; and
- adjustments to allowed revenue that correspond to the difference between the income actually recovered and the allowed revenue calculated by ERSE, relating to calendar year n-2.

The regulated tariffs applied by the Group in the invoicing of sold gas and access to the gas distribution networks conveyed in the National Gas System are defined by ERSE and allow the recovery of the permitted revenue calculated at the beginning of each gas year for each regulated activity/function, which are as follows:

- energy tariff to be applied by the wholesale supplier of last resort, which must provide the benefits of the Purchase and Sale of Gas function (“FCVG”) for supply to the Last Resort Commercialisation Retailer;
- commercialisation tariff to be applied by the Last Resort Commercialisation Retailer, which must provide the permitted revenue from the Commercialisation of gas activity of each “CURr”;

- Global Use of the System tariff (“UGS”) to be applied by the transmission system operator to the distribution network operator, which must provide the allowed revenue from the Global Technical Management Activity of the ORT System;
- use of the Transportation Network tariff (“URT”) to be applied by the transportation system operator, which must provide the allowed revenue from the Gas Transport Activity;
- Distribution Network Use tariff (“URD”) in medium pressure (MP) and for the Distribution Network Use tariff in low pressure (BP), which must provide the allowed revenue from the Gas Distribution Activity of each Distribution Network Operator; and
- logistics Operation for the Change of Merchant tariff (“OLMC”), which must provide the allowed revenue of the entity responsible for managing the supplier change process, until September 2023.

According to current regulatory assumptions, the period of the gas year is between October and September of the following year, period in which the regulated tariffs are applied. In 2024 the applied tariffs and prices corresponds to the gas year of 2023-2024 (period from 1 January and 30 September) and the gas year of 2024-2025 (period from 1 October to 31 December) published by ERSE.

The gas regulation system is based on the principle of tariff uniformity (where the same tariff is applicable to all regions of the country), and considering the different levels of use of the networks and the efficiency of the regulated companies. ERSE published a transfers and compensations mechanism, applicable across the sector’s companies, in order allow for an equilibrium between the revenue recovered by applying the regulated tariffs and the regulated revenue of those companies (Notes 12 and 16).

The values of transfers and compensations are in accordance with the values published for the same tariff application period mentioned above.

In 2024, Group companies estimated and included in their accounts the difference between the published allowed revenue and adjusted allowed revenue, that is, the amount obtained considering the real variables underlying its calculation.

The Group companies recognise in their financial statements, under accruals and deferrals (Notes 12 and 16), the difference between the estimated allowed revenue published for its regulated activity and the revenue generated by the actual billing issued.

Given the regulatory framework and legislation in place, tariff deviations calculated in each year meet several conditions (measurement reliability; financial asset remuneration; entitlement to their recovery and transmissibility of same, among other) that support their recognition as revenue, and as assets in the year they are calculated, namely because they can be reliably measured and there is certainty that economic benefits will flow to the Group. All tariff deviations recognised by the Group were, in accordance with the foreseen mechanisms, incorporated into the calculation of the respective tariffs.

Costs and income are recorded in the corresponding year, regardless of the date of payment or receipt. Costs and income which actual amounts are unknown, are estimated.

Under Other receivables and Other payables are recorded costs and income of the current year and which receipt and payment will only occur in future years, as well as receipts and payments that have already occurred, but which relate to future years and will be imputed, in the corresponding amounts, to each year’s results.

Estimates and accounting judgements

The Group analysed, under the accounting principles established in IFRS 15, the income framework recognised within the scope of the Gas Distribution and Commercialisation Activities, namely in what regards its performance as Principal vs. Agent.

Within the scope of the Gas Distribution and Commercialisation Activities, the transactions associated with the billed tariffs related to the Global Use of the System (“UGS”) and the Use of the Transportation Network (“URT”) tariffs were analysed, among others. These tariffs are initially recognised as expenses within the scope of gas distribution and commercialisation services provided by the entity, being subsequently billed to customers and recognised as operating income, given that the services provided or promised to their customers contain the cost of the tariffs included in the price.

Based on the analysis carried out, the Group concluded that each performance obligation defined contractually to provide the specified good or service is its responsibility, thus controlling the goods or services provided to the customer, in its entirety, acting as Principal and not as Agent.

The Group’s operating income for the years ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	Notes	2024	2023
		224,322	217,568
Sales		7,307	6,188
Goods		7,307	6,188
Services rendered		172,479	161,127
URD tariff		153,593	151,378
URT tariff		10,966	5,525
UGS tariff		5,827	2,249
OLMC tariff		-	176
ORT transfer to company - Social tariff		(201)	(400)
ORT and ORD transfer		4,089	4,778
MP Discount		(5,186)	(4,741)
“Sobreproveito” transfer		1,756	743
Connections/reconnections		1,129	997
Other		507	421
Other operating income		42,335	43,613
Profits under IFRIC 12	6 and 26	32,240	34,115
Investment subsidies	8	8,618	8,635
Other		1,477	863
Financial income	28	2,201	6,640

Regarding the concession contracts under IFRIC 12, the construction of the concession assets is subcontracted to specialised entities, which assume the risk inherent in the construction activity, with income and costs associated with the construction of these assets being recognised. The income and costs associated with the construction of these assets are of equal amounts and are duly mentioned in the table above, as well as in the following note of operating costs.

The decrease in Financial income is related to financial investments made during 2023 in a context of higher interest rates combined with greater invested amounts resulting from the refinancing process that took place in 2023 (Note 15).

26. Costs and expenses

Costs and expenses for the years ended 31 December 2024 and 2023 are as follows:

(Unit: € k)

	Notes	2024	2023
		203,099	186,969
Total costs and expenses		4,526	4,525
Goods		4,526	4,554
Decrease in inventories	11	-	(29)
Supplies and external services		54,352	42,483
Specialised works		1,816	1,538
Subcontracts - network use		19,511	8,510
IT Services		7,112	7,159
Administrative and financial services		3,921	3,850
Maintenance and repairs		3,797	3,911
Rental costs		1,239	1,016
Technical assistance maintenance		2,953	2,869
Commercial Service / Marketing		577	495
Call centre / Contact centre		2,264	1,690
Electricity, fuel and water		1,060	978
Insurance		3,739	3,826
Readings		1,687	1,752
Connections/reconnections		908	864
Cleaning and security		492	459
Travel and accommodation		620	583
Gas meters and infrastructure charges		900	887
Communications		1,019	773
Personnel assigned from other companies		69	27
Billing and collection		140	228
General services		247	573
Other		282	494
Staff costs	27	27,768	25,602
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	5, 6 and 7	49,991	49,446
Provisions	19	206	(272)
Impairment losses of accounts receivable	12	143	1,148
Other operating costs		32,730	34,547
Costs under IFRIC 12	6 and 25	32,240	34,115
Donations		34	18
Other taxes		91	98
Other		366	317
Financial expenses	28	33,384	29,490

The amount of € 19,511 k reflected as Subcontracts – network use relates to the Use of the Transport Networks (“URT”) and Global Use of the System (“UGS”) tariffs, which are billed by REN.

27. Staff costs

Accounting policy

Staff costs

Salaries, social security contributions, annual and sick leave, bonuses, and non-monetary benefits are recognised in the year in which the respective services are rendered by the Company's employees.

Remuneration of the Board of Directors

Under the policy currently adopted, the remuneration of Floene's governing bodies includes all remuneration due for the exercise of positions in Group companies and the accrual of costs related to amounts to be allocated to this period.

According to IAS 24, key personnel correspond to the group of all persons with authority and responsibility to plan, direct and control Group's activities, directly or indirectly, including any director, whether executive or non-executive. According to the interpretation of this standard by Floene, the only people who meet all these characteristics are the members of the Board of Directors.

Staff costs for the years ended 31 December 2024 and 2023 are as follows:

		(Unit: € k)	
	Notes	2024	2023
Staff costs recognised in the year		27,768	25,602
Staff costs capitalisation		(2,181)	(2,019)
Total costs		29,949	27,621
Board of Directors remuneration		1,055	1,046
Staff remuneration		17,273	17,824
Social charges		3,970	3,992
Retirement benefits – pension and insurance	18	4,526	3,158
Other insurance		1,601	1,033
Other charges		1,524	568

During the years ended 31 December 2024 and 2023, the average number of employees at Floene Group service was 396 and 411, respectively.

28. Financial income and expenses

Accounting policy

The financial charges on loans obtained are recorded as financial expenses on an accrual basis.

Financial charges arising from general and specific loans obtained to finance investments in fixed assets are assigned to tangible and intangible assets in progress, in proportion to the total expenses incurred on those investments net of investment government grants (Notes 5 and 6), until the commencement of its operations, with the remaining being recognised under financial expenses in the consolidated statement of income for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalised.

Financial charges included in fixed assets are depreciated over the useful life of the respective assets.

Financial income and expenses for the years ended 31 December 2024 and 2023 are as follows:

(Unit: € k)

	Notes	2024	2023
		(31,182)	(22,850)
Financial income		2,201	6,640
Interest on bank deposits		2,201	5,650
Other financial income		-	990
Financial expenses		(33,384)	(29,490)
Interest on bank loans, overdrafts and others		(31,420)	(24,894)
Interest on lease liabilities	7	(451)	(328)
Charges relating to loans		(893)	(2,955)
Foreign exchange gains/(losses)		-	(1)
Other financial costs		(620)	(1,312)

In the year ended 31 December 2024, Interest on bank loans, overdrafts and others in the amount of € 31,420 k, refers essentially to interest costs from financial debt during the year.

29. Contingent assets and liabilities and provided guarantees

Accounting policy

Contingent assets and liabilities arise from past events that need confirmation as to their future occurrence and which may cause economic inflows or outflows from the Group. The Group does not reflect this type of assets and liabilities in its accounts, as they may not be effective. When the probability of occurrence is not remote, the contingent assets and liabilities are disclosed in the notes to the accounts.

Contingent Liabilities

Many municipalities demand payments (liquidations and executions) concerning Subsoil Occupation Levies ("TOS") with existing gas pipelines, from the concessionaire companies of the distribution and commercialisation of natural gas, in the amount of € 652 k. The Group does not agree with the municipalities and refuses to pay what they demand. Because of that they have actions in the Tax Administrative Court, having the suspension of execution request deferred, and the and the execution is suspended until the final decision is handed down. For that reason, guarantees were established.

In the course of negotiating the Concession Contract between the Portuguese State and the Company, it was agreed, among other matters, that the Concessionaire has the right to charge, to the entities selling natural gas and to the final costumers, the full amount of the subsoil occupation levies assessed by the municipalities in the areas conceded under the previous concession contract but not yet paid or contested legally by the Concessionaire if such payment is considered to be mandatory by the competent authority, after issuance of the sentence, or after express prior consent of the Conceding entity. The subsoil occupation levies paid each

year will be reflected on the entities supplying gas that use the infrastructures or on the final costumers served by them, during the subsequent years, under the conditions to be defined by ERSE. The subsoil occupation levies will be assessed for each municipality, based on the amount charged by it.

Given the fact that eventual levies to be paid to municipalities until 31 December 2024 and interest to be paid will be passed through to customers, the Group has decided not to recognise any provision for responsibilities resulting from legal proceedings concerning this issue.

As of 31 December 2024, the amounts paid to City Councils and charged to customers related to subsoil usage levies are as follows (the transfer conditions, including the amount to be recovered each year, the number of years of transfer and unit values for customers are governed by ERSE):

(Unit: € k)	
2024	
Amount to be recovered – Subsoil Occupation Levies (Note 12)	21,429
Paid amount (includes additional costs)	267,501
Interest	6,814
Amount billed to clients	(252,886)

The amount to be recovered is remunerated based on the 12-month Euribor rate increased by a spread stipulated by ERSE.

Provided guarantees

During its commercial operations, the Group entered into contracts, under which it assumed commitments for commercial, regulatory or other commercial purposes.

As of 31 December 2024, and 31 December 2023, the liabilities for provided guarantees are as follows:

(Unit: € k)		
	2024	2023
Provided guarantees	13,641	14,282
Portuguese State, for the duties and obligations arising from the Concession Agreement	10,273	8,628
Municipalities, relating to Subsoil Occupation Levies	1,055	3,471
Directorate-General of Energy and Geology (DGEG)	1,076	1,576
IP – Infraestruturas de Portugal, S.A.	361	299
Tax Authority (AT – “Autoridade Tributária”)	300	19
Others	576	287

In accordance with the Concession Contracts and Licenses established with the Group Companies, the entities, as Concessionaires, must promote adequate financing for the development of the object of the concession or license; in order to fully and timely fulfil all the obligations they assume in the present contract.

Thus, Concessionaires must maintain at the end of each year a Financial Autonomy ratio greater than 20%. As at 31 December 2024, the Financial Autonomy ratio presented by the Companies that comprise the Group varies between 41.95% and 132.77%.

30. Related parties

Accounting policy

A related party is a person or entity that is related to the entity preparing its financial statements, and meeting the following requisites:

- (a)** A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (b)** An entity is related to a reporting entity if any of the following conditions applies: (i) the entity and the reporting entity are members of the same group (which means that each parent and subsidiaries are related to the others); (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity, and the other entity is an associate of the third entity; (v) the entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Group has had the following material balances and transactions with related parties for the years ended 31 December 2024 and 2023 as follows:

Assets

	(Unit: € k)	
	2024	2023
	Current	Current
Assets	5,303	4,066
Galp Group (a)	5,303	4,066

(a) Galp Group includes all the companies that compose the Galp Energia Group.

Liabilities

	(Unit: € k)	
	2024	2023
	Current	Current
Liabilities	(3,862)	(6,658)
Grupo Galp (a)	(3,862)	(6,658)

(a) Galp Group includes all the companies that compose the Galp Energia Group.

Transactions

(Unit: € k)

	2024			2023		
	Operating costs	Operating income	Total	Operating costs	Operating income	Total
Transactions	(15,933)	70,118	54,185	(15,440)	58,593	43,153
Grupo Galp (a)	(15,933)	70,118	54,185	(15,440)	58,593	43,153

(a) Galp Group includes all the companies that compose the Galp Energia Group.

Transactions with Galp Group companies are mainly due to corporate services rendered and IT services, provided by those companies to the Floene Group, the sale of gas by Galp Group companies to the Floene Group, and the services rendered relating to the use of the Floene Group distribution networks by Galp Group companies. Transactions between related parties occurred under market conditions.

31. Companies from the Floene Group

Group companies are considered to be all the financial investments in companies over which the Group has control, namely if it has cumulatively:

- power over the investee;
- exposure or rights in relation to the variable results arising through its relationship with the investee; and
- ability to use its power over the investee to impact the amounts of the results to the investors.

The equity and the net income corresponding to the participation of third parties in the subsidiaries companies are presented separately in the consolidated financial statement and in the consolidated statement of income, respectively, in Non-controlling interests. The losses and gains that result from the non-controlling interests, are imputed to them, even if it exceeds, in the case of losses, the amount invested by the interests that they do not control.

Regarding the control acquisition date, the Group already has an acquired interest, the fair value of that interest contributes to the determination of Goodwill or negative Goodwill.

Transaction costs that are directly assignable to the business combinations are recognised immediately in the consolidated statement of income.

Non-controlling interests include the proportion of the third parties' the fair value of identifiable assets and liabilities at the date of acquisition of the subsidiaries.

When control is acquired in a percentage lower than 100%, by applying the purchase method, the interests that they do not control can be measured at fair value or in proportion to the fair value of the assets and liabilities acquired. Each option is defined in each transaction.

The results of the subsidiaries acquired or sold during the year are included in the consolidated statement of income from the date of their acquisition or the control exercise date until their sale.

Subsequent transactions for the sale or acquisition of financial investments of non-controlling interests, which do not imply control change, nor result in the recognition of gains/losses or Goodwill,

being any difference determined between the transaction value and the book value of the transaction recognised in equity.

When required, there are adjustments made in the subsidiary's statement of incomes in order to adapt its accounting policies to the one's used by the Group. Transactions (including gains and losses that may exist due to the disposals between Group companies), the balances and the dividends that are distributed between companies' Group are excluded of the consolidation process, unless the losses that proof there were impairment losses in the transferred assets.

Situations where the Group has, in substance, the control of other structured entities, even if it does not have equity interests directly in these entities, they are consolidated using the full consolidation method. The entities in these situations, when existing, they are included in this Note.

Consolidation perimeter

The companies included in the consolidation and the percentage of shares owned are as follows:

Company and country	Percentage of shares owned 2024	Percentage of shares owned 2023
Parent-Company		
Floene Energias, S.A., Portugal	-	-
Subsidiaries		
Beiragás – Companhia de Gás das Beiras, S.A., Portugal	59.60%	59.60%
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A., Portugal	100.00%	100.00%
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A., Portugal	100.00%	100.00%
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A., Portugal	100.00%	100.00%
Lusitaniagás – Companhia de Gás do Centro, S.A., Portugal	97.19%	97.19%
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A., Portugal	100.00%	100.00%
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A., Portugal	100.00%	100.00%
Setgás – Sociedade de Distribuição de Gás Natural, S.A., Portugal	100.00%	100.00%
Tagusgás – Empresa de Gás do Vale do Tejo, S.A., Portugal	99.36%	99.36%

32. Subsequent events

On 14 February 2025, Floene formalised a new Syndicate Bond Loan, in the amount of € 180,000 k, with the aim of financing the anticipated reimbursement of the entire Syndicated Bond Loan from 2023, which was fully utilised on 27 February 2025. The Syndicated bond loan contracted in 2025 has 5-year term from its emission date (this is, 27 February 2030) at a variable interest rate indexed to Euribor rate and a contractual spread. On 7 March 2025, the Company fully reimbursed the Syndicated bond loan from 2023, that was due on 7 March 2026.

On 20 February 2025, Medigás was notified to proceed to the payment of the CESE of 2014, in sequence of the Court Decision No. 915/2024, of 17 December 2024, handed down by the Constitutional Court with unfavourable final decision to the company, whose financial impact ascends to € 228 k, including default interest. This amount is completely provisioned.

There were no additional subsequent events after 31 December 2024 with a material impact on the attached financial statements.

33. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 28 April 2025. However, they are still subject to approval by the Shareholders' General Meeting, in accordance with the commercial law applicable in Portugal. The Board of Directors believes that these financial statements truly and appropriately reflect the Group's operations, its financial performance and cash flows.

34. Translation note

These financial statements are a translation of the consolidated financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.

The Board of Directors

Diogo António Rodrigues da Silveira
President

Gabriel Nuno Charrua de Sousa
Member

Roxana Tataru
Member

Pedro Álvaro de Brito Gomes Doutel
Member

Karl Klaus Liebel
Member

Carlos Miguel Faria da Silva
Member

Ippei Kojima
Member

Satoshi Kanomata
Member

Francisco Maria Metello de Almeida e Brito de Moraes
Member

The certified accountant

Ana Maria Serafim de Brito Mousinho

Annex III b) – Separate Financial Statements as at 31 December 2024

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Disclaimer:

Translation of a report originally issued in Portuguese. In the event of a discrepancy, the Portuguese language version prevails.

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Statement of financial position

Statement of financial position as at 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

Assets	Notes	2024	2023
NON-CURRENT ASSETS			
Tangible assets	4	1,070	42
Intangible assets	5	26,841	11,117
Right-of-use of assets	6	6,237	4,550
Financial investments in subsidiaries	9	640,422	640,422
Deferred tax assets	16	187	139
Other receivables	11	38	38
Other financial assets	12	-	127,246
Total Non-current assets		674,795	783,555
CURRENT ASSETS			
Trade receivables	11	1,632	6,591
Other receivables	11	135,760	9,247
Current income tax receivable	16	7,088	5,375
Cash and cash equivalents	13	18,693	74,555
Total current assets		163,173	95,768
Total assets		837,968	879,323

(Amounts stated in thousand Euros - € k)

Equity and Liabilities	Notes	2024	2023
EQUITY			
Share capital	22	89,529	89,529
Ancillary capital contributions	22	22,358	21,588
Reserves	22	13,793	13,614
Retained Earnings		29,913	14,535
Total Equity		155,593	139,266
LIABILITIES			
Non-current liabilities			
Financial debt	14	597,933	596,771
Lease liabilities	6	5,902	4,277
Other payables	15	206	220
Post-employment and other employee benefits liabilities	17	871	749
Total non-current liabilities		604,912	602,017
Current liabilities			
Financial debt	14	23,750	70,379
Lease liabilities	6	658	436
Trade payables	15	2,411	6,775
Other payables	15	47,433	57,853
Current income tax payable	16	3,212	2,598
Total current liabilities		77,463	138,040
Total liabilities		682,375	740,057
Total equity and liabilities		837,968	879,323

The accompanying notes form an integral part of the statement of financial position and must be read in conjunction.

Statement of income and other comprehensive income

Statement of income and other comprehensive income for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
Services rendered	23	25,737	24,932
Other operating income	23	513	220
Financial income	23 and 26	12,412	16,749
Results related to financial investments in subsidiaries	9 and 23	63,246	14,996
Total revenue and income		101,908	56,898
Supplies and external services	24	(12,125)	(10,862)
Staff costs	24 and 25	(13,283)	(13,127)
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	4, 5, 6 and 24	(883)	(1,160)
Other operating costs	24	(133)	(104)
Financial expenses	24 and 26	(34,485)	(30,665)
Total costs and expenses		(60,910)	(55,919)
Earnings before taxes and other contributions		40,998	979
Income taxes	16	4,541	2,600
Net income for the year		45,539	3,579
Basic and diluted earnings per share (in Euros)		0,51	0,04
Net income for the year		45,539	3,579
ITEMS WHICH WILL NOT BE RECYCLED IN THE FUTURE THROUGH NET INCOME			
Remeasurements – pensions fund	17	23	31
Income taxes related to actuarial gains and losses	16 and 17	(5)	(7)
Total comprehensive income for the year		45,557	3,603

The accompanying notes form an integral part of the statement of income and other comprehensive income and must be read in conjunction.

Statement of changes in equity

Statement of changes in equity for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	Share capital	Ancillary capital contributions	Reserves	Retained earnings – remeasurements	Retained earnings – other	Net income of the year	Total
Balance as at 1 January 2023		89,529	19,516	13,428	(188)	22,588	3,718	148,591
Net income for the year		-	-	-	-	-	3,579	3,579
Other comprehensive income	17	-	-	-	24	-	-	24
Comprehensive income for the year		-	-	-	24	-	3,579	3,603
Constitution of ancillary capital contributions		-	2,072	-	-	-	-	2,072
Net income application		-	-	186	-	3,532	(3,718)	-
Dividends distribution		-	-	-	-	(15,000)	-	(15,000)
Balance as at 31 December 2023		89,529	21,588	13,614	(163)	11,120	3,579	139,266
Balance as at 1 January 2024		89,529	21,588	13,614	(163)	11,120	3,579	139,266
Net income for the year		-	-	-	-	-	45,539	45,539
Other comprehensive income	17	-	-	-	18	-	-	18
Comprehensive income for the year		-	-	-	18	-	45,539	45,557
Constitution of ancillary capital contributions	22	-	769	-	-	-	-	769
Net income application	22	-	-	179	-	3,400	(3,579)	-
Dividends distribution	22	-	-	-	-	(14,356)	-	(14,356)
Interim dividends	22	-	-	-	-	-	(15,644)	(15,644)
Balance as at 31 December 2024		89,529	22,358	13,793	(145)	164	29,895	155,593

The accompanying notes form an integral part of the statement of changes in equity and must be read in conjunction.

Statement of cash flow

Statement of cash flow for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
OPERATING ACTIVITIES			
Cash received from customers		37,770	37,759
Cash payments to suppliers		(13,813)	(22,331)
Payments relating to employees		(10,110)	(9,906)
Payments/receipts relating to income taxes		3,403	7,993
Other (payments)/receipts relating to the operational activity		(4,666)	(5,150)
Dividends receipts	9 and 23	63,246	14,996
Cash Flow from operating activities (1)		75,832	23,361
INVESTING ACTIVITIES			
Cash receipts related to:			
Investment Subsidies		72	217
Interests and similar income		11,425	18,928
Cash payments related to:			
Tangible and Intangible assets		(20,521)	(4,127)
Cash Flow from investing activities (2)		(9,024)	15,018
FINANCING ACTIVITIES			
Cash receipts related to:			
Loans obtained		32,250	600,000
Loans obtained – related parties		4,447	3,606
Interests and similar income		1,059	-
Ancillary capital contributions	22	769	2,072
Cash payments related to:			
Loans obtained	14	(78,500)	(600,000)
Loans obtained – related parties		(19,439)	(11,980)
Interests on loans obtained		(32,590)	(12,751)
Interests and similar costs		(235)	(6,085)
Leases	6	(218)	(390)
Lease interests	6	(213)	(73)
Dividends paid	22	(30,000)	(15,000)
Cash Flow from financing activities (3)		(122,670)	(40,602)
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		(55,862)	(2,223)
Effect of exchange rate change on cash and cash equivalents		-	(1)
Cash and cash equivalents at the beginning of the year	13	74,555	76,779
Cash and cash equivalents at the end of the year	13	18,693	74,555

The accompanying notes form an integral part of the statement of cash flow and must be read in conjunction.

Notes to the financial statements as at 31 December 2024

1. Corporate Information

Floene Energias, S.A., (“Floene” or “Company”) was established on 2 December 2009 under the company name Galp Gás Natural Distribuição, SGPS, S.A., being its corporate business the management of shareholdings in other societies. On 1 April 2015, by unanimous decision of the unique shareholder, GDP Gás de Portugal, SGPS, S.A., the Company changed its corporate name to Galp Gás Natural Distribuição, S.A., changing its corporate purpose to the distribution of natural gas, including supporting services in the areas of management, administrative and logistics, purchasing and supply and information systems. In October 2022, the Company changed its corporate name from Galp Gás Natural Distribuição, S.A. to the current one, Floene Energias, S.A., maintaining its corporate purpose.

In October 2016, Galp Gás & Power, SGPS, S.A. (currently Galp New Energies, S.A.) sold 22.50% of the Floene Energias, S.A. Group to Meet Europe Natural Gas Lda. This sale resulted in an agreement concluded on 28 July 2016 between Galp Energia SGPS, S.A., through its subsidiary Galp New Energies, S.A. and Marubeni Corporation and Toho Gas Co. Ltd.

On 26 October 2020, Galp New Energies S.A. agreed with Allianz Capital Partners, the asset management division of the Allianz Group, and on behalf of the Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., to sell 75.01% of its stake in Floene, with the remaining 2.49% of Floene’s share capital being held by Galp Energia, SGPS, S.A. through its subsidiary Petrogal, S.A.

On 24 March 2021, after the regulatory authorisations and obtaining consents from third parties, Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., became the respective holders of 45.51%, and 29.50% of Floene’s share capital. The remaining share capital of Floene is held by Meet Europe Natural Gas, Lda. and Petrogal, S.A.

In 2024, its Head Office in Lisbon changed to Rua Tomás da Fonseca, Torre A – 15th floor, 1600-209 Lisbon. Due to the current situation resulting from the geopolitical conflict between Russia and Ukraine and the Middle East conflict, Floene Management continues to monitoring the evolution of the situation to control any operational risks, guarantee the maintenance of its activities and mitigate any material relevant financial impacts on the companies of the Group Floene (or “Group”), constituted by Floene Energias, S.A. and his subsidiaries. Up to the date of approval of the accounts, the conflicts aforementioned had not had significant impacts on the activity.

2. Material accounting policies, judgments, and estimates

The material information of the accounting policies adopted by the Company to prepare the financial statements is explained below. During the year ended 31 December 2024, no material misstatements related to previous years were recognised.

Basis of presentation

Company’s financial statements were prepared on a going concern basis, at historical cost, on the accounting records of the Company maintained in accordance with International Financial Reporting Standards as adopted by the European Union, effective for the economic exercise beginning on 1 January 2024.

These standards include International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and International Accounting Standards (“IAS”) issued by the International Reporting Standards Committee (“IASC”) and respective interpretations – SIC and IFRIC, issued by the Standing Interpretation Committee (“SIC”) and International Financial Reporting Interpretation Committee (“IFRIC”). These standards and interpretations are hereinafter referred to as “IFRS”.

The Company’s Board of Directors believes that the attached financial statements and the Notes to the financial statements ensure an adequate presentation of the financial information.

Financial Statements are presented in thousands of Euros (Unit: € k), rounded to the nearest thousand, unless otherwise stated. Therefore, the subtotals and totals of the tables presented in these financial statements and explanatory Notes may not be equal to the sum of the amounts presented, due to rounding.

The accounting policies adopted are, according to their content, included in the respective Note in the Notes to the financial statements. Common or generic accounting policies for several notes is disclosed in this Note.

Provision and disclosure of information

In 2023, with the emission of a Bond loan (EMTN 2023), admitted to trading on the Euronext Dublin regulated market, and for the purposes of the Transparency Directive and the Market Abuse Regulation, Floene became subject to the supervision of the CBI (Central Bank of Ireland) and to provide and disclose relevant information in accordance with the reporting and transparency obligations applicable to Ireland.

Under the Law No 99-A/2021 on 31 December, Floene does not qualify as a Public Interest Entity in Portugal in virtue of its Securities not being admitted to negotiation in Portugal’s regulated market.

Estimates and judgments

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates to be made that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and costs recognised each year. The actual results could be different depending on the current estimates made.

Certain estimates are considered critical if: (i) the nature of the estimates is considered to be significant due to the level of subjectivity and judgment required to record situations in which there is great uncertainty or are very susceptible to changes in the situation; and (ii) the impact of the estimates on the financial situation or operating performance is significant.

The accounting principles and areas that require the greatest number of judgments and estimates in the preparation of financial statements are: i) impairment of intangible assets, rights-of-use of assets and financial investments (Notes 5, 6 and 9); (ii) pensions and other post-employment benefits demographic and financial assumptions (Note 17); (iii) impairment for accounts receivable (Note 11); (iv) useful lives and residual values of intangible assets (Note 5); (v) deferred tax assets and uncertain tax position estimates (Note 16); and (vi) revenue (Note 23).

General accounting policies

Basic and diluted earnings per share

The basic earnings per share are calculated based on the division of profits or losses attributable to holders of the Company’s common equity by the weighted average number of outstanding common shares during the period. To calculate diluted earnings per share, the Company adjusts the profits or losses attributable to holders of the Company’s common equity, as well as the weighted average number of outstanding shares,

for the purposes of all potential diluting common shares. In the period covered by these financial statements, there were no dilutive effects with an impact on net earnings per share, so this is equal to the basic earnings per share.

3. Impacts resulting from the application of new standards or changes to IFRS standards

Published standards and interpretations that came into force in the financial year

The IFRS standards approved and published in the Official Journal of the European Union (“OJEU”) with application during the year 2024 are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures: ‘Supplier financing arrangements’ (issued on 25 May 2023)	16/05/2024	01/01/2024	2024	No accounting impacts.
Amendments to IAS 1 – Presentation of financial statements: Classification of liabilities as non-current and current (issued on 23 January 2020); Classification of liabilities as non-current and current – deferral of the effective date (issued on 15 July 2020); Non-current liabilities with covenants (issued on 31 October 2022)	20/12/2023	01/01/2024	2024	No accounting impacts.
Amendments to IFRS 16 – Leases: Lease liability in a sale and leaseback transactions (issued on 22 September 2022)	21/11/2023	01/01/2024	2024	No accounting impacts.

Published standards and interpretations that will become effective in future years

The IFRS standards approved and published in the OJEU during the year ended 31 December 2024 with accounting application in subsequent years are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 21 – Effects of changes in exchange rates: Lack of interchangeability (issued on 15 August 2023)	13/11/2024	01/01/2025	2025	No predictable accounting impacts.

Standards and interpretations not yet published by the European Union

The IFRS standards (new and amended) not yet endorsed by the EU are summarised in the table below:

IAS Standards	Accounting application date	Enforcement year	Observations
IFRS 19 – Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	01/01/2027	2027	No significant predictable Impact.
IFRS 18 – Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	01/01/2027	2027	Impact on disclosures.
Annual Improvements - Volume 11 (issued on 18 July 2024)	01/01/2026	2026	No significant predictable Impact.
Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments and contracts referencing nature-dependent electricity (issued in May and December 2024)	01/01/2026	2026	No significant predictable Impact.

4. Tangible assets

Accounting policy

Tangible assets are recorded at acquisition cost, revalued when applicable, less accumulated depreciation and any impairment losses. The acquisition cost includes the invoice price, transportation and assembly costs.

Depreciations are calculated on the considered cost amount or on the acquisition cost, using the straight-line method, applied from the date on which they are available for use under the conditions intended by the Board of Directors, using economic rates more appropriate, those that allow the reintegration of tangible assets, during their estimated useful life.

Tangible assets are, as a whole, allocated to the Company's activity.

The average annual depreciation rates utilised can be summarised as follows:

	2024	2023
Buildings and Other constructions	7.00%	-
Office Equipment	27.00%	25.00%

Gains and losses resulting in the disposal or write-off of tangible assets are determined by the difference between selling price and net amount in the date of disposal/write-off. Net amount incorporates accumulated impairment losses, when applicable. Accounting Gains and losses determined are registered in the Statement of income and other comprehensive income as Other operating income or Other operating costs, respectively.

Tangible assets are detailed as follows:

(Unit: € k)

			2024	2023
	Buildings and other constructions	Office equipment	Total	Total
AS AT 31 DECEMBER				
Acquisition cost	1,054	53	1,107	53
Accumulated depreciation	(12)	(25)	(37)	(12)
Net amount	1,042	28	1,070	42
Opening balance	-	42	42	14
Additions	1,054	-	1,054	40
Depreciations	(12)	(13)	(25)	(12)
Closing balance	1,042	28	1,070	42

The additions to tangible assets, in the amount of € 1,054 k, are related to renovation works at the new Company's headquarters.

5. Intangible assets

Accounting policy

Recognition

Intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses. Intangible assets are only recognised if they are identifiable, and if they are likely to result in future economic benefits for the Company and are controllable and measurable with reliability.

Development expenses are only recorded as intangible assets if the Company demonstrates technical and economic capacity, as well as a decision to complete that development and start its commercialisation or own use and demonstrates the probability of the asset generating future economic benefits. If expenses do not meet these requirements, development expenses are recorded as a cost for the year in which they are incurred.

