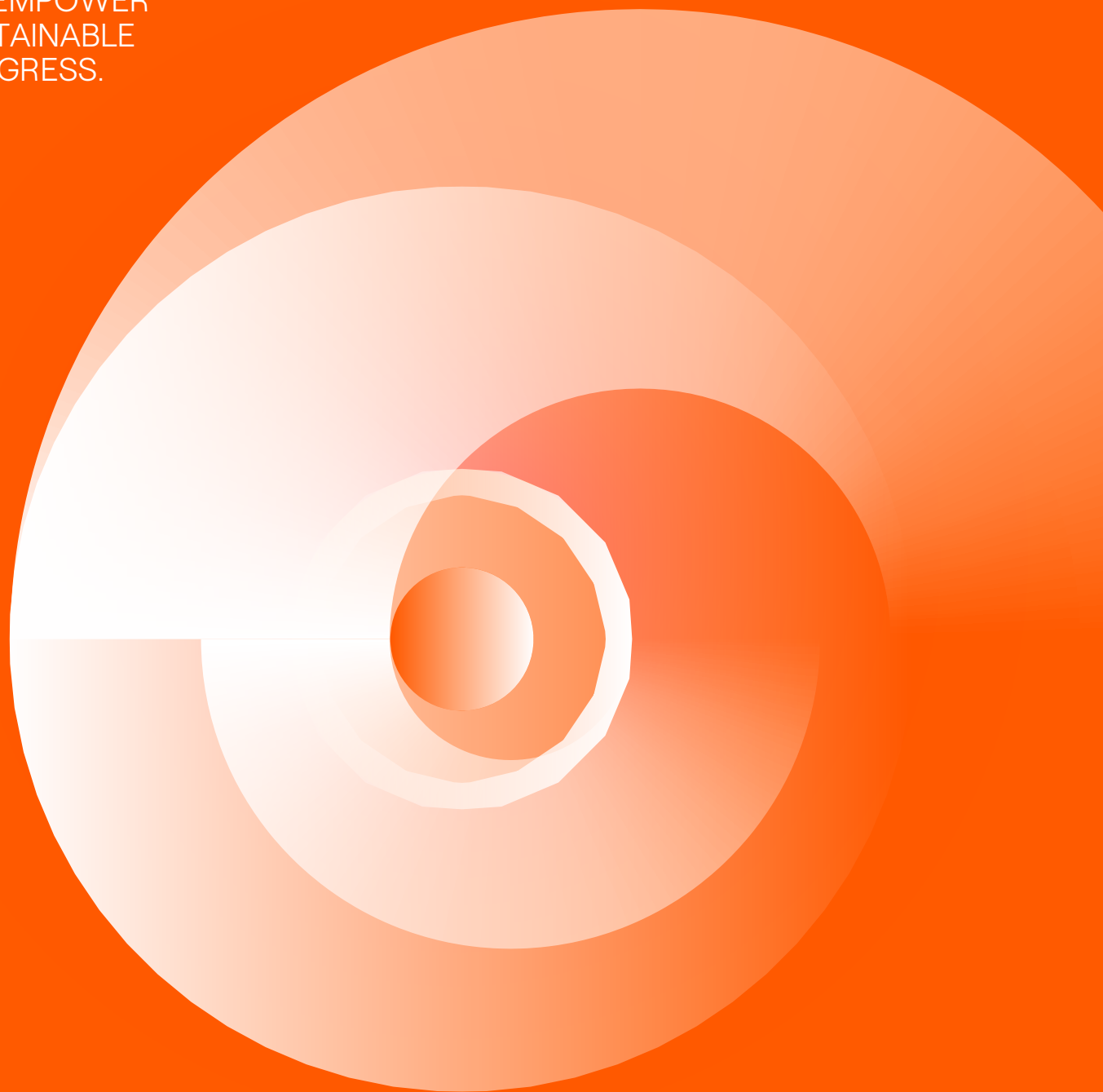


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**Annual Financial Report  
Legal Documentation 2022  
Endesa, S.A. and Subsidiaries**

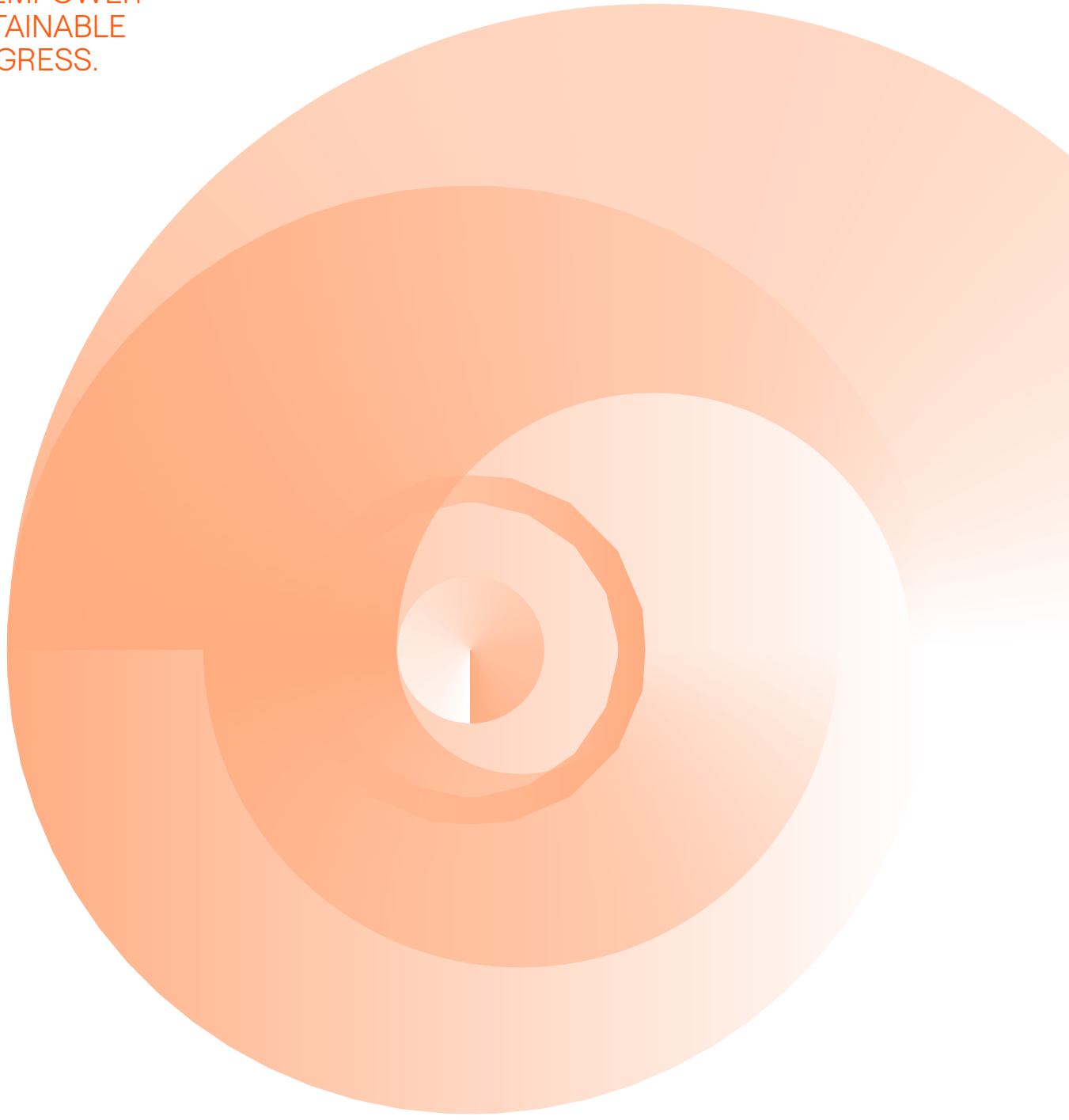
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**Endesa, S.A.  
and Subsidiaries**

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### Legend

Activity	Description of activity
	Conventional generation
	Renewable Generation
	Energy supply
	Marketing of other products and services
	Distribution
	Structure and services

# Letter to shareholders and other stakeholders

Dear Shareholder

For yet another year, we are reporting on a year 2022 that will go down in history as the year in which there was once again a war in Europe. An unnecessary war, like all wars; an unprecedented war, because it took place on European soil; and a hybrid war, because of the use of elements that are unusual in other conflicts, especially the use of digital tools, disinformation and energy resources.

The tension generated in society and in the electricity sector by using energy resources as a means of pressure, either through scarcity, shortages or price speculation, are key to understanding what 2022 has meant. This reality has had an impact on the entire energy sector and especially on the electricity sector, which is fundamentally affected by the price of gas. So much so that on 26 August, the Dutch TTF, the index that marks the reference for gas prices in Europe, reached an all-time high of 343 €/MWh, with an average price in 2022 of 123 €/MWh compared to 43 €/MWh in 2021. This is a clear example of the tensions experienced by the electricity market and illustrates the context in which companies like Endesa have had to work.

When we started 2022 we were already immersed in a price escalation. We knew we were entering a year that

was going to be marked by uncertainty, price volatility and regulatory tension. Russia's invasion of Ukraine exacerbated the problem and deepened the crisis. Even so, two things were clear to us at Endesa: we had to continue with the energy transition plan we had planned and we had to meet the financial targets we had set.

This report, which we share with you, dear shareholder, is a detailed account of our financial performance and the operational milestones we have achieved within the sustainable development framework that defines us. This commitment to sustainability is recognised by the world's leading sustainability ratings and indices. Endesa has renewed its presence in the DJSI World for the 22<sup>nd</sup> consecutive year, achieving its best-ever score and reaching fourth place among electricity companies, and has been included for the first time in history in the DJSI Europe. Endesa also tops the list of the 15 Spanish companies in all sectors included in the DJSI World and has consolidated its position as leader in its sector in the Euronext Vigeo and FTSE4Good indices. We have also renewed our top AAA rating in the MSCI assessment. All of this places Endesa among the highest-rated companies in terms of social, environmental and good governance aspects worldwide and in the IBEX-35. The reasons for this wide range of awards can be found in the pages of this report.



**Juan Sánchez-Calero Guilarte**

Chairman



**José D. Bogas Gálvez**

Chief Executive Officer

On the financial side, we closed 2022 with ordinary net profit of Euro 2,398 million, 26% more than in the previous year. EBITDA stood at Euro 5,565 million, 30% more than in 2021. We closed a historic year in terms of customers, growing to 12.3 million electricity and gas customers in Spain and Portugal. These are just some of the numbers that indicate that our strategy is solid, that it pays off and that allows us to propose a dividend of 1.5854 Euro gross per share in 2023 (Euro 1,679 million).

In any case, and reconnecting with the sustainability framework, in 2022 we were also pleased to be recognised by the Portuguese and Spanish governments as the first and only company to be awarded the first two just transition projects awarded to date on the Iberian Peninsula: the Pego project in Portugal and the Andorra project in the province of Teruel in Spain.

Endesa has always acted with determination in trying to give continuity to our industrial activity at our main sites. When we decided to close our coal-fired plants, we were already working on energy transition plans with the aim of training and incorporating employees and local companies into a new way of working. All this while complying with environmental and local development requirements to ensure quality employment during the

demolition, construction and, finally, maintenance and continuity periods.

With regard to our Strategic Plan, in November we launched an update with investments of Euro 8,600 million in the period 2023-2025, 15% more than the previous plan in the period 2022-2024, maintaining our commitment to decarbonisation, with the development of new renewable capacity, the electrification of demand, the development of the grid and digitalisation.

In renewables, the Plan envisages the commissioning of 4.4 GW in 2023-2025, which will enable us to make 91% of our production on the Spanish peninsula CO<sub>2</sub> emission-free, compared to 73% in 2022.

In customers, we aim to reach 7.3 million customers in the free market by 2025 and for 95% of our fixed-price sales to be covered by non-CO<sub>2</sub> emitting energy.

In distribution, regulation should encourage investment in the grid, as a fundamental element in the transformation towards a zero-emission energy system. The Plan envisages investments of Euro 2,600 million in 2023-2025, 42% of which will be earmarked for digitalisation, with the aim of improving quality and reducing losses.

Finally, we have ratified our commitment to the Paris agreements regarding the goal of not exceeding a 1.5°C increase in global temperature, within the agreements of our Enel parent company. By 2030, we will reduce total specific emissions from generation to below 95 grams of CO<sub>2</sub> per kilowatt hour and Scope 3 emissions, related to gas sales, to below 6.6 million tonnes of CO<sub>2</sub> compared to more than 12 million tonnes today, with the aim of reaching zero emissions by 2040.

This Plan will create value for shareholders and for society, as we will manage our business in an integrated and profitable manner. This will enable us to reduce our

customers' energy consumption, increase the share of non-emitting energy, promote circularity and biodiversity and will make a significant contribution to the growth of Spain's GDP. In short, a sustainable Plan.

We can conclude by underlining once again the contrast of the year. On the one hand, we are pleased to have fulfilled our roadmap, but on the other hand, we are concerned about the events of the war in Ukraine that continues to rage in the heart of Europe. Our wishes for peace and our affection for all the people who are suffering the effects of the war. May we be able to celebrate peace next year.



# 1.



# Consolidated Financial Statements Audit Report



# Auditor's Report on Endesa, S.A. and Subsidiaries

**(Together with the consolidated annual accounts  
and consolidated directors' report of Endesa,  
S.A. and subsidiaries for the year ended 31  
December 2022)**

*(Translation from the original in Spanish. In the  
event of discrepancy, the Spanish-language  
version prevails.)*





KPMG Auditores, S.L.  
Paseo de la Castellana, 259C  
28046 Madrid

## **Independent Auditor's Report on the Consolidated Annual Accounts**

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the Shareholders of Endesa, S.A.

### **REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS**

#### **Opinion**

We have audited the consolidated annual accounts of Endesa, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

#### **Basis for Opinion**

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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 the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition. Unbilled energy supplied

See notes 3.2.p.1.II and 32 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's businesses that carry out energy supply activities must make estimates of unbilled supplies to end customers in the period between the last meter reading and the end of the fiscal year. At 31 December 2022, sales of electricity and gas as yet unbilled by the Group amounted to Euros 1,850 million and Euros 529 million, respectively.</p> <p>The quantity of unbilled energy supplied is estimated using internal and external information and is based on historical data adjusted for factors such as seasonality. Revenue is calculated by multiplying the estimated energy consumption to be billed by the unit price arranged with each customer.</p> <p>Determining unbilled energy supplied requires the use of estimates by Group management with the application of criteria, judgements and assumptions in its calculations, so the recognition of revenue from unbilled energy supplied has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Analysis of the design and implementation of the key controls related to the calculation of the revenues pending on invoicing.</li><li>• Evaluation of the reasonableness of the calculation model used by comparing the estimates made at the close of the previous period and actual billing data (retrospective analysis).</li><li>• Analysis of the reasonableness of the unbilled revenue through an analysis of historical information and other available internal and external data.</li><li>• Assessment of whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.</li></ul>

### Impairment of property, plant and equipment

See notes 3.2.f., 15.1 and 20.3 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2022, the Group has recognised property, plant and equipment amounting to Euros 22,338 million allocated to the different cash-generating units (CGUs) detailed in note 3.2.f.1.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Analysis of the design and implementation of the key controls related to the process of estimating recoverable amount.</li></ul>



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(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<b>Impairment of property, plant and equipment</b> See notes 3.2.f., 15.1 and 20.3 to the consolidated annual accounts	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Under IFRS-EU, at each reporting date analysis must be performed on the recoverable amount of property, plant and equipment allocated to CGUs when there are indications of impairment, which at 31 December 2022 is the case of the CGUs of each of the Non-Peninsular Territories (Balearic Islands, Canary Islands, Ceuta and Melilla).</p> <p>As a result of this analysis, at 31 December 2022 the Group has recognised an impairment loss of Euros 60 million on the assets of the Non-Peninsular Territories of the Canary Islands and Ceuta, and has reversed Euros 24 million of impairment on the Balearic Islands assets.</p> <p>The recoverable amount is the higher of value in use and fair value less costs to sell. To estimate the recoverable amount of CGUs, the Group uses discounted cash flow valuation techniques that require management to exercise judgement and make assumptions and estimates. Due to the high level of judgement required, the uncertainty associated with these estimates and the significance of the amount of non-current assets, this has been considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Analysis of the indicators, identified by the Group, of impairment of the cash-generating units.</li> <li>• Assessment of the appropriateness of the composition of the CGUs with reference to our understanding of the business.</li> <li>• Analysis of the consistency of the future cash flows included in the pricing model with the business plans approved by the governing bodies.</li> <li>• Evaluation of the reasonableness of the methodology used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists.</li> <li>• Evaluation of the sensitivity of the recoverable amounts of the significant CGUs to changes in certain assumptions that can be considered reasonable.</li> <li>• Assessment of whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.</li> </ul>

**Other Information: Consolidated Directors' Report** \_\_\_\_\_

Other information solely comprises the 2022 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:



*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

- a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.
- b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

### **Directors' and Audit and Compliance Committee's Responsibility for the Consolidated Annual Accounts**

---

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's Audit and Compliance Committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

### **Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts**

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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.



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*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain 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 consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' 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 annual accounts 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.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

We communicate with the Parent's Audit and Compliance Committee 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.

We also provide the Parent's Audit and Compliance Committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit and Compliance Committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **European Single Electronic Format**

We have examined the digital files of Endesa, S.A. and its subsidiaries for 2022 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of Endesa, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

### **Additional Report to the Audit and Compliance Committee of the Parent**

The opinion expressed in this report is consistent with our additional report to the Parent's Audit and Compliance Committee dated 22 February 2023.



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*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

### **Contract Period**

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We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 12 April 2019 for a period of three years, from the year ended 31 December 2020.

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 29 April 2022 for an additional period of three years up until and including the year ended 31 December 2025.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

Estibaliz Bilbao Belda

On the Spanish Official Register of Auditors ("ROAC") with 16.109

22 February 2023

# 2.





# Consolidated Management Report

# 1. Basis of presentation

## 1.1. Endesa's Corporate Reports

Endesa's Consolidated Annual Financial Report comprises the Consolidated Financial Statements and the Consolidated Management Report. It brings together all of Endesa's corporate information based on transparency and responsibility in reporting.

The purpose of Endesa's Consolidated Annual Financial Report is to describe its strategic approaches, which can be summarised by the formula "sustainability = value". The report also presents Endesa's results and the medium- and long-term outlook for its integrated and sustainable business model, which has fostered the creation of value in the context of the energy transition over recent years.

Endesa has taken inspiration from Accountancy Europe's "Core&More" reporting concept. It has drawn up this report in a consistent, logical and structured way to help its stakeholders, developing its own concept for presenting business, social, environmental and corporate governance information in accordance with applicable regulations, benchmark references and international best practices.

As a result, the Consolidated Annual Financial Report is the "Core Report". This means it provides a comprehensive picture of Endesa, its integrated and sustainable business model, and its value-creation process. It includes the qualitative and quantitative financial and non-financial information considered most important following a materiality assessment, considering the expectations of its stakeholders.

The "More Report" documents, which complement the "Core Report" and provide more detailed and complementary information, referring to specific regulations, are:

- The **Individual Annual Financial Report**, which comprises the financial statements and management report of Endesa S.A., as required under Article 253 of Legislative Royal-Decree 1/2010, of 2 July, enacting the consolidated text of the Spanish Corporate Enterprises Act ("LSC").

In accordance with article 538 of the Spanish Corporate Enterprises Act ("LSC"), entitled "Special features of the management report", the Management Report includes the following documents in a separate section:

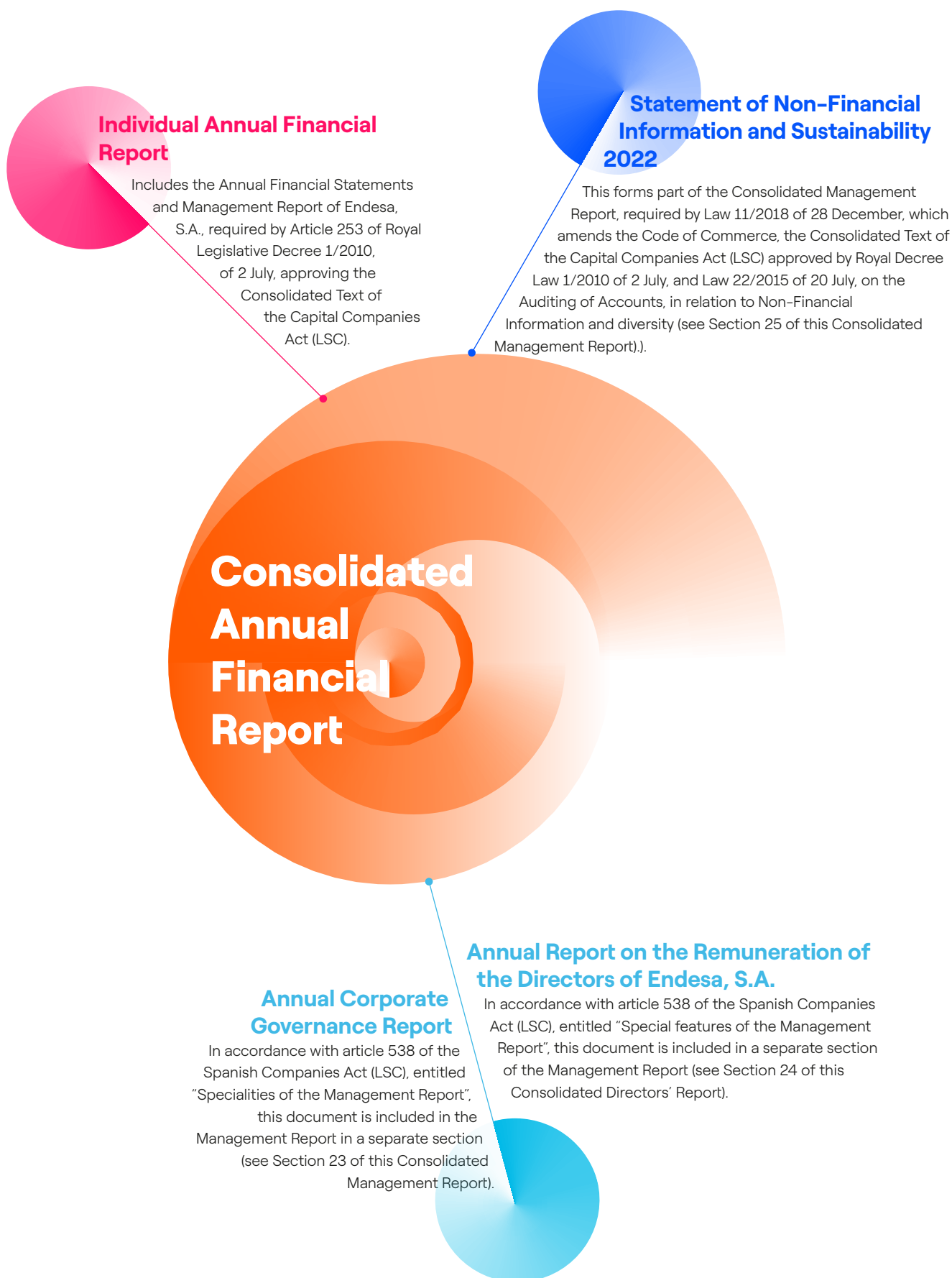
- The **2022 Annual Corporate Governance Report** (see section 23 of this Consolidated Management Report).
- The **2022 Annual Report on the Remuneration of Directors of Endesa, S.A.** (see section 24 of this Consolidated Management Report).

The Consolidated Management Report also includes the following document:

- The **2022 Statement of Non-financial Information and Sustainability**, forming part of the Consolidated Management Report, as required under Law 11/2018, of 28 December, which amends the Code of Commerce, in accordance with the consolidated text of the Spanish Corporate Enterprises Act enacted by Royal Decree-Law 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Audit of Financial Statements with respect to non-financial information and diversity (see Section 25 of this Consolidated Management Report).

Cross references have been used to facilitate reading and understanding of the "Core Report" and the "More Report".

## Endesa Core & More reports



## 1.2. Consolidated Annual Financial Report and materiality analysis

The Consolidated Annual Financial Report seeks to represent the capacity of Endesa's business model to create value in the short, medium and long term for its stakeholders, ensuring that the information presented is consistent.

Endesa is in constant contact with its stakeholders in order to understand and meet their needs, including for information, considering the importance of the repercussions of Endesa's

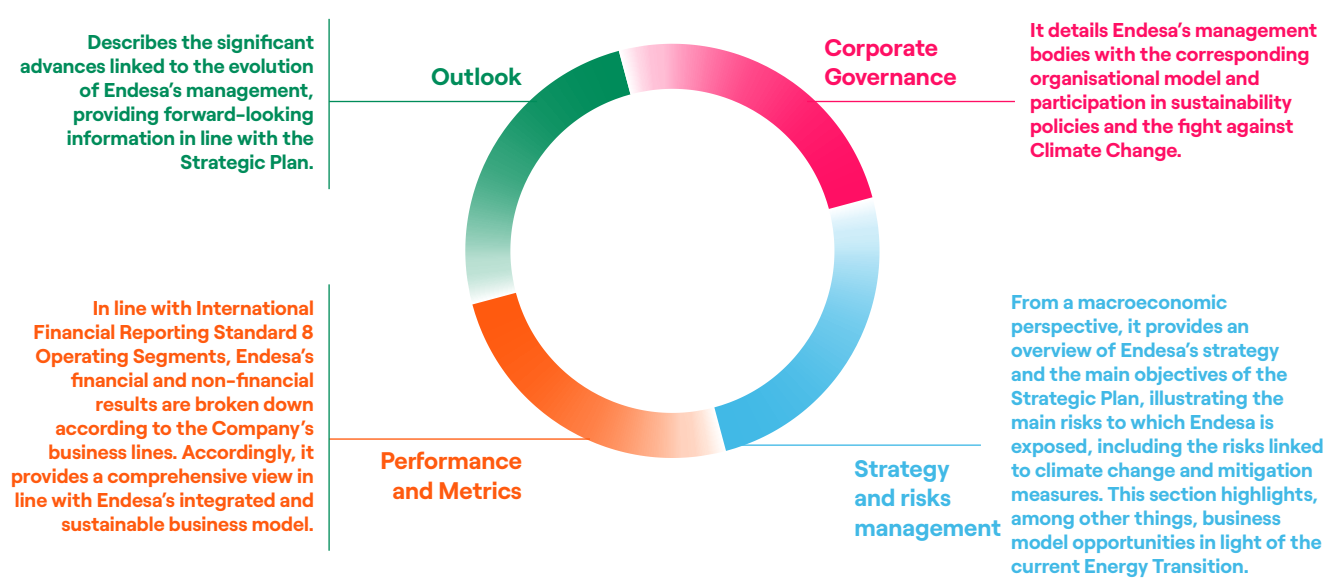
business model on all stakeholders in order to create shared value.

The financial and non-financial information presented in the corporate reports is selected based on its relative materiality, as determined by applying specific frameworks, methodologies and evaluations.

The guiding principles used in the preparation of this Consolidated Annual Financial Report are:

Basic principles	Description
International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board Interpretations Committee (IFRIC) as adopted by the European Union.	<ul style="list-style-type: none"> <li>Endesa's Consolidated Financial Statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board Interpretations Committee (IFRIC) as adopted by the European Union at the date of the consolidated statement of financial position, pursuant to Regulation (EC) 1606/2002, of 19 July, of the European Parliament and of the Council and other regulations regarding financial reporting applicable to Endesa (see Notes 2.1 and 3.2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).</li> </ul>
"Guidelines for the preparation of management reports of listed companies"	<ul style="list-style-type: none"> <li>Issued by the Group of Experts appointed by the Spanish National Securities Market Commission ("CNMV").</li> </ul>
"Practice Statement 2" - "Making Materiality Judgements", published by the "International Accounting Standards Board" (IASB).	<ul style="list-style-type: none"> <li>This sets out the requirements for selecting the information to be published based on materiality analysis and considering the United Nations Sustainable Development Goals (SDG) included in Endesa's Strategic Plan.</li> <li>Endesa performs materiality analysis as described in Section 3. Materiality of the Statement of Non-financial Information and Sustainability 2022 (see section 25 of this Consolidated Management Report), the objective of which is to identify the priorities of our stakeholders.</li> </ul>
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).	<ul style="list-style-type: none"> <li>These recommendations have guided the structure of the Consolidated Management Report, with an integrated approach, with chapters mirroring the four proposed pillars: corporate governance, strategy and risks, performance and metrics, and outlook. These recommendations are in line with the principles of the Value Reporting Foundation.</li> </ul>
IFRS Standards and climate-related disclosures and Effects of climate-related matters on financial statements, published by the "International Accounting Standards Board" (IASB).	<ul style="list-style-type: none"> <li>Published by the International Accounting Standards Board (IASB) in relation to the effects of climate issues on financial statements to be considered in assessing the impacts and risks of climate change on the Consolidated Financial Statements.</li> </ul>
"Standard Global Reporting Initiative" (GRI).	<ul style="list-style-type: none"> <li>"Standard Global Reporting Initiative" (GRI), as per Appendix I Methodology for preparing the Statement of Non-financial Information and Sustainability 2022 (see section 25 of this Consolidated Management Report) and the Aspects in the Global Reporting Initiative (GRI) supplement dedicated to electricity utilities (Electric Utilities Sector Disclosures).</li> </ul>
Toward Common Metrics and Consistent Reporting of Sustainable Value Creation published by the World Economic Forum's International Business Council (IBC).	<ul style="list-style-type: none"> <li>The performance indicators (KPIs) from the Toward Common Metrics and Consistent Reporting of Sustainable Value Creation report published by the International Business Council (IBC) of the World Economic Forum (WEF) (see section 1.4 of this Consolidated Management Report).</li> </ul>













The chapters into which Endesa's Consolidated Management Report is structured are described below:




# 1.3. Connectivity matrix

Endesa's connectivity matrix shows the relationships between Endesa's strategic objectives and its corporate

governance, strategy and risks, performance and metrics, and the outlook for the business lines.

Business	Value creation	Corporate governance	Strategy <sup>(1)</sup>	SDGs <sup>(2)</sup>	Risks <sup>(3)</sup>
<p>Conventional and renewable generation</p> 	Generation		<ul style="list-style-type: none"> <li><b>Increase in emission-free generation capacity</b> Robust growth in renewable generation to total installed capacity of 13,900 MW at the end of the period, with investment of Euro 4,300 million<sup>(5)</sup>.</li> </ul>	 	<p><b>Strategic:</b></p> <ul style="list-style-type: none"> <li>Regulatory.</li> <li>Climate.</li> <li>Sustainability.</li> <li>Market conditions.</li> <li>Competition.</li> </ul> <p><b>Financial:</b></p> <ul style="list-style-type: none"> <li>Supplies.</li> <li>Exchange rates.</li> <li>Climate and weather.</li> <li>Interest rates.</li> <li>Financing capacity.</li> <li>Credit risk.</li> <li>Customers and suppliers.</li> </ul>
<p>Energy supply</p> 	Customers	Chapter Corporate governance	<ul style="list-style-type: none"> <li><b>Extension of the value offer of services and electricity supply for customers.</b> Extension of the value offer of services and electricity supply for customers, entailing investment of Euro 900 million<sup>(5)</sup>.</li> </ul>	   	<p><b>Digital technologies:</b></p> <ul style="list-style-type: none"> <li>Cybersecurity.</li> <li>Management of activities through information technology.</li> </ul> <p><b>Operational:</b></p> <ul style="list-style-type: none"> <li>Construction of facilities.</li> <li>Unscheduled unavailability.</li> <li>Insurance cover.</li> <li>People.</li> <li>Occupational health and safety.</li> </ul>
<p>Distribution</p> 	Networks		<ul style="list-style-type: none"> <li><b>Digitalisation of the distribution network.</b> Continue efforts to digitalise the distribution network as a key asset to enable energy transition, with investment of Euro 2,600 million<sup>(5)</sup>.</li> </ul>	  	<p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>Data protection.</li> </ul> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>Environmental.</li> <li>Defence of competition.</li> <li>Litigation and arbitration.</li> <li>Tax.</li> <li>Enel interests.</li> <li>Image and reputation.</li> </ul>

<sup>(1)</sup> See Section 4.2 of this Consolidated Management Report  
<sup>(2)</sup> Sustainable Development Goals (SDG)  
<sup>(3)</sup> See Section 6.4 of this Consolidated Management Report  
<sup>(4)</sup> See definition in Section 7 of this Consolidated Management Report  
<sup>(5)</sup> Estimated gross investments from 2022 to 2030



Performance and metrics	2022-2024 Strategic Plan objectives 2023-25 <sup>(1)</sup>
<p><b>Innovation and digitalisation</b> <b>People</b> <b>Operating performance:</b></p> <ul style="list-style-type: none"> <li>• Electricity generation.</li> <li>• Net installed capacity.</li> </ul> <p><b>Analysis of profit/(loss):</b></p> <ul style="list-style-type: none"> <li>• Revenue.</li> <li>• Generation revenue from emitting technologies and nuclear.</li> <li>• EBITDA <sup>(4)</sup> / EBIT <sup>(4)</sup>.</li> <li>• Gross investments <sup>(4)</sup>.</li> </ul>	<p><b>Long-term vision. Full decarbonisation by 2040 based on three areas of action:</b></p> <ul style="list-style-type: none"> <li>• Deployment of new renewable capacity that makes all generation activity 100% emission-free both inside and outside the Spanish mainland.</li> <li>• Exiting the coal business by 2027, once the second mainland-Balearic Islands interconnection cable is operational, and the business of producing electricity from gas by 2040.</li> <li>• Exiting the retail gas trading business by offering a wide range of new products and services that incentivise the electrification of gas usage.</li> </ul>
<p><b>Innovation and digitalisation</b> <b>People</b> <b>Operating performance:</b></p> <ul style="list-style-type: none"> <li>• Electricity sales.</li> <li>• Gas sales.</li> <li>• Charging stations.</li> <li>• Public lighting points.</li> </ul> <p><b>Analysis of profit/(loss):</b></p> <ul style="list-style-type: none"> <li>• Revenue.</li> <li>• EBITDA <sup>(4)</sup> / EBIT <sup>(4)</sup>.</li> <li>• Gross investments <sup>(4)</sup>.</li> </ul>	<p style="text-align: center;"></p> <p><b>2023-2025. Three-year strategy:</b></p> <ul style="list-style-type: none"> <li>• Endesa's energy mix will see the addition of 4,400 MW of new renewable energy capacity. Of this, 68% will be solar and the remainder will be wind power.</li> <li>• This means that 91% of electricity production in mainland Spain will be free of emissions by the end of 2025.</li> <li>• The number of customers in the free market is expected to reach 7.3 million, achieving the goal of 95% of all fixed-price energy sold being from zero-emission sources in 2025. The number of public and private charging stations is expected to reach 66,000 by 2025.</li> <li>• With regard to networks, there will be a slightly lower volume of investment in order to adapt to a context of regulatory uncertainty, up to Euro 2,600 million. Three quarters of that amount will go to digitalising the grid and increasing quality and resilience, the rest will help cover an expected increase in distributed generation installations. This will lead to improved quality of service and lower losses</li> </ul>
<p><b>Innovation and digitalisation</b> <b>People</b> <b>Operating performance:</b></p> <ul style="list-style-type: none"> <li>• Energy distributed.</li> <li>• Distribution and transmission grids.</li> <li>• Energy losses.</li> <li>• Equivalent Installed Power Interruption Time - ("TIEPI").</li> <li>• Duration of interruptions in the distribution grid (SAIDI).</li> </ul> <p><b>Analysis of profit/(loss):</b></p> <ul style="list-style-type: none"> <li>• Revenue.</li> <li>• EBITDA <sup>(4)</sup> / EBIT <sup>(4)</sup>.</li> <li>• Gross investments <sup>(4)</sup>.</li> </ul>	

<sup>(1)</sup> See Section 4.2 of this Consolidated Management Report  
<sup>(2)</sup> Sustainable Development Goals (SDG)  
<sup>(3)</sup> See Section 6.4 of this Consolidated Management Report  
<sup>(4)</sup> See definition in Section 7 of this Consolidated Management Report  
<sup>(5)</sup> Estimated gross investments from 2022 to 2030

## 1.4. World Economic Forum (WEF). Key performance indicators (KPIs)

The World Economic Forum (WEF) has defined standard metrics, using key performance indicators (KPIs), for preparing reports and measuring and comparing the sustainability of companies through its “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation” report. This seeks to measure the effectiveness of actions to achieve the United Nations Sustainable Development Goals (SDGs) in the business model adopted to create value for stakeholders.

The following table shows the 21 core key performance indicators (KPIs) described in the World Economic Forum (WEF) report, arranged in accordance with the 4 core conceptual pillars of the Environmental, Social, Governance (ESG) criteria, and how these correspond to the key performance indicators (KPIs) detailed in this Consolidated Management Report.



WORLD ECONOMIC FORUM			Consolidated Annual Financial Report 2022		
Pillar	Matters	21 core KPIs	KPIs representing the 21 World Economic Forum core KPIs	2022	References <sup>(1)</sup>
 Governing principles	Corporate governance purpose	Setting purpose	–	Chapter 2. Corporate governance	
	Quality of governing body	Governing body composition	Women on the Board of Directors (%)	42	Section 3.3
	Stakeholder engagement	Material issues impacting stakeholders	–		Section 2.3
	Ethical behaviour	Protected ethics advice and reporting mechanisms	Total complaints received through the Whistleblowing Channel for possible breaches of the Code of Ethics (number) <sup>(2)</sup>	12	Section 6.3
		Anti-corruption	Corruption-related violations found (no.)	–	Section 6.3
	Risks and opportunity oversight	Integrating risk and opportunity into business processes	–		Section 6
 Planet	Climate change	Greenhouse gases (GHG) emissions	CO <sub>2</sub> emissions, scope 1 greenhouse gasses (GHG) (t)	13,698,169	Section 9.2
		CO <sub>2</sub> emissions, scope 3 greenhouse gasses (GHG) attributable to gas sales (t)	14,190,593		
		Implementation of Task Force on Climate-related Financial Disclosures (TCFD)	–	Chapters: Corporate Governance, Strategy and Risks and Performance and metrics.	
	Nature loss	Land use and ecological sensitivity	Area covered by facilities in natural spaces (km <sup>2</sup> )	374 <sup>(3)</sup>	Section 9.2
	Fresh water availability	Fresh water consumption in water stressed areas	Extraction of water for industrial use in areas of water stress (%)	14.6	Section 12

<sup>(1)</sup> Sections in this Consolidated Management Report and the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> One of the complaints is currently being analysed.

<sup>(3)</sup> At 31 December 2022.



			Consolidated Annual Financial Report 2022			
Pillar	Matters	21 core KPIs	KPIs representing the 21 World Economic Forum core KPIs	2022	References <sup>(1)</sup>	
 People	Dignity and equality	Diversity and inclusion	Percentage of women in total final workforce (%)	26.3	Note 50	
		Pay equality	Wage gap. Fixed + variable remuneration + social benefits (%)	6.8 <sup>(4)</sup>	Section 14.7	
		Wage level	Remuneration ratio of the Chief Executive Officer	32 <sup>(5)</sup>	N/A	
		Risk of incidents of child, forced or compulsory labour	Evaluation of the supply chain for protection from child labour and prohibition of forced and compulsory labour		Section 3.6.2	
	Health and wellbeing	Health and safety		Number of fatal accidents (number) <sup>(6)</sup>	-	Section 14.2
				Frequency of fatal accidents index <sup>(7)</sup>	-	
				Frequency of fatal accidents index <sup>(8)</sup>	-	
				Number of serious accidents (number) <sup>(6)</sup>	-	
				Frequency of serious accidents index <sup>(7)</sup>	-	
			Frequency of serious accidents index <sup>(8)</sup>	-		
Skills for the future	Training provided	Average training given per employee (average number of hours of training) <sup>(9)</sup>	45.69	Section 14.6		
 Prosperity	Wealth creation and employment		New employee hires (number)	648	Section 14.1	
		Total amount and employment rate		Hiring rate (%) <sup>(10)</sup>		7.0
				Contracts coming to an end (number)		559
				Turnover rate (%) <sup>(11)</sup>		6.0
	Economic contribution		-	Section 9.4		
	Contribution to financial investment		Total gross investment (Euro million)	2,370	Section 10.5	
			Purchases of own shares (Euro million) <sup>(12)</sup>	5	Note 35.1.8	
			Dividends paid (Euro million)	1,521	Note 35.1.10	
	Innovation in better products and services	Total R&D cost	Gross research, development and innovation activities (R+D+i) expense (Euro million)	91 <sup>(13)</sup>	Section 13.4	
	Community and social vitality	Total tax paid	Economic value distributed public administrations (Euro million)	1,857	Section 9.4	

<sup>(1)</sup> Sections in this Consolidated Management Report and the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> One of the complaints is currently being analysed.

<sup>(3)</sup> At 31 December 2022.

<sup>(4)</sup> The pay gap is calculated as the average wage of men / average wage of women. The calculation has been made taking into account fixed salary + variable salary + social benefits.

<sup>(5)</sup> Ratio of the total remuneration of the Chief Executive Officer of Endesa and the average gross annual remuneration of Endesa employees in 2022.

<sup>(6)</sup> Includes own and subcontractor personnel.

<sup>(7)</sup> In-house personnel.

<sup>(8)</sup> Subcontracted personnel.

<sup>(9)</sup> Average training given per employee (average number of hours of training).

<sup>(10)</sup> Percentage of new hires compared to final workforce.

<sup>(11)</sup> Percentage of contracts ending compared to final workforce.

<sup>(12)</sup> Total accumulated cost of acquiring own shares at 31 December 2022.

<sup>(13)</sup> Gross research, development and innovation activities (R+D+i) expense in 2022.

# 1.5. European Union Taxonomy

## Commitment and position of Endesa

The development of the European Union Taxonomy provides a science-based, standardised classification system for identifying environmentally sustainable economic activities. This acts as an important enabler for supporting sustainable investment and accelerating the decarbonisation of the European economy, while creating security and transparency for investors and helping companies to create a roadmap for achieving net-zero emissions. Endesa is committed to reporting on the application of the European Union Taxonomy.

Endesa also supports the Taxonomy thresholds defined on the basis of climate and environmental science, such as the general limit on the intensity of the life cycle at 100 g CO<sub>2</sub>e/kWh for measuring the substantial contribution to mitigating climate change established for most power generation technologies, as this has been generated as part of a robust and scientific process of analysis.

However, certain activities that may not qualify for the European Union Taxonomy are critical to promoting the well-being of European citizens, especially in the short and medium term, in addition to contributing to the long-term sustainable development of Europe. However, the energy sector faces important sustainability issues that the European Commission failed to take into consideration when drawing up the technical selection criteria, as they

fell outside the main scope of the European Union Taxonomy Regulation, including energy security, grid reliability and the energy transition. These factors are critical to the wellbeing of Europe and are duly addressed by other European Union and Member State policies, funds and regulations.

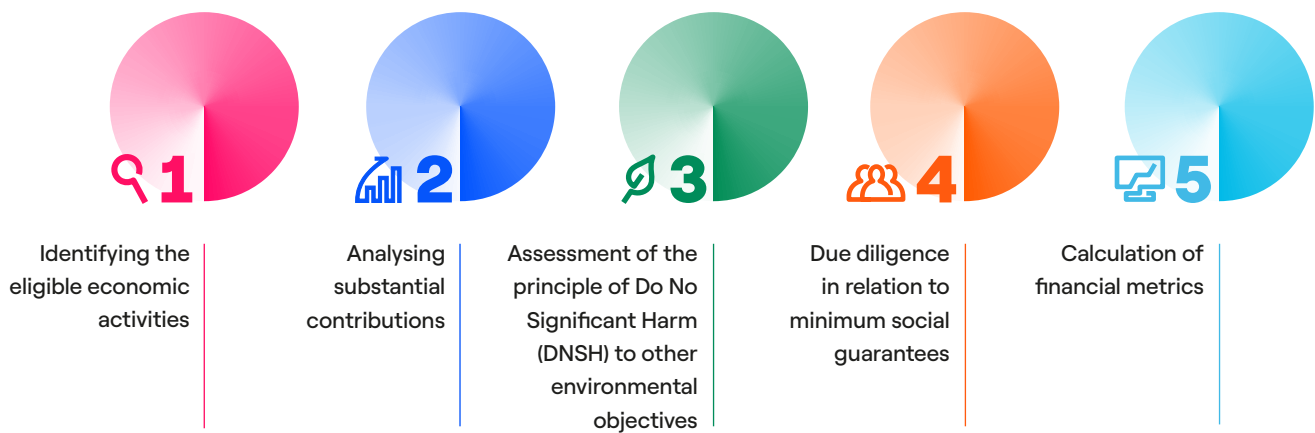
The European Union Taxonomy regulation is still in the development stage and important delegated acts were still pending at the time of preparation of this Consolidated Management Report. These include those providing details of the criteria for the remaining four objectives, and those identifying the economic activities that do not have a significant impact on environmental sustainability and economic activities that have a significant adverse impact on environmental sustainability. The completion of the entire regulatory process will make it possible to cover all available economic activities at a global level and thus reduce the current uncertainties surrounding their implementation.

Detailed information on the European Taxonomy is provided in Section 2.5.2. "European Taxonomy" of the Statement of Non-financial Information and Sustainability 2022 (see Section 25 of this Consolidated Management Report).

## Implementation process at Endesa

Endesa has deployed a five-step process to analyse the applicability of the European Union (EU) Taxonomy across

its entire value chain. This process has involved relevant functions at a corporate level and across lines of business. The following graphic shows the process performed:



The following are the five steps of the process indicated in the graphic:

Steps	Description
1. Identifying the eligible economic activities	<ul style="list-style-type: none"> <li>Only the objective of mitigating climate change has been considered, as this is the most important objective for Endesa on account of its business model.</li> </ul>
2. Analysing substantial contributions	<ul style="list-style-type: none"> <li>The eligible activities identified in the previous step were analysed in depth to ensure that they comply with the specific technical criteria established to measure the substantial contribution to mitigating climate change.</li> </ul>
3. Assessing “Do No Significant Harm” (DNSH)	<ul style="list-style-type: none"> <li>An analysis of existing environmental procedures has been carried out to verify compliance with the qualitative criteria of “Do No Significant Harm” (DNSH).</li> </ul>
4. Due diligence in relation to minimum social guarantees	<ul style="list-style-type: none"> <li>It has been verified that Endesa’s Human Rights Due Diligence process covers the entire scope of Endesa’s activities.</li> </ul>
5. Calculation of financial metrics	<ul style="list-style-type: none"> <li>The corresponding financial metrics have been associated with each economic activity based on the classification process performed in steps 1–4, by gathering the relevant financial information from the company’s accounting system. Some proxies were used for specific activities.</li> </ul>

Accordingly, Endesa has classified the economic activities throughout its value chain into the following three categories: eligible-aligned, eligible-non-aligned and ineligible.

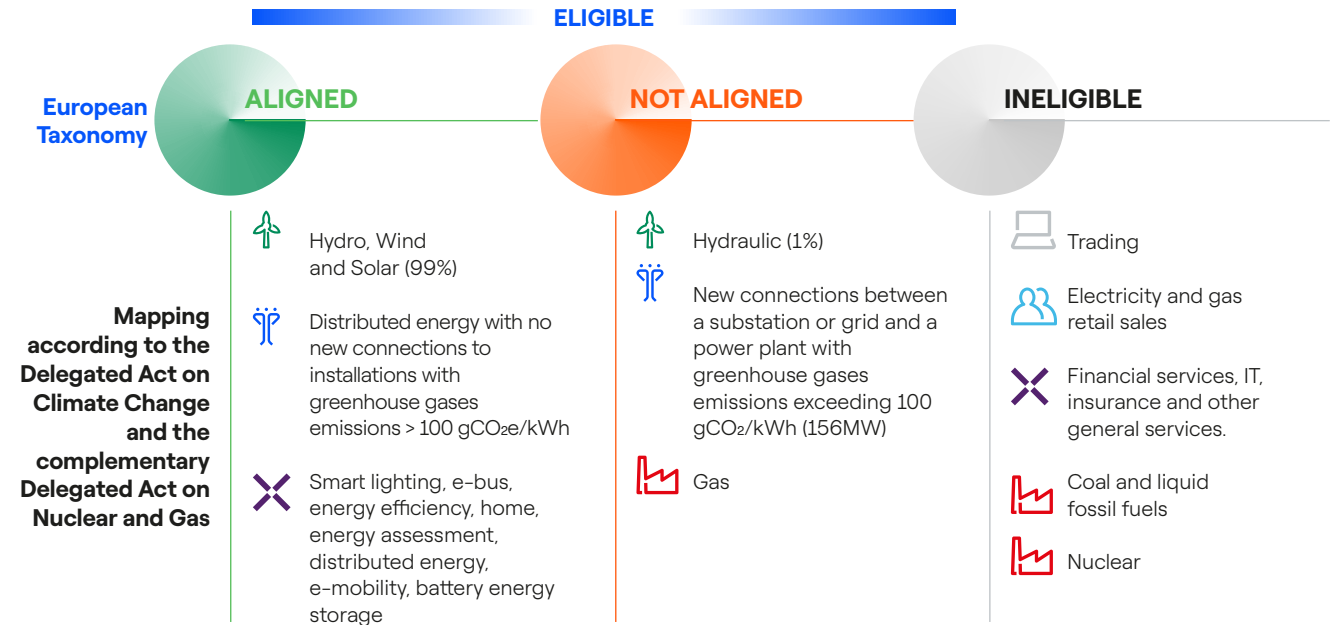
Categories	Description
Eligible-aligned.	<ul style="list-style-type: none"> <li>These are economic activities that simultaneously fulfil the following three conditions:                             <ul style="list-style-type: none"> <li>They have been explicitly included in the European Union Taxonomy Regulation on account of their substantial contribution to mitigating climate change.</li> <li>They satisfy the specific criteria developed by the European Union Taxonomy regulation for the specific environmental objective in question.</li> <li>They satisfy all the “Do No Significant Harm” criteria and the minimum social guarantees.</li> </ul> </li> </ul>
Eligible-non-aligned.	<ul style="list-style-type: none"> <li>These are economic activities that meet the first condition indicated below, but fail to fulfil the second and third condition or either of them, in other words:                             <ol style="list-style-type: none"> <li>They have been explicitly included in the European Union Taxonomy Regulation on account of their substantial contribution to mitigating climate change; and</li> <li>They do not satisfy the specific criteria developed by the European Union (Taxonomy regulation for the specific environmental objective in question.</li> <li>They do not satisfy at least one of the Do No Significant Harm criteria and/or the minimum social guarantees.</li> </ol> </li> </ul>
Ineligible.	<ul style="list-style-type: none"> <li>These are economic activities that have not been identified by the European Union Taxonomy as a substantial contributor to mitigating climate change and therefore no criteria have been developed for them.</li> <li>The existence of this third category means it is impossible to achieve a business model that can be qualified as fully aligned with the criteria of the European Union Taxonomy, even though these ineligible activities might not cause any harm to the European Union’s environmental objectives.</li> </ul>

## Eligibility of Endesa's activities

As a result, in 2022 Endesa analysed eligibility in accordance with this process and the new definition of the 3 categories detailed above.

The following table summarises the result of this analysis:

### Eligibility of Endesa's activities



## Process for calculating financial figures

The following considerations have been implemented as part of the process for calculating financial figures:

- The three financial figures required by the European Union Taxonomy Regulation, income, investments and fixed operating costs – have been calculated according to the eligibility analysis described in the previous paragraphs.
- Although not strictly necessary, Endesa has also performed an assessment in terms of EBITDA, as this figure reflects the effective financial performance of public utility companies such as Endesa. This figure is based exclusively on revenue. In the case of Endesa, it is strongly influenced by commercial activities with a high

volume of revenue (such as the wholesale market) that do not contribute proportionally to the growth of gross operating profit (EBITDA) as is the case with other commercial activities.

- Financial information has been collected from the Company's accounting and management system. Furthermore, certain proxies were also considered to generate more detailed figures, to exclude a number of specific activities from the overall calculation of eligible-aligned activities (such as non-aligned hydropower generation or eligible-non-aligned infrastructure in the eligible-aligned distribution system). For example, the following proxies have been used:

Proxies	Description
Hydro	<ul style="list-style-type: none"> <li>• The figures corresponding to the revenue of eligible-non-aligned hydroelectric power plants have been calculated taking their production multiplied by the average unit revenue for 2021 and 2022. This approach has also been applied to investments, fixed operating expenses and EBITDA.</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>• The figures corresponding to the revenue of the new connections between a substation or grid and a production point with an intensity of more than 100 g CO<sub>2</sub>/kWh, eligible non-aligned, have been calculated taking their power (in MW) multiplied by the average unit revenue (k€/MW) for 2021 and 2022. This approach has only been applied to revenue, EBITDA and investments.</li> </ul>

- The financial indicators subject to analysis include transactions with third parties and transactions between segments and activities.
- These financial figures (measured in Euro millions) are broken down by segments and activities, indicating their percentage out of the total. It also details the percentage of eligible activities of each figure that contribute to the mitigation of climate change.

Endesa's Strategic Plan for 2023-2025, presented on 23 November 2022, expects more than 80% of investments to be dedicated to eligible activities under the European Union Taxonomy in 2023-2025 (see section 4.2 of this Consolidated Management Report).

Information relating to Endesa's revenues, fixed operating expenses, EBITDA and investments under the European Union Taxonomy is described in Sections 9.3, 10.5 and 11 of this Consolidated Management Report.

# Endesa



## 2. Description of the entity

### 2.1. Most significant figures

#### Revenue €

Revenue	Gross operating income (EBITDA)
<b>+57.4%</b>	<b>+30.1%</b>
32,896 Euro million. 20,899 Euro million in 2021.	5,565 Euro million. 4,278 Euro million in 2021.

#### Performance

Net profit/(loss)	Net ordinary income	Net financial debt
<b>+77.1%</b>	<b>+26.1%</b>	<b>+23.4%</b>
2,541 Euro million. 1,435 Euro million in 2021.	2,398 Euro million. 1,902 Euro million in 2021.	10,869 Euro million. 8,806 Euro million at 31 December 2021.

#### Investment

Gross investments in property, plant and equipment and intangible assets	Cash flows from operating activities	Final headcount
<b>-0.8%</b>	<b>-36.2%</b>	-
2,370 Euro million. 2,389 Euro million in 2021.	1,672 Euro million. 2,621 Euro million in 2021.	9,258 employees. 9,258 employees at 31 December 2021

#### People

#### Renewable and conventional generation

Net installed capacity	Net installed mainland renewable capacity	Electricity generation <sup>(1)</sup>	Generation of renewable electricity <sup>(1)</sup>
<b>+4.3%</b>	<b>+10.6%</b>	<b>+12.4%</b>	<b>-5.9%</b>
22,044 MW. 21,140 MW at 31 December 2021.	9,196 MW. 8,312 MW at 31 December 2021.	64,716 GWh. 57,592 GWh in 2021	12,041 GWh. 12,794 GWh in 2021

#### Distribution

Distribution and transmission grids	Energy distributed <sup>(2)</sup>	End users <sup>(3)</sup>	List of digitalised customers <sup>(4)</sup>
<b>+0.4%</b>	<b>+0.6%</b>	<b>+0.8%</b>	
317,829 km. 316,506 km at 31 December 2021	131,813 GWh. 131,090 GWh in 2021.	12,459 thousand. 12,359 thousand at 31 December 2021.	100%. 100% at 31 December 2021.

#### Marketing of electricity and gas

Net electricity sales <sup>(5)</sup>	Number of electricity customers <sup>(6)(7)</sup>	Number of electricity customers(deregulated) <sup>(8)</sup>	Public and private electricity charging stations
<b>-0.6%</b>	<b>+2.9%</b>	<b>+16.2%</b>	<b>+46.6%</b>
79,003 GWh. 79,458 GWh in 2021.	10,545 thousand. 10,251 thousand at 31 December 2021.	6,829 thousand. 5,878 thousand at 31 December 2021.	13,898 units. 9,482 units at 31 December 2021.
Gas sales <sup>(9)</sup>	Number of gas customers <sup>(10)</sup>		
<b>-17.2%</b>	<b>+6.8%</b>		
63,756 GWh. 76,991 GWh en ejercicio 2021.	1,799 thousand. 1,684 thousand at 31 December 2021.		

#### Marketing of other products and services

<sup>(1)</sup> At power plant busbars.

<sup>(2)</sup> Energy supplied to customers, with or without a contract, auxiliary consumption from generators and output to other grids (transmission or distribution).

<sup>(3)</sup> Customers of distributors.

<sup>(4)</sup> Number of digitalised customers / End users (%).

<sup>(5)</sup> Sales to end customers.

<sup>(6)</sup> Supply points.

<sup>(7)</sup> Customers of retailers.

<sup>(8)</sup> Customers of deregulated companies.

<sup>(9)</sup> Excluding own generation consumption.

<sup>(10)</sup> Supply points.

## 2.2. Main activities

Endesa, S.A. was incorporated on 18 November 1944. Its registered office is at Calle Ribera del Loira 60, Madrid.

Its corporate purpose is: the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group's corporate purpose; and management of the corporate Group, comprising investments in other companies.

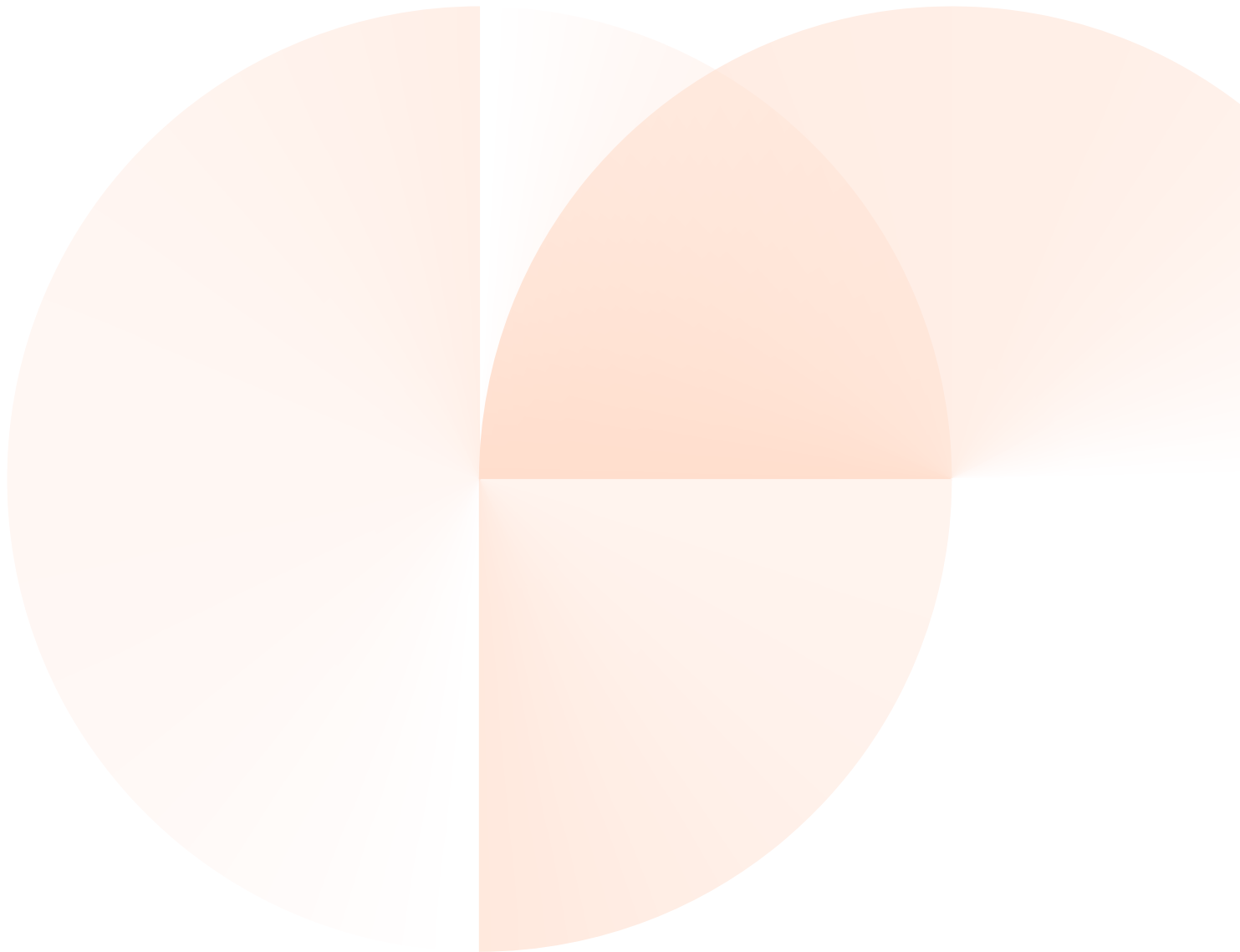
The Company carries out its corporate purpose in Spain and abroad directly or through its investments in other companies.

Endesa's corporate purpose is mainly categorised in section D, division 35 of the Spanish Business Classification Index ("CNAE").

Endesa, S.A. and its subsidiaries (Endesa or the "Company") operate in the electricity and gas business, mainly in the markets of Spain and Portugal. To a lesser extent, Endesa also supplies electricity and gas in other European markets, and other products and services related to its main business.

The organisation is divided into generation, supply and distribution activities, each of which includes electricity and, in certain cases, gas activities and other products and services.

In view of the areas of business carried on by the subsidiaries of Endesa, S.A., transactions are not highly cyclical or seasonal.





## 2.3. Sustainable value creation and business model

### 2.3.1. Value creation

The integration of financial and non-financial information in this Consolidated Management Report enables effective communication of the business model and its value-creation process, both with regard to its results and to the outlook in the short, medium and long term. This provides an overview for partners and stakeholders to make their business decisions with sufficient information, as environmental, social and economic aspects are becoming increasingly important.

The following chart summarises the creation of value in Endesa, showing its main figures and how these translate into results and value created for stakeholders through Endesa's organisation and business model, which are characterised by robust and transparent corporate governance and a sustainable strategy that, among other things, prioritises achieving the Sustainable Development Goals (SDGs), particularly Goals 7, 9, 11 and 13.



**PLANET**

**74 l/kWh** Specific Extraction of Water for Industrial Use in the Electricity Generation Process.  
**14.6%** Extraction of Water for Industrial Use in Areas under Water Stress.



**PEOPLE**

**9,258** employees in Endesa workforce.  
**26.3%** Women in Final Workforce.  
**18.9%** Women in management positions.  
**17,649** Full-time Equivalent Contractor Staff.



**PROSPERITY**

**5,560 million euros** Net equity of the parent company  
**2,370 million euros** Gross investments in Property, Plant And Equipment and Intangible Assets.  
**1,636 million euros** Intangible assets.  
**30 million euros** Transfers (are part of Intangible Assets).  
**22,338 million euros** Property, Plant and Equipment.  
**22,044 MW** Net installed capacity.  
**9,293 MW** Net Installed Capacity from Renewable Sources.  
**317,829 km** Distribution and Transmission Networks.  
**100 %** List of Digitalised Customers<sup>(1)</sup>.  
**12,459 thousands** of end users<sup>(2)</sup>.  
**10,545 thousands of** Electricity Customers<sup>(3)(4)</sup>.  
**6,829 thousands of** Electricity Customers on the Deregulated Market<sup>(5)</sup>.  
**13,898 number of** Public and Private Electricity Charging Stations.  
**10,869 million euros** Net Financial Debt<sup>(6)</sup>.



**PRINCIPLES OF GOVERNANCE**

**42%** Women on the Boards of Directors.  
**12 number of** Total Reports Received through the Whistleblowing Channel for Possible Breaches of the Code of Ethics.  
**3 Number of** Proven Violations.

<sup>(1)</sup> Number of Digitalised Customers / End Users (%).  
<sup>(2)</sup> Customers of distributors.  
<sup>(3)</sup> Supply points.  
<sup>(4)</sup> Customers of retailers.  
<sup>(5)</sup> Customers of suppliers in the deregulated market.  
<sup>(6)</sup> Average training given per employee (average number of hours of training).  
<sup>(7)</sup> Percentage of contracts terminated compared to final workforce.

EXTERNAL



Proposal  
**OPEN POWER FOR A BETTER FUTURE**  
 WE PROMOTE SUSTAINABLE PROGRESS

Values ▶ Trust ▶ Proactivity ▶

**Strategic pillars**

- 1** Assigning capital to support a decarbonised electricity supply.
- 2** Achieving the electrification of customer energy demand.

Strategic Pillars

Governance Corporate

GROUP STRATEGY

RISKS AND

Value created for Endesa and our stakeholders

CONTEXT



Vision

- Open Power to solve some of our world's biggest challenges.

Mission

- Opening Energy up to more people.
- Opening Energy to New Technologies.
- Opening Up New Ways to Manage Energy for the Consumer.
- Opening energy to New Uses.
- Opening up to more Collaboration.



**3** Empowering sustainable value creation all along the value chain.

**4** Anticipating the achievement of the sustainable "Net-Zero" goals by 2040.



Outlook

AND RISK MANAGEMENT

OPPORTUNITY

Results

Impacts



PLANET

**13,271,636 tons of** Direct Greenhouse Gas (GHG) emissions from the Electricity Generation Process – Scope 1

**205 gCO<sub>2</sub>eq/kWh** Specific Greenhouse Gas (GHG) Emissions from the Electricity Generation Process – Scope 1.

ODS

6	12
13	14
15	



PEOPLE

**45.69 hours** of Training (average per employee)<sup>(6)</sup>.

**6.0%** Turnover Rate<sup>(7)</sup>.

**0.06%** Frequency of Accidents Index, Own Employees<sup>(8)</sup>.

**0.43%** Accident Frequency Index for Contractors<sup>(8)</sup>.

ODS

1	2
3	4
5	8
10	



PROSPERITY

**32,896 million euros** Revenue.

**5,565 million euros** Gross Operating Income (EBITDA)<sup>(9)</sup>.

**2,398 million euros** Net Ordinary Income<sup>(9)</sup>.

**31,183 million euros** Direct Economic Value Generated<sup>(10)</sup>.

**1,857 million euros** Economic value distributed to the Public Administration (taxes paid)<sup>(10)</sup>.

**92,152 number of** Own Shares Acquired in 2022.

**1,521 million euros** Dividends Paid

**1.5854 (€/share)** Gross Dividend per Share 2022.

**1.4%** Average Cost of Gross Financial Debt.

**131,813 GWh** Energy Distributed<sup>(11)</sup>.

**79,003 GWh** Net Electricity Sales<sup>(12)</sup>.

**908 MW** Additional Net Installed Renewable Capacity.

**73.2%** Generation of non-emitting renewable and nuclear technologies over Endesa's total mainland generation

**4,416 number of** net installed Public and Private Electric Charging Stations in 2022.

**64.4 min.** Duration of Interruptions in the Distribution Grid-SAID<sup>(13)</sup>.

**10 number of** patents.

ODS

7	9
11	



PRINCIPLES OF GOVERNANCE

**53.2%** Workers who have received training on anti-corruption policies and procedures.

ODS

16	17
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<sup>(6)</sup> Frequency index = (Number of accidents or Number of serious accidents or Number of fatal accidents / Number of hours worked) x 10<sup>6</sup>.

<sup>(9)</sup> See definition in Section 7 of this Consolidated Management Report.

<sup>(10)</sup> See definition in Section 9.4 of this Consolidated Management Report.

<sup>(11)</sup> Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other grids (transmission or distribution).

<sup>(12)</sup> Sales to end customers.

<sup>(13)</sup> Source: In-house. Data for the last 12 months.

## 2.3.2. Vision, mission and values

### Vision

Endesa combines the strength of a global organisation with the opportunities of an open connected world to make energy affordable and sustainable, and to ensure security of supply.

Aware of the profound changes that the industry is experiencing, Endesa finds itself in a new era for energy that is more open, participatory and digital. This strategic positioning is summarised in the concept of Open Power, which constitutes the Company's mission, vision and values.

### Mission

"Open Power" means opening access to energy to more people; opening the world of energy to new technologies; opening the management of energy to people; opening the possibility of new energy uses; and opening up to more partnerships.

Principles	Description
<b>Opening energy up to more people.</b>	<ul style="list-style-type: none"><li>Working to connect more people to safe and sustainable energy.</li></ul>
<b>Opening energy to new technologies.</b>	<ul style="list-style-type: none"><li>Leading the development and application of new technologies to generate and distribute more sustainable energy, focusing particularly on renewable energy sources and smart distribution grids.</li></ul>
<b>Opening up new ways to manage energy on behalf of the consumer.</b>	<ul style="list-style-type: none"><li>Developing more tailored services for people to help them use energy more efficiently, concentrating particularly on smart meters and digitalisation.</li></ul>
<b>Opening energy to new uses.</b>	<ul style="list-style-type: none"><li>Developing new services based on energy to meet global challenges, focusing particularly on connectivity and electric mobility.</li></ul>
<b>Open to more collaboration.</b>	<ul style="list-style-type: none"><li>Training a network of research, technology, product development and marketing partners to create new solutions together.</li></ul>

### Values

Endesa's values are the pillars of its behaviour and reflect its commitment to people.

Values	Description
<b>Responsibility.</b>	<ul style="list-style-type: none"><li>All of our employees are responsible for Endesa's success, at all levels, always acting within the framework of our social responsibility strategy and complying with tax regulations.</li></ul>
<b>Innovation.</b>	<ul style="list-style-type: none"><li>Endesa works to open energy to new uses, technologies and people, learning from its successes and its failures.</li></ul>
<b>Trust.</b>	<ul style="list-style-type: none"><li>Endesa acts competently, honestly and transparently to earn the trust of its employees, customers and external partners, valuing individual differences.</li></ul>
<b>Proactiveness.</b>	<ul style="list-style-type: none"><li>Endesa continuously analyses global scenarios and challenges to stay ahead of change, redefining its priorities as the context requires.</li></ul>

### 2.3.3. Sustainable business model

Endesa has developed a sustainable business model, recognising that it must focus its business strategy on meeting the major challenges facing the society in which it performs its activities. Climate Change is the main challenge for all of Endesa's stakeholders, and Endesa is aware of the important role it can play in the fight against it. Endesa therefore pursues a business model that aims to lead the energy transition, in line with the United Nations Sustainable Development Goals and the objectives of the Paris Agreement to achieve the goal of decarbonisation.

Materiality analysis is very important in Endesa's journey towards an innovative business model that fosters the decarbonisation of the sector, providing an important instrument for establishing the basis of a fair and efficient transformation. Over recent years, Endesa has incorporated a dual perspective of materiality in the analysis of its sustainable business model, identifying the impacts resulting from its activity that have both positive and negative effects on people and the environment, and the external environmental, social and governance aspects that might affect the value of the Company and its financial performance in the short, medium and longer term.

Accordingly, Endesa has designed its Strategic Plan 2023-2025 considering both its impact and the risks and

opportunities. The Strategic Plan sets out a roadmap for the Company to achieve the challenges of the energy transition.

Endesa's 2023-2025 Strategic Plan is complemented by its Sustainability Plan, which brings together the Company's sustainability guidelines, including over 100 quantitative objectives for a three-year period. These objectives are reviewed every year to ensure continuity and alignment with the strategy, in order to integrate sustainability ever more completely throughout the value chain.

This strategic approach of the business model reflects Endesa's vision, mission and values. Through innovation and by implementing the values in its Open Power positioning, Endesa is continuing to contribute to achieving the United Nations Sustainable Development Goals (SDG), promoting solutions to reduce environmental impact and meet the needs of its customers and the local communities where it operates, while always ensuring the safety of its employees and contractors.

Detailed information on this model can be found in Section 2.1.2.3. "Endesa's sustainable business Model" of the Statement of Non-financial Information and Sustainability 2022 (see Section 25 of this Consolidated Management Report).

### 2.3.4. Business lines and main markets

In order to be able to effectively face all risks and take advantage of all the opportunities of an energy sector in constant change, Endesa's business model is structured into different lines so as to respond quickly in the markets where it operates and take into account the needs of its customers in the territories and businesses where it has a presence.




These business lines relate to the generation, distribution and marketing of electricity and gas, mainly, in Spain and Portugal, and, to a lesser extent, marketing of electricity

and gas in other European markets, particularly Germany, France and the Netherlands, from its platform in Spain, and marketing of other products and services related to its main business.

Endesa manages its generation and supply businesses jointly (apart from production from its mainland coal-fired plants) enabling it to optimise its integrated position compared to separate management of both activities.



The markets in which Endesa carries out its activities are as follows:

## Market in Spain

Activities	Description
<b>Electricity generation.</b> 	<ul style="list-style-type: none"><li>• Endesa carries out its electricity generation activities in the mainland and in non-mainland territories ("TNP"), which include the Balearic and Canary Islands, and the self-governing cities of Ceuta and Melilla.<ul style="list-style-type: none"><li>– In the mainland territory, conventional and renewable generation is a deregulated activity, although there is specific remuneration for generation from renewable energies.</li><li>– Conventional generation in non-mainland territories ("TNP") is subject to specific regulations which address the particular nature of their geographical location, with regulated remuneration. There are incentives for investment in generation from renewable sources in the non-mainland territories ("TNP") to reduce costs (see Note 6 of the notes to the Consolidated Financial Statements for the year ended 31 December 2022).</li></ul></li></ul>
<b>Marketing of electricity, gas and other products and services.</b> 	<ul style="list-style-type: none"><li>• This activity is deregulated and consists of supplying energy in the market and the sale of other products and services to customers.</li></ul>
<b>Electricity distribution.</b> 	<ul style="list-style-type: none"><li>• Electricity distribution is a deregulated activity involving distribution of electricity to the consumption points.</li></ul>

Section 9.1 of this Consolidated Management Report provides a breakdown of Endesa's main figures at 31 December 2022.



## Market in Portugal

Activities	Description
<b>Electricity generation.</b> 	<ul style="list-style-type: none"><li>• Electricity generation in Portugal is carried out in a competitive environment.</li></ul>
<b>Marketing of electricity, gas and other products and services.</b> 	<ul style="list-style-type: none"><li>• This activity is deregulated in Portugal.</li></ul>

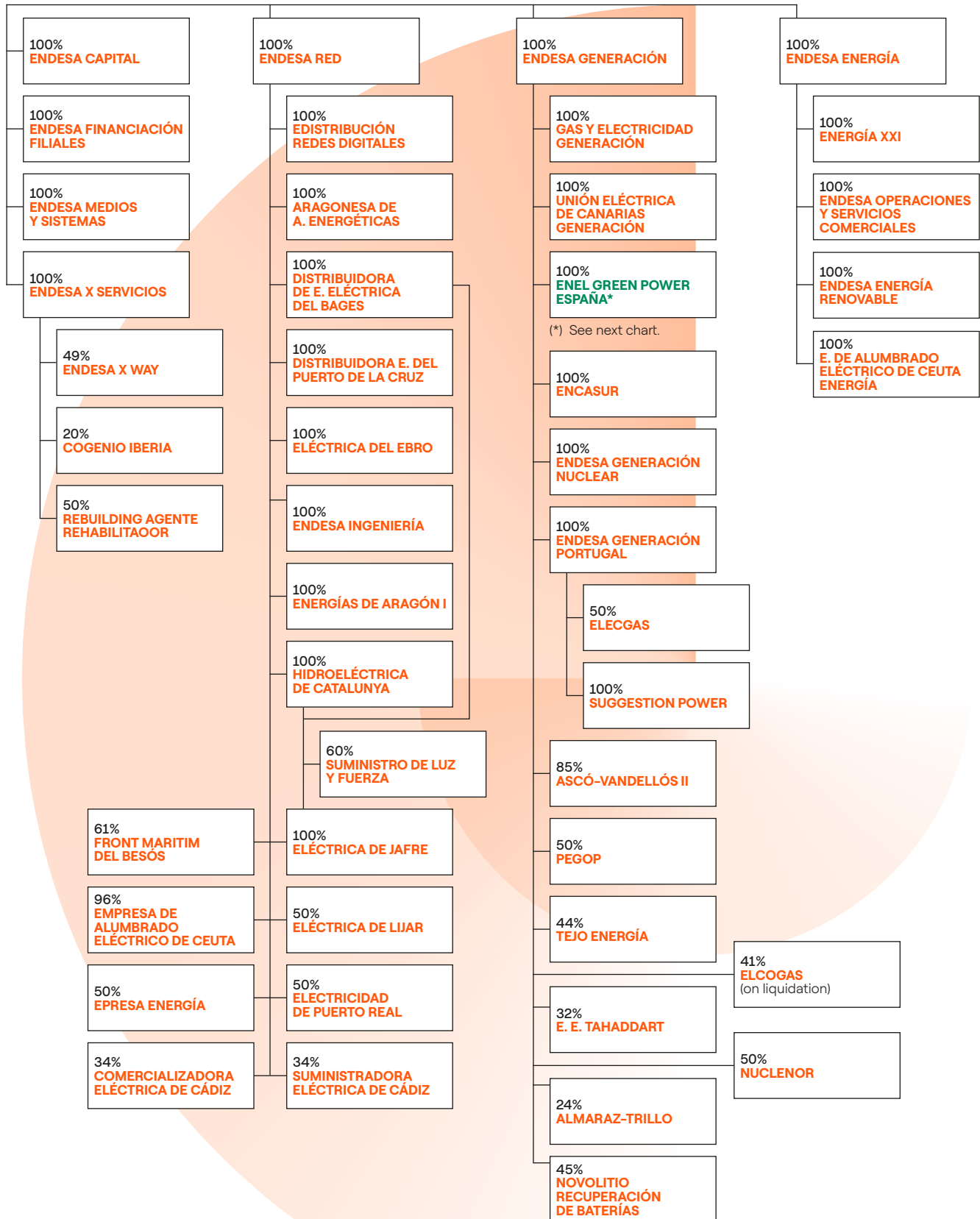
## 2.4. Corporate map

Endesa, S.A.'s activity is structured by business lines, giving the Company flexibility and the ability to respond to the needs of its customers in the territories and businesses in which it operates.