Amortisation

Intangible assets with finite useful life are amortised using straight-line method.

Amortisation rates vary according to the terms of existing contracts or the expected use of the intangible asset.

The average annual amortisation rates used can be summarised as follows:

	2024	2023
Industrial property and other rights	18.00%	24.00%

Accounting estimates and judgments

Useful lives and residual values of intangible assets

The calculation of the assets' residual values and useful lives, as well as the amortisation method to be applied, are essential to determine the amortisation recognised in the statement of income for each period. These parameters are set based on Board of Directors' judgment, as well as the practices adopted by peers in the industry. Changes in the economic life of the assets are recorded prospectively.

Intangible assets are as follows:

(Unit: € k)

			2024	2023
	Industrial property and other rights	Intangible assets under construction	Total	Total
AS AT 31 DECEMBER				
Acquisition cost	5,836	25,053	30,889	14,687
Accumulated amortisation	(4,048)	-	(4,048)	(3,569)
Net amount	1,788	25,053	26,841	11,117
Opening balance	1,499	9,618	11,117	4,928
Additions	-	16,202	16,202	6,963
Amortisations	(479)	-	(479)	(734)
Transfers	768	(768)	-	(25)
Regularisations	-	-	-	(14)
Closing balance	1,788	25,053	26,841	11,117

The amount of € 16,202 k essentially refers to projects to develop IT systems for Floene Group companies.

6. Right-of-use of assets and lease liabilities

Accounting policy

Recognition

The Company recognises both a right-of-use of assets and a lease liability as at the lease commencement date. The right-of-use of assets are initially measured at cost, which represents the initial amount of the lease liabilities, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

The lease liabilities are initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The types of lease payments included in the measurement of the lease liabilities are as follows:

- fixed payments, including in kind fixed payments;
- variable lease payments that are pegged to an index or a rate;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to be able to exercise, and
- penalties for the early termination of a lease unless the Company is reasonably certain not to terminate it early.

The lease liabilities are measured at amortised cost using the effective interest method – reduced in accordance with the lease payments made. It is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use of assets, or it is recorded in profit or loss if the carrying amount of the right-of-use of assets has been reduced to zero.

The Company presents right-of-use of assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

The Company decided not to recognise right-of-use of assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use of assets are subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use of assets or the end of the lease term. The estimated useful lives of right-of-use of assets are determined as those used for the tangible assets.

Impairment

The right-of-use of assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

Accounting estimates and judgments

Useful lives, residual values of assets and discount rates

The calculation of the residual values of assets, the estimation of the useful lives, and the discount rates used are based on the assumptions of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

Impairment of right-of-use of assets

Identifying impairment indicators, estimating future cash flow, and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives, and residual amounts.

The details of right-of-use of assets are as follows:

			(Unit: € k)	
	Buildings	Vehicles	2024 Total	2023 Total
AS AT 31 DECEMBER				
Acquisition cost	6,368	404	6,772	6,265
Accumulated amortisation	(276)	(259)	(535)	(1,714)
Net amount	6,092	145	6,237	4,550
Opening balance as at 1 January	4,339	212	4,550	4,863
Additions	6,260	74	6,334	102
Amortisations	(238)	(141)	(379)	(415)
Other adjustments	(4,269)	-	(4,269)	-
Closing balance as at 31 December	6,092	145	6,237	4,550

During 2024, the Company signed a lease agreement for non-residential purposes, with the entity MP Torre A, S.A., relating to fractions of Torre A building at the Torres de Lisboa Business Centre, as well as car parking spaces, with an expected term in 2039.

The Company recorded an increase of € 6,260 k in Right-of-use of assets – Buildings, and an increase in non-current and current liabilities, as Lease liabilities, of € 5,822 k and € 457 k, respectively. The amount of € 4,269 k, recorded in Other adjustments, corresponds to the write-off of the lease agreement for the former headquarters that would end in 2037.

Lease liabilities are as follows:

	(Unit: € k)	
	2024	2023
Maturity analysis – contractual undiscounted cash flow	9,346	5,204
Less than one year	726	439
One to five years	2,598	1,560
More than five years	6,022	3,205
Lease liabilities in the statement of financial position	6,560	4,713
Current	658	436
Non-current	5,902	4,277

The amounts recognised in profit or loss are as follows:

	Notes	2024	2023
		946	819
Interest on leases	26	213	73
Expenses related to short-term, low-value and variable-payment leases	24	733	746

(Unit: € k)

The amounts recognised in statement of cash flow are as follows:

	2024	2023
Financing activities	(431)	(463)
Payments related to leases	(218)	(390)
Payments related to lease interests	(213)	(73)

(Unit: € k)

7. Government grants and other grants

Accounting policy

Government subsidies are recognised according to their fair value when there is certainty that they will be received and that the Company will comply with the conditions required for their granting. Investment subsidies for financing tangible and intangible assets are recorded as deferred income under the caption Other payables in liabilities, and recognised in the statement of income, as operating income for the period, in proportion to the respective depreciation/amortisation of the subsidised assets.

The details of the subsidies are as follows:

	Notes	2024	2023
Programmes		370	297
Green Pipeline - Environmental Fund		370	297
Accumulated value recognised as income		(147)	(62)
Amount to be recognised	15	222	236

(Unit: € k)

During the year € 86 k (2023: € 62 k) was recognised in income for the year.

8. Goodwill

Not applicable.

9. Financial investments in subsidiaries

Accounting policy

Financial investments in subsidiaries are accounted at acquisition cost, being subsequently measured at cost, deducted of impairment losses, when applicable.

Dividends received from subsidiaries are recognised in the statement of income, when allocated. Whenever the recoverable amount determined is lower than the net book value of the financial investment, the Company records the respective impairment loss in the same caption.

Financial investments in subsidiaries are as follows:

Company	Country	Percentage of capital held	
		2024	2023
SUBSIDIARIES			
Beiragás – Companhia de Gás das Beiras, S.A.	Portugal	59.60%	59.60%
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	Portugal	100.00%	100.00%
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	Portugal	100.00%	100.00%
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	Portugal	100.00%	100.00%
Lusitaniagás – Companhia de Gás do Centro, S.A.	Portugal	97.19%	97.19%
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	Portugal	100.00%	100.00%
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	Portugal	100.00%	100.00%
Setgás – Sociedade de Distribuição de Gás Natural, S.A.	Portugal	100.00%	100.00%
Tagusgás – Empresa de Gás do Vale do Tejo, S.A.	Portugal	99.36%	99.36%

All financial investments are related to the Company's main activity as well as the Group's gas distribution and commercialisation business.

(Unit: € k)

Company	Subsidiaries financial information – 2024			
	Total assets	Total liabilities	Equity	Net income for the year
	1,207,092	516,088	691,004	28,860
Beiragás – Companhia de Gás das Beiras, S.A.	77,421	29,776	47,645	921
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	13,570	3,931	9,639	(3)
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	34,676	8,656	26,020	1,045
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	510,779	321,526	189,253	5,993
Lusitaniagás – Companhia de Gás do Centro, S.A.	290,142	78,775	211,367	11,834
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	19,906	5,605	14,301	83
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	6,257	1,218	5,039	(21)
Setgás – Sociedade de Distribuição de Gás Natural, S.A.	166,929	44,418	122,511	5,863
Tagusgás – Empresa de Gás do Vale do Tejo, S.A.	87,412	22,183	65,229	3,145

For comparative information, refer to the financial statements for the year ended 31 December 2023.

(Unit: € k)

	Financial investments in subsidiaries		Results related to financial investments in subsidiaries	
	Acquisition cost	Net amount	Dividends	Total
Financial investments in subsidiaries	640,422	640,422	63,246	63,246
SUBSIDIARIES				
Beiragás – Companhia de Gás das Beiras, S.A.	20,296	20,296	1,192	1,192
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	9,987	9,987	-	-
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	25,766	25,766	847	847
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	157,205	157,205	15,107	15,107
Lusitaniagás – Companhia de Gás do Centro, S.A.	175,258	175,258	20,466	20,466
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	14,073	14,073	260	260
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	4,995	4,995	193	193
Setgás – Sociedade de Distribuição de Gás Natural, S.A.	143,273	143,273	6,420	6,420
Tagusgás – Empresa de Gás do Vale do Tejo, S.A.	89,570	89,570	18,762	18,762

For comparative information, refer to the financial statements for the year ended 31 December 2023.

From the analysis carried out by Directors on the risk of impairment, it was considered that there are no relevant impairment indicators as at 31 December 2024.

10. Inventories

Not applicable.

11. Trade receivables and Other receivables

Accounting policy

Accounts receivable are initially recorded at fair value and subsequently measured at amortised cost, less any impairment losses, recognised as impairment losses on accounts receivable. Usually, the amortised cost of these assets does not differ from their nominal value or their fair value.

Trade and other receivables are derecognised when the contractual rights to the cash flow expire (i.e., they are collected), when they are transferred (e.g., sold) or when they are impaired.

Accounting estimates and judgments

Impairment of accounts receivable

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Trade receivables were grouped by business segment for the purposes of the assessment of expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the client's credit risk profile. The credit risk analysis

is based on the annual default probability and considers the loss in the event of default. The default probability represents an annual probability of default, reflecting the current and projected information and considering macroeconomic factors, whereas the loss in the event of default represents the expected loss when a default occurs.

Accounts receivable are adjusted for management's estimate of the collection risks as at the statement of financial position date, which may differ from the actual impairment to be incurred.

Credit risk

For credit risk purposes, if customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Credit Risk assessment considers the credit quality of the customer, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Customers' compliance with credit limits is regularly monitored by Management.

For further credit risk mitigation measures, guarantees and insurance policies for eventual credit defaults are a standard part of Company overall risk policy.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

Trade receivables

Trade receivables as at 31 December 2024 and 2023 is detailed as follows:

		(Unit: € k)	
		2024	2023
Notes		Current	Current
		1,632	6,591
Trade receivables – related parties	28	1,632	6,591
Ageing schedule of trade receivables		1,632	6,591
Not yet due		1,452	1,876
Overdue up to 180 days		154	1,394
Overdue between 181 days and 365 days		21	438
Overdue over 365 days		5	2,883

The outstanding balances entirely correspond to balances with its subsidiaries, which the Company intends to be settled during 2025.

Trade receivables balance overdue over 365 days do not present a risk of being uncollectible, as they are amounts relating to subsidiary companies.

As mentioned in the policies above, customer receivables are grouped based on shared credit risk characteristics and days past due.

For the Company, the credit risk level of accounts receivable is as follows:

Type	Risk exposure
Not yet due	Low
Overdue up to 180 days	Medium
Overdue between 181 days and 365 days	High
Overdue over 365 days	Very High

Other receivables

As at 31 December 2024 and 2023, Other receivables are detailed as follows:

(Unit: € k)

	Notes	2024		2023	
		Current	Non-current	Current	Non-current
		135,760	38	9,247	38
State and other public entities		1,657	-	806	-
Other debtors		408	-	808	-
Receivables from suppliers		62	-	160	-
Advanced payments to suppliers		301	-	617	-
Guarantees provided		18	-	-	-
Other		26	-	30	-
Related parties	28	127,279	-	31	-
Loans		127,246	-	-	-
Other		33	-	31	-
Assets resulting from contracts		4,777	-	5,496	-
Services rendered but not invoiced		-	-	1	-
Interests to be received		432	-	504	-
Others		4,345	-	4,991	-
Deferred charges		1,638	38	2,107	38
Other deferred charges		1,638	38	2,107	38

The amount of € 432 k refers to interest to be received by the subsidiary LisboaGás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A., being included in Note 28 as Accruals and deferrals.

The amount of € 4,345 k, recorded in Assets resulting from contracts – others, refers mainly to management services provided to Group companies in 2024 (€ 4,042 k), invoiced in January 2025. This amount is included in Note 28 as Accruals and deferrals.

The amount of € 1,638 k recorded in Other deferred charges, refers essentially to financial charges related to the Commercial Paper Programme referred to in Note 14, to be recognised throughout the useful life of the loan.

The amount of € 127,246 k recorded in current related parties loans, refers to a shareholder loan granted to its subsidiary LisboaGás GDL, S.A., which pay interest at market rate and matures on 15 September 2025 (Notes 12 and 28). On 6 March 2025 an amendment to the contract was formalised, by which – with effect from 15 March 2025 – the contract term was extended to 15 September 2035.

12. Other financial assets

Other financial assets as at 31 December 2024 and 2023 is detailed as follows:

	(Unit: € k)	
	2024	2023
	Current	Non-current
	-	127,246
Financial assets not measured at fair value – Loans	-	127,246

The recognised loans refer to loans granted to subsidiaries that bear interest at a market rate, indexed to Euribor (Note 11).

As at 31 December 2024, in virtue of the maturity date of the ongoing loan contract on 15 September 2025, the total amount was reclassified to Current assets, in the caption Other receivables (Note 11).

13. Cash and cash equivalents

Accounting policy

The amounts included in cash and cash equivalents correspond to cash values, bank deposits, term deposits and other cash investments with maturities less than three months from the date of issue, and which can be immediately mobilised with a risk of insignificant changes in value.

For the purposes of the statement of cash flow, cash and cash equivalents also include bank overdrafts recorded as financial debt in the statement of financial position.

For the years ended 31 December 2024 and 2023 the caption Cash and cash equivalents is detailed as follows:

	(Unit: € k)	
	2024	2023
	18,693	74,555
Cash and cash equivalents	18,693	74,555

14. Financial debt

Accounting policy

Loans are recorded as liabilities at the nominal value received, net of the expenses incurred on the issuance of these loans. Loans are subsequently measured at amortised cost.

Financial charges are calculated at the effective interest rate and recorded in the statement of income on an accruals basis in accordance with each loan agreement.

Financial charges include mainly loan interests and, eventually, commission expenses for structuring loans.

Financial debt as at 31 December 2024 and 31 December 2023 is as follows:

(Unit: € k)

	2024		2023	
	Current	Non-current	Current	Non-current
	23,750	597,933	70,379	596,771
Bank loans	23,750	-	-	-
Bank loans and commercial paper	23,750	-	-	-
Bond loans and notes	-	597,933	70,379	596,771
Origination Fees	-	(2,067)	379	(3,229)
EMTN 2023 and Bond loans	-	600,000	70,000	600,000

Description of the main loans

Bond Loan

On 1 August 2019, the Company issued bonds to the amount of € 70,000 k, with a 6-month Euribor interest rate plus spread with a maturity date of 1 August 2024. As at 24 April 2024, the Company completed the early repayment of the entire Bond Loan, through Cash and cash equivalents.

Syndicated Bond Loan 2023

On 26 February 2023, the Company formalised a Syndicate Bond Loan, with an amount of up to € 300,000 k. On 7 March 2023, the Syndicate Bond Loan was used to finance the partial repurchase of EMTN 2016 through an LME, in the total amount of € 180,000 k, with a maturity of 3 years and a variable interest rate indexed to the Euribor Rate plus a contractual spread. The remaining amount was cancelled.

On 7 March 2025, the Company proceeded to the anticipated reimbursement of the entire Syndicated Bond Loan, through the use of a new Syndicated Bond Loan, contracted on 14 February 2025, which was fully used on 27 February 2025, in the amount of € 180,000 k, a 5-year term and variable interest rate indexed to Euribor rate and a contractual spread (Note 30).

EMTN 2023

On 3 July 2023, the Company concluded the EMTN 2016 refinancing process, with the issuance of a 5-year bond loan, in the amount of € 420,000 k, admitted to trading on the Euronext Dublin regulated market, with maturity on 3 July 2028 and coupon of 4.875%. The issuance was made under an EMTN Programme in accordance with the Prospectus published on 16 June 2023. Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander Totta, S.A., BNP Paribas and Mizuho Securities Europe GmbH acted as Joint-Bookrunners in this transaction. On 31 December 2024, the market value of the notes EMTN 2023 corresponds to € 438,564 k (fair value hierarchy Level 1, as of Note 20).

Commercial Paper Programme

On 8 March 2024, the Company formalised a Commercial Paper Programme, in the amount of € 79,000 k, with the purpose of reinforcing its financial position. The Commercial Paper Programme has a maturity date of 4 years (from its first emission, this is, 26 June 2028) and has a variable interest rate, indexed to Euribor rate and a contractual spread. As at 31 December 2024, the Commercial paper debt amounts to € 23,750 k, with emissions with a maturity of less than a year. During the financial year ending on 31 December 2024, € 8,500 k were also borrowed and repaid, relating to this Commercial Paper Programme.

Under the loans in force on 31 December 2024, financial covenants do not apply.

15. Trade payables and Other payables

Accounting policy

Trade payables and Other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually, the amortised cost does not differ from the nominal value.

As at 31 December 2024 and 2023, Trade payables and Other payables, current and non-current, are detailed as follows:

(Unit: € k)					
	Notes	2024		2023	
		Current	Non-current	Current	Non-current
Trade payables		2,411	-	6,775	-
Trade payables - current accounts		759	-	761	-
Trade payables - pending invoices		244	-	903	-
Trade payables - related parties	28	1,408	-	5,110	-
Other payables		47,433	206	57,853	220
State and other public entities		230	-	223	-
Other taxes		230	-	223	-
Other creditors		4,242	-	755	-
Tangible and intangible assets suppliers		4,243	-	724	-
Personnel		(1)	-	31	-
Related parties		22,036	-	35,619	-
Loans	28	22,036	-	35,619	-
Accrued costs		20,113	-	20,114	-
Supplies and external services		2,598	-	1,905	-
Staff remunerations to be paid		4,272	-	3,613	-
Accrued interest		13,267	-	14,595	-
Other accrued costs		(23)	-	1	-
Deferred income		811	206	1,143	220
Investment grants	7	16	206	16	220
Others		795	-	1,127	-

The Related parties - loans, in the amount of € 22,036 k, concerns to cash pooling with subsidiaries and aims to manage the Group's treasury needs (Note 28). This balance bears interest at a rate indexed to Euribor.

The item Supplies and external services in the amount of € 2,598 k includes € 1,330 k relating to increased costs with related parties (Note 28).

16. Income taxes

Accounting policy

The Company is subject to Income Tax ("CIT" or "IRC"). The Company and some of its subsidiaries are covered by the special tax regime for groups of companies ("RETGS"), being Floene the dominant company. Income tax is calculated based on the taxable results of the Company in accordance with the applicable tax rules in Portugal.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities recorded for accounting purposes and their amounts for tax purposes.

Deferred tax assets and liabilities are calculated and evaluated annually using the tax rates expected to be in force when the temporary differences revert.

Accounting estimates and judgments

Deferred tax assets are recorded only when there is reasonable expectation of sufficient future taxable income to use them or whenever there are taxable temporary differences that offset the deductible temporary differences in the period they revert. Temporary differences underlying deferred tax assets are reviewed at each statement of financial position date to recognise deferred tax assets that were not recorded in prior years as they did not fulfil all requisites and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

Deferred taxes are recorded in the statement of income for the year, unless they result from items recorded directly in equity, in which case the deferred tax is also recorded in equity.

Income taxes for the year ended 31 December 2024 and 2023 is as follows:

(Unit: € k)					
	Notes	Assets		Liabilities	
		2024	2023	2024	2023
		7,088	5,375	3,212	2,598
Group companies	28	7,088	-	-	2,598
Income tax receivable/payable		7,088	-	-	2,598
State and other public entities		-	5,375	3,212	-
Income tax receivable/payable		-	5,375	3,212	-

As at 31 December 2024, the open balance with Floene Group companies results from the application of the RETGS, with the Company being the dominant company responsible for the payments to the State under this regime. The payable balance corresponds to the amount calculated resulting from the income tax estimate for the period less withholding tax and payments on account.

Income taxes for the year ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	2024			2023		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Income tax for the period	(4,489)	(53)	(4,541)	(2,550)	(50)	(2,600)
Current income tax	(4,360)	(53)	(4,413)	(2,680)	(50)	(2,730)
Insufficiency/(excess) of estimated income tax	(128)	-	(128)	130	-	130

The effective income tax rate reconciliation as at 31 December 2024 and 2023 is as follows:

(Unit: € k)

	2024	Tax rate	Income tax	2023	Tax rate	Income tax
Earnings before taxes	40,998	21.00%	8,610	979	21.00%	206
Income tax adjustments						
Excess/Insufficiency of estimated income tax		(0.31%)	(128)		13.32%	130
Autonomous taxation		0.62%	255		24.88%	244
Received dividends		(32.40%)	(13,282)		(321.69%)	(3,149)
Other increases and deductions		0.01%	5		(3.06%)	(30)
Effective tax rate and Income taxes		(11.08%)	(4,541)		(265.55%)	(2,600)

During the year ended 31 December 2024, the movements in deferred tax assets and liabilities at a rate of 21.5% is as follows:

(Unit: € k)

	31 December 2023	Impact on the Statement of Income	Impact on equity	31 December 2024
Deferred taxes assets	139	53	(5)	187
Post-employment and other employee benefits	139	53	(5)	187

For comparative information, refer to the financial statements for the year ended 31 December 2023.

17. Post-employment and other employee benefits liabilities

Accounting policy

Defined-contribution plan

The Company has a defined-contribution plan financed by a pension fund and managed by an independent entity. The Company's contributions to the defined-contribution plan are recorded in the statement of income in the period in which they occur.

Other retirement benefits

Associated with the defined-contribution plan, the Company grants a minimum benefit for situations of disability and survival.

Recognition of defined benefit plans

The period costs for post-employment benefit plans are determined based on the Projected Unit Credit method. This method reflects the services provided by employees at the valuation date, based on actuarial assumptions, as well as considering a discount rate to determine the present value of benefits and the remuneration projected rates of growth. The discount rate is based on the yield on high-quality bonds denominated in Euros.

Actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions are recorded in equity in the period in which they occur. Past Services Liabilities are recognised immediately in the statement of income.

Accounting estimates and judgments

Demographic and financial assumptions used to calculate the retirement benefit liabilities

Accounting for pensions and other post-retirement benefits requires estimates to be made when measuring the Group's pension plan surpluses and deficits. These estimates require assumptions to be made regarding uncertain events, including discount rates, inflation and life expectancy.

Post-employment benefits

(Unit: € k)

	2024	2023
Liabilities	(871)	(749)
Retirement benefits	-	(129)
Other benefits	(871)	(620)
Minimum benefit defined-contribution plan	(871)	(620)

Post-employment liabilities

(Unit: € k)

	2024	2023
Past service liability at the end of the current year	871	749
Past service liability at the end of the previous year	749	680
Current service cost	231	207
Interest cost	3	7
Actuarial (gain)/loss	(23)	(31)
Payment of benefits made by the Company	(110)	(131)
Other adjustments	22	16

The average maturity of liabilities for defined-contribution plan is 10 years in 2024 (2023: 10 years).

Post-employment benefit expenses

(Unit: € k)

	Notes	2024	2023
Current service cost		231	207
Interest cost		3	7
Net cost for the year before special events		233	214
Other adjustments		-	16
Net cost for the year of defined-benefit plan expenses		233	230
Defined contribution		143	108
Net cost for the year defined-contribution plan expenses		143	108
Total	25	376	338

Remeasurements

(Unit: € k)

	Notes	2024	2023
Gains and losses recognised through other comprehensive income:		23	31
(Loss)/Gains from actuarial experience		47	23
(Loss)/Gains from changes in actuarial assumptions		(24)	9
Taxes related to actuarial gains and losses	16	(5)	(7)

Assumptions

	Other benefits	
	2024	2023
Discount rate	3.50%	4.00%
Rate of increase of salaries/costs	1.00%	1.00%
Rate of increase of pensions	0.00%	0.00%
Mortality table for current staff and pre-retirees	INE 2009-2011	INE 2009-2011
Mortality table for retired staff	INE 2009-2011 GKF95	INE 2009-2011 GKF95
Disability table	EVK 80 – 50%	EVK 80 – 50%
Normal age for retirement	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security. at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security. at 65 years, respectively
Method	Projected Unit Credit	Projected Unit Credit

Stress analysis

Stress analysis of the discount rate

(Unit: € k)

	Discount rate	
	3.50%	Δ-0.25%
	871	12
Other benefits	871	12

18. Provisions

Not applicable.

19. Derivative financial instruments

Not applicable.

20. Financial assets and liabilities

Accounting policy

The Company classifies financial assets and liabilities into the following categories:

- a) financial assets at fair value through other comprehensive income;
- b) financial assets and liabilities carried at amortised cost;
- c) financial assets and liabilities at fair value through profit or loss.

Management determines the classification of its financial assets on initial recognition and changes that classification at the end of each reporting period, if and only if, there is a change in the financial assets management, and these changes are significant. For financial liabilities such changes in classification are not allowed.

Recognition and measurement

Financial assets are recognised as at the trade date, that is the date in which the Company has assumed the commitment to acquire that asset and are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Derecognition

Financial assets are derecognised from the statement of financial position when the rights to receive cash flow from investments have expired or have been transferred, and company has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if: (i) the inherent objective to the business model used is achieved, either to collect contractual cash flows or to sell financial assets, and (ii) the underlying contractual cash flows represent only principal and interest payments. Assets in this category are initially and subsequently measured at their fair value, with changes in their book value recorded against other comprehensive income, except for the recognition of impairment losses, interest or exchange gains and losses, which are recognised in the statement of income. When the asset corresponding to a debt instrument is derecognised, the accumulated gain or loss in other comprehensive income is reclassified to profit or loss.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are non-derivative financial assets/liabilities which are held solely for payments of principal and interests ("SPPI"). If collection/payment is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets/liabilities. If not, they are presented as non-current assets/liabilities.

Trade receivables and Other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest method, less impairment.

Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement. The fair value hierarchy has the following levels:

- Level 1 – the fair value of the assets or liabilities is based on active liquid market quotation as at the date of the statement of financial position;
- Level 2 – the fair value of the assets or liabilities is determined through valuation models based on observable market inputs;
- Level 3 – the fair value of the assets or liabilities is determined through valuation models; whose main inputs are not observable in the market.

In general, the book value of financial assets and liabilities approximates fair value.

	Notes	2024	2023
(Unit: € k)			
Financial assets by category		152,471	214,109
Financial assets not measured at fair value	11 and 12	137,430	143,122
- less deferred costs, guarantees, advanced payments to suppliers and receivable amounts from the State	11	(3,652)	(3,568)
Cash and cash equivalents	13	18,693	74,555

Financial assets at amortised cost comprises Other financial assets, Trade receivables and Other receivables net of impairments.

	Notes	2024	2023
(Unit: € k)			
Financial liabilities by category		677,046	735,125
Financial liabilities not measured at fair value	6, 14 and 15	678,293	736,711
- less deferred income, guarantees, and payable amounts to the State	15	(1,247)	(1,586)

Financial liabilities comprise Financial debt, Lease liabilities, Trade payables and Other payables.

21. Financial risk management

The Company is exposed to various types of market risks inherent in the activity it conducts. Detailed information on these risks and their impact on the Floene Group is reflected in Note 22 of the Notes to the Company's Consolidated Financial Statements.

22. Capital Structure

Share Capital

The shareholder structure of Floene did not change in 2024. The share capital remains at € 89,529,141 divided into 89,529,141 shares with a nominal value of one Euro each. Share capital is fully subscribed and paid up by the following shareholders:

Shareholders	2024		2023	
	%	No. of shares	%	No. of shares
	100.00	89,529,141	100.00	89,529,141
Meet Europe Natural Gas, Lda.	22.50	20,144,057	22.50	20,144,057
Allianz Infrastructure Luxembourg II S.à.r.l.	45.51	40,743,759	45.51	40,743,759
Allianz European Infrastructure Acquisition Holding S.à.r.l.	29.50	26,412,050	29.50	26,412,050
Petrogal, S.A.	2.49	2,229,275	2.49	2,229,275

Legal reserves

In accordance with the Company deeds and Commercial Law ("Código das Sociedades Comerciais – CSC"), the Company must transfer a minimum of 5% of its annual net profit to legal reserves, included in the caption Reserves in equity, until the legal reserves reach 20% of share capital. The legal reserves cannot be distributed to the shareholders but may, in certain circumstances, be used to increase capital or to absorb losses after all the other reserves have been utilised.

For the years ended 31 December 2024 and 2023 Legal reserves is detailed as follows:

	2024	2023
	13,793	13,614
Legal reserves	13,793	13,614

During the year ended 31 December 2024 the Company reinforced the legal reserve in the amount of € 179 k.

Ancillary capital contributions

During the year ended 31 December 2021, the Company's shareholders, in proportion to their holdings, made ancillary capital contributions in the amount of € 19,516 k, subject to the supplementary capital regime. These ancillary capital contributions were intended to the payment in 2021 of the Floene Group's responsibilities related to the Extraordinary Contribution to the Energy Sector ("CESE").

During the year ended 31 December 2023 the Company's shareholders, in proportion to their shares, made additional ancillary capital contributions in the amount of € 2,072 k, subject to the supplementary capital regime, also provided for the payment in 2023 of Floene Group's obligations related to CESE. As at 31 December 2023 the Ancillary capital contributions amount € 21,588 k.

Additionally, during the year ended 31 December 2024, the Company's shareholders, in proportion to their shares, made additional ancillary capital contributions in the amounts € 769 k, subject to the supplementary capital regime, also provided for the payment in 2024 of Floene Group's obligations related to CESE, reaching a total of Ancillary capital contributions, to this date, of € 22,358 k.

Dividends

In 2024, dividends in the amount of € 30,000 k were distributed. In accordance with the unanimous written corporate resolution from 28 August 2024, dividends in the amount of € 14,356 k, which were paid on 13 September 2024 from Retained earnings. On 29 October 2024, there were also attributed to the Company's shareholders Interim dividends, as an advancement out of the net income for the year ended 2024, in the amount of € 15,644 k, paid on 13 November 2024.

23. Revenue and income

Accounting policy

Sales revenue and services rendered are recorded in the statement of income when all the risks and rewards related with the ownership of the assets are transferred to the buyer or the services are rendered, and the amount of the corresponding revenue can be reasonably estimated. Sales and services rendered are recognised net of taxes, discounts and rebates by the fair value of the amount received or receivable. Costs and revenues are recorded in the corresponding year, independently of the date of payment or receipt. Costs and revenues for whose actual amount is unknown, are estimated.

Under the captions Other receivables and Other payables are recorded costs and revenues of the current year, and which receipt and payment will only occur in future periods, as well as receipts and payments already occurred but related to future years and that are assigned to each year's results.

Exchange differences arising from Trade payables and Trade receivables balances are recognised in operating results.



For the years ended 31 December 2024 and 2023 the revenue and income is detailed as follows:

	Notes	2024	2023
(Unit: € k)			
Total revenue and income		101,908	56,898
Services rendered		25,737	24,932
Other operating income		513	220
Supplementary gains		391	148
Other		121	72
Results related to financial investments in subsidiaries	9	63,246	14,996
Financial income	26	12,412	16,749

Services rendered includes the amounts of € 25,402 k and € 24,286 k, in 2024 and 2023, respectively, which relate to management services provided to Group companies. These amounts are included in Operating income in Note 28.

24. Costs and expenses

Costs and expenses for the years ended 31 December 2024 and 2023 is as follows:

	Notes	2024	2023
(Unit: € k)			
Total costs		60,910	55,918
Supplies and external services		12,125	10,862
Other specialised services		4,723	4,096
Travel and accommodation		430	381
Rental costs	6	733	746
Fuel		227	216
Insurance		138	149
IT services		4,113	3,662
Communications		621	447
Legal services		322	215
Other costs		820	950
Staff costs	25	13,283	13,127
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	4, 5 and 6	883	1,160
Other operating costs:		133	104
Other taxes		1	3
Other costs		132	101
Financial expenses	26	34,485	30,665

From the amount of € 12,125 k recorded as supplies and external services, € 4,660 k refer to services provided by Galp Energia, S.A. (Note 28).

25. Staff costs

Accounting policy

Staff costs

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the respective services are rendered by employees of Floene.

Staff costs for the years ended 31 December 2024 and 2023 is as follows:

	Notes	2024	2023
		(Unit: € k)	
Staff costs recognised during the year	24	13,283	13,127
Staff costs capitalisation		(909)	(670)
Total costs		14,192	13,797
Board of Directors remuneration		997	1,020
Staff remuneration		5,137	4,524
Social charges		1,114	985
Assigned staff		5,727	6,240
Retirement benefits	17	376	338
Other insurance		280	241
Other costs		561	449
Board of Directors remuneration		997	1,020
Salaries		926	949
Bonuses		60	60
Allowances		11	12

The amount of € 5,727 k recorded as assigned staff includes a cost of € 6,189 k related to personnel assigned by other Group companies to Floene and an income of € 462 k referring to personnel assigned by Floene to other Group companies. These amounts are included in Operating costs in Note 28.

During the years ended 31 December 2024 and 31 December 2023, the average number of employees working for the Company, including assigned staff, was 154 and 152 respectively.

26. Financial income and expenses

Accounting policy

Financial income and expenses include interest on external loans, related party loans and leases. Other financial income and expenses from other financial assets or liabilities are not included in this caption.

Financial charges on loans obtained are recorded as financial expenses on an accrual's basis.

Financial charges arising from general and specific obtained loans to finance investments in fixed assets are assigned to tangible and intangible assets under construction, in proportion to the total expenses incurred on those investments net of investment government grants, until the commencement of its operations. The remainder is recognised under the heading of financial expenses in the statement of income for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalised.

Those financial charges included within fixed assets are depreciated over the useful lives of the respective assets.

The detail of the value calculated in relation to financial income and costs for the years ended 31 December 2024 and 2023 is as follows:

	Notes	2024	2023
		(22,073)	(13,916)
Financial income		12,412	16,749
Interest on bank deposits		1,059	5,155
Interest and other income with related parties	28	11,353	10,604
Other financial income		-	990
Financial expenses		(34,485)	(30,665)
Interest on bank loans, bonds, overdrafts and others		(31,261)	(24,658)
Lease interests	6	(185)	(4)
Lease interests – related parties	6 and 28	(28)	(69)
Other interest and charges incurred – related parties	28	(1,567)	(1,819)
Liquid exchange gains/(losses)		-	(1)
Cost with Bond loan issuance		-	(2,831)
Other financial costs		(1,444)	(1,284)

As at 31 December 2024 the interest on bank deposits amounts € 1,059 k, referring to interest arising from investments in term deposits.

In the year ending 31 December 2024 the Interest on bank loans, bonds, overdrafts, and others amounts of € 31,261 k, essentially referring to interest arising from the loans obtained throughout the year (Note 14).

27. Contingent assets and liabilities and provided guarantees

Contingent liabilities

Not applicable.

Provided guarantees

As of 31 December 2024, and 31 December 2023, the liabilities for provided guarantees are as follows:

	(Unit: € k)	
	2024	2023
Provided guarantees	314	-
MP Torre A, S.A.	314	-

28. Related Parties

Accounting policy

A related party is a person or entity that is related to the entity preparing its financial statements, as follows:

- a) a person or a close member of that person's family is related to a reporting entity if that person:
 - i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) an entity is related to a reporting entity if any of the following conditions applies: i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); iii) both entities are joint ventures of the same third party; iv) one entity is a joint venture of a third entity, and the other entity is an associate of the third entity; v) the entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; vi) the entity is controlled or jointly controlled by a person identified in (a); vii) a person identified in (a) i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

As at 31 December 2023 the Company presents the following balances and transactions with related parties:

Assets

	(Unit: € k)				
	Total	Trade receivables (Note 11)	Other receivables (Note 11)	Current taxes (Note 16)	Accruals and deferrals (Note 11)
Assets	140,775	1,631	127,279	7,088	4,777
Entities from Floene Group	140,702	1,558	127,279	7,088	4,777
Entities from Galp Group	69	69	-	-	-
Other related entities	4	4	-	-	-

For comparative information, refer to the financial statements for the year ended 31 December 2023.

Liabilities

(Unit: € k)

	Total	Current		
		Trade payables (Note 15)	Loans obtained (Note 15)	Accruals and deferrals (Note 15)
Liabilities	24,774	1,408	22,036	1,330
Entities from Floene Group	22,641	605	22,036	-
Entities from Galp Group	2,133	804	-	1,330

For comparative information, refer to the financial statements for the year ended 31 December 2023.

Transactions

(Unit: € k)

	Operating costs	Operating income	Financial costs (Note 26)	Financial income (Note 26)
Transactions	(10,699)	25,623	(1,595)	11,353
Entities from Floene Group	(5,727)	25,566	(1,567)	11,353
Entities from Galp Group	(4,972)	57	(28)	-

For comparative information, refer to the financial statements for the year ended 31 December 2023.

From the amount of € 4,972 k, € 4,660 k refer to services provided by Galp Energia, S.A. (Note 24).

Related Parties transactions were performed under market conditions.

29. Information of Environmental Matters

Not applicable.

30. Subsequent Events

On 14 February 2025, Floene formalised a new Syndicate Bond Loan in the amount of € 180,000 k, with the aim of financing the anticipated reimbursement of the entire Syndicated Bond Loan from 2023, which was fully used on 27 February 2025. The Syndicated Bond Loan contracted in 2025 has 5-year term from its emission date (this is, 27 February 2030) at a variable interest rate indexed to Euribor rate and a contractual spread. On 7 March 2025, the Company fully reimbursed the Syndicated Bond Loan from 2023, which was due on 7 March 2026.

There were no additional subsequent events after 31 December 2024, beside the extension of the maturity of the shareholder loan granted to its subsidiary Lisboagás GDL, S.A., mentioned in Note 11, with relevant impact in the financial statements.

31. Approval of the financial statements

The financial statements were approved by the Board of Directors on 28 April 2025. However, they are still subject to approval by the Shareholders' General Meeting, in accordance with the commercial law applicable in Portugal.

32. Translation note

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.

The Board of Directors

Diogo António Rodrigues da Silveira
President

Gabriel Nuno Charrua de Sousa
Member

Roxana Tataru
Member

Pedro Álvaro de Brito Gomes Doutel
Member

Karl Klaus Liebel
Member

Carlos Miguel Faria da Silva
Member

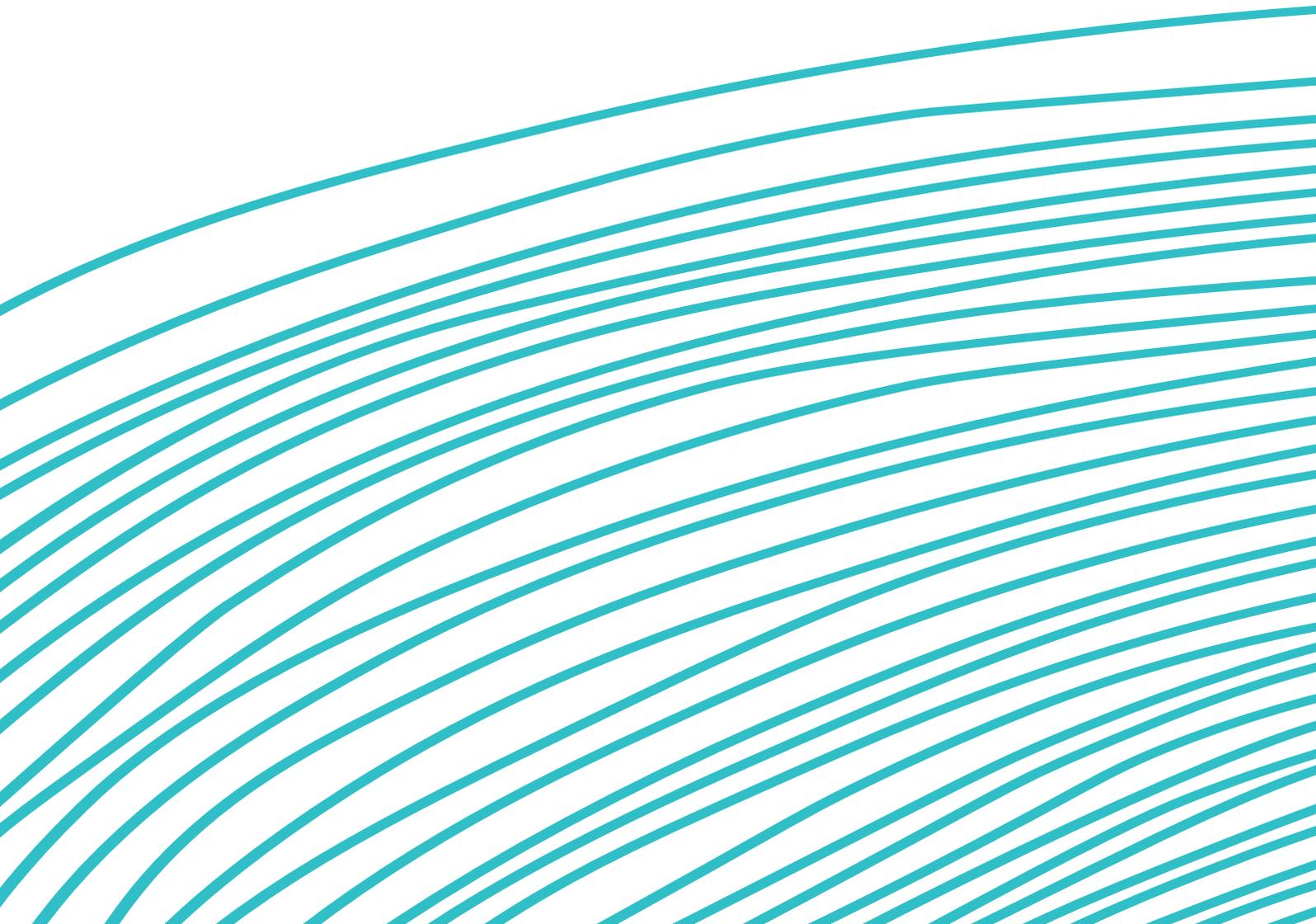
Ippei Kojima
Member

Satoshi Kanomata
Member

Francisco Maria Metello de Almeida e Brito de Moraes
Member

The certified accountant

Ana Maria Serafim de Brito Mousinho



Annex IV – Report and Opinion of the Audit Board



REPORT AND OPINION OF THE AUDIT BOARD

Dear Shareholders,

In accordance with the provisions of paragraph g) of Article 420 (1) of the Portuguese Commercial Companies Code (CSC) and of paragraph g) of Article 6 (1) of the Regulations of the Audit Board of Floene Energias, S.A. ("Floene"), this body hereby presents its report on the supervisory activities carried out during the 2024 financial year and give an opinion on the Management Report, the individual and consolidated Financial Statements, and other reporting documents submitted by the Board of Directors, in respect of the financial year ended December 31, 2024.

1. ANNUAL REPORT ON SUPERVISORY ACTION

Within the scope of its responsibilities as the Company's supervisory body, the Audit Board monitored the management and results of the Company throughout the 2024 financial year, particularly with regard to:

- compliance with and control over the policies and strategies defined by the Board of Directors;
- observance of legal, regulatory, and statutory provisions;
- the adequacy of the accounting policies, criteria and practices adopted, as well as the process of preparing financial information;
- the effectiveness of internal control systems.

Although Floene is not classified as a Public Interest Entity under the Article 3 of Law No. 148/2015 of September 9, since it is listed on a regulated market, but outside Portugal, the Audit Board is nonetheless subject to the following duties, in accordance with Regulation (EU) No. 537/2014 and the IESBA Code:

- Inform the management body of the results of the statutory audit of the individual accounts and explain how it contributed to the integrity of the financial reporting and disclosure process, as well as the role played by the Audit Committee in this process;
- Monitor the process of preparing and disclosing individual financial information and make recommendations or proposals to ensure its integrity;
- Oversee the effectiveness of internal control and risk management systems with respect to the process of preparing and disclosing financial information, without compromising its independence;
- Monitor the statutory audit of the annual (individual) accounts, particularly its execution, taking into consideration any findings and conclusions of the Portuguese Securities Market Commission (CMVM), as the competent authority for audit oversight;
- Verify and monitor the independence of the Statutory Auditor and the Audit Firm in accordance with legal requirements, including Article 6 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014, and, in particular, assess and approve the provision of services other than audit services, where applicable, in accordance with Article 5 of the same regulation;
- Select the Statutory Auditors or Audit Firms to be proposed to the General Meeting for appointment and duly recommend a justified preference for one of them, pursuant to Article 16 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014.



To this end, during the reporting period, the Audit Committee carried out the following actions:

- analyzed the current internal regulations and their updates;
- monitored the review of the Company's organizational structure, as well as the functioning of its main operational units;
- monitored the development of initiatives and projects relevant to the Company's activity;
- analyzed information obtained from the main areas responsible for the preparation and disclosure of financial information, the Risk and Internal Control Committee, and Floene's Ethics and Conduct Committee;
- participated in the meeting with the Board of Directors focused on matters within the Audit Committee's remit, during which the Financial Statements and the Company's business developments were discussed;
- met, when necessary, with the Heads of Divisions to obtain information and clarification on specific aspects of the Company's management;
- analyzed, where applicable, requests for prior approval of non-audit services submitted by the Statutory Auditor and ensured compliance with the independence rules governing the provision of such services;
- analyzed the independence confirmation statements prepared by the Statutory Auditor in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014;
- met, when necessary, with the Statutory Auditor, PwC PricewaterhouseCoopers & Asociados SROC S.A. (PwC), to review the main conclusions and recommendations made in the course of their duties.

In carrying out the aforementioned tasks, the Audit Board held eight meetings from May 2024 to April 2025. As part of its interaction with members of the management bodies, it met on several occasions with:

- the Chairman of the Executive Committee,
- the Executive Director responsible for the financial and IT Divisions,
- the Heads of the First-Line Functions:
 - o Internal Audit Division,
 - o Legal and Compliance Division;
 - o Finance Division,
 - o Transformation Management Division (within the scope of the service agreement in force with Galp Energia, S.A.);
 - o Investor Relations, Risk, Social, Environmental and Governance Responsibility Division; and
 - o Information Systems Division,
- PwC & Asociados, SROC.



Through these meetings, the Audit Board specifically monitored:

- the company's financial position and the Floene Group's risk management system;
- the main processes of the Company's ongoing transformation and carve-out project, with regular attention to the transition of information systems and the progress of the stages outlined in the TSA;
- key developments in the energy sector that could potentially impact the Group's financial statements, particularly those related to the extraordinary contribution to the energy sector (CESE);
- the activities of the Floene Group's internal audit department, with particular emphasis on compliance with its annual audit plan, the reporting of deficiencies, and the follow-up of action plans for their resolution;
- PwC's activities concerning the planning of the audit work, interim reporting, and final audit conclusions and reporting, including details of the most significant identified risks, the methodology used to address those risks, and recommendations related to internal control matters that require Management's attention.

Additionally, it monitored the application of the Code of Ethics and Conduct through the Ethics and Conduct Committee (ECC), which it appointed.

Furthermore, it actively participated in the Risk and Internal Control Committee.

As part of its duties, the Audit Board evaluated and carried out the selection process for the Statutory Auditor or Audit Firm (ROC) for the term relating to the year 2025, and resolved to recommend the reappointment of PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

The Audit Board also examined, under the terms of Article 452 of the Portuguese Commercial Companies Code:

- the individual and consolidated statement of financial position; the individual and consolidated statement of profit or loss and other comprehensive income; the individual and consolidated statement of changes in equity; the individual and consolidated statement of cash flows; and the notes to the individual and consolidated financial statements, all relating to the period ended December 31, 2024;
- the management report of the Board of Directors for the 2024 period;
- the individual and consolidated Statutory Auditors' Certificates prepared by the Statutory Auditor, issued without qualifications, regarding the audit of the period ended December 31, 2024.

2. OPINION ON THE REPORT, ACCOUNTS AND PROPOSAL PRESENTED BY THE BOARD OF DIRECTORS

In light of the above, the Audit Board is of the opinion that:

- the individual and consolidated Financial Statements and the Management Report are in accordance with the applicable accounting standards, legal and statutory provisions and give a



true and fair view of the individual and consolidated financial position and results of the Company;

- the Management Report accurately describes the evolution of the Company's business and is consistent with the financial statements for the period;

Therefore, the Audit Board recommends their approval at the Annual General Meeting of Shareholders, as well as the proposal for the allocation of individual net result, as set out in the aforementioned Management Report.

Finally, the Audit Board expresses its gratitude and appreciation to the Board of Directors, the Company's Divisions and Services, the Statutory Auditor for their continued cooperation and support.

Lisbon, April 29, 2025

THE AUDIT BOARD

Pedro Fontes Falcão
Chairman

José Carlos Carvalho Brites
Member

João Albino Cordeiro Augusto
Member

Annex Va) Statutory Audit Certificate – Consolidated



Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Floene Energias, S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2024 (which shows total assets of Euro 1,272,526 thousand and total equity of Euro 234,122 thousand including a consolidated net income for the year of Euro 10,050 thousand), the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Floene Energias, S.A. as at December 31, 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
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Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal
Tel: +351 213 599 000, Fax: +351 213 599 999, www.pwc.pt
Matriculada na CRC sob o NIPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Key Audit Matter

Summary of the Audit Approach

Concession assets

Disclosures related to intangible assets are presented in notes 2 and 6 of the consolidated financial statements.

As at December 31, 2024, Intangible assets amounts to Euro 1,119,805 thousand (Euro 1,120,442 thousand as at December 31, 2023) and corresponds mainly to assets built and/or acquired under licenses and concession agreements signed between the Group and the Portuguese State, and which are accounted for in accordance with the Intangible assets model defined in IFRIC 12 – Service concession agreements.

According to the above-mentioned agreements and licenses, unless the law exempts it, the Portuguese State must indemnify the Group companies, at the end of each concession period, in the amount corresponding to the net book value of the assets allocated to the concessions.

Considering the relevance of the net book value of intangible assets in the total assets of the consolidated financial statements, as well as the relevance that their recovery may have in the continuity of operations of the Group companies in the medium and long term, the concession assets, namely their initial recognition and subsequent measurement, were considered as a key audit matter.

In order to ensure the correct recognition and measurement of the Intangible assets allocated to concessions, the following procedures were performed, among others:

- understanding and evaluation of the internal control process associated with the management of intangible assets and procurement, namely regarding to investment approval policies and respective monitoring;
- obtaining, from the Group's services, the details of the intangible assets allocated to concessions, with an indication of amount, date of acquisition, useful life, accumulated amortization and amortization of the year, when applicable;
- holding meetings with management, in order to understand the monitoring carried out on the net amount and recoverability of assets allocated to concessions, namely for assets whose useful lives are longer than the term of the respective operating licenses/concession agreements;
- reading the minutes of the Executive Committee and of the Board of Directors of the respective Group companies, in order to validate existing investment projects;
- performing substantive audit procedures on assets allocated to concessions in order to confirm their correct classification, their initial recognition and subsequent measurement, as well as the appropriateness of the operations cut-off.

We also verified the adequacy of the disclosures presented in the consolidated financial statements, considering the requirements of the applicable accounting standards.

Key Audit Matter

Summary of the Audit Approach

Revenue recognition and tariff deviation

Disclosures related to revenue and tariff deviation are presented in notes 2, 12, 16 and 25 of the consolidated financial statements.

As at December 31, 2024, the Group presents tariff deviations, assets and liabilities, respectively in the amounts of Euro 43,407 thousand and Euro 3,030 thousand.

In compliance with the legislation and in accordance with the applicable regulatory parameters published by ERSE (Energy Services Regulatory Authority), the revenue of the distribution and retail of natural gas is recognized based on the allowed revenue published at the beginning of each regulatory period. The tariff deviations calculated in each year, which correspond to the difference between the revenue actually billed and the revenue estimated, are recognized in the Other receivables and Other payables captions, as applicable. Any adjustments resulting from the definitive amounts of the allowed revenue published by ERSE are incorporated in the calculation of the regulated revenue for the second gas year subsequent to the calendar year to which they relate.

Given the relevance of the amounts in question and the timing of their recovery, we consider the recognition of revenue from regulated activities and the associated tariff deviation as a key audit matter.

In order to ensure the correct revenue recognition from regulated activities and the correct measurement of tariff deviations, the following audit procedures were performed, among others:

- understanding of the applicable regulatory framework;
- obtaining from the Group's services the calculation of tariff deviations and reconciling the values contained therein with the several existing sources of information, namely publications made by ERSE;
- substantive audit procedures to validate the amounts invoiced by the Group, namely with regard to its regulated activity;
- performing analytical procedures to validate the tariff deviations estimate of the year and respective classification, based on the information published by ERSE and the amounts invoiced by the Group.

We also verified the adequacy of the disclosures presented in the consolidated financial statements, considering the requirements of the applicable accounting standards.

Key Audit Matter

Summary of the Audit Approach

Litigation and tax contingencies

Disclosures related to litigation and tax contingencies are presented in notes 2, 17, 19, 29 and 32 of the consolidated financial statements.

The dimension and structure of the Group originates an increase in the complexity of the tax recognition in the Group's financial statements. As a consequence, the Group has several pending tax matters and litigations in progress, including those related to the Energy Sector Extraordinary Contribution - "CESE", recognizing provisions whenever the Group considers that a negative outcome is probable, in accordance with IAS 37. The assessment of the outcome probability is supported by the legal consultants and tax advisors of the Group, as well as by the management judgment in relation to these matters. As at December 31, 2024 the provisions recognized in the consolidated financial statements amounted to Euro 88,269 thousand (2023: Euro 84,060 thousand).

The relevance of this matter in our audit is related with the complexity and level of judgment inherent to the tax matters, as well as the unpredictability associated with the respective outcome.

The audit procedures performed included, among others:

- obtaining detailed information of the pending tax contingencies and legal actions;
- understanding tax and legal contingency processes;
- obtaining and analyzing the replies to the confirmation letters sent to external lawyers;
- inquiry of the management and of the tax and legal Directors of the Group over the estimates and judgments considered.

We also assessed the adequacy of the disclosures presented in the notes to the consolidated financial statements, considering the requirements of the applicable accounting standard.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report in accordance with the applicable law and regulations;

- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion;
- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

April 29, 2025

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

Rita da Silva Gonçalves dos Santos, ROC no. 1681
Registered with the Portuguese Securities Market Commission under no. 20161291

Annex V b) Statutory Audit Certificate – Individual



Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Floene Energias, S.A. (the Entity), which comprise the statement of financial position as at December 31, 2024 (which shows total assets of Euro 837,968 thousand and total shareholders' equity of Euro 155,593 thousand including a net profit of Euro 45,539 thousand), the statement of income and other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Floene Energias, S.A. as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Key Audit Matter	Summary of the Audit Approach
<p>Valuation of financial investments</p> <p><i>Disclosures related to financial investments are presented in the notes 2 and 9 of the financial statements.</i></p> <p>As at December 31, 2024, Floene Energias, S.A. holds financial investments in subsidiaries in the amount of Euro 640,422 thousand, which are valued at acquisition cost, deducted of impairment losses.</p> <p>These financial investments are subject to impairment testing whenever there are indicators or changes in the underlying circumstances which indicate that the carrying value may not be recoverable. For that purpose, the recoverable amount is determined by the value in use, in accordance with the discounted cash flows method.</p> <p>The calculation of the recoverable amount requires the use of estimates and assumptions by the management, which depend on economic and market estimates, namely those related to future cash-flows, growth rates for the perpetuity and discount rates used.</p> <p>The relevance of this matter in our audit is related to the significance of the amounts involved and level of potential complexity and judgement associated to the impairment models, when impairment indicators related with the mentioned financial investments exist.</p>	<p>To confirm the accurate valuation of the financial investments the following audit procedures were performed, among others:</p> <ul style="list-style-type: none"> - evaluation of impairment indicators in the financial investments; and - obtaining and analyzing the impairment testing on financial investments, when applicable. <p>The analysis of the impairment testing, based on discounted cash flows models, considers the following procedures, when applicable:</p> <ul style="list-style-type: none"> - verifying the mathematical accuracy of the model; - assessing the reasonableness of the future cash flows projections, from the comparison with historical performance; - evaluating the accuracy of the discount rate considered; and - evaluating the estimates and judgments assumed by the management, underlying the relevant assumptions supporting the model. <p>Additionally, we have verified the accuracy of the disclosures presented in the financial statements, considering the requirements of the applicable accounting standard.</p>

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- h) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

April 29, 2025

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

Rita da Silva Gonçalves dos Santos, ROC no. 1681
Registered with the Portuguese Securities Market Commission under no. 20161291

Annex VI - Analysis of technical environmental alignment

1. Alignment analysis

For an economic activity to be considered environmentally sustainable according to the taxonomy, it must:

1. Make a substantial contribution to one or more of the six climate and environmental objectives defined by the European Commission:
 - Climate change mitigation
 - Adapting to climate change
 - Protecting water and water resources
 - Transition to a circular economy
 - Pollution prevention and control
 - Protecting and restoring biodiversity and ecosystems
2. Do not significantly jeopardise any of the other environmental objectives;
3. Comply with minimum safeguards related to Human Rights, Corruption, Taxation and Fair Competition.

Of the six environmental objectives defined by the European Taxonomy, climate change mitigation and adaptation are regulated by the Climate Delegated Acts (Delegated Regulation (EU) 2021/2139) and the Complementary Delegated Act (Delegated Regulation (EU) 2022/1214), the latter focussing on specific activities in the gas and nuclear sectors. In 2023, new economic activities were included under these two objectives. The remaining objectives are addressed in the Environmental Delegated Act (Delegated Regulation (EU) 2023/2486), also published in 2023. These documents define lists of eligible economic activities and the technical criteria for assessing whether they provide “a substantial contribution” to at least one of the environmental objectives and, at the same time, “do not cause significant damage” to the others.

Activities that fulfil these criteria, as well as the minimum safeguards requirements, are in line with the Taxonomy.

“Substantial Contribution” and “No Significant Harm”

Floene has identified eight economic activities as eligible and is in the process of evaluating the technical criteria for verifying the “Substantial Contribution” (SC) of each activity to the corresponding objective and ensuring that the activities “Do Not Significantly Harm” (NPS) any of the other five objectives. Specifically regarding NPS, we describe below the analysis carried out in relation to the application of Appendix A of the Taxonomy.

Physical Climate Risk Management (Appendix A)

Appendix A of the Taxonomy Climate Delegated Act establishes the NPS criteria for the climate change adaptation objective. The fulfilment of these criteria involves defining and carrying out a robust physical climate risk assessment process, which should include identifying the relevant risks for the activity in question, defining the materiality of these risks, considering an analysis of different climate scenarios and time horizons, and then defining solutions for adapting to the risks.

As already mentioned in Chapter 4.3 “Risk management and internal control”, Floene’s analysis of physical climate risks is included in its risk management framework, the procedure for which includes the identification, assessment, treatment and monitoring of risks relevant to its activities.

Although Floene already carries out a physical climate risk assessment, it believes that it is not yet robust enough to meet all the criteria set out in Appendix A. To this end, an internal task force was set up in 2024 to deepen its physical climate risk assessment in order to align it with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on the table of acute and chronic climate risks in Appendix A of the taxonomy, a preliminary analysis was made of those that would be applicable to Floene’s relevant assets, and these were analysed in greater depth. Using the Thinkhazard tool, which uses climate projections from the Intergovernmental Panel on Climate Change (RCP 2.6 climate scenario), the most material risks for each location were identified, and based on their potential impact and likelihood of occurrence, the risks were classified into various levels (low, medium and high).

With the aim of mitigating the risks posed by climate change, in 2021 Floene defined a decarbonisation strategy that included the identification and implementation of a short-term decarbonisation plan 2022-2025, which will be renewed for the next five years (2025-2030). In addition, several climate change adaptation actions have already been developed, such as emergency response action plans, insurance to cover catastrophic damage, and adaptation plans for infrastructures.

Floene plans to continue analysing the climate risks inherent in its activities, including defining solutions for adapting to material risks.

Minimum Social Safeguards

For Taxonomy, it is necessary to ensure that an environmentally sustainable activity does not jeopardise social issues. As a way of supporting corporate reporting, the European Commission’s Sustainable Finance Platform has indicated, in its report on Minimum Safeguards, four themes that companies should address: Human Rights, Corruption, Competition and Taxation. In this respect, Floene’s main document is the *Code of Ethics and Conduct*. This Code is a guide for the actions of employees and business partners and is intended to materialise the Company’s purpose, mission and values into principles of action, as well as to guide and direct day-to-day actions, so that each behaviour or action of each recipient of the code can fit into Floene’s corporate culture.

• Human Rights

In its Human Rights Policy, Floene undertakes to carry out its business with careful consideration for the recognition and safeguarding of the dignity, freedom and equality of human beings, the protection of labour and trade union rights, health and safety in the workplace and the environment. It is also committed to respecting, promoting and enforcing human rights among Stakeholders, adopting measures to prevent its actions from directly or indirectly causing abuses or violations of internationally recognised human rights. In the communities where it operates, the Company is committed to minimising any negative impacts and seeks to maintain close relations, establishing channels of communication that allow it to get to know the needs and expectations of the places where it operates.

Floene encourages its suppliers and partners to respect human rights, reserving the right to terminate relationships when any violation of human rights occurs, and encourages them to maintain and improve their procedures for identifying and combating slavery and human trafficking in the supply chain.

In terms of human resources, issues such as gender equality, equal opportunities, fairness and inclusion have been incorporated into the recruitment process. In this regard, there is a process of monitoring by more senior members of the People Management team to ensure equal treatment in interviews. In addition, Floene has worked in partnership with associations of people with disabilities to try to find solutions to fit them into the Company.

Floene is currently carrying out a Human Rights Due Diligence process in order to strengthen its practices in this area.

• Fair Competition

Floene undertakes to conduct its business and activities with full respect for the rules of competition, observing market rules, promoting a fair competitive environment and not adopting practices that restrict competition.

According to Law no. 9/2013, a breach by Gas Distribution Network Operators of the duty of non-discrimination or equal treatment between users or categories of users of their infrastructures or networks constitutes a punishable offence. To this end, Floene guarantees training for its technicians in the codes of conduct, ensuring, among other things, impartiality in its relationship with suppliers.



• **Corruption**

Floene considers any practice of active or passive corruption to be prohibited, including attempts, even if frustrated, either through acts and omissions or through the creation and maintenance of favourable or irregular situations. An Anti-Corruption Policy is in place which prohibits offers, payments or promises of payments and the acceptance of gifts from public organisations or officials. In addition, it prohibits any employee from granting authorisation to give or pay, directly or indirectly, any sum of money or in kind with the aim of obtaining an advantage in national or international trade, qualifying these practices as corruption.

Within the scope of the General Corruption Prevention Regime, Floene will define a Corruption Risk Prevention Plan (PPR), applicable to the entire organisation. This plan aims to identify, analyse and classify the risks and situations of potential exposure to acts of corruption and related offences, as well as establishing preventive and corrective measures.

• **Taxation**

Regarding issues related to taxation, Floene follows a compliance and ethical stance by complying with all the tax regulations in force, and is fully willing to collaborate with the tax authorities in the event of an inspection or any other interaction process that may be applicable. Tax compliance is therefore a guarantor of its actions. The Group listens to and analyses the contributions/concerns of its Stakeholders, taking care of any communications aimed at clarifying any existing doubts, without, however, altering the principles, rigour, compliance and transparency of its operations from a fiscal point of view.

Floene has a tax strategy which, although not formalised in any public document, is analysed and approved annually by the Board of Directors and the Executive Committee. However, the Tax Policy is due to be published in 2025. To ensure the regulatory compliance of its tax strategy, Floene observes the tax and tax disclosure requirements in accordance with the applicable laws and regulations, adopting the appropriate measures to this end. The Supervisory Board is the body responsible for ensuring compliance in tax matters, overseeing, in particular, accounting policies, valuation criteria, the effectiveness of the risk management and internal control system and the process of preparing and disclosing financial information.

Whenever concerns are identified by Stakeholders, the ComunitaÉtica channel is available on the website. No serious cases or convictions were identified for the Minimum Safeguards issues.



Annex VII – Independent Limited Reliability Assurance Report – Sustainability



Independent Limited Assurance Report

(Free translation from the original in Portuguese. In the event of discrepancies, the Portuguese language version prevails)

To the Board of Directors

Introduction

We were engaged by the Board of Directors of Floene Energias, S.A. (“Floene” or “Company”) to perform a limited assurance engagement on the indicators identified below in section “Responsibilities of the auditor” that are part of the sustainability information included in the Annual Report, for the period ended December 31, 2024, prepared by the Company for the purpose of communicating its annual sustainability performance.

Responsibilities of the Board of Directors

It is the responsibility of the Board of Directors to prepare the indicators identified below in section “Responsibilities of the auditor”, included in the Annual Report, in accordance with the sustainability reporting guidelines “Global Reporting Initiative” and with the instructions and criteria disclosed in the Annual Report, as well as to maintain an appropriate system of internal control that enables the adequate preparation of the mentioned information.

Responsibilities of the auditor

Our responsibility is to issue a limited assurance report, which is professional and independent, based on the procedures performed and specified in the paragraph below.

Our work was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) “Assurance engagements other than audits or reviews of historical financial information”, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and we have fulfilled other technical standards and recommendations issued by the Institute of Statutory Auditors. These standards require that we plan and perform our work to obtain limited assurance about whether the sustainability indicators identified in the Annex “GRI Table” of the Annual Report, are free from material misstatements.

For this purpose the above mentioned work included:

- a) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the report;
- b) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;

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 Recepção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal
 Tel: +351 213 599 000, Fax: +351 213 599 999, www.pwc.pt
 Matriculada na CRC sob o NIPC 506 628 752, Capital Social Euros 314.000
 Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183
 e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

- c) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information analysed, through calculations and validation of reported data;
- d) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;
- e) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;
- f) Comparison of financial and economic data included in the sustainability information with the data audited by PricewaterhouseCoopers & Associados, SROC, Lda, in the scope of the audit of Floene’s consolidated financial statements for the year ended December 31, 2024; and
- g) Verification that the sustainability information included in the Annual Report complies with the requirements of GRI Standards.

The procedures performed were more limited than those used in an engagement to obtain reasonable assurance and, therefore, less assurance was obtained than in a reasonable assurance engagement.

We believe that the procedures performed provide an acceptable basis for our conclusion.

Quality management and independence

We apply the International Standard on Quality Management 1 (ISQM1), which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of the ethics code of the Institute of Statutory Auditors.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Indicators identified above in section “Responsibilities of the auditor”, included in the Sustainability Report, for the period ended December 31, 2024, were not prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed in the Annual Report and that Floene has not applied, in the sustainability information included in the Annual Report, the GRI Standards guidelines.

Restriction on use

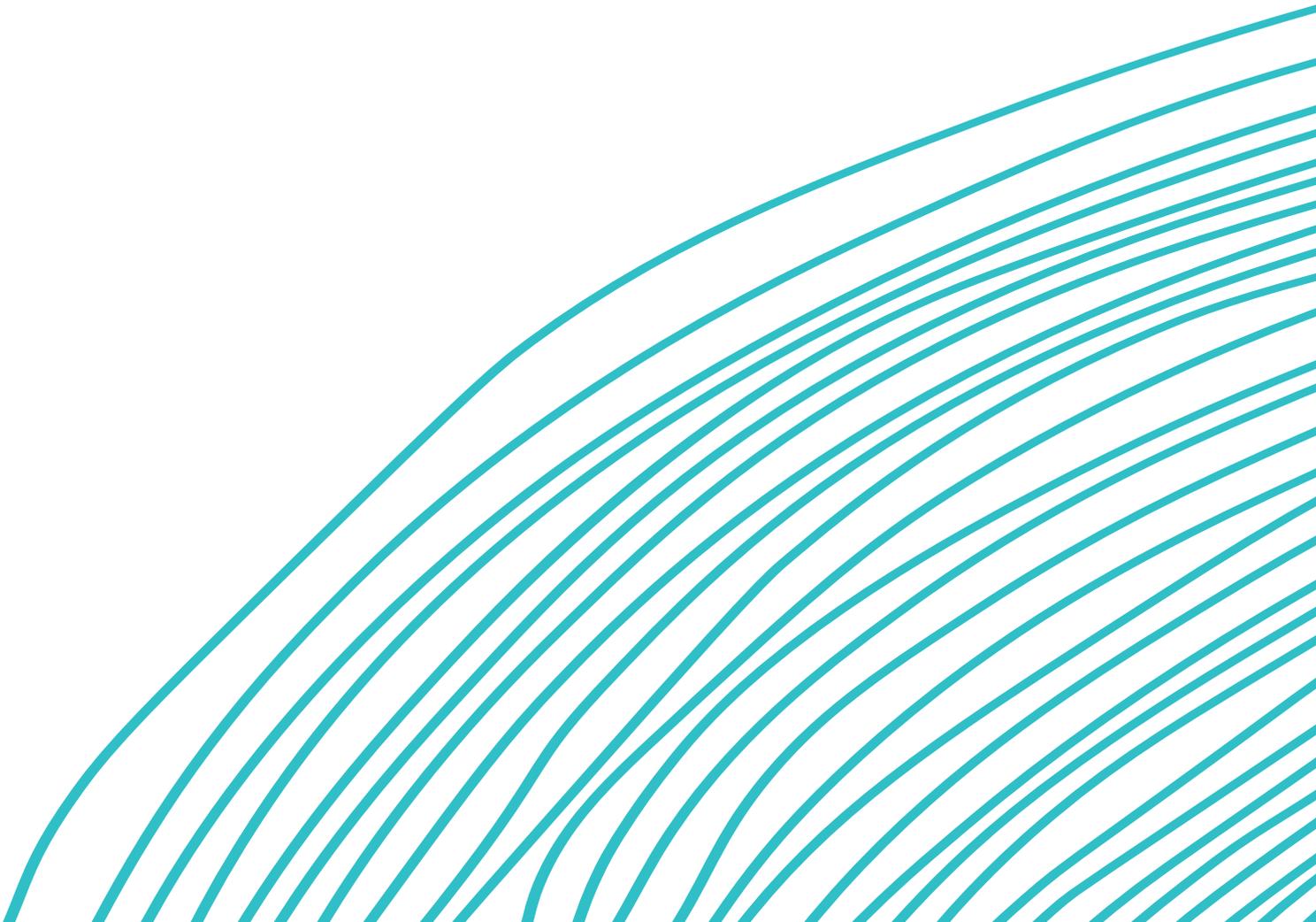
This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating its annual sustainability performance in the Annual Report and should not be used for any other purpose. We will not assume any responsibility to third parties other than Floene by our work and the conclusions expressed in this report, which will be attached to the Company's Annual Report.