Endesa, S.A. works primarily through the following companies to organise its business lines:

Companies	Description
<p><b>Electricity generation:</b></p> <ul style="list-style-type: none"> <li>Endesa Generación, S.A.U.</li> <li>Gas y Electricidad Generación, S.A.U.</li> <li>Unión Eléctrica de Canarias Generación, S.A.U.</li> <li>Enel Green Power España, S.L.U. (EGPE)</li> </ul> 	<ul style="list-style-type: none"> <li>Endesa Generación, S.A.U. was set up on 22 September 1999 to hold the generation and mining assets of Endesa, S.A.</li> <li>Endesa Generación, S.A.U. comprises holdings in Gas y Electricidad Generación, S.A.U. (100%) and Unión Eléctrica de Canarias Generación, S.A.U. (100%), which manage the conventional generation assets in the non-mainland territories ("TNP"), and Enel Green Power España, S.L.U. (EGPE) (100%), which manages renewable-energy generation assets.</li> <li>At 31 December 2022, Endesa's total net installed capacity in Spain amounted to 22,044 MW, of which 17,684 MW are in the Mainland Electricity System and 4,360 MW in Non-mainland Territories ("TNP") in the Balearic Islands, Canary Islands, Ceuta and Melilla. The net installed capacity for renewables at that date stood at 9,293 MW, of which 9,196 MW were in the mainland electricity system and 97 MW were in the non-mainland territories (see section 9.1 of this Consolidated Management Report).</li> <li>Endesa had total net output in 2022 of 64,716 GWh (see Section 9.1 of this Consolidated Management Report).</li> </ul>
<p><b>Marketing of energy and other products and services:</b></p> <ul style="list-style-type: none"> <li>Endesa Energía, S.A.U.</li> <li>Energía XXI Comercializadora de Referencia, S.L.U.</li> <li>Endesa Operaciones y Servicios Comerciales, S.L.U.</li> <li>Endesa Energía Renovable, S.L.U.</li> <li>Endesa X Servicios, S.L.U.</li> </ul> 	<ul style="list-style-type: none"> <li>Endesa Energía, S.A.U. was set up on 3 February 1998 to carry out supply activities and meet the demands of Spanish electricity sector deregulation. Its activity involves supply of energy to customers who opt to exercise their right to choose their supplier and receive the service in the deregulated market, in addition to other products and services relating to the development of energy-efficient infrastructure and maintenance services.</li> <li>Endesa Energía, S.A.U. owns 100% of the companies: Energía XXI Comercializadora de Referencia, S.L.U., which supplies electricity in the regulated market; Endesa Operaciones y Servicios Comerciales, S.L.U., which provides commercial services related to energy supply; and Endesa Energía Renovable, S.L.U., which is involved in supplying electricity and natural gas from renewable sources.</li> <li>Endesa Energía, S.A.U. also supplies the deregulated markets in Germany, France, the Netherlands and Portugal.</li> <li>Net electricity sales amounted to 79,003 GWh in 2022, with the portfolio of customers in the electricity market including 10.5 million points of supply at 31 December 2022. Endesa supplied 63,756 GWh of gas in 2022, and its customer portfolio in the conventional natural gas market included 1.8 million supply points at 31 December 2022 (see Section 9.1 of this Consolidated Management Report).</li> <li>Endesa X Servicios, S.L.U. is involved in development and marketing activities for new services adapted to the development of the energy market, focusing on four lines of action: e-Home, e-Industries, e-City and e-Mobility.</li> <li>Endesa X Servicios, S.L.U. also develops and markets new services adapted to trends in the energy market in Portugal.</li> </ul>
<p><b>Energy distribution:</b></p> <ul style="list-style-type: none"> <li>Endesa Red, S.A.U.</li> <li>Edistribución Redes Digitales, S.L.U.</li> <li>Endesa Ingeniería, S.L.U.</li> </ul> 	<ul style="list-style-type: none"> <li>Endesa Red, S.A.U. was set up on 22 September 1999 and marked the culmination of the integration of Endesa, S.A.'s regional distribution companies in Spain.</li> <li>Among other interests, this company holds 100% interests in Edistribución Redes Digitales, S.L.U., which engages in regulated electricity distribution activities, and Endesa Ingeniería, S.L.U. (100%).</li> <li>At 31 December 2022, Endesa distributed electricity in 24 Spanish provinces (La Coruña, Almería, Badajoz, Barcelona, Cadiz, Cordoba, Girona, Granada, Huelva, Huesca, the Balearic Islands, Jaen, Las Palmas, Leon, Lleida, Malaga, Ourense, Santa Cruz de Tenerife, Seville, Soria, Tarragona, Teruel, Zamora and Zaragoza) in 8 Autonomous Communities (Andalusia, Aragon, the Canary Islands, Castilla y Leon, Catalonia, Extremadura, Galicia and the Balearic Islands) and the self-governing city of Ceuta, covering a total of 195,881 km<sup>2</sup> and a population of over 21 million people.</li> <li>Endesa had over 12 million distribution customers at that date, and its networks supplied total power of 131,813 GWh in 2022 (see Section 9.1 of this Consolidated Management Report).</li> </ul>

The following corporate map shows Endesa's main investees at 31 December 2022:





100% ENEL GREEN POWER ESPAÑA						
51% AGUILÓN 20	38% COMPAÑÍA EÓLICA TIERRAS ALTAS	100% ENVATIOS PROMOCIÓN XX	100% FRV ZAMORA SOLAR 3	75% PARQUE EÓLICO DE BARBANZA	67% SAN FRANCISCO DE BORJA	50% SOCIEDAD EÓLICA EL PUNTAL
100% ARANORT DESARROLLOS	25% CORPORACIÓN EÓLICA DE ZARAGOZA	51% EÓLICA VALLE DEL EBRO	100% FUNDAMENTAL RECOGNIZED SYSTEMS	82% PARQUE EÓLICO DE SAN ANDRÉS	45% SANTO ROSTRO COGENERACIÓN (on liquidation)	60% SOCIEDAD EÓLICA LOS LANCES
100% ARENA GREEN POWER 1	100% DEHESA DE LOS GUADALUPES SOLAR	80% EÓLICAS DE AGAETE	100% FURATENA SOLAR 1	66% PARQUE EÓLICO DE SANTA LUCÍA	100% SAVANNA POWER SOLAR 4	50% SOLANA RENOVABLES
100% ARENA GREEN POWER 2	100% DEHESA PV FARM 03	55% EÓLICAS DE FUENCALIENTE	30% HIDROELÉCTRICA DE OUROL	90% PARQUE EÓLICO FINCA DE MOGÁN	100% SAVANNA POWER SOLAR 5	36% SOTAVENTO GALICIA
100% ARENA GREEN POWER 3	100% DEHESA PV FARM 04	40% EÓLICAS DE FUERTEVENTURA	51% HISPANO GENERACIÓN DE ENERGÍA SOLAR	76% PARQUE EÓLICO MONTES DE LAS NAVAS	100% SAVANNA POWER SOLAR 6	100% STONEWOOD DESARROLLOS
100% ARENA GREEN POWER 4	100% EMINTEGRAL CYCLE	50% EÓLICAS DE LA PATAGONIA	41% INFRAESTRUCTURA DE EVAC UAC IÓN PEÑAFLOR 220 KV	100% PARQUE EÓLICO MUINIESA	100% SAVANNA POWER SOLAR 9	51% TAUSTE ENERGÍA DISTRIBUIDA (on liquidation)
100% ARENA GREEN POWER 5	100% ENERGÍA BASE NATURAL	40% EÓLICAS DE LANZAROTE	100% INFRAESTRUCTURAS PUERTO SANTA MARÍA 220	52% PARQUE EÓLICO PUNTA DE TENO	100% SAVANNA POWER SOLAR 10	45% TERMOTEC ENERGÍA
100% ARENA POWER SOLAR 11	100% ENERGÍA EÓLICA ÁBREGO	50% EÓLICAS DE TENERIFE	19% INFRAESTRUCTURAS SAN SERVÁN SET 400	58% PARQUE EÓLICO SIERRA DEL MADERO	100% SAVANNA POWER SOLAR 12	30% TERRER RENOVABLES
100% ARENA POWER SOLAR 12	100% ENERGÍA EÓLICA GALERNA	60% EÓLICOS DE TIRAJANA	31% INFRAESTRUCTURAS SAN SERVÁN 220	100% PRODUCTIVE SOLAR SYSTEMS	100% SAVANNA POWER SOLAR 13	100% TICO SOLAR 1
100% ARENA POWER SOLAR 13	100% ENERGÍA EÓLICA GREGAL	9% EVACUACIÓN CARMONA 400-220 KV RENOVABLES	24% INSTALACIONES SAN SERVÁN II 400	30% PRODUCTORA DE ENERGÍAS	38% SECCIONADORA ALMODOVAR RENOVABLES	100% TICO SOLAR 2
100% ARENA POWER SOLAR 20	100% ENERGÍA NETA SA CASETA LLUCMAJOR	70% EXPLOTACIONES EÓLICAS DE ESCUCHA	35% LUCAS SOSTENIBLE	100% PROMOCIONES ENERGÉTICAS DEL BIERZO	100% SEGUIDORES SOLARES PLANTA 2	33% TOLEDO PV
100% ARENA POWER SOLAR 33	100% ENERGÍA Y NATURALEZA	74% EXPLOTACIONES EÓLICAS EL PUERTO	36% MINGLANILLA RENOVABLES 400KV	37% PROMOTORES MUDEJAR 400 KV	16% SET CARMONA 400 KV RENOVABLES	8% TORO RENOVABLES 400 KV
100% ARENA POWER SOLAR 34	55% ENERGÍAS ALTERNATIVAS DEL SUR	51% EXPLOTACIONES EÓLICAS SANTO DOMINGO DE LUNA	37% MINICENTRALES DEL CANAL IMPERIAL-GALLUR	33% PROYECTOS UNIVERSITARIOS DE ENERGÍAS RENOVABLES	100% SHARK POWER	100% TORREPALMA ENERGY 1
100% ARENA POWER SOLAR 35	67% ENERGÍAS DE GRAUS	65% EXPLOTACIONES EÓLICAS SASO PLANO	21% MONTE REINA RENOVABLES	100% PUERTO SANTA MARÍA ENERGÍA I	100% SHARK POWER REN 4	61% TRANSFORMADORA ALMODOVAR RENOVABLES
50% ATECA RENOVABLES	97% ENERGÍAS ESPECIALES DE CAREÓN	90% EXPLOTACIONES EÓLICAS SIERRA COSTERA	100% OLIVUM PV FARM 01	100% PUERTO SANTA MARÍA ENERGÍA II	100% SHARK POWER REN 5	36% TRÉVAGO RENOVABLES
100% BAIKAL ENTERPRISE	100% ENERGÍAS ESPECIALES PEÑA ARMADA	90% EXPLOTACIONES EÓLICAS SIERRA LA VIRGEN	33% OXAGE S.A. (on liquidation)	100% RENOVABLES ANDORRA	100% SHARK POWER REN 6	67% VIRULEIROS
100% BALEARES ENERGY	100% ENERGÍAS ESPECIALES ALTO ULLA	100% FOTOVOLTAICA YUNCLILLOS	100% PAMPINU S PV FARM 01	64% RENOVABLES BROVALES 400 KV	100% SHARK POWER REN 7	100% XALOC SOLAR
100% BAYLIO SOLAR	50% ENERGÍAS ESPECIALES DEL BIERZO	100% FRV CORCHITOS I	90% PARAVENTO	100% RENOVABLES LA PEDRERA	100% SHARK POWER REN 8	40% YEDESA COGENERACIÓN (on liquidation)
51% BOSA DEL EBRO	19% ENERGÍAS LIMPIAS DE CARMONA	100% FRV CORCHITOS II SOLAR	30% PARC EOLIC LA TOSSA -LA MOLA D'EN PASCUAL	44% RENOVABLES MANZANARES 400 KV	100% SHARK POWER REN 9	
34% BRAZATORTAS RENOVABLES	100% ENIGMA GREEN POWER 1	100% FRV GIBALBIN -JEREZ	30% PARC EOLIC LOS ALIGARS	100% RENOVABLES MEDIAVILLA	100% SHARK POWER REN 10	
25% CAMPOS PROMOTORES RENOVABLES	100% ENVATIOS PROMOCIÓN I	100% FRV TARIFA	100% PARQUE EÓLICO A CAPELADA	100% RENOVABLES TERUEL	28% SISTEMA ELÉCTRICO DE CONEXIÓN VALCAIRE	
33% CENTRAL HIDRÁULICA GUEJAR-SIERRA	100% ENVATIOS PROMOCIÓN II	100% FRV VILLALOBILLOS	50% PARQUE EÓLICO BELMONTE	39% RLBINA RENOVABLES 400	96% SISTEMAS ELÉCTRICOS NAÑÓN ORTIGUEIRA	
20% COGENERACIÓN EL SALTO (on liquidation)	100% ENVATIOS PROMOCIÓN III	100% FRV ZAMORA SOLAR 1	80% PARQUE EÓLICO CARRETERA DE ARINAGA	50% SALTO DE SAN RAFAEL	65% SOCIEDAD EÓLICA DE ANDALUCÍA	

The additions, removals and changes to Endesa's company map in 2022 are described in Note 7 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

Appendix I to the Notes to the Consolidated Financial Statements for the year ended 31 December 2022 lists Endesa's companies and material shareholdings.

# Corporate Governance

# 3. Corporate governance system

## 3.1. Corporate governance focused on sustainability objectives

Endesa is aware of the effects that climate change has on its business. It integrates this vision not only as an element in its environmental and climate management policy, but as a major component in decision-making at the business level and in the determination of its strategic plans. To address this issue, Endesa’s strategic plan includes its Climate Change action plan. Endesa’s strategic plan is geared towards and based on the fight against climate change, and is approved each year by the Board of Directors and developed and implemented by the company’s Senior Management. Specifically, the CEO is the person most responsible for implementing the company’s Strategic Plan and therefore the company’s climate strategy.

Endesa establishes its strategic plans taking into account macro geopolitical, regulatory and technological trends, with particular emphasis on the markets in which it operates, and considering the risks and opportunities it faces (taking into account operational, technological, market and transition aspects, and physical risks). In addition to its responsibility for approval of the Strategic Plan, which integrates the Climate Change Action Plan, the Board of Directors is also responsible for establishing the policy for risk control and management, including climate change. However, as an additional example of its determined commitment in this area, an amendment to the Board of Directors Regulations was approved in February 2022 to expressly include the responsibilities of the governing body in relation to climate change.

### Appointments and Remuneration Committee (ARC)

The Appointments and Remuneration Committee (ARC) is responsible for reporting on and/or proposing the appointments of Directors and the Remuneration Policy to the Board of Directors for submission to the General Shareholders’ Meeting. This Committee proposes carbon dioxide (CO<sub>2</sub>) emission reduction targets to the Board of Directors of Endesa, S.A. It also monitors these targets, which are linked to the variable remuneration of the

Executive Directors. Endesa has an incentive system in place for its Executives related to the Company’s performance in climate change management. To date, the Long-term Incentive Plan, whose participants are Endesa’s Executive Directors, as well as Executives whose participation is considered essential in achieving the Strategic Plan, establishes the following objectives directly related to the management of Climate Change:

Targets	Description
<b>Net installed renewable energy capacity.</b>	<ul style="list-style-type: none"> <li>The relationship between Endesa’s net installed renewable capacity and its total net cumulative installed capacity for a particular period. This parameter is weighted as 15% of the total incentive.</li> </ul>
<b>Carbon dioxide (CO<sub>2</sub>) reduction targets.</b>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emission reductions, calculated as the reduction in specific CO<sub>2</sub> (gCO<sub>2</sub>/kWh) of Endesa for a specific period. This is defined as the ratio between the absolute carbon dioxide (CO<sub>2</sub>) emissions from Endesa’s electricity generation and its net total production for that year. This parameter is weighted as 10% of the total incentive.</li> </ul>

This objective is reviewed annually in each long-term incentive plan, with the last objective set at the end of this report being that of the 2022-2024 Plan (see Note 47.3.5,

Share-based payment schemes tied to the Endesa, S.A. share price, in the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

The Appointments and Remuneration Committee is also responsible for establishing the welcome programme for new Directors, and refresher programmes when

circumstances so advise. One such refresher programme was held in 2022 for the Sustainability and Corporate Governance Committee in relation to climate change.

## Audit and Compliance Committee (CAC)

The Audit and Compliance Committee (CAC) is responsible for overseeing and monitoring the preparation and presentation of financial and non-financial information, auditor independence and the effectiveness of the internal control and risk management systems. The risk control and

management model implemented in the Company expressly includes risks associated with climate change. This model is aligned with international standards, following a methodology based on the three-line model.

## Sustainability and Corporate Governance Committee

In order to ensure the best possible compliance and implementation of its actions and strategy in the fight against climate change, the company has a Sustainability and Corporate Governance Committee, whose main function is to advise the Board of Directors of Endesa, S.A. and supervise and monitor, among others, environmental issues, including climate change. Its responsibilities include reviewing the Company's environmental policies, supervising the objectives included in the Sustainability Plan, periodically assessing the degree of compliance with these objectives and reviewing and reporting on the Statement of Non-financial Information to verify that its content is in line with Endesa's Sustainability Plan, which includes information on the Company's risks and objectives in relation to Climate Change, prior to its review and report

by the Audit and Compliance Committee and its subsequent formulation by the Board of Directors of Endesa, S.A.

In the amendment of the Regulations of the Sustainability and Corporate Governance Committee in February 2022, the Committee's powers in relation to Climate Change were strengthened, expressly including its responsibility for the periodic review of Climate Change policies, as well as for verifying that the Statement of Non-financial Information includes information on the Company's risks and objectives in relation to Climate Change. During 2022, issues related to Climate Change have been discussed in 4 of the 5 meetings of the Sustainability and Corporate Governance Committee.

## 3.2. Organisational structure

Endesa, S.A. and its subsidiaries are part of the Enel Group, the parent of which is Enel Iberia, S.L.U. in Spain.

At 31 December 2022, the Enel Group's holding in the share capital of Endesa, S.A., through Enel Iberia, S.L.U.,

stood at 70.1% (see Notes 1 and 35.1.1 to the Consolidated Financial Statements for the year ended 31 December 2022).

## 3.3. Board of Directors

At the date of preparation of this Consolidated Management Report, the composition of the Board of Directors of Endesa S.A., the body with the widest




powers to manage, administer and represent the Company, was as follows:

## Board of Directors

-  **Chairman**  
Mr. Juan Sánchez-Calero Guilarte
-  **Vice Chairman**  
Mr. Francesco Starace
-  **Chief Executive Officer**  
Mr. José Damián Bogas Gálvez
-  **Secretary**  
Mr. Francisco de Borja Acha Besga

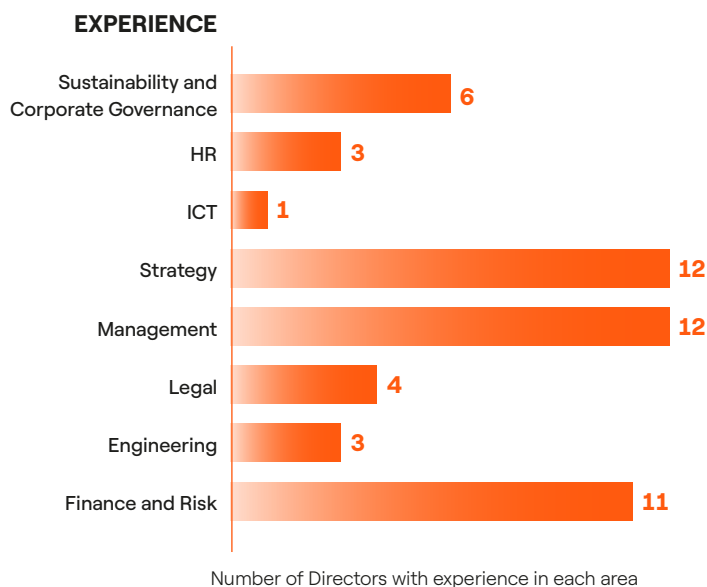
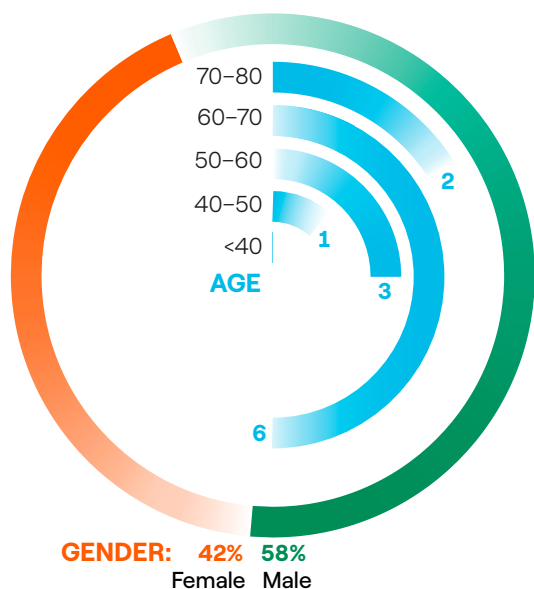
### Board Members

- Ms. Eugenia Bieto Caubet
- Mr. Antonio Cammisecra
- Mr. Ignacio Garralda Ruiz de Velasco
- Ms. Pilar González de Frutos
- Ms. Francesca Gostinelli
- Ms. Alicia Koplowitz y Romero de Juseu
- Mr. Francisco de Lacerda
- Mr. Alberto de Paoli
- Ms. Cristina de Parias Halcón

-  External - Independent
-  Executive
-  External - Proprietary

Details of the Board of Directors by gender, age and experience at 31 December 2022 were as follows:

### Diversity of The board of Directors

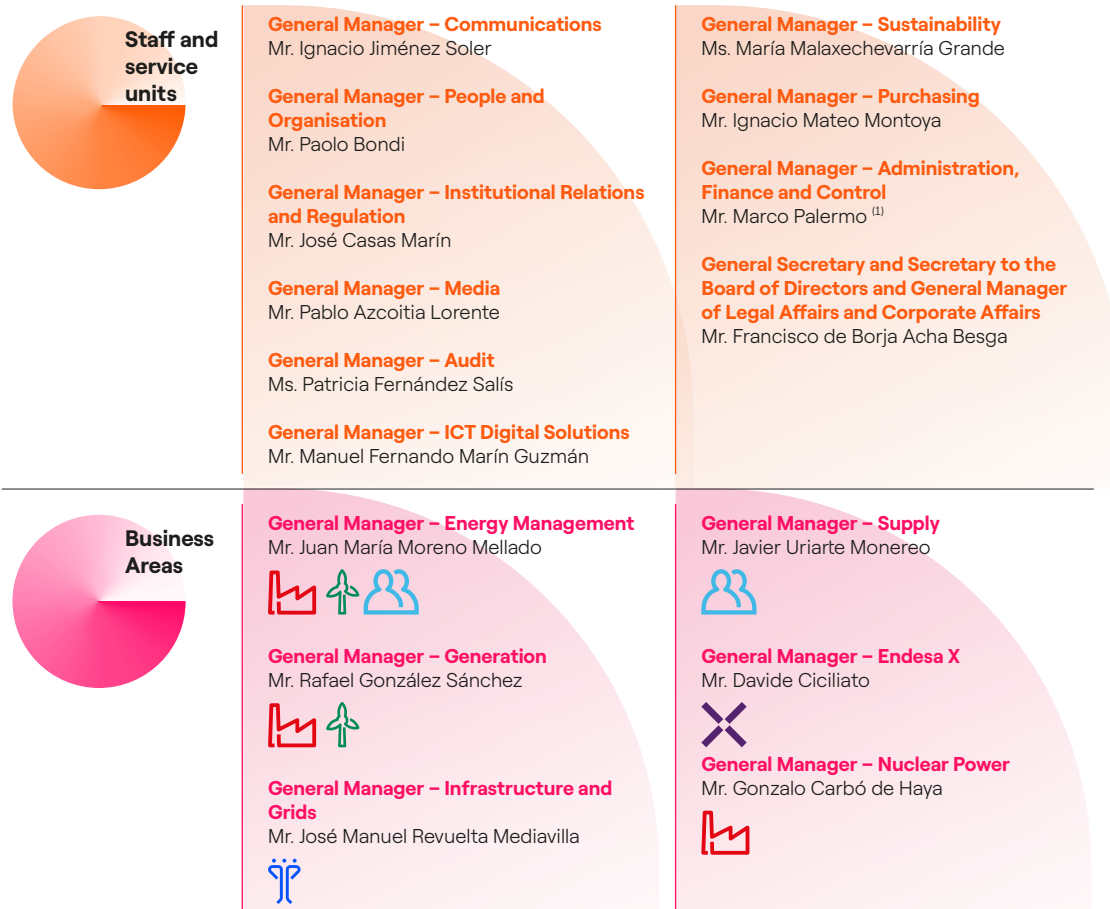


## 3.4. Senior Management

At the date of preparation of this Consolidated Management Report, the functions of Endesa S.A.'s Executive Management Committee include the implementation of Company strategies, as follows:

## Chief Executive Officer

Mr. José Damián Bogas Gálvez



<sup>(1)</sup> Joined on 1 January 2023 replacing Mr. Luca Passa.

Section C, Company management structure, of the Annual Corporate Governance Report describes the organisation of the Board of Directors of Endesa, S.A. and the bodies to which it delegates its decisions. This forms an integral part of this Consolidated Management Report (see section 23 of this Consolidated Management Report).

The general principles of Endesa's corporate governance strategy ensure that the company's internal rules guarantee transparency and reconciliation of the interests of all shareholders, with equal treatment of all shareholders under identical conditions.

Women represented 13% of Senior Management at 31 December 2022 and 31 December 2021.

## 3.5. Incentives system

Information on Endesa's incentives system is provided in Note 47.3.5 to the Consolidated Financial Statements for the year ended 31 December 2022.

## 3.6. Business ethics values and pillars

### 3.6.1. Code of Ethics

Information relating to the Code of Ethics is included in Section 6.3 of this Consolidated Management Report.

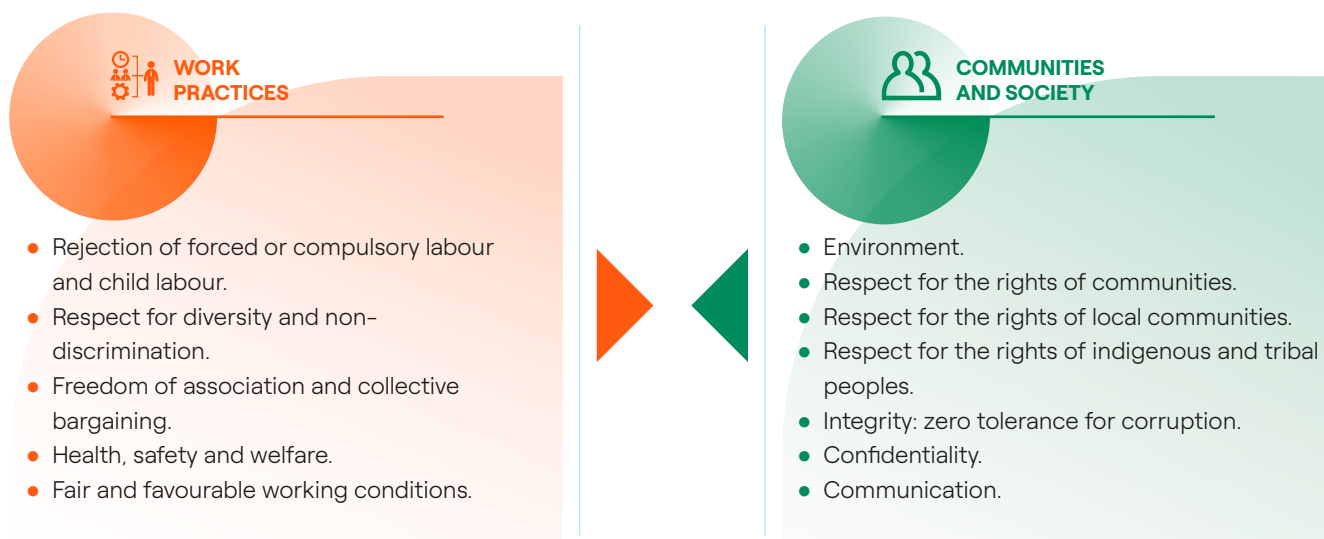
### 3.6.2. Endesa’s Human Rights Policy

Endesa’s Human Rights Policy follows the recommendations of the United Nations Guiding Principles on Business and Human Rights and includes its commitments and responsibilities in this area. This policy focuses on creating sustainable value throughout the value chain, in both its business activity and the operations undertaken by its workers. The commitments to the Sustainable Development Goals (SDG) are included as a guarantee that avoids the risks of human rights violations, paying special attention to

the most vulnerable stakeholders. The Company encourages its contractors, suppliers and trade partners to adhere to the same principles, focusing particularly on situations involving conflict and high risks.

The policy consists of 12 principles covering 2 major areas: employment practices, and communities and society. These principles are inspired by the Universal Declaration of Human Rights and the conventions of the International Labour Organization in relation to human and social rights.

#### Endesa’s human rights policy



Endesa started implementing pioneering due diligence exercises in 2017 to ensure implementation and monitoring of the commitments in its Human Rights Policy, following the recommendations of the guiding principles. These due diligence exercises have resulted in action plans to address the opportunities for improvement identified.

Issues relating to human rights are overseen at the highest level within the organisation. The Human Rights Policy is

approved by the Board of Directors of Endesa, S.A., while the Board’s Corporate Governance and Sustainability Committee monitors compliance with the associated action plan.

For more information see Section 2.4.3. “Our Respect for Human Rights” in the Statement of Non-financial Information and Sustainability 2022 (see Section 25 of this Consolidated Management Report)..

# Strategy and Risks





# 4. Foreseeable developments

## 4.1. Energy policy context

The energy crisis caused by the Russian invasion of Ukraine has worsened since the middle of the year, following problems with the supply of Russian gas in response to sanctions imposed by the European Union. This caused an unprecedented increase in energy prices in August to all-time highs. This obliged governments to intervene in the market to protect consumers from high energy prices (see Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

Complementing the various packages of measures approved at the time (the “Toolbox for Action and Support”

in October 2021, the “Repower EU” plan and the new “Repower EU” plan), in 2022 the European Union invested considerable effort in building consensus about a range of actions to guarantee affordable prices for the public, security of supply and environmental sustainability.

At an extraordinary meeting on 30 September 2022, the Energy Ministers of the Member States agreed to implement a coordinated package of emergency measures to intervene in the energy market. This package will apply from 1 December 2022 until 31 December 2023.

	Main measures
<b>Extraordinary European Union Energy Council summit of 30 September 2022.</b>	<ul style="list-style-type: none"> <li>Reduction of electricity consumption, with a voluntary target of a 10% reduction in total gross consumption and a mandatory 5% reduction at peak times, with each country to introduce appropriate measures to achieve both targets. This measure will remain in force until 31 March 2023.</li> </ul>
	<ul style="list-style-type: none"> <li>Market revenue for inframarginal technologies capped at Euro 180 EUR/MWh, including renewables, nuclear and lignite, until 30 June 2023. The cap has been stipulated to protect operator profitability while not discouraging investment in renewable energies.</li> </ul>
	<ul style="list-style-type: none"> <li>Temporary solidarity contribution from the fossil fuel sector through an extraordinary tax on companies operating in the crude oil, natural gas, coal and refinery sectors. The measure will tax windfall profits earned until 31 December 2023 that exceed the average profit for the 2018–2021 period by 20%, taxed at a percentage of at least 33%. The tax takes the form of a temporary contribution and the amount collected will go to vulnerable households, the most affected businesses and electricity intensive industries to mitigate the effects of high retail electricity prices.</li> </ul>
	<ul style="list-style-type: none"> <li>Retail measures for small and medium-sized enterprises (SMEs): the Member States of the European Union may temporarily set a price for the supply of electricity to small- and medium-sized enterprises to enable them to cope with the high energy prices. The Member States also agreed the possibility of setting an exceptional and temporary price for electricity supply that is below cost.</li> </ul>

The agreement also provides that all these measures will be compatible with those implemented at national level by the Member States provided that they are equivalent in nature, compatible with the objectives of the Regulation, and generate at least comparable revenue.

On 19 December 2022, the Member States of the European Union reached political agreement on a Council Regulation

establishing a Market Correction Mechanism seeking to protect businesses and households from episodes of excessively high gas prices, while also guaranteeing security of energy supply and stability in the financial markets.

This correction mechanism will be activated automatically if a “market correction event” with the following features occurs:

	Activation conditions
<b>Market Correction Mechanism</b>	<ul style="list-style-type: none"> <li>The month-ahead price on the Title Transfer Facility (TTF) exceeds Euro 180 EUR/MWh for three working days.</li> <li>The month-ahead price on the Title Transfer Facility is €35 higher than a reference price for liquefied natural gas (LNG) on global markets for the same three working days.</li> </ul>

Once activated, the dynamic bidding limit will apply for at least 20 working days. If the dynamic bidding limit is below Euro 180 EUR/MWh for the last 3 consecutive working days, it will be automatically deactivated.

The regulation includes a suspension mechanism if risks to security of energy supply, financial stability, intra-European

Union flows of gas, or risks of increased gas demand are identified.

This temporary Regulation has entered into force on 15 February 2023 and apply for one year. The Commission will review the Regulation no later than 1 November 2023, considering the general situation with regard to gas

supplies, and may propose an extension of the measures based on this report.

The European Commission stipulated that all such interventions must preserve the basis of the internal energy market and cross-border trade and be consistent with the current efforts to reduce demand for gas. However, it also stated that in 2023 it would discuss the possibility of structural reform of the electricity system to effectively decouple the setting of electricity prices for inframarginal technologies from gas prices. This could result in the ending of the current marginal pricing system. This structural reform of the European electricity system is expected to be discussed and agreed in 2023, to which end the Commission has requested proposals from the Member States.

The measures in these packages of initiatives in response to the energy crisis are likely to lead to an increase in the target for reducing emissions by 2030, which may increase from 55% to 57%, through increased development of renewable energies and energy efficiency.

Within this raft of measures rolled out at European level, the Spanish government, following its regulatory approach since June 2021, adopted further extraordinary measures in 2022 to protect consumers from rising energy prices.

Royal Decree-Law 6/2022, of 29 March, set a maximum reference price for the sale of inframarginal energy to end consumers. Royal Decree-Law 10/2022, of 13 May, established measures to cap the gas used in generating

electricity. Royal Decree-Law 11/2022, of 25 June extended fiscal and market measures to protect consumers. Royal Decree-Law 14/2022, of 1 August, introduced economic sustainability measures in relation to transport, grants and aid for education, together with energy efficiency and saving measures, and measures to reduce dependency on natural gas. These measures will be in effect until 1 November 2023 (see section 9 of this Consolidated Management Report).

The most important regulatory interventions in the final quarter of the year were introduced through: Royal Decree-Law 18/2022, which developed some of the measures in the government's +Energy Security Plan, increasing the protection for the public against the cost-of-living crisis caused by the war in Ukraine; and Royal Decree-Law 20/2022, which approved an additional package of measures in response to the economic and social consequences of the conflict, including maintaining lower rates for Value Added Tax (VAT) and Electricity Tax for energy supply, the lower rate of VAT for gas supply, and suspension on the Tax on the Value of Electricity Production ("IVPEE"), until 31 December 2023.

Finally, on 27 December 2022 the Government approved Law 38/2022, setting temporary charges on energy and credit institutions, which came into effect on 1 January 2023 (see Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

## 4.2. 2023–2025 Strategic Plan

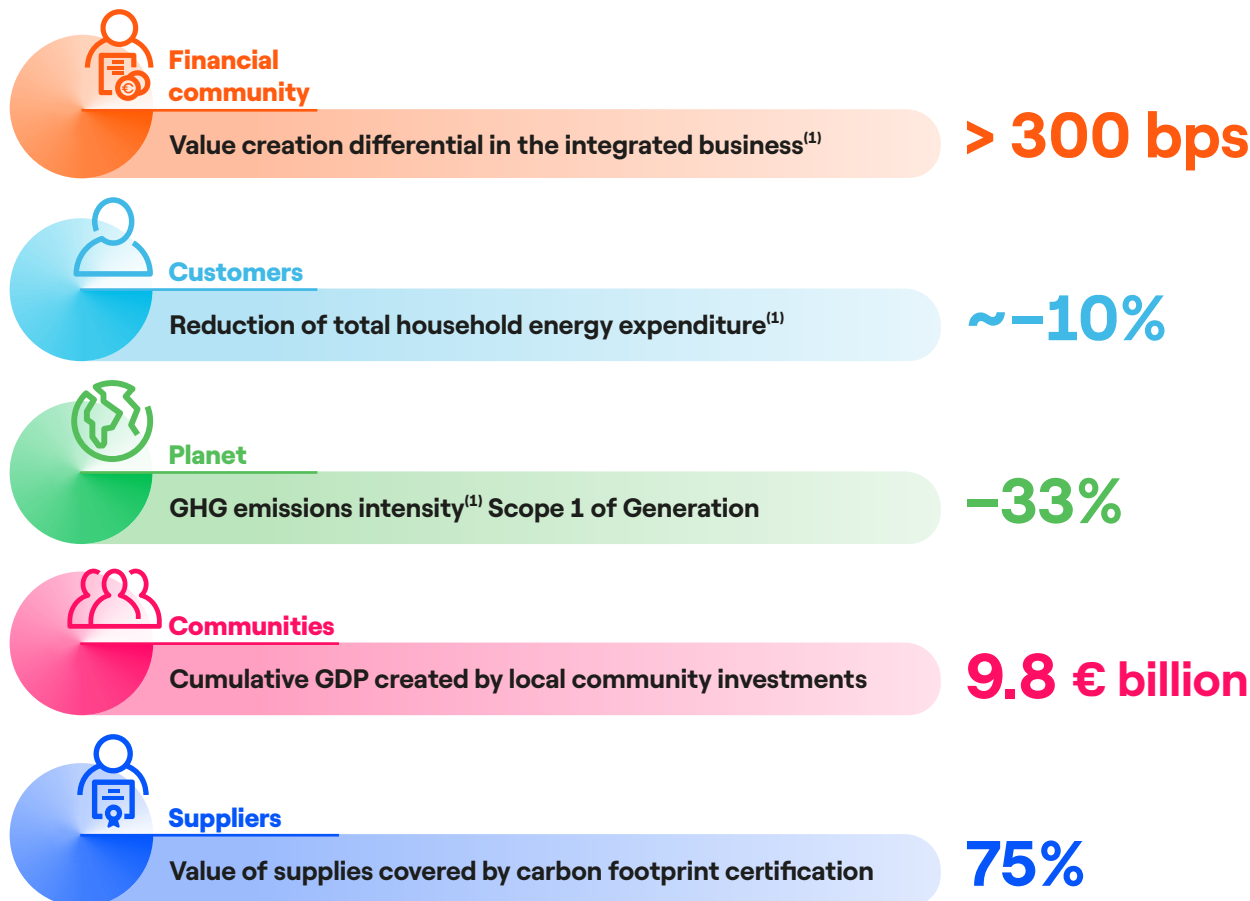
Endesa presented the update of its 2023–2025 Strategic Plan on 23 November 2022. This Plan accelerates the decarbonisation of the company's generating mix, the diversification of its value-added products for deregulated customers, and development of its distribution grid as an integrating element for the other aspects.

The new strategy for the mainland features a 15% increase in investment compared to the 2022–2024 Plan, to Euro 8,600 million. This is due largely to increased funds for development of wind and solar facilities, which account for over half of this investment plan, at Euro 4,300 million, 39% higher than in the previous plan.

Around 90% of the planned investment is directly related to the United Nations Sustainable Development Goals (SDG), and over 80% is aligned with the European Union Taxonomy (see section 1.5 of this Consolidated Management Report). Likewise, the percentage of corporate debt linked to sustainability objectives will increase to 87% in 2025.

The industrial plan that underpins Endesa’s strategy until the end of 2025 maximises the value of the vertically integrated business model, which will play a leading role in the path towards electrification, while creating value for all stakeholders involved with the Company.

Value created for stakeholders.

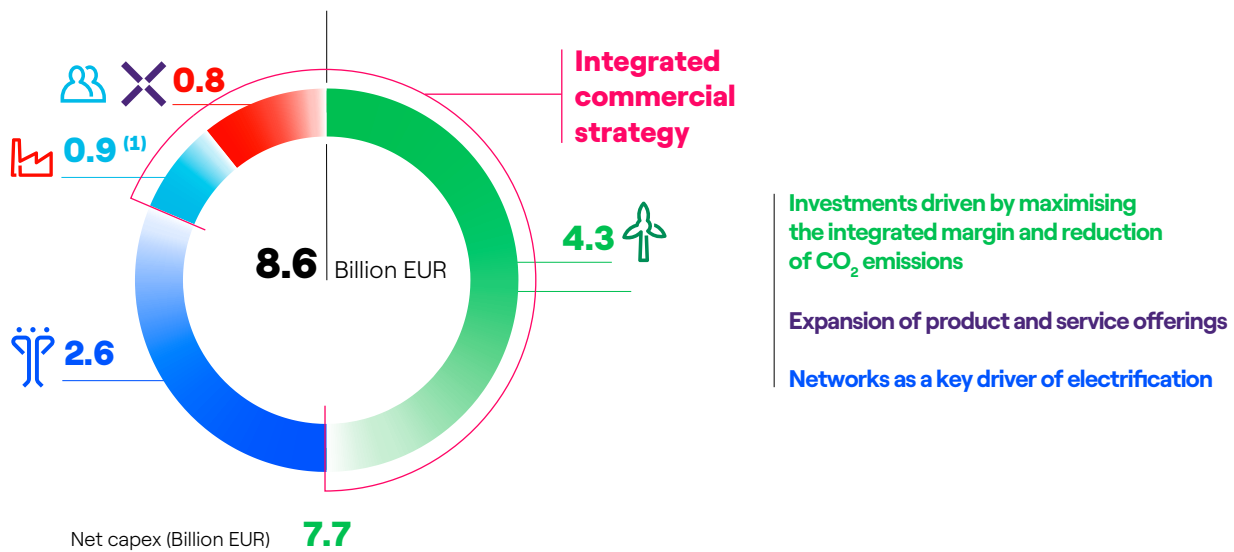


<sup>(1)</sup> 2025 compared to 2022.

The update of the 2023-2025 Strategic Plan is adapted to the new energy environment and based on the following lines of action:

2023-2025 Strategic Plan lines of action	
Increase in emission-free generation capacity.	• Robust growth in renewable generation to total installed capacity of 13,900 MW at the end of the period, with investment of Euro 4,300 million.
Extension of the value offer of services and electricity supply for customers.	• Extension of the value offer of services and electricity supply for customers, entailing investment of Euro 900 million.
Digitalisation of the distribution network.	• Continue efforts to digitalise the distribution network as a key asset to enable energy transition, with investment of Euro 2,600 million.

## 2023-2025 Gross Capex by Activity



<sup>(1)</sup> Includes nuclear, combined cycle, non-mainland and others.

### 1) Growth in emission-free generation capacity

The planned investment for the development of renewable power represents half of total investment for the three-year period and will enable the addition of 4,400 MW of capacity (3,000 MW solar and 1,400 MW wind) to reach a volume of emission-free power of 13,900 MW by 2025. This will make 91% of electricity production in the Iberian Peninsula emission-free, enabling us to achieve the target of 95% of all electricity sold at a fixed price being from zero-emission sources. For Endesa this represents an acceleration along the path towards net-zero emissions, without the use of CO<sub>2</sub> emission rights or carbon storage technologies.

This growth in renewables is based on a portfolio including some of the largest and most diversified projects in the sector, amounting to around 85 GW, of which 19 GW are considered to be projects at a mature stage of analysis and planning, and just over 1,000 MW are already being built.

Solar projects account for 58% of the pipeline, with wind representing 16% and battery storage projects 20%. The 2023-2025 Plan includes 200 MW of this type of storage. This is a new technology compared to the previous plan and relates to 2 large fair-transition projects awarded in 2022, at Pego in Portugal and Andorra in Aragón.

### 2) Extension of the supply of value-added products and services

In addition to its efforts to achieve a zero-emission energy mix, Endesa plans to invest Euro 900 million to 2025 in promoting the electrification of demand by consumers, through active management of the customer portfolio, enabling the company to continue developing affordable offers and services with high added value. The Plan includes increasing the portfolio of deregulated-market customers by 6%, to 7.3 million in

2025, which will enable the total volume of liberalised fixed-price electricity sales to grow by 2%, to 51 TWh (terawatt hours).

In terms of services, the number of public and private charging stations will increase to 66,000, while the focus on the promotion of e-home service contracts will result in a 12% increase, to 2.8 million.

### 3) Efforts to digitalise the distribution network

The other major area of investment in the new plan, in addition to renewables, is the distribution network, with a total of Euro 2,600 million, slightly lower than planned in the period 2022-2024, due to greater regulatory uncertainty.

This volume of investment volume is distributed in 3 areas: digitalisation, which accounts for 42%; adaptation of the

grid to the new needs of customers, including self-consumption and distributed generation, at 34%; and reinforcing the quality of service and resilience of the grid, 24%. This will enable us to reduce the level of losses by 0.2 percentage points and interruption times by 26%.

## 4.3. Main financial indicators

The new Business Plan includes forecasts for economic indicators for the consolidated results, based on the current lines of action. In accordance with this, Endesa expects positive performance in the following:

Economic indicator	Forecast
<b>Gross operating income (EBITDA)<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>This will increase by 8% in accumulated annual terms (CAGR) in 2023-2025, to between Euro 5,200 million and 5,500 million in 2025, due our investment and the foreseeable normalisation of market conditions.</li> </ul>
<b>Net ordinary income<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>This will be in the range Euro 2,000 million to 2,100 million at the end of the three-year period, with compound annual growth of 18% over the plan horizon.</li> </ul>

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

In this regard and with a view to maintaining Endesa's risk profile and financial strength, the dividend policy approved by the Company maintains a 70% pay out on net ordinary income over the period to 2025.

Millions of Euro

Financial objectives	Unit	2023	2024	2025
Gross operating income (EBITDA) <sup>(1)</sup>	Euro Million	4,400-4,700	4,900-5,200	5,200-5,500
Net ordinary income <sup>(1)</sup>	Euro Million	1,400-1,500	1,700-1,800	2,000-2,100
Gross dividend per share	Euro	1.0	1.2	1.4

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

## 4.4. Long-term vision. Full decarbonisation by 2040

Endesa is fully committed to developing a sustainable business model in line with the objectives of the Paris Agreement. For Endesa, the fight against climate change is an unprecedented challenge. It has been setting ambitious targets through the successive Strategic Plans it has approved.

The Enel Group has signed up to the “Business Ambition for 1.5°C” campaign promoted by the United Nations and other institutions, based on a strategic shift towards renewable energy that has been implemented over recent years. Endesa aligned itself with its parent in its 2022-2024 Strategic Plan in the goal of bringing forward the complete decarbonisation of its activities from 2050 to 2040, setting a clear path with intermediate reduction goals.

The 2023–2025 Strategic Plan presented on 23 November 2022 confirms this long-term approach, based on Endesa’s intention to lead the energy transition through these strategic lines of action.

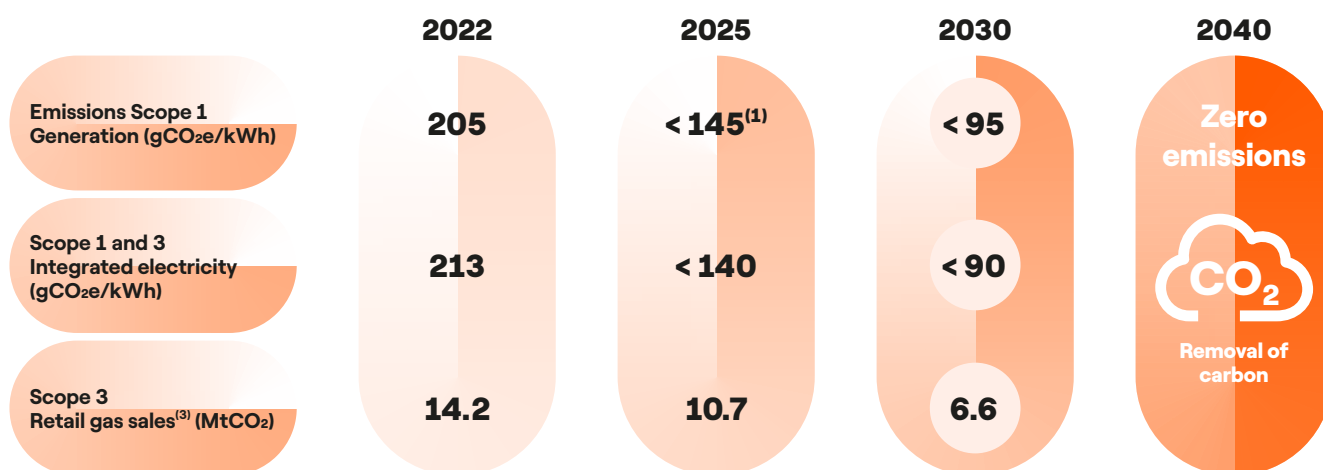
Endesa has set itself a long-term objective of achieving emission neutrality throughout its value chain by 2040, in both direct emissions (Scope 1), achieving complete decarbonisation of its generating mix, and indirect emissions (Scope 3), including stopping its sales of natural gas. This is in combination with the scientific objectives in all relevant areas, and in accordance with the criteria and recommendations of the Science Based Targets initiative (SBTi).

It will achieve this objective through 3 main areas of action:

### Areas of action

1. The deployment of new renewable capacity that makes all generation activity 100% emission-free (inside and outside the Iberian Peninsula).
2. Exiting the coal business by 2027, once the second mainland-Balearic Islands interconnection cable is operational, and the business of producing electricity from gas by 2040.
3. Exiting the retail gas trading business by offering a wide range of new products and services that incentivise the electrification of gas usage.

### Path to complete decarbonisation by 2040.



**Decarbonisation pathway aligned with the 1.5 °C target covering the main direct and indirect emissions<sup>(2)</sup> along the entire value chain**

<sup>(1)</sup> <50 grCO<sub>2</sub>/kWh Iberian Peninsula.

<sup>(2)</sup> Endesa has undertaken to reduce its remaining Scope 1+2+3 emission in accordance with the 1.5° path.

<sup>(3)</sup> This target does not include mergers and acquisitions.

## 5. Reference scenario

### 5.1. Performance of the main market indicators

Market indicators	January–December 2022	January–December 2021	Chg (%)
Arithmetic average price in the wholesale electricity market (€/MWh) <sup>(1)</sup>	1675	111.9	49.7
ICE Brent average price (\$/bbl) <sup>(2)</sup>	99.0	71.0	39.4
Average price of carbon dioxide (CO <sub>2</sub> ) emission rights (€/t) <sup>(3)</sup>	80.8	53.6	50.7
Average price of coal (€/MWh) <sup>(4)</sup>	291.9	121.7	139.9
Average price of gas (€/MWh) <sup>(5)</sup>	123.4	46.6	164.8
Estimated annual inflation Spain (%) <sup>(6)</sup>	5.7 <sup>(7)</sup>	6.5 <sup>(8)</sup>	(0.8)

<sup>(1)</sup> Source: Iberian Energy Market Operator – Polo Español (OMIE).

<sup>(2)</sup> Source: ICE: Brent Crude Futures.

<sup>(3)</sup> Source: ICE: ECX Carbon Financial Futures Daily.

<sup>(4)</sup> Source: Api2 index.

<sup>(5)</sup> Source: TTF index.

<sup>(6)</sup> Source: Spanish National Statistics Institute (INE).

<sup>(7)</sup> At 31 December 2022.

<sup>(8)</sup> At 31 December 2021.

Year-end exchange rates	31 December 2022 <sup>(1)</sup>	31 December 2021 <sup>(2)</sup>	Difference
Closing exchange rate (Euro / US Dollar)	1.0673	1.1370	(0.0697)
Closing exchange rate (Euro / Sterling Pound)	0.8873	0.8396	0.0477

<sup>(1)</sup> Source: Bloomberg.

<sup>(2)</sup> Source: Thomson Reuters.

Average exchange and interest rates	January–December 2022 <sup>(1)</sup>	January–December 2021	Difference
Average exchange rate (Euro / US Dollar)	1.0533	1.1829 <sup>(2)</sup>	(0.1296)
6-month Euribor (period average)	0.68	(0.52) <sup>(1)</sup>	1.20

<sup>(1)</sup> Source: Bloomberg.

<sup>(2)</sup> Source: Thomson Reuters.

### 5.2. Electricity and gas market

The macroeconomic scenario deteriorated significantly in 2022, with significant corrections in the expected growth rates of the main western economies, and inflation exceeding 10% in the Eurozone due to the increase in energy prices and a widespread rise in underlying inflation. The high inflation rates are being combated by central banks through interest rate rises. The Euro has also depreciated significantly with respect to the US dollar. During 2022, the average arithmetic price on the wholesale electricity market stood at Euro 167.5 EUR/MWh (+49.7%), affected by the unprecedented energy crisis, the rise in

gas prices as a result of the prolongation of the conflict between Russia and Ukraine and the uncertainty regarding gas supply. Also, the measures proposed to substitute Russian gas supplies required additional adjustments in demand in the short term, which led to an unprecedented rise in energy prices.

The performance of the gas market and its repercussions on the electricity market reflect the tension resulting from the pandemic and, mainly, the tensions in Europe caused by the war in Ukraine, resulting in unprecedentedly high prices due to totally exceptional events.

The social and economic impacts of the energy crisis have also led European governments to adopt measures aimed at limiting the influence of gas prices on electricity

generation (see Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

## 5.2.1. Changes in demand

### Electricity

Percentage (%)

Electricity <sup>(1)</sup>	Without adjusting for effects of working days and temperature		Adjusted for effects of working days and temperature	
	January-December 2022	January-December 2021	January-December 2022	January-December 2021
<b>Mainland</b>	(2.9)	2.4	(3.9)	2.4
<b>Endesa area<sup>(2)</sup></b>	(1.1)	1.5	(1.6)	1.7
Industrial	(4.0)	(0.3)		
Services	4.6	8.3		
Residential	(3.9)	(3.5)		
<b>Non-mainland Territories ("TNP")</b>	7.0	5.2	7.6	6.1
Canary Islands	5.7	(0.7)	5.5	1.6
Balearic Islands	9.3	12.3	9.6	10.6

<sup>(1)</sup> Source: Red Eléctrica de España, S.A. (REE). In power plant busbars.

<sup>(2)</sup> Source: In-house.

### Gas

Percentage (%)

Gas <sup>(1)</sup>	January-December 2022	January-December 2021
Domestic market	(3.7)	3.4
Domestic - conventional	(21.4)	4.3
<b>Electricity sector</b>	52.7	(0.8)

<sup>(1)</sup> Source: Enagás, S.A.

## 5.2.2. Market share

Percentage (%)

Market share <sup>(1)</sup>	31 December 2022	31 December 2021
<b>Electricity</b>		
Mainland generation <sup>(2)</sup>	18.2	17.5
Distribution	43.7	42.7
Supply	29.6	29.6
<b>Gas</b>		
<b>Deregulated market</b>	18.4	15.1

<sup>(1)</sup> Source: In-house.

<sup>(2)</sup> Includes renewable energies.



## 5.3. Climate Change. Climate strategy

### 5.3.1. Climate Change

The key performance indicators (KPIs) related to climate change defined in Endesa's 2023–2025 Strategic Plan are:

	Line of action	2025 objectives	Results 2022	Actions to be highlighted
Decarbonisation of Endesa's activity (1)	Scope 1 Specific Greenhouse Gas (GHG) emissions from the electricity generation process (gCO <sub>2</sub> e/kWh).	145	205	Reduction of specific emissions by 54% compared to 2017.
	Specific Greenhouse Gas (GHG) emissions from electricity commercialization (electricity generation process plus electricity purchases from the market) (gCO <sub>2</sub> e/kWh).	140	213	An objective of 100% reduction of Scope 1 + Scope 3 emissions related to electricity has been set for 2040.
	Greenhouse gases (GHG) emissions from natural gas commercialization (MtCO <sub>2</sub> e) - Scope 3.	10.7	14.2	An objective of 100% reduction of Scope 3 emissions related to gas trading has been set for 2040.
	Carbon Dioxide (CO <sub>2</sub> )-free Production (% Production)	77.0	59.6	Emissions neutrality throughout the value chain by 2040.
	Renewable Installed Capacity (MW Installed)	13,874	9,293	The investment foreseen for the development of renewable power will add 4,400 MW of power, of which 3,000 MW are solar and 1,400 MW are wind installations.
	Fossil Thermal Installed Capacity (MW Installed)	7,762	9,423	Cessation of coal activity in 2027.

<sup>(1)</sup> Source: In-house.

### Endesa's commitment to climate change



#### International and national context

The most important milestones in the global commitment to fighting climate change are:

Milestone	Description
Paris Agreement	<ul style="list-style-type: none"> <li>Its main objective is to limit the increase in global temperature to 2°C, with the aim of not exceeding 1.5°C compared to the pre-industrial period, and introduces the condition of carbon neutrality, which was to be achieved in the second half of the century.</li> </ul>
United Nations Conference on Climate Change at Sharm el-Sheikh, Egypt (COP27).	<ul style="list-style-type: none"> <li>This conference took place in 2022 against the difficult backdrop of the conflict in Ukraine, inflation and the energy crisis. It achieved progress on the agenda related to governance of the Paris agreement in relation to solidarity, with the signature of a number of alliances. However, there was no increase in ambition relating to mitigation. The final decision, known as the Sharm el-Sheikh Implementation Plan, maintains the ambition of the Glasgow Climate Pact of limiting the temperature increase to 1.5°C, recognising the role of renewable energy in the fight against climate change.</li> </ul>

At the European level, the energy crisis unleashed in 2022, largely caused by the war between Russia and Ukraine, has added the need for energy independence as an additional reason to the emergency to abandon the use of fossil fuels as soon as possible and tested the capacity for coordination and consensus of European energy policy, the operability of the measures implemented, solidarity, and the ambition and climate leadership of the European Union; generating

a scenario for next year that will be based on 3 premises: the first is that the price crisis is far from abating, the second is that the probability of a supply crisis in the countries most dependent on Russia will remain, and the third is that during the year many extraordinary energy policy measures will be taken at European and national level to address both crises.

In this context, during 2022 progress has been made in the processing of the legislative proposals of the “Fit for 55” package and adopted the “RePower EU Plan” that seeks to eliminate dependence on Russian gas as soon as possible. As the best summary of the implications of the advances in climate regulation, during COP27 the

European Commission announced that the climate ambition would be raised above the 55% initially planned, to reach 57%.

With respect to Spain, the transposition of the objectives to combat Climate Change is developed in the following Plans:

Plan	Description
Spanish National Integrated Energy and Climate Plan 2021-2030 (“PNIEC”).	<ul style="list-style-type: none"> <li>This Plan, which is currently being reviewed, sets an ambitious target for renewable penetration, expecting 74% of total electricity generation to be renewable in 2030, consistent with a path towards a 100% renewable electricity sector by 2050, complemented by increasing storage capacity. One of the pillars of the Plan is improvement of energy efficiency, with a target improvement of 39.5% by 2030.</li> </ul>
Spanish National Climate Change Adaptation Plan (“PNACC”) 2021-2030.	<ul style="list-style-type: none"> <li>It is the basic planning instrument to promote coordinated action against the effects of climate change in Spain.</li> <li>Endesa has been working for more than a decade on various projects to advance in generating knowledge and reducing vulnerability to climate change in all its facilities, sharing and exchanging impressions on the results obtained and promoting continuous learning and climate resilience to optimize the management of its businesses.</li> </ul>

## Endesa and the Energy Transition

In recent years, Endesa has oriented its strategy in line with the context of climate urgency and the call for increased ambition, setting ambitious targets through the successive Strategic Plans drawn up since the Paris Agreement was adopted. The results obtained by the Company and the decarbonization path it has been following in recent years demonstrate its ambition in terms of decarbonization, and its efforts to exceed its committed targets year after year. In 2021, through its Strategic Plan, Endesa committed itself to being a company with fully decarbonized generation by 2040, thus bringing the previous target forward by ten years. Endesa thus contributed to the goal set at group level by its parent company, Enel. The company thus accelerated the exit of its fossil fuel generation business, as well as the sale of gas, to become a 100% renewable electricity company that is not linked to emitting production technologies or fossil fuels.

In 2022 Endesa has adopted additional, more ambitious commitments, also motivated by the need for energy independence from fossil fuels, maintaining the path towards a completely decarbonized mix, extending the zero emissions target to all its marketed electricity, which includes both its own generation and that acquired from third parties.

Endesa, through the update of its Strategic Plan for the period 2023-2025, reaffirms its energy transition strategy, which is based on increasing the installed capacity of renewable sources, to reach a volume of renewable capacity of 13,900 MW in 2025 (this figure includes 241 MW of BESS and H2), 50% more than at the end of 2022. This will mean that 91% of electricity production on the Iberian Peninsula will be emission-free, up from 60% at the end of this year. The new renewable capacity that will be added to Endesa’s energy mix during this period will amount to 4,400 MW, which will enable growth of 1,500 MW per year on average.

Endesa in 7 years since the adoption of the Paris Agreement has reduced its emissions by 60% since 2015 (76% since 2005, when the Kyoto Protocol came into force).

## Management of climate change at Endesa

As a consequence of the work and ongoing dialogue with stakeholders, and aware of the economic, social and environmental repercussions of its activities, Endesa has put in place a sustainable development strategy aligned with implementation of its Strategic Plan that aims to generate sustainable value, based on the sustainability, environmental, biodiversity and human rights policies approved by its Board of Directors. It promotes initiatives that contribute to a fairer, healthier and more equal society and achieving the Sustainable Development Goals (SDG), particularly Goals 7 (Affordable and clean energy) and 13 (Climate action). Endesa believes that the transition to a carbon-neutral economy by 2050 is technologically possible, economically viable and socially necessary.

Endesa promotes the transparency of its disclosures on climate change and works to make visible to its stakeholders that it is addressing climate change with diligence and determination. To this end, the company has prepared its Statement of Non-financial Information and Sustainability 2022 (see section 25 of this Consolidated Management Report) following the recommendations of the Financial Stability Board’s “Task Force on Climate-related Financial Disclosures” (TCFD), which guide the structure of this Consolidated Management Report (see section 1.2 of this Consolidated Management Report), and the European Commission’s June 2019 “Guidelines on Climate-Related Reporting”, which, together with the “Standard Global Reporting Initiative” (GRI) and the guidelines on the presentation of non-financial information, provide the main framework for Endesa’s climate change information.

Therefore, the information relating to climate change in this Consolidated Management Report is fully consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures, including the recommended

elements: corporate governance, strategy, risks, metrics and objectives (see sections 3.1, 5.3.2, 6.4 and 9.2, respectively, of this Consolidated Management Report).

## 5.3.2. Climate strategy. Long-term scenarios

### Climate Strategy

Endesa promotes a model based on the use of renewable energies, smart grids, efficient energy storage and the promotion of demand electrification as vectors for competitive and efficient decarbonization.

To ensure the success of the company’s commitment to conduct its business in harmony with nature, Endesa works on four fronts that together address its main impacts:

Action fronts	Description
Climate Action.	<ul style="list-style-type: none"> <li>Climate action: establishes the strategy, work plans and objectives for the reduction of emissions and the fight against climate change, based on solid growth in renewable generation, a broad portfolio of energy products and services of value for our customers, and the digitalization of distribution networks.</li> </ul>
Just Transition.	<ul style="list-style-type: none"> <li>A just and inclusive transition of shared value with society and aligned with the objectives of the Paris Agreement.</li> </ul>
Protection of Biodiversity and Natural Capital.	<ul style="list-style-type: none"> <li>To integrate biodiversity conservation and the preservation of natural capital into decision making.</li> </ul>
Circular Economy.	<ul style="list-style-type: none"> <li>To integrate the sustainable use of resources by increasing the life of its assets and reducing the use of raw materials and waste generation.</li> </ul>

One of Endesa’s fundamental strategic pillars is the energy transition towards the total decarbonization of electricity generation, foreseeing the complete cessation of coal-fired power generation in 2027. After the closure in 2020 of the coal-fired power plants of Compostilla (1,052 MW of installed capacity), Teruel (1,098 MW), and Litoral de Almería (1,120 MW) in 2021, in September 2022 Endesa will close the coal-fired power plants in September 2022. 120 MW, in September 2022 a proposal has been received for a resolution to close two of the four groups of the As Pontes thermal power plant, which represent a total of 702 MW, conditioning the closure of the other two groups to power availability variables of the electricity system, and groups 3 and 4 of the Alcudia thermal power station will

also remain in operation, operating for a maximum of 500h/year from 17 August 2021 as a backup element of the island of Mallorca’s electricity system.

Along with the closure of the main greenhouse gases emitting centers, an important growth in renewable generation is being undertaken. Endesa’s development and management of renewable energies in Spain is carried out through Enel Green Power España, S.L.U. (EGPE) (100% owned by Endesa).

In 2022, Endesa has increased its renewable power capacity by 904 MW to 9,293 MW, of which 4,746 MW correspond to large hydro, 2,882 MW correspond to wind power and 1,665 MW to solar photovoltaic.

## Description of the Climate Scenarios

### Energy Transition and Climate Change Scenarios

Endesa, through the Enel Group to which it belongs, participated in a working group to develop specific recommendations to support the implementation of the “Task Force on Climate-Related Financial Disclosures” (TCFD) guidelines regarding the use of scenarios for conducting analyses. The company has been involved in several scenario analysis initiatives, sharing its expertise to support an increasingly widespread and transparent implementation of these practices in a growing number of companies.

### Scenario-based analysis

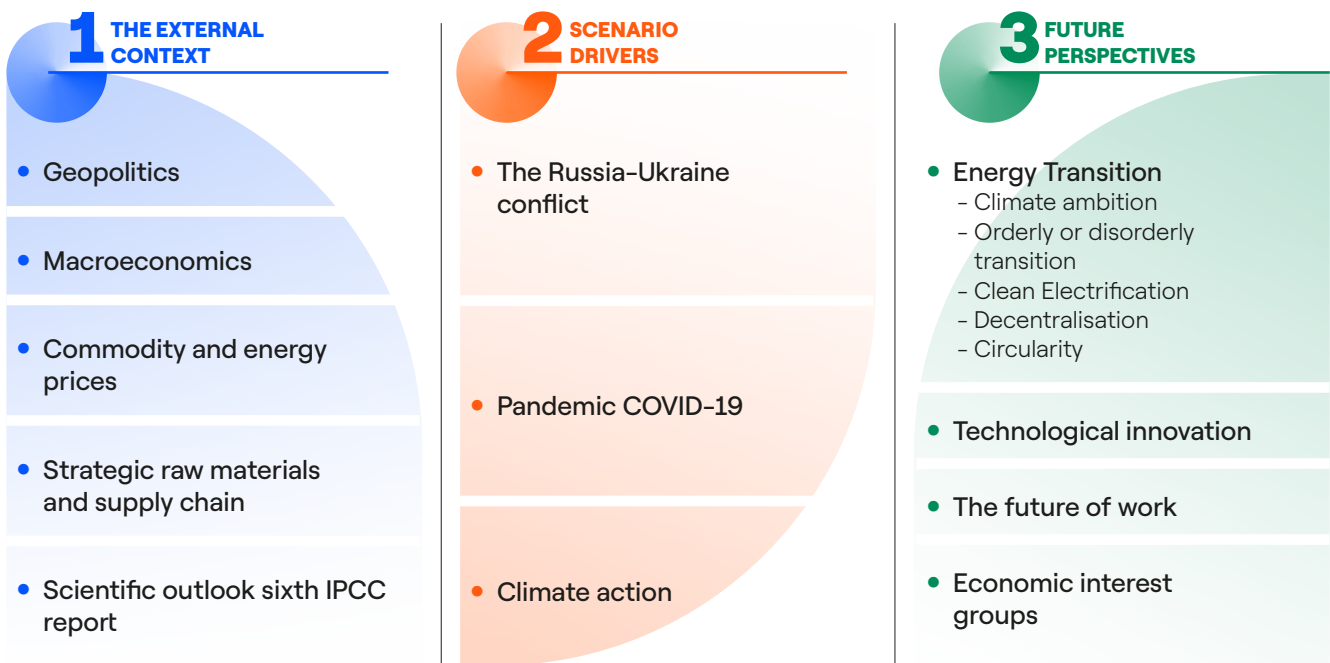
Scenarios are used in the processes of planning, strategic positioning, and assessing the risks and resilience of the strategy. Scenario-based strategic planning is based on the definition of alternative futures, defined on the basis of certain key variables, such as, for example, compliance with the objectives defined in the Paris Agreement. Compared to a forecasting approach, scenarios offer

greater flexibility and allow us to prepare for risks and take advantage of opportunities. The forecasting approach provides projections based on past trends, which therefore do not anticipate changes, nor do they incorporate risk assessments or uncertainties. In contrast, scenario development allows alternative plausible futures to be analysed and modelled, enabling different paths, timelines and options to be designed and ultimately supporting the strategic decision-making process with the objective of maximizing opportunities and mitigating risks. This aspect is particularly relevant in the event of significant potential disruptions arising from the evolution of key uncertainties.

### Trend analysis

As part of the scenario definition process, medium and long-term trends were identified and analyzed in depth, providing an overview of the current context and macro trends, scenario drivers and expected impacts on the energy sector.

The work carried out is considered a reference for defining actions aimed at orienting, preventing and adapting to changes and evolutions in the main businesses, as well as taking advantage of the opportunities associated with them.



## Scenario benchmarking

Benchmarking external scenarios is a useful starting point for building robust internal scenarios. There are many global, national and regional energy transition scenarios published by different agencies and designed for multiple purposes, from government planning to supporting business decision-making processes. The benchmarking activity consists of the analysis of scenarios prepared by organizations in order to compare the results in terms of energy mix, emission levels and technology options, and to

identify for each of them the main drivers of the energy transition.

The activity of comparative analysis of energy transition scenarios is carried out in 3 steps:

### 1. Context analysis of global and national scenarios

The scenario analysis, beyond the analysis of reports and databases, is reinforced by a constant dialogue with the analysts of the main agencies that design the scenarios.

The global energy scenarios are classified by scenario categories, depending on the level of climate ambition:

Scenario Families	Description
Current "Business as Usual" policies.	<ul style="list-style-type: none"> <li>Energy scenarios based on current policies. They provide a conservative benchmark for the future, representing the evolution of the Energy System without additional climate and energy policies. These scenarios fall short of meeting the Paris Agreement targets.</li> </ul>
Aligned with the Paris Agreement "Paris Aligned".	<ul style="list-style-type: none"> <li>Energy scenarios aligned with the Paris Agreement, i.e. including an objective of limiting the overall increase in global average temperature to well below 2 °C compared to pre-industrial levels. To achieve this objective, the scenarios in this category consider new and ambitious policies to boost the electrification of energy end uses, as well as the development of renewables.</li> </ul>
More ambitious goal of the Paris Agreement "Paris Ambitious".	<ul style="list-style-type: none"> <li>Global energy scenarios that establish a transition to 0 net Greenhouse Gas (GHG) emissions in 2050, consistent with the most ambitious objective of the Paris Agreement, i.e. achieving a global average temperature increase of no more than 1.5 °C, considering various probability ranges.</li> </ul>

This classification of scenario categories is the result of work developed over the years and enriched in 2021 through collaboration with a working group coordinated by the World Business Council for Sustainable Development (WBCSD), in which the Company participated. The project aimed to develop a common and transparent approach for the use of public scenarios by energy system companies and to support them in their use for the assessment of risks and opportunities related to climate change, as required by the Task Force on Climate-Related Financial Disclosures (TCFD). The final output of this work, completed in August 2022, consists of a report that contextualizes the energy scenarios and describes the agreed definition of the different scenario categories, and an online platform that collects the variables of a broad set of scenarios.

### 2. Data collection and analysis, and identification of drivers of the energy transition

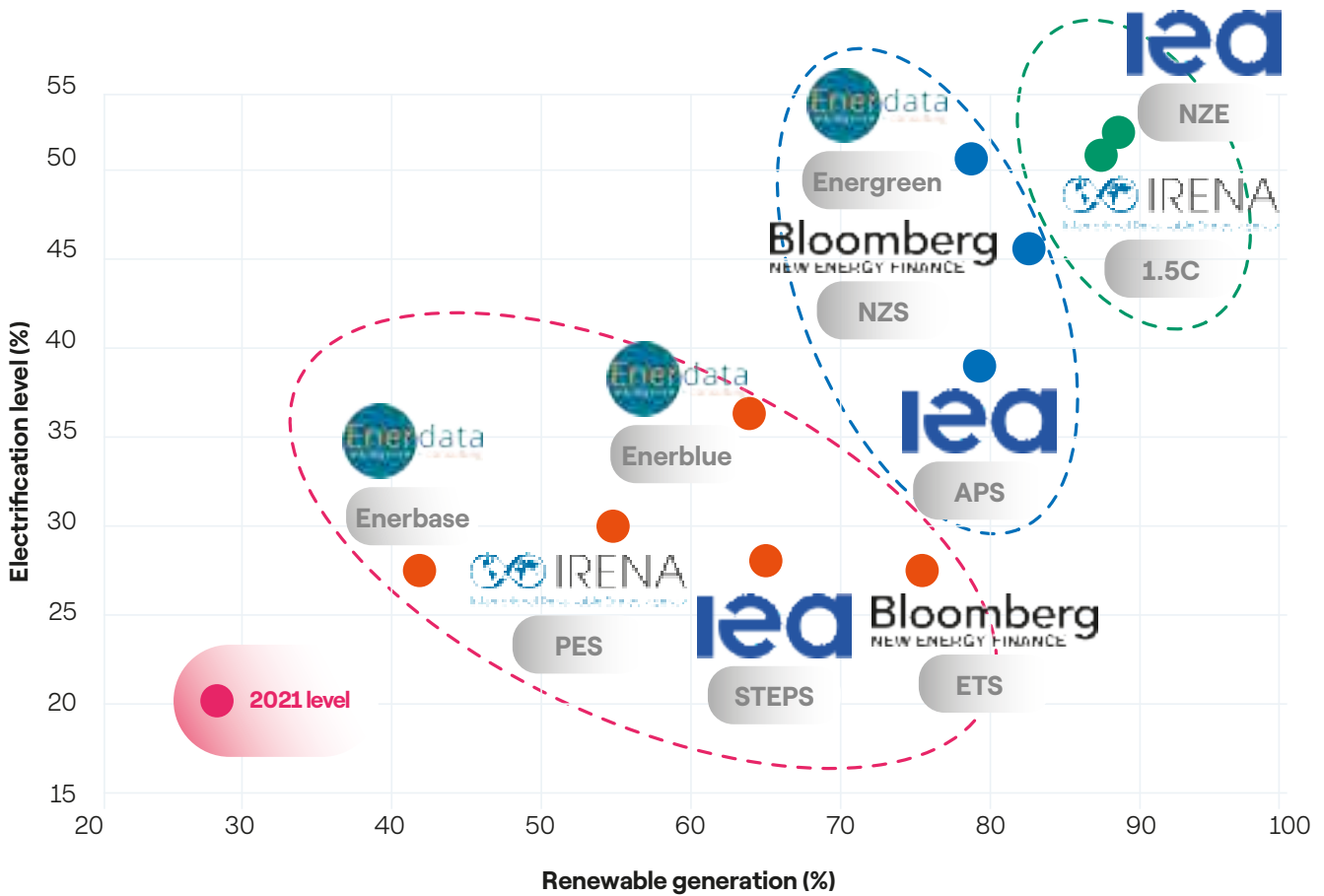
Data collection covers all key metrics of the energy system, including but not limited to: primary energy, total and sectoral final energy, total and by technology electricity capacity, total and by technology electricity generation, hydrogen production, electric vehicle fleet, etc. The data analysis has enabled the agencies designing the scenarios of the key elements of the Business as usual scenarios to identify the drivers enabling an acceleration of the energy transition in the "Paris Aligned" and "Paris Ambitious" scenarios. By way of example, comparing the level of electrification of demand and the share of renewables in the different scenarios, there is a unanimous consensus among energy analysts that the main drivers for achieving more ambitious climate targets are precisely these variables, both in the medium and long term. Specifically, in scenarios compatible with a global average temperature increase of no more than 1.5 °C, the level of electrification of demand rises above 50% in 2050, compared to 20% in 2021<sup>(1)</sup>; and additionally, the share of renewable generation should reach at least 88% of the global electricity mix, compared to 28% in 2021<sup>(2)</sup>.