April 29, 2025

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

Signed on the original

António Brochado Correia, ROC no. 1076
Registered with the Portuguese Securities Market Commission under no. 20160688



Annex VIII - Glossary

FINANCIAL GLOSSARY | ACRONYMS

ADG

Gas Distribution Activity

CAPEX

Capital Expenditure (investment in the acquisition and/or improvement of tangible and intangible assets)

CESE

Extraordinary Contribution to the Energy Sector

CMVM

Securities Market Commission

CSC

Commercial Companies Code

EBIT

Earnings Before Interest and Taxes (operating profit)

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortisation (operating profit, excluding depreciation and amortisation costs)

EMTN

Euro Medium Term Notes

FCA

Financial Conduct Authority

ERDF

European Regional Development Fund

IAS

International Accounting Standard

IASB

International Accounting Standard Board

IASC

International Accounting Standards Committee

IFRIC

International Financial Reporting Interpretations Committee

IFRS

International Financial Accounting Standards

OPEX

Operational Expenditure

OT

Treasury Bonds

RAB

Regulatory Asset Base

RCSD

Debt Service Coverage Ratio

RETGS

Special Taxation Regime for Groups of Companies

RoR

Rate of Return

SIC

Standing Interpretation Committee

S&P

Standard & Poor's – financial rating agency

SPPI

Solely Payments of Principal & Interest

TOS

Subsoil Occupation Fees

WACC

Weighted Average Cost of Capital

TECHNICAL GLOSSARY | ACRONYMS

AA1000 Stakeholders Engagement Standard

Standard for assessment, design, implementation and communication for quality Stakeholder engagement

AAR

Network access

APA

Portuguese Environment Agency

APCER

Portuguese Certification Association

EPA

Portuguese Energy Association

APEG

Portuguese Association of Gas Companies

AP2H2

Portuguese Association for the Promotion of Hydrogen

ATEX

Explosive Atmospheres

BCSD

Business Council for Sustainable Development Portugal

BIP

Biomethane Industrial Partnership

CIP

Portuguese Business Confederation

COSO

Internal Control Integrated Framework

CURr

Retail supplier of last resort

DEFRA

Department for Environment, Food and Rural Affairs

DGEG

Directorate-General for Energy and Geology

EBA

European Biogas Association

EMI

Measurement and Integration Station

ERSE

Energy Services Regulatory Authority

FTE

Full-Time Equivalent

GD4S

Gas Distributors for Sustainability

GEE

Greenhouse gases

GHG Protocol

Greenhouse Gas Protocol

GRI

Global Reporting Initiative

IGU

International Gas Union

IPCC AR6

Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) – Fifth Assessment Report of the Intergovernmental Panel on Climate Change

ISAE

International Standard on Reliability Assurance Work

ISQ

Interface and Technology Centre

ITIL

Information Technology Infrastructure Library

LDAR

Leak Detection and Repair

MRV

Monitoring, Reporting and Verification

NIR

National Inventory Report

PDIRD-G 2024

Indicative Five-Year Plan for Development and Investment in Gas Distribution Networks for the period 2025-2029

PPEC

Consumption Efficiency Promotion Plan

PRM

Reduction and Measuring Station

PRP

Pressure Regulating Station

RAIE

Regulation on the Misappropriation of Energy

QHSSE

Quality, Health, Safety, Security and Environment

Ready4H2

Ready for Hydrogen Initiative

RQS

Quality of Service Regulations for the Electricity Sector and the Natural Gas Sector

RPA

Robotic Process Automation

RSB

Fire Brigade Regiment

SDO

Ozone Depleting Substances

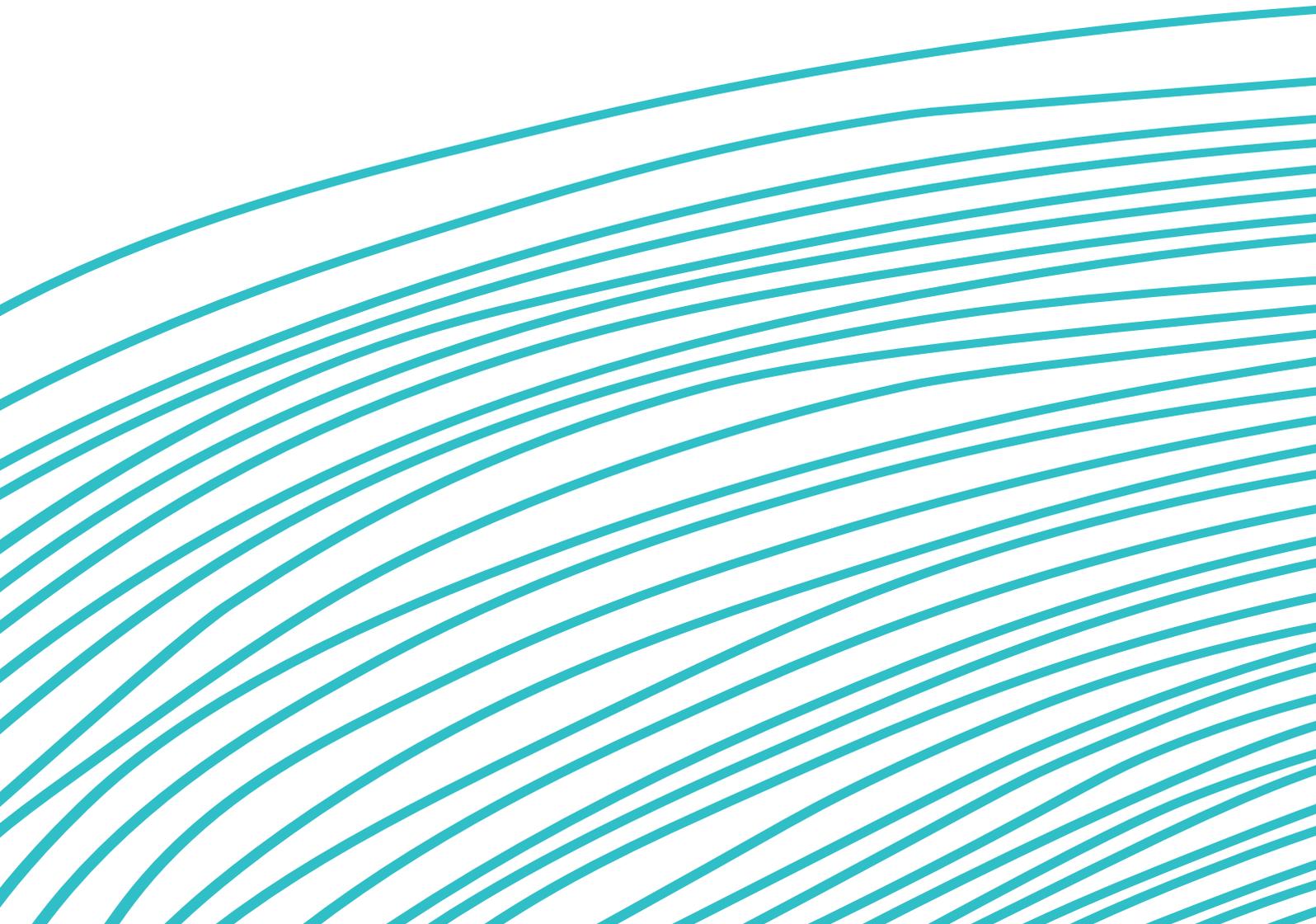
TRI

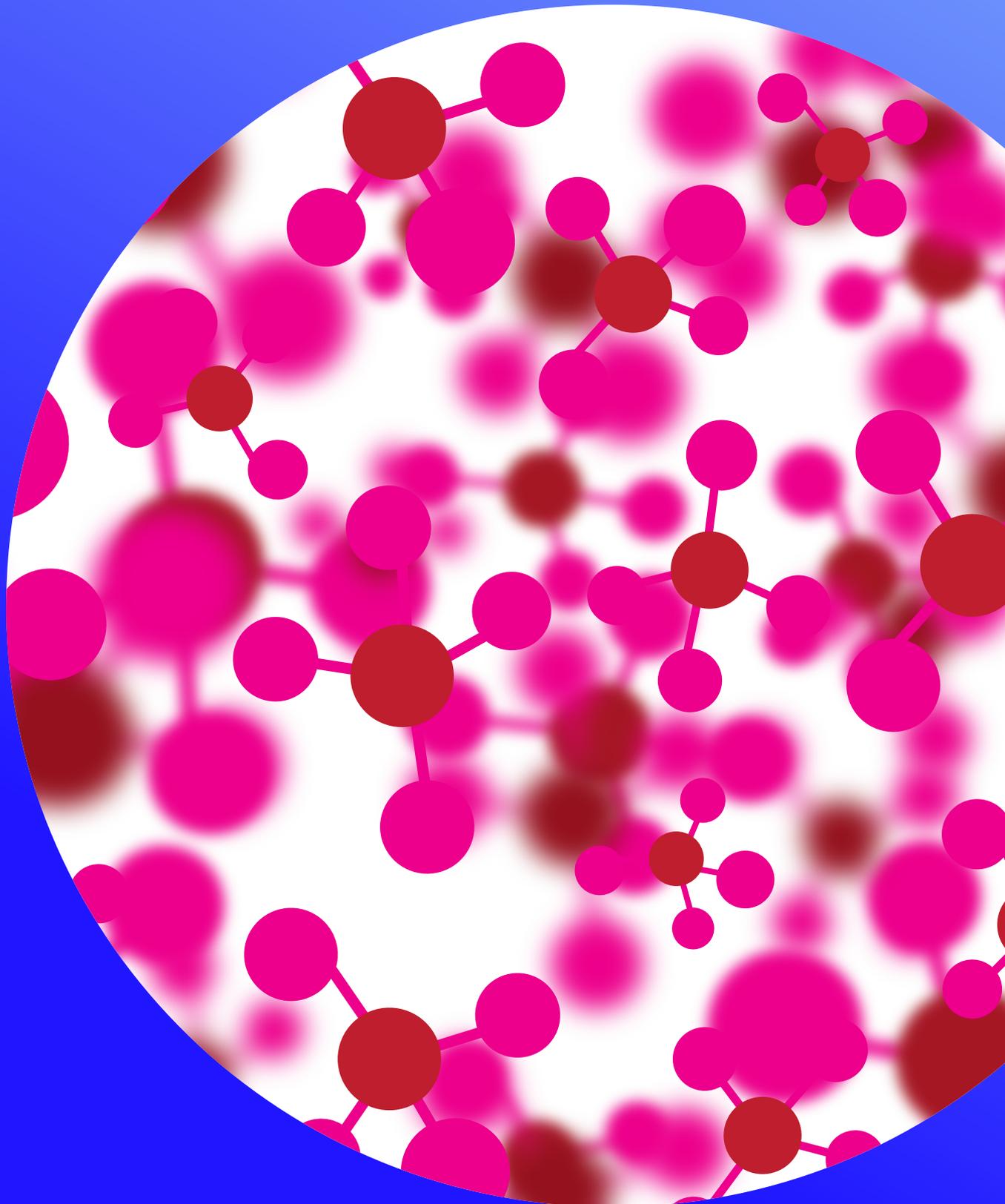
Total Recordable Incidents

UAG

Autonomous Gas Units







THE RENEWABLE GASES • Energy in motion

This piece represents renewable gases through a graphic approach that creates patterns and uses vibrant colours to express a living energy, with 175 years of experience, based on renewable gas molecules. We see different layers that convey the multiplicity of its real impact on consumers' lives, simultaneously reflecting the commitment to a more transparent, clean, and efficient future.



12



GRI Tables and ESG Indicators

This document is an annex to Floene's Management Report and Accounts 2024. It identifies the GRI Standards and indicators to which a response is being made, with reference to the respective contents in the Report (or other external resources) and detailing the response in the Table itself, where applicable.

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OMISSIONS

GLOSSARY

GENERAL
CONTENTSMATERIAL
TOPICSECONOMIC
PERFORMANCEENVIRONMENTAL
PERFORMANCESOCIAL
PERFORMANCE

Omissions

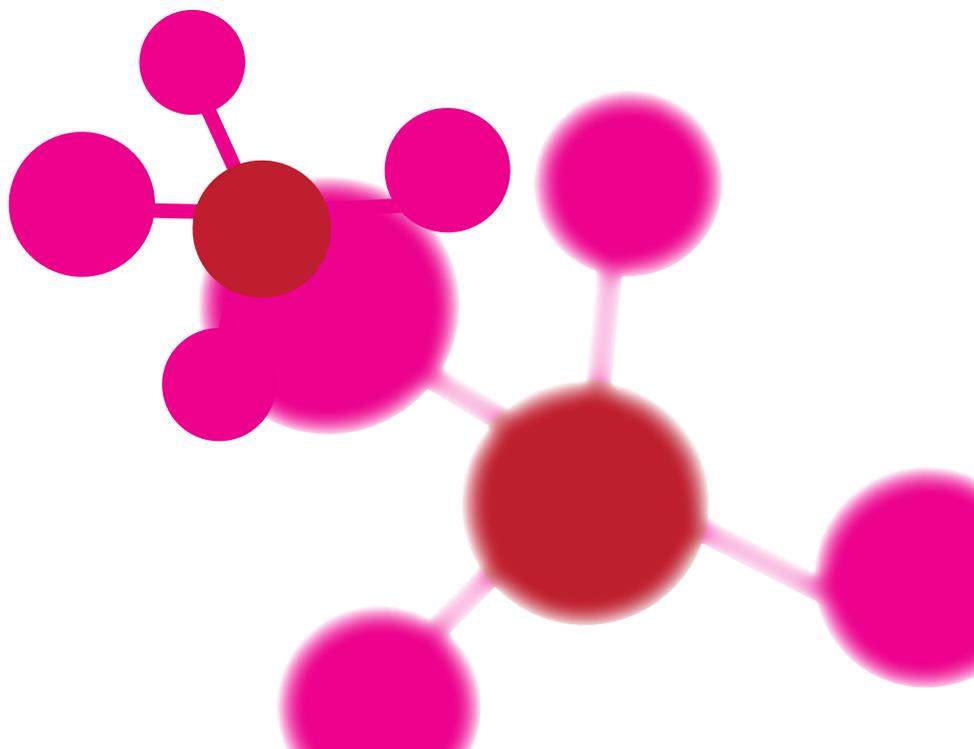
Declaration of use	Floene reported in accordance with the GRI Standards for the period 01/01/2024 to 31/12/2024
GRI 1 used	GRI 1: Fundamentals 2021
Applicable GRI Sector Standard	GRI 11: Oil and Gas Sector 2021

GRI standard/ Other source	Contents	Omission		
		Require- ment(s) omitted	Reason for omission	Explanation
Economic Performance				
Economic Performance	201-2 Financial implications, risks and opportunities due to climate change	Partial (ii, iii, v)	Information not applicable	Floene does not currently quantify the financial impact of risks and opportunities before implementing measures
Environmental Performance				
Environmental Performance	305-6 Emissions of ozone-depleting substances (ODS)	All	Information not applicable	The activities carried out do not involve the production, use or emission of substances that contribute to the degradation of the ozone layer
	305-7 Emissions of nitrogen oxides (NOx), sulphur oxides (SOx) and other significant atmospheric emissions	All	Information not available	Currently, there is no structured system for quantifying NOx, SOx and other significant atmospheric emissions
Social Performance				
Social Performance	413-2 Operations with significant potential or actual negative impacts on local communities	All	Information not available	There is no knowledge of negative impacts derived from Floene's activity on local communities

Glossary

Understanding of the following concepts, applicable to the various indicators in the GRI table.

Concepts	
Region	Considering that Floene only has employees with tax residency in Portugal, the region should be considered as Portugal .
Location	The term local is equivalent to resident in Portugal , as all Floene employees are based in Portugal .
Local community	It refers to the national territory , covering the communities and geographical context of Portugal where Floene carries out its activities.
Important operational units	All of Floene's existing directorates , which are key units for the management and operation of the organisation, are taken into account.





OMISSIONS

GLOSSARY

GENERAL
CONTENTSMATERIAL
TOPICSECONOMIC
PERFORMANCEENVIRONMENTAL
PERFORMANCESOCIAL
PERFORMANCE**GRI 2: GENERAL CONTENTS**

Referring to the standard published in 2021

The organisation and its reporting practices**2-1 Organisation Details**

Legal name of organisation: FLOENE ENERGIAS, S.A.

Nature of organisation: Public limited company

Registered office: Rua Tomás da Fonseca, Torre A, 15º Piso, 1600-209 Lisboa, Portugal

Country of operation: Portugal

2-2 Entities included in the organisation's sustainability report

The Floene Group is the largest gas distribution operator in Portugal, through the direct participation and management of nine Regional Gas Distribution Operators (DSO), present in 106 municipalities from the north to the south of Portugal. To this extent, this sustainability report includes the entity Grupo Floene Energias, S.A., which includes nine DSOs (Subsidiaries): Duriensegás, Beiragás, Lusitaniagás, Tagusgás, Lisboaagás, Setgás, Dianagás, Paxgás and Medigás and five CURr (Retail Supplier of Last Resort): Beiragás, Duriensegás, Dianagás, Tagusgás, Paxgás and Medigás.

2-3 Reporting period, frequency and point of contact

The sustainability report is included in Floene's Management Report and Accounts 2024 and refers to the activities carried out during the period between 01/01/2024 and 31/12/2024. Whenever possible, the indicators are presented with a history of up to 3 years. Floene's Management and Accounts Report is published annually.

For more information on this report or the topics covered in it, please contact the Investor Relations, Risk Management and Social, Environmental and Governance Responsibility Department at ir@floene.pt and ESG@floene.pt (for information on ESG) and/or 219 023 417.

2-4 Reformulations of information

Any reformulations to any information presented in previous reports are referred to throughout the report, where applicable.

2-5 External verification

This report has been subject to independent verification of non-financial information, based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". The verification was carried out by PwC Portugal (PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda).



- OMISSIONS
- GLOSSARY
- GENERAL CONTENTS**
- MATERIAL TOPICS
- ECONOMIC PERFORMANCE
- ENVIRONMENTAL PERFORMANCE
- SOCIAL PERFORMANCE

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Referring to the standard published in 2021	
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2-6 Floene Group	
Activities, value chain and other business relationships	

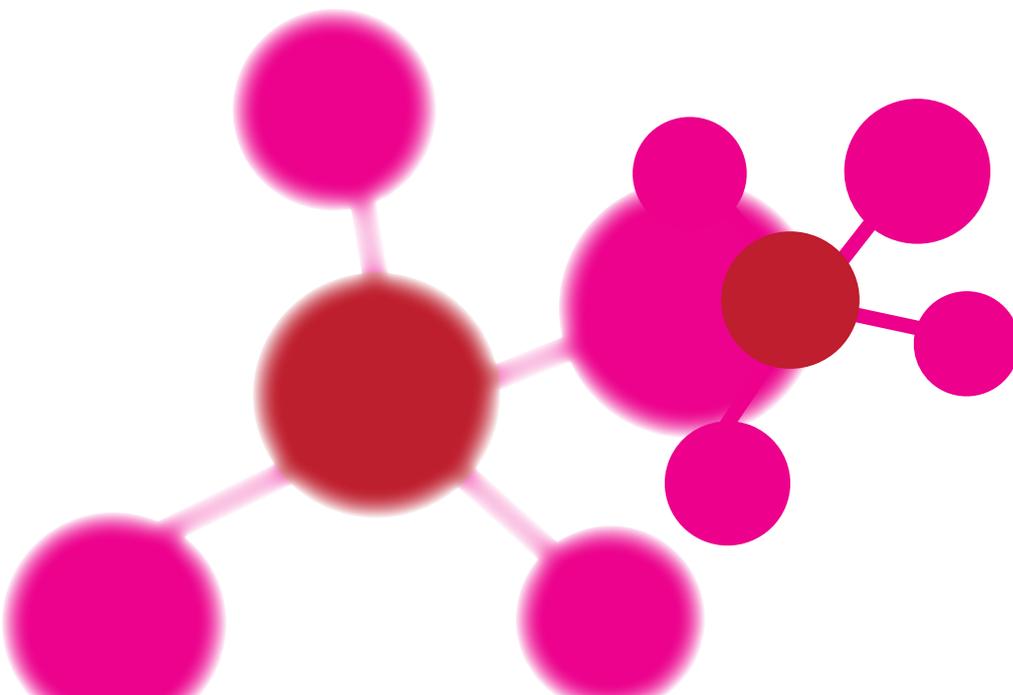
The Floene Energias, S.A. Group (Floene) is the largest gas distribution network operator in Portugal, through the direct participation and management of nine Regional Gas Distribution Network Operators (DSOs), present in 106 municipalities from the north to the south of the country. The distribution activity is a regulated activity in the gas value chain in Portugal, carried out by the distribution network operators, with each DSO operating in an exclusive geographical area on the basis of a Concession or Licence contract.

Distribution activity – Distribution ensures the flow of natural gas from the high-pressure transmission network (AP), through the medium-pressure (MP: between 20 and 4 bar) and low-pressure (BP: below 4 bar) networks, to consumer facilities (delivery points). These networks are also called interconnected networks, as opposed to other local distribution networks, which are supplied by liquefied natural gas (UAG) tanks delivered by tanker lorry.

Last resort retail supply activity – The DSOs supplying gas to fewer than 100,000 customers (Beiragás, Duriensegás, Dianagás, Tagusgás, Paxgás and Medigás) also carry out gas supply activities, as last resort retail suppliers (CURr) and with an accounting unbundling obligation.

More information in Floene's 2024 Annual Report:

Chapter 2.1. Activity and business model	18-21
Chapter 5.2.3. Sustainable supply chain	60





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Activities and workers

2-7 Floene Group

Employees

Number of employees by gender (and type of contract)	Gender	2022	2023	2024
Number of permanent employees (permanent contract)	Male	265	270	259
	Female	125	124	126
	Other	-	-	-
	Subtotal	390	394	385
Number of temporary employees (fixed-term or uncertain)	Male	1	5	5
	Female	1	5	1
	Other	-	-	-
	Subtotal	2	10	6
Number of non-guaranteed hours employees (non-guaranteed hours employee)	Male	-	-	-
	Female	-	-	-
	Other	-	-	-
	Subtotal	-	-	-
Number of full-time employees (full-time)	Male	266	275	264
	Female	126	129	127
	Other	-	-	-
	Subtotal	392	404	391
Number of part-time employees (part-time)	Male	-	-	-
	Female	-	-	-
	Other	-	-	-
	Subtotal	-	-	-
Total (number of employees by gender)	Male	266	275	264
	Female	126	129	127
	Other	-	-	-
	Total	392	404	391

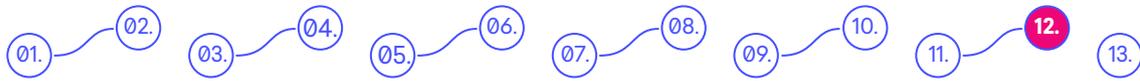
Note 1: The count was carried out at the end of the reporting period.

The FTE (Full-Time Equivalent) criterion was used to count employees. The number of employees does not include trainees/interns, employees on unpaid leave and members of the Governing Bodies.

Note 2: The 4 members of the Executive Board do not have a contractual employment relationship and are therefore not included in this indicator. However, they are taken into account in the other indicators involving employees.

Note 3: Corrections were made to the headcounts for previous years due to a change in criteria.

Note 4: A significant fluctuation is defined as voluntary departures equal to or greater than 15 per cent of the total number of employees over a 12-month period, excluding terminations due to pre-retirement or retirement. In 2024, 11 employees left voluntarily, corresponding to approximately 3% of the total workforce, a figure which is not considered a significant fluctuation in the terms defined.



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Activities and workers

2-8 Floene Group
 Non-employee workers

On 31 December 2024, Floene had 760 non-employee workers whose work is controlled by the Organisation. These include both contractors – who have a direct contractual relationship with the Organisation – and subcontractors, whose contractual relationship is indirect, mediated by the contractors. The activities carried out in these areas include, in particular, contract work, inspections, safety and environmental coordination, as well as the provision of administrative and maintenance services. The number of employees (headcount) is provided monthly by the service providers, according to the employees who have been assigned to Floene's activities. It should be clarified that the difference of 41 non-contractually bound employees between 2023 and 2024 is not due to any change in the reporting methodology.

This variation is directly linked to work planning, particularly in the context of contracts, the size and timing of which naturally fluctuate according to the Organisation's operational and strategic needs. As has already been reported in other GRI topics, such as the GRI related to waste, this variation is correlated with the volume of work contracted, resulting from contracting or renewal of contracts.

In this way, and since these variations are directly associated with the nature and type of works in progress, it is not considered that there is a significant fluctuation, in the terms defined by the standard.

2-9 Floene Group
 Government structure and its composition

More information in Floene's 2024 Annual Report:

Chapter 4.1.2. Corporate governance model	32-33
Chapter 4.1.3. Integrating sustainability into our organisation	33-34
Chapter 5.1. Framework and commitment	46-50

2-10 Floene Group
 Appointment and selection to the highest governance body

The Board of Directors is made up of a fixed number of 6 to 12 directors elected by the General Meeting. The General Meeting will elect the Chairman of the Board of Directors – the highest hierarchical governance body – who will be replaced by whoever he appoints in his absence or impediment.

The criteria used in their appointment are, in particular, Stakeholder views, independence and competences relevant to Floene's impacts.

2-11 Floene Group
 Chairman of the highest governance body

The Chairman of the Board of Directors is the highest governance body.

More information in Floene's 2024 Annual Report:

4.1. Governance structure and model	30-34
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Activities and workers**2-12 Floene Group**

Role played by the highest governance body in overseeing impact management

More information in Floene's 2024 Annual Report:

Chapter 4.1. Governance structure and model	30-34
Chapter 4.3. Risk management and internal control	34-36
Chapter 5.1. Framework and commitment	46-50

2-13 Floene Group

Delegation of responsibility for impact management

More information in Floene's 2024 Annual Report:

Chapter 4.1. Governance structure and model	30-34
Chapter 4.3. Risk management and internal control	34-36
Chapter 5.1. Framework and commitment	46-50

2-14 Floene Group

Role of the highest governance body in sustainability reporting

More information in Floene's 2024 Annual Report:

Chapter 4.1. Governance structure and model	30-34
Chapter 5.1. Framework and commitment	46-50

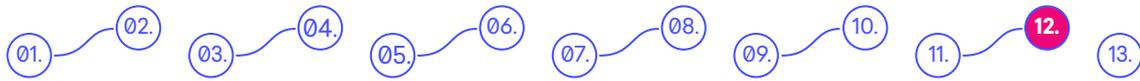
2-15 Floene Group

Conflicts of interest

Our Code of Ethics and Conduct serves as a benchmark for the behaviour of our employees and partners, materialising Floene's purpose, mission and values through principles and guiding our day-to-day practice so that every action fits in with our corporate culture. To this end, as stated in this document, we are committed to developing and implementing internal rules aimed at preventing conflicts of interest, as well as endeavouring to ensure that the contracts in which we participate include mechanisms to prevent such conflicts. For more information on this indicator, see the chapter mentioned below, as well as the Code of Ethics and Conduct available on the Floene website.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency	34
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2-16 Floene Group
 Communicating crucial concerns

The day-to-day operation of the Company is conducted by the Executive Committee, in accordance with the powers delegated to it by the Board of Directors, which supervises and evaluates management through its non-executive members. This body carries out status reports and monitors activities as described in section 2-12.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency	34
Chapter 4.3. Risk management and internal control	34-36

2-17 Floene Group
 Collective knowledge of the highest governance body

The Chairman of the Board of Directors actively participates in various internal committees – such as ESG & Stakeholders, the Board of Directors and Risk Management, among others – where the various initiatives that Floene develops in this area are discussed. For more information on this indicator, see the chapters mentioned below.

More information in Floene's 2024 Annual Report:

Chapter 4.1. Governance structure and model	30-34
Chapter 5.1. Framework and commitment	46-50

2-18 Floene Group
 Evaluation of the performance of the highest governance body

The PCA's performance is assessed by the shareholders. The General Meeting carries out an annual general appraisal of the members of the company's management and supervisory bodies, under the terms of Article 455 of the Commercial Companies Code. The need to draw up a Remuneration Policy for the members of the Board of Directors has been identified, which will include, among other things, the performance assessment criteria.

More information in Floene's 2024 Annual Report:

Chapter 11 Annexes – Annex I, Point E. "Annual amount of remuneration earned, in aggregate and individually, by the members of the Company's management and supervisory bodies and the board of the General Meeting in 2024"	108-110
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2-19 Floene Group
 Remuneration policies

The remuneration of the Governing Bodies is available in this Annual Report 2024, Annex I, Point E. "Annual amount of remuneration earned, in aggregate and individually, by the members of the Company's management and supervisory bodies and the board of the General Meeting in 2024".

The need to draw up a Remuneration Policy for the members of the Board of Directors has been identified, which will include, among other things, the performance assessment criteria.



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2-20 Floene Group

Process for determining remuneration

There is a set of KPIs (Key Performance Indicators) defined annually for the variable component.

More information in Floene's 2024 Annual Report:

Chapter 11 Annexes – Annex I, Point E. "Annual amount of remuneration earned, in aggregate and individually, by the members of the Company's management and supervisory bodies and the board of the General Meeting in 2024"

108-110

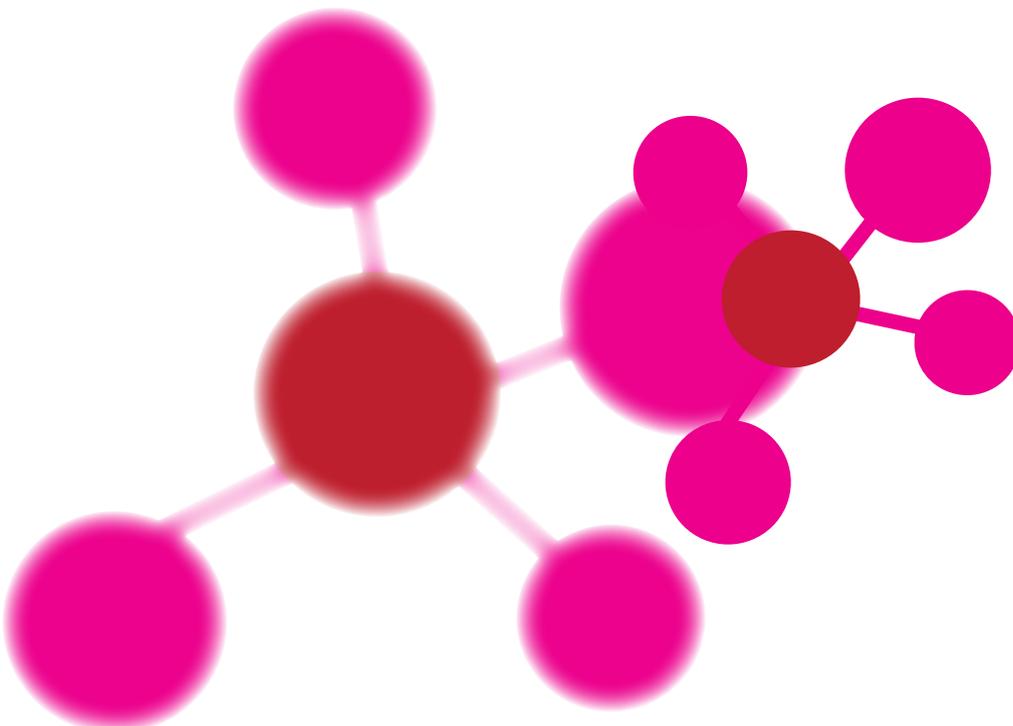
2-21 Floene Group

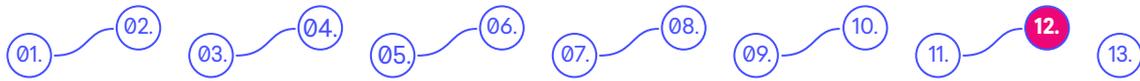
Proportion of total annual remuneration

The ratio between the CEO's annual total remuneration and the average annual total remuneration of all employees (excluding Governing Bodies and trainees) is 5.4.

The ratio between the percentage increase in the CEO's remuneration and the average percentage increase in the total annual remuneration of all employees (excluding Governing Bodies and trainees) is 0, as there was no increase in the CEO's remuneration in 2024.

Note: Only the basic salary is being considered in "annual remuneration".





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Strategy, policies and practices	
2-22 Floene Group	
Declaration on the sustainable development strategy	

More information in Floene's 2024 Annual Report:

Chapter 1.1. Message to Stakeholders	8-10
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2-23 Floene Group
Policy-related commitments

Floene's actions are guided by various intergovernmental instruments – including the United Nations Human Rights principles – which guide the commitments made in various institutional documents, such as the Human Rights Policy, the Corporate Social Responsibility Policy, the Code of Ethics and Conduct, the Quality Policy, the Safety, Health and Environment Policy and the Prevention of Major Accidents Policy, as well as the Data Protection regulations, among others.

As the leading gas distributor in Portugal, Floene recognises that, in addition to its business activity, it is essential to contribute to the country's economic and social development. Its goal is to promote sustainable communities – that is, to grow and create value in a lasting way, benefiting the common good and driving new energies for the future – by adopting, in partnership with the most relevant Stakeholders throughout its value chain, the best market practices.

Floene clearly and unequivocally defends respect for human rights and the application of the Precautionary Principle, which it considers indispensable for building a sustainable society. To this end, operations are carried out with special attention to preserving the dignity, freedom and equality of all people, as well as protecting labour and trade union rights, health, safety in the workplace and the environment. The company undertakes to promote, enforce and safeguard human rights with all Stakeholders, adopting measures to prevent its activities from directly or indirectly causing abuses or violations of these internationally recognised rights.

All policies are approved by the Board of Directors, communicated internally and applied to all Floene Group employees, and the most relevant policies are publicly available on the company's website (<https://floene.pt/a-floene/#politicas>) for those Stakeholders who need them.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency	34
Chapter 4.4. Involvement with Stakeholders	37-43
Chapter 5.2.3. Sustainable supply chain	60
Annex VI – Analysis of technical environmental alignment	220-223



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Strategy, policies and practices**2-24 Floene Group****Incorporating policy commitments**

Aware of its impact, Floene is committed to creating sustainable value and sharing it with its Stakeholders. The Group plays an important role in the national economy and influences the lives of thousands of people. It is therefore becoming increasingly clear that the way it manages its relations with the community, natural resources and the risks inherent in its activities has an impact on its economic performance. To align itself with energy transition trends, Floene has made progress in implementing various initiatives, assuming its responsibility throughout the value chain.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency	34
Chapter 4.4. Involvement with Stakeholders	37-43
Chapter 5.2.3. Sustainable supply chain	60
Annex VI – Analysis of technical-environmental alignment	220-223

2-25 Floene Group**Processes to remedy negative impacts**

Floene has a whistleblowing mechanism that allows any Stakeholder to report any deviations or breaches of the Code of Ethics and Conduct to the Supervisory Board via the Ethics and Conduct Committee. To this end, the company also uses the Internal Control Manual, the implementation of which is rigorously monitored and evaluated by the Board of Directors, the Executive Committee, the Supervisory Board and Internal Audit.

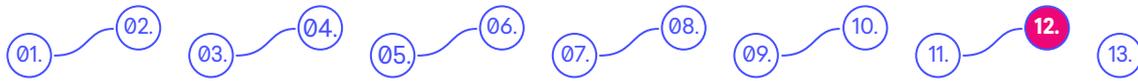
To manage the risks and opportunities identified in the company, Floene also has a Risk and Internal Control Committee, a structure dedicated to risk management and responsible for:

- Monitoring issues relating to Floene's risk management and internal control model;
- Reviewing risk treatment strategies and appointing those responsible for mitigation measures;
- Monitoring compliance with established policies and assessing the effectiveness of the mitigation plans implemented.

To ensure the effectiveness of whistleblowing mechanisms and other remediation processes, specific working groups are set up on these issues, complemented by periodic satisfaction surveys.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency	34
Chapter 4.3. Risk management and internal control	34-36
Chapter 6.3.2. Customer satisfaction	86-87



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Strategy, policies and practices

2-26 Floene Group

Mechanisms for seeking advice and raising questions

Floene has robust mechanisms for ethical counselling and the implementation of internal policies. These are disseminated to employees through a transparent communication policy and ongoing training programmes. In addition, the company promotes a culture of whistleblowing, as set out in the Code of Ethics and Conduct. To this end, it offers training to employees on how to report suspicions, using the ethics line (ComunicaÉtica), which aims to prevent and combat irregularities within the organisation, always within the legal limits in force.

The Ethics and Conduct Committee, appointed by Floene's Supervisory Board, acts as an independent and impartial governance body. Its responsibilities include ensuring the correct application of the Code of Ethics and Conduct, supervising the interpretation and execution of policies and dealing with complaints received, in accordance with established internal procedures.

All the supporting documentation is available on the company's intranet for all employees, as well as on the official website.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency

34

2-27 Floene Group

Compliance with laws and regulations

During the reporting period, two administrative offence proceedings were registered in a regulatory context, totalling EUR 60,500. The fines imposed complied with the criteria established in Law no. 9/2013 of 28 January.

Administrative offence 73/2022:

1 offence due to inadequate classification of the level of consumption in Natural Gas installations - Lisboagás: EUR 27,000.

Administrative offences 27, 28, 29, 32, 35, 37, 39/2021:

1 offence for failing to disclose, in a clear, comprehensible and easily accessible manner, the alternative dispute resolution entities to which they are bound, including their websites, applicable to companies (BRG, DNG, TGG, PXG, DRG, MDG, LTG, STG): EUR 33,500.

No fines or non-pecuniary penalties other than those mentioned were recorded.

The fines mentioned correspond to regulatory proceedings that began in 2021 and 2022, but were finalised in 2023 and/or 2024. Therefore, although the facts occurred in previous periods, the payments were made in 2024, after the respective proceedings were concluded.

Note: Floene considers non-compliance to be significant when the fine exceeds EUR 5,000.



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Strategy, policies and practices**2-28 Floene Group**

Participation in associations

Among the most relevant business associations and advocacy groups, we highlight:

Organisation name	Views participation as strategic	Serves on Governing Bodies	Participates in projects or commissions
Eurogas	Yes	Yes	Yes
Gas Distributors for Sustainability (GD4S)	Yes	Yes	Yes
Marcogaz	Yes	No	Yes
International Gas Union (IGU)	Yes	No	Yes
European Clean Hydrogen Alliance (ECHA)	Yes	No	Yes
European Biogas Association (EBA)	Yes	No	Yes
Biomethane Industrial Partnership (BIP)	Yes	No	Yes
The Conseillers du Commerce Extérieur de La France (CCE)	Yes	No	N/A
European Network for Cyber Security (ENCS)	Yes	No	No
Teh Oil & Gas Methane Partnership 2.0 (OGMP 2.0)	Yes	No	Yes
Ready4H2	Yes	No	Yes
Energy Agency (ADENE)	Yes	No	Yes
Business Council for Sustainable Development (BCSD Portugal)	Yes	No	Yes
Portuguese Association for the Promotion of Hydrogen (AP2H2)	Yes	No	Yes
Portuguese Energy Association (APE)	Yes	No	Yes
Portuguese Association of Gas Companies (APEG)	Yes	Yes	Yes
Portuguese Business Confederation (CIP)	Yes	No	Yes
Portuguese Association of Contact Centres (APCC)	Yes	No	No
Setúbal Peninsula Industry Association (AISET)	Yes	Yes	No
Regional Energy Agency of Extremadura (ENERDURA)	Yes	Yes	No
Gas Technology Institute (ITG)	Yes	Yes	No
Santarém Region Business Association (NERSANT)	Yes	No	No
Business Association (NERVIR)	Yes	Yes	No
Viseu Region Business Association (AIRV)	Yes	No	No
Aveiro District Chamber of Commerce and Industry (AIDA CCI)	Yes	No	No
Almada Municipal Energy Agency (AGENEAL)	Yes	No	No
Institute of Science and Innovation in Mechanical Engineering and Industrial Engineering (INEGI)	Yes	No	No

Floene's lobbying activities in the European Union (EU) are aimed at the promotion or defence of the company's interests by its representatives before the European institutions, with the aim of influencing, directly or indirectly, proposals or decisions likely to have an effect on the EU's climate and energy framework and, more specifically, on the company's activities. We are committed to acting transparently and responsibly.

More information in Floene's 2024 Annual Report:

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Strategy, policies and practices

2-29 Floene Group

Approach to Stakeholder involvement

Our Stakeholders	Most popular topics	Interaction
Investors/ Shareholders	Financial performance targets, responsible and sustainable organisation	General meetings and assemblies; Periodic financial reports; Other communications.
Customers	Customer-orientated service; network accessibility; secure and sustainable supply	Customer satisfaction surveys; Complaints channels and their management; Efficient management of SRB activity.
Employees	Well-being and development; safe working environment	Staff meetings and knowledge-sharing forums; Publications and internal communications; Training activities; Workers' committee; Consultation with health and safety workers.
Associations	Partnership in decarbonisation; sustainable energy supply; market facilitation	Working groups; Participation in association management bodies; Other initiatives.
Financial sector	Efficient and integrated management of financial resources; financial value; sustainability positioning; ethics and transparency	Presentation meetings; Periodic financial reports; Other communications.
Suppliers	Safe supply; technical knowledge; planning for decarbonisation; customer orientation and service	Training activities; Qualification mechanisms and prerequisites; Partnerships/general supply agreements.
Public opinion	Sustainability positioning; security of supply; energy efficiency; decarbonisation; ethics and transparency	Articles and news for magazines and newspapers; Social networks; Press releases and public clarifications.
Official entities (ERSE, DGEG, etc.) and regional/local communities	Sustainable development of activity; innovation; energy efficiency; decarbonisation strategy; market facilitation	Report and accounts; Conclusion of protocols; Public consultations; Mandatory legal documents within the scope of the Regulator; Initiatives and proposals; ERSE Consultative and Tariff Council.
Partners and Research/ Academia	Training of technicians; resilience of the activity; quality, efficient and safe service; decarbonisation; market facilitation	Protocols; Training; Partnerships for the development of specific studies and projects.

More information in Floene's 2024 Annual Report:



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Strategy, policies and practices**2-30 Floene Group**

Collective bargaining agreements

	2022	2023	2024
Total number of employees covered by collective bargaining agreements	118	118	94
No. of employees	396	408	395
Percentage of employees covered by collective bargaining agreements (%)	30%	29%	24%

Note 1: The count was carried out at the end of the reporting period.

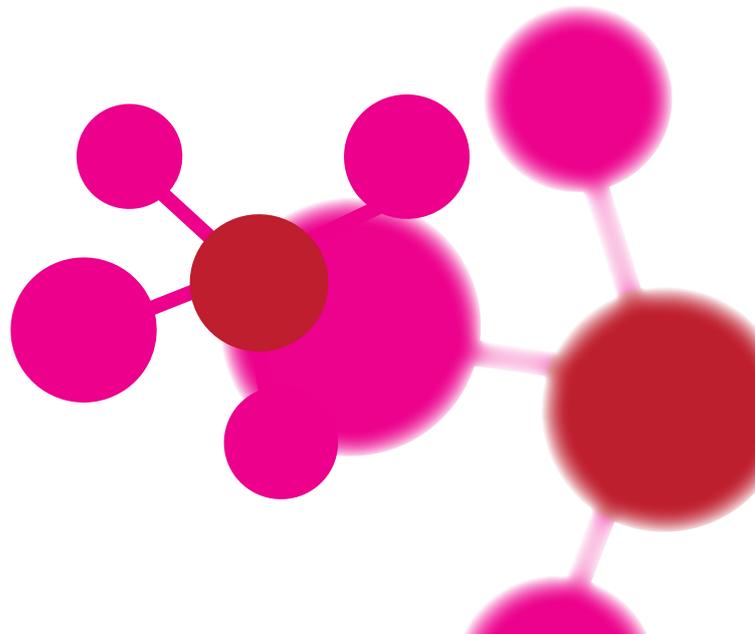
The FTE (Full-Time Equivalent) criterion was used to count employees. The headcount takes into account the members of the Executive Committee (4) and excludes trainees/interns, employees on unpaid leave and other members of the Governing Bodies.

Note 2: Corrections have been made to the headcounts for previous years due to a change in criteria.

Note 3: As indicated in the employment contract between the employee and any company in the Group, the employment relationship is governed by the law and the internal rules applicable at Floene. It should be noted that there are working conditions which, as they constitute mandatory rights and duties, cannot be altered by the will of the parties, regardless of the existence of collective labour regulation instruments (IRCT), which include the collective labour agreement (ACT), governed by law, namely the Labour Code. In conclusion:

1. Working conditions are regulated in the employment contract signed by the employee and the employer/Floene Group company;
2. If the employee is not covered by the IRCT/ACT, whatever is omitted from the employment contract is governed by the law (e.g. the Labour Code with regard to rules of a mandatory nature or minimum guarantee) and the internal rules, the latter prevailing if they are more favourable;
3. If the employee is covered by the IRCT/ACT, the provisions of the law (e.g. the Labour Code with regard to mandatory issues), the provisions of the IRCT and the applicable internal rules are applied, the latter prevailing if they are more favourable.

Note 4: Working conditions and terms of employment are not based on collective bargaining agreements covering other employees of the organisation, nor collective bargaining agreements of other organisations.





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3-1 Floene Group
 Materiality definition process

In order to identify and assess the most relevant sustainability issues and trends for our Stakeholders and business, we carried out a materiality exercise in 2022, which will continue for 2024.

This exercise was based, firstly, on a benchmarking study, for which our national and international peers were taken into account, and then on consultation with our Stakeholders, through surveys, focus groups and interviews, in order to identify the most relevant sustainability topics. These methodologies involved the participation of employees from all the company's departments, in order to obtain a representative and diverse view.

The materiality analysis, based on the concept of dual materiality, had the following objectives:

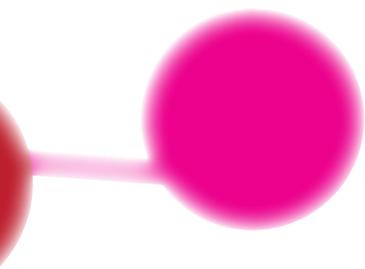
- (1) assess the significance of our impacts on the economy, the environment and people, including human rights, as a result of our activity or business relations (impact materiality);
- (2) the financial, operational and reputational relevance of material topics for the Company (financial materiality).

Based on an analysis of 19 sustainability topics, it was possible to identify a total of ten material topics for Floene and its Stakeholders. These are identified in GRI indicator 3-3 Management of material topics and are present in the contents of the chapters and sub-chapters of this report.

This process was essential in defining the sustainability positioning and defining Floene's Sustainability Agenda, ensuring alignment between the strategic objectives of the gas/renewable gas distribution operation and the expectations and needs of the Stakeholders.

More information in Floene's 2024 Annual Report:

Chapter 5.1. Framework and commitment	46-50
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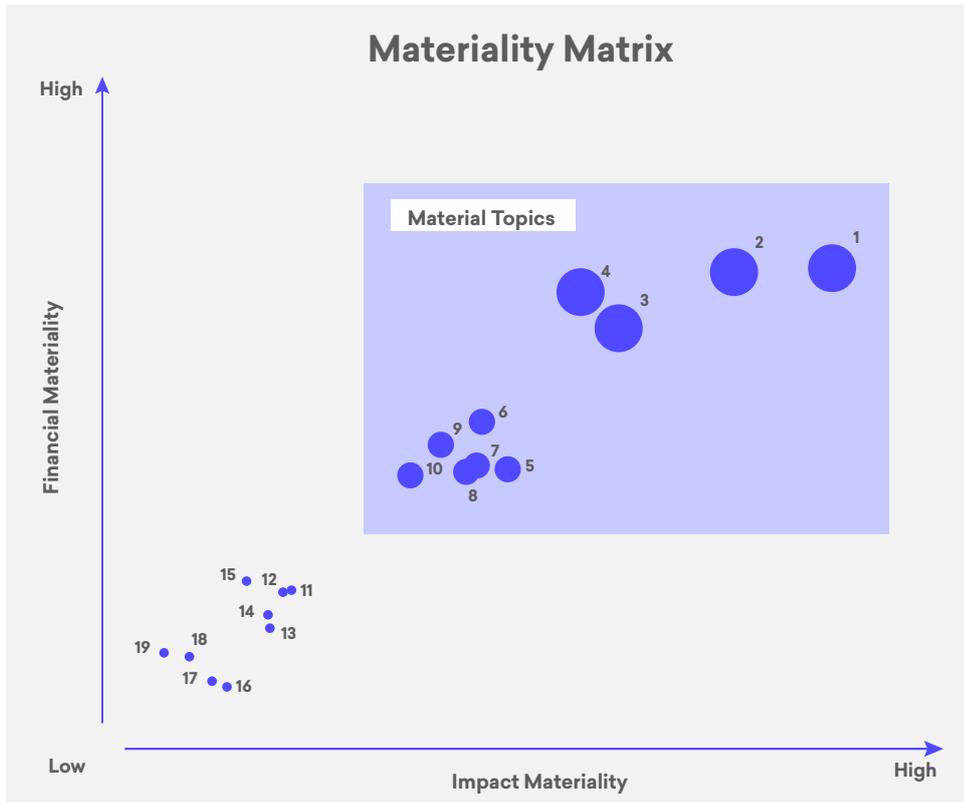
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3-2 Floene Group

List of material topics



Caption:

- | | |
|---|--|
| - 1 Quality service, safe and efficient supply | - 11 Respect for human rights |
| - 2 Energy efficiency and climate change | - 12 Diversity and Inclusion |
| - 3 Customer satisfaction | - 13 Water management |
| - 4 Economic performance and financial sustainability | - 14 Information quality |
| - 5 Regulatory compliance | - 15 Risk management and internal control |
| - 6 Innovation, adaptation and resilience | - 16 Waste management |
| - 7 Safety, well-being and development of our people | - 17 Data protection and privacy |
| - 8 Involvement with the local community/ <i>Stakeholders</i> | - 18 Biodiversity management/Natural capital |
| - 9 Ethics and transparency | - 19 Combating corruption and fraud |
| - 10 Sustainable supply chain management | |

More information in Floene's 2024 Annual Report:

Chapter 5.1. Framework and commitment

46-50

GRI 3: MATERIAL TOPICS

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3-3 Floene Group

Management of material topics

Material topics	Chapter	Specific Standards and Indicators	GRI Sector Standard Ref No.
Quality service, safe and efficient supply	6.3. Service quality and customer satisfaction	GRI 306: Waste 2020 306-3 GRI 416: Consumer Health and Safety 2016 416-2 GRI 417: Marketing and Labelling 2016 417-3	11.8. Asset integrity and critical incident management
Energy efficiency and climate change	4.3. Risk management and internal control 5.2. Environment	GRI 302: Energy 2016 302-1 GRI 302: Energy 2016 302-2 GRI 302: Energy 2016 302-3 GRI 305: Emissions 2016 305-1 GRI 305: Emissions 2016 305-2 GRI 305: Emissions 2016 305-3 GRI 305: Emissions 2016 305-4 GRI 305: Emissions 2016 305-5 GRI 305: Emissions 2016 305-6 GRI 305: Emissions 2016 305-7 GRI 406: Non-Discrimination 2016 406-1	11.1. GHG emissions 11.2. Adaptation, resilience and climate transition
Innovation, Adaptation and Resilience	6. Financial performance	GRI 201: Economic Performance 2016 201-2	11.2. Adaptation, resilience and climate transition
Economic performance and financial sustainability	6. Financial performance	GRI 201: Economic Performance 2016 201-1 GRI 201: Economic Performance 2016 201-4 GRI 203: Indirect Economic Impacts 2016 203-1 GRI 203: Indirect Economic Impacts 2016 203-2 GRI 204: Purchasing Practices 2016 204-1	11.14. Economic impacts
Involvement with the local community/ Stakeholders	4. Our Governance	GRI 202: Market Presence 2016 202-2 GRI 413: Local Communities 2016 413-1 GRI 413: Local Communities 2016 413-2	11.15. Local communities
Sustainable supply chain management	5.2. Environment	GRI 308: Environmental Assessment of Suppliers 2016 308-1 GRI 308: Environmental Assessment of Suppliers 2016 308-2 GRI 414: Social Assessment of Suppliers 2016 414-1 GRI 414: Supplier Social Assessment 2016 414-2	11.12. Forced labour and modern slavery
Regulatory compliance	4. Our Governance	GRI 204: Purchasing Practices 2016 204-1 GRI 207: Taxes 2019 207-1 GRI 207: Taxes 2019 207-2 GRI 207: Taxes 2019 207-3 GRI 207: Taxes 2019 207-4 GRI 415: Public Policies 2016 415-1	



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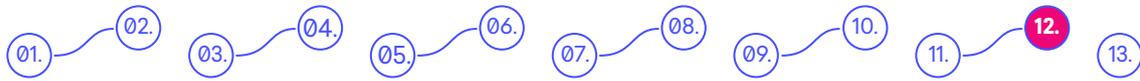
GRI 3: MATERIAL TOPICS

Referring to the standard published in 2021

3-3 Floene Group

Management of material topics

Material topics	Chapter	Specific Standards and Indicators	GRI Sector Standard Ref No.
Safety, well-being and development of our people	5.3. Social	GRI 202: Market Presence 2016 202-1	
		GRI 401: Employment 2016 401-1	
		GRI 401: Employment 2016 401-2	
		GRI 401: Employment 2016 401-3	
		GRI 402: Labour Relations 2016 402-1	
		GRI 403: Occupational Health and Safety 2018 403-1	
		GRI 403: Occupational Health and Safety 2018 403-2	
		GRI 403: Occupational Health and Safety 2018 403-3	
		GRI 403: Occupational Health and Safety 2018 403-4	
		GRI 403: Occupational Health and Safety 2018 403-5	
		GRI 403: Occupational Health and Safety 2018 403-6	11.9. Occupational health and safety
		GRI 403: Occupational Health and Safety 2018 403-7	
		GRI 403: Occupational Health and Safety 2018 403-8	11.10. Employment practices
		GRI 403: Occupational Health and Safety 2018 403-9	
		GRI 403: Occupational Health and Safety 2018 403-10	
		GRI 404: Training and Education 2016 404-1	
		GRI 404: Training and Education 2016 404-2	
		GRI 404: Training and Education 2016 404-3	
		GRI 405: Diversity and Equal Opportunities 2016 405-1	
		GRI 405: Diversity and Equal Opportunities 2016 405-2	
GRI 406: Non-Discrimination 2016 406-1			
GRI 414: Social Assessment of Suppliers 2016 414-1			
GRI 414: Social Assessment of Suppliers 2016 414-2			



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GRI 3: MATERIAL TOPICS

Referring to the standard published in 2021

3-3 Floene Group

Management of material topics

Material topics	Chapter	Specific Standards and Indicators	GRI Sector Standard Ref No.
Ethics and Transparency	4. Our Governance	GRI 205: Fighting Corruption 2016 205-1	11.21. Payments to governments 11.22. Public policies
		GRI 205: Fighting Corruption 2016 205-2	
		GRI 205: Fighting Corruption 2016 205-3	
		GRI 206: Unfair Competition 2016 206-1	
		GRI 407: Freedom of Association and Collective Bargaining 2016 407-1	
Customer satisfaction	6. Financial performance	GRI 418: Customer Privacy 2016 418-1	
		There are no GRI Thematic Standards associated with this Material Topic.	

Note 1: Each material topic presents, in the respective subchapters, information on its relevance to the Group and our Stakeholders, as well as the approach taken – including defined policies and commitments – reflecting the Group's management approach.

Note 2: Floene has a channel for reporting irregularities, entitled "ComunicaÉtica", which is transversally applicable to the various material topics.

For more information on this topic, see the Floene Annual Report 2024, in chapter 4.2 Ethics and transparency.

Oil and gas sector issues (GRI 11) with additional sector information

Theme	Justification	Chapter
11.2. Adaptation, resilience and climate transition	Description of the organisation's approach to the development of public policies and its actions in defence of interests related to climate change	4.4. Engagement with Stakeholders 5.2.1. Energy Transition
11.8.3. Asset integrity and critical incident management	There were no recorded Tier 1 or Tier 2 process safety accidents during the reporting period	5.3.1. Safety and well-being
11.21.8. Payments to governments	Purpose	Information
	Type of product acquired	Natural Gas
	Volume acquired (Estimated)	203,563,813 kWh
	Purchasing Entities	Beiragás; Dianagás; Duriensegás; Medigás; Paxgás; Tagusgás
	Selling Entity (State)	TRANSGÁS, S.A
Amount paid during the period	€5,567,136.42 incl. VAT	



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Referring to the standard published in 2021

3-3 Floene Group

Management of material topics

Oil and gas sector issues (GRI 11) with additional sector information

Theme	Justification	Chapter
11.21.8. Payments to governments	We hereby inform that, during the reporting year of 2024, acquisitions of natural gas were made from Transgás, the state-designated company responsible for the commercialisation of this resource.	

Oil and gas sector issues (GRI 11) not disclosed

Theme	Justification
11.3. Atmospheric emissions	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.4. Biodiversity	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.5. Waste	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.6. Water and effluents	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.7. Closure and rehabilitation	Not applicable. Floene's activity does not include situations in which the closure and rehabilitation of oil and gas fields may occur.
11.11. Non-discrimination and equal opportunities	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.13. Freedom of association and collective bargaining	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.15. Local communities	As of the date of the report, Floene does not have calculation mechanisms to provide additional sector information.
11.16. Rights to land and natural resources	Not applicable. In the geography where Floene operates and in its business, there are no situations of disputes over land and its natural resources.
11.17. Rights of indigenous peoples	Not applicable. In the geographical area where Floene operates, there are no situations of possible violation of the rights of indigenous communities.
11.18. Conflict and security	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.19. Unfair competition	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.
11.20. Fighting corruption	Taking into account the relevance threshold defined and the evaluation carried out, the topic was not considered material.



GRI 201: ECONOMIC PERFORMANCE

Referring to the standard published in 2016

page

201-1 Floene Group

Direct economic value generated and distributed

	2022	2023	2024
I) Direct Economic Value Generated	149,438,921.5	155,072,600.7	157,081,506.8
Recipes	149,438,922	155,072,601	157,081,507
II) Direct Economic Value Distributed (Operating costs)	74,541,573	94,191,047	102,509,263
Operating costs	31,216,315	34,226,107	34,974,099
Employee salaries and benefits	23,995,413	25,292,672	27,456,993
Payments to capital providers	11,269,036	29,489,009	33,382,901
Taxes	8,060,808	5,168,918	6,665,499
Investments in the community	-	14,341	29,772
III) Accumulated Economic Value (I-II)	74,897,349.0	60,881,553.9	54,572,243.4

Note: **Operating costs:** Includes training and personal protective equipment and excludes fleet and pass-through

Employee salaries and benefits: Excludes training and includes fleet costs

Payments to capital providers: Interest on financing, on the part of financiers

Taxes: Does not include deferred tax

Revenues: Total income, excluding recognition of investment subsidies, IFRIC and excluding pass-through items

201-2 Floene Group

Financial implications, risks and opportunities due to climate change

In 2024, risks associated with climate change were identified, categorised according to their nature:

Strategic risk – Energy transition

Operational risk – Critical interruption of operational processes

The energy transition risk was reassessed as high due to the delay in the development of renewable gases, particularly in the implementation of the Biomethane Action Plan, which was published in March 2024 and had not made significant progress by the end of the year.

The risk of critical interruption to operational processes, related to the occurrence of extreme weather events with a potential impact on Floene's infrastructures, remained unchanged from the previous year and is monitored on an ongoing basis as part of operational risk management.

More information in Floene's 2024 Annual Report:

4.3. Risk management and internal control

34-36

201-4 Floene

Financial assistance received from government

Floene received total support of EUR 72,495 from the Environmental Fund as part of the Green Pipeline Project, a project that aims to inject and distribute green hydrogen into the natural gas network in the Seixal region, contributing to the decarbonisation of the energy sector.



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Referring to the standard published in 2016

202-1 Floene

Ratios of standard entry level wage by gender compared to local

		2022	2023	2024
National Minimum Wage (EUR)	Men	705.0	760.0	820.0
	Women	705.0	760.0	820.0
Organisation's Minimum Wage (the lowest salary practised) (EUR) ¹	Men	998.4	1,045.3	1,045.3
	Women	840.8	880.3	880.3
Ratio between the organisation's minimum wage and the local minimum wage	Men	1.4	1.4	1.3
	Women	1.2	1.2	1.1

1. Corresponds to the lowest salary paid which, although in the same functional category, covers employees performing different functions and levels of responsibility.

Note: With regard to workers who are not employees of the company (reported in GRI 2-8), responsibility for remuneration lies with the service providers who hired them.

202-2 Floene

Proportion of senior management hired from the local community

		2022	2023	2024
Total members in senior management positions in important operating units	Men	40	41	41
	Women	12	18	18
Total members in senior management positions in important operating units hired from the local community	Men	39	38	37
	Women	12	18	18
Percentage of members in senior management positions in important operating units hired from the local community (%)	Men	98%	93%	90%
	Women	100%	100%	100%

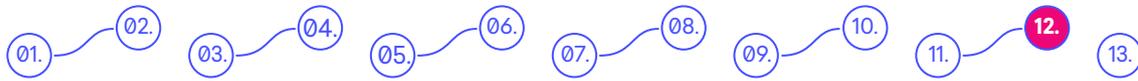
Note 1: The following definitions are adopted by the organisation:

"Top management" – Board of Directors (Executive Committee), Heads of Area and Managers;

"Local" – For this type of indicator (referring to top management) local is synonymous with resident in Portugal;

"Important operational units" – All of Floene's existing directorates.

Note 2: Data relating to full-time employees.



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GRI 203: INDIRECT ECONOMIC IMPACTS

Referring to the standard published in 2016

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203-1 Floene Group

Infrastructure investments and services supported

To calculate this indicator, the following investments were taken into account, totalling EUR 28,059:

- i) Business Development;
- ii) Other Infrastructure; and
- iii) Other Investments, namely, Renewal of meters due to legal requirements and Special Projects: Green Pipeline (H2).

More information in Floene's 2024 Annual Report:

Chapter 6.2. Operating and financial results

73-82

203-2 Floene Group

Significant indirect economic impacts

Although no new impacts have been identified in addition to those already reported, the reporting period has seen continued positive economic impacts resulting from the supply of natural gas to the territories and communities where Floene operates, through its distribution network.

This is due to the fact that natural gas is the fossil energy that has the least negative impact on the environment and generates the fewest emissions, as well as being the most economical in the current context, thus being instrumental in the accessibility of families and companies and in combating energy poverty.

In addition, Floene's network is one of the most up-to-date on the European scene and is therefore prepared – and available – to receive and distribute renewable gases throughout the country, making it an important ally in the energy transition and, in this sense, in the national sustainability agenda.

In addition to the direct economic impact, there is a significant indirect economic impact, associated, among other things, with job creation, the distribution of natural gas in remote areas and Floene's role as a supplier of last resort:

- Floene plays an essential role in creating direct and indirect jobs with the expansion and maintenance activities of its infrastructure, which require specialised skills. In addition, the strengthening of local and regional value chains and the associated economic development, as well as the boost to the industrial sector that is generated by the continuous, reliable and secure supply of natural gas, create a multiplier effect on employment;
- The expansion of the gas network to more isolated territories significantly improves the quality of life of communities, as it reduces their dependence on more expensive and polluting energy sources;
- Acting as a supplier of last resort, Floene ensures the supply of natural gas to consumers who, for various reasons, do not have viable supply alternatives, a responsibility that guarantees the availability of a more economical energy solution with lower emissions, contributing, in particular, to the protection of the most vulnerable segments of the population.


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GRI 203: INDIRECT ECONOMIC IMPACTS

Referring to the standard published in 2016

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203-2 Floene Group

Significant indirect economic impacts

Floene's activity also encourages innovation and sustainability, supporting the development of more efficient and environmentally responsible energy solutions and the emergence of projects in the area of renewable gases.

The relevance of these indirect economic impacts is aligned with the priorities of Floene's Stakeholders and with relevant external references, including national and international regulations around a just energy transition, sustainable economic development or the reduction of regional inequalities.

As in the past, Floene continued to play a key role in building a fairer, more balanced and resilient society in 2024.

More information in Floene's 2024 Annual Report:

Chapter 5.2.1. Energy transition	51-55
Chapter 6. Financial performance	72-87

GRI 204: PURCHASING / SUPPLY PRACTICES

Referring to the standard published in 2016

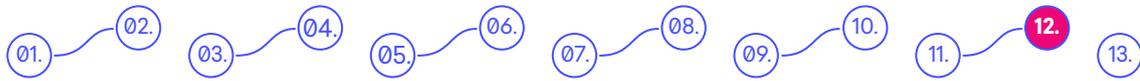
204-1 Floene Group

Proportion of spending on local suppliers

In 2024, Floene recorded a total cost of EUR 34,987,376.77 with suppliers, of which approximately 99 per cent corresponded to purchases made from local (national) suppliers.

Note 1: External Supplies and Services (ES&S) were considered with the addition of training costs, and excluding pass-through costs with transmission tariffs (UGS+URT) and investment in the community.

Note 2: Capitalisation costs were not taken into account in this calculation, as in Floene's opinion they are not included in the suppliers' figures. In addition, they total an immaterial value in the aggregate of the indicator, and do not present a materially relevant distortion for this purpose.



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GRI 205: ANTI-CORRUPTION

Referring to the standard published in 2016

205-1 Floene Group

Operations assessed for risks related to corruption

No corruption risk assessments were carried out during the reporting period. However, Floene has policies in place to prevent money laundering and terrorist financing, guaranteeing its commitment to promoting full compliance with the Code of Ethics and Conduct, and has a whistleblowing channel, "ComunicaÉtica", for reporting any breaches of the Code of Ethics and internal rules, as well as legal violations. The Ethics and Conduct Committee monitors compliance with these policies.

Since 2022, the Internal Control System has been strengthened with the implementation of the Internal Control Manual, which includes five components of internal control: i) control environment; ii) risk assessment; iii) control activities; iv) information and communication; and v) monitoring activities. The Supervisory Board and Internal Audit supervise and assess its efficiency and effectiveness.

As of 1st January 2025, the Legal team will assume full responsibility for Compliance at Floene, which was previously ensured by the service contract established with the previous shareholder.