<sup>(1)</sup> IEA, 2022, WEO: 52%; IRENA, 2022, World Energy Transition Outlook: 51%.

<sup>(2)</sup> IEA, 2022, WEO, Net Zero Scenario: 52%; IRENA, 2022, World Energy Transition Outlook: 51%.

**3. Preparation of a summary document of the analysis carried out, which serves as a support to Senior Management for the selection of the scenario framework**

Global energy transition scenarios



Temperature increase:: ● 1.5 °C ● ≤ 2 °C ● > 2 °C

**One climate scenario, several energy transition scenarios**

An energy transition scenario represents how the contribution of various energy sources could evolve within a specific economic, social, regulatory and political context and depending on the technological options available. Social and macroeconomic assumptions determine demand, while regulatory and cost constraints define the optimal mix of technologies needed to meet that demand. Each scenario is associated with an evolution of greenhouse gases emissions.

Each energy scenario represents, approximately, a specific climate trajectory defined by the Intergovernmental Panel on Climate Change (“IPCC”) and, consequently, a range of temperature increases estimated with a certain degree of probability over a given period of time.

In turn, various increases in global temperatures by the year 2100 (and thus various future global warming scenarios) also modify the trends of other climate variables (e.g., precipitation, wind, etc.), leading to changes in the

intensity and frequency of physical manifestations (e.g., heat waves, extreme precipitation, etc.). It should be noted that these changes affect the entire planet, but the physical manifestations vary regionally and locally.

A global energy transition scenario is aligned with the Paris Agreement when the global outcome, in terms of greenhouse gases emission trends, can be associated with an increase in global average temperature in line with the objective of keeping the increase in global average temperature well below 2°C compared to pre-industrial levels” and continuing action aimed at limiting this increase to 1.5°C.

## Long-term scenarios

Endesa’s scenarios are built with the objective of having a general framework to ensure consistency between the Energy Transition Scenarios and the Physical Scenario:

Scenarios	Defining Aspects
<b>Physical Scenarios.</b>	<ul style="list-style-type: none"> <li>Issues related to future trends in climate variables (in terms of frequency and intensity of acute and chronic events) define the so-called “Physical Scenario”.</li> </ul>
<b>Transition Scenarios.</b>	<ul style="list-style-type: none"> <li>This scenario describes how energy production and consumption in the various sectors evolve in a specific economic, social, political and regulatory context.</li> </ul>

Endesa’s scenarios are built within a general framework that ensures consistency between transition assumptions and climate projections. These scenarios allow analysing

the impact of the modification of climate variables and the evolution of technological and regulatory aspects, in terms of:

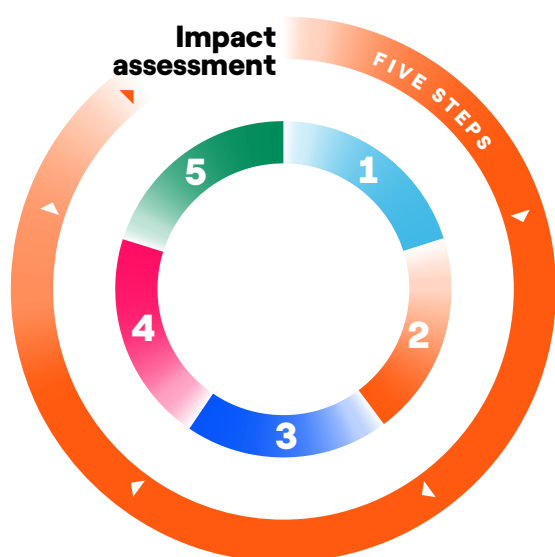
Description	
<b>Physical Phenomena.</b>	<ul style="list-style-type: none"> <li>Acute Phenomena (Extreme Events)</li> <li>These are events of short duration but high intensity, such as torrential rains, hurricanes, etc. with a potential impact on facilities (e.g. damage and interruption of service).</li> </ul>
	<ul style="list-style-type: none"> <li>Chronic Phenomena</li> <li>Gradual changes in climatic conditions, such as increase in average temperature, sea level rise, etc. affecting the production of power generation plants, and consumption profiles.</li> </ul>
<b>Transition Aspects.</b>	<ul style="list-style-type: none"> <li>Market, regulatory, technological and reputational aspects of the different sectors towards a green, decarbonized economy.</li> </ul>

Aspects related to the projections of climate variables, in terms of chronic phenomena and extreme events, define the physical scenarios, and aspects related to the industrial and economic transition to decarbonized solutions define the transition scenarios. These scenarios are constructed to provide a reference framework to ensure consistency between climate projections and transition scenarios. Strategic planning based on the use of scenarios is based on the definition of alternative futures, defined on the basis of certain key variables, such as, for example, compliance with the objectives defined in the Paris Agreement, or technological development. Compared to a

forecasting approach, scenarios offer greater flexibility and make it possible to prepare for risks and take advantage of opportunities.

The adoption of the aforementioned scenarios and their integration into the Company’s day-to-day management, as recommended by the Task Force on Climate-Related Financial Disclosures (TCFD), allow the risks and opportunities associated with Climate Change to be assessed.

The process that translates the conclusions from the application of the scenarios into useful information for industrial and strategic decisions can be summarized in 5 steps:



- 1** Identification of trends and business drivers (e.g. electrification of demand, heat waves, etc.)
- 2** Development of **connectors** between climate and transition scenarios and operating variables.
- 3** Identification of **risks** and **opportunities**
- 4** Calculation of **business impacts** (e.g. changes in results, losses, investments).
- 5** **Strategic actions:** definition and implementation (e.g. capital allocation, resilience plans)

## Transition Scenarios

### Description and frame of reference

A Transition Scenario represents the possible evolution of the energy mix in a given economic, social and regulatory context, and according to the different technological options available. This corresponds to an evolution of Greenhouse Gas (GHG) emissions, and therefore to a

certain temperature increase at the end of the century with respect to pre-industrial values. It should be noted that according to carbon dioxide (CO<sub>2</sub>) emissions, the scenario that will materialize is not deterministic. “The Intergovernmental Panel on Climate Change (IPCC) always specifies for each climate scenario both the average values of global warming in 2100 and the very likely range (i.e. the interval formed by the 5–95 percentiles).

The main assumptions used to define the Transition Scenarios are as follows:

Hypothesis	Description
Related to the Regulatory Context in terms of Climate Change, Energy Security and Sustainable Development.	<ul style="list-style-type: none"> <li>Measures to reduce carbon dioxide (CO<sub>2</sub>) emissions and fossil fuel consumption to increase energy efficiency, electrification of demand, and penetration of renewable electricity generation.</li> </ul>
Related to the Macroeconomic and Energy Context (e.g., in terms of Gross Domestic Product (GDP), Population and Commodity Prices).	<ul style="list-style-type: none"> <li>They consider international references, such as the International Energy Agency (IEA), <i>Bloomberg New Energy Finance (BNEF)</i>, International Institute for Applied Systems Analysis (IIASA)<sup>(3)</sup>, etc.</li> </ul>
Related to the Technological Context.	<ul style="list-style-type: none"> <li>The evolution of energy production, transformation and consumption technologies, in terms of technical operating and cost parameters.</li> </ul>

During 2022 Endesa has revised the reference framework of the medium-long term Energy Transition Scenarios, based on the 3 main factors of uncertainty regarding macroeconomic and energy evolution: the achievement of the Paris Agreement objectives, the evolution of

geopolitical tensions in relation to the Russia-Ukraine conflict, and the management of the COVID pandemic.

The reference scenario for long-term planning is a scenario that considers:

Factors Uncertainty	
1. Alignment with Paris.	<ul style="list-style-type: none"> <li>It envisages achieving the objectives of the Paris Agreement, i.e. that the global average temperature increase remains below 2°C compared to pre-industrial levels, which provides a higher level of climate ambition than business as usual, but without <i>considering that the</i> global “Net Zero” target will necessarily be achieved in 2050, given the <i>current</i> level of ambition at the global level</li> <li>Based on the Integrated Energy and Climate Plan 2021–2030 (“PNIEC”), which is currently under review, the reference scenario built considers a level of electrification of final energy consumption of 32% (compared to 24% in 2021), and a development of renewable capacity to achieve 80% coverage of electricity demand with renewable sources (compared to 53% in 2021).</li> </ul>
2. Local and Long-Term Conflict.	<ul style="list-style-type: none"> <li>It assumes that the geopolitical tensions exacerbated by the Russia-Ukraine conflict will have prolonged effects, resulting in an acceleration of electrification and the penetration of renewables, and an increased use of liquefied natural gas to increase the level of security of supply in the new context, especially at the European level.</li> </ul>
3. Coexistence with COVID.	<ul style="list-style-type: none"> <li>With low or endemic COVID, high vaccination rate and no need for mass confinement.</li> </ul>

As for the climate ambition that characterizes the reference scenario, it assumes an increasing electrification of demand and a higher penetration of renewables, following the policies implemented for energy security (e.g. “REPowerEU”, “Inflation Reduction Act”). In this scenario, at a global level, governments, companies, organizations and citizens are effectively participating in the common effort to mitigate greenhouse gases emissions.

With respect to the possibility of assuming as a reference scenario for long-term planning that the most ambitious objective of the Paris Agreement is achieved, i.e., that the global average temperature is kept below 1.5 °C, there is

some uncertainty that some countries will maintain inertial trajectories, delaying the decarbonization process to reach net zero emissions in 2050.

Taking into account the aforementioned premises in terms of the external context, Endesa has established a strategic approach aligned with the maximum ambition of the Paris Agreement targets, i.e. consistent with a global average temperature increase of 1.5 °C in 2100, as certified by the Science-Based Targets (SBTi) initiative for the targets set at Enel Group level, to which Endesa contributes. Endesa has set targets for 2040 for all of its electricity generation

<sup>(3)</sup> From IIASA, data on the demand for raw materials and the underlying population are taken from the Shared Socioeconomic Pathways (SSPs), in which different scenarios describing the socioeconomic and regulatory framework evolution, consistent with the climate scenarios, are projected. The data extracted from the SSPs are used, together with internal modeling, to support long-term forecasts, such as those related to electricity demand and commodity prices.



to be renewable, and for all of its electricity trading to be of renewable origin.

The assumptions on the evolution of raw material prices used in the reference scenario are consistent with external scenarios that achieve the objectives of the Paris Agreement. A maintained growth in the price of carbon dioxide (CO<sub>2</sub>) is considered until 2030, due to the progressive reduction in the supply of permits in the face of a growing demand, and a progressive decrease in the

price of coal, due to a decrease in demand. As for gas, price tensions are expected to ease in the coming years as a result of a realignment between supply and demand at the global level. Finally, oil prices are expected to gradually stabilize, with peak demand expected around 2030.

The key assumptions concerning energy commodity prices and their evolution in 2022 and 2030 (long-term planning) are detailed below:

	2022	2030			
	Endesa	Endesa	Average Benchmark <sup>(1)(2)</sup>	Max. Benchmark <sup>(1)</sup>	Min. Benchmark <sup>(1)</sup>
Brent Price (\$ / bbl)	98.8	~68	~80	~100	~44
Api2 Coal Price (€/MWh)	289.9	~75	~75	~80	~65
Carbon Dioxide (CO <sub>2</sub> ) (€ / t)	80.8	~110	~125	~166	~100
TTF Gas Price (€/MWh)	120.5	~25	~44	~55	~31

<sup>(1)</sup> Note: the scenarios used as benchmarks have been published at different times of the year, so they may not be updated according to the latest market dynamics.

<sup>(2)</sup> Source: International Energy Agency - "Sustainable Development Scenario" and "Net Zero Scenario", Bloomberg New Energy Finance (BNEF), "HIS Green Case Scenario", "Enerdata Green Scenario".

Information regarding the key assumptions used for the determination of the value in use of non-financial assets impairment tests at 31 December 2022 (Strategic Plan 2023-2025) is detailed in Note 3.2f.2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

In addition to the baseline scenario, two alternative scenarios have been defined for strategic stress analysis, risk assessment and identification of business opportunities. The two scenarios are:

Alternative Scenarios	Description
"Slower Transition":	<ul style="list-style-type: none"> <li>Characterized by a slower energy transition, in particular in relation to policies that should enable a higher penetration of renewables and electrification of demand, such as electric mobility.</li> </ul>
"Accelerated Transition":	<ul style="list-style-type: none"> <li>Characterized by an increase in ambition with respect to the reference scenario, in particular with regard to some characteristic variables of the energy transition, such as the level of electrification of demand, the penetration of green hydrogen or changes in customer habits towards more sustainable consumption patterns (e.g. change in the use of transport from private to public transport). In particular, it foresees an acceleration in the authorization processes for renewable installations, a significant incentive for the electrification of buildings and the full implementation of the national strategy on green hydrogen, which will accelerate the construction of renewable installations associated with electrolyzers by 2030.</li> </ul>

## Physical Scenarios

### Description and reference framework

For the evaluation of physical risks, 3 Climate Scenarios have been selected, consistent with those published in the sixth report of the Intergovernmental Panel on Climate Change (IPCC)<sup>(4)</sup>. These scenarios are characterized by a

level of emissions according to the so-called "Representative Concentration Pathway" (RCP), and each of them is related to one of the 5 scenarios defined by the scientific community as "Shared Socioeconomic Pathways" (SSP), which consider general hypotheses on population, urbanization, etc.

Accordingly, the 3 scenarios considered are described as follows:

Scenarios	Description
1. "Shared Socioeconomic Pathways" 1 (SSP 1) - "Representative Concentration Pathway" 2.6 (RCP 2.6).	<ul style="list-style-type: none"><li>Scenario compatible with a global temperature increase well below 2°C in 2100 with respect to pre-industrial levels (1850-1900). The Intergovernmental Panel on Climate Change (IPCC) projects an average temperature increase of ~+1.8°C with respect to the period 1850-1900. For the analysis that takes into account both physical and transition variables, the Group associates the SSP1 - RCP 2.6 Scenario to the Shared Socioeconomic Pathways 1 (SSP 1) - Representative Concentration Pathway 2.6 (RCP 2.6) Scenario to the Paris and Accelerated Transition Scenario.</li></ul>
2. "Shared Socioeconomic Pathways" 2 (SSP 2) - "Representative Concentration Pathway" 4.5 (RCP 4.5).	<ul style="list-style-type: none"><li>Scenario compatible with an Intermediate Scenario, which estimates an average temperature increase of about 2.7°C in 2100, with respect to the period 1850-1900. This scenario is considered to be the most representative of the current global climatic and geopolitical context. This scenario projects a global warming consistent with the estimates resulting from current and projected global policies<sup>(5)</sup>. For the analysis that takes into account both physical and transition variables, the Group associates the "Shared Socioeconomic Pathways" Scenario 2 (SSP 2) - "Representative Concentration Pathway" 4.5 (RCP 4.5) with the "Slower Transition" Scenario.</li></ul>
3. "Shared Socioeconomic Pathways" 5 (SSP 5) - "Representative Concentration Pathway" 8.5 (RCP 8.5).	<ul style="list-style-type: none"><li>This scenario is compatible with a scenario that assumes that no specific measures to combat climate change will be implemented. In this scenario, the global temperature increase with respect to pre-industrial levels is estimated to be about 4.4°C in 2100.</li></ul>

Shared Socioeconomic Pathways Scenario 5 (SSP 5) - Representative Concentration Pathway 8.5 (RCP 8.5) is considered the worst-case scenario, having been used to assess the consequences of climate impacts in an extreme scenario. The Shared Socioeconomic Pathways Scenario 1 (SSP 1) - Representative Concentration Pathway 2.6 (RCP 2.6) is used to assess the consequences of climate impacts associated with an Energy Transition that achieves ambitious mitigation targets.

The work done with the Climate Scenarios considers both chronic phenomena and extreme events. For the description of specific complex phenomena, data and analyses carried out by private, public and academic entities are taken into account.

### Analysis of physical scenarios at Endesa

The scenarios used are global, but in order to define the effects at the level of the specific areas in which Endesa operates, they must be analysed at the local level.

Collaboration with the Department of Earth Sciences of the International Centre for Theoretical Physics ("ICTP") in Trieste (Italy) has made it possible to provide projections of the most important climatic variables with a grid resolution of between 12 and 100 km<sup>2</sup> in length, for a time horizon between 2020 and 2050. The main variables considered

are temperature, snow and rain precipitation and solar radiation. In order to achieve a more robust analysis, we are currently working on the basis of the regional climate model defined by the "Centre for Theoretical Physics" ("ICTP") together with 5 other models selected from among the most representative of the reference climate models. Working with several models allows for more robust analyses based on average assumptions of the individual models. For some specific climate variables, such as wind gusts, we work with specialized entities in the field. In 2022, the analysis of projections for Spain has continued on the basis of the aforementioned set of models, which has provided a better defined representation of the physical scenarios.

The "Centre for Theoretical Physics" ("ICTP") also acts as scientific support in the interpretation of any climate data considered.

The analysis of certain aspects depends not only on climate projections, but also on the characteristics of the territory, making more specific modelling necessary to achieve a high-resolution representation. To achieve this, in addition to the climate scenarios developed by the Centre for Theoretical Physics ("ICTP"), "Natural Hazard" maps are used. Thanks to the use of these maps, it is possible to obtain, with a high spatial resolution, the expected frequencies for a series of climatic events such as storms, hurricanes or floods. The conclusions of this type of

<sup>(4)</sup> IPCC Sixth Assessment Report (2021), "The Physical Science Basis".

<sup>(5)</sup> Climate Action Tracker thermometer, estimates of global warming in 2100 considering current "Policies & action" and "2030 targets only" (November 2021 update).

analysis using historical series are being used to optimize the strategy in the field of insurance. Work is currently underway to integrate these conclusions with the Climate Scenario projections.

Endesa has equipped itself with the tools and acquired sufficient knowledge to work independently with the raw data published by the scientific community, which provides a global and high-level view of the long-term evolution of the climatic variables of interest. The sources used are the outputs of the CMIP6 (<https://www.wcrp-climate.org/wgcm-cmip/wgcm-cmip6>) and CORDEX (<https://cordex.org/>) climate and regional models. CMIP6 is the sixth assessment of the Coupled Model Intercomparison Project (CMIP), a project of the World Climate Research Programme (WCRP) and the Working Group of Coupled Modelling (WGCM) that provides raw climate data from global climate models, which are used to assess standard metrics on a global scale, with a resolution of about 100 km x 100 km. "Coordinated Regional Climate Downscaling Experiment" (CORDEX) also falls under the scope of the "World Climate Research Programme" (WCRP), and provides regional climate projections with higher resolution.

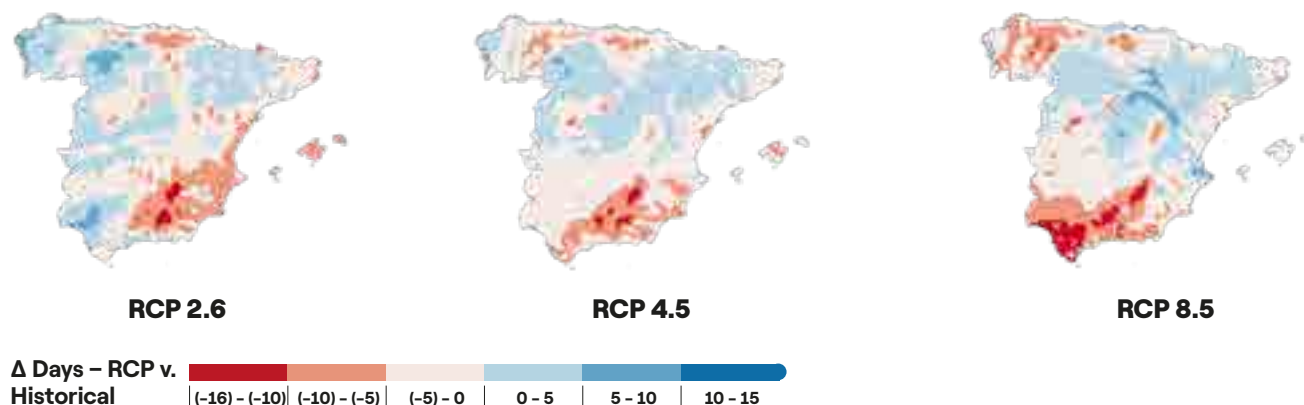
## Conclusions in relation to the territories in which Endesa operates

The work carried out has led to the following conclusions regarding the territories in which Endesa operates:

### Extreme Events

- The **phenomenon of torrential rains** has been analysed, calculated as the average annual millimeters in a certain reference period<sup>(6)</sup>. As can be seen in the image, which compares the period 2030-2050 with respect to the historical period 1990-2020, this extreme event will undergo variations throughout the territory even in the scenario "Shared Socioeconomic Pathways" 1 (SSP 1) - "Representative Concentration Pathway" 2.6 (RCP 2.6). Specifically, torrential rainfall will increase in the north, and decrease in the southeast. In the other scenarios, torrential rainfall will decrease throughout the country (in the scenario "Shared Socioeconomic Pathways" 5 (SSP 5) - "Representative Concentration Pathway" 8.5 (RCP 8.5) the reduction also affects the northwest).

Percentage variation of torrential rainfall in the different scenarios - "Representative Concentration Pathway" (RCP) for the period 2030-2050 with respect to the historical series 1990-2020.

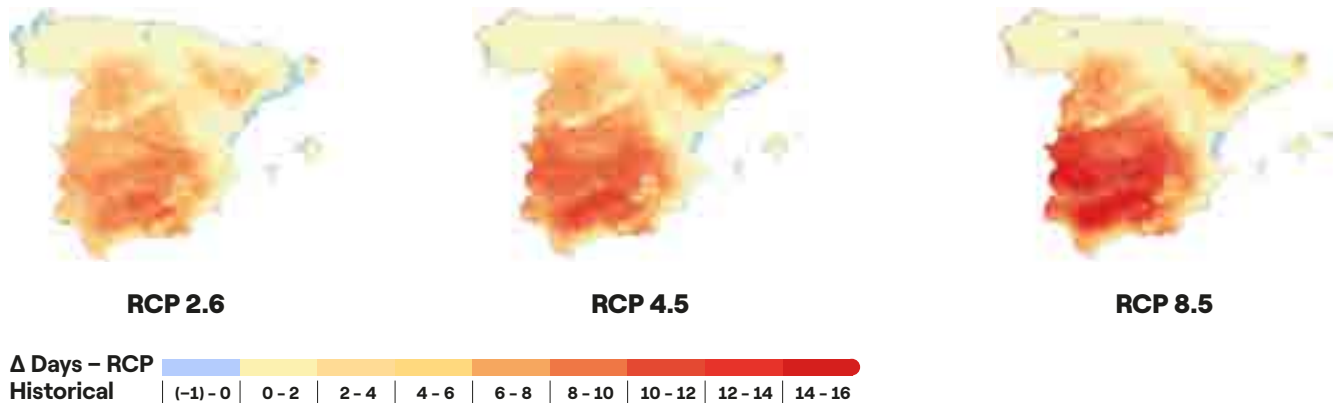


<sup>(6)</sup> Torrential rains are considered when the sum of daily rainfall is above the ninety-fifth percentile of the historical series in a given period.

- In reference to **fire risk**, in all the scenarios studied, the area of Spain that will suffer the greatest increase, with respect to the historical period, in the number of days per year with a "Fire Weather Index" (FWI)<sup>(7)</sup> higher than 45, i.e., with extreme risk, is the central-southern area.

This increase will be more pronounced in the most unfavorable scenarios "Representative Concentration Pathway" 8.5 (RCP 8.5) than in the scenario "Representative Concentration Pathway" 2.6 (RCP 2.6).

### Percentage change in the number of days per year with FWI>45 for the different scenarios



### "Representative Concentration Pathway" (RCP) (2030–2050) and with respect to the historical series (1990–2010)

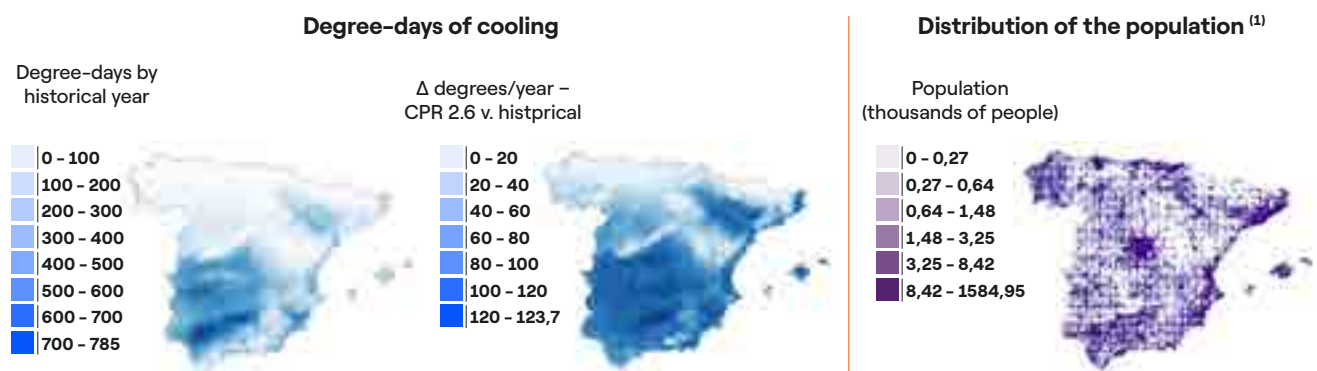
With regard to heat waves, as already indicated in previously published analyses, they are expected to occur more generally and frequently in the 2030–2050 period, especially in the southern part of the country.

### Chronic phenomena

- The analysis of **potential cooling and heating needs** has been updated and refined, leading to the conclusion that

in the period 2030–2050, compared to the period 1990–2020, Heating Degree Days (HDD)<sup>(8)</sup> will be reduced in all scenarios, from -8% in the "Representative Concentration Pathway" scenario 2.6 (RCP 2.6) to -19% in the "Representative Concentration Pathway" scenario 8.5 (RCP 8.5). The results obtained also predict an increase in Cooling Degree Days (CDD)<sup>(9)</sup> in all scenarios, from +34% in the "Representative Concentration Pathway" 2.6 (RCP 2.6) scenario to +61% in the "Representative Concentration Pathway" 4.5 (RCP 4.5) and +87% in the "Representative Concentration Pathway" 8.5 (RCP 8.5) scenario.

### "Cooling Degree Days (CDD) in the historical series 1990–2020 and expected variation in the Representative Concentration Pathway 2.6 (RCP 2.6) scenario.



<sup>(1)</sup> The image on the right represents the distribution of the population in the same period (1990–2020) and in the same grid as the climate models, and shows the most populated areas that have the greatest weight in the calculation of the indicator at the country level.

<sup>(7)</sup> Fire Weather Index: Meteorological index of fire risk, an indicator widely used internationally that takes into account aspects such as temperature, humidity, rainfall and wind to estimate fire risk.

<sup>(8)</sup> Heating Degree Days (HDD): annual sum of the difference between the indoor temperature (estimated at 18°C) and the outdoor temperature, considering all the days of the year that have an outdoor temperature less than or equal to 15°C.

<sup>(9)</sup> Cooling Degree Days (CDD): annual sum of the difference between the indoor temperature (estimated at 21°C) and the outdoor temperature, considering all the days of the year that have an outdoor temperature greater than or equal to 24°C.

With respect to rainfall, its variation in the basins of interest for Endesa’s hydroelectric production has been analysed and, after a preliminary analysis, the conclusions do not show significant variations when comparing the “Representative Concentration Pathway” 2.6 (RCP 2.6) scenario (2030–2050) with respect to the 1990–2009 period, presenting a general trend of a slight decrease.

It should be noted that Endesa has been a pioneer in the use of Climate Scenarios. In 2009 it launched its first project to analyse and assess the vulnerability of all its businesses and facilities at a global level, for which it was chosen by the former Ministry of Agriculture and Fisheries, Food and the Environment (now the Ministry for Ecological Transition and the Demographic Challenge (“MITECO”)) as

the representative of the Energy Sector for the ADAPTA I and II initiative.

After that, Endesa has continued to deepen in the subject, participating in multiple international initiatives and developing projects related to different areas.

### Joint effect of the Transition Scenarios and Physical Scenarios on electricity demand

By using integrated Energy System models, it is possible to quantify the country’s demand. This level of detail makes it possible to discriminate the specific effects that a change in temperatures can have on energy needs.

	Transition Scenarios	Temperature ▲ Effect	Definition of strategic base scenario <sup>(1)</sup>
<b>Change in Temperatures</b>	Scenario «Paris» Scenario «Slower Transition» «Accelerated Transition»	<ul style="list-style-type: none"> <li>Quantified through Heating Degree Days (HDD) and Cooling Degree Days (CDD).</li> <li>Impact on total energy demand, not just electricity, for cooling and heating needs in the residential and commercial sectors.</li> </ul>	<ul style="list-style-type: none"> <li>Associate <i>Heating Degree Days</i> (HDD) and <i>Cooling Degree Days</i> (CDD) consistent with Representative Concentration Pathway Scenario 2.6 (RCP 2.6) to the Paris and <i>Accelerated Transition</i> scenarios.</li> <li>Associate the “<i>Heating Degree Days</i>” (HDD) and “<i>Cooling Degree Days</i>” (CDD) consistent with the “<i>Representative Concentration Pathway</i>” Scenario 4.5 (RCP 4.5) to the “<i>Slower Transition</i>” Scenario.</li> <li>To further stress the analysis, the latter scenario has also been associated with a <i>Representative Concentration Pathway Scenario 8.5</i> (RCP 8.5).</li> </ul>

<sup>(1)</sup> Strategic base scenario aligned with compliance with the Paris Agreement and with the emission reduction commitments assumed at the European level.

In line with current policies and the significant commitment of the European Union to achieve carbon neutrality by 2050:

- The 3 scenarios (“Paris”, “Slower Transition” and “*Accelerated Transition*”) converge with that outcome; although the “Slower Transition” Scenario is associated with a different and higher “Representative Concentration Pathway” (RCP) Scenario, which corresponds to a slower trend in the decrease of Greenhouse Gas (GHG) emissions.
- If the effect of the Transition Scenarios is analysed independently, the faster speed in reaching carbon neutrality of the “Paris” scenario makes it a more electrified scenario compared to the “Slower Transition” scenario, which estimates, for the period 2030–2050, lower average values of electricity demand of around 2.7% in Spain.
- In addition, a faster penetration of green hydrogen, especially in the short term, and a higher electrification of buildings mean that electricity demand in the

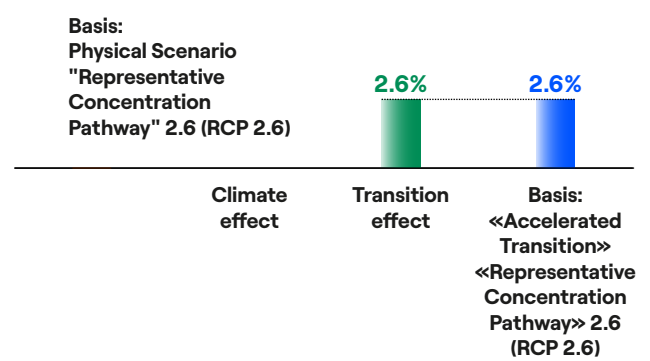
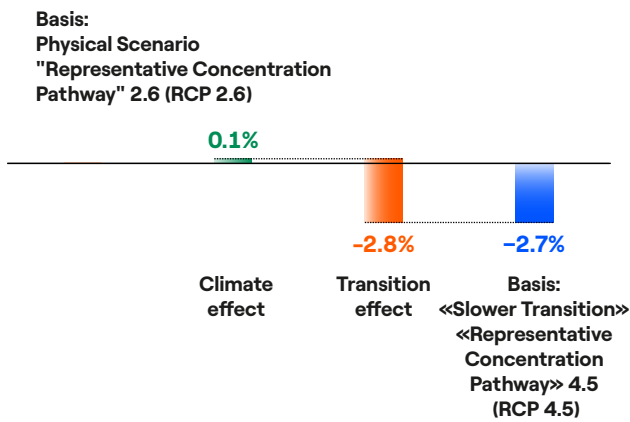
“Accelerated Transition” scenario is 2.6% higher than in the “Paris” baseline scenario. If electricity demand for hydrogen production is not considered, the total electricity demand differential is -1.6% in the Slower Transition scenario and remains unchanged in the Accelerated Transition scenario, because the electricity demand for green hydrogen in both scenarios is equivalent to that considered in the Paris scenario, changing only the speed of technology penetration.

The speed of the Energy Transition has a much greater impact on the level of electricity demand than the increase in temperature as a consequence of Climate Change. Decarbonization policies together with technological innovation and social responsibility will play an active role in the evolution of electricity demand and the energy mix in general. In any case, it is clear from the analysis carried out that the increase in temperature as a consequence of climate change implies an increase in electricity demand, although with a reduced impact.

**Average effect on electricity demand (2031–2050) of the 3 Transition Scenarios together with the Physical Scenarios “Representative Concentration Pathway” 2.6 (RCP 2.6) and “Representative Concentration Pathway” 4.5 (RCP 4.5)**

Transition Scenario "Paris" and Physical Scenario "Representative Concentration Pathway" 2.6 (RCP 2.6) to "Slower Transition" Transition Scenario and "Representative Transition Scenario "Slow Transition" and Physical Scenario "Representative Concentration Pathway" 4.5 (RCP 4.5)

Transition Scenario "Paris" and Physical Scenario "Representative Concentration Pathway" 2.6 (RCP 2.6) to "Accelerated Transition" Transition Scenario and "Representative Concentration Pathway" Physical Scenario 2.6



**Sensitivity analysis**

In order to determine the impact of temperature on the Transition Scenarios and, at the same time, to widen the range of hypotheses related to Climate Change, a sensitivity analysis has been carried out associating the "Slower Transition" Scenario to the "Representative Concentration Pathway" Scenario 8.5 (RCP 8.5) instead of the "Representative Concentration Pathway" 4.5 (RCP 4.5). Assuming an additional temperature increase, under equal Energy Transition conditions, leads to a lower demand variation of about 0.4% for temperature effect, and -2.4% in total.

# 6. Main risks and uncertainties associated with Endesa's activity

## 6.1. General Risk Control and Management Policy

The General Risk Control and Management Policy lays down the basic principles and the general framework to control and manage risks of any kind that could affect the attainment of targets, ensuring that they are systematically identified, analysed, assessed, managed and controlled within the risk levels set. The General Risk Control and Management Policy identifies the different types of risk, both financial and non-financial (including operational, technological, legal, social, environmental, political and reputational risks and those related to corruption) faced by the Company. The financial and economic risks include any contingent liabilities and other risks not included in the Consolidated Statement of Financial Position.

The aim of the General Risk Control and Management Policy is to guide and direct the series of strategic, organisational and operational actions that allow the Board of Directors at Endesa, S.A. to accurately define the acceptable level of risk. This will enable managers in the various lines of business, staff and service functions to maximise the Company's profitability, preserve or increase its equity and guarantee that this is achieved above certain levels. It will also prevent uncertain and future events adversely affecting the achievement of the profitability targets defined, or the corresponding operations, sustainability, resilience or reputation in a sustained way over time, providing shareholders with adequate guarantees and safeguarding their interests, in addition to the interests of customers and other stakeholders.

The General Risk Control and Management Policy is implemented and supplemented with other specific risk

policies of business lines, staff and service functions, as well as with the limits established for optimum risk management in each one of them.

The General Risk Control and Management Policy materialises through an Internal Control and Risk Management System, which comprises an organisation, principles, a regulatory system and a risk control and management process.

The Internal Control and Risk Management System follows a model that is based: firstly, on the ongoing study of the risk profile, applying current best practices in the energy or reference sector in relation to risk management, based on the criteria of uniform measurement for the same type of risk, and separation of risk controllers and managers; and, secondly, on ensuring the connection between risks assumed and the resources required to operate the business while ensuring an adequate balance between the risk assumed and the targets defined by the Board of Directors at Endesa, S.A.

The risk control and management model implemented at the Company is aligned with international standards, following a methodology based on the model of three lines of defence.

The Internal Control and Risk Management System is organised through independent risk control and management functions, which ensure an adequate separation of functions. The main governing bodies in the risk control process are as follows:

Main governing bodies	Description
<b>Risk Committee</b>	<ul style="list-style-type: none"> <li>Supervises the management and monitoring of all risks, specifically including tax risks, and excluding criminal risks and those relating to the Internal Control over Reporting System (ICRS), submitting the results of its deliberations and conclusions to the Audit and Compliance Committee.</li> </ul>
<b>Transparency Committee</b>	<ul style="list-style-type: none"> <li>Chaired by the Chief Executive Officer and comprising the main Executives of Endesa, including all members of the Executive Management Committee, together with other members of Endesa's management directly involved in the preparation, certification and disclosure of financial and non-financial information. Its main purpose is to ensure compliance with and the correct application of the general principles of financial and non-financial information (confidentiality, transparency, consistency and responsibility) by evaluating the events, transactions, reports or other significant matters that are externally disclosed and determining the manner and deadlines for making these disclosures. The Transparency Committee is also the Endesa Management body responsible for assessing conclusions with regard to compliance with and the effectiveness of the controls established in the Internal Control of Reporting System (ICRS) and internal controls and procedures for the external disclosure of information, and prepares corrective and/or preventive actions in this regard. The conclusions of the Transparency Committee are submitted to the Audit and Compliance Committee (CAC).</li> </ul>
<b>Criminal Risk Prevention and Anti-Bribery Supervision Committee</b>	<ul style="list-style-type: none"> <li>This collegiate body has autonomous powers of initiative and control with respect to criminal risks. It is supervised directly by the Audit and Compliance Committee (CAC). It supervises compliance and updating of the model for preventing criminal risks that may result in criminal liability for Endesa.</li> </ul>

The General Risk Control and Management Policy defines the Internal Risk Control and Management System as an interwoven system of rules, processes, controls and information systems. As part of this, global risk is defined as the risk resulting from the full view of all the risks to which Endesa is exposed, having regard to the effects of mitigating the various exposures to and categories of risk. This makes it possible to consolidate and evaluate the risk

exposure of the Company's units, and to prepare management information for making decisions on risk and the adequate use of capital.

The risk control and management process consists of identifying, assessing, monitoring and managing risks over time, and envisages the main risks to which the Company is exposed, both endogenous (due to internal factors) and exogenous (due to external factors).

Risk control and management process	Description
Identification	<ul style="list-style-type: none"> <li>Aims to generate the risk inventory based on events that could prevent, impair or delay the meeting of targets. This identification should include risks whether their origin is under the control of the organisation or whether it is due to unmanageable external causes.</li> </ul>
Assessment	<ul style="list-style-type: none"> <li>The objective is to obtain parameters that can be used to measure the economic and reputational impact of all risks so they can then be prioritised. This assessment includes different methodologies in line with risk characteristics such as, for example, the valuation of scenarios and the estimation of potential losses based on evaluation of impact and probability distributions.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>The objective is to monitor risks and establish management mechanisms that enable the risks to be kept within the established limits, and to take the appropriate management actions.</li> </ul>
Management	<ul style="list-style-type: none"> <li>The purpose is to implement actions aimed at adjusting risk levels to their optimum levels, respecting the limits established in all cases.</li> </ul>

The General Risk Control and Management Policy, which is approved and set by the Board of Directors of Endesa, S.A., constitutes the central element of the system, from which other documents and specific policies arise, such as the Tax Risk Control and Management Policy and the Criminal Regulatory and Anti-Bribery Compliance Policy, which are also approved by the Board of Directors, and which define the risk and control catalogues.

In addition, in view of the growing interest in the management and control of the risks to which companies are exposed, and given the complexity of their identification from a comprehensive point of view, it is important for employees to take part at all levels of this process. A risk mailbox has now been created for employees to help identify market risks and suggest measures to mitigate them, complementing the existing top-down risk management and control systems and mailboxes and specific procedures for sending communications in

connection with breaches of ethical conduct and criminal, tax and employment risks.

Information regarding Endesa's risk management and the use of derivative financial instruments is provided in Notes 42 and 44, respectively, to the Consolidated Financial Statements for the year ended 31 December 2022.

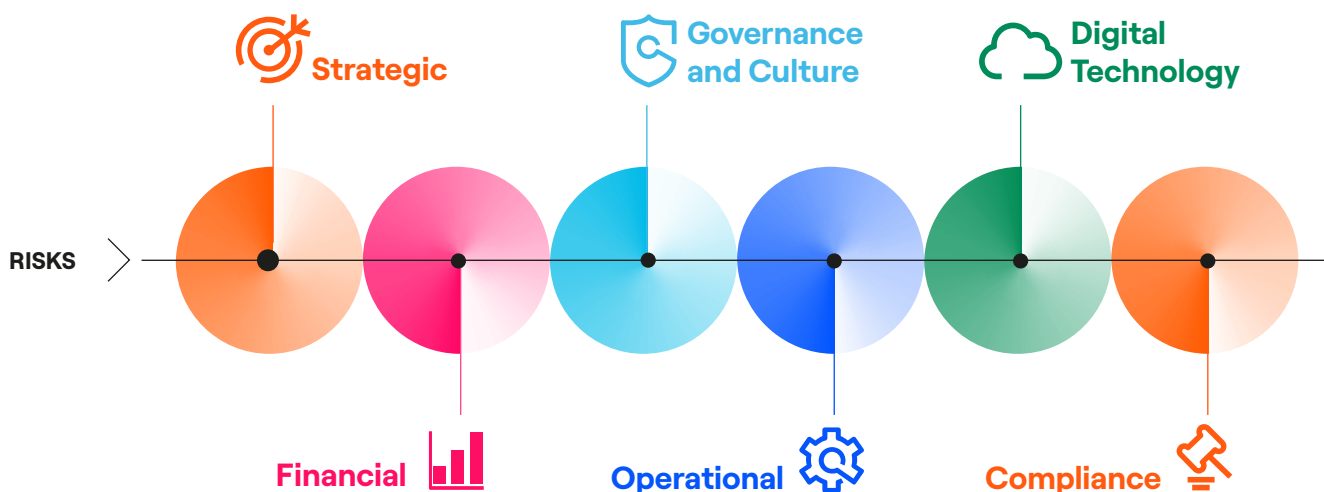
Section E, "Risk Control and Management System", of the Annual Corporate Governance Report describes Endesa's risk control and management systems and forms an integral part of this Consolidated Management Report (see section 23 Annual Corporate Governance Report of this Consolidated Management Report).

For further information on risk management, see the General Risk Control and Management Policy published on the Company's website (<https://www.endesa.com/es/accionistas-e-inversores/gobierno-corporativo/politicas-corporativas.html>).

### 6.1.1. Risk categories

Endesa classifies the risks to which it is exposed into 6 categories: Strategic, Financial, Operational, Compliance, Corporate Governance and Culture, and related to Digital Technologies.





The risk catalogue is a reference source for all areas of the company involved in management processes. Adoption of a common language facilitates mapping and organic representation of the risks within Endesa, enabling identification of those that impact the company's

processes and the duties of the organisational units involved in their management.

The risks that could affect Endesa's activity are set out in Section 6.4 of this Consolidated Management Report.

### 6.1.2. Risk control and management

Endesa has established a risk control and management process that enables it to obtain a complete picture of all the risks to which it is exposed, taking into account the mitigating effects between the various risk exposures and risk categories, and the corresponding management information to be drawn up for decision-making on risk and appropriate use of capital.

The Risk Committee supervises the management and monitoring of all the risks, specifically including tax risks, and excluding criminal risks and those relating to the Internal Control over Reporting System (ICRS). The mission of the Risk Committee is as follows:

Committee	Mission
<b>Risk Committee.</b>	<ul style="list-style-type: none"> <li>Actively participate in drawing up the risk strategy and in important decisions regarding risk management.</li> <li>Ensure the proper functioning of the risk control and management systems and that all important risks that affect the Company are appropriately identified, managed and quantified.</li> <li>Ensure that the Internal Control and Risk Management System mitigates risks appropriately;</li> <li>Ensure that Senior management participates in strategic risk management and control decisions.</li> <li>Regularly provide the Board of Directors with a comprehensive view of current and foreseeable risk exposure.</li> <li>Ensure coordination between the risk management units and the units responsible for its control.</li> <li>Encourage a culture in which risk is a factor to take into account in all decisions and at all Company levels.</li> </ul>

The Risk Committee is convened at least quarterly and meets to analyse the main results and conclusions related to risk exposure in Endesa, overseeing the management and monitoring of all risks. It reports its deliberations and conclusions to the Audit and Compliance Committee. Additionally, the Risk Committee receives information regularly on the key risk-monitoring indicators and events relevant to risk management and control. The members of the Committee may convene meetings at any time to authorise or propose risk management strategies in the event of extraordinary or significant business.

The Risk Control Area is the area delegated by the Risk Committee to define the procedures and rules of the Internal Control and Risk Management System to ensure the adequate identification, definition, management and quantification of all risks that affect the Company, in a homogenous and regular manner, and to monitor risk exposure and the control activities implemented.

In line with its internal operating instructions and procedures, the Risk Control area is tasked with preparing the following documents for the risks in its scope of application:

Reports	Description
<b>Risk Appetite Framework</b>	<ul style="list-style-type: none"> <li>Determines the main risk indicators, the levels of risk considered acceptable and the management and mitigation mechanisms. It is approved by the Board of Directors of Endesa, S.A.</li> </ul>
<b>Risk Map</b>	<ul style="list-style-type: none"> <li>Provides a prioritised view of significant risks. It is approved by the Board of Directors of Endesa, S.A.</li> </ul>
<b>Monitoring reports</b>	<ul style="list-style-type: none"> <li>Ensure compliance with the limits set and the effectiveness of the mitigation measures to provide a response to the risks, the conclusions of which are reported regularly to the Audit and Compliance Committee (CAC).</li> </ul>

In performing these functions, the Risk Control area is supported by other areas and committees with specific and complementary risk control and management models and policies. Accordingly, for example, in the tax area, Endesa, S.A.'s Board of Directors has also approved a Tax Risk Control and Management Policy. This Policy guides

and directs strategic, organisational and operating activities, enabling Tax Affairs employees and the departments at the organisation whose work involves the company's taxation to achieve the objectives of the Company's Tax Strategy in terms of tax risk management and control.

Endesa is one of the listed companies and companies in the electricity sector most closely aligned with applicable best practices, according to a report by PwC following assessment of the performance of its internal risk control and management function at the end of 2021. This complies with the regulation of the Audit and Compliance Committee ("CAC"), which indicates that regular assessment of the internal risk control and management function is to be performed by an independent external auditor selected by the Audit and Compliance Committee ("CAC").

## 6.2. The Internal Control over Reporting System (ICRS)

The quality and reliability of the financial and non-financial information that listed companies disclose to the market is a fundamental element for the Company's credibility, which significantly affects the value that the market assigns it. Any dissemination of incorrect or low-quality financial or non-financial information could provoke a significant decrease in the Company's value, with the consequential detriment to shareholders.

The Internal Control over Reporting System (ICRS) for financial and non-financial information is a part of the Company's internal control, comprising a comprehensive set of processes through which the company provides reasonable assurance with respect to the reliability of its internal and external financial and non-financial information. Endesa's Internal Control Unit is responsible for identifying the most relevant processes, activities, risks and controls of the Internal Control over Reporting System (ICRS) considered material to provide reasonable assurance that the financial and non-financial information disclosed by Endesa, S.A. to the market is reliable and adequate.

The documentation of the processes that form part of Endesa's Internal Control over Reporting System (ICRS)

includes detailed descriptions of the activities relating to the financial and non-financial reporting process and subsequent disclosure, including authorisation and processing, with the following basic objectives:

- Identification of the critical processes related directly and indirectly to generation of the information.
- Identification of the risks intrinsic to these processes that could give rise to material financial reporting errors (typically related to completeness, validity, recognition, cut-off, measurement and presentation) or significant errors in non-financial information.
- Identification and categorisation of the controls in place to mitigate these risks.

Every six months, the Internal Control over Reporting System (ICRS) is subject to an assessment process, as part of which the managers of each control assess the design and effectiveness of the controls. Within the model, an on-going verification process is additionally performed of the Internal Control over Reporting System (ICRS) by an independent expert. The findings of both processes are reported to:

- a) The Board of Directors which, in accordance with the Corporate Enterprises Act (“LSC”), has a duty, which it cannot delegate, to supervise the internal information and control systems; and
- b) The Audit and Compliance Committee (“CAC”), the functions of which, in accordance with the Corporate Enterprises Act (“LSC”), include supervision of the effectiveness of the Company’s internal control.

Endesa has been developing its Internal Control Over Financial Reporting System (ICFRS) methodology since 2020 to include sustainability and non-financial information, to ensure a single Internal Control over Reporting System (ICRS). This ensures supervision of all processes and systems, risk identification and the design and implementation of adequate controls for Endesa’s financial and non-financial information.

### 6.3. Endesa’s Criminal Risk Prevention and Anti-Bribery Model

Endesa is aware that sustainable compliance with its corporate responsibilities should also include constantly striving for excellence in terms of business ethics in all decision-making processes. This must be understood in a corporate environment that strictly complies with the most-advanced national and international standards, practices and principles in this area, as a basic pillar of company operations.

Organic Law 5/2010, of 22 June, amending Organic Law 10/1995, of 23 November, on the Criminal Code, not only included offences applicable to legal persons, but also referred to the need to establish surveillance and control measures to prevent and detect them. This legal system was reformed by Organic Law 1/2015, of 30 March, detailing the requirements for management and control systems that allow legal persons to prove their diligence in

the field of criminal prevention and detection. Organic Law 1/2019, of 20 February, further amended Organic Law 10/1995, of 23 November, on the Criminal Code, to transpose European Union Directives in the areas of finance and terrorism and to address international matters. More recently, Organic Law 10/2022, of 6 September, on the comprehensive guarantee of sexual freedom, has further modified certain aspects of the criminal liability of legal persons.

In line with these legal requirements, Endesa has internal rules that meet the need for adequate control and management systems for the detection and prevention of criminal behaviour.

This system mainly comprises the following standards applicable to Endesa:

Regulations	Description
Criminal risk prevention and anti-bribery model.	<ul style="list-style-type: none"> <li>• This document provides Endesa with a control system aimed at preventing criminal offences within the company, complying with the provisions of applicable regulations on the criminal liability of legal persons.</li> </ul>
Protocol in the case of action by an authority under article 31 Bis of the Criminal Code.	<ul style="list-style-type: none"> <li>• Procedure for adequate response in the event of a risk of criminal liability for any Endesa company.</li> </ul>
Code of Ethics.	<ul style="list-style-type: none"> <li>• A document setting out the ethical commitments and responsibilities in the management of businesses and business activities assumed by Endesa’s employees, whether Directors or employees of any kind, at these companies.</li> </ul>
Zero Tolerance Plan against Corruption.	<ul style="list-style-type: none"> <li>• A document that represents Endesa’s firm commitment to the fight against corruption, which is the result of its membership of the United Nations Global Compact.</li> </ul>
Corporate Integrity Protocols.	<ul style="list-style-type: none"> <li>• Action protocols in matters of conflicts of interest, exclusive dedication and commercial competition</li> <li>• Protocol for accepting and offering presents, gifts and favours.</li> <li>• Action protocol for dealing with public servants and the authorities</li> </ul>

These internal rules are supplemented, among others, by the Criminal Risk and Anti-Bribery Compliance Policy, which, together with those we have already mentioned, make up Endesa’s Criminal and Anti-Bribery Compliance Management System. This is an integrated body of

provisions that not only respects Spanish legal requirements in this area but is also sufficient to meet the expectations reasonably placed on organisations that operate with the highest levels of commitment in advanced markets, such as Endesa.

At 31 December 2022, 4,926 employees had received training in anti-bribery policies and procedures (53.2%), compared to 3,678 employees (40% at 31 December 2021). Since October 2017, Endesa's Criminal and Antibribery Compliance Management System has been accredited by AENOR in accordance with the UNE 19601 (Compliance Management) and UNE-ISO 37001 (Antibribery Management) Standards. This accreditation has been successfully renewed since then and remains in force at the date of preparation of this Consolidated Management Report.

The Audit and Compliance Committee is responsible for ensuring the correct application of the Criminal and Anti-Bribery Risk Prevention Compliance System, in which it is supported by the Supervision Committee, which is a collegiate body with autonomous powers of initiative and

control, and independence in the exercise of its functions, whose powers and principles of action are established in its Regulations. The Supervision Committee reports solely and exclusively to the Audit and Compliance Committee (CAC), which has specific functions including for the prevention of criminal risks according to its Regulations.

Endesa has a Whistleblowing Channel as part of its Criminal Risk Prevention and Anti-Bribery System, through which it receives reports of breaches in relation to the prevention of criminal risks and bribery, among other issues. In 2022, the Company fully complied with all of the processes put in place for the effective operation of this Channel.

Below are details of the number of reports of different types of breaches received by the Whistleblowing Channel, and the number of violations found to have occurred, indicating which of them related to corruption or fraud:

	Number		Chg (%)
	2022	2021	
Total reports received through the Whistleblowing Channel for possible breaches of the Code of Ethics	12	7	71.4
Proven breaches	3	1	200.0
Related to corruption and/or fraud	1 <sup>(1)</sup>	1	—

<sup>(1)</sup> The breach identified is related to the fraud suffered by the company in the employment area, which led to the adoption of disciplinary measures. This information is subject to confidentiality requirements under personal data protection regulations. The other two breaches relate to issues of health and safety and the right to privacy, for which the pertinent measures have been adopted.

## 6.4. Main risks and uncertainties














Endesa's activities are carried out against a backdrop in which outside factors may affect the performance of its operations and earnings.













As a result of the conflict between Russia and Ukraine and the path of the COVID-19 pandemic, which has yet to run its full course, Endesa must contend with greater uncertainty and its business could be affected by adverse economic conditions in Spain, Portugal, the Eurozone and international markets, as well as by the regulatory environment.

As a result, certain risks are now more of a concern and others have become more volatile (see Sections 8.2 and 8.3 of this Consolidated Management Report).

In this environment of spiralling energy prices, high inflation and interest rate hikes, there are certain risks that are hard to predict or control, including regulatory changes in the electricity sector, fiscal impacts due to the introduction of temporary measures in the energy sector, cybersecurity, delays in delivering supplies and in honouring contracts, and greater restrictions on access to credit. These issues could add further pressure to the challenge of meeting the objectives in the Strategic Plan.

The prioritisation of the main risks that could affect Endesa's operations, including those arising from the conflict between Russia and Ukraine, is presented below:

Category	Section	Risk	Definition	Metrics	Relevance <sup>(3)</sup>
Strategic risks	a.1, a.2, a.3, a.4 and a.5	 Legislative and regulatory developments	Endesa's activities are heavily regulated, and regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows.		
		 Climate change	Endesa is affected by climate changes arising from human action, which has an impact on both physical and transitional aspects.		
		 Strategic Plan	Endesa is making decisions that will affect the future of the company and its sustainability. These decisions are subject to significant risks and uncertainties, and changes in circumstances and other factors that may be beyond Endesa's control or that may be difficult to predict.	Scenarios <sup>(1)</sup>	High
		 Macroeconomic and geopolitical trends	Endesa's business could be affected by adverse economic or political conditions in Spain, Portugal, the Eurozone and in international markets.		
		 Competition in its Activities	Endesa is exposed to competition in its business activities.		
Financial risks	b.1, b.2, b.3, b.4, b.5 and b.6	 «Commodities»	Endesa's business is highly dependent on the constant supply of large volumes of fuel to generate electricity; on the supply of electricity and natural gas used for its own consumption and supply; and on the supply of other commodities, the prices of which are subject to market forces that may affect the price and the amount of energy sold by Endesa.	Stochastic <sup>(2)</sup>	High
			Endesa's activities could be affected by changes in natural resources and climate and weather conditions.	Stochastic <sup>(2)</sup>	Medium
		 Exchange Rate	Endesa is exposed to foreign currency risk.	Stochastic <sup>(2)</sup>	High
		 Interest rate	Endesa is exposed to interest rate risk.		
		 Capital adequacy and access to finance	Endesa's business depends on its ability to obtain the funds necessary to refinance its debt and finance its capital expenses.	Stochastic <sup>(2)</sup>	High
		 Liquidity			
		 Credit and counterparty	Credit risk is generated when a counterparty does not meet its obligations under a financial or commercial contract, giving rise to financial losses.	Stochastic <sup>(2)</sup>	High
Risks associated with digital technologies	c.1 and c.2	 Cybersecurity	Endesa is exposed to cybersecurity risks.		
		 Digitalisation	Endesa manages its activities with information technology that guarantees operating efficiency, as well as the continuity of the businesses, systems and processes that contribute to attaining its corporate objectives.	—	<sup>(4)</sup>

Category	Section	Risk	Definition	Metrics	Relevance <sup>(3)</sup>
 Operational risks	d.1, d.2, d.3, d.4, d.5 and d.6	 Business interruption	Endesa is exposed to risks associated with the construction of new electricity generation and distribution facilities.	Scenarios <sup>(1)</sup>	Low
			Endesa's activity may be affected by failures, breakdowns, problems in carrying out planned work or other problems that cause unscheduled non-availability and other operational risks.	Scenarios <sup>(1)</sup>	Medium
		 Asset protection	Endesa's insurance cover and guarantees may not be adequate or may not cover all damage.		
		 People and Organisation	The success of Endesa's business depends on the continuity of the services provided by the Company's management and by Endesa's key workers.	—	(4)
		 Procurement, logistics and supply chain	Endesa's business could be adversely affected by a possible inability to maintain its relations with suppliers or because the available supplier offering is insufficient in terms of quantity and/or quality, as well as supplier failures to maintain the conditions of the service provided, limiting the possibilities of operability and business continuity.	Stochastic <sup>(2)</sup>	Medium
		 Data protection	Endesa uses the highest security and contingency standards according to the state of the art, such that it guarantees personal data protection.	—	(4)
 Compliance risks	e.1, e.2, e.3, e.4, e.5, e.6 and e.7	 Compliance with Antitrust Law and Consumer Rights	Past or future infringements of competition and antitrust laws could adversely affect Endesa's business activities, results, financial position and cash flows.		
			Endesa's activities are subject to wide-reaching environmental regulations. Any inability to comply with current environmental regulations or requirements or any changes to applicable environmental regulations or requirements could adversely affect its business activities, results, financial position and cash flows.		
		 Compliance with other laws and regulations	Endesa is involved in various court and arbitration proceedings.		
			The Enel Group controls the majority of Endesa's share capital and voting rights, and the interests of the Enel Group could conflict with those of Endesa.		
		 Tax compliance	Endesa could be affected by tax risks arising from interpretations of the regulations by the tax authorities that differ from those adopted by the Company or by an incorrect understanding by third parties of the tax position adopted by the Company.		
		Endesa could be held liable for corporation tax and value added tax (VAT) charges corresponding to the tax group of which it forms part or has formed part.			
 Corporate governance and culture risk	f.1	 Reputation	Endesa is exposed to image and reputation risk.	—	(4)

<sup>(1)</sup> Scenario: calculated as the loss arising from the hypothetical situations.

<sup>(2)</sup> Stochastic: calculated as the loss that could be incurred with a certain degree of probability or confidence.

<sup>(3)</sup> The significance of the risks is measured based on the expected potential loss: High (exceeding Euro 75 million), Medium (between Euro 10 million and Euro 75 million) and Low (less than Euro 10 million).

<sup>(4)</sup> They relate to risks whose impact may be difficult to quantify economically (in general, high impact and probability, following the mitigation mechanisms implemented, very low or very difficult to determine).

## a) Strategic risks

### a.1. Endesa's activities are heavily regulated, and regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows

Endesa's subsidiaries are subject to wide-ranging regulations on their tariffs and other aspects of their activities in Spain and Portugal. These regulations in many ways determine the manner in which Endesa performs its business and the revenues it receives from its products and services.

Endesa is subject to a complex set of laws and other regulations applied by both public and private bodies, including the Spanish Markets and Competition Commission ("CNMC"). The introduction of new standards and modifications to those already in effect could have a negative impact on Endesa's business, results, financial position and cash flows.

Information on sector regulation can be found in Section 16 of this Consolidated Management Report and Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

The European Union also establishes an action framework for Member States which includes, among other things, objectives for emissions, efficiency and renewable energies.

The introduction of new requirements, or amendments to existing ones, could adversely affect Endesa's business activities, results, financial positions and cash flows if it cannot adapt and manage the resulting environment correctly.

Information on likely trends in the new economic and industrial model and Endesa's Strategic Plan can be found in Section 4 of this Consolidated Management Report.

### a.2. Endesa is affected by climate changes arising from human action, which has an impact on both physical and transitional aspects

Endesa has made a decisive commitment to the fight against climate change and decisions are, therefore, taken at the highest level of management. Climate change is one of the main pillars of the Company's strategy. The Board of Directors of Endesa, S.A. is responsible for its approval, and Senior Management is responsible for its development and implementation (see Note 5.1 to the Consolidated Financial Statements for the year ended 31 December 2022).

In demonstration of this commitment, Endesa has updated its strategic plan for 2023-2025, in which it goes further along the path towards the decarbonisation of its generation mix and develops its offering of value-added services for deregulated customers, developing its distribution network as an integrating element for the other elements (see section 4.2 of this Consolidated Management Report).

In the process of identifying risks and opportunities, risks related to Climate Change are included: transition risks, risks related to regulation, new technologies, changes in the market and reputation, and risks related to potential physical impacts related to Climate Change.

In relation to Climate Change, risks are assessed based on established risk tolerance levels, considering: exposure (climate impacts that may affect facilities), sensitivity (potential effects and their consequences for businesses or facilities), and vulnerability (adaptive capacity to overcome the impacts of Climate Change considering financial, technological and knowledge requirements).

Climate change and the energy transition will affect Endesa's activities. Endesa has defined a reference framework to identify the risks and opportunities and their impact on the company's businesses, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). Risks are classified into physical and transition risks, which are broken down as follows:



## Risks and opportunities related to climate change.

Transition risks.	<ul style="list-style-type: none"> <li>In reference to the Energy Transition process towards a more sustainable model, characterised by a progressive reduction of carbon dioxide (CO<sub>2</sub>) emissions, risks and opportunities are identified linked to the regulatory and normative context, as well as to the evolution of technological development, electrification and consequent market developments.</li> </ul>
Physical risks.	<p>They are further classified into acute (extreme events) and chronic.</p> <ul style="list-style-type: none"> <li>Acute (extreme events): these occur as a result of extreme weather conditions. These events expose Endesa to potential unavailability, of varying duration, in facilities and infrastructure, repair costs, impact on customers, etc.</li> <li>Chronic: these are related to gradual and structural changes in weather conditions. Chronic changes in weather conditions expose Endesa to other risks and opportunities such as, for example, changes in the production regime of different technologies, as well as changes in electricity demand.</li> </ul>

In line with the climate and transition scenarios adopted, changes in customer behaviour, industry strategies in different economic sectors and regulatory changes are beginning to be identified to define risks and opportunities. Endesa is committed to playing an active role in the transition. It therefore defines facilitating measures in its 2023-2025 Strategic Plan to make the most of the opportunities that arise, which are identified through

scenario analysis. As a result, approximately 90% of the investments envisaged in the 2023-2025 Strategic Plan are aligned with one of the United Nations Sustainable Development Goals (SDGs).

The following is the reference framework defined for risks and opportunities that highlights the relationships between the physical and transition scenarios and the factors that influence Endesa's business:

Scenario	Classification	Category	Time horizon	Risks and opportunities	Management mode
Physical.	Agudo.	Extreme events	From Short term (2023-2025) <sup>(1)</sup> .	Risk: Weather events that are extreme because of their intensity.	Endesa adopts best practices to manage the recovery of the activity in the shortest possible time. With regard to risk management from the insurance point of view, the Company manages a "Loss Prevention" program for property risks, also aimed at assessing the main exposure factors associated with natural events. In the future, changes in climatic evolution that are expected to manifest themselves in the long term will also be considered in the evaluation.
	Crónico.	Market.	From Non-current (2031-2050) <sup>(3)</sup> .	Risk / Opportunity: Increase or decrease in electricity production and demand.	Geographical and technological diversity makes it possible to mitigate the impact of variations (positive or negative) of a single variable. In order to adequately manage the impact of meteorological phenomena, Endesa implements weather forecasting activities, real-time monitoring and control of its facilities, and long-term climate scenarios to evaluate possible chronic variations in the availability of renewable resources.
Transition	—	Policies and regulation.	From Short term (2023-2025) <sup>(2)</sup> .	Risk / Opportunity: Carbon dioxide (CO <sub>2</sub> ) pricing and emissions policies; Energy Transition incentives; review of market design and permitting procedures and resilience regulation.	Endesa minimizes its exposure to risks through the progressive decarbonization of its production facilities. Endesa's strategic actions allow it to mitigate potential risks and take advantage of the opportunities associated with the Energy Transition. Additionally, Endesa participates in the public processes of policy and regulation definition and in dialogue platforms with the different stakeholders.
		Market.	From Medium term (2026-2030) <sup>(2)</sup> .	Risk / Opportunity: Changes in the price of raw materials and energy; evolution of the energy mix; change in residential sector consumption, changes in the competitive situation in the market.	Endesa maximizes opportunities thanks to a strategy oriented to the Energy Transition, a strong development of renewable production, and a clear commitment to the electrification of demand. Considering two alternative transition scenarios, Endesa evaluates the effects of the evolution of raw material prices, the penetration of renewables in the energy mix, and the electrification of demand.
		Products and services.	From Medium term (2026-2030) <sup>(2)</sup> .	Higher margins and greater investment capacity as a result of the transition, considering the penetration of new technologies for the electrification of demand, and electric transportation, and distributed generation.	Endesa maximizes opportunities thanks to a strong strategic positioning on new business opportunities and services. Additionally, and considering alternative transition scenarios, Endesa evaluates the impact of the different trends in terms of demand electrification.
	Technology.	From Medium term (2026-2030) <sup>(2)</sup> .		Endesa maximizes opportunities thanks to a strong strategic positioning on electricity infrastructure. Considering alternative transition scenarios, and taking into account the trend in the penetration of electrification technologies, Endesa evaluates opportunities to scale solutions related to digitalization and grid resilience.	

<sup>(1)</sup> Short term (to 2025, corresponding to the Strategic Plan), in which sensitivity analyses can be performed based on the Strategic Plan presented to the markets on 23 November 2022.

<sup>(2)</sup> Medium term (to 2030, corresponding to the coverage deadlines of the Spanish National Integrated Energy and Climate Plan ("PNIEC")), in which it is possible to appreciate the effect of the Energy Transition.

<sup>(3)</sup> Long term (to 2050, the deadline for achieving climate neutrality), in which chronic structural changes at the climate level should begin to manifest themselves.



### a.2.1. Chronic and acute physical risks and opportunities

In reference to the risks and opportunities associated with the physical variables, and taking as a reference the scenarios defined by the Intergovernmental Panel on Climate Change (IPCC) and based on the reference framework described in the previous section, the impact on electricity demand and on the different generation technologies is evaluated for the different categories of physical risks identified.

### Chronic physical changes. Potential risks and associated opportunities

Chronic physical changes manifest themselves in the long term, without the scenarios used for the analysis showing evidence of significant changes before 2030, which could begin to be seen in the period from 2031 to 2050.

The main impacts as a consequence of chronic physical changes would be seen in the following variables:

Variables	
Electricity demand.	• Variation of the average temperature level with potential effect (increase/decrease) on the electricity demand, when the demand for air conditioning changes.
Thermoelectric production.	• Variation of the average temperature level of water bodies with effect on thermoelectric production when cooling conditions change.
Hydroelectric production.	• Variation in the average level of rain and snow and of temperatures, with a potential increase and/or reduction of hydroelectric production.
Photovoltaic production.	• Changes in the average levels of solar radiation, temperature and rainfall with a potential increase and/or reduction in photovoltaic production.
Wind Power Production	• Variation of the average wind regime level with potential increase and/or reduction of wind production.

The impacts of the most significant chronic physical changes have been identified for each generation technology. Analysis has begun to ascertain the impact on their productivity, considering the facilities individually.

The table below shows the importance of the impact associated with the main chronic climate changes for Endesa's facilities and their corresponding priority in the analysis:

Priority	Priority					
	High	Low	Not relevant	High	Low	Not relevant
	Rain/snow	Wind	Solar radiation	Sea level	Air temperature	Rivers/sea temperature
Thermal						
Solar						
Wind						
Hydro						
Storage						
Geothermal						
Grids						
Endesa X						

**Extreme events. Associated potential risks and opportunities**

The intensity and frequency of acute physical phenomena and extreme events can cause significant unexpected damage to installations and potential consequences arising from service interruptions.

Extreme events (gales, floods, heat waves, cold waves, etc.) are characterised by their high intensity and infrequent occurrence in the short term, which increases in the long-term climate scenarios.

Accordingly, the risk associated with the occurrence of extreme events is currently being managed in the short term, while the methodology is being extended to longer time horizons (until 2050), in accordance with the climate scenarios selected (Representative Concentration Pathways 8.5, 4.5 and 2.6).

The table below shows the importance of the impact associated with the main extreme weather events for Endesa's facilities: and their corresponding priority in the analysis:

	Priority							Priority
	High	Low	Not relevant	High	Low	Not relevant	High	
	Heatwaves	Floods/ heavy precipitation	Heavy snow/ Icing	Hail	Windstorm	Wildfire	Lighting	
Thermal	High	High	Not relevant	Not relevant	Low	Low	Low	Under assessment
Solar	High	High	High	High	High	Low	Low	
Wind	High	Low	High	Low	High	Low	Low	
Hydro	Low	High	Low	Not relevant	Low	Not relevant	Not relevant	Low
Storage	High	High	Low	Low	High	High	High	Under assessment
Geothermal	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant	Low	Low	
Grids	High	High	High	Low	High	High	High	High
Endesa X	High	Low	Low	Low	Low	Low	Low	Under assessment

**Risk assessment methodology for extreme events**

Endesa uses an established methodology for analysis of catastrophic risk to quantify the risk from extreme events. This methodology is used in the insurance area and in the reports of

the Intergovernmental Panel on Climate Change (IPCC) <sup>10</sup>. This methodology can be applied to all analysable extreme events, such as gales, heat waves and floods.

The following are considered for all types of natural disasters:

Types	
Probability of the event (Hazard).	<ul style="list-style-type: none"> <li>The theoretical frequency in a given period of time: the return period.</li> <li>Risk maps are prepared that associate the estimated frequency of the various types of extreme events with each geographical point on the map.</li> </ul>
Vulnerability.	<ul style="list-style-type: none"> <li>This indicates the value lost or affected as a result of the extreme event, in percentage terms. This enables consideration of the impacts on facilities and continuity of production and distribution services.</li> <li>Endesa analyses the vulnerability of its facilities, enabling it to prepare a matrix relating the type of installation to the extreme events that might significantly affect them.</li> </ul>
Exposure.	<ul style="list-style-type: none"> <li>This is the set of economic values in Endesa's portfolio that could be impacted significantly in the event of catastrophic natural events.</li> <li>Specific analyses are carried out for this parameter for the various production technologies, the distribution infrastructures and the services provided to customers.</li> </ul>

<sup>10</sup> L. Wilson, "Industrial Safety and Risk Management". University of Alberta Press.  
 T. Bernold. "Industrial Risk Management". Elsevier Science Ltd.  
 Kumamoto, H. and Henley, E. J., 1996, Probabilistic Risk Assessment and Management For Engineers And Scientists, IEEE Press, ISBN 0-7803100-47  
 Nasim Uddin, Alfredo H.S. Ang. (eds.), 2012, Quantitative Risk Assessment (QRA) for natural hazards, American Society of Civil Engineers CDRM Monograph no. 5.  
 UNISDR, 2011. Global Assessment Report on Disaster Risk Reduction: Revealing Risk, Redefining Development. United Nations International Strategy for Disaster Reduction. Geneva, Switzerland.  
 Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation – A Special Report of Working Groups I-II of the Intergovernmental Panel on Climate Change (IPCC). Cambridge University Press, Cambridge, UK, and New York, NY, USA.

The combination of these three factors (probability of an event, vulnerability and exposure) provides the key to assessing the seriousness of the risk of extreme events.

Endesa differentiates the risk analysis of the climate scenarios over the different time horizons. The following table summarises the impact assessment of extreme events:

Time horizon	Probability of the event	Vulnerability	Exposure
Short term (1-3 years).	Probability maps based on historical series and weather models.	Vulnerability is related to the type of event and the technology, and is largely independent of the time horizon.	Endesa's values in the short term.
Non-current (to 2050 and/or 2100).	Probability maps and specific studies for the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathway climate scenarios.		Trend in Endesa's values over the long term.

**Insurance**

Endesa defines annual insurance coverage programmes for its businesses, with the two main programmes being:

Programmes	
Global <i>Property programme</i> .	<ul style="list-style-type: none"> <li>The conditions of this policy cover the costs of rebuilding the affected facility and the economic loss from the facility not working.</li> </ul>
Global <i>Liability programme</i> .	<ul style="list-style-type: none"> <li>The conditions of this policy cover damage to third parties for whose activity Endesa has civil liability due to the activity performed, including damage to the environment.</li> </ul>

The policy conditions are defined on the basis of risk assessment, including extreme events associated with climate change. As seen in past events, the impact on Endesa's activity of extreme events can be relevant. Endesa's preventive maintenance actions for its generation and distribution facilities are also important and essential. These actions allow, on the one hand, the mitigation of the impact as a result of extreme events, and, on the other hand, the optimisation of the costs of global insurance programmes.

**a.2.2. Adaptation to climate change**

Endesa implements actions to effectively manage extreme events and chronic physical changes to reduce the impact on its business.




Adaptation solutions can include both actions implemented in the short term and long-term decisions, for example, investment planning in response to climatic phenomena. Adaptation activities also include procedures, policies and best practices.

For new investments, action can be taken as early as the design and construction phase to reduce the impact of climate risks, for example, by assessing risks and vulnerability in the design phase, and to take into account possible chronic effects, for example, by including climate scenarios in long-term renewable resource estimates.

Once the relevant weather and climate phenomena have been identified, the activities to be carried out to maximize adaptive capacity can be classified into:

Activities	
Management of Adverse Events.	<ul style="list-style-type: none"> <li>Procedures to prepare in advance for extreme events (e.g., acquisition of short-term weather forecasts, and training), and procedures for the restoration of activity in the shortest possible time (e.g., definition of operational and organizational procedures to be implemented in case of critical events).</li> </ul>
Risk Prevention.	<ul style="list-style-type: none"> <li>Improving the resilience of facilities. Interventions aimed at increasing the resilience of facilities, such as, for example, quantitative assessment of potential acute and chronic risks to better define both the requirements at the design stage and the actions to be carried out on existing facilities.</li> </ul>

The following table shows a high-level summary that represents the typology of actions that Endesa implements to properly manage adverse events and increase resilience to weather phenomena and their evolution due to Climate Change. Following the table, details of some of the activities listed in the table are provided:

Business	Adverse Event Management	Risk Prevention
<b>Generation</b> 	<b>Existing Facilities:</b> <ul style="list-style-type: none"> <li>Incident and critical event management</li> <li>Site-specific emergency management plans and procedures.</li> <li>Specific tools for forecasting impending extreme events.</li> </ul>	<b>Existing Facilities:</b> <ul style="list-style-type: none"> <li>Risk assessment and design guidelines for hydraulic technology.</li> <li>Feedback processes based on lessons learned from operation and maintenance to the development, design and construction phase.</li> </ul> <b>New Facilities:</b> <ul style="list-style-type: none"> <li>In addition to what is planned for existing facilities:</li> <li>Climate Change related risk assessment included in the environmental impact assessment study (pilot).</li> </ul>
<b>Distribution</b> 	<b>Existing Facilities:</b> <ul style="list-style-type: none"> <li>Strategies and guidelines on risk prevention, preparedness, response and recovery activities for the distribution network.</li> <li>Emergency and critical event management guidelines.</li> <li>Risk prevention and preparedness measures in case of fires in electrical installations (lines, transformers, etc.).</li> </ul>	<b>Existing Facilities:</b> <ul style="list-style-type: none"> <li>Guidelines for the definition of plans for network resilience enhancement (e.g. "Network Resilience Enhancement Plan" E-distribuzione).</li> </ul>
<b>Supply</b> 	<b>Existing Facilities:</b> <ul style="list-style-type: none"> <li>Critical Event Management</li> </ul>	<b>Existing Facilities:</b> <ul style="list-style-type: none"> <li>Preliminary analysis of the impacts derived from Climate Change in the medium and long term.</li> </ul>

Endesa develops actions for the effective management of extreme events and chronic physical changes in all its business lines. The areas of action, best management practices and policies adopted in each business are detailed below:

### Generation

#### Actions

The main actions in relation to the management of the risks associated with climate change in the generation business are as follows:

#### Main actions

- Improved management systems for cooling water to compensate for possible reductions in river flows.
- Fogging systems to improve airflow and offset power reduction as a result of increased ambient temperatures at combined cycle generation facilities.
- Installation of drainage pumps, regular cleaning of canals and other actions to eliminate risks of landslides as a result of torrential rains and floods.
- Periodic reassessment of hydroelectric facilities in torrential rain and flooding scenarios. The scenarios are managed through mitigation actions and interventions at facilities.