205-2 Grupo Floene

Communication and training about anti-corruption policies and procedures

Category of employees	Total number of employees ¹	Anti-corruption training	
		No. of employees	%
Management (Executive Committee)	2	0	0%
Heads of Area	13	1	8%
Managers	45	8	18%
Specialists	165	57	35%
Technical Contributors	181	84	46%
Operational & Administrative Contributors	1	1	100%

1. The total number of employees reported refers only to those who have been provided with any type of training.

Note: The information shown in the table only relates to Floene employees. Whenever policies are communicated, they are published on the intranet for all Floene employees (including the Board of Directors – Executive Committee (4)). Stakeholders have access via Floene's official website (floene.pt), and in the case of service providers/suppliers, both the policies and Floene's Code of Conduct form an integral part of the contract.

Note 2: Includes employees who left the company during the reporting period, as well as Governing Bodies.

In 2024, all new employees were given training on this topic as part of their welcome, in addition to specific training on Ethics and Corruption.

205-3 Floene Group

Confirmed incidents of corruption and actions taken

No confirmed cases of corruption were recorded during the reporting period.



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GRI 206: UNFAIR COMPETITION

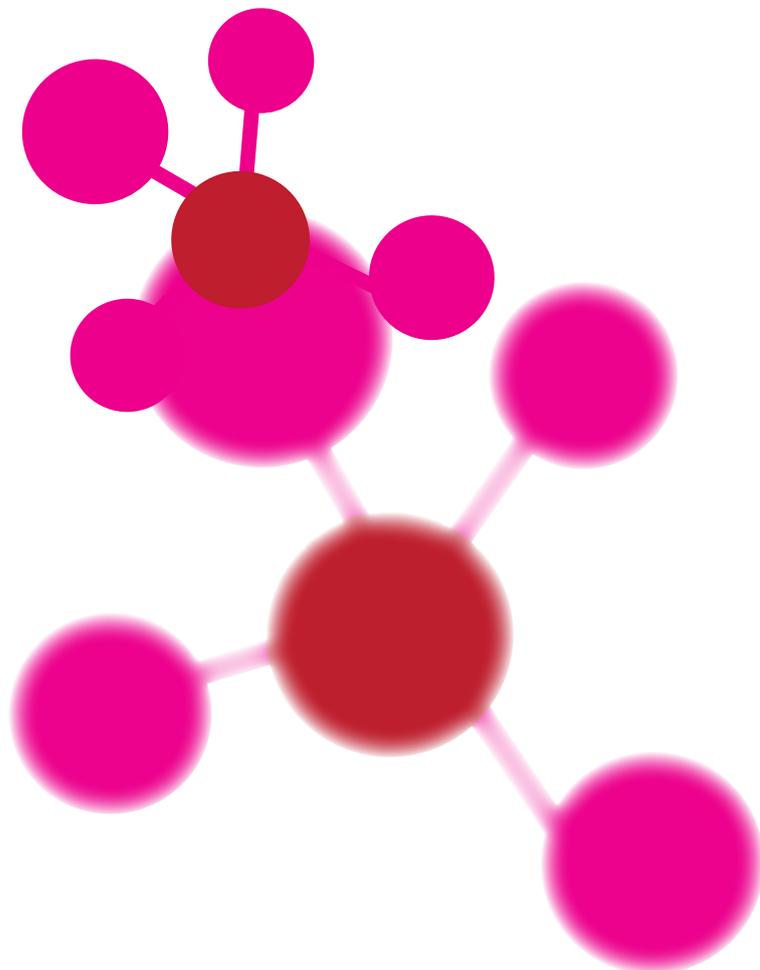
Referring to the standard published in 2016

206-1 Floene Group

Legal actions for anti-competitive behavior, anti-trust and monopoly

During the period covered by this report, Floene was not subject to any legal or judicial action related to anti-competitive practices, unfair competition or abuse of a dominant position.

With regard to the ERSE 17/2021 administrative offence, ERSE imposed a fine of EUR 2,500 on Medigás due to the lack of a guarantee of exemption and exclusivity on the part of the sales representatives acting on its behalf.





GRI 207: TAX APPROACH

Referring to the standard published in 2019

page

207-1 Floene Group

Approach to tax

The tax policy planned for 2024 has not been defined, as the internal reorganisation underway is awaiting the consolidation and stabilisation of processes in order to move forward with the drafting/ approval of documentation.

Although it is not formalised in any public document, Floene has a tax strategy, which is analysed and approved annually by the Board of Directors and the Executive Committee.

To ensure the regulatory compliance of its tax strategy, Floene observes the tax and tax disclosure requirements in accordance with the applicable laws and regulations, adopting the appropriate measures to this end.

With regard to relationships between related parties, the Floene Group companies prepare a transfer pricing tax documentation process in line with international practices, which includes all the documentation relating to the policy adopted in determining transfer prices and maintaining elements capable of proving the respective parity with the market, as well as the selection of the most appropriate method for determining the prices charged.

207-2 Floene Group

Tax governance, control and risk management

The Supervisory Board is the body responsible for ensuring compliance in tax matters by supervising, accounting policies, valuation criteria, the effectiveness of the risk management and internal control system and the process of preparing and disclosing financial information.

Each year, the Supervisory Board draws up a report on its supervisory activities and issues an opinion on the report, accounts and proposals presented by the Board of Directors. In addition to this Board, the external auditors/Statutory Auditor and internal auditors also play a key role in this regard.

207-3 Floene Group

Stakeholder engagement and management of concerns related to tax

The organisation adopts a stance of total compliance with the tax regulations in force, ensuring strict and transparent compliance with its obligations. It maintains full collaboration with the tax authorities, both in inspection processes and in any other applicable interaction, continually analysing legislation and seeking the necessary input to ensure its correct application.

207-4 Floene Group

Country-by-country reporting

Since all Floene Group companies are resident in Portugal, only Portuguese jurisdiction applies.

More information in Floene's 2024 Annual Report:

Chapter 2.1. Activity and business model	18-19
Annex III a) – Financial Statements – Consolidated	112-156
Annex III b) – Financial Statements – Individual	168-204



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Referring to the standard published in 2016

302-1 Floene Group

Energy consumption within the organisation

	Unit	2022	2023	2024
Non-renewable fuels		18,058.9	19,442.1	18,864.4
Natural Gas		1,913.6	2,107.0	1,788.4
Diesel		14,425.1	13,745.7	11,948.4
Petrol		1,289	3,311.2	4,976.7
LPG	GJ	431.2	278.2	150.9
Renewable fuels				
Purchased electricity		2,954.2	2,682.5	2,761.8
Electricity sold				
Total		21,013.0	22,124.6	21,626.2

To this end, the following sources of energy consumption within the organisation were considered: electricity consumption, natural gas consumption and fleet fuel consumption (diesel, petrol and LPG). It should be noted that, as of 2022, the electricity purchased was certified as 100 per cent renewable energy.

The sources of conversion factors used were as follows: DGEG, 2024 – Conversion of GWh to GJ; APA NIR, 2024 – Conversion of litres of fuel to GJ; GALP, PCI Factor – Conversion of natural gas consumption (m³) to GJ.

302-2 Floene Group

Energy consumption outside the organisation

To determine energy consumption outside the organisation, Floene used the following "GHG Protocol – Scope 3" category:

4 – Upstream transport and distribution, with an equivalent energy consumption (GJ): 6115.

The sources of conversion factors used were as follows: APA NIR, 2024 – Conversion of litres of fuel to GJ; IPCC, AR5 – consumption of litres per km.

302-3 Floene Group

Energy intensity

	2022	2023	2024
Energy Intensity (GJ)	0.00035	0.00039	0.00039

Note: For this purpose, the metric selected to calculate the ratio is energy distributed in GJ. The following types of energy have been included in the ratio:

- Consumption within the organisation: electricity, natural gas, vehicle fuel
- Distribution: natural gas

GRI 305: EMISSIONS page
 Referring to the standard published in 2016

305-1 Floene Group
 Direct (Scope 1) GHG emissions

Direct GHG emissions (scope 1): **20,386 tCO₂eq**.

To calculate natural gas emissions resulting from network losses (fugitive emissions), the Sedigas methodology is used, which is widely used by several companies in the sector ("Metodología para la cuantificación de las emisiones de metano en los sistemas de distribución de gas", 29 June 2020).

The following greenhouse gases (GHGs) were taken into account when calculating Scope 1 emissions: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

Historical direct GHG emissions (Scope 1), tCO₂eq¹

2020	2021	2022	2023	2024
21,583	15,002	15,008	23,470	20,386

1. 2020 was established as the base year since the scope 1 emissions reporting exercise began in 2021

The following sources were used as a reference for the emission factors: the emission factors from the APA's National Inventory Report and the Global Warming Potentials from the IPCC – Sixth Assessment Report (AR6).

More information in Floene's 2024 Annual Report:

Chapter 5.2.2. Carbon footprint 56-59

305-2 Floene Group
 Energy indirect (Scope 2) GHG emissions

Indirect GHG emissions (scope 2): **0 tCO₂eq¹**

Indirect GHG emissions (scope 2): **130 tCO₂eq²**

1. Market-based calculation using our supplier's emission factor.
2. Location-based calculation, where the APA's emission factors were taken into account, given that our activity takes place in Portugal.

Historical direct GHG emissions (Scope 2) Market Based, tCO₂eq³

2020	2021	2022	2023	2024
162	147	0	0	0

Historical direct GHG emissions (Scope 2) Location Based, tCO₂eq³

2020	2021	2022	2023	2024
149	135	151	121	130

3. 2020 was established as the base year since the scope 1 emissions reporting exercise began in 2021

Since 2022, the market-based factor has been 0, since all the electricity purchased is now 100 per cent renewable.

More information in Floene's 2024 Annual Report:

Chapter 5.2.2. Carbon footprint 56-59


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GRI 305: EMISSIONS

Referring to the standard published in 2016

page

305-3 Floene Group

Other indirect (Scope 3) GHG emissions

Indirect GHG emissions (scope 3): **7,131 tCO₂eq**.

The methodology followed was that of the Greenhouse Gas Protocol, using the Global Warming Potentials calculated in the Sixth Assessment Report (AR6) and emission factors from various sources, such as: IPCC; DEFRA 2024; NIR 2024; ADEME; Carris; CP – Comboios de Portugal; Transtejo; Metropolitano de Lisboa.

More information in Floene's 2024 Annual Report:

Chapter 5.2.2. Carbon footprint

56-59

305-4 Floene Group

GHG emissions intensity

Units	2022	2023	2024
tCO ₂ eq/GWh (scope 1+2)	0.9	1.5	1.3
tCO ₂ eq/km de rede (scope 1+2)	1.1	1.7	1.5
tCO ₂ eq/GWh (scope 1+2+3)	1.4	2	1.8
tCO ₂ eq/km (scope 1+2+3)	1.7	2.2	2

The intensity of GHG emissions was calculated using two metrics considered relevant: volume of gas distributed (GWh) and kilometres of distribution network (km). The following greenhouse gases (GHGs) were taken into account when calculating emissions in scopes 1, 2 and 3: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

305-5 Floene Group

Reduction of GHG emissions

A short-term decarbonisation plan has been defined (2022-2025), with the aim of reducing emissions by 25% by 2025 (compared to the base year of 2020). This plan includes several operational initiatives, such as:

- the purchase of electricity certified as 100 per cent from renewable sources – 100 per cent completed;
- replacing the fleet with hybrid vehicles – In progress, with 12 per cent of the fleet converted;
- conversion of the existing iron and steel network to polyethylene and implementation of a leak detection improvement programme in order to reduce the occurrence of leaks in the network and consequently its emissions – 72% completed of the established network renewal plan, and a 32% reduction in the number of leaks detected and repaired in 2024 vs 2020;
- reduction in the number of incidents of damage by third parties – Ongoing, with a 14% average reduction in incidents compared to the base year.

More information in Floene's 2024 Annual Report:

Chapter 5.2.2. Carbon footprint

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GRI 306: WASTE

Referring to the standard published in 2020

306-3 Floene Group

Waste generated

Contractor waste	2022	2023	2024
Total waste generation (tonnes)	66,154	61,363	53,872
Destined for recovery (tonnes)	22,484	31,753	29,463
Re-use and incorporation into construction work (tonnes)	43,670	29,609	24,410
Percentage of waste recovered (%)	100	100	100
Percentage of reuse and incorporation on site (%)	66.01	48.25	45
By category:			
Hazardous waste (total) (tonne)	0.32	0.27	0.1
Non-hazardous waste (total) (tonne)	66,154	61,362	53,872

Administrative waste	2022	2023	2024
Total waste generation (tonnes)	120.06	150.34	139.25
Destined for recovery (tonnes)	112.92	144.24	135.94
Destined for disposal (tonnes)	7.15	6.11	3.31
Percentage of waste recovered (%)	94.05	95.94	97.62
By category:			
Hazardous waste (total) (tonne)	0.69	0.16	0.28
Destined for recovery (tonnes)	0.17	0.06	0.27
Destined for disposal (tonnes)	0.52	0.1	0.01
Non-hazardous waste (total) (tonne)	119.37	150.18	138.98
Destined for recovery (tonnes)	112.75	144.17	135.67
Destined for disposal (tonnes)	6.63	6.01	3.31

Total waste generated	2022	2023	2024
Total waste generation (tonnes)	66,274	61,513	54,011
Destined for recovery, reuse and incorporation on site (tonnes)	66,267	61,507	54,009
Destined for disposal (tonnes)	7.15	6.11	3.31
Percentage of waste recovered (%)	99.99	99.99	99.996
By category:			
Hazardous waste (total) (tonne)	1.01	0.43	0.38
Destined for recovery, reuse and incorporation on site (tonnes)	0.49	0.33	0.37
Destined for disposal (tonnes)	0.52	0.1	0.01
Non-hazardous waste (total) (tonne)	66,273	61,513	54,011
Destined for recovery, reuse and incorporation on site (tonnes)	66,267	61,507	54,008
Destined for disposal (tonnes)	6.63	6.01	3.31

Note 1: Construction waste is all recovered or reused and incorporated into the work, it is not disposed of..



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Referring to the standard published in 2020

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306-3 Floene Group

Waste generated

The information reported in the GRI table is compiled on the basis of the practices and methodologies adopted by the company, which follow the standards established by the applicable national and international legislation.

Floene's activity results in the production of contract waste and administrative waste, the data from which is collected periodically and the process supervised by the teams responsible for environmental and safety management. The information is obtained through records of operations, including the amount of waste generated, categorised according to type and final destination (recycling, incineration, landfill, among others). In addition, the information reported is validated internally, with the support of internal and external audits, guaranteeing the accuracy and compliance of the data. Every six months, the data is consolidated and presented in the GRI table, with the appropriate segregation by type of waste, in order to provide a clear and transparent view of environmental management and operational impact.

This methodology is in line with good practice in the sector, as is followed in the natural gas distribution network sector, which also adopts rigorous monitoring and recording processes for the management of its operational waste.

More information in Floene's 2024 Annual Report:

Chapter 5.2.2. Carbon footprint

56-59

GRI 308: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

Referring to the standard published in 2016

308-1 Floene Group

New suppliers that were screened using environmental criteria

Floene guarantees responsible supply chain management, establishing partnerships that respect commercial and technical conditions, as well as the values expressed in our Code of Ethics, Codes of Conduct and Health, Safety, Environment, Quality and Human Rights Policies, ensuring compliance with current legislation. In addition, we subscribe to the BCSD Charter of Principles.

Risk management involves selecting, qualifying and monitoring service providers. Through the One Trust platform, which is integrated into purchasing management, we monitor and mitigate risks in tendering processes. Before signing any contract, we carry out compliance audits to identify possible warning signs, such as corruption or money laundering.

This system, which uses financial and non-financial information provided by our partners and available on the market, enables more comprehensive risk control, with an emphasis on areas such as ESG, cybersecurity and GDPR.

New suppliers	2022	2023	2024
No. of new tier 1 suppliers	n.d.	19	19
No. of new tier 1 suppliers that have undergone due diligence processes for environmental impacts	n.d.	17	17
Percentage of new tier 1 suppliers that have undergone due diligence processes for environmental impacts	n.d.	89%	89%

GRI 308: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

Referring to the standard published in 2016

308-1 Floene Group

New suppliers that were screened using environmental criteria

Suppliers by type	Number of suppliers by type		
	2022	2023	2024
Tier 1	65	78	69
Non-tier 1	0	0	0
Critical tier 1	19	21	14

Note 1: Tier 1 – Tier 1 services present a greater inherent cyber risk.

Results of the sustainability risk assessment:

Sustainability risk (no. of Floene tier 1 suppliers)	2022	2023	2024
with a high risk of economic sustainability	0	0	0
with a high risk of environmental sustainability	0	0	0
with a high risk of social sustainability	5	0	0

Results of the CSR risk assessment:

Risk level – Rating Social Responsibility – Questionnaires	No. of Floene suppliers with turnover in 2022		No. of Floene suppliers with turnover in 2023		No. of Floene suppliers with turnover in 2024	
	Tier 1	Critics	Tier 1	Critics	Tier 1	Critics
A+ Above average rating	34	15	36	16	28	5
A Rating within the average	10	3	16	3	11	4
B Below average rating	5	1	9	2	5	4

Certifications:

International Standards	2022	2023	2024
ISO 9001	92	96	112
ISO 14001	47	47	63
OHSAS 18001 /ISO 45001	46	43	60
Other certifications	25	29	41

Supplier audits:

	2022	2023	2024
No. of supplier audits	12	10	32
No. of tier 1 supplier audits	3	8	10
Audited critical suppliers (tier 1 and non-tier 1)	0	0	3



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GRI 308: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

Referring to the standard published in 2016

308-1 Floene Group

New suppliers that were screened using environmental criteria

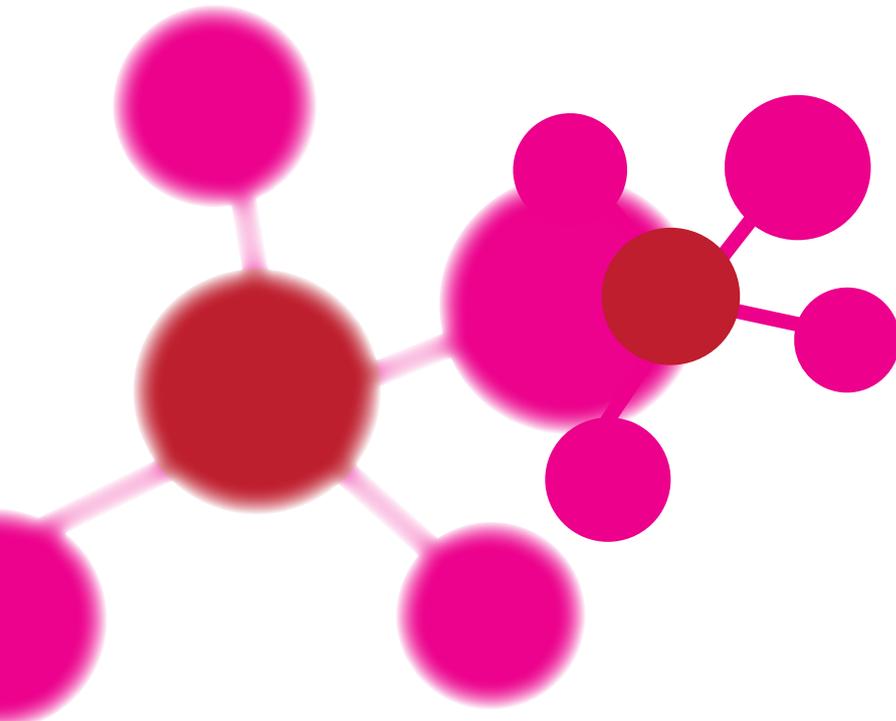
In addition to risk management practices and the monitoring of certifications in the supply chain, audits are carried out on suppliers or potential suppliers:

- Finance;
- Technique;
- Corporate social responsibility;
- Safety & Health;
- Environment;
- Business continuity;
- SLA contract.

308-2 Floene Group

Negative environmental impacts in the supply chain and actions taken

No tier 1 suppliers (critical or non-critical) with a high environmental sustainability risk were identified .



GRI 401: EMPLOYMENT

Referring to the standard published in 2016

401-1 Floene Group

New employee hires and employee turnover

Total number of employees at the end of the reporting period, by location, gender and age group

	Gender	2022			2023			2024		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Region National	Men	8	117	145	10	117	152	9	109	150
	Women	4	75	47	7	72	50	7	70	50
Total employees (by age group)		12	192	192	17	189	202	16	179	200
Total employees (by gender)	Men	270			279			268		
	Women	126			129			127		
Total employees (national)		396			408			395		

Note: The accounting of the number of employees includes the members of the Executive Committee (4) and excludes trainees/interns, employees on unpaid leave and other members of the Governing Bodies. Employees of all the companies in the Floene Group are taken into account. Corrections have been made to the headcounts for previous years due to a change in criteria. The accounting refers to the end of the reporting period.

Total number of employees who joined or left in the reporting period

		2022					
	Gender	Inputs			Outputs		
		<30	30-50	>50	<30	30-50	>50
National	Men	8	13	0	2	1	20
	Women	7	8	1	1	0	7
Total entries and exits (by age group)		15	21	1	3	1	27
Total inflows and outflows (by gender)	Men	21			23		
	Women	16			8		
Total inflows and outflows (national)		37			31		

		2023					
	Gender	Inputs			Outputs		
		<30	30-50	>50	<30	30-50	>50
National	Men	6	17	0	1	7	6
	Women	7	5	0	3	2	4
Total entries and exits (by age group)		13	22	0	4	9	10
Total inflows and outflows (by gender)	Men	23			14		
	Women	12			9		
Total inflows and outflows (national)		35			23		



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Referring to the standard published in 2016

401-1 Floene Group

New employee hires and employee turnover

Total number of employees who joined or left in the reporting period

		2024					
		Inputs			Outputs		
Gender		<30	30-50	>50	<30	30-50	>50
National	Men	4	8	2	2	4	19
	Women	3	7	0	2	2	8
Total entries and exits (by age group)		7	15	2	4	6	27
Total inflows and outflows (by gender)	Men	14			25		
	Women	10			12		
Total inflows and outflows (national)		24			37		

Note 1 (2022): The accounting covers members of the Executive Committee and trainees/interns, and excludes employees on unpaid leave and other members of the Governing Bodies. Employees of all Floene Group companies are taken into account.

Note 2 (2023, 2024): The accounting covers members of the Executive Committee and excludes trainees/interns, employees on unpaid leave and other members of the Governing Bodies. Employees of all Floene Group companies are taken into account.

Hiring rate and employee turnover in the reporting period (%)

		2022					
		Inputs (%)			Outputs ¹ (%)		
Gender		<30	30-50	>50	<30	30-50	>50
National	Men	2.0	3.2	0.0	0.5	0.2	5.0
	Women	1.7	2.0	0.2	0.2	0.0	1.7
Rate of entries and exits (by age group)		3.7	5.2	0.2	0.7	0.2	6.7
Entry and exit rates (by gender)	Men	5.2			5.7		
	Women	4.0			2.0		
Entry and exit rates (national)		9.2			7.7		
Retention rate					92.0		
Turnover rate					7.8		

GRI 401: EMPLOYMENT

Referring to the standard published in 2016

401-1 Floene Group

New employee hires and employee turnover

Hiring rate and employee turnover in the reporting period (%)

		2023					
		Inputs (%)			Outputs ¹ (%)		
Gender		<30	30-50	>50	<30	30-50	>50
National	Men	1.5	4.2	0.0	0.2	1.7	1.5
	Women	1.7	1.2	0.0	0.7	0.5	1.0
Rate of entries and exits (by age group)		3.2	5.4	0.0	1.0	2.2	2.5
Entry and exit rates (by gender)	Men	5.7			3.4		
	Women	2.9			2.2		
Entry and exit rates (national)		8.6			5.6		
Retention rate		94.4					
Turnover rate		7.1					

		2024					
		Inputs (%)			Outputs ¹ (%)		
Gender		<30	30-50	>50	<30	30-50	>50
National	Men	1.0	2.0	0.5	0.5	1.0	4.8
	Women	0.8	1.8	0.0	0.5	0.5	2.0
Rate of entries and exits (by age group)		1.8	3.8	0.5	1.0	1.5	6.8
Entry and exit rates (by gender)	Men	3.5			6.3		
	Women	2.5			3.0		
Entry and exit rates (national)		6.1			9.4		
Retention rate		90.6					
Turnover rate		7.7					

Note 1: For the sake of simplicity, the turnover rate (exit) was calculated using the final figures for each period. Corrections have been made to the headcounts for previous years due to the change in criteria. The accounting refers to the end of the reporting period.

Note 2 (2022): The accounting covers members of the Executive Committee and trainees/interns, and excludes employees on unpaid leave and other members of the Governing Bodies. Employees of all the companies in the Floene Group are taken into account.

Note 3 (2023, 2024): The accounting covers members of the Executive Committee and excludes trainees/interns, employees on unpaid leave and other members of the Governing Bodies. Employees of all Floene Group companies are taken into account.

Note 4: A significant fluctuation is defined as voluntary departures of 15% or more of the total number of employees over a 12-month period, excluding terminations due to pre-retirement or retirement. In 2024, 11 employees left their jobs voluntarily, corresponding to approximately 3% of the total workforce, which is not considered a significant fluctuation in the terms defined.



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Referring to the standard published in 2016

401-2 Floene Group

Benefits provided to full-time employees that are not provided to temporary or part-time employees

The benefits listed apply to all Floene employees (permanent and fixed-term), with the exception of the Pension Fund which will apply to Tagusgás employees from July 2025:

- Pension Fund (only for employees with an indefinite contract);
- Life Insurance;
- Personal Accident Insurance;
- Health insurance;
- Travel Insurance;
- Parental leave;
- Employee and children's birthday;
- Merit scholarship for employees' children.

401-3 Floene Group

Parental leave

According to the criteria in force, all employees of the Floene organisation are entitled by law to parental leave. To this end, the number of employees who actually took advantage of this right during the reporting period is detailed below:

	Gender	2022	2023	2024
No. of employees who took parental leave during the reporting period	Men	1	1	6
	Women	2	2	3
	Total	3	3	9
No. of employees returning to work after parental leave	Men	1	1	4
	Women	1	1	3
	Total	2	2	7
No. of employees who have returned to work and remain with the company after 12 months	Men	2	1	1
	Women	0	2	1
	Total	2	3	2
No. of employees who have returned to work and remain with the company at the end of the reporting period	Men	-	-	4
	Women	-	-	3
	Total	-	-	7
Return to work rate	Men	-	-	100%
	Women	-	-	100%
	Total	-	-	100%
Retention rate (12 months)	Men	100%	100%	100%
	Women	-	100%	100%
	Total	100%	100%	100%



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GRI 402: LABOUR RELATIONS

Referring to the standard published in 2016

402-1 Floene Group

Minimum notice periods regarding operational changes

Floene strictly complies with the deadlines established by legislation and internal regulations, ensuring that there is an adequate adaptation period for significant operational changes. Only Lisboaagás has a Collective Bargaining Agreement, in which case the notification period and the provisions for consultation and negotiation are specified therein.

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

Referring to the standard published in 2018

403-1 Floene Group

Occupational health and safety management system

The companies in the Floene Group have implemented and certified an Occupational Health and Safety Management System (OSHMS) in accordance with the NP EN ISO 45001 standard, thus reinforcing their commitment to safe and healthy working environments. This system aims to prevent accidents and occupational illnesses, protecting both direct workers and those of service providers operating on their behalf. More than complying with mandatory legal requirements, Floene promotes a safety culture based on prevention and continuous improvement.

The NP EN ISO 45001 standard enables the establishment of a robust structure for occupational health and safety management, and is aligned with other management standards already in place, such as NP EN ISO 9001 (Quality Management) and ISO 14001 (Environmental Management).

The OSHMS is improved and maintained on the basis of the implementation of the NP EN ISO 45001 standard in the Floene Group companies. 2023 saw the start of another certification cycle with the renewal of certification under NP EN ISO 45001. For Floene, implementing the OSH management system in accordance with NP EN ISO 45001 has the following advantages:

- Improved safety culture and employee involvement, as it promotes a proactive approach to identifying and managing health and safety risks at work. This leads to greater awareness and commitment to health and safety at all levels, a sense of ownership and involvement, which leads to an increase in morale, productivity and the retention of qualified staff;
- Incident reduction and cost savings: by systematically identifying and addressing potential hazards and risks, the likelihood of accidents and incidents in the workplace is reduced. This not only protects workers, but also helps to minimise the associated financial and reputational costs. Fewer accidents mean lower healthcare costs, reduced insurance premiums and fewer costs associated with business interruptions;
- Legal compliance: compliance with NP EN ISO 45001 helps to identify, evidence and assess compliance with legal and regulatory requirements relating to health and safety at work. This translates into fewer legal situations, penalties and fines associated with non-compliance;
- Improved reputation: demonstrating a commitment to the health and safety of Stakeholders improves Floene's reputation. Customers, suppliers and other partners prefer to engage with companies that prioritise the well-being and health of their workers and Stakeholders;



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Referring to the standard published in 2018

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403-1 Floene Group

Occupational health and safety management system

- Better communication: ISO 45001 emphasises communication and consultation with employees and other relevant parties. This promotes improved communication channels, ensuring that important health and safety information is shared effectively throughout the organisation and its Stakeholders;
- Greater efficiency and proactivity in operational planning.

The OSHMS of the Floene Group companies covers both internal and external workers:

- All workers who have an employment relationship with the organisation, in accordance with national legislation;
- All workers who are not employees but whose work and/or workplace is controlled by the organisation;
- All workers who are not employees and whose work and/or workplace is not controlled by the organisation, but the organisation's operations, products or services are directly linked to significant impacts on the occupational health and safety of these workers by their business relationships.

Within the scope of certification, the OSHMS covers all management activities relating to the construction, maintenance, operation and use of gas distribution networks, including gases of renewable origin and low-carbon gases.

All workplaces comprising administrative buildings and facilities of the natural gas distribution system managed and maintained by Floene Group companies, namely PRM, PRP, UAG, EMI and primary and secondary networks, are covered by the OSHMS certification.

More information in Floene's 2024 Annual Report:

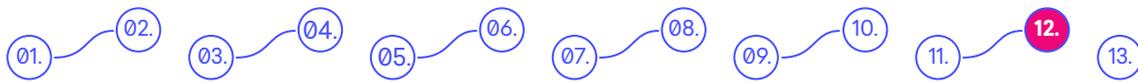
Chapter 4.3. Risk management and internal control	34-36
Chapter 5.3.1. Safety and well-being	60-64

403-2 Floene Group

Hazard identification, risk assessment, and incident investigation

Floene has a documented procedure in its Occupational Health and Safety Management System (OHSMS) for identifying hazards, assessing and controlling risks. This process covers normal conditions, abnormal conditions and foreseeable emergencies, and is recorded in OSH hazard and risk assessment matrices. The process includes the following stages:

1. Drawing up/reviewing OSH hazard identification, risk assessment and control:
 - a) The QSA, together with those responsible for the processes and/or employees, carry out a survey of OSH hazards by type of activity involving routine and occasional activities and all people (service providers and visitors) who have access to Floene's workplaces;
 - b) This survey may be revised and updated whenever necessary, particularly in the light of new circumstances, for example: the introduction of new technologies, the occurrence of incidents, non-conformities or dangerous situations, the provision of new services, changes to legal requirements, or others.
2. Plan its implementation – Based on the identification of risks, an action plan is drawn up, following the risk control hierarchy. This plan defines those responsible, deadlines and priorities for implementing mitigation measures.



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GRI 403: OCCUPATIONAL HEALTH AND SAFETY

Referring to the standard published in 2018

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403-2 Floene Group

Hazard identification, risk assessment, and incident investigation

The assessment and control of OSH risks is carried out by professionals qualified as level VI Senior Safety Technicians in collaboration with the experts carrying out the activities, which guarantees the quality of the process and its output, the identification of risk prevention and mitigation measures. The results of the process can be used for

- 1) Identifying gaps and critical points: by analysing hazards and risks, and especially accident investigations, it is possible to identify gaps in the safety system, such as flaws in practices, knowledge or equipment. This identification helps to make efforts in specific areas that need improvement;
- 2) Reviewing procedures and policies: when an accident, near miss or risk is identified, it can lead to the revision or creation of operating procedures, work instructions, manuals or other instruments;
- 3) Lessons learnt, continuous improvement and corrective action: the process of investigating accidents or near misses helps to understand the underlying causes of these events (such as human failings, equipment problems or process deficiencies). With this information, corrective actions are implemented to prevent the recurrence of these incidents and to continuously improve the company's safety culture and system;
- 4) Training and awareness: analysing accident results can reveal the need for training for workers, ensuring that everyone has a better understanding of the risks and how to protect themselves;
- 5) Employee involvement: the systematic and continuous approach to identifying and assessing risks directly involves workers in the safety process, promoting a more participatory safety culture. Employees suggest improvements, which strengthens the perception that they are an active part of the process of improving the working environment;
- 6) Monitoring and adjusting the management system: using the data obtained in the risk assessment and accident investigation phases, the occupational health and safety management system is adjusted to ensure that safety objectives are achieved and improved over time.

New tasks, hazards and risks identified can be reported by any employee, either through the hierarchy or through direct contact with OSH by email, telephone or at a meeting.

In addition to the above, Floene has implemented proactive safety and environmental prevention mechanisms, such as site visits, Safety Talks, observation of unsafe situations or acts, near misses, periodic employee participation and consultation, among others.

Floene has established and publicised to all employees that any situation that does not allow for the safety and health of workers during their activities must be stopped by the worker themselves or by whoever identifies the situation. Under no circumstances may managers subject workers to unsuitable working conditions.

Employees are protected against possible reprisals for identifying/reporting the situations referred to in the previous paragraphs by the Floene Group's Code of Ethics and Conduct. The communication channel is "ComunicaÉtica", available at floene.pt/comunicacao-de-irregularidades.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency

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Chapter 5.3.1. Safety and well-being

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GRI 403: OCCUPATIONAL HEALTH AND SAFETY

Referring to the standard published in 2018

403-3 Floene Group

Occupational health services

The occupational health and safety services are responsible for:

- a) Define and promote the application of Safety, Health, Environment and Major Accident Prevention policies at Floene and its service providers, with a view to minimising environmental impact and reducing risks for employees, customers, third parties, assets and the surrounding community;
- b) Define and apply the methodology for identifying, assessing and managing the risks and impacts inherent to activities, in order to prevent accidents and damage to the environment;
- c) Ensuring and publicising the identification of legal requirements in terms of Safety and the Environment;
- d) Proposing the establishment of appropriate standards, practices and procedures to guarantee the safety of people, facilities and the environment, in line with risk and impact assessments and applicable legislation;
- e) Proposing the definition of Goals and Objectives and implementing programmes and actions, acting proactively and anticipating the organisation's needs, ensuring their monitoring and dissemination;
- f) Defining and proposing the necessary processes to systematically investigate Incidents and Non-Conformities, determining their causes and correcting them, publicising their conclusions in order to prevent similar Incidents from occurring;
- g) Ensuring the adequacy of the Facilities and Activities Emergency Plans, as well as promoting and/or collaborating in carrying out drills, in order to contribute to the ongoing adequacy and operability of the means and procedures for response and communication in the event of an accident;
- h) Collaborate in identifying training needs in the area of Safety and the Environment, with the aim of ensuring that employees have the training and skills necessary to carry out their duties. Defining and/or delivering specific training actions;
- i) Promote the dissemination of knowledge and information on Safety and Environmental issues, in terms of risks and impacts, mitigation measures, as well as indicators, trends and benchmarks, in order to help strengthen the Safety and Environmental culture;
- j) Ensure that audits are carried out on operational activity and facilities, as well as service providers and contractors, in order to assess whether the pre-established provisions are implemented and whether they are suitable for achieving the company's objectives;
- k) Coordinating audits of the Major Accident Prevention Management System and ensuring the planning, management and certification of the Integrated Environment, Quality and Safety System, with regard to the environment and safety aspects, as a fundamental requirement for carrying out the regulated activity;



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GRI 403: OCCUPATIONAL HEALTH AND SAFETY

Referring to the standard published in 2018

403-3 Floene Group

Occupational health services

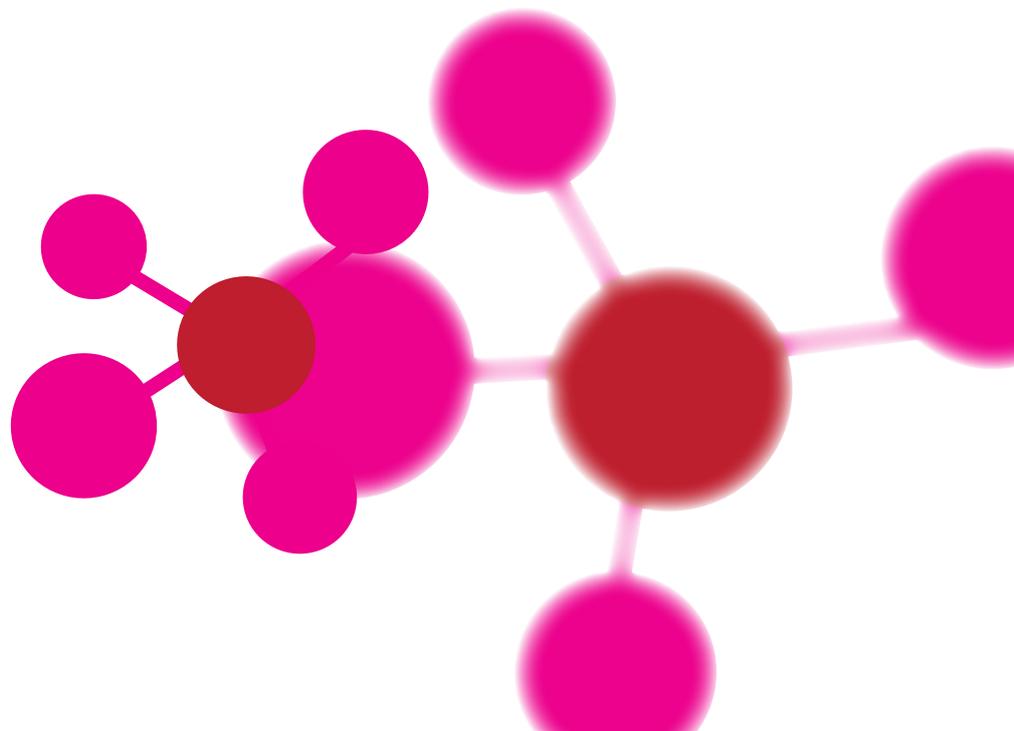
l) Contributing to the review of the QSE Management Systems, in terms of Safety and Environment, in order to guarantee ongoing compliance, suitability and effectiveness in its various aspects and promoting continuous improvement;

m) Ensuring representation and communication with national bodies and authorities in the field of Safety and Environment, safeguarding the Organisation's interests.

Floene ensures the quality of occupational safety services through an in-house team of level VI Senior Safety Technicians, complemented by external resources with equivalent qualifications. At Lisboaagás, employee access to these services is facilitated, namely through their Occupational Health and Safety (OHS) representatives.

First and third party audits are carried out throughout the Floene Group.

In addition, occupational health services are provided internally at a medical centre located at Floene's headquarters or, given the geographical dispersion of the group's companies, locally in each area of operation. The confidentiality of workers' health data is a priority, and strict measures are taken to protect their privacy and ensure compliance with data protection regulations in the field of occupational health management.





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Referring to the standard published in 2018

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403-4 Floene Group**Worker participation, consultation, and communication on occupational health and safety**

As required by law, two formal consultations are held every year with all employees on OSH and work equipment, using an online questionnaire. The aim of these consultations is to gather employees' opinions on the applicable legal requirements. With regard to external Stakeholders, an annual questionnaire is carried out within the scope of NP EN ISO 450001.

In addition to the above, the following complementary means of consulting, involving and informing Stakeholders are used:

- a) Participation and consultation in the process of identifying, evaluating and treating hazards and risks;
- b) Participation and consultation in the process of selecting personal protective equipment;
- c) Internal communication via the intranet of the results of occupational health and safety assessments, such as indoor air quality, legionella, radon and illuminance;
- d) External communications via the website www.floene.pt/en/;
- e) Any interested party can be contacted at any time by email or telephone;
- f) Meetings with employee representatives on OSH matters;
- g) Specific meetings with areas to deal with OSH issues;
- h) Introduction of consultative and participatory approaches to OSH audits and checks, allowing workers the opportunity to raise any concerns;
- i) Annual surveys to understand workers' concerns and attitudes towards OSH;
- j) Introduction of consultative and participatory approaches in the holding of Safety Dialogues.

After the decision has been taken, and whenever it is considered relevant, feedback is given to the workers on the decision taken and, if the opinions and/or proposals are not adopted in the decision, they are the subject of a reasoned decision and informed to the workers or their representatives.

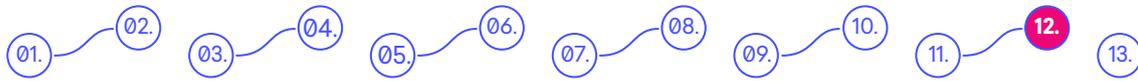
In the case of Lisboaagás, there are monthly meetings between representatives of the company and the Workers' Committee and the Health and Safety at Work Committee. At both meetings, workers' representatives have the opportunity to raise concerns and/or suggestions regarding workers' safety, health and hygiene. Hazards, risks, etc. are frequently identified by workers in the field, who pass on their concerns to their representatives on the Committees identified above, thus guaranteeing their participation in the management of their working conditions.

The organisational and management method of these Committees follows the applicable legal precepts, namely in terms of credit hours, election, composition, among others.

More information in Floene's 2024 Annual Report:

Chapter 5.3.1. Safety and well-being

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GRI 403: OCCUPATIONAL HEALTH AND SAFETY

Referring to the standard published in 2018

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403-5 Floene Group

Worker training on occupational health and safety

Every year, SSA defines the OSH training activities to be carried out, which are included in Floene's annual training plan.

At the same time, training is given to all new employees, both on arrival and during their integration.

OSH training for own employees includes, among other topics:

- a) Assessment of hazards and risks by activity, as well as the measures to be implemented to mitigate or reduce the risk to an acceptable level;
- b) Prevention of serious accidents, emergency plans, firefighting and the ATEX directive for employees whose jobs may expose them to risks arising from classified areas;
- c) Self-protection measures;
- d) Work authorisations;
- e) Incident communication and reporting;
- f) First aid for employees working in emergency teams;
- g) Personal protective equipment;
- h) Task safety analysis;
- i) Change management;
- j) Safety data sheets;
- k) QSA management systems;
- l) Legal issues not identified above.

With regard to OSH training for non-proprietary workers, Floene establishes in a contractual clause that training must be provided quarterly by the executing organisation and verifies compliance with this. In addition, the OSH provides safety inductions before work begins on sites covered by the ATEX directive, namely UAG, PRM, PRP and EMI.

OSH training needs are identified through the following means:

- a) Performance management, in which the hierarchy and the worker can identify actions, including those in the OSH field;
- b) Consultation with employees;
- c) Matrix of training and competences for functions;
- d) Audit results ;
- e) Risk assessment;
- f) Legislation ;
- g) Internal procedures.

These courses are offered free of charge and during working hours.

More information in Floene's 2024 Annual Report:

Chapter 5.3.1. Safety and well-being	60-64
Chapter 5.3.2.2. Training	66-67



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Referring to the standard published in 2018

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403-6 Floene Group

Promotion of worker health

Floene provides all its employees and their families with health insurance, which ensures access to general and specialised medical care. This nationwide coverage is complemented by Multicare's Online Medicine services, which enable remote consultations, including psychological support, at no extra cost to employees. In addition, employees under the age of 60 are offered the flu vaccine free of charge.

The company has contracted various initiatives to promote employee health and well-being, such as:

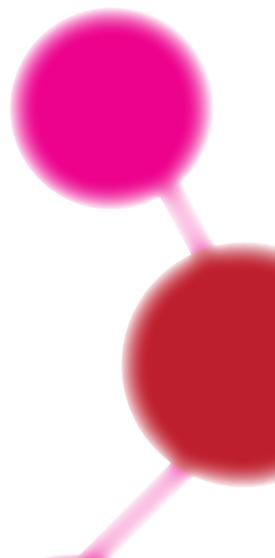
- Multicare Vitality (App that encourages the promotion of a healthy lifestyle by stipulating a set of weekly targets for physical activity and healthy lifestyle habits, the fulfilment of which will allow employees to earn monetary advantages).
- Access to free online nutrition consultations.
- The Get Fit Programme (a programme to improve employees' physical fitness, consisting of online support from a personal trainer and a nutritionist).
- Smoking Cessation Programme.
- Better Sleep Programme – employees have access to this programme, which consists of 4 to 6 sessions of counselling by a psychologist, enabling them to acquire new routines for good sleep hygiene and learn relaxation techniques, so that they can sleep more soundly and regeneratively. Follow-up is always carried out by the same psychologist in an individualised and confidential manner.
- Free home delivery of medication.
- Sports Promotion Initiatives (Futsal, Padel and Running).
- Occupational medicine.

Given the geographical dispersion of Floene's employees, the use of online initiatives allows everyone to have equal access to these initiatives, guaranteeing equality between workers.

More information in Floene's 2024 Annual Report:

Chapter 5.3.1. Safety and well-being

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GRI 403: OCCUPATIONAL HEALTH AND SAFETY page
 Referring to the standard published in 2018

403-7 Floene Group
 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Floene has a formally documented procedure in the Occupational Safety and Health Management System (OSHMS) for identifying hazards, assessing and controlling risks. This process covers normal conditions, abnormal conditions and reasonably foreseeable emergencies. The resulting information is recorded in OSH-specific hazard and risk assessment matrices. The identification of OSH hazards is carried out according to the type of activity, covering both routine and sporadic activities, and includes all people (service providers and visitors) who have access to Floene's workplaces.

At the same time, Floene adopts mechanisms for selecting and evaluating suppliers, with the aim of guaranteeing compliance with legal requirements in terms of OSH. The company also establishes contractual clauses relating to OSH with its business partners, ensuring that compliance with these conditions is verified.

More information in Floene's 2024 Annual Report:

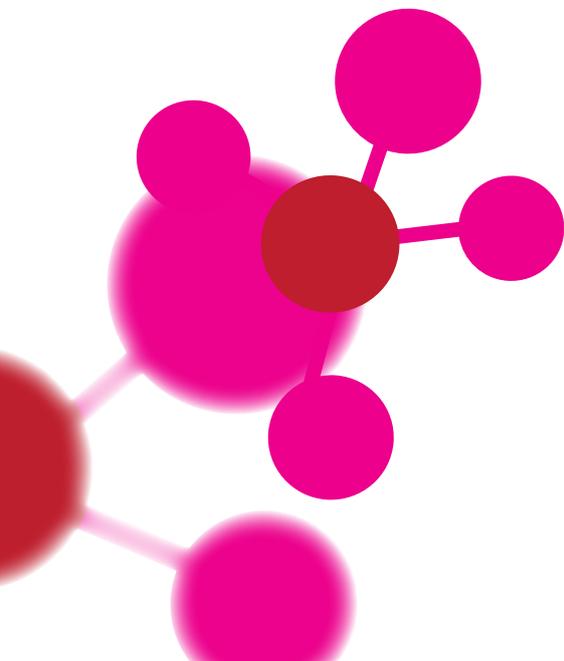
Chapter 5.3.1. Safety and well-being 60-64

403-8 Floene Group
 Workers covered by an occupational health and safety management system

The organisation has an Occupational Health and Safety Management System (OHSMS) certified and audited by an external entity, which covers all employees and other workers whose work is controlled by the organisation.

More information in Floene's 2024 Annual Report:

Chapter 5.3.1. Safety and well-being 60-64





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Referring to the standard published in 2018

page

403-9 Floene Group

Work-related injuries

Employee data

		2022	2023	2024
Total number of	deaths resulting from accidents at work	0	0	0
	serious accidents at work ¹ (excluding fatalities)	0	0	0
	compulsory reporting of accidents at work ²	5	4	2
	hours worked	650,437	704,425	682,763
Index of	deaths resulting from accidents at work	0	0	0
	serious accidents at work (excluding fatalities)	0	0	0
	compulsorily notifiable accidents at work	7.69	5.68	2.93

Data on workers who are not employees but whose work is controlled by the organisation

		2022	2023	2024
Total number of	deaths resulting from accidents at work	0	0	0
	serious accidents at work ¹ (excluding fatalities)	0	0	1
	compulsory reporting of accidents at work ²	3	3	2
	hours worked	1,292,510	1,216,035	1,147,654
Index of	deaths resulting from accidents at work	0	0	0
	serious accidents at work (excluding fatalities)	0	0	0,15
	compulsorily notifiable accidents at work	2.32	2.47	1.74

Note 1: According to the GRI criteria, serious accidents at work are injuries from which the worker will not recover or is expected to recover fully, within a maximum period of 6 months to the health condition prior to the accident.

Note 2: According to the GRI criteria, it includes all accidents that result in one of the following possibilities: deaths, accidents with sick leave, accidents that result in loss or reduction of ability to work or transfer to another job, accidents that lead to medical treatment beyond first aid, loss of consciousness, serious injury diagnosed by a doctor or other qualified health professional (N2+N3+N4). It can also be referred to as TRI (Total Recordable Incidents).

More information in Floene's 2024 Annual Report:



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GRI 403: OCCUPATIONAL HEALTH AND SAFETY page
 Referring to the standard published in 2018

403-10 Floene Group
 Work-related ill health

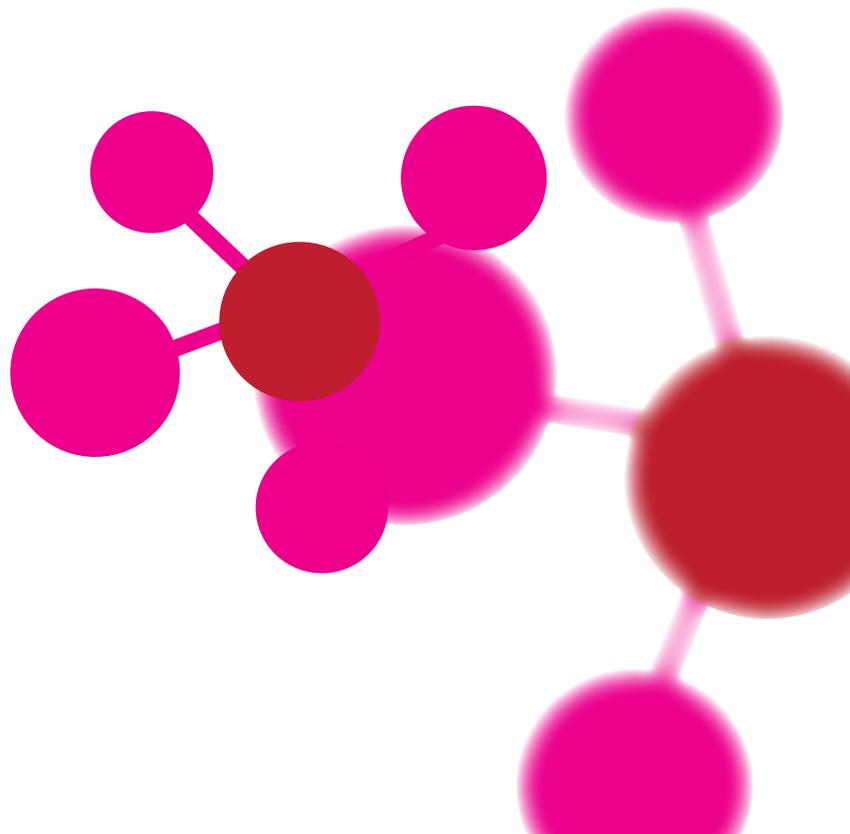
	2022	2023	2024
Number of deaths resulting from occupational diseases	0	0	0
Number of occupational disease cases reported	0	0	0
Number of confirmed occupational disease cases	0	0	0

Note: It does not include information on occupational diseases of workers who are not employees, only deaths.

In the course of its activities, Floene recognises various hazards related to occupational diseases, which are not significant and which are duly controlled through the Occupational Health Services and its risk assessment and workplace visits. These risks have been duly identified using the Hazard Identification and Risk Assessment Methodology, and Floene includes in its Health Prevention Plan all the actions taken or underway to eliminate these hazards and minimise the risks, using the risk control hierarchy. No occupational illnesses were identified during the reporting period.

More information in Floene's 2024 Annual Report:

Chapter 5.3.1. Safety and well-being 60-64





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PERFORMANCE**GRI 404: TRAINING AND EDUCATION**

Referring to the standard published in 2016

404-1 Floene Group

Average hours of training per year per employee

Total number of training hours by functional category and gender

	Gender	2022			2023			2024		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Administration (Executive Committee)	Men	0	0	97	0	0	74	0	52	102
	Women	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	97	0	0	74	0	52	102
Heads of Area	Men	0	339	441	0	178	171	0	280	180
	Women	0	189	0	0	42	46	0	40	23
	Subtotal	0	528	441	0	220	217	0	320	203
Managers	Men	0	215	426	0	600	1,271	0	258	936
	Women	0	287	108	0	662	401	0	507	224
	Subtotal	0	501	535	0	1,262	1,671	0	765	1,160
Specialists	Men	132	761	1,764	227	1,534	2,552	31	1,901	2,969
	Women	122	646	374	236	1,655	847	100	1,834	1,256
	Subtotal	254	1,408	2,138	464	3,188	3,399	132	3,736	4,225
Technical Contributors	Men	334	1,411	1,088	81	2,088	1,028	110	3,202	2,271
	Women	12	124	56	22	441	249	0	1,134	542
	Subtotal	346	1,536	1,145	103	2,529	1,277	110	4,336	2,813
Operational & Support Contributors	Men	0	0	0	0	0	0	0	0	0
	Women	0	0	22	0	0	5	0	0	55
	Subtotal	0	0	22	0	0	5	0	0	55
Total	Men	466	2,726	3,816	308	4,400	5,096	141	5,694	6,458
	Women	134	1,246	560	258	2,800	1,548	100	3,516	2,100
	Total	600	3,972	4,376	566	7,200	6,644	241	9,210	8,558

	2022	2023	2024
Training hours	8,948	14,410	18,009
Employees	396	410	395
Training hours/employee	22.6	35.1	45.6

Note 1: The count was carried out at the end of the reporting period.

Note 2: Includes employees who left the company during the reporting period, as well as Governing Bodies.

Note 3: Corrections were made to the headcounts for previous years due to a change in criteria.



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GRI 404: TRAINING AND EDUCATION page
 Referring to the standard published in 2016

404-2 Floene Group
 Programmes for upgrading employee skills and transition assistance programmes

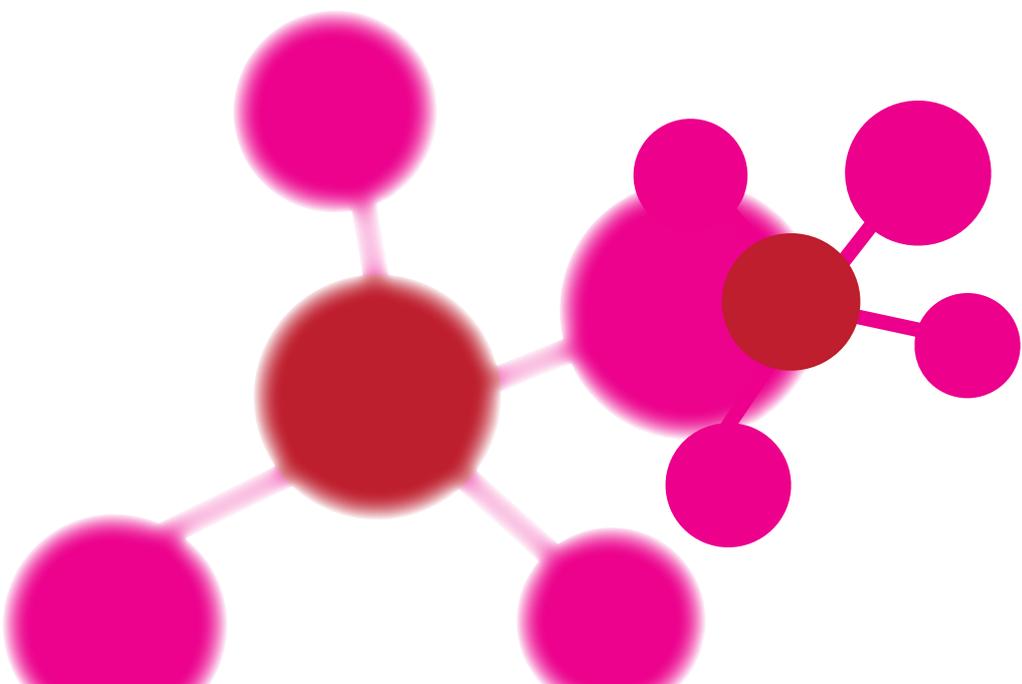
Floene has demonstrated an ongoing commitment to developing the skills of its employees. In this context, various internal training programmes have been implemented, adapted to the specific needs of each area and function. These programmes have covered topics such as technical and leadership skills, with prominent examples such as the Hydrogen Technical Programme, with 83 employees, the Operational Leadership Skills Development Programme, aimed at 8 employees, as well as other programmes in the areas of the SEVESO Directive, ATEX (target population = 7 employees), Ozone (target population = 146 employees) and Foreign Languages, the latter with access extended to all the organisation's employees.

In addition to the internal development programmes, Floene also supported two post-graduate courses in Applied Management and paid for gas technician certification courses for new employees hired as Gas Infrastructure Technicians.

With regard to sabbaticals, an employee was granted unpaid leave to pursue a PhD. With regard to end-of-career management, Floene planned retirement periods.

More information in Floene's 2024 Annual Report:

Chapter 5.3.2.2. Training 66-67





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Referring to the standard published in 2016

404-3 Floene Group

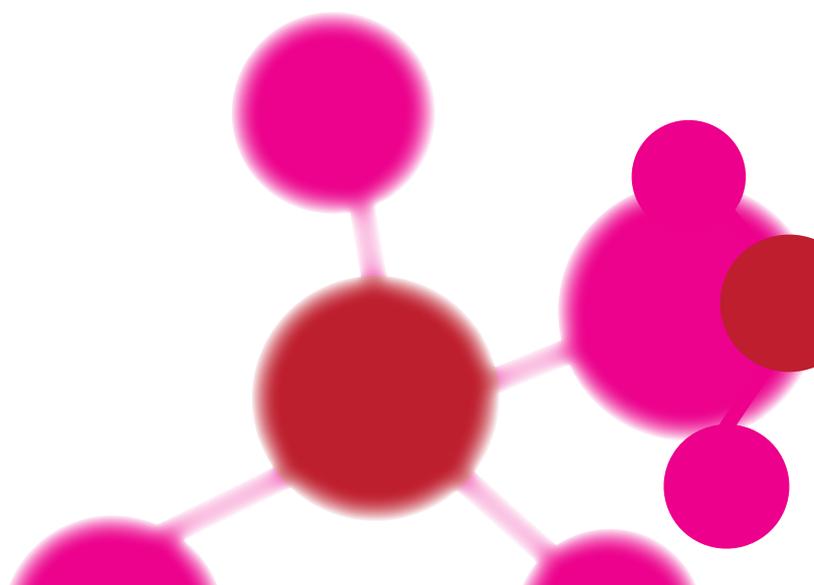
Percentage of employees receiving regular performance and career development reviews

Total number of employees eligible for performance appraisal, by professional category and gender

	Gender	2022	2023	2024
Heads of Area	Men	7	9	8
	Women		2	3
	Subtotal	7	11	11
Managers	Men	27	22	28
	Women	17	15	14
	Subtotal	44	37	42
Specialists	Men	89	92	91
	Women	48	56	64
	Subtotal	137	148	155
Technical Contributors	Men	142	130	129
	Women	56	47	42
	Subtotal	198	177	171
Operational & Support Contributors	Men	0	0	0
	Women	2	2	1
	Subtotal	2	2	1
Total	Men	265	253	256
	Women	123	122	124
	Total	388	375	380

Note 1: The evaluation of employees in year N relates to their performance in year N-1.

Note 2: Employees identified as eligible for evaluation in year N are those who were employed by the organisation at the end of year N-1 and who meet the eligibility criteria defined by the organisation (e.g. employees who joined the organisation in the last quarter of year N-1 should not be considered). Trainees/interns and Governing Bodies were not taken into account.



GRI 404: TRAINING AND EDUCATION

Referring to the standard published in 2016

404-3 Floene Group

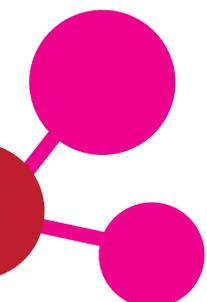
Percentage of employees receiving regular performance and career development reviews

Total number of employees who received a performance and career development review

	Gender	2022	2023	2024
Heads of Area	Men	7	9	8
	Women	0	2	3
	Subtotal	7	11	11
Managers	Men	27	22	28
	Women	17	14	14
	Subtotal	44	36	42
Specialists	Men	89	91	91
	Women	48	53	64
	Subtotal	137	144	155
Technical Contributors	Men	142	128	129
	Women	56	44	42
	Subtotal	198	172	171
Operational & Support Contributors	Men	0	0	0
	Women	2	2	1
	Subtotal	2	2	1
Total	Men	265	250	256
	Women	123	115	124
	Total	388	365	380

Note 1: The evaluation of employees in year N relates to their performance in year N-1.

Note 2: Not all eligible employees will have been effectively assessed or their assessment completed. Employees may have left in the meantime or taken parental leave, among other things, which may have an impact on the carrying out or completion of appraisal processes.





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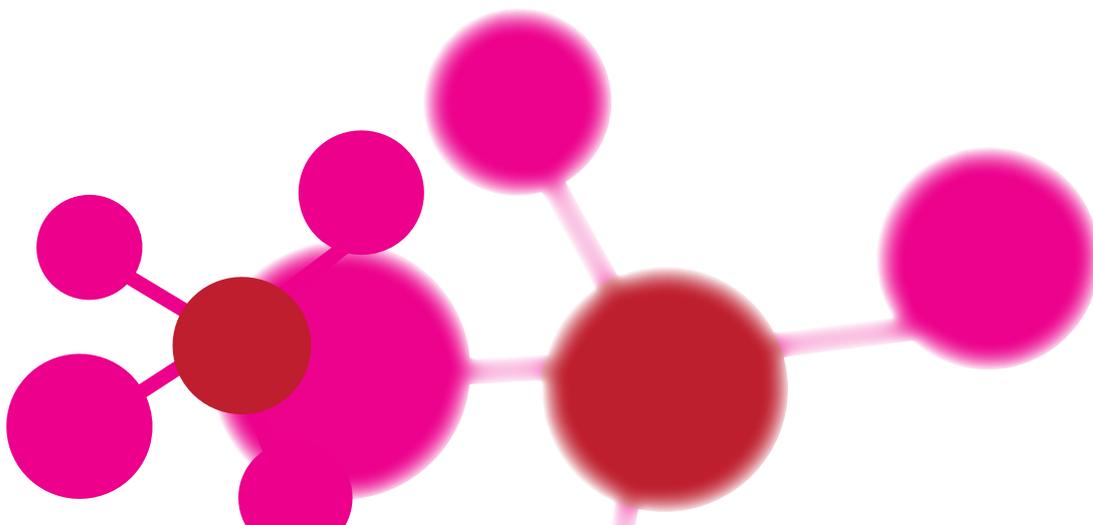
Referring to the standard published in 2016

404-3 Floene Group

Percentage of employees receiving regular performance and career development reviews

Percentage of employees who received a performance and career development review

	Gender	2022	2023	2024
Heads of Area	Men	100%	100%	100%
	Women	-	100%	100%
	Subtotal	100%	100%	100%
Managers	Men	100%	100%	100%
	Women	100%	93%	100%
	Subtotal	100%	97%	100%
Specialists	Men	100%	99%	100%
	Women	100%	95%	100%
	Subtotal	100%	97%	100%
Technical Contributors	Men	100%	99%	100%
	Women	100%	94%	100%
	Subtotal	100%	97%	100%
Operational & Support Contributors	Men	-	-	100%
	Women	100%	100%	100%
	Subtotal	100%	100%	100%
Total	Men	100%	99%	100%
	Women	100%	94%	100%
	Total	100%	97%	100%



GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES

Referring to the standard published in 2016

405-1 Floene Group

Diversity of governance bodies and employees

	Gender	2022			2023			2024		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Administration (Executive Committee)	Men	0	0	4	0	1	3	0	1	3
	Women	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	4	0	1	3	0	1	3
Heads of Area	Men	0	4	4	0	5	4	0	4	5
	Women	0	2	0	0	2	1	0	2	2
	Subtotal	0	6	4	0	7	5	0	6	7
Managers	Men	0	11	15	0	9	19	0	8	20
	Women	0	10	4	0	10	6	0	9	5
	Subtotal	0	21	19	0	19	25	0	17	25
Specialists	Men	4	27	28	5	35	54	5	35	58
	Women	2	25	13	7	32	22	7	33	24
	Subtotal	6	52	41	12	67	76	12	68	82
Technical Contributors	Men	4	75	93	5	67	72	4	61	64
	Women	2	39	26	0	28	18	0	26	16
	Subtotal	6	114	118	5	95	90	4	87	80
Operational & Support Contributors	Men	0	0	0	0	0	0	0	0	0
	Women	0	0	4	0	0	3	0	0	3
	Subtotal	0	0	4	0	0	3	0	0	3
Total	Men	8	117	144	10	117	152	9	109	150
	Women	4	76	47	7	72	50	8	70	50
	Total	12	193	191	17	189	202	16	179	200

Note 1: The accounting of the number of employees includes the members of the Executive Committee (4) and excludes trainees/interns, employees on unpaid leave and other members of the Governing Bodies.

Note 2: Corrections have been made to previous years' headcounts due to a change in criteria.

405-2 Floene Group

Ratio of basic salary and remuneration of women to men

Category	Women	Men	Rácio
	Average pay received	Average pay received	
Management (Executive Committee)	-	10,696.00	-
Heads of Area	7,018.00	7,316.00	0.96
Managers	4,081.00	4,472.00	0.91
Specialists	2,246.00	2,474.00	0.91
Technical Contributors	1,457.00	1,506.00	0.97
Operational & Support Contributors	2,617.00	-	-



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Referring to the standard published in 2016

406-1 Floene Group

Incidents of discrimination and corrective actions taken

No incidents of discrimination on the grounds of race, colour, gender, religion, political opinion, national or social origin or other forms of discrimination were recorded during the reporting period.

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Referring to the standard published in 2016

page

407-1 Floene Group

Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

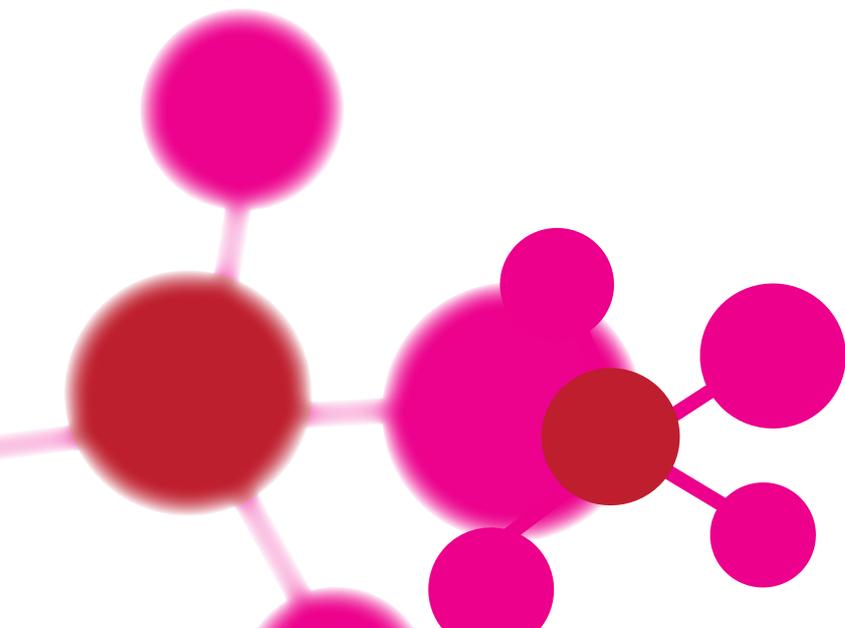
Floene is only present on national territory, which is governed by legislation that supports the right to exercise freedom of association and collective bargaining. The company complies with the legislation in force and thus supports freedom of association. Respect for the right of employees to be represented by trade union bodies or other forms of representation chosen under current legislation is duly reflected in Floene's Code of Ethics and Conduct, as well as in its Human Rights Policy, ensuring that they are not subject to any kind of judgement or retaliation. Suppliers are also subject to Floene's regulations and applicable national legislation.