#### Good practices

In the Generation Business Line, a series of good practices have been adopted for the adequate management of adverse meteorological phenomena:

#### Good practices

Weather forecasting.	<ul style="list-style-type: none"> <li>Monitoring of the availability of renewable resources and the occurrence of extreme events, with alert systems that guarantee the protection of people and facilities.</li> </ul>
Digital Geographic Information System (GIS).	<ul style="list-style-type: none"> <li>Hydrological simulations, surveying (including the use of drones) and monitoring of possible vulnerabilities using the digital Geographic Information Systems (GIS) and satellite data.</li> </ul>
Monitoring of dams and hydraulic infrastructure.	<ul style="list-style-type: none"> <li>Advanced monitoring of more than 100,000 parameters (with more than 160 million historical measures) at dams and hydraulic infrastructure.</li> </ul>
Supervision of facilities	<ul style="list-style-type: none"> <li>Remote real-time monitoring of electrical production facilities.</li> </ul>
Hydrological and hydraulic studies.	<ul style="list-style-type: none"> <li>Adoption of specific guidelines for hydrological and hydraulic studies in the initial stages of development, to assess risks in both the area of the facility and the surrounding area.</li> </ul>
Monitoring of the effects of climate parameters on project design.	<ul style="list-style-type: none"> <li>Monitoring of changes in climate parameters because of their potential effects on project design, such as assessment of the rainfall patterns for the design of drainage systems for photovoltaic facilities.</li> </ul>
Estimation of extreme wind speeds.	<ul style="list-style-type: none"> <li>Estimation of extreme wind speeds using up-to-date databases containing historical records of gales, in order to choose the most suitable wind-turbine technology for the site.</li> </ul>

Endesa also applies specific procedures for emergency management with real-time communication protocols, the planning and management of all activities to resume activity under safe conditions in the shortest possible time, and predefined lists for damage assessment, so that it can act immediately against extreme events. One solution implemented to minimize the impact of climate events is the "Lesson Learned Feedback" process, through which information is transferred from the technical operation and maintenance units to the units that design new projects.

**Analysis of future climate impacts to identify adaptation needs**

An analysis of risks associated with acute and chronic climate phenomena is being carried out based on the mapping of relevant climate events, with the aim of estimating the impact they may have in the medium to long term on the generation plants. The analysis of acute phenomena has been carried out in two phases:

**Phases**

- **Preliminary analysis of the hazard and exposure** of all hydro, wind and solar power plants in order to group them according to their degree of vulnerability, and to identify the plants with the highest risk from which to select 1 or 2 plants for the definition of possible adaptation actions.
- **Detailed analysis** of the plants identified as most at risk, in order to define possible adaptation actions, as well as measures to prevent production losses.

The detailed analysis was carried out to determine the possible increase in the frequency and intensity of extreme events and to identify the exposed facilities. This analysis has shown that, for the whole set of

meteorological phenomena considered, there are few facilities exposed to high risk in the long term. The meteorological phenomena analysed are:

**Meteorological Phenomena**

<p>Torrential Rains.</p>	<ul style="list-style-type: none"> <li>• During 2022, an analysis of a significant number of plants led to the conclusion that there is a high correlation between the geomorphology of the site and the impact of the meteorological phenomenon on the facility, and confirmed the need for a site-specific analysis, especially for those facilities most exposed to the phenomenon.</li> <li>• More detailed analyses have identified possible structural adaptation measures useful to reduce the level of flood risk to an acceptable threshold, and whose implementation will require a cost-benefit analysis. Such structural adaptation interventions would be, for example, the construction of hydraulic mitigation works (mainly embankments, channel reprofiling, adequacy of drainage channels, expansion and lamination basins) and elevation of components at risk through earthworks and increasing the length of support structures in the case of photovoltaic panels.</li> </ul>
<p>Heat Waves.</p>	<ul style="list-style-type: none"> <li>• In 2022, the impact of heat waves on photovoltaic installations was analysed, a critical event characterized by persistent high temperatures for several days in the absence of precipitation.</li> <li>• Despite the increase in the frequency and intensity of this climatic phenomenon, the conclusion was that there is no significant impact on the installation, but only a reduction in inverter performance at certain times of the year and in specific locations.</li> </ul>
<p>Windstorms.</p>	<ul style="list-style-type: none"> <li>• Regarding the risk of wind storms, despite the fact that the scenarios show an increase in the incidence of the phenomenon, the impact analysis shows a high resilience by design especially of the wind farms analysed.</li> <li>• The implementation of any adaptation measures will require specific assessments of the affected sites based on a cost-benefit analysis, considering the limited impact of the phenomenon.</li> </ul>
<p>Fires.</p>	<ul style="list-style-type: none"> <li>• In relation to fire risk, a study has been carried out to identify the areas of highest risk, and aiming at the prevention and/or reduction of intervention times, some possible adaptation measures to be adopted in the design and/or operation phase of the facilities have been identified, such as the removal of vegetation around the project area, the implementation of firebreaks, and additional coordination with local authorities on how to respond in case of fires.</li> </ul>

The methodologies developed will be further refined in order to apply them also to the design and development of new facilities.

These analyses will make it possible to quantify the need for adaptation in terms of risk prevention (e.g. adoption of an adaptive design), and in terms of event management and residual risk management.

## Distribution

In the Distribution Business Line, a specific policy (Climate Change Risk Assessment) has been prepared for the electricity distribution activity, in order to establish the general criteria, methodology and requirements for the identification, analysis and assessment of the risks inherent to Climate Change, both of the facilities and of the activities carried out, with the aim of monitoring the

risk and the actions to be implemented to mitigate its impact.

To manage extreme climate events, Endesa has adopted a 4R approach, which defines the measures to be taken, both in preparation for an emergency and in the subsequent commissioning phase after having suffered damage to the facilities due to an extreme event.

This is set out in 4 stages of action:

"Risk Prevention"	<ul style="list-style-type: none"> <li>Includes actions that reduce the likelihood of losing network elements and/or minimise the impact of events, and actions aimed at increasing the robustness of infrastructure, as well as maintenance actions. The choice of technical solutions is made through a catalog that allows to choose the solution to be implemented according to the climatic event and the geographical location of the installation.</li> </ul>
"Readiness"	<ul style="list-style-type: none"> <li>Includes all actions aimed at improving the immediacy with which a potentially critical event is identified, ensuring coordination with civil protection services and the local administration, as well as organising resources once the service failure has occurred.</li> </ul>
"Response"	<ul style="list-style-type: none"> <li>The assessment phase of the operational capacity to deal with an emergency once the extreme event occurs, considering both the ability to mobilise operational resources on the ground, and the possibility of performing remote-controlled feedback manoeuvres over back-up connections.</li> </ul>
"Recovery"	<ul style="list-style-type: none"> <li>The final phase, which aims to re-establish the network service under normal operating conditions, as quickly as possible, in cases where extreme events cause service interruptions despite the preventive measures.</li> </ul>

The distribution business has adopted various specific procedure and policies to integrate the different aspects and risks related to climate change:

<b>Policies and action</b>	
("Guidelines for Readiness Response and Recovery Actions during Emergencies").	<ul style="list-style-type: none"> <li>Includes guidelines for the last 3 phases of the "4R" management approach.</li> <li>It includes indications to improve the preparedness strategy, to mitigate the impact of total service interruptions, and to bring the network back into service for the largest number of customers and in the shortest possible time.</li> </ul>
("Guidelines for Network Resilience Enhancement Plan").	<ul style="list-style-type: none"> <li>It aims to determine the actions to be carried out to minimize the impact on the network of extreme events, based on the operating history.</li> <li>These guidelines are based on the first two phases of the "4R" management approach. An analysis process is currently underway in order to be able to establish investment planning to increase the network's resilience to extreme weather events.</li> </ul>
("Measures for Risk Prevention and Preparation in case of Wildfires Affecting the Electrical Installations").	<ul style="list-style-type: none"> <li>Integrated emergency management approach applied to forest fires, whether they are caused by the network or by external causes.</li> <li>The document provides guidelines for identifying facilities at risk, defining specific prevention measures (e.g. evaluation of specific maintenance plans) and, when a fire occurs, for managing the emergency in an optimal way to limit its impact and restore service as soon as possible.</li> </ul>
Support actions.	<ul style="list-style-type: none"> <li>Implementation of weather forecasting systems, monitoring the state of the network and assessing the impact of extreme events on the network, preparing operational plans and carrying out drills.</li> <li>It is worth highlighting the agreements reached to mobilize extraordinary resources (internal and from contractors) to deal with emergency situations.</li> </ul>

In addition to the protocols foreseen for situations arising in the short and medium term, an analysis of relevant climate risks is being carried out to prioritize actions in the most exposed areas.

### Analysis of future climate impacts to identify adaptation needs.

The Distribution Business Line is analysing the trend of extreme events to estimate the impact on the network in the medium / long term. Some examples are included below:

Extreme events	Impact on the network in the short and long term
Heat waves.	<ul style="list-style-type: none"> <li>The impact of these has been analysed. They are caused by too many days of high temperatures with no rainfall, which makes it difficult to evacuate heat from underground lines and could cause abnormal increases in the risk of network faults, especially in urban and tourist areas.</li> <li>There are few underground lines in the distribution grid in Spain. Initial analysis of the operating history of the distribution grid has found no significant correlation between heat waves and grid faults.</li> </ul>
Fires.	<ul style="list-style-type: none"> <li>Guidelines are being updated in relation to fire risk prevention, applying an index that evaluates the fire risk of the areas, based on their orographic and environmental characteristics (FWI), as a support tool for projecting scenarios to 2050.</li> <li>A study has been carried out to identify the areas with the highest fire risk in forest areas, identifying the networks and the environmental setting in which they are located, so that the necessary interventions can be carried out under a fire risk prevention approach.</li> </ul>
Explosive cyclogenesis.	<ul style="list-style-type: none"> <li>During 2022, an analysis has been carried out to have more details on explosive cyclogenesis (combination of wind and torrential rain), projecting the events to 2050, and assessing the possible future impacts on the facilities. The first results indicate a trend quite aligned with the historical one, with the exception of the Catalan coast, where a possible intensification of the events is foreseen.</li> </ul>

## Comercialización

For the commercialization activity, work has begun on estimating the potential impacts of extreme weather events, through the identification of risks and opportunities, with the aim of defining the necessary actions for adaptation to Climate Change.

For own facilities, which constitute a small part, an impact analysis has been carried out; while for Business to Business (B2B) and Business to Government (B2G) customer facilities, potential risks and possible resilience solutions are being assessed.

The adaptation work has focused on defining the methodology to assess the vulnerability of photovoltaic (distributed energy) and public lighting facilities, based on the studies developed in generation and distribution facilities for the assessment and management of extreme events.

In the case of photovoltaic installations, a preliminary climate risk assessment has been carried out for certain extreme events such as: high winds, torrential rains, floods, and fire risk. The conclusions of the work carried out to date is that for photovoltaic installations, no significant consequences due to climate impact are expected for the installations analyzed. It is planned to extend the analysis to sites where new installations are planned. For public lighting installations, the correlation analysis between damage history and extreme events is being refined.

### Endesa's activities to expand knowledge in relation to adaptation to climate change

The Spanish National Climate Change Adaptation Plan ("PNACC") 2021-2030, which is the basic planning tool to promote coordinated action against the effects of climate change in Spain. Its main objective is to avoid or

reduce the present and future damage arising from climate change and to build a more resilient economy and society, incorporating new international commitments and contemplating the latest knowledge about the risks arising from climate change, drawing on the experience gained in the development of the 2013-2020 National Climate Change Adaptation Plan (NACCP). Taking the same approach and complementing its analysis of the physical risks associated with climate change and the management of such risks, Endesa has been working for over a decade to: enhance its knowledge of climate change and minimise the vulnerability of its facilities to it; share and exchange impressions of the results obtained; and foster ongoing learning and resilience to climate conditions, enabling it to optimise the management of its businesses. Below is a summary of Endesa's most significant activities in the area to date:

#### Main actions

- Project to analyse the vulnerability of Endesa's facilities to climate change. Selected by the Spanish Climate Change Office (OECC), which reports to the Ministry of Ecological Transition and Demographic Challenge ("MITECO"), as a model of the energy sector for the Adapta Initiative.
- HIDSOS IV Project: Sustainability of water resources during global change.
- Endesa reservoirs and climate change project.
- Adaptation to climate change in Endesa's distribution business.
- Participation in national and international projects and initiatives: RESCUE, ANYWHERE and COPERNICUS.
- Monitoring and participation in the United Nations international climate change summits (COPs).
- Technical committee for adaptation to climate change and working group to manage climate risks and their financial impacts, CONAMA (Spanish National Environment Congress).

### a.2.3. Risks and opportunities of the transition

Drivers of potential risks and opportunities can be identified in relation to the variables in the energy transition by analysing the reference scenarios in combination with the elements in the risk identification process (such as the competitive context, the long-term vision of the industry, materiality analysis and technological performance, etc.), enabling us to prioritise the most significant phenomena. The main risks and opportunities of variables related to the energy transition are outlined below.

#### Policies and regulation

- Carbon dioxide emissions cap and carbon dioxide pricing (CO<sub>2</sub>): introduction of regulations that require stricter emission limits, through both regulation and a market mechanism..

Risks and opportunities	
Opportunities.	<ul style="list-style-type: none"> <li>• Mechanisms regulatory mechanisms involving control and command measures, and market mechanisms that strengthen pricing signals for carbon dioxide (CO<sub>2</sub>) favoring investments in carbon-free technologies.</li> </ul>
Risks.	<ul style="list-style-type: none"> <li>• Lack of a coordinated approach between the different actors and regulators resulting in a low efficiency of the regulatory instruments with consequences on the evolution of electrification and decarbonization of the different sectors, with respect to Endesa's strategy, which is strongly oriented towards the Energy Transition.</li> </ul>

- Policies and regulation to accelerate the transition and energy security: introduction of policies, regulatory frameworks or market rules to encourage the Energy Transition by promoting a transition to an energy system based on the use of renewable energy sources, greater electrification of demand, energy efficiency, flexibility of the electricity system and strengthening of infrastructures.

Risks and opportunities	
Opportunities.	<ul style="list-style-type: none"> <li>• Creation of a more favorable framework for investments in renewable energies, electrical technologies and distribution networks, in line with Endesa's strategy.</li> <li>• The Spanish National Integrated Energy and Climate Plan 2021-2030 ("PNIEC") sets an ambitious target for the penetration of renewables, specifically foreseeing that by 2030 42% of energy consumption will be of renewable origin and 74% of total electricity generation will be of renewable origin, consistent with a path towards a 100% renewable electricity sector by 2050, and complemented by increasing additional storage capacity. Likewise, in terms of energy efficiency, which is one of the pillars of the "PNIEC", an improvement target of 39.5% is set for 2030.</li> <li>• Likewise, in terms of energy efficiency, which is one of the pillars of the Spanish National Integrated Energy and Climate Plan 2021-2030 ("PNIEC"), an improvement target of 39.5% is set for 2030.</li> </ul>
Risks.	<ul style="list-style-type: none"> <li>• Obstacles to achieving the objectives of the Energy Transition due to a regulatory framework that is not effective in facilitating the transition, slow processes to obtain administrative authorizations, difficulties in developing projects due to situations such as lack of access to the grid, etc.</li> </ul>

- Regulations on resilience to improve standards, or introduction of ad-hoc mechanisms to regulate investment in resilience, in a context of ongoing climate changes.

Risks and opportunities	
Opportunities.	<ul style="list-style-type: none"> <li>• Profits from allocation of investment to reduce risks to quality and service continuity for customers.</li> </ul>
Risks.	<ul style="list-style-type: none"> <li>• Reputational impact due to damage and service restoration times in the face of extreme events. Potential penalties in the event of failure to restore services adequately after an extreme event.</li> </ul>



- Financial policies to encourage the energy transition: incentives for energy transition through appropriate financial instruments and policies to support a long-term, credible and stable investment framework, and positioning as a *policy maker*. Introduction of public

and private rules and/or financial instruments (such as funds, mechanisms, Taxonomy and *benchmarks*) focused on integrating sustainability into financial markets and public financing instruments.

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**Risks and opportunities**

Opportunities.	<ul style="list-style-type: none"> <li>• Creation of new markets and sustainable financing products, in line with the investment framework, facilitating increased public resources for decarbonisation, access to financial resources in accordance with the energy transition objectives, and the resulting impact on financing costs and availability of aid for the transition.</li> </ul>
Risks.	<ul style="list-style-type: none"> <li>• Insufficient instruments and actions to provide incentives for the energy transition, uncertainty or delay in the introduction of new instruments and regulations due to the effect of worsening conditions for public financing.</li> </ul>

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**Market**

- Commodity price dynamics: changes in market dynamics, such as those related to the variability of commodity prices, can influence the behaviour of operators, the regulator and customers.

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**Risks and opportunities**

Opportunities.	<ul style="list-style-type: none"> <li>• Acceleration of electrification as a solution to reduce energy costs and exposure to commodity price volatility. Greater predisposition on the part of customers to change from conventional technologies that use fossil fuels to more efficient electric technologies.</li> </ul>
Risks.	<ul style="list-style-type: none"> <li>• Disorderly energy transition due to the effect of the introduction of potentially distorting measures.</li> </ul>

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- Market dynamics: predisposition of customers towards more sustainable technologies, thanks to a greater awareness of the risks associated with climate change and increased regulatory pressure.

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**Risks and opportunities**

Opportunities.	<ul style="list-style-type: none"> <li>• Positive effect associated with the increase in electricity demand, a greater gap for renewable energy thanks to a greater demand for long-term contracts (PPAs).</li> </ul>
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**Technology**

- Progressive penetration of new technologies to drive the energy transition, such as electric vehicles, storage, demand response and electrolyzers for green hydrogen production; large-scale adoption of digital technologies to transform operating and business models based on platformization.

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**Risks and opportunities**

Opportunities.	<ul style="list-style-type: none"> <li>• Investments in the development of technological solutions, as well as positive effects that facilitate the flexibility of increased electricity demand and the greater electricity system. More room for renewables through the production of green hydrogen.</li> <li>• Electricity grids play a leading role in the 2021-2030 Spanish National Integrated Energy and Climate Plan ("PNIEC"), as facilitators for integrating new renewable capacity into the system, while fostering flexibility and demand management. The 2021-2030 Spanish National Integrated Energy and Climate Plan allocates 24% of its estimated investment to their development, a total of Euro 58,579 million..</li> </ul>
Risks.	<ul style="list-style-type: none"> <li>• Slowdown and interruption of supplies of raw materials, such as metals for batteries (e.g. lithium, nickel and cobalt) and semi-conductors, could cause delays in procurement and higher costs. This could slow the penetration of renewable energies, storage and electric vehicles.</li> </ul>

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## Products and services

- Electrification of residential consumption and industrial processes: the progressive electrification of end uses increases the penetration of products capable of

guaranteeing lower costs, lower impact in terms of emissions and greater efficiency in the residential and industrial sectors (for example, heat pumps).

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### Risks and opportunities

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#### Opportunities.

- Increased electricity demand in a context of decreasing energy demand, thanks to the greater efficiency and environmental sustainability of the electricity vector. Increased opportunities to offer value-added services to customers that will enable them to reduce their energy expenditure and Carbon Footprint. Increased investments in the electricity grid to enable demand electrification.

#### Risks.

- Increased competition in this market segment. High dependence on an adequate development of the electric grid, necessary to guarantee a growing demand, as well as the continuity of the service.
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- Electric mobility: use of modes of transport that are more efficient in terms of climate change, particularly with regard to the development of electric mobility and charging infrastructure, and the electrification of industrial consumption.

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### Risks and opportunities

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#### Opportunities.

- Positive effects of increased demand for electricity and higher margins related to the penetration of electric transport and associated services.

#### Risks.

- Entry of new players into the market.
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In general, and in the area of products and services, the opportunity offered by the Spanish National Integrated Energy and Climate Plan 2021–2030 ("PNIEC"), which is materialized through 3 ways, one of which is the electrification of the economy, which will help to achieve, among others, the objective established for 2030 of reaching 42% of renewable energies in the total final energy consumption, as well as a reduction of 39% of diffuse greenhouse gases emissions in that same year with respect to 2005.

More specifically, and in parallel with the development of renewable energies, the electrification of demand must include a strong development of electric mobility and the use of electricity in residential heating. The Spanish National Integrated Energy and Climate Plan ("PNIEC") foresees that the presence of renewables in the mobility-transport sector will be a driving force to promote its decarbonization, with the aim of reaching 5 million electric vehicles by 2030. Likewise, the Spanish National Integrated Energy and Climate Plan ("PNIEC") incorporates ambitious plans for the renovation of residential equipment.

### Impact of the transition risks and opportunities

Endesa has already implemented strategic actions to mitigate potential risks and to take advantage of the opportunities associated with the energy variables. Shared value can be created in the long term through an industrial and financial strategy that includes environmental, social and corporate governance (ESG) factors, with an integrated approach based on sustainability and innovation.

Endesa's strategy for total decarbonisation and the energy transition provides it with resilience in the face of the risks that might arise from the implementation of more ambitious emission-reduction policies, maximising the opportunities to develop renewable generation, infrastructure and enabling technologies. Unlike the chronic climate impacts, we can say that we are already seeing impacts from the transition scenario for the short term and the medium-long term (to 2030).

### Identification of scenarios

The energy transition scenarios described in section 5.3 of this Consolidated Management Report have been used to quantify the risks and opportunities deriving from the energy transition.

The effects of the "Slower Transition" and "Accelerated Transition" scenarios on the variables that could have the greatest impact on the business have been identified below, in particular electricity demand, influenced by the dynamics of electrification of demand and, therefore, the penetration of electricity technologies, and the generation energy mix. These considerations offer ideas for determining what Endesa's strategic positioning might be in terms of resource allocation.

The reference scenario chosen - the "Paris" scenario - expects increasing ambition for decarbonisation and energy efficiency, backed by increased electrification of demand and development of renewable generation. The dynamics of the energy transition may provide growth opportunities for Endesa, particularly.

**Opportunity**

- The progressive electrification of demand, particularly in the transport and residential sectors, will result in a significant increase in electricity consumption, to the detriment of the consumption of other renewable fuels with higher emissions.

**Potential economic impact**

In terms of the economic impact of the change in transition scenarios, the impact in terms of gross operating income (EBITDA) that the “Slower transition” and “Accelerated

Transition” scenarios would have on 2030 earnings has been analysed compared to the benchmark “Paris” scenario.

“Paris” scenario	“Slower Transition”scenario	“Accelerated Transition” scenario
<ul style="list-style-type: none"> <li>• Downward trend in emissions in line with the European “Fit for 55” package, through increased electrification of demand supported by an increasing contribution from renewables to the generating mix.</li> </ul>	<ul style="list-style-type: none"> <li>• In reference to the electrification of demand, it foresees lower penetration rates of the most efficient electric technologies, in particular electric vehicles, leading to a decrease in electricity demand compared to the “Paris” Scenario.</li> </ul>	<ul style="list-style-type: none"> <li>• Faster cost reduction of green hydrogen production technologies. This translates into a higher penetration of this energy vector, to the detriment of blue and gray hydrogen (hydrogen produced from gas, respectively with and without the use of CCS technologies), with the consequent additive effect on national electricity demand and on renewable installations compared to the “Paris” Scenario.</li> </ul>

- All of the scenarios – but to a greater extent the “Paris” and “Accelerated Transition” scenarios – will involve a considerable increase in the complexity of electricity grid management. A significant increase is expected in distributed generation and other resources, such as storage systems, with increased penetration of electric mobility and its associated charging infrastructures, with an increasing pace of electrification of demand and the appearance of new players with new forms of consumption.
- This will result in decentralisation of consumption and injection points, increases in demand for electricity and average power requirements, and significant variability in energy flows. These developments will require dynamic and flexible management of the grid.
- Endesa expects that additional investment will be needed to ensure the connections and adequate levels of quality and resilience, fostering the adoption of innovative operating models.

The following table shows the potential economic impact of the risks and opportunities of the energy transition:

Category	Time horizon	Main drivers	Scenario	Upside <span style="color: green;">●</span> Downside <span style="color: red;">●</span>		Mitigation measures
				Quantification-range		
				< 100 €min	100-300 €min	> 300 €min
Market	Medium	Penetration of electrification and Unit consumption	<b>Accelerated:</b> Increase in Average unit consumption due to effect of increased eletrification. Includes the effect in efficiency gains. Positive impact from higher revenues, partly offset by higher supply costs.	<span style="color: green;">●</span>		
			<b>Slower:</b> Reduction in average unit consumption due to the effect of lower electrification. Negative impact due to lower revenues, partly compensated by a reduction of supply costs.	<span style="color: red;">●</span>		<i>Adoption of measures with the aim of increase the number of number of customers, in order to compensate for negative margins.</i>
Products and Services	Medium	Scenarios of hydrogen green	<b>Accelerated:</b> Impacts related to higher volumes related to increased penetration of indirect electrification through green hydrogen (with potential increase in development capacity).	<span style="color: green;">●</span>		
			<b>Slower:</b> Slower: Impacts relating to lower volumes related to lower penetration of indirect electrification through green hydrogen.	<span style="color: red;">●</span>		
Products and Services	Medium	Development of electric / photovoltaic aics	<b>Accelerated:</b> Accelerated: Variation of margins as a function of a higher penetration level of electric mobility and distributed generation.	<span style="color: green;">●</span>		
			<b>Slower:</b> Slower: Variation of margins as a function of a lower penetration level of electric mobility and distributed generation.	<span style="color: red;">●</span>		<i>Mitigation through the service package supply strategy.</i>

### **a.3. Endesa is making decisions that will affect the future of the company and its Sustainability. These decisions are subject to significant risks and uncertainties, and changes in circumstances and other factors that may be beyond Endesa's control or that may be difficult to predict**

Every year, Endesa presents its Strategic Plan, which includes the Company's strategic guidelines and its economic, financial and capital objectives, and their contribution to the Company.

The main assumptions on which the forecasts and objectives of the Strategic Plan are based:

- The regulatory environment, exchange rates, commodities, investments and divestments, increases in production and installed capacity in the markets in which Endesa operates, and increases in demand in these markets;
- Allocation of production among the various technologies, with costs increases associated with higher activity that do not exceed certain limits and electricity prices that do not fall below certain levels, with the cost of combined cycle plants and availability and cost of raw materials and carbon dioxide (CO<sub>2</sub>) emission rights needed to operate the business at the desired levels; and the general development of social, environmental and ethical trends in the environment in which it operates, including factors relating to the loss of biodiversity, terrorism, water stress, cybersecurity, inequality and social instability, structural unemployment, infectious diseases, extreme political conflicts, extreme weather phenomena, environmental catastrophes and climate change.

Endesa cannot guarantee that these outlooks will materialise as described, as they are based, among others, on the following:

- Assumptions about future events that management expects will occur and on actions that management itself expects to perform at the date of drafting; and
- General assumptions relating to future events and the actions of management that will not necessarily materialise, and which depend substantially on variables beyond the control of management.

Endesa's Strategic Plan foresees a significant investment effort in electricity production and distribution systems and facilities. The execution of these investments is dependent on market and regulatory conditions. If the conditions needed for viability of the plants do not arise, Endesa may have to cease production at the facilities and, where appropriate, begin dismantling work. Any such closures would involve a reduction in the installed capacity and output that support energy sales to customers. This could, therefore, adversely affect Endesa's business activities, results, financial position and cash flows.

Consequently, and in line with accounting regulations, Endesa assesses throughout the year and, in any case, at each reporting date whether there are any indications that a non-financial asset may be impaired. The information on the impairment of non-financial assets recognised in 2022 is included in Notes 3.2f and 15.1 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

Information on the Strategic Plan is included in Section 4 of this Consolidated Management Report and information relating to Endesa's commitment to sustainable development is included in Section 15.

### **a.4. Endesa's business could be affected by adverse economic or political conditions in Spain, Portugal, the Eurozone and in international markets**

Adverse economic conditions could have a negative impact on energy demand and the ability of Endesa's consumers to fulfil their payment obligations. In periods of economic recession, electricity demand tends to contract, which adversely affects the Company's results.

If the economic situation in Spain, Portugal or other Eurozone economies deteriorates, it could adversely affect energy consumption and, consequently, Endesa's business activities, financial position, operating results and cash flows.

In addition, the financial conditions in the international markets represent a challenge for Endesa’s economic situation, due to the potential impact on its business of the level of government debt, falling growth rates and possible downgrading of government bond ratings internationally – particularly in Eurozone countries – and monetary expansion measures in the credit market. Changes in any of these factors could affect Endesa’s access to capital markets and the conditions under which it obtains financing, consequently affecting its business activities, results, financial position and cash flows.

In addition to any economic problems that could arise at the international level, Endesa faces uncertainty at the political level in Spain and abroad, which could adversely affect its economic and financial position. The invasion of Ukraine, and the response of the international community, is impacting numerous areas, including markets for raw materials, financial markets, the system of international sanctions for individuals and legal entities, and the security of infrastructure and essential services (see Note 5.2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

There can be no guarantee that the economic situation will not deteriorate internationally or in the Eurozone, or that

the conflict in Ukraine will not worsen or even spread, which would have significant impact on the markets, thus affecting Endesa’s business, economic situation, financial position, the results of its operations and cash flows.

### a.5. Endesa is exposed to competition in its business activities

Endesa has relationships with a huge number of customers – 10.5 million electricity customers and 1.8 million gas customers at 31 December 2022 (see Section 9.1 of this Consolidated Management Report).

The Company’s business activities are carried out in a highly competitive environment. If Endesa were to lose customers individually, it would not have a significant impact on its business as a whole. However, inability to maintain stable relationships with customers could adversely affect Endesa’s business activities, results, financial position and cash flows (see Note 42.6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

## b) Financial risks

### b.1. Endesa’s business is highly dependent on the constant supply of large volumes of fuel to generate electricity; on the supply of electricity and natural gas used for its own consumption and supply; and on the supply of other commodities, the prices of which are subject to market forces that may affect the price and the amount of energy sold by Endesa

The contribution margin of Endesa’s generation and supply segment in 2022 was Euro 4,940 million, most of which corresponds to deregulated activities, subject to the effects of competition and volatility in the markets. These activities require gas, electricity and raw material purchases, hence:

Materials consumed	Commitments
<ul style="list-style-type: none"> <li>In 2022, 537,781 tonnes of coal and 3,239 million m<sup>3</sup> of natural gas were consumed to generate electricity.</li> </ul>	<ul style="list-style-type: none"> <li>At 31 December 2022, commitments to purchase electricity and energy stocks amounted to Euro 22,879 million, of which some were on a “take or pay” basis (see Note 48 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).</li> </ul>

Endesa is exposed to market price risks in relation to fuel purchases (including gas and coal) and carbon dioxide (CO<sub>2</sub>) emission rights prices, used to generate electricity, to procure gas and for supply activities. In this connection, the fluctuations in the price of these products in international markets may affect the contribution margin. To mitigate this impact, Endesa hedges commodity price risk through financial instruments arranged in organised European markets and Over the Counter (OTC). The financial instruments arranged in organised markets, through clearing with daily cash collateral associated with their fair value (“Mark-to-Market”), could have a direct impact on liquidity risk at Endesa (see Note 42.4 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022 and section 10.2 of this Consolidated Management Report).

Endesa has entered into electricity and natural gas supply contracts based on certain assumptions regarding future market prices for electricity and natural gas. Any deviation with respect to the assumptions when the aforementioned supply contracts are signed could give rise to an obligation to purchase electricity or natural gas at prices that are higher than those included in these contracts. Endesa's business activities, results, financial position and cash flows could be affected adversely in the event of a market price adjustment with respect to the estimates made, a deviation in Endesa's obligations with regard to its fuel needs, or a regulatory change that affects prices as a whole and how they are established, and if its risk management strategies are inadequate in the face of such changes.

Endesa has signed certain natural gas supply contracts that include binding "take or pay" clauses that compel it to either acquire the fuel it has agreed to contractually or to pay if it does not acquire such fuel. The terms of these contracts have been established based on certain assumptions regarding future electricity and gas demand. Any deviation from the assumptions used could give rise to an obligation to purchase more fuel than necessary or to sell excess fuel on the market at current prices.

The information on purchase commitments for energy stocks are provided in Note 48 to the Consolidated Financial Statements for the year ended 31 December 2022.

## **b.2. Endesa is exposed to foreign currency risk**

Endesa is exposed to foreign currency risk, mainly in relation to the payments it must make in international markets to acquire energy-related commodities, especially international coal and natural gas, the prices of which are usually denominated in US dollars (USD).

This means that fluctuations in the foreign exchange rate could adversely affect Endesa's business activities, results, financial position and cash flows.

Information relating to foreign currency risk and analysis of foreign currency sensitivity is provided in Note 42.2 to the Consolidated Financial Statements for the year ended 31 December 2022.

## **b.3. Endesa's activities could be affected by changes in natural resources and climate and weather conditions**

Endesa's electricity production depends on the levels of natural resources, plant availability and market conditions. The output of renewable plants depends on levels of rainfall and on the levels of solar radiation and wind in the geographic areas in which the Company's hydroelectric, wind power and photovoltaic generation facilities are located. Endesa's business, results, financial position and cash flows could be adversely affected in the event of a low level of hydro, wind or solar resources, or other circumstances that adversely affect renewable energy generation.

The demand not covered by renewable energy is covered by thermal plants, the production and margins of which depend on the competitiveness of the various technologies. A year with low rainfall, scant sunshine or less wind leads to a decline in hydroelectric, solar or wind power production, which results in increases in output from thermal power plants (with a greater cost) and, therefore, the price of electricity and the costs of buying energy. The opposite occurs in wet years with more sunshine or wind. For example, in the event conditions are unfavourable, due to scant resources, electricity generation will, to a large extent, come from thermal plants and Endesa's operating expenses arising from these activities will increase. Endesa's inability to manage changes in natural resource conditions could adversely affect its business activities, results, financial position and cash flows.

In an average year, it is estimated that hydroelectric production could vary by  $\pm 35\%$ , wind power by  $\pm 6.5\%$  and photovoltaic power by  $\pm 4\%$ . In 2022, Endesa's generation from hydroelectric plants amounted to 4,477 GWh.

Information concerning Endesa's electricity production (GWh) by technology is included in Section 9.1 of this Consolidated Management Report.

Climate conditions and, in particular, seasons, have a significant impact on electricity demand, with electricity consumption peaking in summer and winter. Seasonal changes in demand are attributed to the impact of several climate factors, such as climate and the amount of natural light, the use of lighting, heating and air conditioning. Changes in demand due to weather conditions can have a major effect on the profitability of the business. Additionally, Endesa must make certain projections and estimates regarding climate conditions when negotiating its contracts, and a significant divergence in rainfall levels and the other weather conditions envisaged could adversely

affect Endesa's business activities, results, financial position and cash flows.

Likewise, adverse weather conditions could impact the regular supply of energy due to damages to the network, with the resulting interruption to services, which could compel Endesa to compensate its customers due to delays or disruptions in the supply of energy.

The occurrence of any of the foregoing circumstances could adversely affect its business activities, results, financial position and cash flows.

#### **b.4. Endesa is exposed to interest rate risk**

Interest rate fluctuations change the fair value of assets and liabilities bearing interest at fixed rates and the future flows from assets and liabilities indexed to floating interest rates. Interest rate fluctuations could adversely affect Endesa's business activities, results, financial position and cash flows.

Gross financial debt totalled Euro 18,488 million at 31 December 2022. 38% of gross financial debt before cash flow and fair value hedging accrued fixed rate interest, mainly the Euribor, while the remaining 62% is tied to floating interest rates.

At 31 December 2022, taking into account cash flow hedges that are considered to be effective, 45% of gross financial debt was hedged against interest rate risk. Also taking fair value hedges into consideration, at 31 December 2022, this percentage is 39%.

The information relating to interest rate risk and the interest rate sensitivity analysis is included in Note 42.1 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

Price increases have led to a considerable increase in long-term interest rates for the Euro. To mitigate this impact, Endesa hedges interest rate risk using derivatives.

#### **b.5. Endesa's business depends on its ability to obtain the funds necessary to refinance its debt and finance its capital expenses**

Endesa is confident that it will be able to generate funds internally (self-financing), access bank financing through long-term credit facilities, access short-term capital markets as a source of liquidity and access the long-term debt market in order to finance its organic growth programme and other capital requirements, including its commitments arising from the on-going maintenance of its current facilities. This debt includes long-term credit facilities with banks and Enel Group companies, and financial investments.

If Endesa is unable to access capital under reasonable conditions, refinance its debt, settle its capital expenses and implement its strategy, the Company could be adversely affected. Capital and turmoil in the capital market, a possible reduction in Endesa's creditworthiness or possible restrictions on financing conditions imposed on the credit facilities if financial ratios deteriorate could increase the Company's financial expenses or adversely affect its ability to access the capital markets.

A lack of financing could force Endesa to dispose of or sell its assets to offset the liquidity shortfall in order to pay amounts owed, and such sales could occur under circumstances that prevent Endesa from obtaining the best price for the assets. Endesa's business activities, results, financial position and cash flows could be adversely affected if it is unable to access financing under acceptable conditions.

At 31 December 2022, Endesa had negative working capital of Euro 724 million. The undrawn amount on the Company's long-term credit facilities provide assurance that the Endesa can obtain sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the Consolidated Statement of Financial Position.

The general uncertainty is also affecting the credit markets by pushing up risk premiums for both sovereign and corporate debt. Additionally, the hedging strategies for volatility risks in the market to ensure results remain stable could result in a considerable increase in requirements to provide cash collateral to continue operating in organised markets in the event of significant changes in commodity prices. Funding using short-term instruments would be a drain on the company's liquidity.

Endesa's financial and capital management policy is described in Notes 35.1.12 and 41.3 to the Consolidated Financial Statements for the year ended 31 December 2022 and section 10.2 of this Consolidated Management Report. In the short term, liquidity risk is mitigated by Endesa by maintaining sufficient resources available unconditionally, including cash and short-term deposits, drawable lines of credit and a portfolio of highly liquid assets. Endesa's liquidity policy consists of arranging committed long-term credit facilities with banks and Enel Group companies and financial investments in an amount sufficient to cover projected needs over a given period based on the situation in and expectations about the debt and capital markets.

Information regarding Endesa's liquidity risk and the main financial operations is provided in Notes 42.4 and 41.4, respectively, to the Consolidated Financial Statements for the year ended 31 December 2022.

The conditions in which Endesa accesses capital markets or other means of financing, whether within the Company or on the credit market, are highly dependent upon its credit rating which, in turn, is conditioned by that of its parent Enel. Endesa's capacity to access the markets and financing could therefore be adversely affected, in part, by the credit and financial position of Enel, to the extent that it could determine the availability of intercompany financing for Endesa or the conditions under which the Company accesses the capital market.

Any deterioration of Enel's credit rating and, consequently, that of Endesa, could limit Endesa's ability to access the capital markets or any other means of financing (or refinancing) from third parties or increase the cost of these transactions. This could adversely affect Endesa's business activities, results, financial position and cash flows.

Information relating to Endesa's rating is included in Section 19.1 of this Consolidated Management Report.

Endesa has set the following tolerance levels in its Risk Appetite Framework for its regulated distribution activity, in line with the Spanish Markets and Competition Commission ("CNMC") communication on the definition of ratios to assess the level of indebtedness and economic and financial capacity of companies involved in regulated activities, and the recommended ranges for such levels:

Indicator <sup>(1)</sup>	Limits
Leverage: Net financial debt / (Net financial debt + Equity)	• Maximum 70%
Net financial debt/EBITDA	• Maximum 6.0
Net financial debt/Fixed assets	• Maximum 70%
Net financial debt / Funds from operations	• Maximum 7.3
(Funds from Operations + Interest Expenses) / Interest Expenses	• Minimum 5.0

<sup>(1)</sup> Indicators for regulated distribution activity as defined in Spanish Markets and Competition Commission ("CNMC") Communication 1/2019, of 23 October.

## b.6. Endesa is exposed to credit and counterparty risk

In its commercial and financial activities, Endesa is exposed to the risk that its counterparty may be unable to meet all or some of its obligations, both payment obligations arising from goods already delivered and services already rendered, as well as payment obligations related to expected cash flows, in accordance with the financial derivative contracts entered into, cash deposits or financial assets. In particular, Endesa assumes the risk that consumers may not be able to fulfil payment obligations for the supply of energy, including all transmission and distribution costs.

Endesa closely monitors the credit risk of its commodity, financial and commercial counterparties. Against a backdrop of large increases in commodity prices and interest rates, exposure to default by counterparties has increased considerably. However, the company's collection management has enabled it to moderate the trend in past due receivables (see Notes 5.2 and 5.3 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).



Endesa cannot guarantee that it will not incur losses as a result of the non-payment of commercial or financial receivables and, therefore, the failure of one or various significant counterparties to fulfil their obligations could

adversely affect Endesa’s business activities, results, financial position and cash flows.

Information relating to credit risk is provided in Note 42.5 to the Consolidated Financial Statements for the year ended 31 December 2022.

## c) Risks associated with digital technologies

### c.1. Endesa faces cybersecurity risks

Endesa’s digital transformation involves greater exposure to potential cyber-attacks, which may endanger the security of IT systems and databases with sensitive information.

The potential impact on Endesa would cause economic losses and reputational impacts (loss of trust in the Company) in the event of Endesa’s information systems being affected by a cyber-attack. The Company’s critical infrastructure may also be exposed to this type of attack, which could have a serious impact on the essential services provided (for example, nuclear plants). The danger of identity theft is increasing in commercial activity, and with it the need for enhanced security measures and protection of customer data.

With respect to the risk management and mitigation measures, Endesa has a cybersecurity strategy, in keeping with international standards and government initiatives. As part of this strategy, Endesa assesses the main risks and identifies vulnerabilities, and also conducts exhaustive digital monitoring through which the information is analysed and remedial measures are implemented to mitigate risks. It also conducts training and awareness-

raising programmes in the use of digital technologies for its employees, at both the professional and individual level, to change the conduct of people and reduce risks.

The Cybersecurity Unit is keeping close track of the situation to identify any cyber events or anomalies at Endesa.

Endesa performs cybersecurity exercises for its plants and industrial facilities.

### c.2. Endesa manages its activities with information technology that guarantees operating efficiency, as well as the continuity of the businesses, systems and processes that contribute to achieving its corporate objectives

The use of information technology at Endesa is essential to manage its activity. Endesa’s systems set it apart strategically from other companies in the sector, given the business volumes handled and the technical complexity, volume, granularity, functionality and diversity of cases. Specifically, Endesa’s main computer systems handle the following business processes:

Systems	Business processes supported
Commercial.	<ul style="list-style-type: none"> <li>Marketing processes, demand forecasts, profitability, sales, customer service, claim management, hiring and the basic sales cycle (validation of meter reading, invoicing, collection management and debt processing).</li> </ul>
Technical distribution.	<ul style="list-style-type: none"> <li>Processes for managing the grid, meter-reading management, handling of new supplies, network planning, field work management, management of meter-reading equipment with advanced remote management and energy management capabilities.</li> </ul>
Generation systems, energy management and renewables.	<ul style="list-style-type: none"> <li>Fuel management processes, meter-reading management, trading risk management, etc.</li> </ul>
Economic and financial.	<ul style="list-style-type: none"> <li>Economic management, accounting, financial consolidation and balance sheet processes.</li> </ul>

Management of Endesa's business activity through these systems is essential for performing its activity efficiently and achieving its corporate objectives.

## d) Operational risks

### d.1. Endesa is exposed to risks associated with the construction of new electricity generation and distribution facilities

The construction of generation facilities and energy distribution is time-consuming and can be highly complex. This means that investment needs to be planned well in advance of the estimated start-up date of the facility. It could, therefore, be necessary to adapt such decisions to changes in market conditions. This may entail significant additional costs not originally planned that may affect the return on these types of projects.

Generally, in connection with the development of such facilities, Endesa has to obtain the related administrative

authorisations and permits, acquire land purchase or lease agreements, sign equipment procurement and construction contracts, operation and maintenance agreements, fuel supply and transport agreements and off-take arrangements, and obtain sufficient financing to meet its capital and debt requirements.

The 2023–2025 Strategic Plan approved by the Board of Directors of Endesa, S.A. on 23 November 2022 and presented to the market includes an investment target, net of grants and assets assigned by customers, of Euro 7,700 million between 2023 and 2025.

Factors that may affect Endesa's ability to construct new facilities include:

Risk	Factors
Risks associated with the construction of new electricity generation and distribution facilities.	• Delays in obtaining regulatory approvals, including environmental permits.
	• Shortages or changes in the price of equipment, supplies or labour.
	• Opposition from local groups, political groups or other stakeholders.
	• Adverse changes in the political environment and environmental regulations.
	• Adverse weather conditions, natural catastrophes, accidents and other unforeseen events that could delay the completion of power plants or substations.
	• Non-compliance by suppliers with agreed contract conditions.
	• Inability to obtain financing under conditions that are satisfactory to Endesa.

Any of these factors may cause delays in completion or commencement of the Group's construction projects and may increase the cost of planned projects. In addition, if Endesa is unable to complete these projects, any costs incurred in connection with such projects may not be recoverable.

If Endesa faces problems related to the development and construction of new facilities, its business, results, financial position and cash flows may be adversely affected.

Information relating to investments is included in Notes 20.1 and 23.1 to the Consolidated Financial Statements for the year ended 31 December 2022 and sections 4.2 and 10.5 of this Consolidated Management Report.

## **d.2. Endesa’s activity may be affected by failures, breakdowns, problems in carrying out planned work or other problems that cause unscheduled non-availability and other operational risks**

Endesa has a huge volume of assets related with its activities, including:

<b>Activity</b>	<b>Sections</b>	<b>Impacts</b>
Electricity generation.	2.4 and 9.1	<ul style="list-style-type: none"> <li>At 31 December 2022, Endesa’s total net installed capacity in Spain amounted to 22.04 MW, of which 17,684 MW are in the Mainland Electricity System and 4,360 MW in Non-mainland Territories (“TNP”) in the Balearic Islands, Canary Islands, Ceuta and Melilla.</li> </ul>
Energy distribution.	2.4 and 9.1	<ul style="list-style-type: none"> <li>At 31 December 2022, Endesa distributed electricity in 24 Spanish provinces in 8 Autonomous Communities and in the Autonomous City of Ceuta, covering 195,881 km<sup>2</sup> and more than 21 million people. The total energy distributed by Endesa’s grid totalled 131,813 GWh in 2022.</li> </ul>
Energy supply.	2.4 and 9.1	<ul style="list-style-type: none"> <li>At 31 December 2022, Endesa had over 12 million electricity and gas customers.</li> </ul>

Endesa is exposed to risks of breakdown and accidents that can temporarily interrupt the operation of its plants and services to its customers. Prevention and protection strategies exist to mitigate these risks, including predictive and preventive maintenance techniques in line with best international practices. The company has set a tolerance level for this risk of at least 85% availability for its generation assets.

Endesa cannot ensure that during the performance of its business activities, direct or indirect losses will not arise from inadequate internal processes, technological failures, human error or certain external events, such as accidents at facilities, workplace conflicts and natural disasters. These risks and dangers could cause explosions, floods or other circumstances that could cause the total loss of energy generation and distribution facilities; damage to or the deterioration or destruction of Endesa’s facilities or those of third parties, or environmental damage; delays in electricity generation and the partial or total interruption of activities. The occurrence of any of these circumstances could adversely affect its business activities, results, financial position and cash flows.

## **d.3. Endesa’s insurance cover and guarantees may not be adequate or may not cover all of the damage**

Despite the fact that Endesa attempts to obtain adequate insurance cover in relation to the main risks associated with its business – including damage to the Company itself, general third-party liability, and environmental and nuclear power plant liability – it is possible that insurance cover may not be available on the market in commercially reasonable terms. Likewise, the amounts for which Endesa is insured may not be sufficient to cover the losses incurred in their entirety.

In the event of a partial or total loss of Endesa’s facilities or other assets, or a disruption to its activities, the funds Endesa receives from its insurance may not be sufficient to cover the complete repair or replacement of the assets or losses incurred. Furthermore, in the event of a total or partial loss of Endesa’s facilities or other assets, part of the equipment may not be easily replaced, given its high value or its specific nature, or may not be easily or immediately available.

Similarly, the cover of guarantees in relation to the aforementioned equipment or the limits to Endesa’s ability to replace the equipment could disrupt or hinder its operations or significantly delay the course of its ordinary operations. Consequently, all of the above could adversely affect Endesa’s business activities, results, financial position and cash flows.

Likewise, Endesa's insurance contracts are subject to constant review by its insurers. It is therefore possible that Endesa may be unable to maintain its insurance contracts under conditions similar to those currently in place in order to meet possible increases in premiums or if cover becomes inaccessible. If Endesa is unable to pass on any possible premium increase to its customers, these additional costs may adversely affect its business activities, results, financial position and cash flows.

#### **d.4. The success of Endesa's business depends on the continuity of the services provided by the Company's management and by Endesa's key workers**

To carry out its activities, Endesa had a workforce of 9,258 employees at 31 December 2022. Endesa needs to guarantee talent management, especially with regard to digital competences, so it can maintain its position in the sector.

The market in qualified labour is highly competitive and Endesa must be able to successfully hire additional qualified staff or to replace outgoing staff with sufficiently qualified and effective employees. Endesa's inability to retain or recruit essential staff could adversely affect its business activities, results, financial position and cash flows.

Information on the workforce, attracting and retaining talent, and on the training, leadership and development of employees may be found in Section 14 of this Consolidated Management Report.

#### **d.5. Endesa considers occupational health and safety (OHS) and fluid social dialogue to be priority objectives. Any inability to meet these objectives could adversely affect Endesa's business, image, results, financial position and cash flows**

Information on Endesa's Occupational Health and Safety (OHS) is provided in Sections 14.2 and 4.7.3. "*Occupational Health and Safety (OHS)*" of the Statement of Non-financial Information and Sustainability 2022 (see section 25 of this Consolidated Management Report).

Information on social dialogue in Endesa is provided in Section 14.8 of this Consolidated Management Report and detailed in section 4.6.1.4. "*Social dialogue*" of the Statement of Non-financial Information and Sustainability 2022 (see section 25 of this Consolidated Management Report).

#### **d.6. Endesa's business could be adversely affected by possible inability to maintain its relations with suppliers or because the available supplier offering is insufficient in terms of quantity and/or quality, or by supplier failures to maintain the conditions of the service provided, limiting the possibilities of operability and business continuity**

Endesa's relationships with the main industry service suppliers and providers are essential for the development and growth of its business, and will continue to be so in the future.

Endesa's dependence on these relationships could affect its ability to negotiate contracts with these parties under favourable conditions. Although Endesa's supplier portfolio is sufficiently diverse, if any of these relationships is severed or terminated, Endesa cannot guarantee the replacement of any significant service supplier or provider within an appropriate time frame or with similar conditions.

Endesa makes significant purchases of fuels, materials and services. These include:

- Some thermal plants have consumption that is highly concentrated in few suppliers and countries, which represents a risk in the event of interrupted supply;
- Fuel supply contracts, especially gas contracts, are found in areas with significant geopolitical risks that may manifest themselves in supply interruptions; and
- The Non-Mainland Territories ("TNP") plants (Balearic and Canary Islands and the cities of Ceuta and Melilla) are all geographically isolated and have a significant dependence on liquid fuels.

If Endesa is unable to negotiate contracts with its suppliers under favourable terms, if such suppliers are unable to comply with their obligations or if their relationship with Endesa is severed, and Endesa is unable to find an appropriate replacement, its business activities, results, financial position and cash flows could be affected adversely.

Any deterioration in the ongoing conflict between Russia and Ukraine and ensuing crisis may cause delays in supplies and breach of contracts at the supply chain level. The realisation of this event could adversely affect Endesa's businesses, results, financial position and cash flows (see Note 5.2. of the Notes to the Consolidated

Financial Statements for the year ended 31 December 2022).

Note 42.6 to the Consolidated Financial Statements for the year ended 31 December 2022 provides information on the concentration of customers and suppliers.

## e) Compliance risks

### e.1. Endesa uses the highest security and contingency standards according to the state of the art, such that it guarantees personal data protection

In the construction and operation of Endesa's information systems, the Company includes the highest security and contingency standards so that it guarantees operating efficiency, as well as the continuity of its business and the processes that contribute to achieving its corporate objectives.

These standards play a particularly significant role in the digital transformation in which Endesa is immersed, which involves increasing exposure to potential cyberattacks, which are increasingly numerous and complex, and which may compromise the security of its systems, its data, including personal data, the continuity of its operations and, consequently, the quality of its customer relations and its results, financial position and cash flows.

Security has therefore become a global strategic matter. In this regard, Endesa has put in place policies, processes, methodologies, tools and protocols based on international standards and duly audited governance initiatives. In particular, Endesa has a cybersecurity action and management model promoted by Senior Management that covers all business areas and the area responsible for the management of IT systems. This model is based on the identification, prioritisation and quantification of existing security risks, taking into account the impact of each system on Endesa's business, to adopt security actions to minimise and mitigate such risks.

### e.2. Endesa's activities are subject to wide-reaching environmental regulations. Any inability to comply with current environmental regulations or requirements or any changes to applicable environmental regulations or requirements could adversely affect its business activities, results, financial position and cash flows

Endesa is subject to environmental regulations, which affect both the normal course of its operations and the development of its projects, leading to increased risks and costs. This regulatory framework requires licences, permits and other administrative authorisations to be obtained in advance, as well as fulfilment of all the requirements in such licences, permits and authorisations. As in any regulated company, Endesa cannot guarantee that:

- The regulations will not be amended or interpreted in such a way as to increase the costs necessary to comply with such laws or as to affect Endesa's operations, facilities or plants;
- Public opposition will not lead to delays or changes in the projects that are proposed; and
- The authorities will grant the environmental permits, licences and authorisations required to develop new projects.

In addition, Endesa is exposed to environmental risks inherent to its business, including risks relating to management of waste, spills and emissions from electricity production facilities, particularly nuclear power plants. Endesa may be held responsible for environmental damage, for harm to employees or third parties, or for other types of damage associated with its energy generation, supply and distribution facilities, as well as port terminal activities.

Although the plants are prepared to comply with the prevailing environmental requirements, Endesa cannot guarantee that it will always be able to comply with the requirements imposed or that it will be able to avoid fines, administrative or other sanctions, or any other penalties and expenses related to compliance matters, including those related to the management of waste, spills and emissions from electricity production units. Failure to comply with such regulations may give rise to liabilities, as

well as fines, damage, sanctions and expenses, including the closure of facilities. Government authorities may also impose charges or taxes on the parties responsible in order to guarantee obligations are repaid. Endesa's business activities, results, financial position and cash flows could be adversely affected if it were accused of failing to comply with environmental regulations.

In this connection, Endesa has taken out the following insurance policies:

Insurance	Description
Environmental liability	<ul style="list-style-type: none"> <li>Cover up to a maximum of Euro 150 million for claims arising from pollution.</li> </ul>
General civil liability	<ul style="list-style-type: none"> <li>Cover for claims relating to damage to third parties or their property up to a maximum of Euro 250 million, with this coverage increasing to Euro 950 million for hydroelectric plants.</li> </ul>
Third-party liability for nuclear accidents	<ul style="list-style-type: none"> <li>Under current legislation in Spain and pursuant to Electricity Sector Law 24/2013 of 26 December, the Company is insured for up to Euro 1,200 million against third-party liability claims for nuclear accidents at its plants. Any loss or damage in excess of this amount would be subject to the international conventions to which Spain is a signatory. The nuclear power plants are also insured against damage to their facilities (including stocks of nuclear fuel) and machinery breakdowns, with maximum coverage of USD 1,500 million for each plant.</li> <li>On 28 May 2011, the Spanish government published Law 12/2011, of 27 May, on third-party liability due to nuclear damage or damage caused by radioactive materials, which raises operator liability to Euro 1,200 million, while also allowing operators to cover this liability in several ways. This Regulation will enter into force on 1 January 2022, following the joint ratification by the Member States of the Protocols of 12 February 2004, amending the Nuclear Civil Liability Convention (Paris Convention) and the Brussels Convention, complementing the foregoing. The civil nuclear liability coverage arranged by Endesa has a limit of Euro 1,200 million from 1 January 2022.</li> </ul>

However, Endesa may face third-party damage claims. If Endesa were to be held liable for damages generated by its facilities for amounts greater than its insurance policy cover or for damages that exceed the scope of the insurance policy's coverage, its business activities, financial position, results and cash flows could be adversely affected.

Endesa is subject to compliance with the legislation and regulations on emissions of pollutants and on the storage and treatment of waste from fuel from nuclear power plants. It is possible that the Company will be subject to even stricter environmental regulations in the future. In the past, the approval of new regulations has required, and could require in the future, significant capital investment expenditure in order to comply with legal requirements. Endesa cannot foresee the increase in capital investment or the increase in operating costs or other expenses it may have to incur in order to comply with all environmental requirements and regulations. It is also impossible to foresee whether such costs may be transferred to third parties. Thus, the costs associated with compliance with the applicable regulations could adversely affect Endesa's business activities, results, financial position and cash flows.

Information concerning Endesa's environmental management systems may be found in Section 12.3. of this Consolidated Management Report.

### **e.3. Past or future infringements of competition and antitrust laws could adversely affect Endesa's business activities, results, financial position and cash flows**

Endesa is subject to competition and antitrust laws in the markets in which it operates. Infringements, especially in Spain, Endesa's main market, could give rise to legal actions against Endesa.

Endesa has been, is and could be the object of legal investigations and proceedings regarding competition and antitrust matters. Investigations regarding the infringement of competition and antitrust laws usually last several years and may be subject to rules that prevent the disclosure of information. Infringements of these regulations may give rise to fines and other types of sanctions which could adversely affect Endesa's business activities, results, financial position and cash flows.

Information on litigation and arbitration is provided in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2022.

Endesa’s growth strategy has always included, and continues to include, acquisitions that are subject to various competition laws. These regulations may affect Endesa’s ability to perform strategic transactions (see Section 8.1. of this Consolidated Management Report).

**e.4. Endesa is involved in court and arbitration proceedings**

Endesa is party to various ongoing legal proceedings related to its business activities, including tax, regulatory and antitrust disputes. It is also subject to ongoing or possible tax audits. In general, Endesa is exposed to third-party claims from all jurisdictions (criminal, civil, commercial, labour and economic-administrative) and national and international arbitration proceedings.

Endesa uses its best estimate to recognise its provisions for legal contingencies, provided that the need to meet such obligations is probable and the amount can be reasonably quantified.

However, Endesa cannot guarantee that it will be successful in all the proceedings in which it expects a positive outcome, or that an unfavourable decision will not adversely affect Endesa’s business activities, results, financial position and cash flows. Likewise, the Company cannot guarantee that it will not be the subject of new legal proceedings in the future that, if the outcome were unfavourable, would have an adverse effect on its business activities, operating results, financial position or cash flows. Information on litigation and arbitration is provided in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2022.

**e.5. Endesa could be affected by tax risks arising from interpretations of the regulations by the tax authorities that differ from those adopted by the Company or by an incorrect understanding by third parties of the tax position adopted by the Company**

Currently, the tax risks to be managed and controlled are those arising from the uncertainties arising either due to the possibility that the tax authorities may demand additional contributions from Endesa other than those considered due (either as a result of the failure to file returns or of a different interpretation of the applicable regulations), or the risk of an incorrect understanding or valuation by third parties of tax events that are erroneously or unjustly attributed to the Company.

In 2022, Endesa’s total tax contribution amounted to Euro 3,843 million, of which 43% corresponded to taxes that represent a cost for Endesa and 57% relate to taxes collected by Endesa as a result of its business activities. Most of the tax paid by Endesa has been paid in Spain, representing over 85% of the total taxes paid and collected in 2022.

Information relating to Endesa’s tax contribution is detailed in section 9.4 of this Consolidated Management Report.

With respect to Endesa’s tax risk situation:

Tax risks	References <sup>(4)</sup>	Endesa mitigates the occurrence of these risks through:
The periods open for review by the tax authorities and significant inspections for the period and their effects.	3.20	<ul style="list-style-type: none"> <li>The General Risk Control and Management Policy (see section 6.1 of this Consolidated Management Report), which is the base document for the Tax Compliance Management System implemented by the Company.</li> <li>Inclusion in the cooperative compliance system, as expressed in the Code of Good Tax Practices and in the annual filing of the Tax Transparency Report, <a href="https://www.endesa.com/es/nuestro-compromiso/transparencia">https://www.endesa.com/es/nuestro-compromiso/transparencia</a>, with the tax authorities.</li> </ul>
Significant tax disputes that might generate a contingency.	51	<ul style="list-style-type: none"> <li>This inclusion means that Endesa voluntarily undertakes to the tax authorities to foster good practices that significantly reduce tax risks and promote prevention of conduct likely to generate such risks.</li> </ul>

<sup>(4)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022

Despite this firm commitment, any change in the interpretation of the tax regulations by the tax authorities or the Administrative or Justice Tribunals could affect Endesa’s compliance with its tax obligations, and its business, results, financial position and cash flows.

## **e.6. Endesa could be held liable for corporation tax and value added tax (VAT) charges corresponding to the tax group of which it forms part or has formed part**

Since 2010, Endesa has filed consolidated tax returns for corporation tax purposes as part of consolidated tax group no. 572/10, of which Enel, S.p.A. is the parent and Enel Iberia, S.L.U. the representative in Spain. Likewise, since January 2010, Endesa has formed part of Spanish consolidated VAT group no. 45/10, the parent of which is Enel Iberia, S.L.U. Until 2009, Endesa filed consolidated tax returns as the parent for group no. 42/1998 for corporation tax and for group no. 145/08 for Value Added Tax (VAT).

Additionally, Enel Green Power España, S.L.U. (EGPE), a wholly owned Endesa subsidiary, was fully consolidated between 2010 and 2016 as part of group 574/10 of which Enel Green Power España, S.L.U. (EGPE) was the parent. From 1 January 2017, Enel Green Power España, S.L.U. (EGPE) paid taxes as part of tax group number 572/10 of which Enel, S.p.A. is the parent and Enel Iberia, S.L.U. is the representative in Spain.

Likewise, consolidated tax group no. 21/02 was established following Endesa taking control of Empresa de Alumbrado Eléctrico de Ceuta, S.A., of which it held 96.42% of the share capital at 31 December 2022. This consolidated tax group comprises the three companies Empresa de Alumbrado Eléctrico de Ceuta, S.A. (as the parent and representative of the consolidated tax group), Energía Ceuta XXI Comercializadora de Referencia, S.A.U. and Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U.

All of the Group companies that file consolidated tax returns are jointly responsible for paying the Group's tax charge in accordance with the regime for filing consolidated tax returns for corporation tax and VAT for company groups. This includes certain sanctions arising from failure to comply with specific obligations imposed under the VAT regime for company groups.

As a result of this, Endesa is jointly responsible for paying the tax charge of the other members of the consolidated tax groups to which it belongs or has belonged for all tax periods still open for review. Likewise, Enel Green Power España, S.L.U. (EGPE) is also jointly and severally liable with respect to the other members of the consolidated tax group of which it has formed part, and Empresa de Alumbrado Eléctrico de Ceuta, S.A. is jointly and severally liable with respect to its members.

Even though Endesa or, where applicable, Enel Green Power España, S.L.U. (EGPE) or Empresa de Alumbrado Eléctrico de Ceuta, S.A. has the right to recourse against the other members of the corresponding consolidated tax group, any of them could be held jointly and severally liable if any outstanding tax charge were to arise that had not been duly settled by another member of the consolidated tax groups to which Endesa or, where applicable, Enel Green Power España, S.L.U. (EGPE) or Empresa de Alumbrado Eléctrico de Ceuta, S.A. belongs or has belonged. Any material tax liability could adversely affect Endesa's business activities, results, financial position and cash flows.

Information on tax litigation is provided in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2022.

## **e.7. The Enel Group controls the majority of Endesa's share capital and voting rights, and the interests of the Enel Group could conflict with those of Endesa**

At 31 December 2022, the Enel Group, through Enel Iberia, S.L.U., held 70.1% of Endesa, S.A.'s share capital and voting rights, enabling it to appoint the majority of Endesa, S.A.'s board members and, therefore, to control management of the business and its management policies.

The Enel Group's interests may differ from the interests of Endesa or those of its shareholders. Furthermore, both the Enel Group and Endesa compete in the European electricity market. It is not possible to ensure that the interests of the Enel Group will coincide with the interests of Endesa's other shareholders or that the Enel Group will act in support of Endesa's interests.

Information on balances and transactions with related parties is provided in Note 47 to the Consolidated Financial Statements for the year ended 31 December 2022.



## f) Corporate governance and culture risk

### f.1. Endesa is exposed to image and reputation risk

Endesa is exposed to the opinion and perception projected to different stakeholders. This perception could deteriorate as a result of events caused by the Company or third parties over which it has little or no control. Should this occur, this could lead to economic detriment for the Company due, among other factors, to increased requirements on the part of regulators, higher borrowing costs or increased efforts to attract customers.

Although Endesa actively works to identify and monitor potential reputational events and affected stakeholders, and transparency forms part of its communications policy, there is no guarantee that it will not have its image or reputation impaired which, since the outcome would be

unfavourable, will have an adverse effect on its business, operating results, financial position or cash flows.

Furthermore, Endesa cannot guarantee that it will maintain solid relationships and ongoing communication with suppliers, consumers and users and with the associations that represent them. Therefore, any change in these relationships could entail negative publicity and a significant loss of customers, which could adversely affect Endesa's business activities, results, financial position and cash flows.

# Performance and Metrics

# 7. Alternative Performance Measures (APMs)

Below is a description of Endesa's Alternative Performance Measures and their values in 2022 and 2021:

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			2022	2021	
Gross operating income (EBITDA)	€M	Income - Procurements and Services +- Income and Expenses for Energy Stocks Derivatives + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses + Other gains and losses	€5,565 M = €32,896 M - €23,394 M + €335 M - €955 M - €1,353 M + €253 M	€4,278 M = €20,899 M - €15,364 M + €543 M + €320 M - €916 M - €1,239 M + €35 M	Measure of operating return excluding interest, taxes, provisions and depreciation and amortisation.
Operating income (EBIT)	€M	EBITDA - Depreciation and amortisation, and impairment losses.	€3,687 M = €5,565 M - €1,878 M	€1,956 M = €4,278 M - €2,322 M	Measure of operating return excluding interest and taxes
Net profit/(loss)	€M	Net income of the parent	€2,541 M	€1,435 M	Measure of profit for the period
Net ordinary income	€M	Net ordinary income = Net income of the parent - Net gain/(loss) on disposal of non-financial assets (exceeding €10 million) - Net impairment losses on non-financial assets (exceeding €10 million) - Initial net expenses of personnel expenses as a result of workforce restructuring plans relating to the Decarbonisation Plan and the digitalisation of processes - Net expenses corresponding to the Public Responsibility Plan for the COVID-19 health crisis.	€2,398 M = €2,541 M - €192 M + €49 M - €0 M - €0 M	€1,902 M = €1,435 M - €22 M + €489 M + €0 M + €0 M	Measure of profit for the period isolating non-recurring effects of more than €10 million.
Contribution margin	€M	Revenue - Procurements and Services +- Income and Expenses for Energy Stocks Derivatives	€7,285 M = €32,896 M - €23,394 M - €2,217 M	€6,078 M = €20,899 M - €15,364 M + €543 M	Measure of operating profitability taking into account direct variable production costs
Procurements and services	€M	Power purchases + Fuel consumption + Transmission costs + Other variable procurements and services	€23,394 M = €12,901 M + €4,349 M + €3,603 M + €2,541 M	€15,364 M = €7,603 M + €1,607 M + €4,425 M + €1,729 M	Goods and services for production
Net financial profit/(loss)	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments+- Net Exchange Differences	€(215) M = €236 M - €343 M - €85 M - €23 M	€(31) M = €163 M - €177 M - €11 M - €6 M	Measure of financial cost
Net financial loss	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments	€(192) M = €236 M - €343 M - €85 M	€(25) M = €163 M - €177 M - €11 M	Measure of financial cost
Net investments	€M	Gross investments - Capital grants and facilities disposed of	€2,171 M = €2,370 M - €199 M	€2,229 M = €2,432 M - €203 M	Measure of investment activity
Ordinary return on equity	%	Net ordinary income of the parent / ((Equity of the parent (n) + Equity of the parent (n-1)) / 2))	43.84% = €2,398 M / €((5,560 + 5,380) / 2) M	29.96% = €1,902 M / €((5,380 + 7,315) / 2) M	Measure of the capacity to generate profits on shareholder investments
Ordinary return on assets	%	Net ordinary income of the parent / ((Total assets (n) + Total assets (n-1)) / 2)	5.33% = €2,398 M / €((49,960 + 39,968) / 2) M	5.28% = €1,902 M / €((39,968 + 32,062) / 2) M	Measure of business profitability

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			2022	2021	
Economic profitability	%	EBIT / ((PP&E (n) + PP&E (n-1)) / 2)	16.60% = €3,687 M / €((22,338 + 22,097) / 2) M	9.00% = €1,956 M / €((22,097 + 21,354) / 2) M	Measure of the capacity to generate income from invested assets or capital
Return on capital employed (ROCE)	%	Operating profit after tax / ((Non-current assets (n) + Non-current assets (n-1) / 2) + (Current assets (n) + Current assets (n-1) / 2))	6.10% = €2,745 M / €(((30,035 + 28,316) / 2) + ((19,925 + 11,652) / 2)) M	4.11% = €1,481 M / €(((28,316 + 25,828) / 2) + ((11,652 + 6,234) / 2)) M	Measure of return on capital employed
Return on invested capital (ROIC)	%	Operating income after taxes / (Net equity of the parent + Net financial debt)	16.71% = €2,745 / €(5,560 + 10,869) M	10.44% = €1,481 / €(5,380 + 8,806) M	Measure of return on capital invested
Funds from operations	€M	Cash flows from operating activities - Changes in working capital - Work carried out by the group for its assets	€4,616 M = €1,672 M + €3,279 M - €335 M	€3,301 M = €2,621 M + €1,000 M - €320 M	Measure of cash generated by the company's business available to make investments, amortise debt and distribute dividends to shareholders
Interest expenses	€M	Interest paid	€232 M	€152 M	Measure of interest payments
Net ordinary earnings per share	€	Net ordinary income of the parent / Number of shares at the end of the year	€2,2649 = €2,398 M / 1,058,752,117 shares	€1,7965 = €1,902 M / 1,058,752,117 shares	Measure of the portion of net ordinary income corresponding to each outstanding share at the end of the period
Net earnings per share	€	Net ordinary income of the parent / Number of shares at the end of the year	€2,400 = €2,541 M / 1,058,752,117 shares	€1,355 = €1,435 M / 1,058,752,117 shares	Measure of the portion of net ordinary income corresponding to each outstanding share at the end of the period
Cash flow per share	€	Net cash flow from operating activities / Number of shares at the end of the reporting year	€1,579 = €1,672 M / 1,058,752,117 shares	€2,476 = €2,621 M / 1,058,752,117 shares	Measure of the portion of funds generated corresponding to each outstanding share at the end of the period
Returns for shareholders	%	(Shares at the close of the period - Shares at the beginning of the period + Gross dividend paid in the year / Shares at the beginning of the period	(5.58%) = (17635 € - 20,200 € + 1,437 €) / 20,200 €	(0.61%) = (20,200 € - 22,350 € + 2,0136 €) / 22,350 €	Measure of the relationship between the amount invested in a share and the economic result delivered, which includes both the effect of the increased price of the share and that of the gross dividend received in cash (without considering reinvestment)

€M = Euro million; € = Euro.

n = 31 December of the year being calculated.

n-1 = 31 December of the year before the year being calculated.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			2022	2021	
Consolidated ordinary pay-out	%	(Gross dividend per share * Number of shares at the end of the period) / Net ordinary income attributable to the parent in the Consolidated Financial Statements.	70.0% = (1,5854 € * 1,058,752,117 shares) / 2,398 M€	80.0% = (1,4372 € * 1,058,752,117 shares) / 1,902 M€	Measure of the part of ordinary income obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Consolidated pay-out	%	(Gross dividend per share * Number of shares at the end of the period) / Profit/(loss) for the year attributable to the parent in the Consolidated Financial Statements.	66.1% = (1,5854 € * 1,058,752,117 shares) / 2,541 M€	106,0% = (1,4372 € * 1,058,752,117 shares) / 1,435 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual pay-out	%	(Gross dividend per share * Number of shares at the end of the reporting period / Profit of Endesa, S.A. for the year	240.8% = (1,5854 € * 1,058,752,117 shares) / 697 M€	261.9% = (1,4372 € * 1,058,752,117 shares) / 581 M€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

€M = millions of euros; € = euros.

n = 31 December of the year being calculated.

n-1 = 31 December of the year before the year being calculated.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			31 December 2022	31 December 2021	
Net financial debt	€M	Non-current borrowings + Current borrowings + Debt derivatives recognised in liabilities - Cash and cash equivalents - Debt derivatives recognised in assets - Financial guarantees recognised in assets	€10,869 M = €11,704 M + €6,784 M + €87 M - €871 M - €111 M - €6,724 M	€8,806 M = €7,211 M + €3,167 M + €14 M - €703 M - €7 M - €876 M	Current and non-current borrowings, less cash and financial investments equivalent to cash and financial guarantees recognised in assets.
Sustainable financing	%	Sustainable gross financial debt / Gross financial debt	64% = €11,817 M / €18,488 M	60% = €6,268 M / €10,378 M	Measure of the weight of gross financial debt with sustainability clauses as a share of total gross financial debt
Leverage	%	Net financial debt / Equity	188.67% = €10,869 M / €5,761 M	158.84% = €8,806 M / €5,544 M	Measure of the weight of external funds in the financing of business activities
Debt ratio	%	Net financial debt / (Equity + Net financial debt)	65.36% = €10,869 / (€5,761 + 10,869) M	61.37% = €8,806 M / (€5,544 M + €8,806 M)	Measure of the weight of external funds in the financing of business activities
Average life of gross financial debt	Number of years	(Principal * Number of days validity) / (Principal outstanding at the end of the period * Number of days in the period)	3.2 years = 59,961 / 18,588	4.4 years = 45,718 / 10,373	Measure of the duration of borrowings to maturity
Average gross financial debt	€M	(Total drawdowns or debt positions * Number of days of each drawing or position) / (Cumulative number of days)	€16,442 M	€9,375 M	Measure of average gross financial debt in the period to calculate the average cost of gross financial debt.
Average cost of gross financial debt	%	(Cost of gross financial debt) / Average gross financial debt	1.4% = (€224 M / €16,442 M)	1.5% = €136 M / €9,375 M)	Measure of the effective rate of borrowings
Debt maturity coverage	Number of months	Maturity period (months) of core debt that could be covered with the liquidity available	10 months	33 months	Measure of the capacity to meet debt maturities
Liquidity ratio	N/A	Current assets / Current liabilities.	0.96 = €19,925 M / €20,682 M	0.74 = €11,652 M / €15,822 M	Measure of the capacity to meet short term commitments
Solvency ratio	N/A	(Equity + Non-current liabilities) / Non-current assets	0.97 = (€5,761 M + €23,517 M) / €30,035 M	0.85 = (€5,544 M + €18,602 M) / €28,316 M	Measure of the capacity to meet obligations
Debt coverage ratio	N/A	Net financial debt / Gross operating income (EBITDA)	1.95 = €10,869 M / €5,565 M	2.06 = €8,806 M / 4,278 €M	Measure of the amount of available cash flow to meet principal payments on borrowings.
Fixed assets	€M	Property, plant and equipment + Real estate investments + Intangible assets + Goodwill	€24,495 M = €22,338 M + €59 M + €1,636 M + €462 M	€24,156 M = €22,097 M + €55 M + €1,542 M + €462 M	Assets of the Company, whether tangible or intangible, not convertible into short-term liquidity, necessary for the Company to operate and not intended for sale.
Total net non-current assets	€M	Property, plant and equipment + Intangible assets + Goodwill + Investments accounted for using the equity method + Investment property + Other non-current financial assets + Non-current derivative financial instruments + Other non-current assets - Grants - Non-current liabilities from contracts with customers - Non-current derivative financial instruments - Other non-current financial liabilities - Other non-current liabilities - Financial guarantees recognised in assets - Debt derivatives recognised under non-current financial assets and liabilities	€19,256 M = €22,338 M + €1,636 M + €462 M + €274 M + €59 M + €1,160 M + €1,249 M + €304 M - €238 M - €4,300 M - €2,408 M - €0 M - €588 M - €668 M - €24 M	€19,999 M = €22,097 M + €1,542 M + €462 M + €180 M + €55 M + €580 M + €774 M + €264 M - €254 M - €4,284 M - €573 M - €120 M - €690 M - €40 M + €6 M	Measure of non-current assets excluding deferred tax assets, less the value of deferred income and other non-current liabilities.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			31 December 2022	31 December 2021	
Total net working capital	€M	Trade receivables for sales and services and other receivables + Inventories + Other current financial assets + Current derivative financial instruments + Current corporation tax assets + Other tax assets + Current assets from contracts with customers - Current corporation tax liabilities - Other tax liabilities - Current derivative financial instruments - Other current financial liabilities - Current liabilities from contracts with customers - Financial guarantees recognised in assets - Debt derivatives recognised under current financial assets and liabilities - Suppliers and other payables	€309 M = €5,472 M + €2,122 M + €8,677 M + €2,533 M + €49 M + €166 M + €8 M - €544 M - €564 M - €4,990 M - €51 M - €294 M - €6,056 M - €0 M - €-6,219 M	€(1,930) M = €5,024 M + €1,343 M + €1,817 M + €2,401 M + €76 M + €282 M + €6 M - €333 M - €452 M - €4,884 M - €34 M - €270 M - €836 M + €1 M + €6,071 M	Measure of current assets excluding cash and financial investments equivalent to cash, less suppliers and other payables and current corporation tax liabilities
Gross invested capital	€M	Total net non-current assets + Total net working capital	€19,565 M = €19,256 M + €309 M	€18,069 M = €19,999 M - €1,930 M	Total net non-current assets plus total net working capital
Total deferred tax assets and liabilities and provisions	€M	- Provisions for pensions and similar obligations - Other non-current provisions - Current provisions + Deferred tax assets - Deferred tax liabilities	€(2,962) M = -€278 M - €2,686 M - €1,236 M + €2,553 M - €1,315 M	€(3,719) M = -€659 M - €3,325 M - €611 M + €2,362 M - €1,486 M	Measure of deferred tax assets and liabilities and provisions
Net invested capital	€M	Gross capital invested - Total deferred tax assets and liabilities and provisions + Net non-current assets held for sale and discontinued operations	€16,630 M = €19,565 M - €2,961 M + €27 M	€14,350 M = €18,069 M - €3,719 M + €0 M	Measure of gross capital invested plus total provisions and deferred tax assets and liabilities and non-current assets held for sale and discontinued operations
Carrying amount per share	€	Equity of the parent / Number of shares at the end of the reporting period	€5.251 = €5,560 M / 1,058,752,117 shares	€5.081 = €5,380 M / 1,058,752,117 shares	Measure of the portion of equity corresponding to each share at the end of the period
Market cap	€M	Number of shares at the end of the period * Share price at the end of the year	€18,671 M = 1,058,752,117 shares * €17.635	€21,387 M = 1,058,752,117 shares * €20.200	Measure of total enterprise value according to the share price
Price to earnings ratio (PER) ordinary	N/A	Share price at the end of the year / Net ordinary earnings per share	7.79 = 17.635 € / 2.265 €	11.24 = 20.200 € / 1.7965 €	Measure indicating the number of times that net ordinary earnings per share can be divided into the market price of the shares.
Price to earnings ratio (PER)	N/A	Share price at the end of the year / Net earnings per share	7.35 = €17.635 M / €2.400	14.91 = 20.200 € / 1.355 €	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price / Carrying amount	N/A	Market cap / Equity of the parent	3.36 = €18,671 M / €5,560 M	3.98 = €21,387 M / €5,380 M	Measure comparing total enterprise value according to the share price with the carrying amount

€M = Euro million; € = Euro.