Floene is not aware of any cases in which freedom of association or the right to collective bargaining have been seriously jeopardised or even violated.

More information in Floene's 2024 Annual Report:

Chapter 4.2. Ethics and transparency

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GRI 413: LOCAL COMMUNITIES

Referring to the standard published in 2016

page

413-1 Floene Group

Operations with local community engagement, impact assessments, and development programmes

Development programmes for the local community

Volunteer programme Give it Gas – Energy Literacy	2024
Volunteers	28
Students enrolled	177
Students impacted	474
Joining the programme	37%

Impacted community:

Three districts: Leiria, Aveiro and Viseu.

Six municipalities: Leiria, Marinha Grande, Óbidos, Anadia, Espinho and Tondela.

Six schools:

- three schools in Leiria (Escola Básica Dr Correia Mateus, Leiria; Escola Secundária Eng. Acácio Calazans Duarte, Marinha Grande; Escola Básica e Secundária Josefa de Óbidos, Óbidos);
- two schools in Aveiro (Escola Básica e Secundária de Anadia; Escola Básica e Secundária Dr Manuel Laranjeira, Espinho);
- one school in Viseu (Tondela Secondary School).

The impact of this programme is mainly to train young people about the energy transition and the importance of decarbonisation through renewable gases, as well as to build real awareness about the importance of renewable gases in changing the energy paradigm in Portugal.

In addition to the active participants, the campaign impacted a total of 474 students, including those who attended the awareness-raising sessions on renewable gases.

Communities of the Future	2024
Participations in Évora	139
Participations in Faro	95
Total participations	234

Corporate Social Responsibility Action – Volunteering

	2024
Volunteers in Lisbon	60
Volunteers in Viseu	19
Total volunteers	79
Total beneficiaries	74

More information in Floene's 2024 Annual Report:



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PERFORMANCE**GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS**

Referring to the standard published in 2016

414-1 Floene Group

New suppliers that were screened using social criteria

New suppliers

	2022	2023	2024
No. of new tier 1 suppliers	n.d	19	19
No. of new tier 1 suppliers that have undergone due diligence processes for social impacts	n.d	13	16
Percentage of new tier 1 suppliers that have undergone due diligence processes for social impacts	n.d	68%	84%

More detailed information on the new suppliers selected on the basis of social criteria can be found in indicator 308-1.

414-2 Floene Group

Negative social impacts in the supply chain and actions taken

No tier 1 suppliers (critical or non-critical) with a high social sustainability risk were identified.

GRI 415: PUBLIC POLICIES

Referring to the standard published in 2016

415-1 Floene Group

Political contributions

Floene made no contributions, monetary or in kind, to political organisations during the reporting period.

GRI 416: CONSUMER HEALTH AND SAFETY

Referring to the standard published in 2016

page

416-1 Floene Group

Assessment of the health and safety impacts of product and service categories

When assessing the impacts on health and safety, and considering that Floene's main activity consists of operating the gas distribution networks in Portugal, it is recognised that all the services associated with their maintenance are of significant importance. Therefore, carrying out preventive maintenance of the infrastructure is one of the main measures to mitigate the impacts on consumers' health and safety. In addition, Floene has complied with the emergency response indicators.

More information in Floene's 2024 Annual Report:

Chapter 6.3.1. Quality service, safe and efficient supply

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PERFORMANCE

GRI 416: CONSUMER HEALTH AND SAFETY

Referring to the standard published in 2016

416-2 Floene Group

Incidents of non-compliance concerning the health and safety impacts of products and services

No non-compliances were recorded in this type of situation (with regulations that have led to fines or warnings from the competent regulatory body). Similarly, there were no non-compliances with regulations or voluntary codes.

GRI 417: MARKETING AND LABELLING

Referring to the standard published in 2016

417-3 Floene Group

Incidents of non-compliance concerning marketing communications

No cases of non-compliance relating to marketing communications were recorded during the reporting period.

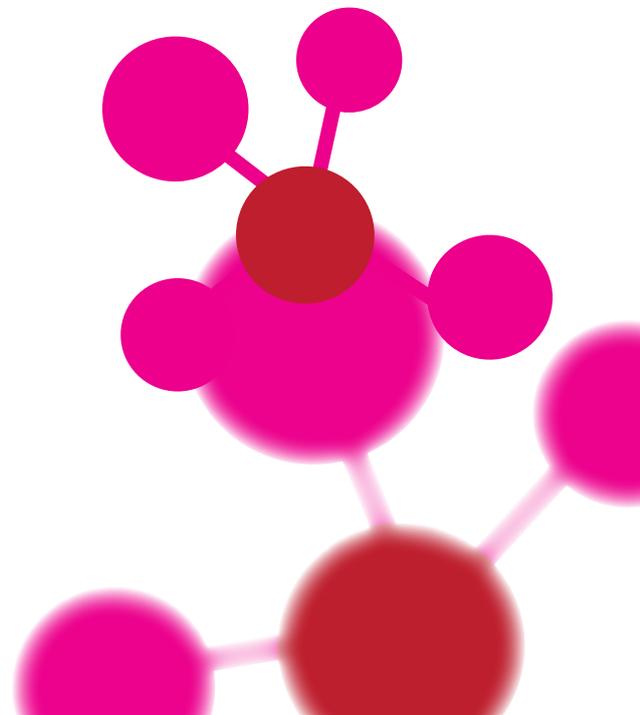
GRI 418: CUSTOMER PRIVACY

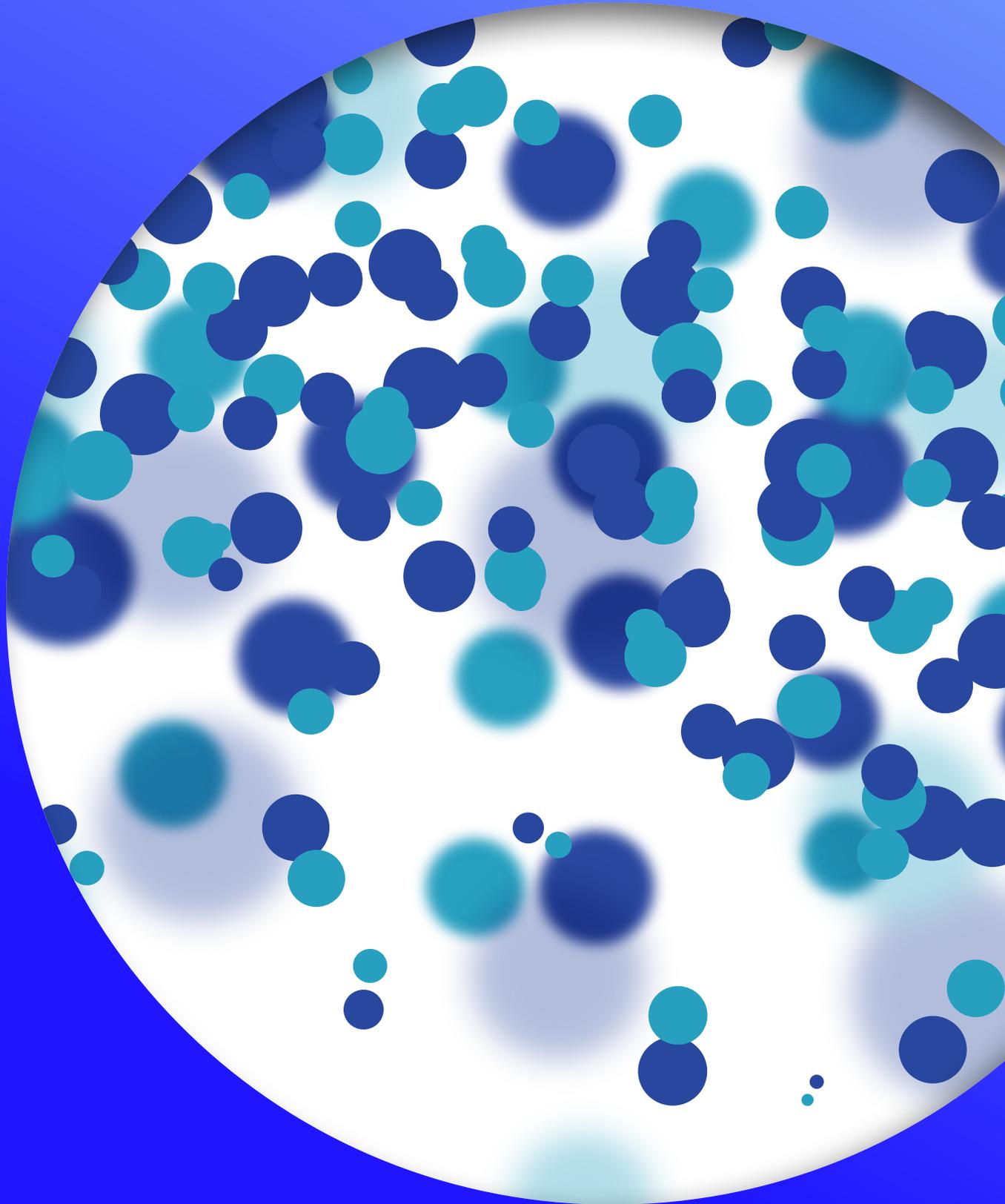
Referring to the standard published in 2016

418-1 Floene Group

Substantiated complaints concerning breaches of customer privacy and losses of customer data

There were no substantiated complaints about breaches and loss of customer data.





THE RENEWABLE GASES • Energy in motion

This piece represents renewable gases through a graphic approach that creates patterns and uses vibrant colours to express a living energy, with 175 years of experience, based on renewable gas molecules. We see different layers that convey the multiplicity of its real impact on consumers' lives, simultaneously reflecting the commitment to a more transparent, clean, and efficient future.



13

Looking Inside,
Impact Outside

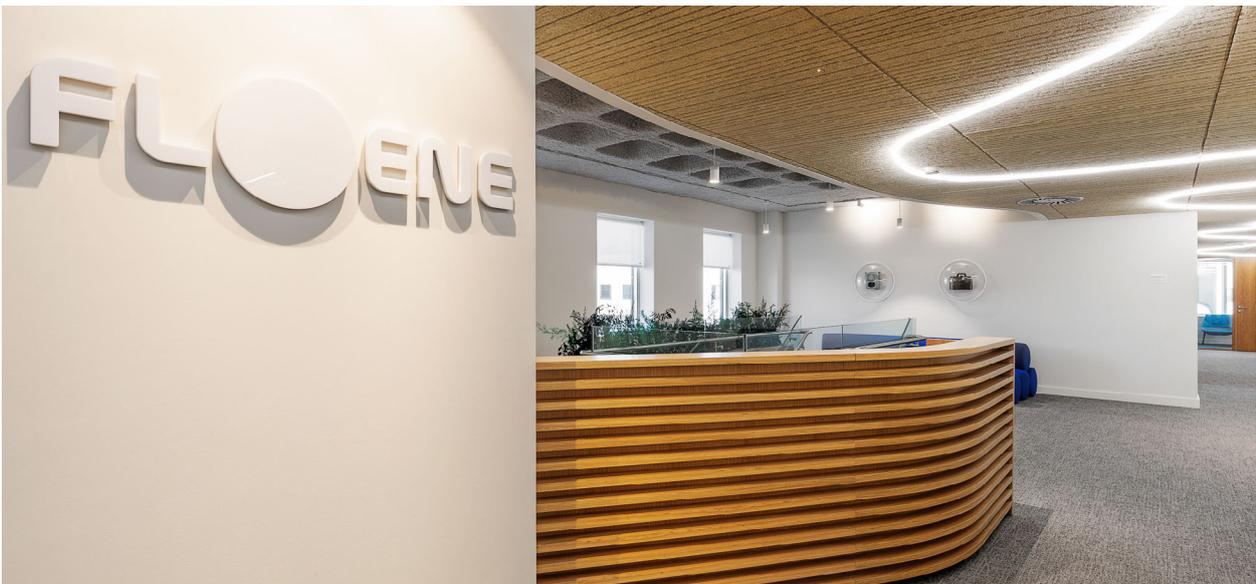
FLENE

13. Looking Inside, Impact Outside

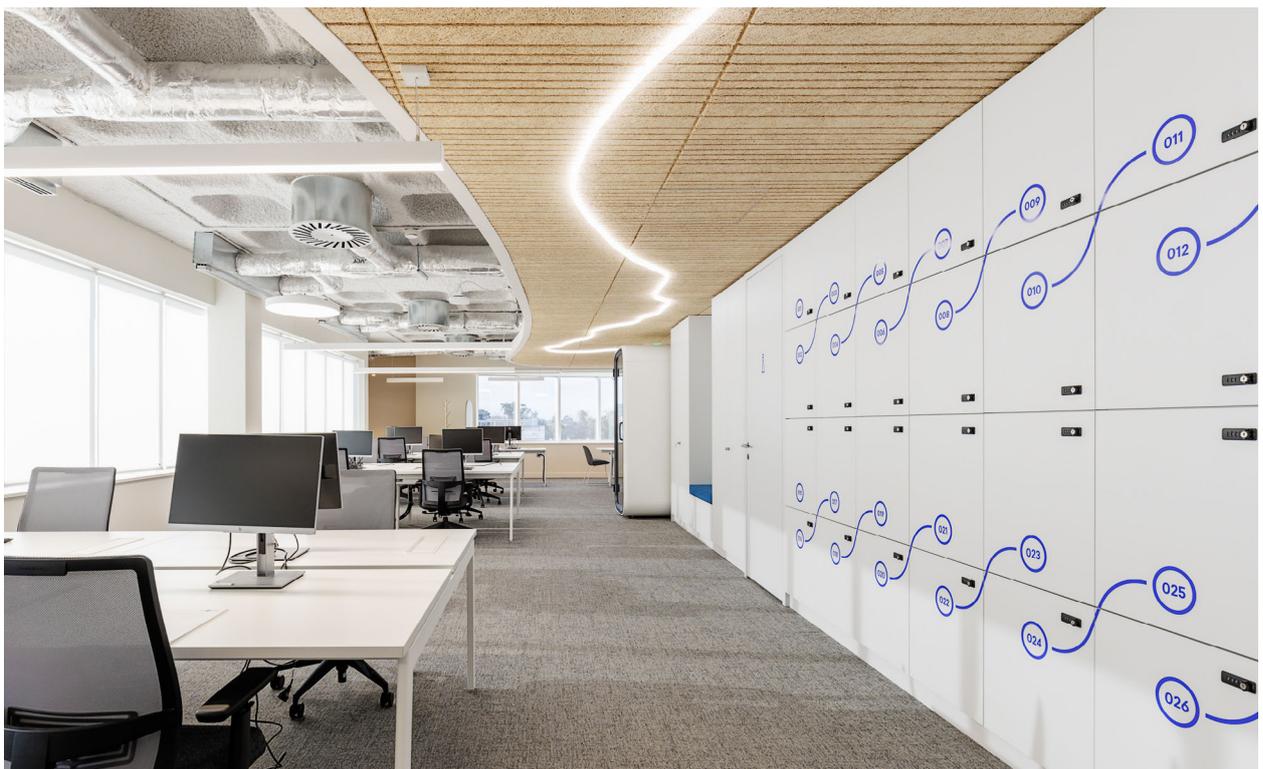
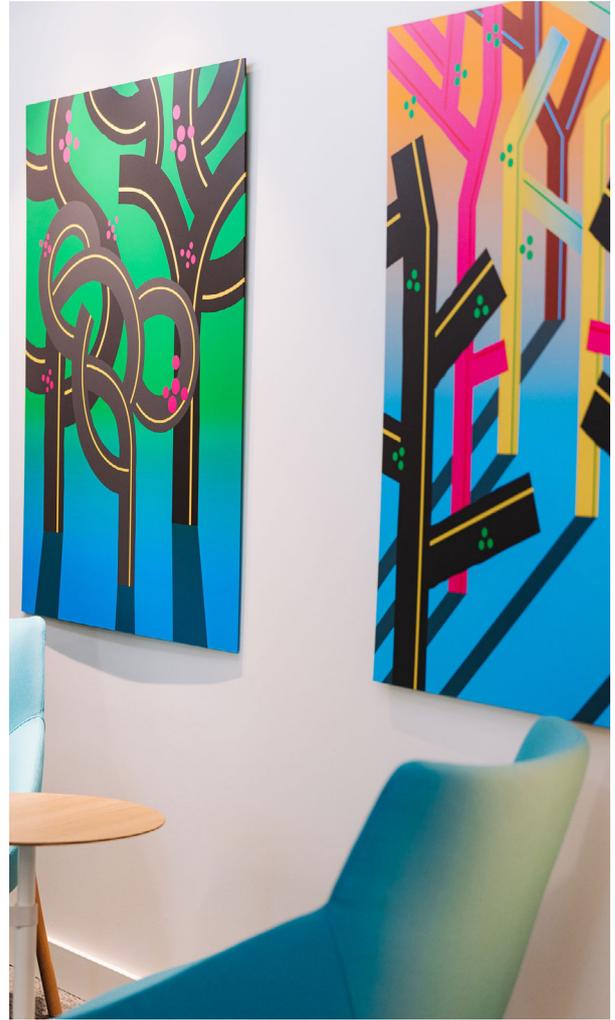
Floene new headquarters reflects our vision for the future. It is a manifesto of our values, a reflection of our identity and a space designed to inspire those who work here and those who visit us.

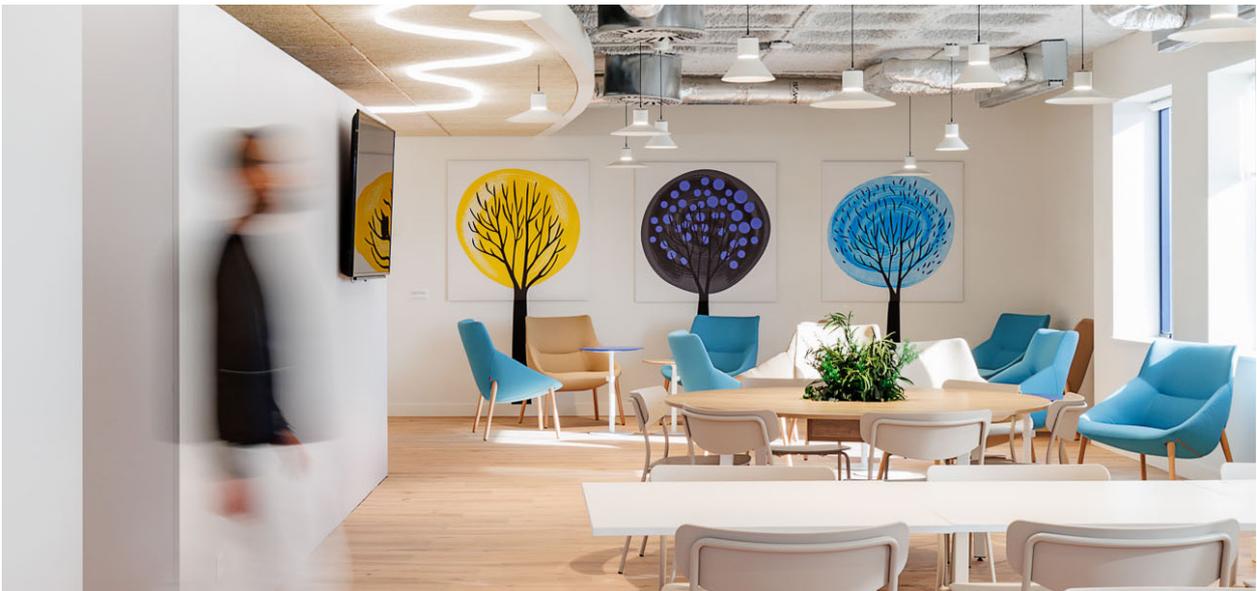
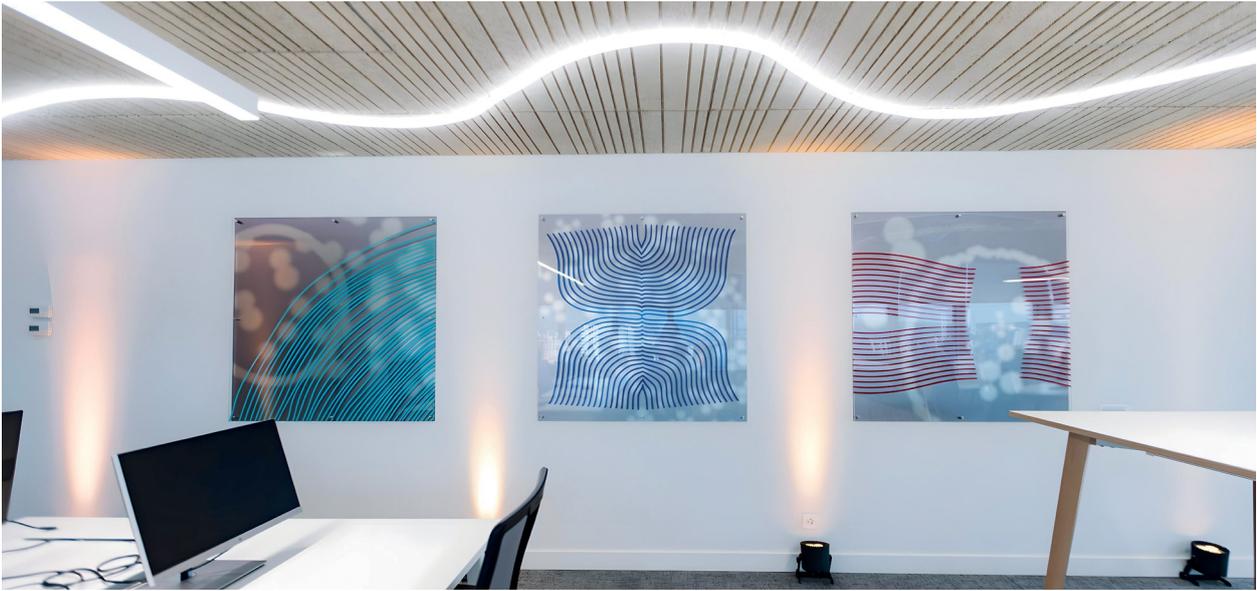
Every detail has been designed to foster audacity, collaboration and respect - principles that guide us and drive our daily actions.

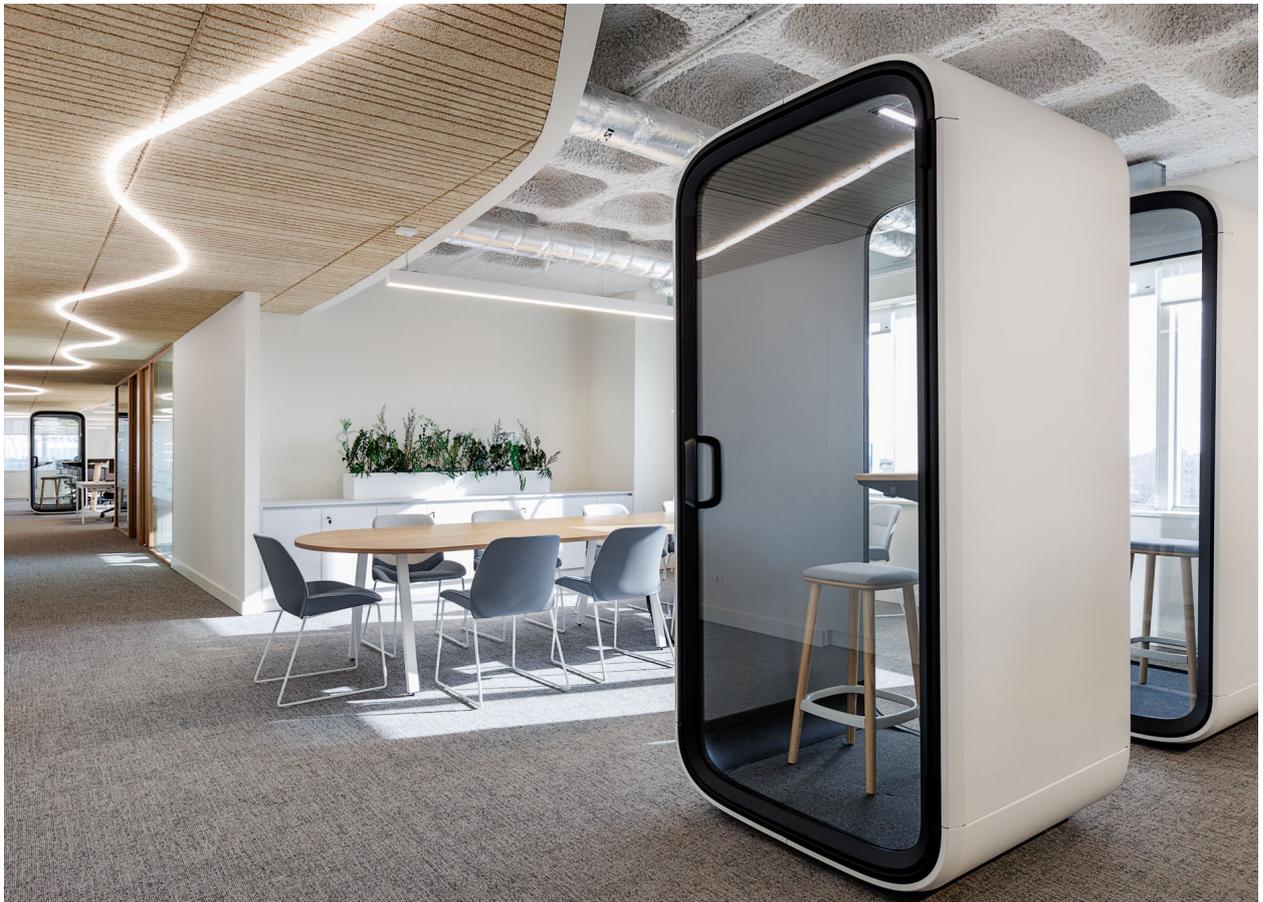
Art, present in every corner of this space, is an extension of our purpose. Works created especially for this environment symbolically and expressively translate the essence of the Company: the energy that moves us, the network that unites us, the territory we travel and our commitment to a sustainable future.

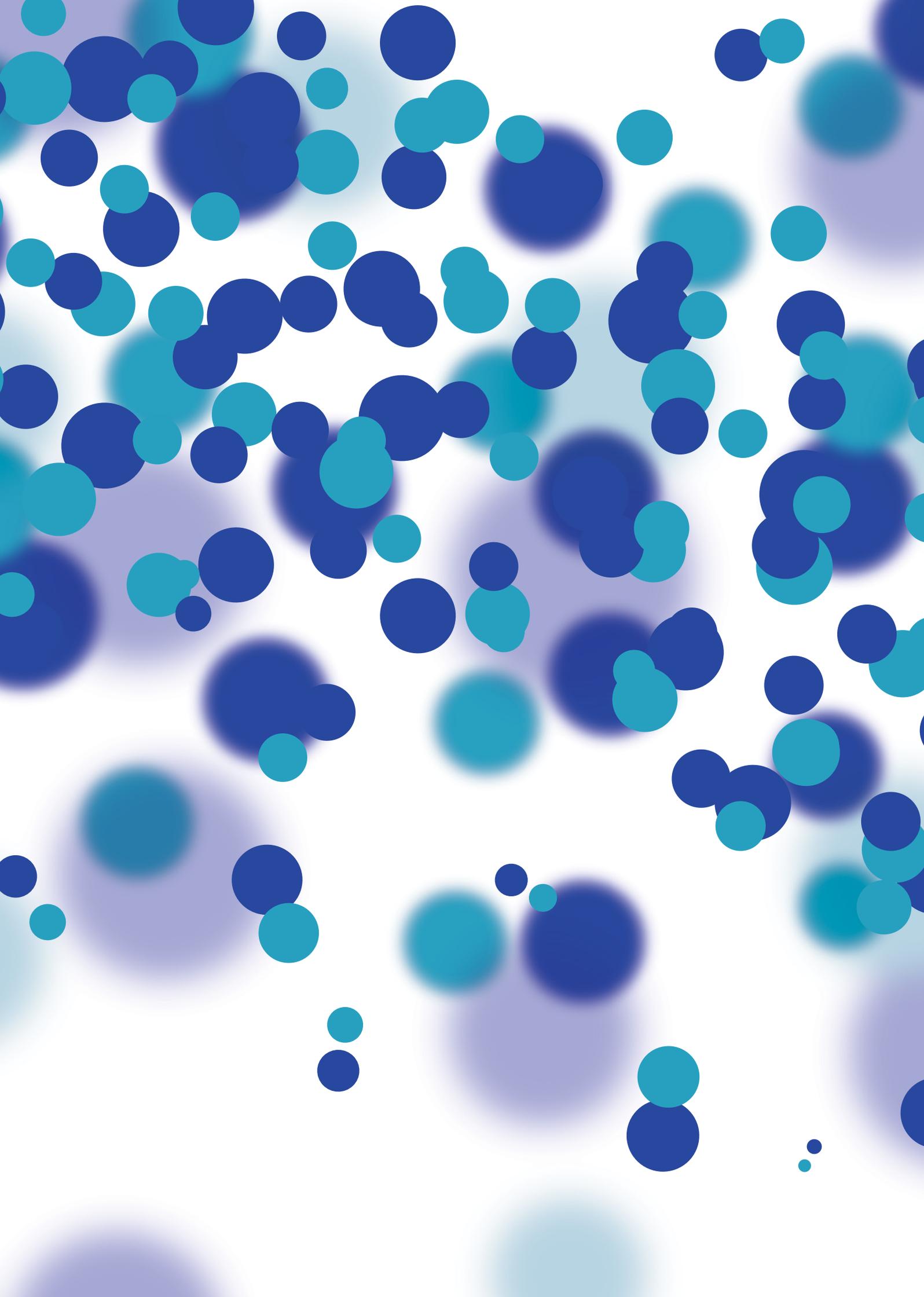


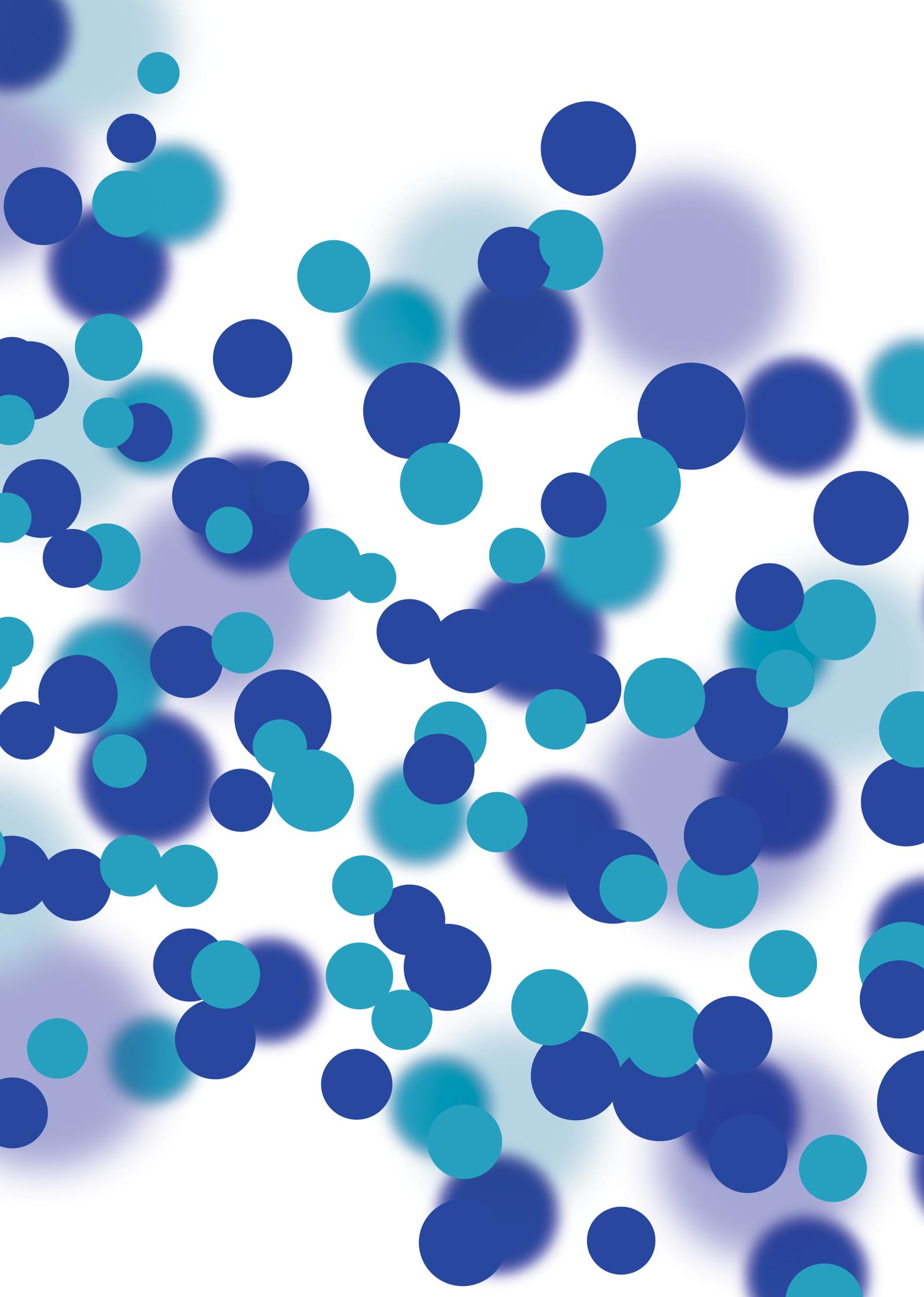
We believe that the environment that surrounds and defines us influences our impact on the world and the communities in which we live. And it is in this spirit that we have built not just a new headquarters, but a space that reflects our mission to transform and evolve, because above all, as our purpose states, we Promote Sustainable Communities.











FLOENE

floene.pt