## 8. Significant Events in the Period

### 8.1. Changes in the scope of consolidation

The information on changes in Endesa's consolidation scope is provided in Note 7 to the Consolidated Financial Statements for the year ended 31 December 2022.

### 8.2. Conflict Russia-Ukraine and macroeconomic environment

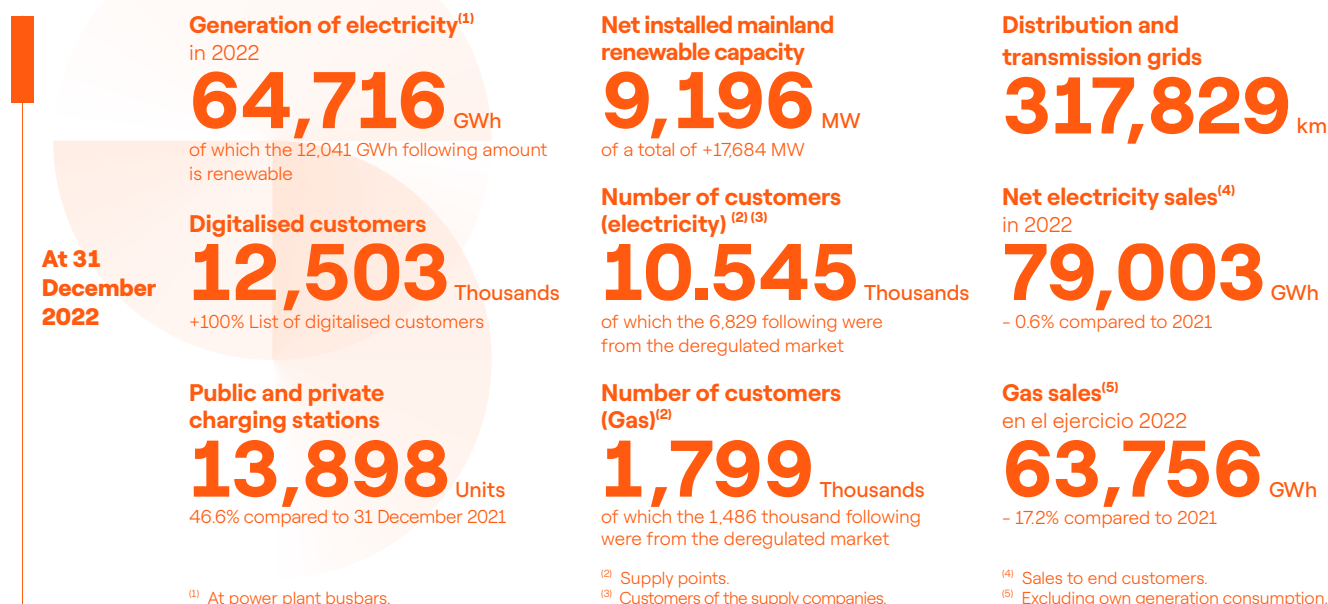
Information relating to the Russia-Ukraine conflict and macroeconomic environment is provided in Note 5.2 to the Consolidated Financial Statements for the year ended 31 December 2022.

### 8.3. COVID-19 health crisis

Information on the COVID-19 health crisis is provided in Note 5.3 to the Consolidated Financial Statements for the year ended 31 December 2022.

# 9. Changes in Endesa's operations and profit and loss in 2022

## 9.1. Operating performance



Details of the most significant operating indicators in 2022 and the year-on-year changes are provided below:

Operating figures	SDG <sup>(1)</sup>	Unit	January-December 2022	January-December 2021	Chg (%)
Electricity generation <sup>(2)</sup>		GWh	64,716	57,592	12.4
Generation of renewable electricity	7	GWh	12,041	12,794	(5.9)
Gross installed capacity		MW	22,819 <sup>(3)</sup>	21,915 <sup>(4)</sup>	4.1
Net installed capacity		MW	22,044 <sup>(3)</sup>	21,140 <sup>(4)</sup>	4.3
Net installed mainland renewable capacity	7	MW	9,196 <sup>(3)</sup>	8,312 <sup>(4)</sup>	10.6
Net installed non-mainland territory ("TNP") renewable energy capacity	7	MW	97 <sup>(3)</sup>	77 <sup>(4)</sup>	26.0
Energy distributed <sup>(5)</sup>	9	GWh	131,813	131,090	0.6
Digitalised customers <sup>(6)</sup>	9	Thousands	12,503 <sup>(3)</sup>	12,472 <sup>(4)</sup>	0.2
Distribution and transmission grids	9	km	317,829 <sup>(3)</sup>	316,506 <sup>(4)</sup>	0.4
End users <sup>(7)</sup>		Thousands	12,459 <sup>(3)</sup>	12,359 <sup>(4)</sup>	0.8
List of digitalised customers <sup>(8)</sup>		(%)	100 <sup>(3)</sup>	100 <sup>(4)</sup>	—
Gross electricity sales <sup>(2)</sup>		GWh	87,669	87,823	(0.2)
Net electricity sales <sup>(9)</sup>		GWh	79,003	79,458	(0.6)
Gas sales <sup>(10)</sup>		GWh	63,756	76,991	(17.2)
Number of customers (electricity) <sup>(11)(12)</sup>		Thousands	10,545 <sup>(3)</sup>	10,251 <sup>(4)</sup>	2.9
Deregulated market <sup>(13)</sup>		Thousands	6,829 <sup>(3)</sup>	5,878 <sup>(4)</sup>	16.2
Number of customers (gas) <sup>(11)</sup>		Thousands	1,799 <sup>(3)</sup>	1,684 <sup>(4)</sup>	6.8
Public and private electricity charging stations	11	Units	13,898 <sup>(3)</sup>	9,482 <sup>(4)</sup>	46.6
Public lighting points	11	Units	104 <sup>(3)</sup>	101 <sup>(4)</sup>	3.0
Final headcount		No. of employees	9,258 <sup>(3)</sup>	9,258 <sup>(4)</sup>	—
Average headcount		No. of employees	9,143	9,271	(1.4)

<sup>(1)</sup> Sustainable Development Goals.

<sup>(2)</sup> At power plant busbars.

<sup>(3)</sup> A 31 de diciembre de 2022.

<sup>(4)</sup> A 31 de diciembre de 2021.

<sup>(5)</sup> Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

<sup>(6)</sup> Activated smart meters.

<sup>(7)</sup> Customers of distribution companies.

<sup>(8)</sup> Number of digitalised customers / End users (%).

<sup>(9)</sup> Sales to end customers.

<sup>(10)</sup> Without in-house generation consumption.

<sup>(11)</sup> Supply points.

<sup>(12)</sup> Customers of supply companies.

<sup>(13)</sup> Customers of deregulated supply companies.



## Electricity generation

GWh

Gross installed capacity <sup>(1)</sup>	January–December 2022		January–December 2021		
	MW	Percentage (%)	MW	Percentage (%)	Chg (%)
<b>Mainland</b>	<b>52,575</b>	<b>81.2</b>	<b>46,536</b>	<b>80.8</b>	<b>13.0</b>
Renewable energy	12,041	18.6	12,794	22.2	(5.9)
Hydroelectric	4,477	6.9	6,122	10.6	(26.9)
Wind <sup>(2)</sup>	5,709	8.8	5,605	9.7	1.9
Photovoltaic <sup>(3)</sup>	1,854	2.9	1,066	1.9	73.9
Rest	1	0.0	1	0.0	–
Nuclear	26,508	41.0	25,504	44.3	3.9
Coal	911	1.4	731	1.3	24.6
Combined cycle (CCGT)	13,115	20.3	7,507	13.0	74.7
<b>Non-mainland Territories ("TNP")</b>	<b>12,141</b>	<b>18.8</b>	<b>11,056</b>	<b>19.2</b>	<b>9.8</b>
Coal	86	0.1	45	0.1	91.1
Fuel-gas	4,450	6.9	4,077	7.1	9.1
Combined cycle (CCGT)	7,605	11.8	6,934	12.0	9.7
<b>TOTAL</b>	<b>64,716</b>	<b>100.0</b>	<b>57,592</b>	<b>100.0</b>	<b>12.4</b>

<sup>(1)</sup> At power plant busbars.

<sup>(2)</sup> In 2022, this included 103 GWh corresponding to Non-mainland Territories ("TNP") (117 GWh in 2021).

<sup>(3)</sup> In 2022, this included 73 GWh corresponding to Non-mainland Territories ("TNP") (52 GWh in 2021).

Non-emitting renewable and nuclear technologies accounted for 73.2% of Endesa's mainland generation mix in 2022 (66.5% in 2021, compared with 74.4% for the rest of the sector (82.7% in 2021).

## Gross and net installed capacity

Gross installed capacity	31 December 2022		31 December 2021		
	MW	Percentage (%)	MW	Percentage (%)	Chg (%)
<b>Mainland</b>	<b>18,082</b>	<b>79.2</b>	<b>17,178</b>	<b>78.4</b>	<b>5.3</b>
Renewable energy <sup>(1)</sup>	9,337	40.9	8,433	38.5	10.7
Hydroelectric	4,790	21.0	4,790	21.9	–
Wind <sup>(2)</sup>	2,882	12.6	2,546	11.6	13.2
Photovoltaic <sup>(3)</sup>	1,665	7.3	1,097	5.0	51.8
Nuclear	3,453	15.1	3,453	15.8	–
Coal	1,469	6.4	1,469	6.7	–
Combined cycle (CCGT)	3,823	16.8	3,823	17.4	–
<b>Non-mainland Territories ("TNP")</b>	<b>4,737</b>	<b>20.8</b>	<b>4,737</b>	<b>21.6</b>	<b>–</b>
Coal	260	1.1	260	1.2	–
Fuel-gas	2,620	11.5	2,620	12.0	–
Combined cycle (CCGT)	1,857	8.1	1,857	8.4	–
<b>TOTAL</b>	<b>22,819</b>	<b>100.0</b>	<b>21,915</b>	<b>100.0</b>	<b>4.1</b>

<sup>(1)</sup> A 31 de diciembre de 2022 y 2021, la capacidad adicional ha sido de 908 MW y 627 MW, respectivamente.

<sup>(2)</sup> A 31 de diciembre de 2022 incluye 40 MW correspondientes a Territorios No Peninsulares ("TNP") (40 MW a 31 de diciembre de 2021).

<sup>(3)</sup> A 31 de diciembre de 2022 incluye 57MW correspondientes a Territorios No Peninsulares ("TNP") (37 MW a 31 de diciembre de 2021).

Gross installed capacity	31 December 2022		31 December 2021		Chg (%)
	MW	Percentage (%)	MW	Percentage (%)	
<b>Mainland</b>	<b>17,781</b>	<b>80.7</b>	<b>16,877</b>	<b>79.8</b>	<b>5.4</b>
Renewable energy <sup>(1)</sup>	9,293	42.2	8,389	39.7	10.8
Hydroelectric	4,746	21.5	4,746	22.5	–
Wind <sup>(2)</sup>	2,882	13.1	2,546	12.0	13.2
Photovoltaic <sup>(3)</sup>	1,665	7.6	1,097	5.2	51.8
Nuclear	3,328	15.1	3,328	15.7	–
Coal	1,403	6.4	1,403	6.6	–
Combined cycle (CCGT)	3,757	17.0	3,757	17.8	–
<b>Non-mainland Territories ("TNP")</b>	<b>4,263</b>	<b>19.3</b>	<b>4,263</b>	<b>20.2</b>	<b>–</b>
Coal	241	1.1	241	1.1	–
Fuel-gas	2,334	10.6	2,334	11.1	–
Combined cycle (CCGT)	1,688	7.6	1,688	8.0	–
<b>TOTAL</b>	<b>22,044</b>	<b>100.0</b>	<b>21,140</b>	<b>100.0</b>	<b>4.3</b>

<sup>(1)</sup> Additional capacity at 31 December 2022 and 2021 was 908 MW and 627 MW, respectively.

<sup>(2)</sup> At 31 December 2022, includes 40 MW relating to Non-mainland Territories ("TNP") (40 MW at 31 December 2021).

<sup>(3)</sup> At 31 December 2022 includes 57 MW relating to Non-mainland Territories ("TNP") (37 MW at 31 December 2021).

## Electricity and gas sales

### Electricity

Thousands

Number of customers (electricity) <sup>(1)(2)</sup>	31 December 2022	31 December 2021	Chg (%)
Regulated market	3,716	4,373	(15.0)
Mainland Spain	3,190	3,732	(14.5)
Non-mainland Territories ("TNP")	526	641	(17.9)
Deregulated market	6,829	5,878	16.2
Mainland Spain	5,245	4,561	15.0
Non-mainland Territories ("TNP")	972	858	13.3
Outside Spain	612	459	33.3
<b>TOTAL</b>	<b>10,545</b>	<b>10,251</b>	<b>2.9</b>
<b>Revenue / Supply points <sup>(3)</sup></b>	<b>2.2</b>	<b>1.4</b>	<b>–</b>

<sup>(1)</sup> Supply points.

<sup>(2)</sup> Customers of supply companies.

<sup>(3)</sup> Relationship between revenue from electricity sales and the number of electricity supply points (Euro Thousand / Supply points).

GWh

	Gross electricity sales <sup>(1)</sup>			Net electricity sales <sup>(2)</sup>		
	2022	2021	Chg (%)	2022	2021	Chg (%)
Regulated price	9,674	12,620	(23.3)	8,210	10,705	(23.3)
Deregulated market	77,995	75,203	3.7	70,793	68,753	3.0
Spanish	66,971	64,136	4.4	60,735	58,541	3.7
Outside Spain	11,024	11,067	(0.4)	10,057	10,212	(1.5)
<b>TOTAL</b>	<b>87,669</b>	<b>87,823</b>	<b>(0.2)</b>	<b>79,003</b>	<b>79,458</b>	<b>(0.6)</b>

<sup>(1)</sup> At power plant busbars.

<sup>(2)</sup> Sales to end customers.

## Gas

Thousands

	31 December 2022	31 December 2021	Chg (%)
<b>Number of customers (gas) <sup>(1)</sup></b>			
Regulated market	313	232	34.9
Mainland Spain	289	210	37.6
Non-mainland Territories ("TNP")	24	22	9.1
Deregulated market	1,486	1,452	2.3
Mainland Spain	1,258	1,250	0.6
Non-mainland Territories ("TNP")	69	70	(1.4)
Outside Spain	159	132	20.5
<b>TOTAL</b>	<b>1,799</b>	<b>1,684</b>	<b>6.8</b>
<b>Revenue / Supply points <sup>(2)</sup></b>	<b>3.4</b>	<b>1.7</b>	<b>—</b>

<sup>(1)</sup> PSupply points.

<sup>(2)</sup> Relationship between revenue from gas sales and the number of gas supply points (Euro Thousand / Supply points).

GWh

Gas Sales	2022	2021	Chg (%)
Deregulated market	40,420	41,147	(1.8)
Regulated market	1,258	1,318	(4.6)
International market	15,402	17,765	(13.3)
Wholesale business	6,676	16,761	(60.2)
<b>TOTAL <sup>(1)</sup></b>	<b>63,756</b>	<b>76,991</b>	<b>(17.2)</b>

<sup>(1)</sup> Excluding own generation consumption.

## Electricity distribution

Supply quality measures	2022	2021	Chg (%)
Energy distributed (GWh) <sup>(1)</sup>	131,813	131,090	0.6
Energy losses (%) <sup>(2)</sup>	7.0	7.1	—
Installed Capacity Equivalent Interruption Time (Average) – ICEIT (Minutes) <sup>(3)</sup>	54.4	61.4	(11.4)
Duration of Interruptions in the Distribution Grid – SAIDI (Minutes) <sup>(4)</sup>	64.4	70.0	(8.0)
Number of Interruptions in the Distribution Grid – SAIFI <sup>(4)</sup>	1.3	1.4	(7.1)

<sup>(1)</sup> Energy supplied to customers with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

<sup>(2)</sup> Input of energy in the distribution grid (or energy injected into the distribution grid), less distributed energy divided among the energy input to the distributor (or energy injected into the distribution grid).

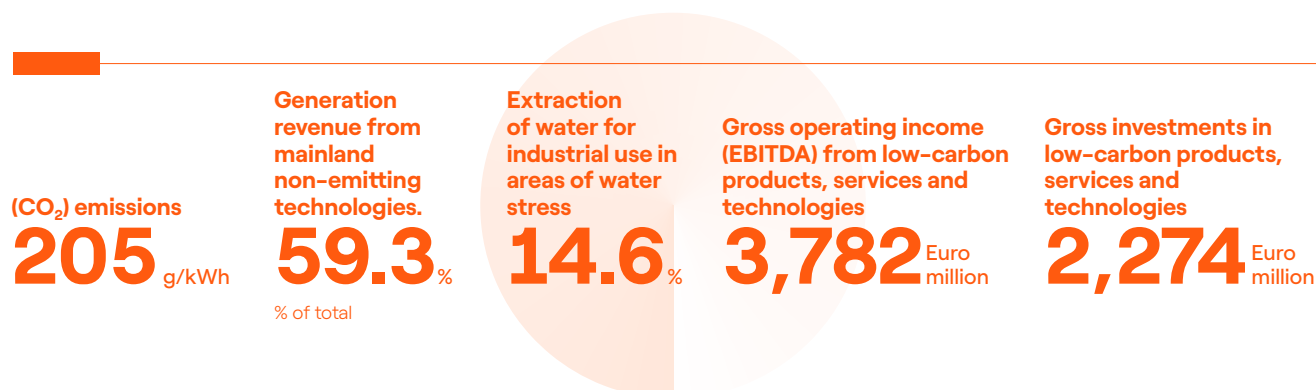
<sup>(3)</sup> Criteria of the Spanish regulator Includes data on in-house, scheduled and the transmission Installed Capacity Equivalent Interruption Time (ICEIT).

<sup>(4)</sup> Source: In-house. Figures for the last 12 months.

## Marketing of other products and services

Business performance	31 December de 2022	31 December de 2021	Chg (%)
Public and private electricity charging stations (units)	13,898	9,482	46.6

## 9.2. Climate change and environmental sustainability. Metrics and objectives



### Key performance indicators (KPIs) related to climate change

Key performance indicators (KPIs) <sup>(1)</sup>	Unit	Description	2022	2021
CO <sub>2</sub> emissions, scope 1 greenhouse gases (GHG)	Tonnes (t)	Emissions of greenhouse gases (GHG) in Scope 1 of the carbon footprint, which includes direct emissions of greenhouse gases (GHG) from sources controlled by the Company (including emissions from fuel consumption for electricity generation at thermal power plants, the use of sulphur hexafluoride (SF <sub>6</sub> ), methane leaks generated at hydropower plant reservoirs, air conditioning of offices and the in-house vehicle fleet).	13,698,169	10,702,129
CO <sub>2</sub> emissions, Scope 2 greenhouse gases (GHG) – location based	Tonnes (t)	Emission of Scope 2 carbon footprint greenhouse gases (GHG), which include technical losses during electricity distribution not generated by the Company.	393,958	470,773
Indirect greenhouse gases (GHG) emissions – Scope 2 – Acquisition of energy from the grid	Tonnes (t)	Greenhouse Gas (GHG) emissions associated with the generation of electricity at office buildings and port terminals.	6,136	5,516
Indirect greenhouse gases (GHG) emissions – Scope 2 – Losses from the distribution grid	Tonnes (t)	Emissions of greenhouse gases (GHG) corresponding to technical losses during the distribution of electricity not generated by the Company.	387,822	465,257
CO <sub>2</sub> emissions, scope 3 greenhouse gases (GHG)	Tonnes (t)	Emissions of greenhouse gases (GHG) in Scope 3 of the carbon footprint, which include emissions resulting from the Company's activities but which are not produced by sources controlled by it.	21,725,118	21,737,472
CO <sub>2</sub> emissions, Scope 3 greenhouse gases (GHG) attributable to gas sales	Tonnes (t)	Emissions of greenhouse gases (GHG) associated with the extraction, production, transport and use by the end user of the natural gas supplied.	14,190,593	15,157,936
CO <sub>2</sub> emissions	g/kWh	Specific emissions of CO <sub>2</sub> "Emissions Trading System" (ETS).	205	182
Percentage represented by non-emitting technologies in the generation mix	(%)	Percentage represented by non-emitting, nuclear and renewable technologies in the generation mix.	59.6	66.5
Carbon dioxide (CO <sub>2</sub> ) reference price	(€)		80.8	53.6

<sup>(1)</sup> Source: In-house.

Note: The calculation of Endesa's carbon footprint results for 2022 is in the process of verification at the date of preparation of this Consolidated Management Report. Endesa calculates and verifies its emissions according to the guidelines in the GHG Protocol, applying the location-based approach.

## Key performance indicators (KPIs) in environmental matters

Key performance indicators (KPIs) <sup>(1)</sup>	Unit	Description	2022	2021
Specific emissions of sulphur dioxide (SO <sub>2</sub> ).	gSO <sub>2</sub> /kWh	Specific emissions of sulphur dioxide (SO <sub>2</sub> ).	0.12	0.13
Specific nitrogen oxide (NO <sub>x</sub> ) emissions	gNO <sub>x</sub> /kWh	Specific nitrogen oxide (NO <sub>x</sub> ) emissions.	0.67	0.75
Specific particle emissions	g/kWh	Specific particle emissions.	0.01	0.01
Total fuel consumption	(Mtep)	Total fuel consumed in millions of equivalent oil tonnes.	11.71	10.25
Average performance of thermal power plants	(%)	Average performance of thermal power plants.	47.14	44.88
Specific withdrawal of water for industrial use in generation	l/MWh	The specific withdrawal of water for industrial use in the electricity generation process.	73.6	79
Area covered by facilities in natural spaces	km <sup>2</sup>	Area covered by facilities in protected natural spaces (generating plants and infrastructure).	374	285

<sup>(1)</sup> Source: In-house.

### 9.2.1. Metrics and objectives

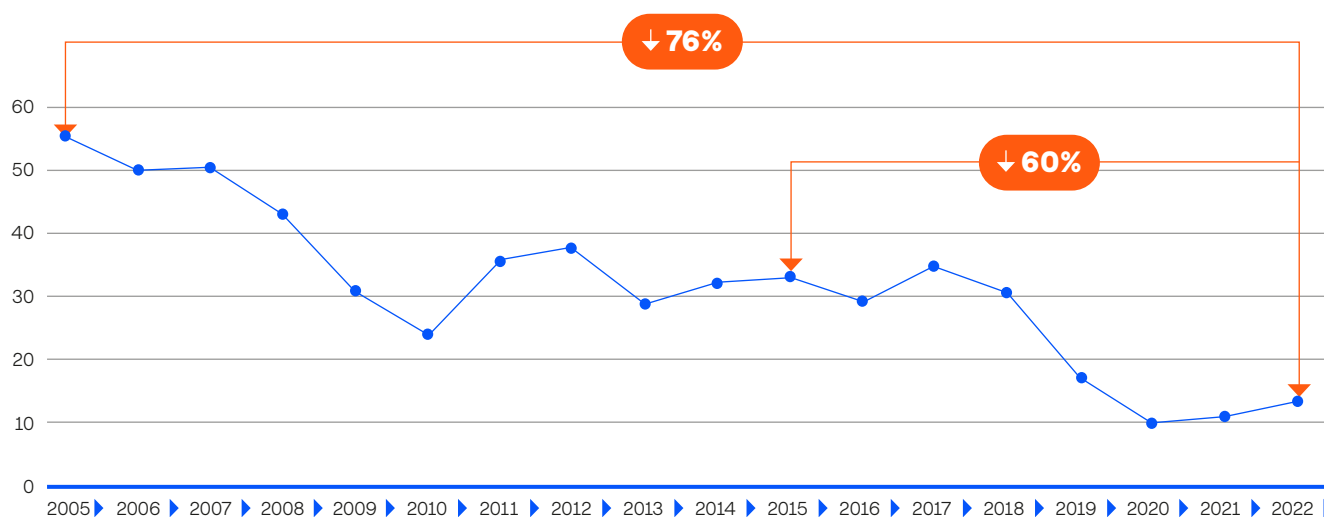
#### Carbon footprint

The current scenario of energy crisis, coupled with scientific evidence that reminds us annually that the window of opportunity to keep the temperature increase below 1.5°C is closing, is putting implementation of climate action to the test. This backdrop highlights the need to speed up decarbonisation, in which companies must rise to the occasion by making significant changes to their operations and boosting sustainable transformation plans. As an electricity company, Endesa plays a crucial role in the energy transformation and is prepared to address the climate challenges that arise. To this end, it has launched the 2023-2025 Strategic Plan, which updates its

commitment to the Energy Transition to become a totally emission-free company in its electricity generation and energy commercialisation (electricity and gas) by 2040. The Plan places decarbonisation at the heart of Endesa's strategy and confirms an ambitious emissions reduction pathway, enabling it to be aligned with the 1.5°C scenario of the Science Based Target initiative (SBTi) for the electricity sector.

Once again, Endesa ended 2022 by consolidating its cumulative reduction of emissions: it has reduced its emissions by 60% in the six years since the adoption of the Paris Agreement in 2015 (76% since 2005 when the Kyoto Protocol came into effect), as shown in the following chart:

Endesa's ETS emissions under the EU ETS (European Union Emissions Trading Scheme) (European Union Emissions Trading Scheme) (Million tCO<sub>2</sub>)



Endesa has voluntarily calculated and verified its carbon footprint since 2009. This process includes:

- Development of a calculation methodology and a proprietary IT tool.
- Implementation of a management system and the determination of an emissions inventory.
- Company-wide greenhouse gases (GHG) emissions removals.

Endesa has registered its carbon footprint since 2013, demonstrating that it is on track to reduce its emissions, according to the criteria established by the Spanish Climate Change Office.

During 2022, Endesa verified its carbon footprint for the 2021 financial year and published the corresponding report <https://www.endesa.com/content/dam/endesa-com/home/prensa/publicaciones/otraspublicaciones/documentos/huella-de-carbono-2021-es.pdf>.

The Ministry of Ecological Transition and Demographic Challenge ("MITECO") has once again recognised the efforts and results already achieved by Endesa in its Carbon Footprint 2021, granting for yet another year the triple seal

of the Carbon Footprint Register awarded by the Spanish Office for Climate Change to those organisations committed to calculating, reducing and offsetting their emissions.



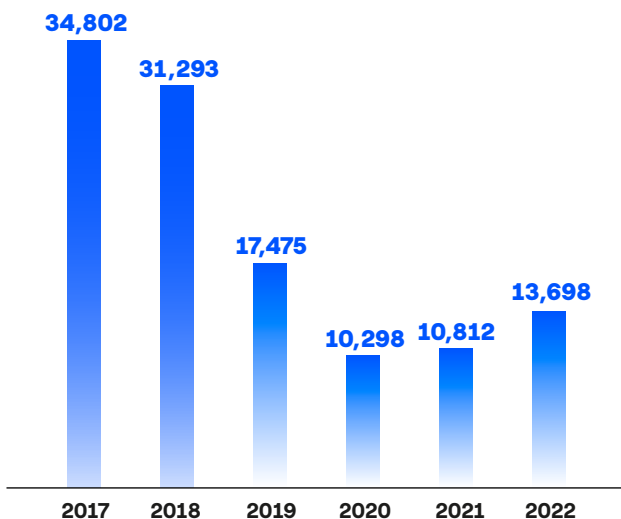
## Direct and indirect greenhouse gases (GHG) emissions

Endesa is working constantly to move forward on the defined path towards becoming a company with completely decarbonised generation and supply operations by 2040, with its ambition to reach this goal progressively increasing. This is demonstrated by the

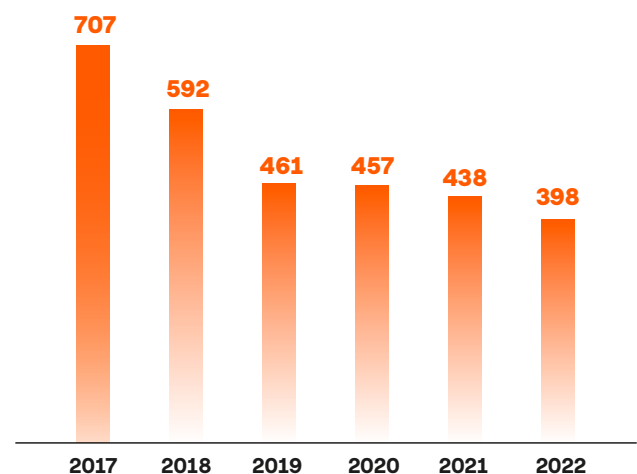
reduction in Endesa’s greenhouse gases (GHG) emissions in recent years (49% reduction compared to 2017), exceeding the objectives set in its Strategic Plans.

Details of emissions by year and scope are provided below:

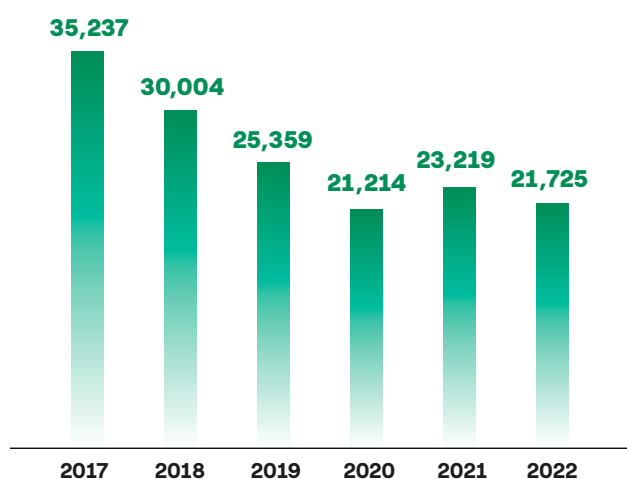
Scope 1  
(ktCO<sub>2</sub>eq)



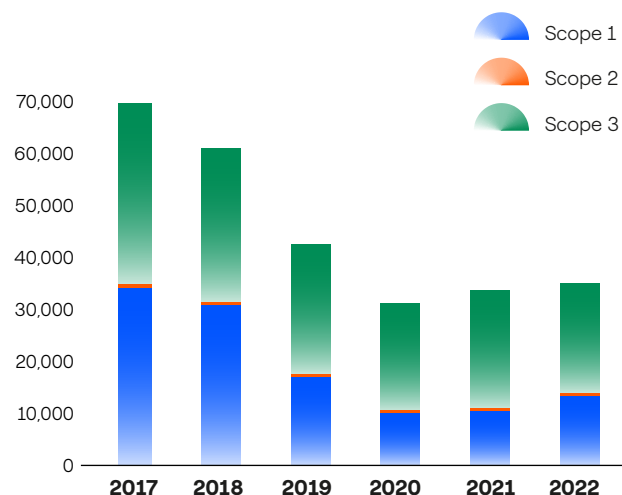
Scope 2  
(ktCO<sub>2</sub>eq)



Scope 3  
(ktCO<sub>2</sub>eq)



Emissions performance  
(ktCO<sub>2</sub>eq)



Source: Data for 2017 to 2021 are values with external verification in accordance with UNE EN ISO 14,064 standard. At the date of preparation of this Consolidated Management Report, the calculation of Endesa's Carbon Footprint results for 2022 is in the process of being verified. Endesa calculates and verifies its emissions in accordance with the guidelines set out in the GHG Protocol, applying the market-based<sup>11</sup> approach to electricity consumption and the location-based<sup>12</sup> approach to technical losses produced during electricity distribution.

Note: Scope 3 emissions of the 2022 Carbon Footprint include emissions associated with the manufacture of new equipment installed and services provided.

In 2022, carbon dioxide emissions CO<sub>2</sub> (t) Scope 2 have been calculated with a "market based" approach, and their value is 728,921 tCO<sub>2</sub>eq, and with a "location based" approach, and their value is 393,958 tCO<sub>2</sub>eq.

With regard to the increase observed in direct emissions in 2022, it is necessary to highlight the context of the energy crisis, which began in 2021 as a result of the reactivation of

activity in the exit of the crisis caused by the pandemic, and has worsened in 2022 as a result of the conflict between Russia and Ukraine, which has led to a regulatory and market context that has led to greater operation of Endesa's mainland facilities that use fossil fuels.

Details of the carbon footprint in 2022 and 2021 are shown below:

Scope	Activities	CO <sub>2</sub> eq(t)	
		2022	2021
1	Emissions of carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O) derived from fuel consumption (coal, fuel/diesel, natural gas, biogas) to produce electricity at generation plants.	13,329,484	10,559,022
1	Fugitive emissions of methane (CH <sub>4</sub> ) in hydroelectric generation reservoirs owned by Endesa.	154,921	154,921
1	Emissions of carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O) derived from fuel consumption in Endesa's own vehicle fleet.	3,977	3,684
1	Emissions of carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O), derived from fuel consumption in vessels chartered by Endesa to transport liquefied natural gas (LNG).	126,505	48,485
2	Emissions related to the generation of the electricity necessary to offset technical losses during the distribution of electricity not generated by Endesa (location based).	387,822	428,798
2	Emissions related to the generation of the electricity necessary to offset the technical losses caused during the distribution of electricity not generated by Endesa (market based).	719,411	801,318
2	Emissions generated due to electricity consumption at non-generator centres (location based).	6,136	5,014
2	Emissions generated due to electricity consumption at non-generator centres (market based).	9,510	8,936
3	Emissions associated with the extraction, production and transport of fuels consumed at the company's thermal generation plants.	3,762,466	2,953,445
3	Emissions associated with the extraction, production, transport and use of marketed natural gas by the end user.	14,190,593	14,988,899
3	Emissions associated with the portion of electricity marketed that has not been generated at plants owned by Endesa.	2,146,673	5,261,295

<sup>11</sup> "Market based": calculation methodology using the emission factor of the electricity supply company.

<sup>12</sup> "Location based": calculation methodology that uses the emission factor of the electricity grid to which the installations are connected.

## Intensity of emissions

The intensity of the emissions associated with electricity generation is calculated from the Scope 1 emissions from the consumption of fossil fuels for the production of electricity, divided by net electricity production. The Greenhouse Gas (GHG) emissions intensity of the electricity generation process is a target set in the Strategic Plan 2023-2025.

The following table shows the changes in emission intensity by type:

	Emissions type	
	Absolute (tonnes CO <sub>2</sub> )	Specific <sup>(1)</sup> (kgCO <sub>2</sub> /kWh)
2020	10,127,975	0.180
2021	10,512,071	0.182
2022	13,271,636	0.205

<sup>(1)</sup> The emissions intensity associated with the electricity generation process is calculated from the Scope 1 emissions from the consumption of fossil fuels for electricity production divided by the net electricity production.

## Greenhouse Gases (GHG) emission reduction target

Endesa's short-, medium- and long-term reduction targets for greenhouse gas (GHG) emissions are as follows:

Time horizon	Year	Targets
Short term	2025	<ul style="list-style-type: none"> <li>Specific Scope 1 greenhouse gases (GHG) emissions from electricity generation: 145 (gCO<sub>2</sub>eq/kWh). (~-67% compared to 2017).</li> <li>Specific Scope 1 and Scope 3 greenhouse gases (GHG) emissions from electricity supply (electricity generation plus purchases in the market): 140 (gCO<sub>2</sub>eq/kWh).</li> </ul>
Medium term	2030	<ul style="list-style-type: none"> <li>Specific Scope 1 greenhouse gases (GHG) emissions from electricity generation: &lt;95 (g/CO<sub>2</sub>eq/kWh). (~-80% compared to 2017).</li> <li>Specific Scope 1 and Scope 3 greenhouse gases (GHG) emissions from electricity supply (electricity generation plus purchases in the market): &lt;90 (gCO<sub>2</sub>eq/kWh).</li> </ul>
Long term	2040	<ul style="list-style-type: none"> <li>Total decarbonisation of electricity generation without using carbon dioxide (CO<sub>2</sub>) offset instruments.</li> </ul>

In 2021, Endesa undertook to make its energy mix completely emission-free by 2040. The definition of its 2023-2025 Strategic Plan increased the ambition of this commitment by setting an integrated target for generation and supply of electricity, so that all of the electricity it supplies will be free of emissions by 2040. 90% of the investment in the Plan is directly related to the United Nations Organisation (UN) Sustainable Development Goals, and more than 80% is in line with the European Union Taxonomy. (see sections 4.2 and 4.4 of this Consolidated Management Report).

Endesa's strategy, which is set out in its 2023-2025 Strategic Plan, responds to the current climate emergency and defines a decarbonisation pathway aligned with the 1.5°C target, covering the main direct and indirect emissions. Endesa thus contributes to the target certified by the Science Based Target initiative (SBTi) at Group level by its parent company, Enel. The company is thus accelerating the exit of its fossil fuel generation business

and gas sales to become a 100% renewable electricity company with no ties to emitting production technologies or fossil fuels, and has also set intermediate emissions targets for 2025 and 2030.

It should also be noted that, following the "Science Based Target initiative" (SBTi) methodology for setting emission reduction targets and assuming Scope 2 accounts for less than 5% of emissions (Scope 1 + 2), no reduction target has been set for Scope 2 emissions as they are not considered material.

With regard to other emissions, as part of the "Science Based Target initiative" (SBTi) certified at Enel Group level, Endesa aims to become "NET Zero" by 2040. In keeping with the aspiration to reach zero emissions, the use of neutralisation instruments would be considered for those emissions for which there is no emission-free technological solution.



## 9.2.2. Climate change initiatives

### CDP

In 2022, more than 680 institutional investors with assets worth USD 130 trillion and more than 280 large clients with USD 6.4 trillion in purchasing volume urged companies to disclose their performance regarding environmental impacts, risks and opportunities through the Carbon Disclosure Project (CDP) platform on climate change, hydrological security and forests. That same year, more than 19,000 companies and 1,100 cities, states and regions responded to the questionnaires proposed, revealing their environmental impacts.

Since 2006, Endesa has participated in the CDP Climate Change initiative, the most prestigious climate change index, which provides global information on the management of the risks and opportunities identified by the largest companies worldwide.

In 2022, Endesa renewed its “Leadership” rating for the sixth year running.

### Climate projects

Endesa continues to participate in the Climate Projects led by the Spanish Climate Change Office and, for the fourth consecutive year, it obtained the Certificate of Recognition of Verified Emission Reductions from the Ministry of Ecological Transition and Demographic Challenge, after a thorough verification process for its projects in 2022.

These Climate Projects are promoted by the Ministry of Ecological Transition and Demographic Challenge, through the Carbon Fund for Sustainable Economy (FES-CO<sub>2</sub>), with the primary objective of reducing greenhouse gases (GHG) emissions in the “non-ETS sectors” and of marking a path for transformation of the production system towards a low carbon model.

In 2022, Endesa was recognised for its verified emission reductions thanks to seven activities focused on the areas of mobility and sustainable engineering

Scope	Activities	Description
Mobility	Electric mobility plans for employees 2018 and 2019.	• These plans offered employees the option of an electric vehicle at a lower cost for an extendable period of three years.
	Electric Mobility Plan for work vehicles.	• This aimed to replace combustion vehicles used in travel for construction work at new renewable plants with 100% electric vehicles, thus reducing carbon dioxide (CO <sub>2</sub> ) emissions.
Sustainable engineering	Sustainable engineering in work involving solar power.	• This project involves the installation of photovoltaic panels in construction work for new renewable plants to generate electricity, thus reducing the consumption of fossil fuels in generators.

Through participation in Climate Projects, Endesa achieved recognition for the reduction of more than 437 tonnes of carbon dioxide (CO<sub>2</sub>) in 2022, totalling over 2,300 tonnes of carbon dioxide (CO<sub>2</sub>) avoided since the start of recognition of the Climate Projects.

## 9.3. Analysis of results

**Gross operating income (EBITDA)**

**5,565** Euro million

+30.1% compared to 2021

**Operating income (EBIT)**

**3,687** Euro million

+88.5% compared to 2021

**Net profit/(loss)**

**2,541** Euro million

+77.1% compared to 2021

**Net ordinary income**

**2,398** Euro million

+26.1% compared to 2021

Net income attributed to the parent amounted to Euro 2,541 million in 2022 compared to Euro 1,435 million in the previous year (+77.1%).

Net ordinary income for 2022 amounted to Euro 2,398 million, up 26.1% on the previous year.

The following effects should be considered when analysing net income for 2022:

Period	Effect	References <sup>(1)</sup>	Impact	
2022	<b>Sale of 51% of Endesa X Way, S.L.</b>	7.2, 14 and 26	▲ Euro 182 million	<ul style="list-style-type: none"> <li>Net income generated from the sale of 51% of the holding in Endesa X Way, S.L. to Enel X Way, S.r.l. and the recognition of the holding (49%) retained at fair value as a result of the loss of control over the company.</li> </ul>
	<b>Social Bonus</b>	10.3, 16.1 and 51	▲ Euro 125 million	<ul style="list-style-type: none"> <li>Ruling 202/2022, of 21 February 2022, handed down by the Supreme Court in Appeal No. 687/2017 acknowledged the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa has not passed on, either directly or indirectly, the cost of financing to customers, hence there are robust arguments to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of supply activities, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic.</li> </ul>
	<b>Ministerial Order TED/749/2022</b>	6	▼ Euro 135 million	<ul style="list-style-type: none"> <li>Recognition of the remuneration for distribution activity in 2017-2019 pursuant to Order TED/749/2022, of 27 July.</li> </ul>
	<b>Impairment of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla</b>	15.1	▼ Euro 27 million	<ul style="list-style-type: none"> <li>Accounting recognition of the impairment of cash-generating units (CGUs) for the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla.</li> </ul>
2021	<b>Impairment of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla</b>	15.1	▼ Euro 489 million	<ul style="list-style-type: none"> <li>Accounting recognition of the impairment of cash-generating units (CGUs) for the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla.</li> </ul>
	<b>Carbon dioxide (CO<sub>2</sub>) emission rights</b>	9.1 and 6	▲ Euro 195 million	<ul style="list-style-type: none"> <li>Recognition of the right to be compensated for the reduced remuneration as a generating company in the amount of the internalisation of carbon dioxide (CO<sub>2</sub>) emission rights assigned free of charge under the Spanish National Emission Rights Allocation Plan (PNA), which it did not have a legal duty to bear.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

Details of the most significant figures in Endesa's consolidated income statement for 2022 and their year-on-year changes are provided below:

Millions of Euro

	References <sup>(1)</sup>	Most significant figures			
		2022	2021	Difference	Chg (%)
<b>Revenue</b>	9	<b>32,896</b>	<b>20,899</b>	<b>11,997</b>	<b>57.4</b>
<b>Procurements and services</b>	10	<b>(23,394)</b>	<b>(15,364)</b>	<b>(8,030)</b>	<b>52.3</b>
<b>Income and expenses from energy stock derivatives</b>	11	<b>(2,217)</b>	<b>543</b>	<b>(2,760)</b>	<b>(508.3)</b>
<b>Contribution margin<sup>(2)</sup></b>		<b>7,285</b>	<b>6,078</b>	<b>1,207</b>	<b>19.9</b>
Self-constructed assets	3.2b.1 y 3.2e.3	335	320	15	4.7
Personnel expenses	12	(955)	(916)	(39)	4.3
Other fixed operating expenses	13	(1,353)	(1,239)	(114)	9.2
Other gains and losses	14	253	35	218	622.9
<b>Gross operating income (EBITDA)<sup>(2)</sup></b>		<b>5,565</b>	<b>4,278</b>	<b>1,287</b>	<b>30.1</b>
Depreciation and amortisation, and impairment losses on non-financial assets	15.1	(1,716)	(2,197)	481	(21.9)
Impairment losses on financial assets.	15.2	(162)	(125)	(37)	29.6
<b>Operating income (EBIT)<sup>(2)</sup></b>		<b>3,687</b>	<b>1,956</b>	<b>1,731</b>	<b>88.5</b>
<b>Net financial profit/(loss)<sup>(2)</sup></b>	16	<b>(215)</b>	<b>(31)</b>	<b>(184)</b>	<b>593.5</b>
<b>Income before tax</b>		<b>3,487</b>	<b>1,924</b>	<b>1,563</b>	<b>81.2</b>
<b>Net profit/loss<sup>(2)</sup></b>		<b>2,541</b>	<b>1,435</b>	<b>1,106</b>	<b>77.1</b>
<b>Net ordinary income<sup>(2)</sup></b>		<b>2,398</b>	<b>1,902</b>	<b>496</b>	<b>26.1</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> See definition in Section 7 of this Consolidated Management Report.

In 2022, EBITDA was Euro 5,565 million (+30.1%). The following effects should be taken into account when analysing this performance:

Period	Effect	References <sup>(1)</sup>	Impact	
	<b>Sale of 51% of Endesa X Way, S.L.</b>	72, 14 and 26	▲ Euro 238 million	<ul style="list-style-type: none"> <li>Net income generated from the sale of 51% of the holding of Endesa X Way, S.L. to Enel X Way, S.r.l. and the recognition of the holding (49%) retained at fair value as a result of the loss of control over such company.</li> </ul>
2022	<b>Social Bonus</b>	10.3, 16.1 and 51	▲ Euro 152 million	<ul style="list-style-type: none"> <li>Ruling 202/2022, of 21 February 2022, handed down by the Supreme Court in Appeal No. 687/2017 acknowledged the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa has not passed on, either directly or indirectly, the cost of financing to customers, hence there are robust arguments to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of supply activities, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic.</li> </ul>
	<b>Ministerial Order TED/749/2022</b>	6	▼ Euro 180 million	<ul style="list-style-type: none"> <li>Recognition of the remuneration for distribution activity in 2017-2019 pursuant to Order TED/749/2022, of 27 July.</li> </ul>
2021	<b>Carbon dioxide (CO<sub>2</sub>) emission rights</b>	9.1 and 16.1	▲ Euro 186 million	<ul style="list-style-type: none"> <li>Recognition of the right to be compensated for the reduced remuneration as a generating company in the amount of the internalisation of carbon dioxide (CO<sub>2</sub>) emission rights assigned free of charge under the Spanish National Emission Rights Allocation Plan (PNA), which it did not have a legal duty to bear (see section 10.6 of this Consolidated Management Report).</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

Profit from operations (EBIT) in 2022 increased by 88.5% compared to the same period in the previous year, and amounted to Euro 3,687 million. In order to analyse its

development, the change in EBITDA as well as the following effects have to be taken into consideration:

Period	Effect	References <sup>(1)</sup>	Impact	
2022	<b>Impairment of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla</b>	15.1	▼ Euro 36 million	<ul style="list-style-type: none"> <li>Accounting recognition of the impairment of cash-generating units (CGUs) for the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla.</li> </ul>
2021	<b>Impairment of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla</b>	15.1	▼ Euro 652 million	<ul style="list-style-type: none"> <li>Accounting recognition of the impairment of cash-generating units (CGUs) for the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

### 9.3.1. Revenue

In 2022, revenue stood at Euro 32,896 million, increased by Euro 11,997 million (+57.4%) on 2021.

The table below presents the detail of "Revenue" in the 2022 consolidated income statement and its changes with respect to the previous year:

Millions of Euro		Revenue			
	References <sup>(1)</sup>	2022	2021	Difference	Chg (%)
Revenue from sales and services	9.1	32,545	20,527	12,018	58.5
Other operating income	9.2	351	372	(21)	(5.6)
<b>TOTAL</b>	<b>9</b>	<b>32,896</b>	<b>20,899</b>	<b>11,997</b>	<b>57.4</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Revenue from sales and services

The table below presents the details of "Revenue from sales and services" in the 2022 consolidated income statement and the changes with respect to the previous year:

Millions of Euro

	References <sup>(1)</sup>	Revenue from sales and services			
		2022	2021	Difference	Chg (%)
Electricity sales		23,511	14,423	9,088	63.0
Sales to the deregulated market		14,966	9,161	5,805	63.4
Sales to the Spanish deregulated market		13,305	7,962	5,343	67.1
Sales to customers in deregulated markets outside Spain		1,661	1,199	462	38.5
Sales at regulated prices		2,985	2,608	377	14.5
Wholesale market sales		3,828	2,089	1,739	83.2
Compensation for Non-mainland Territories ("TNP")		1,578	565	1,013	179.3
Remuneration for investment in renewable energies		154	(25)	179	Na
Other electricity sales		–	25	(25)	(100.0)
Gas sales		6,121	2,898	3,223	111.2
Sales to the deregulated market		5,964	2,816	3,148	111.8
Sales at regulated prices		157	82	75	91.5
Regulated revenue from electricity distribution		1,879	2,059	(180)	(8.7)
Verifications and Hook-Ups		40	39	1	2.6
Rendering of services at facilities		33	26	7	26.9
Other sales and rendering of services		956	1,077	(121)	(11.2)
Sales related to Value Added Services		403	327	76	23.2
Proceeds due to capacity		17	17	–	–
Sales of other energy stocks		273	482	(209)	(43.4)
Provision of services and others		263	251	12	4.8
Lease revenue		5	5	–	–
<b>TOTAL</b>	<b>9.1</b>	<b>32,545<sup>(2)</sup></b>	<b>20,527<sup>(3)</sup></b>	<b>12,018</b>	<b>58.5</b>

<sup>(1)</sup> Notes to the Consolidated Annual Accounts for the year ended 31 December 2022.

<sup>(2)</sup> Includes Euro 32,326 million relating to revenue from ordinary activities from contracts with customers in 2022, of which Euro 30,886 million relates to performance obligations that Endesa meets over time and Euro 1,440 million relates to performance obligations that Endesa meets at a given point in time.

<sup>(3)</sup> Included Euro 20,265 million relating to revenue from ordinary activities from contracts with customers in 2021, of which Euro 19,659 million relates to performance obligations that Endesa meets over time and Euro 606 million relates to performance obligations that Endesa meets at a given point in time.

## Electricity sales to deregulated market customers

In 2022, sales in the deregulated market amounted to Euro 14,966 million (+63.4%), as follows:

Sales to the deregulated market	References <sup>(1)</sup>	Variation	
<b>Spain</b>	6	▲ Euro 5,343 million (+67.1%)	<ul style="list-style-type: none"> <li>The variation between both periods is due to the increased unitary price, mainly from indexed "Business to Business" (B2B) customers, together with an increase in the physical units sold (+3.7%) and an increase in the number of customers (+14.7%).</li> <li>In 2022, this heading included the recognition, at the supply companies, of the effect of the temporary adjustment of the production costs to reduce electricity prices on the wholesale market, pursuant to Royal Decree Law 10/2022, of 13 May, amounting to Euro 1,812 million.</li> </ul>
<b>Outside Spain</b>		▲ Euro 462 million (+38.5%)	<ul style="list-style-type: none"> <li>The increase of revenue from sales in monetary terms is due, mainly, to changes in the unitary price in the Portuguese market.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Electricity sales at a regulated price

Despite the reduction in the number of regulated market customers (-15.0%) and of the physical units sold (-23.3%) in 2022, these sales generated revenue of Euro 2,985 million, 14.5% higher than in 2021, due, mainly, to the price increase.

## Electricity sales in the wholesale market

Revenues from electricity sales in the wholesale market amounted to Euro 3,828 million, Euro 1,739 million higher (+83.2%) than in 2021, as follows:

Wholesale Market Sales	References <sup>(1)</sup>	Variation	
<b>Evolution of Units Sold and Electricity Prices during Financial Year 2022</b>	6 ▲	Euro 1,925 million	<ul style="list-style-type: none"> <li>The variation between the two periods is due to the increase in physical units sold (+42.2%) and the evolution of electricity prices during the period.</li> <li>In 2022 it also includes the recording, in the generation companies, of the effect of the temporary adjustment of production costs to reduce the price of electricity on the wholesale market in accordance with Royal Decree Law 10/2022 of 13 May, amounting to Euro 1,365 million.</li> </ul>
<b>Late Interest on the Compensation for Carbon Dioxide (CO<sub>2</sub>) Emission Rights for the Financial Year 2006</b>	▼	Euro 186 million	<ul style="list-style-type: none"> <li>In 2021, revenues from sales to the wholesale market included the recognition of the right to be compensated in the amount of the internalisation of carbon dioxide (CO<sub>2</sub>) emission rights allocated free of charge under the Spanish National Emission Rights Allocation Plan (NAP), which it was not legally obliged to bear (see Section 9.3.3 of this Consolidated Directors' Report), for Euro 186 million.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Remuneration for investment in renewable energies

Remuneration for investment in renewable energies in 2022 led to income of Euro 154 million. The following effects should be taken into account when analysing this performance:

Remuneration for investment in renewable energies	References <sup>(1)</sup>	Variation	
<b>Royal Decree-Law 6/2022 of 29 March</b>	6 ▼	Euro 64 million	<ul style="list-style-type: none"> <li>The remuneration for investment corresponding to 2022 amounted to Euro 31 million, affected by the impact of publication of Royal Decree-Law 6/2022, of 29 March, which approved the updating of the remuneration parameters for electricity generating facilities using renewable energies from 1 January 2022, updated by Order TED/1232/2022, of 2 December, which involved a reduction of Euro 64 million in this remuneration compared to the same period in 2021.</li> </ul>
<b>Adjustment for changes in the market price</b>	6 ▲	Euro 243 million	<ul style="list-style-type: none"> <li>In 2022, Endesa recognised total revenue of Euro 113 million for the reversal of liabilities due to market variation adjustments relating to those standard facilities (SF) that had recovered their net asset value (NAV) at 31 December 2022 and those facilities which ceased to receive a Return on Investment (RoI) from 1 January 2023 under the Proposed Order updating the remuneration parameters applicable to certain electricity production facilities for the following 2023–2025 semi-period.</li> <li>In 2021, due to high market prices, the adjustment for changes in market price (Euro 120 million) fully compensated the investment remuneration to be received for this period.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022

## Gas sales

Revenue from gas sales in 2022 totalled Euro 6,121 million, up Euro 3,223 million (+111.2%) on 2021, as follows:

Gas sales	Variation	
<b>Deregulated market</b>	▲ Euro 3,148 million (+111.8%)	<ul style="list-style-type: none"> <li>The variation between the two years is the result of the increased Business to Business (B2B) sales price.</li> </ul>
<b>Regulated price</b>	▲ Euro 75 million (+91.5%)	<ul style="list-style-type: none"> <li>Despite the decrease in physical units sold (-4.6%), changes in the unit price and the increase in the number of customers (+34.9%) led to an increase of these sales in monetary terms.</li> </ul>

## Compensation for Non-mainland Territories ("TNP")

In 2022, compensation for Non-mainland Territories ("TNP") generation cost overruns amounted to Euro 1,578 million, up Euro 1,013 million on the same period in the previous year, due mainly to increased fuel prices in international markets and the publication of Order TED/1315/2022, of 23 December.

## Electricity distribution

In 2022, Endesa distributed 131,813 GWh in the Spanish market, 0.6% more than in 2021.

Regulated revenue from the distribution activity in 2022 amounted to Euro 1,879 million, a reduction of Euro 180

million (-8.7%) with respect to the same period in the previous year, as a result, mainly, of the recognition of the update of the remuneration from distribution activity relating to 2017, 2018 and 2019, in accordance with Order TED/749/2022, of 27 July (see Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

## Sales of other energy stocks

Sales of other energy stocks with physical settlement fell by Euro 209 million, mainly due to the performance of settlement of carbon dioxide (CO<sub>2</sub>) emission rights derivatives, which must be analysed together with the decrease of the costs of carbon dioxide (CO<sub>2</sub>) emission rights amounting to Euro 128 million recorded under "Other variable procurements and services" in the Consolidated Income Statement.

The development of these items is partially the result of purchases and sales, in both periods, to cover the industrial risks caused by the variability of the market and the technologies involved in it, as well as regulatory threats, despite the increase in the average price of carbon dioxide (CO<sub>2</sub>) emission rights (+50.7%).

## Other operating income

Below are details of other operating income in 2022 and its year-on-year variation:

		Other operating income			
		References <sup>(1)</sup>	2022	2021	Difference
Charge to results of customer facilities ceded, hook-up extension rights and other liabilities from contracts with customers	272	171	167	4	2.4
Grants released to income		72	48	24	50.0
Guarantees of origin and other environmental certificates		33	6	27	450.0
Other allocations to profit/(loss) from grants <sup>(2)</sup>		39	42	(3)	(7.1)
Third party compensation		5 <sup>(3)</sup>	25	(20)	(80.0)
Other		103	132	(29)	(22.0)
<b>TOTAL<sup>(4)</sup></b>	9.2	<b>351</b>	<b>372</b>	<b>(21)</b>	<b>(5.6)</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> Relates to Euro 15 million in capital grants and Euro 24 million of operating grants in 2022 (Euro 15 million and Euro 27 million, respectively, in 2021).

<sup>(3)</sup> Includes re-settlements of distribution activity recorded in 2021 in the amount of Euro 29 million.

<sup>(4)</sup> Includes Euro 193 million relating to revenue from ordinary customer contracts during 2022 (Euro 182 million in 2021).

## Revenue according to the European Union Taxonomy

Endesa has classified the economic activities of its value chain into three categories – eligible-aligned, eligible-non-aligned and non-eligible – in accordance with the

European Union Taxonomy Regulation (see Section 1.5 of this Consolidated Management Report).

The percentage of the heading "Revenue" in the Consolidated Income Statement for 2022 and 2021 corresponding to each category of activities is presented below:

Millions of Euro

Revenue	2022 <sup>(1)</sup>		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
● Eligible-aligned activities <sup>(2)</sup>	3,595	10.9	5,677	27.2
● Eligible-non-aligned activities	6,469	19.7	9,750	46.6
● Non-eligible activities	22,832	69.4	5,472	26.2
<b>TOTAL</b>	<b>32,896</b>	<b>100.0</b>	<b>20,899</b>	<b>100.0</b>

<sup>(1)</sup> In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

<sup>(2)</sup> In the financial year 2022 correspond to Renewable Generation (2.8%), Energy Trading (0.0%), Trading of other Products and Services (1.0%) and Distribution (7.1%) (3.4%, 10.6%, 1.0% and 12.2%, respectively, in the financial year 2021).

## 9.3.2. Operating expenses

Operating expenses in 2022 totalled Euro 29,209 million, up 54.2% with respect to the previous year.

The table below presents the details of operating expenses in 2022 and their variations with respect to the previous year:

Millions of Euro

References <sup>(1)</sup>	Operating expenses			
	2022	2021	Difference	Chg (%)
Procurements and services	23,394	15,364	8,030	52.3
Power purchases <sup>10.1</sup>	12,901	7,603	5,298	69.7
Fuel consumption <sup>10.2</sup>	4,349	1,607	2,742	170.6
Transmission Expenses	3,603	4,425	(822)	(18.6)
Other variable procurements and services <sup>10.3</sup>	2,541	1,729	812	47.0
Taxes and charges	856	568	288	50.7
Tax on electricity production	6	151	(145)	(96.0)
Rate for the treatment of radioactive waste	218	210	8	3.8
Street lighting / works licences	310	205	105	51.2
Nuclear charges and taxes	97	119	(22)	(18.5)
Catalonia environmental tax	140	109	31	28.4
Water tax	2	(299)	301	Na
Other taxes and charges	83	73	10	13.7
Social Bonus discount rate	(2)	80	(82)	Na
Consumption of carbon dioxide (CO <sub>2</sub> ) emission rights	865	329	536	162.9
Guarantees of origin and other environmental certificates	109	12	97	808.3
Costs related to Value Added Services	217	184	33	17.9
Purchases of other energy stocks	220	348	(128)	(36.8)
Other	276	208	68	32.7
Income and expenses from energy stock derivatives <sup>11</sup>	2,217	(543)	2,760	Na
Self-constructed assets <sup>3.2b.1 and 3.2e.3</sup>	(335)	(320)	(15)	4.7
Personnel expenses <sup>12</sup>	955	916	39	4.3
Other fixed operating expenses <sup>13</sup>	1,353	1,239	114	9.2
Other gains and losses <sup>14</sup>	(253)	(35)	(218)	622.9
Depreciation and amortisation, and impairment losses on non-financial assets <sup>15.1</sup>	1,716	2,197	(481)	(21.9)
Impairment losses on financial assets. <sup>15.2</sup>	162	125	37	29.6
<b>TOTAL</b>	<b>29,209</b>	<b>18,943</b>	<b>10,266</b>	<b>54.2</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Procurements and services (variable costs)

Procurements and services (variable costs) totalled Euro 23,393 million in 2022, 52.3% more than in the same period of the previous year.

Procurements and Services	References <sup>(4)</sup>	Variation	
<b>Power purchases</b>	6 ▲	Euro 5,298 million (+69.7%)	<ul style="list-style-type: none"> <li>The changes include the increase in the amount corresponding to electricity purchases, due to the increase in the average arithmetic price on the wholesale electricity market (Euro 167.5/MWh, +49.7%) and the physical units purchased (+58.7%), and the increase in the value of gas purchases, due mainly to the increase in its average price (Euro 123.4/MWh, +164.8%).</li> <li>2022 includes the effect of the temporary adjustment of production costs to reduce electricity prices on the wholesale market, pursuant to Royal Decree Law 10/2022, of 13 May, amounting to Euro 1,812 million.</li> </ul>
<b>Fuel consumption</b>	▲	Euro 2,742 million (+170.6%)	<ul style="list-style-type: none"> <li>The increase is due to the performance of commodity prices and to the increased combined-cycle production on the mainland (+74.7%) and in the Non-mainland Territories ("TNP") (+9.7%).</li> </ul>
<b>Other variable procurements and services</b>	▲	Euro 812 million (+47.0%)	
Tax on electricity production	6 ▼	Euro 145 million	<ul style="list-style-type: none"> <li>The reduction is a consequence of the extension of the temporary suspension of the Tax on the Value of Electricity Production under Royal Decree Law 6/2022 of 29 March and Royal Decree Law 11/2022 of 25 June until 31 December 2022 (extended until 31 December 2023 by Royal Decree Law 20/2022 of 27 December).</li> </ul>
Street lighting / works licences	▲	Euro 105 million (+51.2%)	<ul style="list-style-type: none"> <li>The increase is mainly the result of the increase in revenue from electricity sales (+63.0%), which provides the basis for the calculation of this tax.</li> </ul>
Nuclear charges and taxes	▼	Euro 22 million (-18.5%)	<ul style="list-style-type: none"> <li>2022 included an expense reversal of Euro 16 million, as a result of the returns signed in compliance by the tax authorities in relation to the tax on the production of nuclear fuel used and radioactive waste from the Almaraz and Trillo nuclear power plants.</li> </ul>
Water tax	▲	Euro 301 million	<ul style="list-style-type: none"> <li>2021 included revenue of Euro 300 million corresponding to the declaration of the unenforceability of the state water tax under the Supreme Court ruling of 19 April 2021.</li> </ul>
Catalonia environmental tax	▲	Euro 31 million (+28.4%)	<ul style="list-style-type: none"> <li>Under the Decree Law 4/2022, of 5 April, of the Catalonia Government, the expense relating to this tax increased from 1 April, calculated pursuant to Law 5/2020, of 29 April, of the Catalonia Government.</li> </ul>
Social Bonus discount rate	6 and 51 ▼	Euro 82 million	<ul style="list-style-type: none"> <li>By Ruling 202/2022 of 21 February 2022, handed down by the Supreme Court in Appeal number 687/2017, Endesa, S.A.'s right is recognised to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa, S.A. has not directly or indirectly passed on the cost of financing to customers, hence there are robust arguments to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of supply activities, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic. For this reason, income in the amount of Euro 152 million has been recorded in the financial year 2022 in respect of this item.</li> <li>This heading includes the recognition of Euro 18 million relating to the reversal of the unpaid amounts accrued relating to Settlement 12 of 2021 ultimately not issued by the Spanish Markets and Competition Commission ("CNMC"), in relation to the financing and co-financing of the Social Bonus with the public administrations as a result of the Supreme Court Ruling 202/2022, of 21 February 2022, handed down in Appeal 687/2017, declaring the non-applicability of the Social Bonus financing system and the cost of supplying electricity to consumers at risk of social exclusion set forth in article 45.4 of Law 24/2013, of 26 December, since they are incompatible with Directive 2009/72/EC, of the European Parliament and of the Council, of 13 July 2009, on common rules for the internal electricity market.</li> <li>2022 also includes the net accrual of the Social Bonus, pursuant to Royal Decree Law 6/2022, of 29 March, considering the financing percentages established in Order TED 733/2022, of 22 July, amounting to Euro 160 million.</li> </ul>

<sup>(4)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.



Procurements and Services	References <sup>(1)</sup>	Variation
Consumption of Carbon dioxide (CO <sub>2</sub> ) emission rights	▲	Euro 536 million (+162.9%)
Guarantees of origin and other environmental certificates	▲	Euro 97 million

• The variation between both periods is due to the average price of carbon dioxide (CO<sub>2</sub>) emission rights (+50.7%), together with the increase in tonnage (+24.6%) due to increased production.

• The variation between the periods is due to changes in the average price of guarantees of origin (540%), together with increased consumption of these in line with the boost to generation and supply of electricity from renewable energies.

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Income and expenses from energy stock derivatives

Below are details of the revenue and expenses arising from energy stocks derivatives in 2022 and their changes with respect to the previous year:

Millions of Euro

	References <sup>(1)</sup>	2022	2021	Difference	Chg (%)
<b>Revenue</b>	41.5				
<b>Revenue from derivatives designated as hedging instruments</b>		<b>3,592</b>	<b>1,463</b>	<b>2,129</b>	<b>145.5</b>
Revenue from cash flow hedging derivatives <sup>(2)</sup>		3,592	1,463	2,129	145.5
<b>Income from derivatives at fair value with changes in profit/loss</b>		<b>5,773</b>	<b>6,230</b>	<b>(457)</b>	<b>(7.3)</b>
Revenue from fair value derivatives recognised in the income statement		5,773	6,230	(457)	(7.3)
<b>Total revenue</b>		<b>9,365</b>	<b>7,693</b>	<b>1,672</b>	<b>21.7</b>
<b>Expenses</b>	41.5				
<b>Expenses from derivatives designated as hedging instruments</b>		<b>(5,058)</b>	<b>(908)</b>	<b>(4,150)</b>	<b>457.0</b>
Expenses from cash flow hedging derivatives <sup>(2)</sup>		(5,058)	(908)	(4,150)	457.0
<b>Expenses from derivatives at fair value with changes in profit/loss</b>		<b>(6,524)</b>	<b>(6,242)</b>	<b>(282)</b>	<b>4.5</b>
Expenses from fair value derivatives recognised in the income statement		(6,524)	(6,242)	(282)	4.5
<b>Total expenses</b>		<b>(11,582)</b>	<b>(7,150)</b>	<b>(4,432)</b>	<b>62.0</b>
<b>TOTAL</b>	11	<b>(2,217)</b>	<b>543</b>	<b>(2,760)</b>	<b>(508.3)</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> At 31 December 2022, this included Euro 293 million, negative, corresponding to the impact on the income statement due to ineffectiveness (Euro 35 million net, negative, at 31 December 2021).

In line with its General Risk Control and Management Policy, Endesa uses financial instruments (derivatives) to hedge the risks to which its activities are exposed. The use of derivatives is essential for Endesa to plan its operations, as they ensure the revenue to be obtained when delivering the products and the cost of the raw materials used in the production processes. This enables it to manage such risks without the business being exposed to changes in spot

prices (see section 6.4 of this Consolidated Management Report).

In 2022, total revenue and expenses arising from energy stocks derivatives amounted to Euro 2,217 million, negative, in comparison with a gain of Euro 543 million in the same period in the previous year, due to the changes in the assessment and settlement of electricity derivatives and, mainly, gas derivatives as a result of the current

climate of the energy markets, the impact of the conflict between Russia and Ukraine on the main European gas market which, in turn, has affected electricity prices significantly (see Note 5.2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

## Fixed operating expenses

Below are details of other fixed operating expenses in 2022 and their year-on-year variation:

Millions of Euro

	References <sup>(1)</sup>	Fixed operating expenses			
		2022	2021	Difference	Chg (%)
Self-constructed assets	3.2b.1 y 3.2e.3	(335)	(320)	(15)	4.7
Personnel expenses	12	955	916	39	4.3
Other fixed operating expenses	13	1,353	1,239	114	9.2
<b>TOTAL</b>		<b>1,973</b>	<b>1,835</b>	<b>138</b>	<b>7.5</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

In 2022, fixed operating costs amounted to Euro 1,973 million, an increase of Euro 138 million (+7.5%), in comparison with 2021, as a result, inter alia, of:

Fixed operating expenses	References <sup>(1)</sup>	Variation	
<b>Wages and salaries</b>	12	▲ Euro 34 million (+5.0%).	• Higher personnel costs mainly due to the effect of inflation (see Section 5.1 of this Consolidated Management Report) and the improvement in the employee productivity ratio.
<b>Workforce restructuring plans</b>	37.2	▲ Euro 2 million	• The changes are due to the restatement of provisions for workforce restructuring plans.
<b>Repair, maintenance and upkeep</b>	13	▲ Euro 33 million (+12.0%)	• The increase is mainly due to recognition of the higher costs of maintenance and repair work at medium and low voltage electricity distribution facilities (Euro 29 million).
<b>Disciplinary proceedings</b>	13	▲ Euro 33 million	• The increase is due, among other things, to the recognition of certain disciplinary proceedings relating to the generation and energy supply business line (Euro 18 million and the distribution business line (Euro 15 million).
<b>Commercial activity services</b>	13	▲ Euro 10 million (+11.5%)	• The increase is due to higher costs in commercial activities, particularly with business-to-customer (B2C) customers.

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Other fixed operating expenses according to the European Union Taxonomy

Endesa classifies the economic activities of its value chain into three categories - eligible-aligned, eligible-non-aligned and ineligible - in accordance with the European Union Taxonomy Regulations (see Section 1.5 of this Consolidated Management Report).

The following is a presentation of the percentage of costs included under the heading "Other fixed operating costs" in the Consolidated Income Statement for 2022 and 2021 considered susceptible to classification in the categories of activities in accordance with the European Union (EU) Taxonomy Regulations. These costs correspond mainly to Repairs and Maintenance, as well as Insurance Premiums:

Millions of Euros

Other fixed operating costs	2022 <sup>(1)</sup>		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
● Eligible-aligned activities <sup>(2)</sup>	134	41.4	147	38.8
● Eligible-non-aligned activities	59	18.2	7	1.9
● Non-eligible activities	131	40.4	224	59.3
<b>TOTAL</b>	<b>324</b>	<b>100.0</b>	<b>378</b>	<b>100.0</b>

<sup>(1)</sup> In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

<sup>(2)</sup> In 2022 correspond to Renewable Generation (12.0%), Energy Trading (0.0%), Trading of other Products and Services (0.6%) and Distribution (28.7%) (13.7%, 0.5%, 0.5%, 0.5% and 24.1%, respectively, in 2021).

## Other gains and losses

The main items in 2022 and 2021 were as follows:

Millions of Euro

References <sup>(1)</sup>	Other gains and losses			
	2022	2021	Difference	Chg (%)
<b>Disposals of investments in Group companies and other</b>	<b>239</b>	<b>—</b>	<b>239</b>	<b>Na</b>
Holding of 51% of Endesa X Way, S.L. 72, 14, 26 and 47.1	121 <sup>(2)</sup>	—	121	Na
Results recognised as a consequence of the loss of control of Endesa X Way, S.L. 26	117 <sup>(2)</sup>	—	117	Na
Holding of 40% of Boiro Energía, S.A. and Depuración Destilación Reciclaje, S.L. 72, 14 and 26	1	—	1	Na
<b>Non-current asset disposals</b>	<b>14</b>	<b>35</b>	<b>(21)</b>	<b>(60.0)</b>
Guadarranque photovoltaic solar plant (San Roque, Cádiz) <sup>(3)</sup>	—	30	(30)	(100.0)
Land located in Alcudia (Balearic Islands) <sup>(4)</sup>	13	—	13	Na
Other <sup>(5)</sup>	1	5	(4)	(80.0)
<b>TOTAL</b> 14	<b>253</b>	<b>35</b>	<b>218</b>	<b>622.9</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> Euro 182 million net of tax effect.

<sup>(3)</sup> Euro 22 million net of tax effect.

<sup>(4)</sup> Euro 10 million net of tax effect.

<sup>(5)</sup> Relates to gross capital gains generated by the sale of land and real estate.

### Endesa X Way, S.L.

On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its holding in Endesa Movilidad Eléctrica, S.L.U., currently known as Endesa X Way, S.L., to Enel X Way, S.r.l. (company of the Enel Group, parent of the electric mobility business), amounting to Euro 122 million, generating a gross capital gain of Euro 121 million.

For Endesa, this sales operation meant the loss of control over Endesa X Way, S.L., hence a retained holding was recognised in that company for its fair value, leading to the recognition of a gross gain of Euro 117 million.

## Gross operating income (EBITDA) according to the European Union Taxonomy

The following is a presentation of the percentage of the heading "Gross operating income (EBITDA)" in the Consolidated Income Statement for 2022 and 2021

corresponding to each category of activities under the European Union Taxonomy Regulations (see section 1.5. of this Consolidated Management Report):

Millions of Euro

	2022 <sup>(1)</sup>		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Gross operating income (EBITDA)</b>				
● Eligible-aligned activities <sup>(2)</sup>	2,667	47.9	2,751	64.3
● Eligible-non-aligned activities	650	11.7	3,37	7.9
● Non-eligible activities	2,248	40.4	1,190	27.8
<b>TOTAL</b>	<b>5,565</b>	<b>100.0</b>	<b>4,278</b>	<b>100.0</b>

<sup>(1)</sup> In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

<sup>(2)</sup> In financial year 2022 correspond to Renewable Generation (11.4%), Energy Trading (0.0%), Trading of other Products and Services (6.0%) and Distribution (30.6%) (15.8%, 1.7%, 1.4% and 45.4%, respectively, in financial year 2021).

## Depreciation and amortisation, and impairment losses on non-financial assets

During 2022 and 2021, the details of this consolidated income statement heading were as follows:

Millions of Euro

Depreciation and amortisation, and impairment losses					
	References <sup>(1)</sup>	2022	2021	Difference	Chg (%)
<b>DEPRECIATION AND AMORTISATION</b>	<b>8.2.1</b>	<b>1,653</b>	<b>1,529</b>	<b>124</b>	<b>8.1</b>
Provision for the depreciation of property, plant and equipment	20	1,334	1,266	68	5.4
Provision for amortisation of intangible assets	23	319	263	56	21.3
<b>IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS</b>		<b>63</b>	<b>668</b>	<b>(605)</b>	<b>(90.6)</b>
<b>Provision for impairment losses</b>	<b>8.2.1</b>	<b>98</b>	<b>668</b>	<b>(570)</b>	<b>(85.3)</b>
Provision for impairment losses on property, plant and equipment and investment property		95	667	(572)	(85.8)
Mainland coal-fired thermal power plants <sup>(2)</sup>	3.2f.4 and 20	33	4	29	725.0
Cash generating units (CGUs) in Non-mainland Territories ("TNP") <sup>(3)</sup>	3.2f.4 and 20	60	652	(592)	(90.8)
Other property, plant and equipment and investment property	20 and 22	2	11	(9)	(81.8)
Provision for impairment losses on intangible assets	8.2.1 y 23	3	1	2	200.0
<b>Reversal of impairment losses</b>	<b>8.2.1</b>	<b>(35)</b>	<b>—</b>	<b>(35)</b>	<b>Na</b>
Reversal of impairment losses on property, plant and equipment and investment property		(35)	—	(35)	Na
Mainland coal-fired thermal power plants	3.2f.4 and 20	(5)	—	(5)	Na
Cash generating units (CGUs) in Non-mainland Territories ("TNP") <sup>(3)</sup>	3.2f.4 and 20	(24)	—	(24)	Na
Other property, plant and equipment and investment property	22	(6)	—	(6)	Na
Reversal of impairment losses on intangible assets	23	—	—	—	Na
Reversal of impairment losses on goodwill	24	—	—	—	Na
<b>TOTAL</b>	<b>15.1</b>	<b>1,716</b>	<b>2,197</b>	<b>(481)</b>	<b>(21.9)</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> Includes the impairment charge for the Los Barrios Port Terminal in Cádiz, amounting to Euro 30 million and Euro 1 million, respectively.

<sup>(3)</sup> Relates to the impairment charge for the cash generating units (CGUs) for each of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla, for a total net amount of Euro 36 million and Euro 652 million, respectively.

Depreciation and amortisation, and impairment losses on non-financial assets in 2022 totalled Euro 1,716 million, down Euro 481 million (-21.9%) on the same period of the previous year, as a result mainly of the following aspects:

Depreciation and amortisation, and impairment losses on non-financial assets	References <sup>(1)</sup>	Variation	
<b>Cash generating units (CGUs) for each of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla.</b>	3.2f), 6 and 15.1	▼ Euro 616 million (-94.5%)	<ul style="list-style-type: none"> <li>Accounting recognition in 2022 and 2021 of an impairment charge for the cash generating units (CGUs) for each of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla, for a total amount of Euro 36 million and Euro 652 million, respectively (Euro 27 million and Euro 489 million net of tax effects, respectively) in order to adjust the carrying amounts of these assets to their recoverable value (see section 9.3.6 of this Consolidated Management Report).</li> </ul>
<b>Los Barrios Port terminal in Cádiz)</b>	3.2f) and 15.1	▲ Euro 29 million	<ul style="list-style-type: none"> <li>The recognition, in 2022 and 2021, of the impairment charge for the Los Barrios Port Terminal (Cádiz) for an amount of Euro 30 million (Euro 22 million, net of tax effect) and Euro 1 million, respectively, considering as a time horizon the current concession of the Terminal, which ends in 2032. The request for the extension of the aforementioned concession until 2057, which is based on the investment in the execution phase of the Liquefied Natural Gas (LNG) project at the Terminal, is in the process of being resolved.</li> </ul>
<b>Depreciation and amortisation expense</b>		▲ Euro 124 million (+8.1%)	<ul style="list-style-type: none"> <li>The increase in depreciation and amortisation corresponds in part to the investment effort in renewable electricity-production systems and facilities and electricity distribution, in line with the Strategic Plan, and the commercial drive, which has increased capitalisation of the incremental costs incurred in winning contracts with customers.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Impairment losses on financial assets

During 2022 and 2021, the details of this consolidated income statement heading were as follows:

Millions of Euro

	References <sup>(1)</sup>	2022	2021	Difference	Chg (%)
<b>Provision for impairment losses</b>	8.2.1 and 41.1.3	<b>381</b>	<b>294</b>	<b>87</b>	<b>29.6</b>
Provision for impairment losses on receivables from contracts with customers		381	294	87	29.6
Provision for impairment losses on other financial assets		—	—	—	Na
<b>Reversal of impairment losses</b>	8.2.1 and 41.1.3	<b>(219)</b>	<b>(169)</b>	<b>(50)</b>	<b>29.6</b>
Reversal of impairment losses on receivables from contracts with customers		(218)	(169)	(49)	29.0
Reversal of impairment losses on other financial assets		(1)	—	(1)	Na
<b>TOTAL</b>	15.2	<b>162</b>	<b>125</b>	<b>37</b>	<b>29.6</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

In 2022, net impairment losses on financial assets amounted to Euro 162 million, relating, almost entirely, to net impairment losses on receivables from contracts with customers.

These changes are due mainly to the deterioration in payment behaviour, both among business-to-customer

(B2C) customers, especially the most vulnerable customers operating in the regulated market, and small energy supply companies, amounting to Euro 33 million and Euro 4 million, respectively.

### 9.3.3. Net financial profit/(loss)

The Group reported net financial profit/(loss) of Euro 215 million and Euro 31 million in 2022 and 2021, respectively.

The table below presents the details of net financial profit/(loss) in 2022 and its variations with respect to the previous year:

Millions of Euro

	References <sup>(1)</sup>	Net financial profit/(loss) <sup>(2)</sup>			
		2022	2021	Difference	Chg (%)
Net financial loss		(192)	(25)	(167)	668.0
Financial income		236	163	73	44.8
Financial expense		(343)	(177)	(166)	93.8
Income and expenses on derivative financial instruments		(85)	(11)	(74)	672.7
Net exchange differences		(23)	(6)	(17)	283.3
<b>TOTAL</b>	<b>16</b>	<b>(215)</b>	<b>(31)</b>	<b>(184)</b>	<b>593.5</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> See definition in Section 7 of this Consolidated Management Report.

### Net financial loss

In 2022, the net financial loss amounted to Euro 192 million, up Euro 167 million on the same period in the previous year. The following effects should be considered when analysing the net financial loss in 2022:

Millions of Euro

	Net financial loss <sup>(1)</sup>			
	2022	2021	Difference	Chg (%)
Net expense for financial liabilities at amortised cost	(235)	(128)	(107)	83.6
Income from financial assets at amortised cost	2	1	1	–
Update of provisions for workforce restructuring plans, dismantling of facilities and impairment of financial assets in accordance with IFRS 9 "Financial Instruments"	43	10	33	330.0
Late-payment interest on the compensation of carbon dioxide (CO <sub>2</sub> ) emission rights in 2006	5	73	(68)	(93.2)
State water tax	–	48	(48)	(100.0)
Late-payment interest under the Social Bonus ruling	16	–	16	Na
Factoring transaction fees	(41)	(27)	(14)	51.9
Other	18	(2)	20	–
<b>TOTAL</b>	<b>(192)</b>	<b>(25)</b>	<b>(167)</b>	<b>668.0</b>

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

The performance of these costs in 2022 was:

Net financial loss	References <sup>(1)</sup>	Variation	
<b>Net expense for financial liabilities at amortised cost</b>		▲ Euro 107 million (+83.6%)	<ul style="list-style-type: none"> <li>Average gross borrowings increased from Euro 9,375 million in 2021 to Euro 16,442 million in 2022. This was mainly due to the increase in financial deposits tied up as a result of trading on the organised markets that Endesa uses to arrange its derivative financial instruments.</li> <li>The average cost of gross borrowings fell from 1.5% in 2021 to 1.4% in 2022.</li> </ul>
<b>Provisions for workforce restructuring plans, dismantling and the impairment of financial assets (IFRS 9)</b>		▼ Euro 33 million (+330.0%)	<ul style="list-style-type: none"> <li>The changes are due mainly to the restatement of provisions for workforce restructuring plans and for decommissioning.</li> </ul>
<b>Late-payment interest on the offset of carbon dioxide (CO<sub>2</sub>) emission rights in 2006</b>		▲ Euro 68 million (-93.2%)	<ul style="list-style-type: none"> <li>In 2022 and 2021, late-payment interest is included in relation to the entitlement to be compensated for the reduction of remuneration as a generating company by the amount of the internalisation of the carbon dioxide (CO<sub>2</sub>) emission rights allocated free of charge by the Spanish National Emissions Allocation Plan ("PNA"), which it does not have a legal duty to bear, amounting to Euro 5 million and Euro 73 million, respectively.</li> </ul>
<b>State water tax</b>		▲ Euro 48 million	<ul style="list-style-type: none"> <li>In 2021 late-payment interest accrued as income as a result of the declaration of the unenforceability of the state water tax under the Supreme Court ruling of 19 April 2021.</li> </ul>
<b>Late-payment interest Social Bonus ruling</b>	6 and 51	▼ Euro 16 million	<ul style="list-style-type: none"> <li>In 2022 the company recognised Euro 16 million as late-payment interest as a result of the acknowledgement of the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Net exchange differences

Net exchange differences reflected losses of Euro 23 million in 2022 (net exchange losses of Euro 6 million in 2021).

The variation is due mainly to the fluctuations in the EUR/USD exchange rate for 2022 and its impact, mainly on borrowings, associated with rights of use corresponding to charter agreements for the transmission of liquefied natural gas (LNG).

### 9.3.4. Net income from companies accounted for using the equity method

In 2022 and 2021, the net income of the companies accounted for using the equity method amounted to Euro 15 million, positive, and Euro 1 million, negative, respectively, as follows:

Millions of Euro

References <sup>(1)</sup>	Net profit/(loss) of companies accounted for using the equity method	
	2022	2021
<b>Associates</b>	<b>13</b>	<b>1</b>
Tecnatom, S.A.	–	(2)
Energías Especiales del Bierzo S.A.	4	2
Gorona del Viento El Hierro, S.A.	1	1
Boiro Energía, S.A.	2	(2)
Compañía Eólica Tierras Altas, S.A.	3	1
Endesa X Way, S.L.	(4)	–
Other	7	1
<b>Joint Ventures</b>	<b>2</b>	<b>(2)</b>
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	–	(17)
Front Marítim del Besòs, S.L.	(2)	–
Nuclenor, S.A.	(7)	2
Énergie Électrique de Tahaddart, S.A.	2	1
Suministradora Eléctrica de Cádiz, S.A.	4	3
Other	5	9
<b>TOTAL</b>	<b>15</b>	<b>(1)</b>

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

#### Nuclenor, S.A.

In 2022 and 2021, the results of the 50% interest in Nuclenor, S.A. include the provision recognised to cover the estimated additional costs to be incurred by the

Company until the dismantling authorisation and transfer of ownership to Empresa Nacional de Residuos Radiactivos, S.A. S.M.E., (Enresa) to carry out its dismantling, which will conclude with the release of the site.

### 9.3.5. Income tax expense

In 2022, income tax expense amounted to Euro 891 million, an increase of Euro 424 million (+90.8%) compared with the amount recorded in 2021 (see Note 18 to the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

The effective tax rate for 2022 was 25.6% (24.3% in 2021) as a result of non-deductible expenses and provisions

amounting to Euro 41 million, the limitation on the exemption of dividends and capital gains in force since 1 January 2021 in the amount of Euro 19 million. These were partially offset by the materialisation of tax credits and deductions charged to profit or loss for a total amount of Euro 39 million.



### 9.3.6. Net income and net ordinary income

Net income attributable to the Parent in 2022 totalled Euro 2,541 million, up Euro 1,106 million (+77.1%) from 2021.

Net ordinary income attributable to the Parent in 2022 amounted to Euro 2,398 million (+26.1%), as follows:

Millions of Euro

	Sections	2022	2021	Difference	Chg (%)
<b>Net income<sup>(1)</sup></b>		<b>2,541</b>	<b>1,435</b>	<b>1,106</b>	<b>77.1</b>
Net gain/(loss) on disposal of non-financial assets <sup>(2)</sup>	9.3.2	(192)	(22)	(170)	772.7
Results recognised as a consequence of the loss of control of Endesa X Way, S.L.		(182)	–	(182)	Na
Land located in Alcudia (Balearic Islands)		(10)	–		
Guadarranque photovoltaic facility located in San Roque (Cádiz)		–	(22)	22	(100.0)
Net impairment losses on non-financial assets <sup>(2)</sup>	9.3.2	49	489	(440)	(90.0)
Mainland coal-fired thermal power plants		22	–	22	Na
Cash-Generating Units (CGUs) in Non-mainland Territories ("TNP")		27	489	(462)	(94.5)
<b>Net ordinary income<sup>(1)</sup></b>		<b>2,398</b>	<b>1,902</b>	<b>496</b>	<b>26.1</b>

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

<sup>(2)</sup> Above Euro 10 million.

## 9.4. Value created for stakeholders

The economic value generated and distributed by Endesa in 2022 and 2021 was as follows:

Millions of Euro

	References <sup>(1)</sup>	Sections	2022	2021	Difference	Chg (%)
<b>Direct economic value generated</b>			<b>31,183</b>	<b>21,639</b>	<b>9,544</b>	<b>44.1</b>
Revenue from sales and services	9.1	9.3.1	32,545	20,527	12,018	58.5
Other operating income	9.2	9.3.1	351	372	(21)	(5.6)
Net profit/(loss) of companies accounted for using the equity method	17 and 26.1	9.3.4	15	(1)	16	(1,600.0)
Income and expenses from energy stock derivatives	11	9.3.2	(2,217)	543	(2,760)	(508.3)
Other gains/losses and finance income	14 and 16.1	9.3.2	489	198	291	147.0
Financial income			236	163	73	44.8
Other gains and losses			253	35	218	622.9
<b>Economic value distributed to:</b>			<b>(28,717)</b>	<b>(19,710)</b>	<b>(9,007)</b>	<b>45.7</b>
Shareholders		19.2	(1,679)	(1,522)	(157)	10.3
Companies: Customers, suppliers and contractors			(23,781)	(15,923)	(7,858)	49.3
Power purchases	10.1	9.3.2	(12,901)	(7,603)	(5,298)	69.7
Fuel consumption	10.2	9.3.2	(4,349)	(1,607)	(2,742)	170.6
Transmission costs		9.3.2	(3,603)	(4,425)	822	(18.6)
Other variable procurements and services	10.3	9.3.2	(2,541)	(1,729)	(812)	47.0
(Taxes and charges in variable procurements)	10.3		856	568	288	50.7
Other fixed operating expenses	13	9.3.2	(1,353)	(1,239)	(114)	9.2
(Taxes and charges in fixed costs)	13		110	112	(2)	(1.8)
Employees	12	9.3.2	(955)	(916)	(39)	4.3
Public authorities			(1,857)	(1,147)	(710)	61.9
Income tax	18	9.3.5	(891)	(467)	(424)	90.8
Taxes and charges	10.3 and 13		(966)	(680)	(286)	42.1
Investment in social development <sup>(2)</sup>			(17)	(14)	(3)	21.4
Financial community	16	9.3.3	(428)	(188)	(240)	127.7
Financial expense			(343)	(177)	(166)	93.8
Income and expenses on derivative financial instruments			(85)	(11)	(74)	672.7
<b>Economic value retained</b>			<b>2,466</b>	<b>1,929</b>	<b>537</b>	<b>27.8</b>

<sup>(1)</sup> Notes to the consolidated financial statements for the year ended 31 December 2022.

<sup>(2)</sup> Calculated in accordance with the "London Benchmarking Group" (LBG) methodology

# 10. Equity and financial analysis

## 10.1. Net capital invested and financing

Below are the details of the breakdown and changes in Endesa's net capital invested at 31 December 2022 and 31 December 2021:

Millions of Euro

	References <sup>(1)</sup>	31 December 2022	31 December 2021	Difference
<b>Net non-current assets:</b>				
Property, plant and equipment and intangible assets	<sup>20 and 23</sup>	23,974	23,639	335
Goodwill	<sup>24</sup>	462	462	—
Investments accounted for using the equity method	<sup>26</sup>	274	180	94
Other net non-current assets/(liabilities)		(5,454)	(4,282)	(1,172)
<b>Total net non-current assets <sup>(2)</sup></b>		<b>19,256</b>	<b>19,999</b>	<b>(743)</b>
<b>Net working capital:</b>				
Trade receivables for sales and services and other receivables	<sup>32</sup>	5,472	5,024	448
Inventories	<sup>31</sup>	2,122	1,343	779
Other net current assets/(liabilities)		(1,066)	(2,226)	1,160
Suppliers and other payables	<sup>40</sup>	(6,219)	(6,071)	(148)
<b>Total net working capital <sup>(2)</sup></b>		<b>309</b>	<b>(1,930)</b>	<b>2,239</b>
<b>Gross invested capital <sup>(2)</sup></b>		<b>19,565</b>	<b>18,069</b>	<b>1,496</b>
<b>Deferred tax assets and liabilities and provisions:</b>				
Provisions for pensions and other similar obligations	<sup>371</sup>	(278)	(659)	381
Other provisions	<sup>373</sup>	(3,922)	(3,936)	14
Deferred tax assets and liabilities	<sup>25</sup>	1,238	876	362
<b>Total deferred tax assets and liabilities and provisions</b>		<b>(2,962)</b>	<b>(3,719)</b>	<b>757</b>
<b>Non-current assets classified as held for sale and discontinued operations</b>		<b>27</b>	<b>—</b>	<b>27</b>
<b>Net invested capital <sup>(2)</sup></b>		<b>16,660</b>	<b>14,350</b>	<b>2,280</b>
<b>Equity <sup>(3)</sup></b>	<sup>35</sup>	<b>5,761</b>	<b>5,544</b>	<b>217</b>
<b>Net financial debt <sup>(2) (4)</sup></b>	<sup>41.3</sup>	<b>10,869</b>	<b>8,806</b>	<b>2,063</b>

<sup>(1)</sup> Notas de la Memoria de las Cuentas Anuales Consolidadas correspondientes al ejercicio anual terminado a 31 de diciembre de 2022.

<sup>(2)</sup> Véase definición en el Apartado 7 de este Informe de Gestión Consolidado.

<sup>(3)</sup> Véase Apartado 10.3 de este Informe de Gestión Consolidado.

<sup>(4)</sup> Véase Apartado 10.2 de este Informe de Gestión Consolidado.

At 31 December 2022, gross invested capital stood at Euro 19,565 million. The changes from 2022 include, inter alia, those listed below:

Heading	References <sup>(1)</sup>	Variation	
<b>Property, plant and equipment and intangible assets</b>	20 and 23	▲ Euro 335 million (+1,4%)	<ul style="list-style-type: none"> <li>The increase is due to the increase in gross investments in 2022 in property, plant and equipment and intangible assets in the amount of Euro 2,370 million, in line with the Company's Strategic Plan, partially offset by the depreciation charge for the period in the amount of Euro 1,653 million and the allocation to property, plant and equipment of changes in the estimated decommissioning costs of facilities amounting to negative Euro 293 million.</li> </ul>
<b>Trade receivables for sales and services and other receivables</b>	32	▲ Euro 448 millions (+8,9%)	<ul style="list-style-type: none"> <li>The variation between both periods is due, inter alia, to the increased unit price, mainly from the indexed "Business to Business" (B2B) customers.</li> </ul>
<b>Inventories</b>	31	▲ Euro 779 million (+58,0%)	<ul style="list-style-type: none"> <li>The change between the two periods is a consequence of the increase in energy stocks, specifically gas, and carbon dioxide (CO<sub>2</sub>) emission rights, mainly due to the increase in their average price.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

At 31 December 2022, net invested capital amounted to Euro 16,630 million and its changes in 2022 include, first, the variation in gross invested capital, amounting to Euro 1,496 million and, secondly, the aspects detailed below:

Heading	Reference <sup>(1)</sup>	Variation	
<b>Provisions for employee benefits</b>	37.1	▼ Euro 381 million (-57,8%)	<ul style="list-style-type: none"> <li>The variation between the two periods is mainly due to the updating of the measurement of the actuarial liability for defined benefit obligations.</li> </ul>
<b>Deferred tax assets and liabilities</b>	25.1	▼ Euro 362 million (+41,3%)	<ul style="list-style-type: none"> <li>The increase is mainly due to the change in "Measurement adjustments" included in equity. This caption includes, among others, the fair value of cash flow hedging derivatives concluded by Endesa that have not yet been reclassified to profit or loss for the period because the forecast transaction hedged has not yet taken place.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## 10.2. Financial management

Within the framework of an efficient cost management and optimisation policy, the finance function is centralised at Endesa, S.A.

At the date of approval of this Consolidated Management Report, the Company had the necessary liquidity and access to medium/long-term financial resources to ensure the availability of the funds required to meet its future investment obligations and debt maturities.

Endesa, S.A. uses principles of prudence that are similar to those applied until now in its debt structure by obtaining long-term financing that enables it to adjust its maturity schedules to its capacity to generate cash flows in line with the business plan envisaged. In this regard, it:

- Uses external financing, especially through the banking and capital markets.
- Obtains funds from public authorities that offer attractive terms for very long-term loans.
- Has short-term financing in place that helps optimise the management of its working capital requirements and improve the overall cost of debt. This financing is obtained through bank credit facilities with leading financial institutions or through the issue of Euro Commercial Paper (ECP).

Endesa, S.A. also concludes transactions with Enel Group companies in which the applicable transfer pricing regulations are abided by (see Note 47 to the Consolidated Financial Statements for the year ended 31 December 2022).

## Financial position

February 2022 saw Russia's invasion of Ukraine, just 2 years after the start of the pandemic caused by COVID-19 and after the recovery year in 2021. The onset of the conflict, coupled with the lingering effects of the pandemic, had a significant economic impact in 2022, leading to a rapid increase in inflation due to higher energy prices. Containment measures undertaken by governments have resulted in a significant increase in public debt in the Eurozone, while zero COVID measures in China contributed to the disruption of supply chains, which in turn had a similar impact on price levels and the availability of supplies.

In order to moderate the rise in prices, the major Central Banks have acted forcefully by raising interest rates rapidly and reducing the size of their asset portfolios. The results of these policies are beginning to show in early 2023, although Central Bank messages continue to anticipate further rate hikes.

The conflict in Ukraine added tensions in energy markets, which had been showing widespread rises in 2021 with the easing of anti-COVID measures and the gradual normalisation of activity in many industries. Gas supply disruptions from Russia, coupled with high electricity demand, have led to an extraordinary increase in gas prices in European markets during the year, in a context of extremely high volatility given the uncertainty of actual supply. This has generated a feeling of caution among many operators in the sector and an acceleration of investments in alternative supply infrastructures, while waiting for the normalisation measures undertaken by regulators to take effect. The rise in gas prices adds to the general price increases in commodities, including agricultural products, metals and energy. The price of Brent crude oil closed the year at USD 86 per barrel, up 10% from USD 78 at the end of 2021.

The change in Central Bank policies has been led by the US Federal Reserve (FED), which in March 2022 raised intervention rates for the first time since 2018, increasing them by 25 basis points to the range 0.25–0.50%. Two months later, on 4 May, it applied a further hike of 50 basis points and, under strong pressure from inflation that reached almost 10% in the United States (US), then followed up with four consecutive hikes of 75 basis points each in June, July, September and November 2022 and 50 basis points in December 2022, bringing the intervention

rate to a range of 4.25–4.50% by the end of the year, levels not reached since 2007.

The European Central Bank (ECB), for its part, opted for greater caution at the beginning of the year in view of the gradual deterioration of the Eurozone economy. The gradual rise in inflation rates, which reached 10% year-on-year, led to the announcement as early as March 2022 of the end of asset purchases. At its meeting on 21 July 2022, the ECB raised intervention rates by 50 basis points for the first time in eleven years, ending a long period of zero and negative rates. In September and October 2022 it undertook 2 further rate hikes of 75 basis points each and in December of 50 basis points each, to bring the intervention rate to 2.50%, the highest since 2008.

### Main indicators

During 2022, the yield on the Spanish 10-year bond increased from 0.56% at the beginning of the year to 3.65% at year-end, reaching its highest since 2015. As a result, Spain's country risk premium (spread against the German 10-year bond) increased by 33 basis points to stand at 108 basis points at year-end 2022. The Italian risk premium closed at 213 basis points at 2022 year-end, up 78 basis points with respect to the previous year, while the Portuguese risk premium rose by 37 basis points to stand at 101 basis points at year-end.

During 2022, the long-term interest rate on the Euro (10-year swap) rose 290 basis points to 3.20% at year-end, having reached its all-time high for 2022 in October at 3.33%. In turn, the short-term interest rate (3-month Euribor) rose by 270 basis points, standing at (2.13%) by the end of the year. The long-term US dollar interest rate increased from 1.58% to 3.84% in 2022, while the 3-month US dollar interest rate (USD) increased further, rising by 456 basis points to end the year at 4.77%.

In terms of the exchange rate, in 2022, the Euro depreciated by 6.1% on the US dollar (USD), with the EUR/USD exchange rate increasing from 1.1370 at the start of the year to 1.0673 at 2022 year-end.

The variations in 2022 for some of the indicators mentioned in the above paragraphs are shown below:

	31 December 2022	31 December 2021	Difference	Chg. %
Closing exchange rate (Euro / US Dollar)	1,0673 <sup>(1)</sup>	1,137 <sup>(2)</sup>	(0.0697)	(6.1)
Long-Term Euro Interest Rate (10-Year Swap) (%) <sup>(1)</sup>	3.20	0.30	2.90	966.7
Short-Term Euro Interest Rate (3-month Euribor) (%) <sup>(1)</sup>	2.13	(0.57)	2.70	(473.7)
Long-Term US Dollar Interest Rate (USD) (10-Year Swap) (%) <sup>(1)</sup>	3.84	1.58	2.26	143.0
Short-Term US dollar Interest Rate (USD) (3-Month Libor) (%) <sup>(1)</sup>	4.77	0.21	4.56	2,171.4
German 10-Year Bond (%) <sup>(1)</sup>	2.57	(0.18)	2.75	(1,527.8)
German 30-Year Bond (%) <sup>(1)</sup>	2.53	0.19	2.34	1,231.6
10-Year Spanish Bond (%) <sup>(1)</sup>	3.65	0.56	3.09	551.8
Spanish Risk Premium (bp) <sup>(1)(3)</sup>	108	75	33	44.0
Italian Risk Premium (bp) <sup>(1)(3)</sup>	213	135	78	57.8
Portuguese Risk Premium (bp) <sup>(1)(3)</sup>	101	64	37	57.8
European Central Bank (ECB) Reference Rates (%) <sup>(1)</sup>	2.50	0.00	2.50	–
European Central Bank (ECB) Deposit Facility (%) <sup>(1)(4)</sup>	2.00	(0.50)	2.50	(500.0)
US Federal Reserve Reference Rates (%) <sup>(1)</sup>	4.25 – 4.50	0.00 – 0.25	4.25	–

<sup>(1)</sup> Source: Bloomberg.

<sup>(2)</sup> Source: Thomson Reuters.

<sup>(3)</sup> Spread with respect to the 10-year German bond.

<sup>(4)</sup> Rate charged by the European Central Bank (ECB) to banks for their deposits.

bp = basis points.

## Borrowings

Information on borrowings is provided in Note 41.3 to the consolidated financial statements for the year ended 31 December 2022.

At 31 December 2022, Endesa had net financial debt of Euro 10,869 million, an increase of Euro 2,063 million (+23.4%) compared to debt as at 31 December 2021.

At 31 December 2022 and 2021, the reconciliation of Endesa's gross and net financial debt was as follows:

Millions of Euro

	References <sup>(1)</sup>	Reconciliation of borrowings			
		31 December 2022	31 December 2021	Difference	Chg. %
Non-current borrowings	41.3	11,704	7,211	4,493	62.3
Current borrowings	41.3	6,784	3,167	3,617	114.2
<b>Gross Financial Debt</b>		<b>18,488</b>	<b>10,378</b>	<b>8,110</b>	<b>78.1</b>
Debt derivatives recognised as financial assets	44	87	14	73	521.4
Cash and cash equivalents	33	(871)	(703)	(168)	23.9
Debt derivatives recognised as assets	44	(111)	(7)	(104)	1,485.7
Financial guarantees recognised as assets	28.1 and 30	(6,724)	(876)	(5,848)	667.6
<b>Deuda Financiera Neta</b>		<b>10,869</b>	<b>8,806</b>	<b>2,063</b>	<b>23.4</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

When analysing the changes in gross financial debt, the following factors should be taken into account:

Gross financial debt	References <sup>(1)</sup>	Variation	
<b>Financial guarantees recognised as assets</b>	28 and 30	▲ Euro 5.848 million	<ul style="list-style-type: none"> <li>During 2022, there was an increase in financial deposits immobilised as a result of the operations on organised markets in which Endesa has a presence to arrange its derivative financial instruments.</li> </ul>
<b>Dividends</b>	35.1.10	▲ Euro 1.521 million	<ul style="list-style-type: none"> <li>During 2022, Endesa, S.A. paid its shareholders dividends amounting to Euro 1.4372 gross per share, which meant a payment of Euro 1,521 million.</li> </ul>
<b>Investment</b>	20 and 23	▲ Euro 460 million	<ul style="list-style-type: none"> <li>In 2022, payments relating to investments in property, plant and equipment and intangible assets were partially funded by financing activities. Such investments relate mainly to electricity production facilities from renewable sources and the development and operation of more efficient grids in line with the Strategic Plan.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## Structure

The structure of Endesa's gross financial debt at 31 December 2022 and 2021 was as follows:

Millions of Euro

	Structure of gross financial debt			
	31 December 2022	31 December 2021	Difference	Chg. %
Euro	18,307	10,177	8,130	79.9
US dollar (USD)	181	201	(20)	(10.0)
<b>TOTAL</b>	<b>18,488</b>	<b>10,378</b>	<b>8,110</b>	<b>78.1</b>
Fixed interest rate	7,190	5,476	1,714	31.3
Floating interest rate	11,298	4,902	6,396	130.5
<b>TOTAL</b>	<b>18,488</b>	<b>10,378</b>	<b>8,110</b>	<b>78.1</b>
Sustainable financing <sup>(1)</sup>	64	60	—	—
Average life (no. of years) <sup>(1)</sup>	3,2	4,4	—	—
Average cost (%) <sup>(1)</sup>	1,4	1,5	—	—

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

At 31 December 2022, 39% of the Company's gross financial debt accrued interest at fixed rates, while the remaining 61% accrued interest at floating rates. At this date, 99% of the Company's gross financial debt was denominated in Euro.

Information on Endesa's borrowings is described in Note 41.3 to the Consolidated Financial Statements for the year ended 31 December 2022.

## 10.3. Capital management

Information on capital management is provided in Note 35.1.12 to the consolidated financial statements for the year ended 31 December 2022.

## Share capital

Information on Endesa's share capital is described in Note 35.1.1 to the Consolidated Financial Statements for the year ended 31 December 2022.

## Leverage

The consolidated leverage ratio is defined as a monitoring indicator of its financial position, whose details at 31 December 2022 and 2021 were as follows:

Millions of Euro

	References <sup>(1)</sup>	Leverage		Chg. %
		31 December 2022	31 December 2021	
<b>Net financial debt:</b>		<b>10,869</b>	<b>8,806</b>	<b>23.4</b>
Non-current borrowings	41.3	11,704	7,211	62.3
Current borrowings	41.3	6,784	3,167	114.2
Debt derivatives recognised as financial assets	44	87	14	521.4
Cash and cash equivalents	33	(871)	(703)	23.9
Debt derivatives recognised as assets	44	(111)	(7)	1.485.7
Financial guarantees recognised as assets	28.1 and 30	(6,724)	(876)	6676
<b>Equity:</b>	35	<b>5,761</b>	<b>5,544</b>	<b>3.9</b>
Of the Parent	35.1	5,593	5,380	3.3
Non-controlling interests	35.2	201	164	22.6
<b>Leverage (%) (2)</b>		<b>188.67</b>	<b>158.84</b>	<b>Na</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> See definition in Section 7 of this Consolidated Management Report.

## Financial indicators

Financial indicators <sup>(1)</sup>	31 December 2022	31 December 2021
Liquidity ratio	0.96	0.74
Solvency ratio	0.97	0.85
Debt ratio (%)	65.36	61.37
Debt coverage ratio	1.95	2.06
Net financial debt / Fixed assets (%)	44.37	36.45
Net financial debt / Funds from operations	2.35	2.67
(Funds from Operations + Interest Expenses) / Interest Expenses <sup>(2)</sup>	20.90	22.72

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

<sup>(2)</sup> Relates to the periods 2022 and 2021, respectively.



## 10.4. Cash flows

At 31 December 2022 and 2021, cash and cash equivalents were as follows:

Millions of Euro

	References <sup>(1)</sup>	Cash and cash equivalents			
		31 December 2022	31 December 2021	Difference	Chg. %
Cash in hand and at banks		871	703	168	23.9
Other cash equivalents		—	—	—	Na
<b>TOTAL</b>	33	<b>871</b>	<b>703</b>	<b>168</b>	<b>23.9</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

In 2022 and 2021 Endesa's net cash flows, broken down into operating, investing and financing activities, were as follows:

Millions of Euro

	References <sup>(1)</sup>	Statement of cash flows			
		2022	2021	Difference	Chg. %
Net cash flows from operating activities	46.1	1,672	2,621	(949)	(36.2)
Net cash flows from investing activities	46.2	(8,156)	(3,073)	(5,083)	165.4
Net cash flows from financing activities	46.3	6,652	752	5,900	784.6

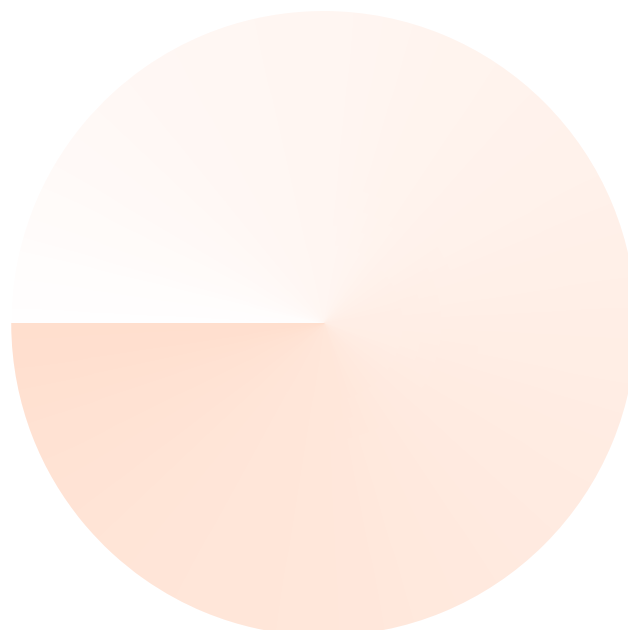
<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.












In 2022, net cash flows generated from operating activities (Euro 1,672 million) and those obtained from financing activities (Euro 6,652 million) have enabled net payments to be met arising from investing activities (Euro 8,156

million). Information on Endesa's Consolidated Statements of Cash Flow is set out in Note 46 to the Consolidated Financial Statements for the year ended 31 December 2022.

## 10.5. Investments

In 2022 and 2021, Endesa's gross investments in property, plant and equipment and intangible assets amounted to Euro 2,370 million and Euro 2,389 million, respectively, as follows:



	References <sup>(1)</sup>	Investment		
		2022	2021	Chg. %
<b>Generation and Supply</b>		<b>1,072</b>	<b>1,228</b>	<b>(12.7)</b>
 Conventional generation <sup>(2)</sup>		253	440	(42.5)
 Renewable generation		785	770	1.9
 Energy supply		1	1	–
 Supply of other products and services		33	17	94.1
<b>Distribution</b>		<b>819</b>	<b>819</b>	<b>–</b>
 <b>Structure, services and others</b> <sup>(3)</sup>		<b>11</b>	<b>14</b>	<b>(21.4)</b>
<b>TOTAL PP&amp;E</b> <sup>(4)(5)</sup>	20.1	<b>1,902</b>	<b>2,061</b>	<b>(7.7)</b>
<b>Generation and Supply</b>		<b>379</b>	<b>274</b>	<b>38.3</b>
 Conventional generation <sup>(6)</sup>		19	22	(13.6)
 Renewable generation		71	19	273.7
 Energy supply		247	194	27.3
 Supply of other products and services		42	39	7.7
<b>Distribution</b>		<b>72</b>	<b>34</b>	<b>111.8</b>
 <b>Structure, services and others</b> <sup>(3)</sup>		<b>17</b>	<b>20</b>	<b>(15.0)</b>
<b>TOTAL INTANGIBLE ASSETS</b> <sup>(5)</sup>	23.1	<b>468</b>	<b>328</b>	<b>42.7</b>
<b>TOTAL GROSS INVESTMENTS</b>		<b>2,370</b>	<b>2,389</b>	<b>(0.8)</b>
<b>Capital grants and facilities sold</b>		<b>(199)</b>	<b>(203)</b>	<b>(2.0)</b>
<b>Generation and Supply</b>		<b>–</b>	<b>(3)</b>	<b>(100.0)</b>
 Generación Convencional		–	(3)	(100.0)
<b>Distribution</b>		<b>(199)</b>	<b>(200)</b>	<b>(0.5)</b>
<b>TOTAL NET INVESTMENTS</b> <sup>(7)</sup>		<b>2,171</b>	<b>2,186</b>	<b>(0.7)</b>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

<sup>(2)</sup> In 2022, includes gross capex in the Non-Mainland Territories amounting to Euro 82 million (Euro 93 million in 2021).

<sup>(3)</sup> Structure, Services and Adjustments.

<sup>(4)</sup> In 2022 includes additions for rights of use amounting to Euro 23 million (Euro 213 million in 2021). (See Note 21 to the Consolidated Financial Statements for the year ended 31 December 2022).

<sup>(5)</sup> In 2022 includes Euro 2,274 million, 95.9%, relating to investments for low-carbon products, services and technologies (Euro 2,251 million, 94.2%, in 2021).

<sup>(6)</sup> In 2022 and 2021 includes Euro 1 million related to investments in Non-Mainland Territories, respectively.

<sup>(7)</sup> See definition in Section 7 of this Consolidated Management Report.

Information on the main investments is provided in Notes 20.1.1 and 23.1.1 to the Consolidated Financial Statements for the year ended 31 December 2022.

## Investments according to the European Union Taxonomy

Endesa classifies the economic activities of its value chain into 3 categories – Eligible & Aligned, Eligible & Unaligned, and Ineligible – in accordance with European Union Taxonomy Regulations (see Section 1.5 of this Consolidated Management Report).

The table below presents the percentage of “Investments” in 2022, which relates to each activity category:

Millions of Euro

Investment	2022 <sup>(1)</sup>		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Eligible & Aligned Activities <sup>(2)</sup>	1,811	76.4	1,633	75.0
Eligible – non-aligned activities	15	0.6	140	6.5
Non-eligible activities	544	23.0	403	18.5
<b>TOTAL<sup>(2)</sup></b>	<b>2,370<sup>(3)</sup></b>	<b>100.0</b>	<b>2,176<sup>(4)</sup></b>	<b>100.0</b>

<sup>(1)</sup> In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

<sup>(2)</sup> In 2022 correspond to Renewable Generation (35.9%), Energy Marketing (0.0%), Marketing of other Products and Services (3.0%) and Distribution (37.6%) (32.7%, 1.4%, 2.2% and 38.7%, respectively, in 2021).

<sup>(3)</sup> Includes additions for rights of use amounting to Euro 23 million.

<sup>(4)</sup> Does not include additions for rights of use amounting to Euro 213 million.

## 10.6. Contractual obligations and off-balance sheet operations




The information relating to the contractual obligations and off-balance sheet operations of this consolidated statement of financial position is included in Note 48 to the consolidated financial statements for the year ended 31 December 2022.

# 11. Results by segment

The information relating to Segments, which includes segmentation and reporting criteria by segment and geographical area, is included in Note 8 to the consolidated financial statements for the year ended 31 December 2022.

The following is a breakdown of the most significant figures in Endesa's consolidated income statement and investments, by segment, in 2022 and 2021:

Millions of Euro

	2022		
	Generation and Supply		
	 Conventional generation <sup>(1)</sup>	 Renewable generation	 Energy supply
<b>REVENUE</b>	<b>17,488<sup>(2)</sup></b>	<b>934</b>	<b>27,764</b>
Revenue with third parties	5,432	425	24,466
Revenue from transactions between segments	12,056	509	3,298
<b>PROCUREMENTS AND SERVICES</b>	<b>(10,410)</b>	<b>(59)</b>	<b>(28,690)</b>
<b>INCOME AND EXPENSES FROM ENERGY DERIVATIVES</b>	<b>(3,896)</b>	<b>(37)</b>	<b>1,716</b>
<b>CONTRIBUTION MARGIN<sup>(5)</sup></b>	<b>3,182</b>	<b>838</b>	<b>790<sup>(3)</sup></b>
<b>FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES</b>	<b>(763)</b>	<b>(207)</b>	<b>(438)</b>
<b>GROSS OPERATING INCOME (EBITDA)<sup>(4)(5)</sup></b>	<b>2,419</b>	<b>631</b>	<b>352</b>
<b>Depreciation and amortisation, and impairment losses on non-financial assets</b>	<b>(573)</b>	<b>(230)</b>	<b>(156)</b>
Repaid	(509)	(227)	(153)
Provision for impairment of non-financial assets	(93)	(3)	(2)
Reversal of impairment of non-financial assets	29	—	(1)
<b>Impairment losses on financial assets</b>	<b>(3)</b>	<b>(13)</b>	<b>(119)</b>
Provision for impairment of financial assets	(6)	(13)	(249)
Reversal of impairment of financial assets	3	—	130
<b>OPERATING INCOME (EBIT)<sup>(5)</sup></b>	<b>1,843</b>	<b>388</b>	<b>77</b>
Net profit/(loss) of companies accounted for using the equity method	1	16	(2)





<sup>(1)</sup> Includes the contribution margin, gross operating income (EBITDA) and operating income (EBIT) of Non-mainland Territories generation, amounting to Euro 80 million, Euro 332 million, and Euro 213 million, respectively.

<sup>(2)</sup> Includes Euro 8,807 million (26.8% of total revenue) corresponding to generation from emitting technologies and Euro 1,570 million (4.8% of total revenue) corresponding to nuclear generation.




<sup>(3)</sup> Includes the contribution margin for gas supply in the amount of Euro 83 million.

<sup>(4)</sup> EBITDA from low-carbon products, services and technologies is Euro 3,782 million.

<sup>(5)</sup> See definition in Section 7 of this Consolidated Management Report.

2022							
Generation and Supply							
 Supply of other products and services	Generation and supply adjustments and eliminations	 Total	 Distribution	 Structure and Services	Consolidated adjustments and eliminations	Total	
<b>368</b>	<b>(15,832)</b>	<b>30,722</b>	<b>2,348</b>	<b>472</b>	<b>(646)</b>	<b>32,896</b>	
363	—	30,686	2,202	8	—	32,896	
5	(15,832)	36	146	464	(646)	—	
<b>(215)</b>	<b>15,809</b>	<b>(23,565)</b>	<b>(139)</b>	<b>170</b>	<b>140</b>	<b>(23,394)</b>	
—	—	<b>(2,217)</b>	—	—	—	<b>(2,217)</b>	
<b>153</b>	<b>(23)</b>	<b>4,940</b>	<b>2,209</b>	<b>642</b>	<b>(506)</b>	<b>7,285</b>	
<b>154</b>	<b>23</b>	<b>(1,231)</b>	<b>(506)</b>	<b>(489)</b>	<b>506</b>	<b>(1,720)</b>	
<b>307</b>	—	<b>3,709</b>	<b>1,703</b>	<b>153</b>	—	<b>5,565</b>	
<b>(49)</b>	—	<b>(1,008)</b>	<b>(660)</b>	<b>(48)</b>	—	<b>(1,716)</b>	
(50)	—	(939)	(666)	(48)	—	(1,653)	
—	—	(98)	—	—	—	(98)	
1	—	29	6	—	—	35	
<b>(2)</b>	—	<b>(137)</b>	<b>(25)</b>	—	—	<b>(162)</b>	
(17)	—	(285)	(96)	—	—	(381)	
15	—	148	71	—	—	219	
<b>256</b>	—	<b>2,564</b>	<b>1,018</b>	<b>105</b>	—	<b>3,687</b>	
(4)	—	11	4	—	—	15	

Millions of Euro

	<b>2021</b>		
	<b>Generación y Comercialización</b>		
	 Conventional generation <sup>(1)</sup>	 Renewable generation	 Energy supply
<b>REVENUE</b>	<b>8,135<sup>(2)</sup></b>	<b>871</b>	<b>16,176</b>
Revenue with third parties	2,874	243	15,089
Revenue from transactions between segments	5,261	628	1,087
<b>PROCUREMENTS AND SERVICES</b>	<b>(5,126)</b>	<b>158</b>	<b>(17,140)</b>
<b>INCOME AND EXPENSES FROM ENERGY DERIVATIVES</b>	<b>(1,419)</b>	<b>(22)</b>	<b>1,984</b>
<b>CONTRIBUTION MARGIN<sup>(5)</sup></b>	<b>1,590</b>	<b>1,007</b>	<b>1,020<sup>(3)</sup></b>
<b>FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES</b>	<b>(731)</b>	<b>(166)</b>	<b>(475)</b>
<b>GROSS OPERATING INCOME (EBITDA)<sup>(4)(5)</sup></b>	<b>859</b>	<b>841</b>	<b>545</b>
<b>Depreciation and amortisation, and impairment losses on non-financial assets</b>	<b>(1,136)</b>	<b>(215)</b>	<b>(106)</b>
Repaid	(480)	(205)	(106)
Provision for impairment of non-financial assets	(656)	(10)	—
Reversal of impairment of non-financial assets	—	—	—
<b>Impairment losses on financial assets</b>	<b>(10)</b>	<b>—</b>	<b>(90)</b>
Provision for impairment of financial assets	(11)	(1)	(244)
Reversal of impairment of financial assets	1	1	154
<b>OPERATING INCOME (EBIT)<sup>(5)</sup></b>	<b>(287)</b>	<b>626</b>	<b>349</b>
Net profit/(loss) of companies accounted for using the equity method	(6)	2	—

<sup>(1)</sup> Includes the Contribution Margin, EBITDA and EBIT of Non-Mainland Territories Generation amounting to Euro 518 million, positive, Euro 279 million, positive, and Euro 471 million, negative, respectively.

<sup>(2)</sup> Includes Euro 4,985 million (23.6% of total revenue) corresponding to generation from emitting technologies and Euro 1,403 million (6.6% of total revenue) corresponding to nuclear generation.

<sup>(3)</sup> Includes the contribution margin for gas supply in the amount of Euro 170 million.





<sup>(4)</sup> EBITDA from low-carbon products, services and technologies was Euro 3,745 million.

<sup>(5)</sup> See definition in Section 7 of this Consolidated Management Report.

## 11.1. Generation and supply

In 2022, the electricity sector was heavily affected by the tensions within the wholesale electricity market that emerged in late 2021 and have since been exacerbated by Russia's invasion of Ukraine and the resulting uncertainty surrounding the supply of gas. This situation has had an impact on the energy markets, where the ensuring gas shortages have pushed up prices within the European

gas market. This unfortunate situation has also led to high levels of volatility across the market, with knock-on effects on electricity prices. This context, coupled with rampant inflation, is also taking a heavy economic and social toll and has prompted EU and national authorities alike to adopt measures in a bid to mitigate the effects (see Section 8.2 of this Consolidated Management Report).

2021						
Generation and Supply						
 Supply of other products and services	Generation and supply adjustments and eliminations	 Total	 Distribution	 Structure and Services	Consolidated adjustments and eliminations	Total
270	(6,950)	18,502	2,575	465	(643)	20,899
268	—	18,474	2,420	5	—	20,899
2	(6,950)	28	155	460	(643)	—
<b>(144)</b>	<b>6,888</b>	<b>(15,364)</b>	<b>(146)</b>	<b>(1)</b>	<b>147</b>	<b>(15,364)</b>
—	—	543	—	—	—	543
<b>126</b>	<b>(62)</b>	<b>3,681</b>	<b>2,429</b>	<b>464</b>	<b>(496)</b>	<b>6,078</b>
<b>(76)</b>	<b>62</b>	<b>(1,386)</b>	<b>(464)</b>	<b>(446)</b>	<b>496</b>	<b>(1,800)</b>
<b>50</b>	—	<b>2,295</b>	<b>1,965</b>	<b>18</b>	—	<b>4,278</b>
<b>(45)</b>	—	<b>(1,502)</b>	<b>(646)</b>	<b>(49)</b>	—	<b>(2,197)</b>
(45)	—	(836)	(644)	(49)	—	(1,529)
—	—	(666)	(2)	—	—	(668)
—	—	—	—	—	—	—
<b>(4)</b>	—	<b>(104)</b>	<b>(21)</b>	—	—	<b>(125)</b>
(9)	—	(265)	(29)	—	—	(294)
5	—	161	8	—	—	169
<b>1</b>	—	<b>689</b>	<b>1,298</b>	<b>(31)</b>	—	<b>1,956</b>
—	—	(4)	3	—	—	(1)

Amid this environment, and in line with Endesa's joint management approach to the integrated margin of electricity generation and supply, it is worth noting that an inter-company contract has been in effect between the two businesses since 1 January 2022, whereby Endesa's supply company will have access to hydroelectric, nuclear and renewable energy production subject to the reduction regime determined by Article 5 of Royal Decree Law

17/2021, of September 14, 2002. at a fixed price of Euro 65 EUR/MWh. Under the terms thus stipulated, such fixed price is applicable to all energy transmitted with delivery during 2022 and 2023. In addition, the energy needs of the supply company not covered under this agreement are supplied at market price.

The main figures in 2022 and their variations with respect to the same period of the previous year are as follows:

Figures	2022	2021	Difference	Chg. %	Ref. <sup>(1)</sup>
<b>Contribution margin</b>	4,940	3,681	1,259	+34.2	6
<b>Gross operating income (EBITDA)</b>	3,709	2,295	1,414	+61.6	12, 13, 26.1 and 37
<b>Operating Income (EBIT)</b>	2,564	689	1,875	+272.1	15.1, 20.1, 23.1 and 32.1

- Includes the increase of Euro 5,805 million (+63.4%) in electricity sales and Euro 3,148 million (+111.8%) in gas sales, both in the deregulated market, as a result of the behaviour of the arithmetic mean price in the wholesale electricity market (Euro 1675/MWh; +49.7%) and the behaviour of commodity prices. This market performance has also led to an increase of Euro 5,298 million (+69.7%) in the cost of energy purchases for 2022. Moreover, total income and expenses from commodity derivatives decreased by Euro 2,760 million due to changes in the measurement and settlement of electricity and gas derivatives related to the effects described above and the current situation in the energy markets.
- Includes the increase in revenue from compensation for cost overruns on generation in the Non-Mainland Territories in the amount of Euro 1,013 million mainly as a result of the increase in fuel prices in international markets, as indicated above, taking into account the publication of Order TED/1315/2022, of 23 December.
- Includes the increase of Euro 536 million (+162.9%) in the cost of carbon dioxide (CO<sub>2</sub>) emission rights consumption as a result of the increase in the number of tonnes and the increase in the average price.
- Includes the effect of the extension of the temporary suspension of the tax on the value of electricity production under Royal Decree Law 6/2022 of 29 March and Royal Decree Law 11/2022 of 25 June until 31 December 2022 (extended until 31 December 2023 by Royal Decree Law 20/2022 of 27 December) (Euro 145 million).
- In 2021, this included the recognition of the right to be indemnified in the amount of the internalisation of carbon dioxide (CO<sub>2</sub>) emission rights allocated free of charge under the Spanish National Emission Allowances Allocation Plan (NAP), which it had no legal duty to bear (Euro 186 million).
- Included Euro 300 million of revenue in 2021 as a result of the declaration of unenforceability of the State Water Charge according to the Supreme Court decision of 19 April 2021.

- This includes the gross profit or loss generated by the sale of 51% of the shareholding in Endesa X Way, S.L. and the loss of control of this Company for a total amount of Euro 238 million (see Section 6.2.2 of this Consolidated Management Report).
- Includes higher personnel costs due to the effect of inflation and the improvement in the employee productivity ratio for a total amount of Euro 25 million.
- Includes the restatement of provisions for workforce restructuring plans (Euro 2 million, negative).
- This includes the increase in expenses due to the recognition of certain disciplinary proceedings (Euro 18 million) and customer service and collection of the supply activity (Euro 10 million).

- Includes the provision for an impairment of the Cash Generating Units (CGUs) for each of the Non-Mainland Territories (Balearic Islands, Canary Islands, Ceuta and Melilla) for a total amount of Euro 36 million (Euro 652 million in 2021).
- Includes the increase in depreciation and amortisation expense (Euro 103 million), mainly as a result of the investment effort in electricity production facilities from renewable sources and of the commercial effort to win contracts with customers.
- Includes the higher impairment charge for receivables from customer contracts (Euro 33 million) due, inter alia, to the worsening payment performance of Business to Customer (B2C) customers, especially the most vulnerable customers in the regulated market.


<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.



## 11.2. Distribution

The main figures in 2022 and their variations with respect to the same period of the previous year are as follows:

Millions of Euro


Figures	2022	2021	Difference	Chg. %	References <sup>(1)</sup>
<b>Contribution margin</b>	2,209	2,429	(220)	(9.1)	6 <ul style="list-style-type: none"> <li>Reflects the lower regulated revenue from the distribution activity as a result, mainly, of the recording of the update of the remuneration of the distribution activity corresponding to 2017, 2018 and 2019 in accordance with Order TED/749/2022, of 27 July, in the amount of Euro 180 million.</li> </ul>
 <b>Gross operating income (EBITDA)</b>	1,703	1,965	(262)	(13.3)	13, 37 and 51 <ul style="list-style-type: none"> <li>Includes lower personnel costs, mainly due to the restatement of provisions for workforce restructuring plans (Euro 34 million, positive).</li> <li>Includes the increase in repairs and maintenance expenses (Euro 29 million) due to higher costs for maintenance and breakdowns of medium and low voltage electricity distribution facilities.</li> <li>Includes recognition of several infringement proceedings potentially involving penalties in the amount of up to Euro 15 million.</li> </ul>
<b>Operating Income (EBIT)</b>	1,018	1,298	(280)	(21.6)	<ul style="list-style-type: none"> <li>Includes the increase in depreciation and amortisation expense (Euro 22 million), mainly as a result of the investment effort in electricity distribution systems and facilities.</li> <li>Includes a higher provision for impairment losses on receivables from customer contracts (Euro 4 million) as a result of the worsening in the payment performance of small energy supply companies.</li> </ul>

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## 11.3. Structure and others

The main figures in 2022 and their variations with respect to the same period of the previous year are as follows:

Millions of Euro







Figures	2022	2021	Difference	Chg. %	References <sup>(1)</sup>
<b>Contribution margin</b>	136	(32)	168	(525.0)	51 <ul style="list-style-type: none"> <li>Includes recognition of the revenue arising from the Supreme Court's ruling on the inapplicability of the social bonus or "Bono Social" financing scheme (Euro 152 million).</li> </ul>
 <b>Gross operating income (EBITDA)</b>	153	18	135	+750.0	37 <ul style="list-style-type: none"> <li>Includes the restatement of provisions for workforce restructuring plans (Euro 34 million, negative).</li> </ul>
<b>Operating Income (EBIT)</b>	105	(31)	136	(438.7)	

<sup>(1)</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

## 11.4. Results by segments and investments according to the European Union Taxonomy

Endesa has classified the economic activities of its value chain into three categories - eligible, ineligible and non-eligible - in accordance with the European Union Taxonomy Regulation (see Section 1.5 of this Consolidated Management Report).







The table below presents the percentage of the main headings of the 2022 consolidated income statement and investments, which relates to each activity category:

Value chain   Economic activities	2022 <sup>(1)</sup>							
	Revenue		Other fixed operating expenses <sup>(2)</sup>		Gross operating income (EBITDA)		Investments	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Generation and Supply</b>	<b>30,722</b>	<b>93.4</b>	<b>223</b>	<b>68.8</b>	<b>3,709</b>	<b>66.6</b>	<b>1,432</b>	<b>61.0</b>
 <b>Conventional generation</b>	<b>17,488</b>	<b>53.2</b>	<b>181</b>	<b>55.9</b>	<b>2,419</b>	<b>43.5</b>	<b>272</b>	<b>11.6</b>
● Eligible - aligned activities	—	—	—	—	—	—	—	—
● Eligible - non-aligned activities	6,467	19.7	59	18.2	651	11.7	14	0.6
● Non-eligible activities	11,021	33.5	122	37.7	1,768	31.8	258	11.0
 <b>Renewable Generation</b>	<b>934</b>	<b>2.8</b>	<b>39</b>	<b>12.0</b>	<b>631</b>	<b>11.3</b>	<b>837</b>	<b>35.7</b>
● Eligible - aligned activities	932	2.8	39	12.0	632	11.4	831	35.4
● Eligible - non-aligned activities	2	0.0	—	—	(1)	(0.0)	1	0.0
● Non-eligible activities	—	—	—	—	—	—	5	0.2
 <b>Energy supply</b>	<b>27,764</b>	<b>84.4</b>	<b>—</b>	<b>—</b>	<b>352</b>	<b>6.3</b>	<b>248</b>	<b>10.6</b>
● Eligible - aligned activities	—	—	—	—	—	—	—	—
● Eligible - non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	27,764	84.4	—	—	352	6.3	248	10.6
 <b>Marketing of other products and services</b>	<b>368</b>	<b>1.1</b>	<b>3</b>	<b>0.9</b>	<b>307</b>	<b>5.5</b>	<b>75</b>	<b>3.2</b>
● Eligible - aligned activities	323	1.0	2	0.6	332	6.0	70	3.0
● Eligible - non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	45	0.1	1	0.3	(25)	(0.4)	5	0.2
<b>Generation and supply adjustments and eliminations</b>	<b>(15,832)</b>	<b>(48.1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
 <b>Distribution</b>	<b>2,348</b>	<b>7.1</b>	<b>93</b>	<b>28.7</b>	<b>1,703</b>	<b>30.6</b>	<b>888</b>	<b>37.8</b>
● Eligible - aligned activities	2,348	7.1	93	28.7	1,703	30.6	888	37.8
● Eligible - non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	—	—	—	—	—	—	—	—
 <b>Structure, services and adjustments</b>	<b>(174)</b>	<b>(0.5)</b>	<b>8</b>	<b>2.5</b>	<b>153</b>	<b>2.7</b>	<b>27</b>	<b>1.2</b>
<b>TOTAL</b>	<b>32,896</b>	<b>100.0</b>	<b>324</b>	<b>100.0</b>	<b>5,565</b>	<b>100.0</b>	<b>2,347<sup>(3)</sup></b>	<b>100.0</b>

<sup>(1)</sup> In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

<sup>(2)</sup> Costs that are part of the heading "Other Fixed Operating Expenses", considered susceptible to classification among the categories of activities in accordance with the European Union Taxonomy Regulation.

<sup>(3)</sup> Includes additions for rights of use amounting to Euro 23 million.

Value chain   Economic activities	2021							
	Revenue		Other fixed operating expenses <sup>(1)</sup>		Gross operating income (EBITDA)		Investments	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Generation and Supply</b>	18,502	88.5	288	76.2	2,295	53.6	1,299	59.7
 <b>Conventional generation</b>	8,135	38.9	221	58.5	859	20.1	333	15.3
● Eligible – aligned activities	–	–	–	–	–	–	–	–
● Eligible – non-aligned activities	–	–	–	–	–	–	–	–
● Non-eligible activities	8,135	38.9	221	58.5	859	20.1	333	15.3
 <b>Renewable Generation</b>	871	4.2	53	14.0	841	19.7	717	33.0
● Eligible – aligned activities	700	3.3	52	13.8	676	15.8	711	32.7
● Eligible – non-aligned activities	8	0.0	1	0.3	9	0.2	1	0.0
● Non-eligible activities	163	0.8	–	0.0	156	3.6	5	0.2
 <b>Energy supply</b>	16,176	77.4	11	2.9	545	12.7	195	9.0
● Eligible – aligned activities	2,205	10.6	2	0.5	74	1.7	31	1.4
● Eligible – non-aligned activities	9,742	46.6	6	1.6	328	7.7	137	6.3
● Non-eligible activities	4,229	20.2	3	0.8	143	3.3	27	1.2
 <b>Marketing of other products and services</b>	270	1.3	3	0.8	50	1.2	54	2.5
● Eligible – aligned activities	219	1.0	2	0.5	58	1.4	49	2.3
● Eligible – non-aligned activities	–	–	–	–	–	–	–	–
● Non-eligible activities	51	0.2	1	0.3	(8)	(0.2)	5	0.2
<b>Generation and supply adjustments and eliminations</b>	(6,950)	(33.3)	–	–	–	–	–	–
 <b>Distribution</b>	2,575	12.3	91	24.1	1,965	45.9	845	38.8
● Eligible – aligned activities	2,553	12.2	91	24.1	1,943	45.4	843	38.7
● Eligible – non-aligned activities	–	–	–	–	–	–	2	0.1
● Non-eligible activities	22	0.1	–	–	22	0.5	–	–
 <b>Structure, services and adjustments</b>	178	(0.9)	(1)	(0.3)	18	0.4	32	1.5
<b>TOTAL</b>	<b>20,899</b>	<b>100.0</b>	<b>378</b>	<b>100.0</b>	<b>4278</b>	<b>100.0</b>	2,176 <sup>(2)</sup>	<b>100.0</b>

<sup>(1)</sup> Costs that are part of "Other fixed operating costs", considered classifiable among the categories of activities in accordance with the European Union Taxonomy Regulation.

<sup>(2)</sup> Does not include additions for rights of use in the amount of Euro 213 million.

Eligible and aligned activities are economic activities that contribute to the climate change mitigation goal without causing harm to other environmental objectives and respecting minimum social safeguards.

# 12. Environmental protection

## 12.1. Endesa's Environmental Policy

Sustainable development is one of the main pillars of Endesa's strategy and environmental protection and care for natural capital are amongst the Company's most important commitments. This stance sets Endesa apart from other companies as it is a positive difference that shapes the Company's behaviour and is expressly included in its corporate values and reflected in its strategic plan.

Through its commitment, Endesa aims to minimise the impact of its activities on the natural environment where it operates. This involves initiatives related to air quality, exemplary management of waste, caring for biodiversity, minimising emissions and discharges, and managing polluted land.

Furthermore, Endesa's approach to environmental management seeks to ensure the sustainable use of energy and water resources as well as raw materials, committing to the protection and promotion of the biodiversity of ecosystems in the environments in which it operates, in addition to restoring environments where its operations have ceased, to foster their natural capital.

Commitments acquired in the Company's various environmental and sustainability policies are fulfilled in the environmental management systems of Endesa's different activities. These systems make it possible to align the environmental dimension within the various activities carried out by the Company by integrating the UN Sustainable Development Goals (SDGs) and articulating the mechanisms to measure and assess environmental performance over the entire life cycle, thus integrating the concepts of 'circular economy' and natural capital in the management of its activities.

Assessment of the environmental risks inherent in the Company's activities and the environmental certifications obtained from external agents help ensure excellence in Endesa's environmental management and demonstrate that it is fully integrated into and aligned with the Company's corporate strategy.

[https://www.endesa.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/POLITICA-MEDIOAMBIENTAL-ENDESA\\_21\\_06\\_21.pdf](https://www.endesa.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/POLITICA-MEDIOAMBIENTAL-ENDESA_21_06_21.pdf)

## 12.2. Environmental investment and expenses

Information regarding Endesa's investments and expenditure in environmental protection activities is included in Note 20.4 to the Consolidated Financial Statements for the year ended 31 December 2022.

## 12.3. Advanced environmental management

### Environmental management system

The commitments acquired under the Environmental Policy are reflected in the Environmental Management Systems of Endesa's different businesses. These systems make it possible to align the environmental aspects of Endesa's sustainability model, including the Sustainable Development Goals (SDGs), coordinating the mechanisms to measure and assess environmental performance through a series of indicators that take the life cycle into

consideration and thus integrate the concepts of the circular economy and natural capital into management.

The indicators include the facilities' impact on all aspects of the environment and enable compliance with all existing legal obligations regarding environmental matters in relation to the business operations to be verified, as well as alignment with the path laid out by Endesa to evaluate the degree to which the strategic objectives and goals defined.

Endesa’s environmental policy establishes basic principles of action in relation to pollution prevention. These principles are implemented through management systems appropriate to the Company’s different activities. The policy covers all environmental vectors (air, water, soil, etc.) in order to achieve excellence in the environmental management of the Company’s activity, based on continuous improvement, aimed at preventing pollution and ensuring compliance with the environmental legislation applicable to the sites, as well as the management standards adopted. To this end, Endesa established in its 2022-2024 Sustainability Plan the goal of maintaining 100% of its generation and distribution facilities certified to the International Standard

ISO 14001. The target was met in 2022 and, in order to maintain the commitment, it is included in the new Endesa Sustainability Plan for the period 2023-2025.

ENDESA’s environmental management systems are supported by international standards and procedures, and are audited by accredited independent institutions of recognised prestige. These systems ensure regular and systematic identification, evaluation and control of the environmental impacts that could be generated by its facilities and operations. At the date of authorisation for issue of this consolidated management report, Endesa had the following environmental certificates:

Activity	Standard	% certified in 2022
Electricity generation (thermal, hydraulic and renewable)	ISO14001:2015	100%
	9001	100%
	50001	3 Thermal power plants
	EMAS	12 thermal power plants (74% of the net installed capacity)
Electricity distribution	14001, 9001, 50001	100%
Port terminals	14001, 9001, EMAS, Residuo Cero	100%
Corporate headquarters and office buildings	14001, 50001, UNE–EN 171.330–3	5 main offices
Endesa Energía, S.A.U.	9001, 14001	100% of its activity
Endesa X Servicios, S.L.U.	9001, 14001	100% of its activity
Endesa X Way, S.L.	9001 14001	100% of its activity

The latest certificates achieved by the Company during 2022 are the ISO 14001 and ISO 9001 certificates received from AENOR for the new company Endesa X Way, S.L., which engages in electric mobility.

Endesa’s head office in Madrid, Ribera del Loira, has been awarded LEED ORO (“Leadership in Energy and Environment Design”) certification in the “Sustainable Building Operations and Maintenance” category, obtained in January 2017 and renewed in 2022. This standard evaluates the sustainability of the building by assessing its impact in 5 main areas: sustainable siting, efficiency of water use, electricity and atmosphere, conservation of materials and natural resources, and indoor air quality. Additionally, in

2022, the same building has obtained the “Madrid Excelente” seal awarded by the Community of Madrid. This seal of quality recognises organisations that care for the planet, improve people’s lives, seek progress and have a purpose that gives them meaning, and which is added to the recognition obtained in 2016 where it received the Madrid “Sustainable Building” seal for being designed for energy savings and future sustainability.

For its part, the Barcelona headquarters, the Vilanova building, has been LEED SILVER certified since 2019 in the same category “Sustainable Building Operations and Maintenance”.

## Managing environmental risks and liabilities

Endesa is subject to environmental regulations, which affect both the normal course of its operations and the development of its projects, leading to increased risks and costs. Furthermore, Endesa is exposed to environmental risks which are inherent in its business, including those relating to the management of waste, spillages and emissions generated by all its activities and therefore,

for which it can be declared as being responsible for environmental damage.

To comply with the obligations deriving from the Spanish Environmental Responsibility Law, Endesa has developed the *MIRAT* Project, based on a methodology developed at sector level and approved by the current Ministry of Ecological Transition and the Demographic Challenge

("MITECO"), the objective of which was to establish the mandatory financial guarantee required by this Law for conventional thermal and combined cycle power plants with a thermal capacity of more than 50 MW through an environmental risk analysis. In view of the results of the environmental risk analyses of all conventional thermal and combined cycle power plants, the corresponding formal statements were submitted to the Administration.

Endesa has environmental insurance coverage that covers personal injury and/or property damage to third parties and is included in the global civil liability insurance policy. The environmental section covers Endesa's liability in accordance with European Directive 35/2004, of 21 April 2004, on environmental liability and equivalent national legislation (Law 26/2007, of 23 October 2007, on Environmental Liability), as well as its implementation in the national legislation of other countries in which Endesa has a presence and any other court decision related to environmental damage, including harm to biodiversity. The general limit of the policy is Euro 150 million and the general deductible limit is Euro 250,000.

Endesa has a tool for the analysis of environmental aspects, impacts and risks, called "*Environmental Risk Assessment*" (ERA), in which the environmental risks associated with

Endesa's different businesses and facilities are collected and assessed annually. In addition to the results of the assessment and the significance of the environmental aspects, the methodology includes organisational, strategic, economic and reputational aspects associated with the businesses' different activities and infrastructures. The *Environmental Risk Assessment* (ERA) tool also evaluates legal compliance and the effectiveness of the operational controls in place, both legally required and voluntary, and provides an assessment of the "*Residual Risk*" inherent in each facility. Depending on the results returned, specific action plans may be required to mitigate the environmental risks associated with the activity. The results of the assessments performed in "Environmental Risk Assessment" (ERA) make it possible to compare the environmental risk associated with the different facilities and technologies.

Furthermore, as part of its commitment to protecting the environment, Endesa feels obliged to eliminate environmental liabilities, and, therefore, each facility identifies these liabilities and addresses them within the framework of their environmental management programmes, which may be reflected in their elimination, disposal or reuse.

## Environmental footprint

Endesa calculates its environmental footprint using a methodology based on the most relevant international references, including the guidelines developed by the European Union to calculate the environmental footprint of its organisations and products.

### Air quality

During 2022 the trend in decreasing pollutant emissions of recent years was slowed by the energy crisis resulting from the war in Ukraine. Spain, like other European Union countries, has had to start up coal-fired thermal power plants, such as the As Pontes plant, and increase electricity production from natural gas combined cycle plants in order to meet demand. This has adversely affected the Company's emissions, but Endesa continues with its plan to close coal-fired plants and with the implementation and start-up of various efficiency and environmental protection measures at its facilities. Endesa operates an exhaustive control system over all its emissions to monitor them in real time. This allows it to ensure compliance at all times with the emission limit values of each of its facilities, and the quality of the air around them. The Company

performs exhaustive checks and maintenance on its chimney measurement equipment, subjecting them to annual inspections by accredited external laboratories. Endesa meets the parameters required by the applicable regulations, implements technology to minimise emissions and designs and applies corrective measures to the impacts generated. Endesa has protocols corresponding to access to the facilities by external entities that adopt work procedures to ensure the safety of both external and internal personnel which, in 2022, made it possible to continue with the inspection and quality assurance processes of the facilities' environmental control equipment and with the taking of samples to ensure compliance with the environmental requirements in force. During 2022, Endesa continued to carry out actions focused on complying with the legal limits set forth in Directive 2010/75 of the European Parliament and of the Council, of 23 October 2010, on industrial emissions, and in the "*Best Available Techniques Reference Documents*" (BREFs).

In addition, during 2022 the Company continued to optimise its emission control systems by renewing the analysers and replacing older ones with more modern ones.

In addition, Endesa continues to make progress and carry out actions aimed at achieving total decarbonisation of its generation mix by 2040. Following the closure in 2020 of the coal-fired plants at Compostilla (1,052 MW of installed capacity), Teruel (1,098 MW) and Litoral de Almería (1,120 MW) in 2021, a proposal was received in September 2022 to close the 1,120 MW Litoral de Almería plant. In September 2022, a proposal was received for a resolution to close 2 of the 4 groups of the As Pontes coal-fired power plant, totalling 702.1 MW, conditioning the closure of the other 2 groups to power availability variables in the electricity system, and also leaving groups 3 and 4 of the Alcudia thermal power plant in operation, which would operate at peak times for a maximum of 500 hours/year to guarantee electricity supply to the island of Majorca until a new connection cable with the mainland is installed. Also noteworthy is the study of the use of new, less polluting alternative fuels, such as HVO, in electricity generation in the Non-Peninsular Territories (NPT) of the Balearic Islands, the Canary Islands, Ceuta and Melilla.

Despite the increased operation of the thermal stock during 2022, the implementation of all the above measures has made it possible to reduce specific emissions, as can be seen in the performance of the environmental indicators related to atmospheric pollution.

## Water resources

Integrated water management is a strategic matter for Endesa. In the interest of preserving water quality and maintaining continuous improvement in its interaction with this resource, Endesa carries out its abstractions efficiently and responsibly, always complying with the regulations in force and in accordance with the principles of the environmental management system implemented in all facilities. All water uses at Endesa's facilities are carried out in a sustainable manner, especially water uses in generation facilities, always taking into account their compatibility with pre-existing users. Power plants always operate in coordination with catchment bodies to ensure compliance with easements, maintain environmental flows and encourage the most rational use of the resource.

Water is always discharged in compliance with the applicable regulations and according to the environmental management system implemented, which determines the discharge conditions for each facility.

The facilities built for power generation allow a greater availability of water for other purposes such as irrigation, supply, or conservation of ecosystems. This availability is optimised through cooperation with watershed organisations.

Hydroelectric infrastructures have various ecosystem services associated with them that are of benefit to society, including provision services, services for the regulation of flows, maintenance of the environment for humans, and cultural services, all maintained over time in a sustainable manner. In 2022, a series of activities were performed in relation to the management of water resources at hydroelectric plants:

- Actions established to minimise the impact of withdrawals from reservoirs and measures against their siltation, such as bathymetry activities to control sedimentation or environmental oversight plans as part of withdrawal activities, supporting recovery of affected water wildlife and removing invasive species.
- Continuation of the process to switch Kaplan turbines to oil-free systems to eliminate the risk of spills at the plants in Ribarroja and Flix. Improvements in turbines of several generators for enhanced efficiency in the use of the resource.
- Actions on dams and weirs to eliminate the barrier effect through improvements and construction of fish ladders. Implementation of measures to prevent animals falling into dams or facilitating their escape in channels that pose a risk to wildlife.

Endesa has procedures to control and reduce water dumping and to boost quality, mainly by means of wastewater treatment facilities, and conducts regular analyses to pinpoint instances of water stress at its facilities.

99% of the water collected by Endesa for use at its plants is returned to the environment. In 2022, fresh water withdrawal for industrial use from facilities located in water stress zones was 0.61 million m<sup>3</sup> (2.65 m<sup>3</sup> in 2021).

	Units	Water resource management <sup>(1)</sup>		
		2022	2021	Chg (%)
Total water extractions for industrial use	millions of m <sup>3</sup>	4.8	4.6	4.3
Extraction of water for industrial use in areas of water stress	%	14.6	18.3	–
Specific withdrawal of water for industrial use in the electricity generation process	l/MWh	74	79	(6.3)
Total water consumption (includes process, cooling and civil water)	millions of m <sup>3</sup>	25.8	17.7	45.8
Total water consumption in areas affected by water stress (includes process, cooling and civil water)	%	7.7	3.6	–

<sup>(1)</sup> Source: In-house.

## Waste

Endesa has environmental management systems in place that include specific operational procedures on the management of waste generated as part of all its activities, which are continuously reviewed to detect and boost improvements and to encompass the legislative developments that arise in this regard. Waste is managed according to the waste hierarchy (prevention, preparation for reuse, recycling, other types of recovery, including energy, and lastly, disposal), always starting from prevention, and when that is not possible, prioritising the recovery and recycling treatments for the waste it generates, especially inert waste, and the preparation for the reuse of those hazardous wastes that admit it, for example, used oils or cleaning solvents.

Waste management is outsourced to several authorised waste managers, for which there are mandatory

requirements regarding documentation, deadlines and operations. A minimum percentage of recovery of both hazardous and non-hazardous waste is required, and priority is given to managers that ensure final recycling and recovery treatments. To ensure the correct management of waste through to their final treatment, Endesa requires that all managers have certification of the entire process through to the “*end of life*” of all waste removed and, in particular, the intermediate treatments generated. In particular, for some types of waste, evidence of 100% recycling/recovery final treatment is required.

Of the total waste recovered by Endesa in the operating phase in 2022, a significant portion was recycled at its external facilities, representing 96% and 74% of total non-hazardous waste and hazardous waste in Spain and Portugal, respectively (94% and 74%, respectively, in 2021).

## 12.4. Biodiversity conservation

### Endesa's Biodiversity Policy

Endesa considers the protection of biodiversity, natural capital and the services it provides to society (ecosystem services) as a priority in the implementation of its business strategy. The Company is fully aware of the risks involved in their loss. Biodiversity protection was in fact already included in Endesa's first environmental policy, approved and published in 1998.

To fulfil this commitment, since its inception, Endesa has undertaken numerous voluntary projects to conserve and improve the natural environment around its facilities. These projects are included in Endesa's Biodiversity Conservation Plan.

In order to reinforce its commitment in this area, in 2020 the Company achieved 2 milestones:

1. Endesa's **Biodiversity Policy** was approved by the Board of Directors. The Company thus reinforced the integration of biodiversity protection into its governance and

renewed its commitment to mitigating potential impacts on biodiversity and ecosystem services throughout the life cycle of its activities.

2. Endesa's **Biodiversity Committee** was created. This corporate body is responsible for transferring the objectives of said policy to the company's strategy and decision-making process. It meets every two months and is attended by representatives of all the company's different lines of business. At the sessions, the members review the status of the ongoing projects of the Biodiversity Conservation Plan, present the results of recently completed projects and propose and evaluate new project proposals. Additionally, current affairs in terms of regulation, agreements and standards in relation to biodiversity, natural capital and ecosystem services affecting the company are presented and analysed.



In order to strengthen the analysis of risks and opportunities in the short and long term of the company, in 2019 Endesa began working in the Natural Capital and Energy Working Group. A global pioneer, this initiative is driven within the framework of the Sector Groups of the Natural Capital Factory (which is the Spanish Hub of the Capitals Coalition), which held the results presentation event “Measuring what matters.”<sup>13</sup> The impacts and dependencies of the natural capital of the Spanish energy sector” on 8 November 2022. Al mismo tiempo se publicó a nivel mundial la Guía “El Capital Natural y el Sector Español de la Energía” elaborada por el grupo de trabajo. The paper presents an industry document on the nexus between natural capital and energy, the methodology for assessing the degree of relevance of the value contributed by natural capital to the activities and sub-activities conducted by the member companies of the Natural Capital and Energy Working Group, a qualitative matrix on a sectorial scale and by individual technologies of the impacts (negative and positive) and dependencies of the natural capital of the Spanish energy industry, and the detail of the main impacts (negative and positive) and dependencies of the natural capital of the Spanish energy industry. This information is available at: <https://capital-natural.es/>.

In addition, since 2021 Endesa has been working on the #NATIVE project, which seeks to specify a baseline methodology for impacts/dependencies on the natural capital of renewable technologies and the distribution business in the construction and operation phases of infrastructure (in the case of hydroelectric power only in the operation phase). The initiative seeks measures to improve and offset these impacts/dependencies by technology with a view to the ultimate goal of avoiding a net loss of biodiversity, as stated in Endesa’s biodiversity policy. It is hoped that the results obtained will serve the company as a basis for aligning with the approach proposed by the *Taskforce on Nature-related Financial Disclosures* (TNFD)<sup>14</sup>, structured around four pillars: governance, strategy, risk management and metrics and objectives. Also, the company aims to define, as part of its

new #VIBE project (launched at the end of 2021) a 360° biodiversity strategy that makes it possible to include biodiversity in governance, define objectives and monitor their impacts/dependencies on nature to help manage the corresponding risks and opportunities, as is the case with climate change.

At present, and especially considering the energy crisis, Endesa is aware of the key role played by the development of renewable energies in the decarbonisation of the economy and the ecological transition. Such development involves major changes in land use and nature conservation that may ultimately undermine ecosystem services and biodiversity, and thus our ability to combat the adverse effects of climate change. Endesa is therefore working on creating a corporate strategy to better identify, manage and offset the current and future impacts of renewable energy and electricity distribution infrastructure. The ultimate goal is to ensure that Endesa’s activities do not cause significant harm to nature and even generate a positive impact. In 2022, therefore, Endesa strengthened its commitment to biodiversity,<sup>15</sup> orienting all its activities towards fulfilment of the following principles:

1. No net loss of biodiversity by 2030. We shall begin implementation in selected projects of high biodiversity importance starting in 2025.
2. No net deforestation by 2030. We shall begin implementation in selected projects of high importance for biodiversity starting in 2025. At Endesa we have been running since 2016 on a voluntary basis the “Endesa Forest” initiative, through which we planted more than 40,000 trees, reforesting some 90 hectares in burned and degraded land.
3. Endesa will not undertake any new projects in areas declared by UNESCO as World Natural Heritage Sites. This is in addition to our commitment not to operate thermal generation facilities in protected natural areas on the Spanish mainland and not to design or develop new thermal generation facilities in protected natural areas in non-mainland territories of the Balearic Islands, Canary Islands, Ceuta and Melilla.

<sup>13</sup> <https://naturalcapitalfactory.es/grupos-sectoriales/>

<sup>14</sup> *Taskforce on Nature-related Financial Disclosures* (TNFD): a working group tasked with standardising information processes and actions in response to nature-related risks.

<sup>15</sup> <https://www.endesa.com/es/nuestro-compromiso/medioambiente/conservacion-biodiversidad>

## Biodiversity Conservation Plan

Endesa's Biodiversity Conservation Plan is the instrument that implements all biodiversity projects and actions performed by Endesa in the biodiversity area. All actions included in Endesa's Biodiversity Conservation Plan are

voluntary and often aim to go beyond the mandatory environmental requirements.

The main lines of action of the Plan are::

	Lines of action
<b>Endesa Biodiversity Conservation Plan.</b>	<ul style="list-style-type: none"> <li>Restoring the physical environment on the land and at our facilities to increase their capacity for hosting biodiversity.</li> </ul>
	<ul style="list-style-type: none"> <li>Managing the factors in the natural environment surrounding our facilities that contribute to improving the habitats of certain species.</li> </ul>
	<ul style="list-style-type: none"> <li>Recognising natural capital and the ecosystems it is home to, their value and state of conservation.</li> </ul>
	<ul style="list-style-type: none"> <li>Preserving native species and controlling invasive species at Endesa facilities and in the surrounding area.</li> </ul>

Endesa's Biodiversity Conservation Plan ended 2022 with a total of 31 operational actions with the following details: 25 ongoing from previous years 5 of them were completed in

2022 and 20 will continue this year) in addition to making a start on 6 new actions in 2022.

In 2022, the actions in which Endesa participated that most stood out are as follows:

Type	Description
<b>Studies and research.</b>	<ul style="list-style-type: none"> <li>Study and Design of a model for prioritising corrective measures aimed at preventing birdlife accidents on Endesa's overhead power line supports.</li> <li>Environmental impact study at photovoltaic solar facilities, in the project planning, construction and operation processes with a focus on biodiversity at the relevant sites.</li> <li>Spanish National Inventory of damage to holm oaks and cork oaks caused by "La Seca" syndrome.</li> <li>Study of the functions of Endesa's reservoirs as wetlands of environmental and natural importance</li> <li>Biodiversity study project under the streets of power lines: Research project on the ecological assets generated under the streets generated under the power lines and their surroundings: these are ecological corridors of great value. Assessment of habitats and species, plant water stress, diseases, land use, erosion, etc.</li> </ul>
<b>Birdlife protection actions.</b>	<ul style="list-style-type: none"> <li>Red kite conservation measures through participation in the Life eurokite project. Pursuit of the use of telemetry technology to identify spatial habitat use of target species and quantify key reasons for raptor species mortality in the European Union.</li> <li>Eagle owl Conservation project, which consists of marking and monitoring of the species, interaction with Endesa infrastructure, causes of mortality.</li> <li>Conservation measures for the population of osprey reintroduced in Cadiz. Protection of the species, placement of nests and nesting boxes, awareness-raising days, collaboration with volunteers.</li> <li>Project for the recovery of lesser kestrel populations in Aragon and Andalusia: consists of recovery of the species, reintroduction of individuals by colony method in a building.</li> <li>Project to tag and monitor the black vulture in the International Tagus Natural Park, on the border between Spain and Portugal.</li> <li>European roller conservation project: monitoring and analysis of population reproduction in the natural parks of Aiguamolls del Empordá (PNAE) and Montgri, Illes Medes and Baix Ter (PNMMBT).</li> <li>PAS Project: project for the conservation of large birds of prey and scavenging birds in the Pyrenees with the creation and conservation of supplementary feeding points to accommodate the growing population of black vultures and large birds of prey in the Pyrenees.</li> <li>Project for the protection and conservation of capercaillie in the Pyrenees, which consists of the protection and conservation of the species in the area with actions in areas, habitats and infrastructure</li> </ul>
<b>Projects with a socio-environmental component.</b>	<ul style="list-style-type: none"> <li>Endesa Forest Initiative. (Doñana in Andalusia, Atalaya in Madrid, Aliaga, Ejulve and La Zoma in Teruel and Sa-Duaia in the Balearic Islands).</li> </ul>
<b>Species and habitat protection projects.</b>	<ul style="list-style-type: none"> <li>"ENDESABATS" Project: project implemented by Endesa since 2013 for the study and conservation of bats in the Company's hydraulic facilities. The hydraulic caverns are large reservoirs of colonies of bats of various species, including endangered species.</li> <li>Project for the protection and conservation of the brown bear in the Pyrenees: project implemented in partnership with the Fundación Osos Pardo for the protection and conservation of the species in the Pyrenees area where the Company shares spaces and infrastructure with the species. Endesa's own employees are directly involved and active agents in the conservation of this animal in danger of extinction in the area.</li> <li>Mediterranean turtle reintroduction project, which consists of the preservation, reintroduction and protection of this critically endangered species with the creation of a stable colony in "Les Garrigues" to increase the number of individuals that can establish and consolidate the species in the area.</li> </ul>

Type	Description
<b>Publications, training and outreach days.</b>	<ul style="list-style-type: none"> <li>• CONEIA 2022. 11th Spanish National Congress on Environmental Impact Assessment. Endesa participated as a special sponsor implementing several sessions of interest on decarbonisation, renewables and biodiversity.</li> <li>• 16th National Environmental Conference (CONAMA 2022): Endesa organized a space for dialogue related to biodiversity where several relevant projects in which the Company participates through its Biodiversity Conservation Plan were presented. Endesa also participates through numerous working groups that conduct their activities prior to the event and present their results at Spanish National Environmental Congress (CONAMA) itself.</li> <li>• Participation of Endesa and the Regional Government of Extremadura in the release of red kites in Valencia de Mombuey, Badajoz province, for the Life Eurokite Project with the AMUS Association.</li> <li>• Participation of Endesa and the Junta de Andalucía in the release of lesser kestrels in the Malaga birdhouse in the project for the reintroduction of the species in Andalusia, alongside the DEMA Association. The colony aims to establish a stable population of this species in the area.</li> <li>• Presentation to the media of the progress of the brown bear conservation project in the Pyrenees supported by Endesa.</li> <li>• Presentation through the newspaper La Vanguardia in the series “Transformers” of projects in which Endesa participates in the protection of the capercaillie and the eagle owl.</li> <li>• Endesa and E-distribución Redes Digitales, S.L.U. participated in the Congress held by (“Grupo de Rehabilitación de Fauna Autóctona y su Hábitat”) (GREFA) in the closing of the Life project “Aquila aLife” for the protection and conservation of Bonelli’s eagle. Endesa presented its conservation actions developed within the project.</li> <li>• Participation in the cross-border conference on the protection of birdlife in the electricity sector held in Egypt at the invitation of IUCN as part of the “Egypt Energy 2022” forum. Endesa presented its actions for the conservation and protection of birdlife in the surroundings of the Company’s power lines.</li> <li>• Delivery of Endesa’s publication “El Legado que Seremos”, a communication project that seeks to reflect the just energy transition in Spain through its key actors.</li> <li>• Presentation to the Junta de Andalucía of the osprey recovery project in the Odiel marshes (Huelva province), together with the Migres Foundation and the Territorial Delegate for Sustainable Development of the Junta de Andalucía.</li> <li>• Participation in the annual meeting of the Spanish Business and Biodiversity Initiative (IEEB) of the Fundación Biodiversidad, a partnership between the public and private sectors in Spain on biodiversity conservation.</li> <li>• Participation in the conferences of the Fundación Biodiversidad of the Ministry for Ecological Transition and Demographic Challenge (“MITECO”), on the updating and renewal of the Biodiversity Pact signed by Endesa with all the companies that are part of the Spanish Business and Biodiversity Initiative (“IEEB”).</li> <li>• Presentation ceremony of Bosque Endesa Doñana to the Government.</li> <li>• Innova azul. The Innova Azul congress was held in Cadiz from 29 November to 2 December 2022. Endesa participated by presenting biodiversity conservation projects and their relationship with the blue economy. The projects “Study on Exotic Invasive Algae in the Bay of Algeciras (Cádiz)” and the osprey project were presented. <a href="https://innovazul.es/">https://innovazul.es/</a></li> </ul>
<b>Other initiatives.</b>	<ul style="list-style-type: none"> <li>• Working Group on the Natural Capital of the Energy Sector in Spain. Development of a participatory process to analyse natural capital in the energy sector to create a road map to integrate natural capital into the Spanish energy sector. In 2022, the guide “Natural Capital and the Spanish Energy Sector” was presented as an experience of the working group on this subject. This paper gathers the qualitative, generic and consensual results that facilitate the implementation of case studies and organisational valuations of natural capital. It reflects an initial idea of the current and potential contribution of the sector as a whole to the protection, preservation and improvement of the natural environment with which the sector interacts, directly and indirectly (impacts) and on which it depends for the continuity of its activities.</li> <li>• Spanish Company and Biodiversity Initiative (IEEB) of the Biodiversity Foundation and the Ministry for the Just Transition and the Demographic Challenge, in cooperation with the business sector, to promote economic development compatible with the preservation of biodiversity, setting up a solid framework of cooperation between major companies, non-government organisations (NGOs), associations and the Government. Endesa actively participates in the initiative as a forum for cooperation, generation of information and knowledge, in order to respond with technical rigour to national and international commitments in this area and to business demands for progress in the conservation of biodiversity and natural capital.</li> <li>• Natural Capital and Biodiversity Work Group. (Spanish Green Growth Group), which pursues the integration of natural capital and biodiversity in the activities and decision-making processes of Spanish companies, in addition to establishing a meeting point between the Spanish National Administration and the Spanish business sector to this end.</li> <li>• Biodiversity Standardisation Committee. UNE.CTN 328. UNE, as the Spanish standardisation organisation (UNE) recognised by the Ministry of Industry, Trade and Tourism and the Spanish representative at international standardisation bodies, has continued to work on this Technical Committee, which serves a dual purpose: the establishment of a new standardisation area at ISO with the new ISO/TC 331 biodiversity and the increasingly important presence of biodiversity in European standardisation forums. The Technical Committee for Standardisation (“CTN”) has been created to facilitate the representation of the vision and interests of Spanish institutions in international and European standardisation and to accommodate international initiatives that may arise. This year 4 working groups were launched in which Endesa is present, on (1) Terminology, (2) Measurement, data, monitoring and evaluation, (3) Restoration, conservation and protection, and (4) Organisations, strategy and sustainable use.</li> </ul>

In 2022 Endesa was awarded a prize in the 26th edition of the Andalusia Environment Awards in the Conservation, Biodiversity and Sustainable Implementation category for its outstanding performance in this area in the region.

## Environmental restoration

Endesa's activities, whether voluntary or required to ensure compliance with the regulations, have always been connected to environmental restoration. In 2022, Endesa published a new 2030 no net deforestation target, starting implementation in selected projects of high biodiversity importance from 2025. Endesa thus takes another step forward by adding this objective to the Bosque Endesa initiative, a pioneering programme in the national energy sector that emerged in 2016 and contributes to recovering lost ecosystems. The initiative consists of forest restoration of degraded land that has been burned at the national level through planting and seeding techniques of native forest species, as they are best adapted to the environment (forests are capable of absorbing and storing greenhouse gases (GHG) in the atmosphere and are also a niche of biodiversity).

At present, Endesa several projects under way in Spain, two of them registered in the carbon dioxide (CO<sub>2</sub>) sinks section

of the Spanish National Registry of Carbon Footprint, Compensation and Absorption Projects of the Spanish Office for Climate Change (OECC) under the Ministry for the Ecological Transition and Demographic Challenge ("MITECO"), becoming a pioneering initiative in the Energy Sector. Such projects include: Endesa La Atalaya Forest (Sierra de Madrid), Endesa Doñana Forest (Doñana Natural Park, Huelva) and Endesa Teruel Forest (in the surroundings of the former Andorra thermal power plant, Aragon). The rest of the initiative's projects are in the execution and registration phase in the aforementioned registry; these are the Bosque Endesa Baleares and Bosque Endesa Pirineos (Catalonia).

The exemplary nature of the sustainability initiative is also worth particular mention, as beyond its positive environmental impacts, it is capable of generating a positive impact on economic and social factors, such as:

Impacts		
<b>Sustainability initiatives.</b>	Environmental.	<ul style="list-style-type: none"> <li>Contributes to generating a positive environmental impact by promoting the adaptation to climate change, promoting the recovery of biodiversity, developing natural capital and ecosystem services, combatting desertification, protecting the water cycle, and curbing soil degradation against runoff, among others.</li> </ul>
	Economic.	<ul style="list-style-type: none"> <li>By restoring woodland, natural capital and the associated ecosystem services in which populations in the surrounding area of the project often lift (nature tourism, picking fruit, wild mushrooms, hunting, etc.). Therefore, it helps to invigorate the nearby rural environment.</li> </ul>
	Social.	<ul style="list-style-type: none"> <li>In the recruitment of staff to carry out forest restoration and maintenance work, priority is given to hiring unemployed people, young people, women, people over 45 years of age or people at risk of social exclusion in the project environment. It also has great potential as a tool to develop environmental awareness, training, dissemination and volunteering activities.</li> </ul>

Below is a summary of Endesa's environmental restoration actions that took place in 2022:

Actions	
Habitat area (km <sup>2</sup> ).	1.99
Description of the habitat	<ul style="list-style-type: none"> <li>Forest/Meadow/Steppe/Sub-steppe</li> </ul>
Comparison of the biodiversity of the original habitat before the company's activities with the biodiversity of the offset habitat.	<ul style="list-style-type: none"> <li>Most of them are forest restorations of burned and/or degraded land in the national territory, through the use of native species, the choice of which takes into account the changes in environmental and climatic parameters in the area where the project is located. In the cases associated with the restoration of spaces related to past mining exploitation (eco-restoration), it does not necessarily have to be forestry but rather serves the objective of fully reintegrating the restored land with its immediate surroundings.</li> </ul>
Work being done to improve the biodiversity of the offset habitat.	<ul style="list-style-type: none"> <li>Recovery of native fauna/flora and their habitats after a fire/degradation process/mining exploitation in Endesa's activity environment.</li> </ul>
Biodiversity monitoring and notification period at offset sites.	<ul style="list-style-type: none"> <li>Between 3 and 40.</li> </ul>

# 13. Innovation and digitalisation

Endesa is firmly committed to innovation and digitalisation, elements that it considers strategic, to address present and future challenges across all areas of the company. Endesa continues to undergo a digital transformation that has been extended to its assets, all its employees and its customers. The Company has made major investments in order to improve platforms, processes, systems, tools and ways of working. It always pays the utmost attention to cybersecurity, data protection and, of course, raising the standards of security, business continuity and operational efficiency.

The world of data and the new technologies that surround it such as speech analytics, machine learning, digital twins, new technologies to reduce energy storage costs, new robotics solutions, robotic process automation (RPA), projects to improve environmental impact, together

with new approaches to work with new methodologies and remote working are already part of Endesa's DNA as they are fundamental elements in the daily work of all employees with tools that are increasingly collaborative and adapted to the times. Data management is a core pillar of business management and, for Endesa, plays a key role in the decision-making process, both for the preparation of in-depth analysis and for discovering operational improvements within the company's lines of business.

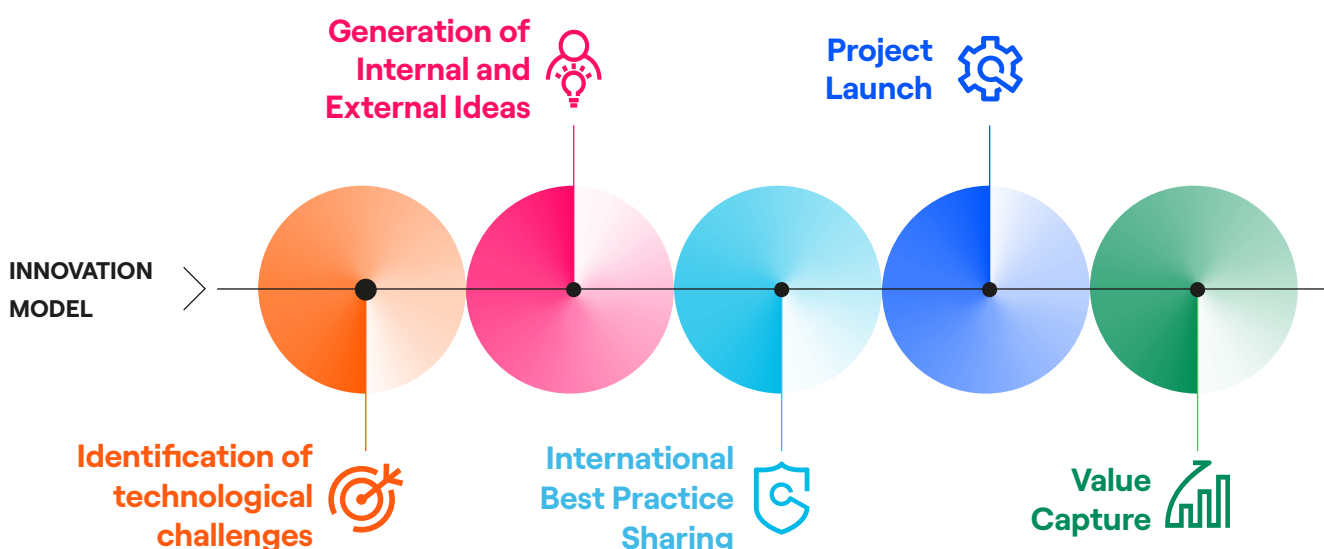
Digitalisation is one of the key elements of the 2023-2025 Strategic Plan as a mainstay of business development. The digital strategy is geared towards maximising margins and reducing operating costs, with a view to enhanced efficiency in order to support the energy transition, thus allowing new uses of energy and new ways of managing it by making it increasingly accessible to more people.

## 13.1. Innovation model

Endesa has an open innovation model for the purpose of finding quality ideas for the development of innovative solutions to transform the current energy model. Open innovation is a new model used by companies to relate to external players (universities, start-ups, research centres, other companies in this or different sector, etc.) to promote collaboration and the sharing of ideas and expertise.

Endesa's innovation activities are carried out in close collaboration and synergy with the rest of the Enel Group, taking advantage both of the Group's own labs and the best research centres, universities, suppliers and emerging national and international companies.

The following is a summary of Endesa's innovation model:



- **Identification of technological challenges:** in close collaboration with the Business Units and after an analysis of all the business and technology trends available on the market.

- **Generation of ideas:** to resolve challenges, we work on 2 levels, internal and external ideas:

Internal idea generation channels	Description
"Open Innovability"	<ul style="list-style-type: none"> <li>• Enel Group platform for launching innovation and sustainability challenges for employees and also open to the entire global innovation community outside the company.</li> </ul>
"Innovation Academy"	<ul style="list-style-type: none"> <li>• Specific programme with the aim of training employees in methodologies and work skills, which enable them to support the innovation culture in their field.</li> </ul>
"Open Power Space"	<ul style="list-style-type: none"> <li>• Space created as a benchmark collaborative meeting point at the various Endesa workplaces. In this unique environment, the creative processes that emerge from employees, partners and external collaborators are shared, disseminated and launched.</li> </ul>
"Make it Happen"	<ul style="list-style-type: none"> <li>• Global entrepreneurship programme within the Enel Group, which offers Endesa employees the opportunity to become entrepreneurs within the Company.</li> </ul>
"Challenge Driven Sessions"	<ul style="list-style-type: none"> <li>• Workshops on the application of innovative methodologies ("Creative Problem Solving", "Design Thinking", "Lean Startup") to find innovative solutions and approaches to the Company's challenges.</li> </ul>
"Innovation Ambassadors"	<ul style="list-style-type: none"> <li>• A network made up of volunteer employees who, after receiving specific training, are innovation promoters in their field.</li> </ul>
Participation in the "Enel Innovation Communities"	<ul style="list-style-type: none"> <li>• Each of the Communities is dedicated to a specific innovation theme: artificial intelligence, robotics, drones, blockchain, Circular Economy, etc. In total, there are 16 Communities in which employees from the different Business Areas participate by sharing their projects, experiences and points of view. In addition, they regularly host open events to which experts are invited to present their initiatives and advances to the wider community.</li> </ul>

External idea generation channels	Description
Entrepreneurs	<ul style="list-style-type: none"> <li>• "Enel Innovation Hub Europe": With physical locations in Madrid and Barcelona, and in coordination with the global network of "Enel Innovation Hubs", it is responsible for developing the relationship with the European entrepreneurship ecosystems relevant to the Enel Group, including the ecosystems in Spain and Portugal. It also carries out the prospecting of European small and medium-sized enterprises and startups that can contribute to the achievement of goals and the completion of innovation challenges identified by the Group's Business Lines and Group Companies. "Enel Innovation Hub Europe" sites form part of the network of 10 "Innovation Hubs" deployed by the Enel Group at key enterprise centres and strategic markets for the Group around the world: Brazil, Chile, Spain (Madrid and Barcelona), Israel, Italy (Milan, Pisa and Catania) and the United States (Boston and Silicon Valley).</li> <li>• Sponsorship and promotion of key events that are emerging as meeting points among companies, entrepreneurs and investors. Endesa thus aims to strengthen, encourage and support the entrepreneurial ecosystem and promote innovation and the creation of real business opportunities.</li> </ul>
Associations and working groups	<ul style="list-style-type: none"> <li>• Cooperation with various technology platforms and working groups promoted by various administrations to share experiences in different areas and technologies.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Endesa actively works with its suppliers with the aim of developing and incorporating new disruptive solutions emerging from the range of projects. The "Innovation by Vendors" programme is a highlight: specific challenges are set for suppliers in order to validate innovative solutions in a shared manner and through full mutual cooperation.</li> </ul>
Communities of experts	<ul style="list-style-type: none"> <li>• Through innovation challenges launched on the "Open Innovability" platform.</li> </ul>
Other industries	<ul style="list-style-type: none"> <li>• Endesa participates in innovation forums with other industries.</li> </ul>

- **International "Best Practice Sharing":** through working groups in which different companies from all countries of the Enel Group are involved. Success stories are shared, which enables us to stay at the forefront of the various activities and technologies worldwide.
- **Project launches:** after they have been assessed by Endesa's experts (according to a common methodology based on the initiative's value creation), if the evaluation is positive the ideas are converted into projects which

then embark upon a structured management and monitoring process.

- **Capturing value:** once the projects have been successfully completed, they move on to production in order to create value for Endesa. Furthermore, ENDESA follows a prudent policy regarding the protection of intellectual property.

## 13.2. Patents and licences

During 2022, Endesa renewed and strengthened its commitment to the development and enhancement of its IP assets as a competitive edge for the Company.

The value of Endesa materialises not only in its investments in innovation activities, but also in the expertise and skills acquired on a daily basis in a cutting-edge technological and digital workplace context. This leads to developing an ability to generate concepts according to an open

innovation model, aligned with the sustainable approach that is encapsulated in the Open Innovability® formula.

The increase in investment in intangible assets, especially computer and digital applications, is especially significant. These investments were made in all lines of business. They mainly involved internal development of computer software and customisation of software acquired from third parties. These include:

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Investments in intangible assets

- Investment in networks for management of smart meters, remote control and communication software.
  - Investment in electricity production for predictive maintenance systems.
  - Internal adaptation of information and enterprise resource planning (ERP) systems.
- 

Endesa owns various patents registered in Spain and/or the European Union and/or in other non-European countries. If appropriate, certain patents are transferred to Enel Group companies with a licence for their use and, occasionally, they are sub-licensed to third parties.

At 31 December 2022 and 2021, Endesa had 10 patents in Spain.

## 13.3. Context and objectives of the Research, Development and Innovation activities (R&D+i)

The energy sector is in the midst of important changes, which will intensify in the future due to the growing environmental awareness of governments and customers. Endesa is aware that the objectives for reducing emissions and increasing efficiency are necessary, requiring an additional effort on its part in order to achieve them.




In this context, the goal of Endesa's research, development and innovation (R+D+i) activities is to create a new, more sustainable energy model based on efficient electrification

of energy demand thanks to the development, testing and application of new technologies and new business models. Endesa's research, development and innovation (R&D+i) activities, are developed in coordination with the rest of the Enel Group, with joint research activities being undertaken in the areas of shared interest and in the markets in which both operate.

## 13.4. Research, Development and innovation (R&D&I) costs

The gross direct cost of research, development and innovation (R&D&I) in 2022 and 2021 came to Euro 91 million and Euro 110 million, respectively, as follows:

Millions of Euro

	Gross Direct Cost of R&D&I <sup>(1)</sup>	
	2022 <sup>(3)</sup>	2021 <sup>(4)</sup>
 Generation and Supply	72	81
 Distribution	13	23
 Structure, services and others	6	6
<b>TOTAL</b>	<b>91</b>	<b>110</b>
Gross Direct R&D&I Cost / Gross Operating Profit (EBITDA) <sup>(2)</sup> (%)	1,64	2,57
Gross Direct R&D&I Cost / Operating Profit (EBIT) <sup>(2)</sup> (%)	2,47	5,62

<sup>(1)</sup> Reflects expenses and investments for which, for the purposes of the R&D&I deduction provided for in Law 27/2014, of 27 November, on Corporate Income Tax, certification was obtained or requested from an entity accredited by the Spanish National Accreditation Entity in Spain (ENAC) alongside a Binding Reasoned Report ('IMV') by the Ministry of Science and Innovation.

<sup>(2)</sup> See definition in Section 7 of this Consolidated Management Report.

<sup>(3)</sup> Provisional data pending certification by the accredited entity and obtaining the mandatory Binding Reasoned Report.

<sup>(4)</sup> Provisional data pending the mandatory Binding Reasoned Report.

## 13.5. Main areas of activity

Endesa's research, development and innovation (R&D+i) activities are based on a commitment to sustainability, and therefore technology projects are developed aimed at creating value, fostering a culture of innovation and building a competitive edge in the area of sustainability.

Endesa develops innovation projects across all its business lines. The following details the areas of activity, their future guidelines, and certain of the most relevant projects currently under way.

### Key performance indicators (KPIs) relating to the innovation

In 2022 and 2021 the innovation indicators evolved as follows:

Number	2022 <sup>(1)</sup>	2021
Pilot Activities to Test Innovative Solutions	39	42
Activities in scaling phase	76	100

<sup>(1)</sup> Provisional data pending certification by the accredited entity and mandatory Binding Reasoned Report ('IMV').



## Generation

**Guidelines:** decarbonisation, improvement in the construction processes of new renewable plants, increase in the level of digitalisation of plants, reduction of environmental impact, increase in efficiency and greater flexibility of conventional and renewable plants to optimise operation, energy storage and improvement of the safety

of people and facilities (see Note 5.1 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).

**Areas of activity:** during 2022, the main Generation innovation projects were:

Projects	Description
Energy storage	<ul style="list-style-type: none"> <li>Validation of new technologies to reduce energy storage costs, as well as improve their environmental impact by reducing the use of toxic or flammable elements, and performance assessment.</li> <li>In this area of work, several pioneering projects in Spain should be highlighted, such as the "Second Life" project at the Melilla thermal power plant. This involves the use of second-life batteries from electric vehicles as stationary storage. The start-up took place at the beginning of 2022. Also noteworthy are the demonstration project for vanadium flow batteries implemented at the Son Orlandis photovoltaic plant (Majorca), the demonstration projects for redox batteries with iron flow and hybrid cathode in the Canary Islands and the feasibility studies for energy storage technology in compressed liquid air on the island of Tenerife. In addition, a highlight was the important launch of new initiatives and projects in the area of green hydrogen generation, as a key tool for the decarbonisation of the industrial sector.</li> </ul>
Introduction of robotic solutions	<ul style="list-style-type: none"> <li>Introduction of new robotic solutions for inspection of assets and in operations.</li> <li>Improvement of inspection activities in maintenance tasks for generation plants, both in technical capacities, so as to inspect areas that were not accessible, and in reduction of risks to people, by restricting access to intrinsically dangerous areas, such as underwater tasks, confined spaces, or work at height. The project involved the continued validation of solutions based on ground robots and autonomous drones for the inspection of ducts and channels in hydraulic power plants. Finally, the company worked with several start-ups on the development of specific solutions for the on-site inspection of wind farm components, such as wind towers and the detection of problems on blades, as well as photovoltaic modules using thermography from autonomous robots and piloted drones.</li> <li>With regard to the development of operational support robots, specific projects have been developed for the validation of automatic photovoltaic module cleaning solutions and for the automatic clearing and stripping of plants in solar photovoltaic plants.</li> </ul>
Improved Efficiency and Increased Flexibility of Power Plants	<ul style="list-style-type: none"> <li>Introduction of technological solutions focused on enhancing plant efficiency or increasing operational flexibility in order to have assets capable of better adapting to market requirements.</li> <li>In this field, a hydroelectric plant flexibility project was started, with 2 demonstration projects: one at the Les Illes plant, which is currently in operation, and the other at the Guillena pumping plant.</li> <li>In the wind energy area, machine learning models were incorporated to improve predictive maintenance. Improvements were also implemented in the controls of some wind turbine models. Finally, new technology validation pilots were developed to solve operational problems, such as lightning strikes or the generation of ice on wind turbine blades.</li> <li>In the photovoltaic area, artificial intelligence solutions were considered to improve the scheduling of module washing and detect problems in inverters.</li> <li>Finally, a renewable control room operation support system based on artificial intelligence is under development.</li> </ul>
Construction Process of New Renewable Generation Plants	<ul style="list-style-type: none"> <li>Implementation of projects focused on:                             <ul style="list-style-type: none"> <li>Enhanced efficiency of the process, allowing a reduction of development costs and minimising the environmental impact of the processes;</li> <li>Shortening of time required for the execution of the work through the identification of pre-assembly technologies, a key aspect in the accelerated decarbonisation promoted by Endesa; and</li> <li>Improved safety aspects for workers on site, reducing existing risks, with validation of machine vision systems.</li> </ul> </li> </ul>
Innovation projects to improve end-of-life of equipment and systems, with a circular economy approach	<ul style="list-style-type: none"> <li>Implementation of projects focused on the search for end-of-life solutions, both for wind energy assets, with a special focus on the recycling of the composites that make up the wind turbine blades, and for electrochemical energy storage systems, with 2 recycling and materials recovery projects in these two fields.</li> </ul>

Projects	Description
Improvement of environmental impacts	<ul style="list-style-type: none"> <li>We continued with the implementation of agrovoltaic pilot projects in 5 plants in Andalusia, Extremadura and Murcia, where we intend to validate the concept of land sharing in photovoltaic projects.</li> <li>We completed activities focused on the validation of new processes for the treatment of contaminated soil and more environmentally sustainable solutions for its use in landfill sites being closed.</li> <li>A range of pilot programmes were conducted for the validation of new systems to improve bird protection in the vicinity of wind farms, using cameras and artificial intelligence.</li> </ul>
Reduction of Occupational Risks in New Plant Construction and Operation Activities	<ul style="list-style-type: none"> <li>Use of artificial intelligence technologies and camera images to monitor unsafe behaviour in the construction of new plants and for the operation of active conventional plants.</li> <li>Digital log of access control to wind turbines during maintenance tasks.</li> </ul>

## Distribution

**Guidelines:** strengthen security of supply, improve service quality and respond to future customer demands through the development of smart grids, remote management and grid automation.

**Areas of activity:** during 2022, the main distribution innovation projects were:

Projects	Description
Digitalisation of distribution grids:	<ul style="list-style-type: none"> <li>Network Digital Twin (NDT): highly computerised digital replication of physical assets and their management, development and maintenance processes.</li> <li>"Grid Blue Sky" (GBS): developing technology solutions for more efficient process execution. These solutions are organised into 3 pillars: "Asset Owner", "Asset Operator" and "Customer Engagement".</li> </ul>
Flexibility projects	<ul style="list-style-type: none"> <li><i>Coordinet</i> Project: improve collaboration between transmission and distribution grid operators and electricity consumers to contribute to the development of a smart, secure and more resilient energy system. And do so by exploring the possibilities offered by the flexibility to use the grid infrastructure more efficiently. The Spanish pilot scheme was conducted at five locations: Cadiz, Malaga, Murcia, Alicante and Albacete, where different mechanisms were tested to study how the introduction of underutilized resources into the market can generate value for their owners and for the system as a whole. The flexibility provided by more than 1,100 MW (combined generation from renewable parks, cogeneration plants, batteries, municipal and business consumption) was leveraged to contribute to local congestion management and voltage control in the system.</li> <li>"Flow" Project: the project seeks to test new services for the distribution company making use of the mass implementation of electric mobility and to provide flexibility services through different electric vehicle charging stations connected to the distribution networks on the island of Minorca.</li> <li>"BeFlexible" Project aims to overcome existing limitations by applying versatile solutions that will enable distribution networks to adapt to future scenarios. It will promote flexible services that provide benefits to all players in the energy market by responding to all manner of consumer needs. For the Edistribución Redes Digitales, S.L.U. use-case demonstrator, the flexibility services from electric heaters installed in homes in the city of Zaragoza will be studied.</li> </ul>

Projects	Description
Grid Innovation Projects and Proofs of Concept	<ul style="list-style-type: none"> <li>• "Aerial-Core" Project: development of an integrated aerial cognitive robotic system (a drone) that will have capabilities in the range of operation, handling of grid elements with a robotic arm and safety in interaction with people.</li> <li>• "Smart5Grid" Project: the Spanish demonstrator is located at the High Voltage/Medium Voltage substation in Garraf Natural Park (Barcelona province). The aim is to establish a safe area in volumetric terms, so that field technicians will be monitored by a real-time tracking system that will use a private 5G network. The project uses alarm signals to warn and make sure that no operators are near energised elements of the substation.</li> <li>• "Resisto" Project: the goal of the project is to minimise the impact of weather and other risks by increasing the resilience of the power grid through the use of sensors, prevention algorithms and autonomous drones in the Doñana national park.</li> <li>• "Delimitation of Areas in Transformation Centres (Holoach)" project: a high-precision monitoring system that helps prevent access to risk areas within enclosed spaces, such as transformation sites (medium voltage/low voltage).</li> <li>• "Noise Reduction of High Voltage/Medium Voltage Transformers (Sonobex)" project: noise reduction through use of specialised materials.</li> <li>• "Advanced Monitoring of High Voltage Lines" project in forest environments, and high and medium voltage networks, the "Living Lab" of Garraf (Barcelona province) begins to be the scene of tests of different sensor technologies, for the calculation of the maximum date of the line as its structural integrity.</li> <li>• "Reset" project: development of a low-voltage four-branch Statcom converter. the aim is reduction of neutral currents and minimisation of technical losses from the grid.</li> <li>• "RE2GRID" project: inspection of substations using autonomous drones with BVOLS flight and advanced monitoring and action on high-power transformers in order to contribute to improving the resilience of the power grid and minimise the impact of potential meteorological phenomena.</li> <li>• "LEO Satellite" project: connectivity through low-Earth orbit satellites to enable network automation and telecontrol in remote areas, thus providing global coverage where cell phone or fibre optic networks are not available.</li> <li>• "App Waste Crowdsourcing" project: development of a digital tool (mobile application and management platform) for recording and reporting both waste detected and birdlife incidents in the vicinity of aerial networks in rural and forest areas to facilitate their subsequent management.</li> </ul>
Endesa Red professorships in Energy Innovation	<ul style="list-style-type: none"> <li>• The goal is to partner with universities in the holding of seminars and conferences, the development of Bachelor's and Master's degree final projects or research projects on topics related to electricity distribution infrastructures (flexibility, safety and efficiency, storage systems, energy recovery, etc.) and the promotion/capture of talent among students.</li> <li>• Professorships have been set up at the Polytechnic University of Catalonia, the University of Seville, the University of Las Palmas de Gran Canaria, the University of the Balearic Islands and the University of Zaragoza.</li> </ul>

## Innovation in supply

**Guidelines:** execute proofs of concept and pilot projects with the validation of basic ideas to new technology tests in real environments, new work approaches looking for areas of improvement and the optimisation of processes,

focusing on the improvement of the value proposition to customers.

**Areas of activity:** during 2022, the main innovation projects in the supply area were:

Projects	Description
"Única": First energy subscription model.	<ul style="list-style-type: none"> <li>• In a context of high volatility in energy prices, Project Única has become Endesa's firm commitment to offer energy to its customers at stable prices in the long term. Thanks to digitalisation and Big Data, Endesa offers a customised individual price to each customer, without penalties, with 100% renewable electricity and neutral gas emissions, 100% digital, and it also includes a challenge plan that rewards efficient consumption.</li> <li>• With this proposal, Endesa also offers additional services that can be included in Project "Única", such as annual maintenance inspections, repairs or third-party services at discounted prices (for example: Netflix). It seeks to make life easier at homes, thanks to the use of new technologies.</li> </ul>
GEA.	<ul style="list-style-type: none"> <li>• Social and environmental innovation project for Endesa's customers, allowing them to choose the initiatives that they would like the company to support. Some of the initiatives promoted include the support for families with members suffering from Jacobsen Syndrome, Food Banks, support for the Endesa Forest and training for the employment of people at a risk of social exclusion.</li> </ul>

Projects	Description
Valuable500.	<ul style="list-style-type: none"> <li>By joining the Valuable 500 initiative, Endesa will conduct an in-depth review of the accessibility of all its processes and service channels. In particular, the Company is working on improving the face-to-face service channels, the telephone and digital service channels, in collaboration with Fundación Ilunion, as well as improving the products and services offered to its customers so that they are accessible to the largest possible number of people and especially to those groups of persons with disabilities.</li> </ul>
RC4ALL.	<ul style="list-style-type: none"> <li>The RC4ALL (Responsible Consumption 4 ALL) project uses Artificial Intelligence and Big Data techniques to generate personalised recommendations for Customers, with the aim of improving consumption efficiency, promoting responsible and efficient consumption, reducing energy consumed and unused, contributing to the decarbonisation of society and meeting the UN's Sustainable Development Goals (SDGs). This project is funded by the Ministry of Science and Innovation and is carried out jointly by Endesa and Comillas-IIT (Institute of Technological Research).</li> </ul>
Voice biometrics at <i>Call Centres</i> .	<ul style="list-style-type: none"> <li>Pilot project that uses voice biometrics for customer authentication purposes at call centres, facilitating the validation of security policies in their interactions with Endesa, through a two-step process: <ul style="list-style-type: none"> <li>Enrolment: customer request, after completing a transaction via Watson (AI) to create the customer's voiceprint after recording the conversation with an agent.</li> <li>Authentication: identification of the telephone number used by the customer to call us and check the customer's voice (if enrolled) against the voiceprint assigned to this number.</li> </ul> </li> </ul>
Online Sentiment Analysis in the call centre.	<ul style="list-style-type: none"> <li>This initiative analyses customer sentiment and assists agents during customer calls by providing them with the necessary information in the customer service flow to reduce the average operation time, improve the quality of service and reduce customer dissatisfaction.</li> </ul>
Customer Data Enrichment for Activation on Digital Platforms.	<ul style="list-style-type: none"> <li>Measurement of improvement of outcomes of digital campaigns through enrichment of Endesa's own data (1st party data) with data provided by a third party (3rd party data).</li> </ul>
Anonymisation of Sensitive Data in Customer Documents.	<ul style="list-style-type: none"> <li>Introducing an automatic mechanism, fully integrated with the incoming Social Bonus application channels, that can recognise documents that are not required for this type of applications and anonymise sensitive information within them but without destroying them so that the nature of the document remains recognisable.</li> </ul>
Integration with Bank APIs.	<ul style="list-style-type: none"> <li>Solution for access through "APIs" to customers' bank data, thus facilitating automatic management of direct debit payments. This initiative, in line with European PSD2 regulations, allows customers who wish to change their direct debit address in the private area of Endesa's website to select the bank they work with from a list and, with prior consent, access it with their passwords and automatically enter the data required for the change of direct debit address.</li> </ul>
"Confía".	<ul style="list-style-type: none"> <li>Project for the improvement of the management of vulnerable customers, developed jointly with Malaga City Council, the University of Malaga and several collaborators to improve the exchange of information between the government bodies involved, social services and energy companies.</li> </ul>
Analysis of customers' website/app browsing behaviour.	<ul style="list-style-type: none"> <li>Customer Experience Analytics platform to track and visualise customer digital behaviours. Aspects such as user frustration, navigation fluidity, the degree of "engagement" with the "web/app", the fluidity of interaction with forms, and the technical aspects of the "web" and the "app" (loading speed, response speed, validation errors, etc.) are reviewed.</li> </ul>

## Efficiency in end usage of energy

**Guidelines:** test the latest technologies in the field, define performance, identify areas of improvement and define operating processes.

**Areas of activity:** during 2022, the main efficiency innovation projects were:

Projects	Description
Electrification of Zaragoza.	<ul style="list-style-type: none"> <li>The project will manage the electrification of Zaragoza, through the installation of electrical equipment capable of replacing equipment that uses fossil fuels (natural gas, diesel, etc.) as primary energy. The main products installed were aerothermal, solar photovoltaic and chargers for electric mobility.</li> <li>Action plans were established to achieve increased electrification in each sector: industry, building and transportation. Value propositions were created for both domestic and corporate customers.</li> <li>In the industrial sector, the convenience of replacing gas boilers with heat pumps in processes that use low temperature water was considered. Some industries were identified, such as the food industry, where returns are achieved that make the investment attractive.</li> <li>In the domestic sector, aerothermal technology was promoted. In the transport sector the focus fell on the electrification of public transport by means of electric buses, as well as on the public infrastructure network for charging electric vehicles and chargers for both domestic and business customers.</li> <li>The project included a communication plan to publicise the benefits of electrification, both environmental and economic, and to encourage companies and residents of Zaragoza to take action.</li> </ul>
Aerothermal.	<ul style="list-style-type: none"> <li>Pilot programme for the launch of aerothermal air-water technology within the scope of the Zaragoza electrification project.</li> <li>Product belonging to the renewable energy category, with very high performance that can achieve energy savings of 75% compared to equipment using fossil fuels.</li> <li>The pilot will continue through 2023, with plans to extend it to other regions in Spain.</li> </ul>
"Comfort Management".	<ul style="list-style-type: none"> <li>In this project, a solution was developed for the management and smart control of business air conditioning. The customer achieves significant energy savings by monitoring and/or controlling the indoor air quality of the building, thus maintaining the established comfort levels.</li> <li>This project achieves these goals by applying remote and dynamic management according to the demands of the building through the application of machine learning and artificial intelligence algorithms, according to the performance of the buildings throughout the day, months and years.</li> <li>To do so, the system requires capturing data from different devices and then sending it to an Endesa X Servicios platform. S.L.U. where they are analysed to achieve optimised control of the air conditioning system. Finally, through the "Front End" the customer can access their installation for visualisation and reporting.</li> </ul>

## Electrification of public transport

**Guidelines:** Endesa X Servicios, S.L.U., through its e-City division, has a complete proposal to help the Government to meet its goals of decarbonisation and electrification of public transport, which consists of advice, installation of charging infrastructure for electric buses and their

maintenance, both in traditional and innovative models under the "Charge as a Service" services.

**Areas of activity:** the main public transport electrification projects carried out in 2022 were as follows:

Projects	Description
Transports Metropolitans de Barcelona (TMB).	<ul style="list-style-type: none"> <li>Project for the supply and installation of 37 e-bus charging stations in the Triángulo Ferroviario (railway triangle) carried out by the e-City division for the Transports Metropolitans de Barcelona (TMB) bus network.</li> <li>Project for the electrification of lines H12 and V15; carried out by the e-City division for the bus network of Transports Metropolitans de Barcelona (TMB) within which Endesa X Servicios, S.L.U. was awarded the contract for the installation of 7 charging stations on public thoroughfares, as well as for the integral maintenance of these 7 stations plus the 4 already existing stations on line H16.</li> </ul>
Transportes Urbanos de Sevilla, S.A.M.	<ul style="list-style-type: none"> <li>Project carried out by the e-City division for the Seville Urban Transport network, with Endesa X Servicios, S.L.U. Awarded the contract for the installation of 10 charging stations at the depots.</li> </ul>
Empresa Municipal de Transportes de Madrid (EMT Madrid).	<ul style="list-style-type: none"> <li>Project for the supply and installation of charging stations for 20 eBuses by inverted pantograph in multi-brand mode (up to 4 different manufacturers).</li> </ul>
Avanza – Transporte Urbano de Zaragoza	<ul style="list-style-type: none"> <li>Project within the scope of the "Flagship" Zaragoza, and carried out by the e-City division for the Zaragoza Urban Transport network belonging to the Avanza Group, within which Endesa X Servicios S.L.U. was awarded the contract for the installation of 76 charging stations in the depots and a 20 MW subscriber substation.</li> </ul>

## Customer focus

**Guidelines:** Endesa X Servicios, S.L.U. undertakes innovation projects to improve customer experience and facilitate customer service.

**Areas of activity:** During 2022, the main “Customer Care” projects were as follows:

Projects	Description
Video and Sign Language Appointments	<ul style="list-style-type: none"> <li>Project initiated in 2022 by the e-Home “Customer Care” team. The project consists of a web app through which the customer can request an appointment with Endesa X Servicios, S.L.U. from any Endesa office, selecting the desired day/time, as well as choosing the format in which he/she wishes to be answered (video call, video call with sign language or telephone service). When the time comes for the appointment, Endesa X Servicios, S.L.U. Customer Care contacts the customer by the means he/she has chosen.</li> </ul>
“WO Urgentes” communication.	<ul style="list-style-type: none"> <li>Project carried out by e-Home’s Customer Care team, initiated at the end of 2021 and firmly established during 2022. It consists of an automated robotic process that detects the creation of an urgent work order and issues an automatic call to the technician alerting him of the assignment of the order and providing the necessary information to ensure its fulfilment.</li> </ul>

## Occupational health and safety

The main research, development and innovation actions carried out in 2022 centred on pinpointing areas for improvement in occupational health and safety (OHS), in work teams, and in facilities:

Projects	Description
Projects related to particularly hazardous jobs.	<ul style="list-style-type: none"> <li>Assurance of compliance with basic occupational health and safety guidelines. Key projects in the Distribution business line included “APP5RO”, which entails verifying compliance with the five golden rules for working with electricity, and “5PPA”, related to working at height.</li> </ul>
Projects related to plant safety .	<ul style="list-style-type: none"> <li>“Intrinsic Safety” project.</li> <li>“Grid Blue Sky” (GBS) project</li> <li>“Hercules” tool for the Ferrol Port Terminal, consisting of digitalisation of facilities and identification of risks, procedures, preventive information, and information on discharges where the highest risk activities are carried out.</li> </ul>
Projects related to individual and collective protection, and protective clothing.	<ul style="list-style-type: none"> <li>Optimisation of personal protective equipment (PPE) with preventive and ergonomic IT innovations that afford greater protection, comfort and resistance.</li> <li>Implementation of the “PPE” management tool (SPRINGTER). This tool allows for quick and easy acquisition and management of personal protective equipment based on each person’s risk profile. The application sends alerts on equipment expiration dates and allows for tracking orders and their history.</li> </ul>
Projects related to safety inspections.	<ul style="list-style-type: none"> <li>Use of interconnected software (e.g. “HSEQ4u”) to report safety incidents and require action plans to address them.</li> </ul>
Projects related to Safety Leadership, Communication and Training in Workplace Risk Prevention (WRP).	<ul style="list-style-type: none"> <li>“Reskilling” project: worker retraining due to technological change.</li> <li>“E-worker” projects: an application that enables users to transfer information on work permits, search for materials, open maintenance tickets, close-notify maintenance orders, book shifts, note field work, obtain plant information and plant-related documents.</li> <li>“E-PTW” project: consists of digitalising with a mobile phone with Near Field Communication (NFC) for each actor of a job the complete process of the Permit to Work (PTW) and release (creation, placement, verification and standardisation of the release); creation, risk information and decisions by the executing companies, delivery of the work area, change of actors, suspension and restart of work, return of the Permit to Work (PTW), and previous link with eWorker and after delivery of the Permit to Work (PTW) with InCheck. Also synchronised with the “WCM2” in-plant release management tool, equipped with its own digital signature process. It allows for off-line work and eliminates printed paper.</li> <li>“Onboarding / Transboarding” project for the identification by managers of risk profiles and workers who either join Endesa’s workforce or change jobs. Each profile analysed is automatically assigned training in Workplace Risk Prevention (WRP) and its protective equipment “PPE” and an identification of its risk information sheet and its medical protocols for health surveillance.</li> <li>“Automation of Safety Training” project: development of a tool that manages the safety training of workers throughout their life in the Company based on their risk profile.</li> </ul>
Projects related coordinating business activities and management contractors.	<ul style="list-style-type: none"> <li>“Dynamo” tool seeks to enhance communication of contractors’ work and in efficiency of information exchange between stakeholders in the various processes: (Organisational Unit and different Technical Areas of the Joint Prevention Service (JPS)). Specific modules were created: Accidents/Facilities/Activity Coordination/Own Personnel. New developments were introduced in the reporting module for work planning by contractors, which made it possible to reduce bureaucracy, strengthen communication between the different areas involved in Endesa and monitor new indicators in preventive matters.</li> </ul>

# 14. People

## 14.1. Personnel

At 31 December 2022 and 2021, Endesa had a total of 9,258 employees.

Endesa's average number of employees in 2022 was 9,143 (-1.4%).

Information on Endesa's workforce is provided in Note 50 to the consolidated financial statements for the year ended 31 December 2022.

### Key performance indicators (KPIs) relating to the workforce

KPIs related to the workforce at 31 December 2022 and 2021 were as follows:

Key performance indicators (KPIs)	Description	January-December 2022			January-December 2021		
		Male	Female	Total	Male	Female	Total
Hiring rate (%)	Percentage of new hires compared to final workforce.	6.3	8.9	7.0	6.8	8.9	7.3
Rotation rate (%)	Percentage of contracts ending compared to final workforce.	6.3	5.2	6.0	11.0	7.4	10.1

Key performance indicators (KPIs)	Description	January-December 2022			January-December 2021		
		Male	Female	Total	Male	Female	Total
New hires	New employee hires (number)	430	218	648	467	211	678
Contract terminations	Contract terminations (number)	432	127	559	759	175	934

## 14.2. Occupational Health and Safety (OHS)

Endesa considers occupational health and safety (OHS) a priority and a core value to be preserved at all times for everyone, without distinguishing between its own staff and its partner companies. This goal is integrated into Endesa's strategy through implementation of the occupational health and safety (OHS) policy at all companies in the

Endesa Group. In 2022, the Joint Prevention Service, in coordination and working together with the rest of the *Health & Safety, Environment and Quality* units of the various business lines, focused on the seven basic pillars or main areas of its preventive initiatives:

Preventive Activity:	Description
Occupational health and safety (OHS) awareness-raising.	<ul style="list-style-type: none"> <li>• Communication of health recommendations related to the COVID-19 pandemic.</li> <li>• Publication of regular tips on healthy habits for living and working in a healthy and safe way.</li> <li>• Seasonal campaigns (e.g. prevention of high temperatures, safe driving, disconnecting for holiday wellbeing, flu shots) and distribute informative material (e.g. newsletters, videos, infographics).</li> </ul>
Observing and controlling activity.	<ul style="list-style-type: none"> <li>• Verifying the overall situation of occupational safety through planned inspections and audits, including review of compliance with standards, procedures and processes and their implementation at operational level (inspections, "Safety Walks", "Extra Checking on Site", etc.).</li> </ul>
Partner companies.	<ul style="list-style-type: none"> <li>• Determination of criteria for regular verification of contractors' compliance with legal requirements, as well as their follow-up and control. Suppliers were also subject to safety evaluations to identify critical areas, while contractors were subject to audits or "assessments".</li> <li>• Instructions were also provided to the Health and Safety Coordinators for the implementation of COVID-19 Action Plans at construction sites.</li> </ul>
Occupational Health and Safety (OHS) Management System.	<ul style="list-style-type: none"> <li>• Endesa's Occupational Health and Safety Management System (OHSMS) and its general procedures are continuously improved in accordance with ISO 45001. Endesa's Occupational Health and Safety Management System (OHSMS) allows us to collaborate in the control of Occupational Health and Safety (OHS) risks, reduce accidents, support the control of regulatory compliance and improve performance in general, promoting a safe and healthy environment.</li> </ul>
Innovation, improvements in equipment and technologies.	<ul style="list-style-type: none"> <li>• In line with the digital transformation and technological innovation process, the various business lines' <i>Health &amp; Safety, Environment and Quality</i> teams and the Joint Prevention Service worked on implementing digital tools for each scope.</li> <li>• Innovation projects related to hazardous work, facilities, protection equipment, inspections, etc.</li> </ul>
Process Automation and Optimisation. Risk assessment. Training.	<ul style="list-style-type: none"> <li>• "Onboarding / Transboarding" project for the identification by managers of risk profiles and workers who either join Endesa's workforce or change jobs. Each profile analysed is automatically assigned training in Workplace Risk Prevention (WRP) and its protective equipment "PPE" and an identification of its risk information sheet and its medical protocols for health surveillance.</li> <li>• "Automation of Safety Training" project: development of a tool that manages the safety training of workers throughout their life in the Company based on their risk profile.</li> <li>• Risk assessment: Thermal, Wind and Solar.</li> </ul>
Psychosocial risks.	<ul style="list-style-type: none"> <li>• Measurement of the effectiveness of action plans and preventive measures. Regular follow-up, sending and analysis of questionnaire results: "Follow-up and assessment of preventive actions for psychosocial factors" and "Evaluation of Technostress" and "Life Events".</li> </ul>



## Key performance indicators (KPIs) related to occupational health and safety (OHS)

The main OHS indicators in 2022 and 2021 were as follows:

Key performance indicators (KPIs)	2022		2021	
	In-house personnel	Subcontracted personnel	In-house personnel	Subcontracted personnel
Employee training on OHS (number of hours)	83,144	–	47,888	–
Attendance at OHS training <sup>(1)</sup>	8,552	–	5,824	–
Safety inspections <sup>(2)</sup>	688	110,064	462	109,835
“Safety Walks” <sup>(3)</sup>	294	–	83	–
Extra Checking On Site (ECoS) <sup>(4)</sup>	–	10	34	–
Number of hours worked	14,849,992	41,357,055	15,155,924	35,080,804
Number of accidents <sup>(5)</sup>	1	18	2	28
Frequency index <sup>(6)</sup>	0.06	0.43	0.12	0.76
Number of serious accidents <sup>(7)</sup>	–	–	–	2
Frequency of serious accidents index	–	–	–	0.06
Number of fatal accidents	–	–	–	1
Frequency of fatal accidents index	–	–	–	0.02
Degree of severity <sup>(8)</sup>	0.01	0.09	0.02	0.07
Absenteeism rate (%) <sup>(9)</sup>	2.97	–	2.55	–

<sup>(1)</sup> Employees attending training courses on risk prevention in the year (number).

<sup>(2)</sup> Safety inspections of works and/or projects related to own employees and contractors (number).

<sup>(3)</sup> Safety visits by management and prevention technicians to facilities and workplaces to verify the state of the facilities, compliance with OHS regulations and the adoption by works of safe and healthy behaviours (number).

<sup>(4)</sup> Safety visits to workplaces by experts from different countries to share preventive improvement practices (number).

<sup>(5)</sup> Includes accidents eligible for calculation under Enel Group Policy 106.

<sup>(6)</sup> Frequency index = (Number of accidents or Number of serious accidents or Number of fatal accidents / Number of hours worked) x 10<sup>6</sup>.

<sup>(7)</sup> Includes: accidents that resulted in more than six months off work as at 31 December 2021 and 2022; accidents that were ongoing and considered serious (initial prognosis >30 days) as at 31 December 2021 and 2022; accidents classified as “Life Changing Accidents” (LCA), irrespective of the resulting number of days off work.

<sup>(8)</sup> Severity rate = (Number of lost days / Number of hours worked) x 10<sup>3</sup>.

<sup>(9)</sup> Number of days absent due to illness or accident/number of theoretical days \*100.

In the “Risk Appetite Framework”, the Company sets a tolerance level for the absenteeism indicator of 5%.

### 14.3. Responsible people management

Endesa is committed to sustainable people management, fostering best practices in hiring, compensation, employment relations, training and selection, etc. and pursuing initiatives that foster a safe and healthy working environment, well-being, work-life balance, equal opportunities, diversity and inclusion.

Endesa believes in diversity among its employees as an enriching factor. ENDESA's respect for the approaches in

its Diversity and Inclusion Policy (age, gender, culture and disability) is reflected in the ongoing increase in the number of women in the workforce, the incorporation of people of other nationalities and young people to rejuvenate the workforce, recognition of people with the most experience and the integration of people with disabilities.

In 2022, Endesa worked on each of the following dimensions by carrying out various initiatives, as described below:

### 14.3.1. Diversity and equal opportunity

Under the framework of the Policy of Diversity and Inclusion, the Company rejects all manner of discrimination and undertakes to guarantee and promote diversity, inclusion and equal opportunities in all dimensions covered by that policy (gender, age, disability and nationality):

#### Gender

Endesa promotes gender equality in all areas of the Company, focussing in particular on internal and external objectives related to gender as established in the 2023-2025 Strategic Sustainability Plan.

	2022	2023-2025 Targets		
		2023	2024	2025
Increase the Presence of Women in Positions of Responsibility (% women)				
Management positions.	18.9	18.9	19.5	20.2
Middle management positions.	34.9	34.7	34.9	35.0
Promoting gender diversity as part of selection processes (% women).	50.0	50.0	50.0	50.0
Promotion of gender diversity in the recruitment process (global% of women recruited).	38.0	38.5	39.0	39.5
Female students involved in initiatives of vocational guidance in STEM <sup>(1)</sup> area	>5.000 mujeres involucradas en el periodo 2023-2025			

<sup>(1)</sup> "Science", "Technology", "Engineering", "Mathematics").

On a monthly basis, the data and results of the actions carried out in the area of gender diversity are published and performance is assessed with respect to the goals set for 2022. Compared to the previous year, the number of women in the workforce has increased by 0.8%, and the number of women in "Middle Manager" positions rose by 1.1%. In the case of the number of women in "Manager" positions, the criteria for appointing managers have been

modified to a model based on the responsibility they perform.

Meanwhile, the number of women on Endesa, S.A.'s Board of Directors increased by 5.7%.

In 2022, women represented 38,2% of all new hires (1,2% higher than the year before).

Percentage of women in the workforce

#### Porcentaje de Mujeres sobre el Total

	2022	2021
Board of Directors.	41.7	36.4
% Executive positions.		
Management positions.	18.9	20.8
Middle management positions.	34.9	33.8
Selection processes.		
"Short List" <sup>(1)</sup>	51.4	53.0
Hires.	38.2	37.0

<sup>(1)</sup> List of final candidates in selection processes.

Endesa has an equality plan that provides a framework for action to promote effective equality, equity, development, work-life balance and co-responsibility among all staff and is part of the *Endesa 5th Framework Collective Agreement*. Endesa also defined a Gender Diversity Action Plan, in line with our Diversity and Inclusion Policy, aimed at achieving

three main targets: increasing the presence of women in the Company, increasingly their presence in positions of responsibility, and ensuring quality in wages and salaries. To achieve these goals, a number of initiatives are being developed structured around four pillars:

Initiatives	Description
1. Attracting talent.	Incorporation of inclusive language and parity in selection processes through "Science, Technology, Engineering, Mathematics" (STEM) programmes such as "Back to school" or "Ella te Cuenta".
2. Awareness.	<ul style="list-style-type: none"> <li>With actions such as "Radio We" (round table to attract talent with technical profiles Science, Technology, Engineering, Mathematics" (STEM) with the Director", "Conscious Decisions", "Training Programmes against Harassment" and the creation of the Endesa Women's Network.</li> </ul>
3. Work-Life balance.	<ul style="list-style-type: none"> <li>Reflected in the equality plan and 68 measures included in the "5th Endesa Framework Collective Agreement".</li> <li>"Parental Programme".</li> </ul>
4. Female leadership.	<ul style="list-style-type: none"> <li>Through programmes such as "Woman Mentoring", "Cross Mentoring" and "Desayunos Interempresas" (Inter-company Breakfasts).</li> </ul>

In addition, supplementary internal and external communication actions are carried out, e.g., Diversity Days or raising the profile of awards received in 2022 for "Science, Technology, Engineering, Mathematics" (STEM) initiatives (e.g.: IT Pioneers Award granted by the Association of Telecommunications Engineers) and external commitments are established with government bodies such as, for example, the Ministry of Equality

(Equality Distinction), and commitments with other entities such as "CEOs for Diversity" and with the Sustainable Development Goals (SDGs).

The actions have a follow-up and monitoring of their impact through the Equality Committee, and with the production of external indexes such as "Bloomberg" (in which Endesa has improved by 3.6 points with respect to 2021) or "MERC0".

## Age

Endesa works to recognise and manage generational differences, guaranteeing integration, motivation and knowledge transfer. In 2022, the following initiatives were put into practice to this end:

Shares	Description
"Onboarding".	<ul style="list-style-type: none"> <li>Aimed at young people who have just joined Endesa.</li> </ul>
"Nuestros Mayores Valores" (our core values).	<ul style="list-style-type: none"> <li>The "Our Best Values" initiative for employees over 55 who made an exceptional contribution during their professional careers and receive recognition from the organisation, their direct managers and their colleagues in the form of participation in experiential or business activities.</li> <li>This is one of the programmes aimed at enhancing the value of senior talent through knowledge transfer initiatives and recognition of their experience.</li> </ul>

## Disability

Endesa carries out initiatives to foster the integration of people with disabilities in conjunction with foundations specialising in this area. The main ones are:

Initiatives	Description
"Valuable 500".	<ul style="list-style-type: none"><li>Endesa was the first Spanish energy company to sign up for the "Valuable 500" global disability inclusion initiative, carrying out more than 36 initiatives in 2022.</li></ul>
Adecco Foundation Family Plan.	<ul style="list-style-type: none"><li>Counselling and health therapies for family members with disabilities. This plan provided personalised counselling and health therapies to 69 relatives of employees with a disability in 2022.</li></ul>
Randstad Foundation.	<ul style="list-style-type: none"><li>Provision of specialist disability consulting and advisory services.</li></ul>
Prevent Foundation and Universia Foundation.	<ul style="list-style-type: none"><li>Support for a variety of scholarship programmes for students with disabilities.</li></ul>

These actions take the form of projects that promote inclusion of people with disabilities in the labour market and support services for employees with disabilities (90 employees with a disability as at 31 December 2022, 0.99% of total headcount at that date).

In addition to partnering with foundations, Endesa has an officer tasked with centralising all issues and providing service to both managers and employees in this area.

Endesa complies with current disability regulations, set out in Spain's General Law on Disability (Ley General de Discapacidad).

## Nationality

Endesa is committed to the acknowledgment, respect and integration of persons of different nationalities working at the Company. In line with this commitment, it assigns expats a tutor from the country of destination to help them with their personal and professional integration.

To lend visibility to these initiatives, we held the "Diversity Days" again in 2023. Because of the pandemic, it was done virtually via a global platform for all Enel Group countries of operation.

### 14.3.2. Work-life balance and flexibility

Endesa continued to carry out a variety of initiatives to foster its flexible working environment and help employees achieve a balance between their personal, family and

professional lives. The measures taken by Endesa to promote work-life balance are divided into five large groups:

Lines of action	Description
Employment quality.	<ul style="list-style-type: none"><li>Permanent contract, pension plans, health and welfare, expatriate support, etc.</li></ul>
Flexible time and personal leave.	<ul style="list-style-type: none"><li>Shorter working days, unpaid time off, paid leave, etc.</li></ul>
Support to the family.	<ul style="list-style-type: none"><li>Unpaid time off, paid leave and a flexible timetable for family care, helping dependant elderly family members, etc.</li></ul>
Career development.	<ul style="list-style-type: none"><li>Professional/technical/skills/language training, volunteer programmes, coaching, etc.</li></ul>
Equal opportunities.	<ul style="list-style-type: none"><li>Professional support for victims of gender-based violence, medical advice, etc.</li></ul>

Endesa employees benefitting from initiatives to promote work-life in 2022 and 2021:

<b>Number of employees</b>			
<b>Work-life balance actions</b>		<b>2022</b>	<b>2021</b>
Female		2,073	2,203
Male		4,013	5,104
<b>TOTAL</b>		<b>6,086</b>	<b>7,307</b>

Below we highlight some of the measures that Endesa carried out during 2022:

<b>Work-life balance</b>	<b>Description</b>
Work Outside the Office.	<ul style="list-style-type: none"> <li>Employees were allowed to continue working remotely where possible to keep them safe from the spread of the virus. We accompanied them to maintain their motivation and performance.</li> </ul>
Flexible timetable.	<ul style="list-style-type: none"> <li>Flexible working hours make it easier to balance work and personal life.</li> </ul>
Breastfeeding rooms.	<ul style="list-style-type: none"> <li>Service for women who have become mothers.</li> </ul>

During 2022 and 2021 the number of employees who benefited from these programmes was as follows:

<b>Beneficiaries by type of most important work-life balance measure</b>	<b>2022</b>	<b>2021</b>
Work Outside the Office	5,705	6,407
Flexible timetable	2,523	2,858

In addition, Endesa offers its people, among others, these services for flexibility and wellness support:

<b>Other flexibility measures</b>	<b>Description</b>
Offers channel.	<ul style="list-style-type: none"> <li>This channel includes a wide variety of products and services at competitive prices, ranging from leisure offers to others related to personal well-being and training. It is open to solidarity, with a section for donations to different social institutions aimed to improving the living conditions of those most in need.</li> </ul>
"Sala To Do".	<ul style="list-style-type: none"> <li>At the Madrid headquarters, with uninterrupted opening hours and online payment, this room brings together services that help make employees' lives easier, such as clothing and shoe repair, dry cleaning, laundry, financial advice, cell phone, tablet and computer repair.</li> </ul>
Fitness Programme.	<ul style="list-style-type: none"> <li>As a company firmly committed to employees' health, Endesa has been promoting the Train Yourself Programme since 2011. The Company encourages employees to practice sport through this programme with a monthly subsidy.</li> </ul>
CODE Programme.	<ul style="list-style-type: none"> <li>Programming training courses, which have offered a leisure and learning alternative, "Science, Technology, Engineering, Mathematics", to employees' children.</li> </ul>
Other services	<ul style="list-style-type: none"> <li>There is also an app that allows people to enjoy services such as private car-pooling, the e-sharing car service with a fleet of electric vehicles for professional use, cleaning and car repairs, yoga classes, pilates and maintenance gymnastics, nutritionist and travel agency.</li> </ul>

## 14.4. Employment climate

Endesa continued to promote the new work model. In 2022, more than 70% of the workforce (6,368 employees) enjoyed a hybrid work model combining remote work with face-to-face work in the offices. A variety of surveys, interviews, focus groups and initiatives were carried out at different levels within the organisation to gauge how employees felt and how they were adapting to the remote working and the partial return to on-site work, adding questions about workload, wellbeing, leadership, and their motivation and commitment to Endesa.

Survey results were positive. For example, in the “open listening” climate survey, participation was 71.4%, 17% higher than last year. Employee commitment to work scored 83.2% and 94.9% in the dimension related to professional and personal wellbeing.

Endesa’s priority is to place people at the heart of its business. To this end, the focus in 2022 was placed on improving the level of satisfaction and wellbeing, following the “Well-being - Motivation - Results” cycle that feeds

back on itself (the more wellbeing, the better the motivation and the better the results).

To improve the workplace climate and satisfaction, initiatives were conducted by the People and Organization Unit, the “Wellbeing and Welfare” Unit at a global level. They launched a Global Wellbeing Plan focused on people care and personal wellbeing at work and in private life, with the aim of increasing the level of peace of mind and reinforcing the sense of belonging. To reinforce these initiatives, employees’ needs were listened to through the “Wellbeing” survey. In 2022, the survey found a wellbeing rating of 63% out of 100%. The Wellbeing Plan itself includes regular questionnaires on how employees feel in their professional and personal environment on a physical, psychological and relational level.

The initiatives undertaken in 2022 remained focussed on leveraging Endesa’s strengths and values to address the identified areas for improvement:

Description	Example
<ul style="list-style-type: none"> <li>Some of these were aimed at further improving management skills in increasingly digital, flexible and diverse environments.</li> </ul>	<ul style="list-style-type: none"> <li>As an example of some of the initiatives included in the climate action plans, the <i>Endesa Lovers days</i> drew 11,245 participants and a satisfaction rating of 7.6 out of 10, as a reminder that Endesa places people centre-stage, focusing on their satisfaction and wellbeing. A multitude of simultaneous events were launched in all Endesa territories, full of music, entertainment and relaxation. This helped reconnect people with the Company’s cultural evolution strategy, based on 4 pillars: leadership and self-development, diversity, wellbeing and recognition.</li> </ul>
2022 Initiatives.	<ul style="list-style-type: none"> <li>We promoted the creation and implementation of communities that segment employees by stakeholder community (women’s community, data experts, LGBTI community, energy linkers, inclusion community, etc.). This also contributed to improving the workplace climate and employee engagement.</li> </ul>

All climate action plans carried out in 2022 were monitored regularly to ensure that they conformed to the planning and targets set.

## 14.5. Leadership and people development

Leadership at Endesa is based on the vision, mission and values. The “Open Power” values (Responsibility, Innovation, Confidence and Proactivity) present in the people management processes through the Company’s 15 competencies.

In 2022, the development of leadership at Endesa gained momentum with the implementation of “Softleadership”, an empathetic, sensitive, gentle and inclusive leadership style based on 6 principles: inspiring with meaning, communicating, active listening, nurturing trust, abiding

by transparency and accountability. This leadership style was developed in recent years with Endesa's commitment to the "Coaching" culture, which is present through the Internal Coaching Network and the leadership training pathways based on coaching skills and competencies. This enables leaders and everyone in the organisation to use a

management style and behaviours that are clearly geared towards people's development and growth. Endesa is committed to talent development and personal and professional growth as part of its business strategy focused on the sustainability of human capital.

Programmes	Description
"Softleadership".	<ul style="list-style-type: none"> <li>Global programme aimed at implementing "Softleadership", an empathetic, sensitive, gentle and inclusive leadership style, at all levels of the Company. We identified 110 "Softleadership" ambassadors in Spain to serve as role models and facilitate the development of this leadership approach in the organisation. To achieve this, an action plan was drawn up that includes training activities, inspirational talks, meetings and communication activities in line with the 6 principles of "Softleadership": inspiring with meaning, communicating, active listening, nurturing trust, abiding by transparency and accountability.</li> </ul>
"Talent Engagement Program".	<ul style="list-style-type: none"> <li>A programme aimed at "High Potential" young people with the goal of creating and developing their leadership strengths through training and development initiatives that allow them to gain greater business knowledge and integration into the Company's culture.</li> </ul>
"Coaching".	<ul style="list-style-type: none"> <li>Endesa remains strongly committed to coaching via individual or team initiatives carried out through the in-house coaching network in which over 50 in-house coaches - more than 25 are also team coaches - assist Endesa's professionals. The coaching team is one area where ENDESA is considered a benchmark among IBEX 35 companies. Endesa's commitment to coaching was recognised this year as a finalist by the Spanish Association of Executive and Organisational Coaching (AECOP) in "Coaching Culture in the Company", and winner in 2021 and 2019 of the third and first prize, respectively. In 2020, it also won first place in the Expocoaching Best Practice in the workplace award.</li> </ul>
Skills Workshops.	<ul style="list-style-type: none"> <li>In 2022, a new training catalogue was designed for skills linked to the Company's 15 competencies, structured into 3 main areas: leadership, sustainable value creation and individual-group-organisation linkage. This provides a clear view of the training courses available to improve the implementation of the organisation's competencies. One of the main competencies is "Empowering" and "Coaching". With the challenge of bringing coaching closer to Endesa, the Internal Coaching Network offers workshops related to coaching, such as "Growing with Coaching", aimed at making coaching known and bringing coaching closer to all employees, and "Coaching tools for your development", aimed at those who want to learn how to implement coaching competencies in their day-to-day work. These workshops supplement the "Gestor Coach" and "Gestor Coach+" courses, aimed at people managers, and the new "Become a Softleader" course, aimed at managers in the organisation to help them integrate coaching skills into their management.</li> </ul>
"Mentoring".	<ul style="list-style-type: none"> <li>Continuing the line of action launched in previous years, Endesa has kept this knowledge transfer project in place, as part of which professionals with particular experience in a specific skill or area of knowledge tutor and mentor other colleagues for a period of 3 to 6 months. In 2022, apart from the internal mentoring program, an international "Mentoring" project was held with Enel Peru, and a cross-mentoring programme together with other companies in which women with potential were mentored by leading figures from companies in different sectors.</li> </ul>
"Job Shadowing".	<ul style="list-style-type: none"> <li>This development action, aimed at getting to know another area of the Company, consists of accompanying another professional of the Company in his or her day-to-day work for a set period, sharing experiences and points of view. An annual campaign is launched for the entire organisation offering the opportunity to participate in this programme.</li> </ul>
Talent development consultancy.	<ul style="list-style-type: none"> <li>One of the great achievements in the area of talent development is being able to put in place tailor-made solutions for businesses that need it. In 2022, Endesa continued to strengthen its internal consultancy services, providing "ad hoc" solutions to business needs (workshop facilitation, team building, tailor-made seminars, etc.).</li> </ul>
Succession plans.	<ul style="list-style-type: none"> <li>In 2022 ENDESA continued with the identification of successors for the positions of greatest managerial responsibility in the organisation. Criteria are defined for this identification, including the requirement that at least half of the successors chosen for each plan must be women, thus contributing to the achievement of the Gender Diversity objectives. Successors nominated in a Succession Plan have a catalogue of actions structured into 3 blocks of initiatives: accompanied, training-oriented or experiential, among which candidates can choose the one they consider will have the greatest impact on their personal and career growth.</li> </ul>
"Total Rewarding".	<ul style="list-style-type: none"> <li>This process promotes recognition management in a broad sense. It includes not only economic actions, but also training and implementation actions exclusively for those people who, due to their track record, attitude and performance, are to be recognised accordingly.</li> </ul>

Open Feedback Evaluation (OFE), the current evaluation system, is a process focused on the development of the individual and on promoting a culture of feedback. It is thus a lever that fosters the "Softleadership" approach. In line with an open, close and empathetic leadership, the process

has evolved to a 360° level, open to the entire organisation, in order to promote generosity, companionship and a culture of feedback exchange at all levels. Open Feedback Evaluation (OFE) is based on 15 Endesa skills organised into three areas: Talent, generosity and action.

Scope	Description
Talent.	<ul style="list-style-type: none"> <li>Designed for each person to identify up to three skills in which they believe they excel.</li> </ul>
Generosity.	<ul style="list-style-type: none"> <li>Oriented to give and request feedback to colleagues, in order to recognise and enhance their development.</li> </ul>
Action.	<ul style="list-style-type: none"> <li>The manager assigns professional goals to his/her team members, who have the option of proposing their own goals.</li> </ul>

As at 31 December 2022, 3,479 or 38.05% of Endesa employees received variable remuneration based on objectives (MBO). In 2022, a total of 3,558 evaluations of 2021 objectives were carried out.

## Key performance indicators (KPIs) related to performance appraisal and evaluation of objectives.

In 2022 and 2021, the key performance indicators (KPIs) related to the performance appraisal and evaluation of objectives were as follows:

Percentage (%)		
Key performance indicators (KPIs)	2022	2021
Employees with variable remuneration linked to evaluation of objectives <sup>(1)</sup>	38.1	36.6
Employees included in performance appraisal <sup>(2)</sup>	84.9	84.4

<sup>(1)</sup> Employees with a component of their variable salary linked to the achievement of Endesa's objectives.

<sup>(2)</sup> Employees taking part in the evaluation of behaviours and/or values of the company using the Open Feedback Evaluation (OFE) tool as a % of the final workforce.

## 14.6. Training

As part of its commitment to people, Endesa's learning strategy focusses on people by offering a comprehensive catalogue of training activities to equip them with and improve the technical skills they need to perform their duties and enhance their personal development. A fully up-to-date catalogue with courses on the skills and techniques that are in greatest demand and will help to spark employees' inquisitiveness for cutting-edge issues, while caring for and reinforcing their overall well-being, not to mention provide learning experiences to work and lead a new, more flexible organisational model.

Training actions in 2022 addressed the needs uncovered as a result of a number of processes undertaken to ascertain training requirements in order to ensure continuous and

updated learning in the different categories defined and classified as "upskilling" and "reskilling": Skills, Technique, Prevention and Prescriptive.

During 2022, 5,694 training sessions were held, in which 9,526 employees participated, involving the delivery of 422,962 hours, an average of 45.69 hours per employee.

To undertake this activity, Endesa invested Euro 36.07 million in 2022, of which Euro 12.58 million came in the form of direct costs for training activities.

Endesa's responsibility for complying with current legislation in relation to each and every area in which it carries out its activities implying including a large number of training activities, in topics such as occupational health



and safety (OHS), wellbeing, diversity, energy sustainability, the environment, and digitalisation, as explained below:

Type of training	Description	Key programmes
Occupational Health and Safety (OHS)	<ul style="list-style-type: none"> <li>With regard to occupational health and safety (OHS), the workplace risk prevention courses are compulsory for all employees, and consist of online, virtual and classroom sessions depending on the content and target audience.</li> <li>Specific courses of action are carried out for positions with specific levels of responsibility in relation to prevention, such as: prevention officers, prevention resources and members of emergency teams. Courses and refresher workshops are given to update knowledge of regulations and also of Endesa's own procedures.</li> </ul>	<ul style="list-style-type: none"> <li>First aid.</li> <li>ISO 45001.</li> <li>Basic concepts in occupational health and safety.</li> <li>Safe driving.</li> <li>Self-Protection Plan Awareness.</li> <li>Hazardous Goods Activities.</li> </ul>
Wellbeing.	<ul style="list-style-type: none"> <li>Our goal is that people acquire knowledge to have a suitable lifestyle, which will allow them to have better strategies to face adversity, increase their wellbeing and achieve a better cognitive performance.</li> <li>"Healthy Minds" learning itinerary, seeks to achieve improvement in the following lifestyle areas: Stress coping capacity; Promotion of psychological wellbeing; Quality of sleep; Nutrition; Physical exercise; Quality of social relationships.</li> </ul>	<ul style="list-style-type: none"> <li>"Mindfulness".</li> <li>Stress reduction.</li> <li>Basic emotions and emotional management.</li> <li>Listen to your body.</li> <li>Healthy habits.</li> <li>Social skills.</li> <li>Stress management.</li> <li>Responsibility and relationship management.</li> </ul>
Diversity.	<ul style="list-style-type: none"> <li>We address all dimensions of diversity to promote diversity and inclusion in the workplace through learning sessions.</li> <li>Diversity must be integrated into the day-to-day work of all teams, processes and people.</li> </ul>	<ul style="list-style-type: none"> <li>The house of inclusion.</li> <li>Valuable 500: Let's talk about disabilities.</li> <li>Female talent.</li> <li>Debunking biases.</li> </ul>
Energy sustainability.	<ul style="list-style-type: none"> <li>A commitment to sustainable development is a core aspect of Endesa's activity.</li> <li>Therefore, training in this area is important, with the design, development and implementation of courses aimed at ensuring Endesa employees take aboard the sustainability principles in their private and professional activities, and by changing their energy behaviour become examples for society to follow.</li> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>Endesa "Circular Economy School".</li> <li>Circular Economy: General concept and business application.</li> <li>Sustainability Fridays.</li> <li>Sustainability in Enel tools and shared corporate values.</li> <li>Sustainability guides.</li> </ul>
Environmental issues.	<ul style="list-style-type: none"> <li>Environmental training was further strengthened in 2022 with around 1,666 hours of training provided to Endesa employees.</li> <li>With this training, Endesa complied with requirements for renewal of its different ISO 14001, energy efficiency and Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System certificates.</li> </ul>	<ul style="list-style-type: none"> <li>ISO 14001.</li> <li>Environmental awareness-raising.</li> <li>Environmental aspects in distribution.</li> </ul>
Digitalisation.	<ul style="list-style-type: none"> <li>Training in digital transformation was a major focus in 2022, with more than 45,905 hours of training provided.</li> <li>Endesa's digital skills training programmes allow students to expand their technical knowledge in IT to include the change management skills shaping the new paradigm of the digital era and the new working model. This aim is having a more systematic vision and achieving a sustainable, positive impact.</li> </ul>	<ul style="list-style-type: none"> <li>Digital Routines in 21 days (R21D).</li> <li>"EnData".</li> <li>"Antiphishing Kit".</li> <li>"Digital Platform".</li> <li>"Human Firewall".</li> <li>Information classification and protection.</li> </ul>
Other training activities.	<ul style="list-style-type: none"> <li>Courses in management, social and leadership skills to provide employees with tools to ensure their personal and professional development. These courses are managed transversally among different Business Lines and Support Areas.</li> <li>Empowerment and transformation programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Agile methodology programmes: Let's talk about agile, <i>Scrum master</i>. <i>Product Owner</i>.</li> <li>New work methodologies: "Design Thinking", "Visual Thinking", "Lean Startup" and "Creative Problem-solving".</li> <li>Rebirth in relationships.</li> <li>"Become a Softleader".</li> </ul>
	<ul style="list-style-type: none"> <li>Enel's Global Policy on Workplace Harassment.</li> </ul>	<ul style="list-style-type: none"> <li>Workplace harassment.</li> </ul>
	<ul style="list-style-type: none"> <li>Technical skills training for employees to continue their professional development and give them the qualifications needed to go about their tasks.</li> </ul>	
	<ul style="list-style-type: none"> <li>Language training, by belonging to Enel Group. Endesa promotes language classes, chiefly English and Italian, with a wide range of programmes in different formats.</li> </ul>	
	<ul style="list-style-type: none"> <li>Specific onboarding training programmes for new hires to they can acquire the knowledge and skills necessary to perform their tasks.</li> </ul>	

## Key performance indicators (KPIs) relating to training activity

In 2022 and 2021, the key performance indicators (KPIs) related to training activity were as follows:

Number of hours		
Key performance indicators (KPIs)	2022	2021
Training <sup>(1)</sup>	422,962	406,917
Digital skills training <sup>(1)</sup>	45,905	36,251
Promotion of training for employees <sup>(2)</sup>	45.69	43.95
By category:		
Executives	38.21	32.69
Middle management	42.91	41.31
Administration and management personnel	47.69	45.20
Manual workers	49.11	50.30
By gender:		
Male	48.03	39.24
Female	39.14	33.36

<sup>(1)</sup> Training provided to employees.

<sup>(2)</sup> Average training given per employee (average number of hours of training).

## 14.7. Attracting and retaining talent

In order to attract the best talent, Endesa focuses on Employer Branding to promote the company in the job market and be considered an attractive place to work. Over the past few years, the focus has been on attracting young talent, particularly with STEM (Science, Technology, Engineering, Mathematics) profiles to drive Endesa's digital transformation.

Actions	Description
International mobility.	<ul style="list-style-type: none"> <li>In 2022, Endesa continued to roll out international mobility programmes for employees to contribute to their development in international arenas, widen their global business vision and enhance their technical knowledge.</li> <li>The international mobility programme were efficiently managed and foster a global career, thus enhancing a multinational culture. In 2022, Endesa managed 41 processes for expatriate employees and 14 for returnees.</li> <li>Within the framework of compliance with the Diversity Policy, special attention is paid to the integration of expatriates at their destination, by assigning them a tutor/mentor during the expatriation period.</li> </ul>
Personnel selection.	<ul style="list-style-type: none"> <li>To cover vacancies, Endesa promotes participation of employees in selection processes and prioritises internal mobility and giving opportunities to employees to develop and learn.</li> <li>In those cases where Endesa is unable to make use of internal mobility, it seeks to recruit people directly linked to the company's activities through internships, grants and specific fixed-term contracts. Job vacancies are also posted on Endesa's and specific job websites.</li> <li>Endesa has corporate-wide guidelines and the "5th Endesa Framework Collective Agreement" sets out the specific features of the process for filling vacancies.</li> <li>The candidates chosen must not only meeting the required technical profile, but also have the risk profile of skills and values promoted by the "Open Power" corporate culture.</li> <li>In 2022, more than 390 internal selection processes and 770 external coverage selection processes were conducted.</li> </ul>
Attracting young talent.	<ul style="list-style-type: none"> <li>During 2022, Endesa participated in around 25 events aimed at attracting young talent: job fairs, events specialised in "Science", "Technology", "Engineering", "Mathematics" (STEM) profiles, conferences at universities and training centres,</li> </ul>

Actions	Description
Grants programme.	<ul style="list-style-type: none"> <li>In 2022, more than 160 young graduates were recruited through the Endesa Grants Programme. The training projects associated with the scholarships enabled students to maximise their development and raise their level of employability to continue on their career path.</li> <li>Endesa is committed to trying to hire as many grant recipients as it can. Meanwhile, interns at Endesa are given the opportunity to learn and gain experience about professional life that will be useful in helping them find their first job. In 2022, more than 100 young people from this program joined Endesa as new employees.</li> </ul>
Remuneration policy.	<ul style="list-style-type: none"> <li>Endesa's remuneration policy is aligned with Spanish and international regulatory recommendations in the area of Corporate Governance. The main objective is to retain, attract and motivate the best talent, prioritising internal equality, external competitiveness and establishing remuneration in line with the best practices used on the market.</li> <li>Endesa's remuneration policy ensures competitive and fair remuneration for its employees. Remuneration is determined following an analysis of external competitiveness based on wage surveys in the market by employing a job valuation methodology with criteria used by similar companies in terms of number of employees and turnover.</li> <li>Endesa's remuneration policy is also merit-based. In 2022, as in previous years, the individual salary review process was carried out for all employees in all professional categories. The objective of these processes is to recognise the efforts of personnel and their commitment to the Company, adjusting remuneration on a case by case basis, while ensuring that the minimums established in the 5th Endesa Framework Collective Agreement are observed. This policy also strengthens the manager's role in recognising employees' achievements.</li> <li>In 2022, an exercise in transparency in communication to personnel of the salary review process was carried out, with special emphasis on the gender perspective.</li> </ul>

## Key performance indicators (KPIs) related to the gender wage gap

In 2022 and 2021, the key performance indicators (KPIs) related to the wage gap were as follows:

Percentage (% weighted average by age range)

Pay Gap <sup>(1)</sup>	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	0.1	9.9	6.2	-	6.1	13.6	10.6
Middle management	(0.8)	2.7	13.0	5.2	(2.3)	3.8	13.7	5.9
Administration and management personnel	5.7	8.6	10.5	9.2	(1.6)	8.8	11.1	9.2
Manual workers	8.1	(1.5)	11.4	3.5	22.4	(6.2)	(6.0)	(5.3)
<b>AVERAGE</b>	<b>2.9</b>	<b>4.5</b>	<b>11.4</b>	<b>6.8</b>	<b>-0.3</b>	<b>4.7</b>	<b>9.7</b>	<b>6.1</b>

<sup>(1)</sup> The pay gap is calculated as the average wage of men / average wage of women weighted by age range. The calculation has been made taking into account fixed salary + variable salary + social benefits.

## 14.8. Social dialogue

As at 31 December 2022, the "5th Endesa Framework Collective Agreement", in different legal terms, covered 8,213 employees; i.e. 88.7% of total staff.

Pursuant to Spanish and Endesa labour regulations in 2022, the criteria to be followed in the event of business reorganisation and corporate restructuring

were established, whereby Union representatives will be informed at least 30 days before any such corporate restructuring and reorganisation is actually implemented. The most important actions regarding collective bargaining in 2022 were as follows:

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### Key actions in 2022

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Collective bargaining

- Agreement on the transfer of workers to the company Endesa X Way, S.L. and the inclusion of this company in the functional scope of the "5th Endesa Framework Collective Bargaining Agreement".
  - Agreement on the transfer of workers to the company GridSpertise Iberia, S.L. and the inclusion of this company in the functional scope of the "5th Endesa Framework Collective Bargaining Agreement".
  - Agreement for the inclusion of Empresa de Alumbrado Eléctrico de Ceuta, S.A., Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. and Energia Ceuta XXI Comercializadora de Referencia, S.A.U. within the functional scope of the "5th Framework Collective Bargaining Agreement of Endesa".
  - Agreement on the new work model at Endesa - Remote working.
  - Agreement with the union representatives within the Equality Committee on the internal policy regulating the right to digital disconnection of Endesa employees.
  - Agreement on the diagnosis of the situation of the Equality Plan at Endesa.
  - Agreement on the schedule applicable to the remote unit "Operation Control Room Iberia" (Interoperability Unit).
  - Application of the new Preliminary Valuation Agreement at Endesa.
- 

## 14.9. Responsible relationships with local communities

Endesa is committed to the communities where it operates. The Company fosters initiatives supported, managed and/or subsidised voluntarily that meet the needs of the environment and generate benefits for the society in which it operates, beyond the normal scope of its business, or that promote efficiency or improvements in the company's internal management.

The categories of community-oriented projects are aligned with the Sustainable Development Goals (SDGs) of the United Nations, with 3 of them (4, 7 and 8), corresponding to "Education", "Access to energy" and "Socioeconomic implementation" respectively, having a public commitment to achieve them. In total, there are 4 groups of projects with an impact on communities. In addition to the above, there is the category of "Community Support", which is described in Section 14.9.2 of this Management Report.

Endesa's commitment to the development of the communities in which it operates is part of the Company's Shared Value Creation (SVC) policy, which establishes the general principles and the methodology for implementing

actions that maximise the value that business assets and projects can contribute to local communities.

The policy is designed with the ultimate goal of promoting the progress of both Endesa and the Company. We believe that progress arises from ideas and joint creation, driven by values such as trust, responsibility, proactivity and resilient innovation.

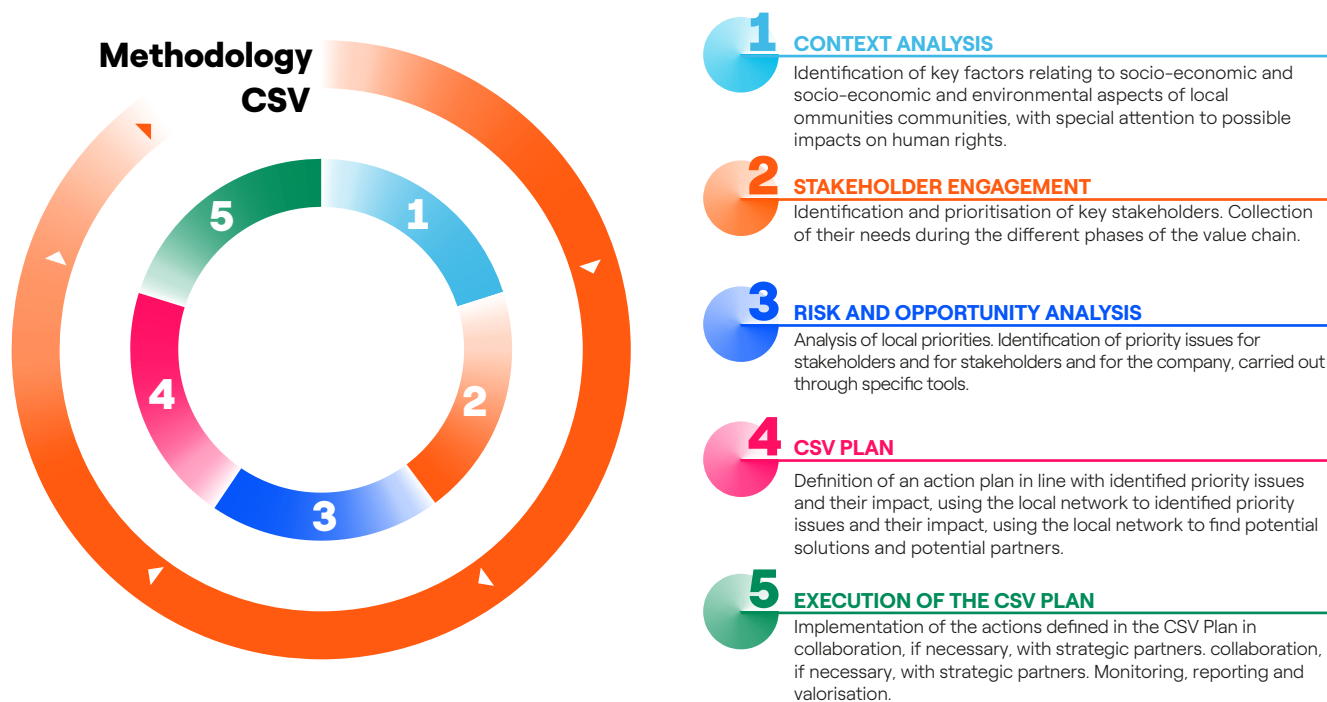
We therefore build an integrated business model where Sustainability enables us to address the issues that shape our roadmap to decarbonisation, with a fairness-oriented approach, to pursue sustainable progress by creating cost-effective solutions, solving social needs, fostering mutually beneficial relationships with stakeholders, leaving no one behind, and creating long-term value for all stakeholders to contribute to a resilient and fair development.

Detailed information about Endesa's responsible relationship with the communities can be found in Section 4.6.2. "Commitment to Local and Global Communities" of the Statement of Non-financial Information and Sustainability 2022 (see Section 25 of this Consolidated Management Report).

### 14.9.1. The Creating Shared Value (CSV) approach

Endesa, since 2016, has been in a process of integrating sustainability into business operations under the "Creating Shared Value" (CSV) approach. To this end, an exhaustive and rigorous accompanying methodology is applied to the Company's assets and projects in all phases of the value chain.

The application of this process “Creating Shared Value (CSV)” has 5 phases, as detailed in the following figure:



The implementation of the “Creating Shared Value (CSV)” model in Endesa’s Business Lines is as follows:

Business Areas	“Creating Shared Value (CSV)”
 <b>Generation</b>	The Creating Shared Value (CSV) model is being implemented in all phases of the value chain of the Generation Business Line: in renewable construction projects, operating facilities and also in the decommissioning process
 <b>Distribution</b>	During 2022, in this Business Line, the first pilot of “Creating Shared Value (CSV)” accompaniment to a construction project was carried out in addition to applying the “Creating Shared Value” (CSV) methodology to the subject of interest of birdlife.
 <b>Energy Supply</b>	In this case, the “Creating Shared Value (CSV)” approach focused on actions against energy poverty.
 <b>Marketing of other Products and Services</b>	In this Business Line, the “Sustainability Boosting Program” method was applied in a pilot project.

Since 2016 there have been 368 applications of the Creating Shared Value (CSV) model in 360 *Endesa* facilities at different stages of the value chain, as well as in 2 relevant topics (birdlife and energy poverty). Of which, 127 were carried out in 2022.

*Endesa's* 2023-2025 Strategic Plan sets out a roadmap towards decarbonisation by 2040 with a complete restructuring of the generation mix in the coming years (see Section 4.2 of this Consolidated Management Report). This change of energy model is being carried out in a responsible manner with the local communities, seeking the minimum social and environmental impact and maximum integration with the territory.

In accordance with the above, whenever projects for the closure or construction of new renewables are addressed, special focus is placed on the local communities. Each project has an associated "Creating Shared Value (CSV)" plan that is defined in a participatory manner with the local agents of the territory, and whose goal is to maximise the value that this project can generate in the local community, beyond what any operator generates in a standard construction project, seeking close integration in the territory and strong ties with the local population. For operating plants, there is a Sustainable Plant model that seeks gradual improvement in 5 areas: energy efficiency, emissions, waste, water and people. The process involves setting annual goals and following them up using technology at a fleet level.

In line with the above, the projects for the total closure of coal-fired power plants currently submitted by *Endesa* are supported by a Future Plan that is submitted to the relevant Ministry on a voluntary basis and with the aim of mitigating their adverse impact on the local community. The Plan is

structured as follows in 4 main areas: proactive search for employment for affected personnel, training plans, promotion of the socioeconomic implementation of the environment and sustainability of the municipality through energy efficiency and self-consumption. In addition to the above, we are also working on the application and monitoring of the "Agreement for a just energy transition for coal-fired plants in closure: employment, industry and territories", which *Endesa* signed in April 2020 with the Ministry for Ecological Transition and the Demographic Challenge ("MITECO") and the Ministry of Labour and Social Economy, and with the Federation of Industry, Construction and Agriculture of the General Union of Workers ("UGT FICA") and the Trade Union Confederation of Workers' Committees of Industry ("CCOO Industry"). This agreement commits *Endesa* to the adoption of measures to facilitate the transition of the economy towards a low-carbon development model in order to optimise the benefits of the ecological transition to generate more and better jobs, while minimising the negative impacts that may arise for certain economic sectors to be transformed.

*Endesa* was the sole winner of the first 2 just transition tenders held to date in Spain and Portugal. In both cases, the megawatts of grid capacity that became available after the closure of these coal-fired plants were put out to tender: 1,202 MW for Andorra-Mudéjar and 628 MW for Pego-Abrantes. The important and novel aspect of both tenders is that the key to winning them was not so much the technical project but the supporting socioeconomic plans. Emphasis was placed on the benefits generated for the local communities directly affected by the closure. In both cases this aspect accounted for more than 50% of the score.

## 14.9.2. Sustainability Projects

Sustainability projects are initiatives that are promoted, supported, managed and/or subsidised by the Company voluntarily and aligned with the needs of the environment that generate a benefit for the society in which it operates beyond the normal management of the business, or that

promote efficiency or improvements in the management of the company internally.

As of 31 December 2022, the categorisation of *Endesa's* Sustainability projects is as follows:

Projects with public commitment to achieving beneficiaries linked to the SDGs

1 Access to the energy	2 Development	3 Education	4 Support for communities
 <p><b>Minimisation of economic barriers</b> for vulnerable groups, training and capacity building in the field of energy, accessibility technological <b>accessibility</b> or <b>infrastructures and energy and energy efficiency and awareness</b> about their use.</p>	 <p><b>Employment development, infrastructure development, skills transparency and training and support to local entrepreneurial activities.</b></p> <p>(Not related to energy)</p>	 <p>Activities involving children, schools, colleges, <b>institutes universities, research and research and development centres, scholarships, lectures, etc.</b></p> <p>(Non-energy related)</p>	 <p>Projects aimed at improving the <b>well-being</b> of people and communities, maintaining their cultural identity, <b>preserving their heritage, improving the environment and local biodiversity, sport, health and meeting basic needs.</b></p>

### 14.9.3. Key performance indicators (KPIs) related to socio-economic activities

In 2022, according to the “London Benchmarking Group” (LBG) method, which allows measuring, managing, evaluating and communicating the contributions, achievements and impacts of the Company’s investment in social development in the Company, Endesa has contributed Euro 16.9 million of investment in social projects aimed at the communities of the environments in which it operates, of which Euro 14.8 million are cash or

in-kind contributions (see Section 9.4 of this Consolidated Management Report).

The breakdown of the distribution of this investment calculated in accordance with the “London Benchmarking Group” (LBG) methodology in Endesa’s sustainability projects and the number of beneficiaries of these projects was as follows:

	Investment in social development <sup>(1)</sup>		Number of beneficiaries	
	2022	2021	2022	2021
<b>Investment in social development <sup>(1)</sup></b>	<b>17</b>	<b>14</b>		
Percentage (%) of investments in each sustainable project:				
Access to energy <sup>(2)</sup>	31	18.0	260,278	203,510
Socio-economic development <sup>(3)</sup>	14	19.0	138,262	154,512
Education <sup>(4)</sup>	11	13.0	72,869	81,305
Support for local communities <sup>(5)</sup>	44	50.0	583,043	516,543

<sup>(1)</sup> Corresponds to total contribution: in cash, in kind, time and management costs in Euro million.

<sup>(2)</sup> Includes projects to minimise economic barriers preventing access to energy; the promotion of technical training in the energy area; promotion of energy efficiency; awareness-raising in the use of energy; and technological development and development of infrastructures to facilitate access, and access to electricity for vulnerable groups.

<sup>(3)</sup> Includes projects to promote employment and generate economic activity in the community, the transfer of knowledge and training and support for local business activities.

<sup>(4)</sup> Includes projects supporting training activities involving students, families, schools and universities, and fostering academic training, in general, not related to energy, through grants, professorships, etc.

<sup>(5)</sup> Includes projects aimed at improving the well-being of people and their communities, maintaining their cultural identity, preserving their heritage, improving the environment and local biodiversity, promoting sport, encouraging healthy habits and helping to meet basic needs.

## 14.10. Sustainable supply chain

Endesa complies with sustainability best practices throughout the value chain. To promote responsible management in the supply chain, Endesa has a comprehensive procurement process in place requiring a rating for all suppliers (assessing compliance with economic, legal, environmental, social and ethical aspects), not just of suppliers it intends to engage, but also those invited to participate in tenders.

During supplier selection, Endesa includes certain sustainability indicators ("k" for sustainability) when evaluating bids. Moreover, all supplier contracts include specific clauses in General Terms and Conditions related to the counterparties' commitment to human rights, people's safety, the environment and corruption.

*To manage suppliers and supplier contracts in accordance with the established requirements, Endesa monitors*

*supplier performance both when they execute contracts and after completion (i.e. Consequence Management).*

Each month, data recorded are used to calculate 6 category indicators (Safety, Environment, Quality, Punctuality, Human Rights and Correction, Innovation and Collaboration) and a Supplier Performance Index (SPI) derived from the weighted average of the category indicators according to percentages that depend on the risk associated with the individual category in the group of products or services being evaluated.

Based on the score obtained, a consequence management process applicable to the supplier or the contract is initiated, which includes, among others, actions aimed at promoting excellent behaviour.

### ESG management of the supply chain

	Descripción
Integrity and the fight against corruption	<ul style="list-style-type: none"> <li>Endesa is a signatory to the Global Compact and, in compliance with its Principle 10, intends to continue its commitment to fight against corruption in all its forms. Therefore, contractors declare that they recognise the commitments made by Endesa and undertake not to make use of any offer or request for illegal payments in executing the contract in the interest of Endesa and/or for the benefit of its employees.</li> </ul>
Compliance with Human Rights	<ul style="list-style-type: none"> <li>To obtain formal commitment by partners and suppliers, all contracts include clauses on human rights relating to the Global Compact and Ethical Regulations (clauses 26 and 27). Moreover, it applies either the conventions of the "International Labour Organization" or prevailing legislation in the country where operations are to be carried out, whichever is more restrictive.</li> </ul>
Environmental Management	<ul style="list-style-type: none"> <li>The Group's contractual regulations, set out in the "General Contracting Terms and Conditions (GCTC)", includes clauses requiring compliance with environmental regulations. Endesa reserves the right to monitor contractors' activities to ensure compliance with environmental requirements and constantly monitor the status of compliance with their obligations.</li> </ul>
Occupational Health and Safety (OHS)	<ul style="list-style-type: none"> <li>Endesa has adopted an operating instruction on repeated breaches of occupational safety and purchasing processes, which specifically regulates the way in which accidents or incidents (near misses) are assessed and the limits to be placed on the allocation of new contracts after such events. Additionally, within the supplier qualification process, four parameters are taken into account with regard to the Occupational Health and Safety (OHS) of suppliers.</li> </ul>



## Key performance indicators (KPIs) relating to the sustainable supply chain

In 2022, the indicators related to the Sustainable Supply Chain performed as indicated below:

	Unit	Enero-diciembre 2022
Contractors	Number	1,863
Full Time Equivalent (FTE) Contractors	Number	17,649
Percentage of Contractors Certified for Sustainability Aspects (ESG)	%	100
Percentage of Supplies Covered by the Carbon Footprint Certification (CFP)	%	66

For more information see section 4.6.3. “Fostering a sustainable supply chain” in the Statement of Non-financial Information and Sustainability 2022 (see Section 25 of this Consolidated Management Report).

## 14.11. Circular economy

### 14.11.1. A circular approach for a sector with a bright future ahead

The firm commitment to the generation of energy from renewable sources, the development of a smart and flexible grid that facilitates the penetration of distributed generation, and the electrification of end uses describe Endesa’s approach towards the decarbonisation of the economy and society. This transition process and, in particular, the Energy Transition towards a generation model based on renewable energy sources will reduce our economy’s dependence on fossil fuels, but will also mean the emergence of new demands for commodities and raw materials.

According to the latest long-term decarbonisation scenarios for large-scale production of renewable generation technologies, the demand for various materials will increase by 4 to 6 times by 2040. Thus, a circular

economy approach is needed to address challenges such as materials supply, reduction of strategic dependence in such sensitive areas as critical raw materials, and end-of-life management through reuse and recycling.

With this new approach, Endesa has implemented policies and actions with 2 main goals: on the one hand, to decouple economic activity from the extraction of non-renewable resources, and on the other, to regenerate renewable resources and ecosystems. To implement the circular economy, Endesa reassessed business all across the value chain by applying innovative thinking and taking into account both energy flow and materials, from the design and procurement phases to the end-customers, including energy generation, infrastructures and networks.

## 14.11.2. Circular activity across the value chain

Activity across the value chain.	Key actions
Suppliers	<ul style="list-style-type: none"> <li>• Incorporation of a factor (parameter “k”) in the bidding process that positively weights bids with a higher degree of involvement with aspects related to sustainability and the circular economy.</li> <li>• Application for the main purchasing families for certifications related to the impact and optimal use of raw materials used in manufacturing (Environmental Product Declaration (“EPDs”), materials passport, carbon footprint or self-declarations related to circularity).</li> <li>• Establishment of a “Circular Confirming” reverse factoring financial tool that rewards circular behaviour by suppliers through discounts on invoice advance costs.</li> </ul>
The Circular Economy in our generation assets	<ul style="list-style-type: none"> <li>• Modification of the way in which wind farm maintenance is carried out. Moving to a new model based on the repair and reuse of broken equipment.</li> <li>• Analysis and monitoring of operating variables to locate faults in wind turbine components. Early detection of the fault allows the component to be repaired before failure occurs.</li> <li>• Implementation of a new software version that involves several improvements in the power curve of the turbines, in order to obtain an increase in energy production.</li> <li>• Establishment of recycling plants for wind turbine blades and batteries with the goal of using the recycled material for the production of new products, thus closing the circle of a new useful life.</li> <li>• Reuse and sale of decommissioning plant equipment, with analysis of the possibility of internal reuse in other Company facilities or through sale to third parties, seeking a second life when it cannot be reused internally.</li> <li>• Recovery of materials from decommissioning plants, recovering more than 90% of non-hazardous waste at the end of the project.</li> <li>• Recovery and sale of coal from decommissioning plants to third party companies, achieving a twofold goal: to valorise the waste avoiding its deposit in landfills and to avoid the cost of waste management.</li> </ul>
The Circular Economy in our infrastructures	<ul style="list-style-type: none"> <li>• Implementation of a pilot test at the Zumajo substation, where 2,000m<sup>3</sup> of conventional concrete used in civil works, mainly in foundations, is replaced by sustainable concrete made of cement with a 70% lower carbon footprint.</li> <li>• Use of 100% recycled concrete with low carbon dioxide (CO<sub>2</sub>) emissions in the pipelines in the Barcelona South distribution area.</li> <li>• Reuse of high-voltage transformer components that are reaching the end of their life to perform maintenance on other transformers in use.</li> </ul>
The Circular Economy for customers	<ul style="list-style-type: none"> <li>• Implementation of the ALVA project, an initiative that proposes a system for collecting waste, mainly household appliances, through a collective system of extended producer responsibility (SCRAP).</li> </ul>

Information relating to Endesa’s actions in the Circular Economy is detailed in the Statement of Non-financial Information and Sustainability 2022 (see Section 25 of this Consolidated Management Report).

# 15. Sustainability Policy

## 15.1. Endesa’s sustainability commitment

Endesa considers sustainability as an essential element of its corporate culture that allows the Company to main a leadership position and strengthen it for the future. To this end, it integrates sustainability into its strategy and contributes to sustainable development through the creation of long-term value.

To successfully overcome the challenges in terms of sustainability that society faces, Endesa has defined a series of principles and transversal commitments based on the Company’s corporate values, which govern both management and actions in economic, social, ethical and environmental matters and relations with all its stakeholders.

These principles and commitments are set out in the Sustainability Policy that guides the management of Sustainability and future commitments that constitute

Endesa’s framework for action with Sustainable Development, as set out in the Company’s Vision, Mission and Values (see Section 2.3.2 of this Consolidated Management Report).

The Board of Directors, through the Sustainability and Corporate Governance Committee, is in charge of overseeing compliance and control of the sustainability policy and the sustainability and corporate governance strategy in accordance with the functions and powers established in the Regulations of the Sustainability and Corporate Governance Committee. Reference to the Sustainability Policy is available for consultation on the website: <https://www.endesa.com/es/nuestro-compromiso/nuestro-compromiso/politica-sostenibilidad-desarrollo-sostenible>.

## 15.2. Endesa’s contribution to the United Nations Sustainable Development Goals (SDGs)

Endesa wants to be an active agent in this transformative vision towards sustainability so, since announcing its specific contribution to Agenda 2030 in 2016, the Company has continued to progress with regard to our

commitment to Goal 13 of climate action to which it also contributes with specific actions in relation to Sustainable Development Goals (SDGs) 7, 9 and 11:

Sustainable Development Goal (SDG)	Endesa Commitment: Specific actions
<b>SDG 13</b> (Climate Action)	<ul style="list-style-type: none"> <li>Decarbonisation of the energy mix by 2040, setting ambitious targets to reduce specific Scope 1 Greenhouse Gas (CO<sub>2</sub>eq) emissions compared to 2017 by about 80% by 2030 and 100% by 2040.</li> </ul>
<b>SDG 9</b> (Industry, Innovation and Infrastructure) and <b>SDG 11</b> (Sustainable Communities and Cities)	<ul style="list-style-type: none"> <li>Investment of approximately Euro 1.5 billion in Digitalisation to transform the energy of the future and a Plan to roll out 46,000 charging stations in 2024.</li> </ul>
<b>SDG 7</b> (Affordable and clean energy)	<ul style="list-style-type: none"> <li>More than 4,400 MW of growth in renewable energy in the 2023-2025 period. Furthermore, Endesa indirectly contributes to training and education programmes focusing on energy, accessibility and the promotion of energy efficiency, reaching 4.1 million beneficiaries between 2015 and 2030.</li> </ul>

Endesa also contributes indirectly to Sustainable Development Goals (SDGs) 4, 8, 12 and 17:

Sustainable Development Goal (SDG)	Endesa Indirect Commitment
<b>SDG 4</b> (Quality education)	<ul style="list-style-type: none"> <li>Public commitment to reach 0.9 million beneficiaries in the 2015–2030 period.</li> </ul>
<b>SDG 8</b> (Decent Work and Economic Growth)	<ul style="list-style-type: none"> <li>Public commitment to reach 2.1 million beneficiaries in 2030 in the same period through the social initiatives carried out by the Company.</li> </ul>
<b>SDG 12</b> (Responsible Production and Consumption)	<ul style="list-style-type: none"> <li>The Company recognises the relevance they are acquiring in its strategy, especially when coupled with innovation and introduced into the value chain from the design phase. Under the strategy, Endesa expects 91% of the generation fleet to be circular by 2030 (measured as reduction in materials and fuel consumption over the life cycle compared to 2015 excluding nuclear technology) having achieved almost 70% by the end of 2022.</li> </ul>
<b>SDG 17</b> (Partnerships for the Goals)	<ul style="list-style-type: none"> <li>The Company is aware of the growing importance of alliances and considers them key to continue leading the challenge of decarbonisation in the industry.</li> </ul>

These Sustainable Development Goals (SDGs) are considered a priority for Endesa; therefore, it places greater emphasis on achieving them, although it also takes decisive action in relation to all SDGs, setting targets and reporting on them since they were introduced. To this end, Endesa's 2023–2025 Sustainability Plan sets out the roadmap for the next three years to contribute to the 2030 Agenda, thereby aligning its sustainability strategy with this universal framework (see Section 4 of this Consolidated Management Report).

Detailed information about Endesa's commitment to sustainability and its contribution to the United Nations Sustainable Implementation Goals (SDGs) can be found in Section 2.4.4.1. "Contribution to the SDGs" of the Statement of Non-financial Information and Sustainability 2022 (see Section 25 of this Consolidated Management Report).

## 16. Regulatory Framework

Information on the regulatory framework is provided in Note 6 to the consolidated financial statements for the year ended 31 December 2022.

## 17. Treasury shares

Information relating to treasury shares is provided in Note 35.1.8 to the consolidated financial statements for the year ended 31 December 2022.

# 18. Stock Market Information

The changes in the share price of Endesa, S.A. and the major benchmark indexes in 2022 and 2021 were as follows:

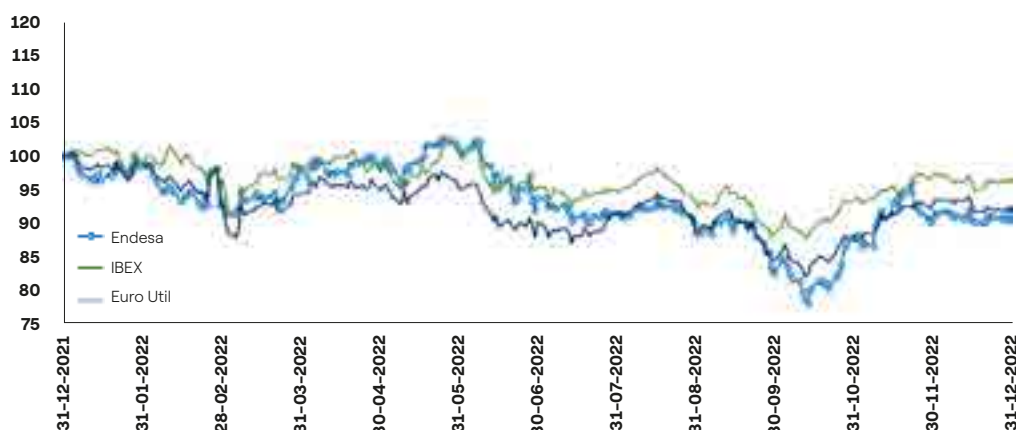
Percentage (%)			
Share price performance <sup>(1)</sup>		2022	2021
<b>Endesa, S.A.</b>		<b>(12.7)</b>	<b>(9.6)</b>
Ibex-35		(5.6)	7.9
Eurostoxx 50		(11.7)	21.0
Eurostoxx Utilities		(11.3)	3.6

<sup>(1)</sup> Source: Madrid Stock Exchange.

Euro				
Endesa share price <sup>(1)</sup>		2022	2021	Chg. %
High		20,960	23,650	(11.37)
Low		14,270	17,420	(18.08)
Average in the period		18,367	20,936	(12.27)
End of the reporting period		17,635	20,200	(12.70)

<sup>(1)</sup> Source: Madrid Stock Exchange.

Performance of the Endesa share, the IBEX-35 and the EUROSTOXX Utilities index during 2022



Source: Bloomberg.

The stock market data of Endesa, S.A. as of 31 December 2022 and 2021 are detailed below:

Stock market information		31 December 2022	31 December 2021	Chg. %
Market capitalisation <sup>(1)</sup>	Millions of Euro	18,671	21,387	(12.70)
Number of shares		1,058,752,117	1,058,752,117	—
Nominal share value	Euro	1.2	1.2	—
Cash <sup>(2)</sup>	Millions of Euro	5,974	8,501	(29.73)
Continuous Market	Shares			
Trading volume <sup>(3)</sup>		324,484,195	406,350,969	(20.15)
Average daily trading volume <sup>(4)</sup>		1,262,584	1,587,308	(20.46)
Price to Earnings Ratio (P.E.R.) Ordinary <sup>(1)</sup>		7.79	11.24	—
Price to earnings ratio (PER) <sup>(1)</sup>		7.35	14.91	—
Price / Carrying amount <sup>(1)</sup>		3.36	3.98	—
Returns for shareholders <sup>(1)</sup>	%	(5.58)	(0.61)	—

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

<sup>(2)</sup> Cash = Sum of all the transactions performed on the shares during the reference period (Source: Madrid Stock Exchange).

<sup>(3)</sup> Trading Volume = Total volume of Endesa, S.A. securities traded in the period (Source: Madrid Stock Exchange).

<sup>(4)</sup> Average Daily Trading Volume = Arithmetic mean of stock in Endesa, S.A. traded per session during the period (Source: Madrid Stock Exchange).

The high volatility of the market in 2022, characterised by sudden movements in share price, occurred with a cumulative trading volume that was somewhat lower than in the previous year. In Endesa, a total of 324.5 million shares were traded, corresponding to accumulated cash of €5.974 million. The figures were 20.1% and 29.7% lower than those for 2021, respectively. The average volume of shares traded during each session was 1.26 million, 20.5% down year on year.

During 2022, final returns to Endesa shareholders, calculated as the sum of the stock market return and the

dividend return, was 5.58%, negative. The performance of the share price on the stock market resulted in a negative return of 12.70%, but the gross Euro 1.4372 per share that the Company distributed as a dividend against 2021 results managed to offset part of this loss by providing shareholders with a positive dividend yield of 7.11%.

At the end of the reporting period, Endesa's market cap stood at Euro 18,671 million, making it the security with the tenth highest capitalisation in the IBEX-35.

## Main stock market indexes

The main world markets ended 2022 with double-digit losses, affected by inflationary tensions that were aggravated by the war in Ukraine, and by the continuous interest rate hikes adopted by the central banks as a containment measure.

Among the main stock market indexes, only the British FTSE 100 ended the year in positive territory, although the increase was a slight 0.9%. Following this indicator, the Spanish selective IBEX-35 stood out by losing only 5.6%, performing better than indices such as the French CAC 40 or the German DAX, which fell by 9.5% and 12.1%, respectively. The main European stock market benchmark, the Eurostoxx 50, ended the year with a cumulative decline of 11.7%, lower in any case than that recorded by the U.S.

indexes, where the S&P 500 fell by 19.4% and the Nasdaq technology index by 33%.

The Spanish IBEX-35 index reached its lowest level of the year in mid-October at 7,261.1 points, at which point it registered a loss of close to 17%, following the International Monetary Fund's downward revision of the country's economic forecasts. From that level, the Spanish index managed to climb 13% in the last 2 months of the year to close 2022 at 8,229.1 points. This rebound was supported by the improvement recorded by the Banking Sector, encouraged by the rise in interest rates, and some energy companies, which bounced back strongly in the face of the increase in the price of fossil fuels.

Stock exchange index	Country / Region	Performance	Chg (%)
IBEX-35	Spain	Negative	(5.6)
FTSE 100	United Kingdom	Positive	0.9
CAC 40	France	Negative	(9.5)
FTSE MIB	Italy	Negative	(13.3)
EUROSTOXX 50	Europe	Negative	(11.7)
EUROSTOXX UTILITIES	Europe	Negative	(11.3)
DAX	Germany	Negative	(12.1)
Dow Jones Industrial Average	United States	Negative	(8.8)
Nikkei	Japan	Negative	(9.4)
S&P 500	United States	Negative	(19.4)
Nasdaq	United States	Negative	(33.0)

Power sector stocks were affected by investor uncertainty in the face of the unprecedented economic and social crisis caused by the war in Ukraine, which was reflected in high energy price volatility and rising inflation. During the year,

this situation triggered the adoption of major regulatory measures with an impact on the sector, approved both at the EU level and by the Spanish government, in an attempt to mitigate the price pressure on the population.

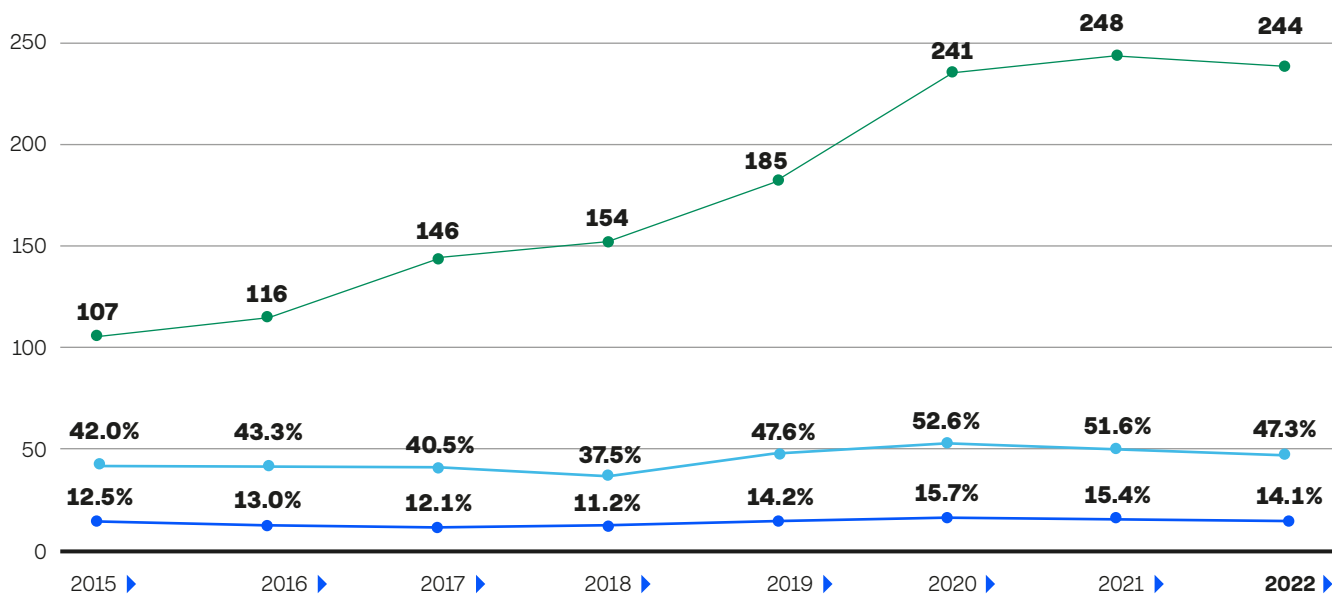
## Endesa's socially responsible investment

Endesa proactively works to be a benchmark company for investors who take into account environmental, social and corporate governance considerations in their investment policies, with the aim of forming a long-term relationship with them.

Since 2015, Endesa conducts an annual survey to identify this type of shareholder. The analysis for the year 2022 has determined that Endesa has at least 244 Socially Responsible Investors (of which 201 are foreign and 43 are domestic), representing an aggregate of 14.1% of the share capital and 47.3% of the free float.

## Presence of socially responsible investors in Endesa's shareholder structure<sup>(1)</sup>

no. Investors % Share Capital  
% Capital  
% Free Float



<sup>(1)</sup> Source: Internal data.

# 19. Other information

## 19.1. Credit Rating Management

The sovereign rating of the Kingdom of Spain remained unchanged throughout 2022 despite the gradual deterioration of the macroeconomic outlook. In the specific case of Standard & Poor's, the credit rating of the debt remained at "A", but its outlook was upgraded from Negative to Stable in a report published on 18 March 2022, in which it highlighted the expected investments from European funds and the recovery of the labour market as positive aspects. Specifically, the agency noted that the long-term growth prospects of the Spanish economy were solid, favoured by the high level of public investment expected from the implementation of the Recovery Plan, accumulated household savings and the recovery of the tourism sector.

In June and July 2022, Fitch (A-/Stable) and Moody's (Baa1/Stable) sovereign rating confirmations were also announced. For Fitch, Spain's ratings were supported by a high value-added economy, strong governance indicators and human implementation ratings above the "A" average

of its peers. For its part, Moody's highlighted in its report the public support measures that, in its opinion, help to contain the economic consequences of pandemic-related crises. Another factor it took into consideration was the "high debt and rising interest rates" and, finally, the government's reform agenda, although it also warned that the upcoming elections may pose "implementation risks". Regarding Endesa, the year began with a downward revision of Fitch's long-term rating on 4 February 2022, to "BBB+/stable outlook" from the previous "A-/stable outlook" rating to align it with the downgrade of its parent company Enel's rating, given the expectation of higher financial leverage in the medium term.

In the same report, Fitch reaffirmed Endesa's "senior unsecured" rating at "A-", noting that more than 50% of revenues come from regulated activities.

On 9 August 2022, Moody's agency took the decision to change the outlook from Stable to Negative for a total of 9 Italian electric utilities as a result of their exposure to the

decision taken on 5 August 2022 on the outlook of the Italian sovereign rating, which was changed from “Baa3/ stable outlook” to “Baa3/ negative outlook”). Enel, and Endesa as its main subsidiary, were included in the list of companies affected by this decision, with a long-term rating of “Baa1/ negative outlook”.

In the “Credit Opinion” report Moody’s published on Endesa on 21 September 2022, the agency highlighted as the Company’s main credit strengths the predictability of benefits provided by regulated activities, its solid financial profile and its fundamental position within the Enel Group. On the other hand, the most significant challenges are the concentration of its business in the Iberian market, the generous dividend policy, and the high investment plan to be undertaken in the next 3 years.

On 14 December 2022, Standard & Poor’s decided to revise the outlook on Endesa’s credit rating from Stable to Negative, following the same action taken a week earlier on the rating of the Group’s parent company, Enel, S.p.A. This action came as a result of continued pressure on

Enel’s credit metrics as a result of the impact of negative regulatory interventions, especially in Italy and Spain, the deficit in hydro production and the risks of managing high open positions in the wholesale electricity market.

In the report published by Standard & Poor’s, Endesa’s corporate rating remained unchanged at “BBB+/A-2” and the Stand Alone Credit Rating (SACP) also unchanged at “a-”, although the agency drew attention to the risk for Endesa posed by the lower expected contribution of regulated activities in the business mix and liquidity pressures, despite the fact that, in its opinion, the Company has healthier credit metrics than those of its parent company. Finally, on 2 February 2023, the annual rating review by Fitch Ratings concluded with the agency’s decision to maintain Endesa’s long-term credit rating unchanged at “BBB+/stable outlook” and its “senior unsecured” rating at “A-”.

In summary, the evolution of Endesa’s credit rating in 2022 and up to the date of publication of this report was as follows:

	Credit rating						
	31 December 2022 <sup>(1)</sup>				31 December 2021 <sup>(1)</sup>		
	Long term	Short term	Outlook	Date of Last Report	Non-current	Short term	Outlook
Standard & Poor’s	BBB+	A-2	Negative	14 December 2022	BBB+	A-2	Stable
Moody’s	Baa1	P-2	Negative	21 September 2022	Baa1	P-2	Stable
Fitch	BBB+	F2	Stable	2 February 2023	BBB+	F2	Stable

<sup>(1)</sup> At the respective dates of authorisation of the Consolidated Management Report.

Endesa’s credit rating is reliant on the rating of its parent company, Enel, according to the methods employed by rating agencies and, as at 31 December 2022, was classified as “investment grade” by all the rating agencies.

Endesa works to maintain its investment grade credit rating to be able to efficiently access money markets and bank financing, and to obtain preferential terms from its main suppliers.

## 19.2. Dividend policy

Taking the Company’s performance into account and in order to guarantee the financial structure, the economic and financial strategy developed by the Endesa, S.A. Board of Directors envisages remunerating shareholders to the fullest extent possible. This also achieves the objective of ensuring the sustainability of the business project undertaken.

As a result of this economic-financial strategy, unless any exceptional circumstances arise, which will be duly announced, at a meeting on 22 November 2022 the Board of Directors of Endesa, S.A. approved the following shareholder remuneration policy for 2022-2025.



Period 2022-2025	Shareholders' remuneration policy
2022	<ul style="list-style-type: none"> <li>The Board of Directors of Endesa, S.A. will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 70% of the ordinary net profit attributable to the Parent as per the Group's Consolidated Financial Statements.</li> <li>The intention of the Board of Directors is that the ordinary dividend should be paid solely in cash in a single instalment in July 2023.</li> </ul>
2023, 2024 and 2025	<ul style="list-style-type: none"> <li>For the 2023, 2024 and 2025 financial years, the Board of Directors of Endesa, S.A. will attempt to ensure that the ordinary dividend per share that is agreed to be distributed for the year is equivalent to 70% of the ordinary net profit attributable to the Parent as per the Group's Consolidated Financial Statements.</li> <li>The intention of the Board of Directors is that the ordinary dividend should be paid solely in cash in two instalments (January and July) on a given date to be determined in each case, which will be duly notified.</li> </ul>

Without prejudice to the foregoing, Endesa's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit, the availability of unrestricted reserves and the liquidity situation. Therefore, no assurance can be given that dividends will be paid out in future years or as to the amount of such dividends, if paid.

The proposed distribution of profit in 2022 to be presented for approval at the General Shareholders' Meeting by Endesa's Board of Directors will be a total gross dividend of Euros 1.5854 per share (see section 26 of this consolidated management report).

Details of Endesa, S.A.'s per-share dividends in 2022 and 2021 are as follows:

		2022	2021	Chg. %
Share capital	Euro Million	1,270.5	1,270.5	—
Number of shares		1,058,752,117	1,058,752,117	—
Consolidated ordinary net income	Euro Million	2,398	1,902	26.1
Consolidated net income	Euro Million	2,541	1,435	77.1
Individual net income	Euro Million	697	581	20.0
Ordinary net earnings per share(1)	Euro	2,2649	1,7965	26.1
Net earnings per share(1)	Euro	2,4000	1,355	77.1
Gross dividend per share	Euro	1,5854 <sup>(2)</sup>	1,4372 <sup>(3)</sup>	—
Consolidated ordinary pay-out <sup>(1)</sup>	%	70.0	80.0	—
Consolidated pay-out <sup>(1)</sup>	%	66.1	106.0	—
Individual pay-out <sup>(1)</sup>	%	240.8	261.9	—

<sup>(1)</sup> See definition in Section 7 of this Consolidated Management Report.

<sup>(2)</sup> Dividend equal to Euro 1.5854 gross per share to be paid on 3 July 2023 (pending approval by the General Shareholders' Meeting).

<sup>(3)</sup> Interim dividend equal to Euro 0.5 gross per share paid on 3 January 2022 plus final dividend equal to Euro 0.9372 gross per share paid on 1 July 2022..

## 20. Disclosures on financial instruments

Information on financial instruments at 31 December 2022 and 2021 is provided in Note 41 to the consolidated financial statements of Endesa S.A. for the year ended 31 December 2022.

## 21. Events after the Reporting Period

Information concerning events after the end of the reporting period is provided in Note 53 to the Consolidated

Financial Statements for the year ended 31 December 2022.

## 22. Information on the average payment period to suppliers

Information regarding the average payment period to suppliers in 2022 is provided in Note 40.1 to the consolidated financial statements for the year ended on 31 December 2022.

## 23. Annual Corporate Governance Report

The Annual Corporate Governance Report for 2022, in accordance with Article 538 of the Corporate Enterprises Act (Spanish "LSC"), entitled "Specialties of the Management Report", is an integral part of this Consolidated Management Report, and its contents are available on the website of the Spanish National

Securities Market Commission ("CNMV") at the following address:

<https://www.cnmv.es/portal/consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28023430>, as well as on Endesa's website [www.endesa.com](http://www.endesa.com).

## 24. Annual Report on Directors' Remuneration

The Annual Report on Directors' Remuneration of Endesa, S.A., in accordance with Article 538 of the Corporate Enterprises Act (Spanish "LSC"), which is entitled "Specialties of the Management Report", forms an integral part of this Consolidated Management Report, and its contents are available on the website of the Spanish

National Securities Market Commission ("CNMV") at the following address:

<https://www.cnmv.es/portal/consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28023430>, as well as on Endesa's website [www.endesa.com](http://www.endesa.com).

## 25. Statement of Non-financial Information and Sustainability

The Statement of Non-financial Information and Sustainability required by Law 11/2018, of 28 December, amending the Commercial Code, the Consolidated Text of the Corporate Enterprises Act ('LSC') approved by Royal Decree Law 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts, regarding Non-financial Information and diversity, forms part of this Consolidated Management Report, and is subject to the same criteria for approval, filing

and publication as the Consolidated Management Report (see Appendix I: Statement of Non-financial Information and Sustainability of this Consolidated Management Report). Its content is available on the website of the Spanish National Securities Market Commission ("CNMV"): [www.cnmv.es](http://www.cnmv.es) in the "Other relevant information" section, as well as on the Endesa website, [www.endesa.com](http://www.endesa.com).

## 26. Proposed distribution of net income

The profit for 2022 of the Parent Company Endesa, S.A. amounted to Euro 697,199,582.31 which, together with the surplus, which amounted to Euro 3,855,295,395.96, makes a total of Euro 4,552,494,978.27.

The Company's Board of Directors will propose to the shareholders at the General Shareholders' Meeting that this amount be used to make a gross dividend payment of Euro 1.5854 per share, with the rest being allocated to retained earnings

Euro	
	<b>Proposed distribution</b>
Dividends <sup>(1)</sup>	1,678,545,606.29
To retained earnings	2,873,949,371.98
<b>TOTAL</b>	<b>4,552,494,978.27</b>

<sup>(1)</sup> Maximum amount to be distributed based on Euro 1.5854 gross per share for all shares (1,058,752,117 shares)..

# Outlook



# 27. Foreseeable management developments

On 23 November 2022, Endesa presented to the Investment Community the update of its Strategic Plan for the period 2023–2025 and reaffirmed the Company’s long-term vision with the main objective of bringing forward the

complete decarbonisation of its activities from 2050 to 2040, outlining a path with clear intermediate reduction targets (see Section 4.1 of this Consolidated Management Report).

## 2023–2025 Strategic Plan

Endesa has updated its three-year strategy for 2023–2025, which will concentrate on 3 major lines of action:

2023–2025 Strategic Plan lines of action	Description
<p><b>1. Increase in emission-free generation capacity: Solid growth</b> in the emission-free generation fleet, up to 13,900 MW at the end of the period with Euro 4.3 billion of investment.</p>	<ul style="list-style-type: none"> <li>The strategic lines in the three-year plan are:</li> <li>The new renewable capacity that will be added to Endesa’s energy mix represents a 10% growth to 4,400 MW compared to the previous plan. Of this, 68% will be solar and the remainder will be wind power.</li> <li>As a result, 91% of the mainland generation fleet will be emission-free by the end of 2025, up from 72% at the end of 2022, which in turn will make it possible to achieve the goal of covering 95% of all energy sold at a fixed price from non-emitting sources by that year.</li> </ul>
<p><b>2. Extension of the value offer of services and electricity supply for customers:</b> Extension of the value offer of services and electricity supply for customers, entailing investment of Euro 900 million.</p>	<ul style="list-style-type: none"> <li>The second axis of the Strategic Plan refers to the commitment to offer clean energy at affordable prices, as well as valuable energy services, to customers in order to contribute to the decarbonisation of the economy. In total, 7.3 million customers are expected to be reached in the free market, 6% more than at the end of 2022, which will help the total volume of deregulated fixed-price electricity sales to grow by 2% to 51 TWh (terawatt hours) by the end of the plan. The number of public and private charging stations is set to increase to 66,000 by 2025, five times more than at the end of this year.</li> </ul>
<p><b>3. Digitalisation of the distribution network:</b> In Distribution, the company plans to continue its efforts to digitalise the distribution network as a key asset to facilitate the energy transition, for which Euro 2,600 million will be allocated to the business.</p>	<ul style="list-style-type: none"> <li>With regard to networks, there will be a slightly lower volume of investment in order to adapt to a context of regulatory uncertainty, up to Euro 2,600 million. Three quarters of that amount will go to digitalising the grid and increasing quality and resilience, the rest will help cover an expected increase in distributed generation installations. This will lead to improved quality of service and lower losses</li> </ul>

## Financial objectives

The economic and financial objectives on which Endesa’s 2023–2025 Strategic Plan is based are detailed in Section 4.3 of this Consolidated Management Report.

## Long-term planning

With regard to the commitment to decarbonisation, Endesa is aligned with its parent company Enel in the goal of bringing forward to 2040 the complete decarbonisation of its activities, which will be achieved on the basis of 3 main lines of action described in Section 4.4 of this Consolidated Management Report.

# Legal Notice

This document contains certain forward-looking statements regarding anticipated financial and operating results and statistics and other future events. These statements constitute no guarantee on any future performance and are subject to material risks, uncertainties, changes and other factors that may be beyond Endesa's control or difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; electricity production variations of the different technologies; market share; expected variations in the gas demand and supply; management strategy and objectives; estimated cost reductions; tariffs and pricing structure; expected investments; estimated asset disposals; expected variations in generation capacity and changes in capacity mix; repowering of capacity and macroeconomic conditions. The outlooks and objectives included in this document are based on assumptions drawn from an examination of the regulatory environment, exchange rates, commodities, divestments, increases in production and installed capacity in markets where Endesa operates, increased demand in these markets, assignment of production across different technologies, increased costs associated with higher activity yet not exceeding certain limits, electricity prices no less than certain levels, costs of combined cycle plants, availability and cost of raw materials

and emission rights necessary to run our business at the desired levels.

In these statements, Endesa is availed of the protection provided by the Private Securities Litigation Reform Act of 1995 of the United States of America with respect to forward-looking statements.

The following factors, in addition to those discussed elsewhere herein, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements: economic and industry conditions; liquidity and finance-related factors; operational factors; strategic, regulatory, legal, taxation, environmental, governmental and political factors; reputational factors; commercial or transactional factors.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained herein are given in the Risk Factors chapter of Endesa's regulated information filed with the Spanish National Securities Market Commission ("CNMV").

Endesa offers no assurance that the forward-looking statements herein will be fulfilled. Except as may be required by applicable law, neither Endesa nor any of its subsidiaries intends to update these forward-looking statements.

# Appendix I

## Statement of Non-financial Information and Sustainability

This document forms part of the Consolidated Management Report, is subject to the same approval, deposit and publication criteria as the Consolidated Management Report, is sent separately to the Spanish National Securities Market Commission (“CNMV”), and can be read on the website [www.cnmv.es](http://www.cnmv.es) in the “*Other relevant information*” section as well as on the Endesa website ([www.endesa.com](http://www.endesa.com)).

# Formulation Signatures ENDESA, S.A. and Subsidiaries of the Management Report for the year ended 31 December 2022

The Consolidated Management Report for the year ended 31 December 2022 of ENDESA, Sociedad Anónima and SUBSIDIARIES has been authorised for issue in electronic format by the Board of Directors of ENDESA, Sociedad Anónima at its meeting held on 22 February 2023, following

the format requirements established in Commission Delegated Regulation EU 2019/815, and is signed below by all the Directors, in compliance with Article 253 of the Corporate Enterprises Act.

<p><b>Mr Juan Sánchez-Calero Guilarte</b> Chairman</p>	<p><b>Mr Francesco Starace</b> Vice Chairman</p>
<p><b>Mr José Damián Bogas Gálvez</b> Chief Executive Officer</p>	<p><b>Ms Eugenia Bieto Caubet</b> Board Member</p>
<p><b>Mr Antonio Cammisecra</b> Board Member</p>	<p><b>Mr Ignacio Garralda Ruiz de Velasco</b> Board Member</p>
<p><b>Ms Pilar González de Frutos</b> Board Member</p>	<p><b>Ms Francesca Gostinelli</b> Board Member</p>
<p><b>Ms Alicia Koplowitz y Romero de Juseu</b> Board Member</p>	<p><b>Mr Francisco de Lacerda</b> Board Member</p>
<p><b>Mr Alberto de Paoli</b> Board Member</p>	<p><b>Ms Cristina de Parias Halcón</b> Board Member</p>

Madrid, 22 de febrero de 2023





3.

# Consolidated Financial Statements

This English-language version has been translated from the original issued in Spanish by the entity itself and under its sole responsibility, and is not considered official or regulated financial information. In the event of discrepancy, the Spanish-language version prevails.

# Endesa, S.A. and Subsidiaries

## Consolidated Income Statements

for the years ended 31 December 2022 and 2021

Millions of Euro

	Notes	2022	2021
<b>REVENUE</b>	9	<b>32,896</b>	<b>20,899</b>
Revenue from sales and services	9.1	32,545	20,527
Other operating income	9.2	351	372
<b>PROCUREMENTS AND SERVICES</b>		<b>(23,394)</b>	<b>(15,364)</b>
Power purchases	10.1	(12,901)	(7,603)
Fuel consumption	10.2	(4,349)	(1,607)
Transmission expenses		(3,603)	(4,425)
Other variable procurements and services	10.3	(2,541)	(1,729)
<b>INCOME AND EXPENSES FROM ENERGY DERIVATIVES</b>	11	<b>(2,217)</b>	<b>543</b>
<b>CONTRIBUTION MARGIN</b>		<b>7,285</b>	<b>6,078</b>
Self-constructed assets	3.2b.1 and 3.2e.3	335	320
Personnel expenses	12	(955)	(916)
Other fixed operating expenses	13	(1,353)	(1,239)
Other gains and losses	14	253	35
<b>GROSS OPERATING INCOME (EBITDA)</b>		<b>5,565</b>	<b>4,278</b>
Depreciation, amortisation and impairment losses on non-financial assets	15.1	(1,716)	(2,197)
Impairment losses on financial assets	15.2	(162)	(125)
<b>OPERATING INCOME</b>		<b>3,687</b>	<b>1,956</b>
<b>FINANCIAL PROFIT/(LOSS)</b>		<b>(215)</b>	<b>(31)</b>
Financial income	16.1	236	163
Financial expense	16.1	(343)	(177)
Income and expenses on derivative financial instruments	16.2	(85)	(11)
Net exchange differences	16.1	(23)	(6)
Net profit/(loss) of companies accounted for using the equity method	17	15	(1)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>3,487</b>	<b>1,924</b>
Income tax expense	18	(891)	(467)
<b>PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>2,596</b>	<b>1,457</b>
<b>PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS</b>		<b>—</b>	<b>—</b>
<b>PROFIT FOR THE PERIOD</b>		<b>2,596</b>	<b>1,457</b>
Parent		2,541	1,435
Non-controlling interests	35.2	55	22
<b>BASIC NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euro)</b>	19	<b>2.40</b>	<b>1.36</b>
<b>DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euro)</b>	19	<b>2.40</b>	<b>1.36</b>
<b>BASIC NET EARNINGS PER SHARE (Euro)</b>	19	<b>2.40</b>	<b>1.36</b>
<b>DILUTED NET EARNINGS PER SHARE (Euro)</b>	19	<b>2.40</b>	<b>1.36</b>

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the consolidated income statements for the years ended 31 December 2022 and 2021.

# Endesa, S.A. and Subsidiaries

## Consolidated Statements of other Comprehensive Income for the years ended 31 December 2022 and 2021

Millions of Euro

	Notes	2022	2021
<b>CONSOLIDATED PROFIT FOR THE PERIOD</b>		<b>2,596</b>	<b>1,457</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS</b>		<b>266</b>	<b>32</b>
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		—	—
Actuarial gains and losses	35.1.11 and 37.1	335	35
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		—	—
Equity Instruments through Other Comprehensive Income		—	—
Other Income and Expenses not Reclassified to Profit for the Period		—	—
Tax effect	35.1.11 and 18	(69)	(3)
<b>ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>		<b>(1,630)</b>	<b>(1,483)</b>
<b>Hedging transactions</b>	35.1.6 and 35.1.11	<b>(2,207)</b>	<b>(1,983)</b>
Valuation gains/(losses)		(3,378)	(1,400)
Amounts Transferred to Income Statement		1,171	(583)
Other Reclassifications		—	—
<b>Translation differences</b>	35.1.11	<b>(1)</b>	<b>—</b>
Valuation gains/(losses)		—	—
Amounts Transferred to Income Statement		—	—
Other Reclassifications		(1)	—
<b>Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates</b>	35.1.6 and 35.1.11	<b>26</b>	<b>7</b>
Valuation gains/(losses)		26	7
Amounts Transferred to Income Statement		—	—
Other Reclassifications		—	—
<b>Equity Instruments at Fair Value through Other Comprehensive Income</b>		<b>—</b>	<b>—</b>
Valuation gains/(losses)		—	—
Amounts Transferred to Income Statement		—	—
Other Reclassifications		—	—
<b>Other Income and Expenses that May Be Reclassified to Profit for the Period</b>		<b>—</b>	<b>—</b>
Valuation gains/(losses)		—	—
Amounts Transferred to Income Statement		—	—
Other Reclassifications		—	—
<b>Tax effect</b>	35.1.11 and 18	<b>552</b>	<b>493</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,232</b>	<b>6</b>
<b>Of the Parent</b>		<b>1,176</b>	<b>(16)</b>
<b>Non-controlling interests</b>		<b>56</b>	<b>22</b>

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the consolidated statement of other comprehensive income for the years ended 31 December 2022 and 2021.

# Endesa, S.A. and Subsidiaries

## Consolidated Statement of Financial Position

at 31 December 2022 and 2021

Millions of Euro

	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>30,035</b>	<b>28,316</b>
Property, plant and equipment	20	22,338	22,097
Investment property	22	59	55
Intangible assets	23	1,636	1,542
Goodwill	24	462	462
Investments accounted for using the equity method	26	274	180
Non-current assets under contracts with customers	27	—	—
Other non-current financial assets	28	1,160	580
Non-current derivative financial instruments	44	1,249	774
Other non-current assets	29	304	264
Deferred tax assets	25	2,553	2,362
<b>CURRENT ASSETS</b>		<b>19,925</b>	<b>11,652</b>
Inventories	31	2,122	1,343
Trade and other receivables	32	5,687	5,382
Trade receivables for sales and services and other receivables		5,472	5,024
Current income tax assets		49	76
Other tax assets		166	282
Current assets under contracts with customers	27	8	6
Other current financial assets	30	8,677	1,817
Current derivative financial instruments	44	2,533	2,401
Cash and cash equivalents	33	871	703
Non-current assets held for sale and discontinued operations	34	27	—
<b>TOTAL ASSETS</b>		<b>49,960</b>	<b>39,968</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>5,761</b>	<b>5,544</b>
Of the Parent	35.1	5,560	5,380
Share capital		1,271	1,271
Share premium and reserves		4,937	4,761
(Own shares and own equity instruments)		(5)	(3)
Profit for the period attributed to the Parent		2,541	1,435
Interim dividend		—	(529)
Other equity instruments		4	2
Adjustments due to changes in value		(3,188)	(1,557)
Non-controlling interests	35.2	201	164
<b>NON-CURRENT LIABILITIES</b>		<b>23,517</b>	<b>18,602</b>
Grants	36	238	254
Non-current liabilities under contracts with customers	27	4,300	4,284
Non-current provisions	37	2,964	3,984
Provisions for employee benefits		278	659
Other non-current provisions		2,686	3,325
Non-current borrowings	41.3	11,704	7,211
Non-current derivative financial instruments	44	2,408	573
Other non-current financial liabilities	39	—	120
Other non-current liabilities	38	588	690
Deferred tax liabilities	25	1,315	1,486
<b>CURRENT LIABILITIES</b>		<b>20,682</b>	<b>15,822</b>
Current liabilities under contracts with customers	27	294	270
Current provisions	37	1,236	611
Provisions for employee benefits		—	—
Other current provisions		1,236	611
Current borrowings	41.3	6,784	3,167
Current derivative financial instruments	44	4,990	4,884
Other current financial liabilities	39	51	34
Trade and other payables	40	7,327	6,856
Suppliers and other payables		6,219	6,071
Current income tax liabilities		544	333
Other tax liabilities		564	452
Liabilities associated with non-current assets classified as held for sale and discontinued operations		—	—
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49,960</b>	<b>39,968</b>

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the consolidated statements of financial position for the years ended 31 December 2022 and 2021.

# Endesa, S.A. and Subsidiaries

## Consolidated Statement of Changes in Equity for the year ended 31 December 2022

Millions of Euro

	Notes	Equity attributable to the Parent <sup>(Note 35.1)</sup>							Total Equity
		Capital and reserves							
		Capital	Share premium, reserves and interim dividend	Treasury shares and own equity instruments	Profit/(loss) for the period	Other equity instruments	Adjustments due to changes in value	Non-controlling interests <sup>(Note 35.2)</sup>	
<b>Opening balance at 1 January 2022</b>		<b>1,271</b>	<b>4,232</b>	<b>(3)</b>	<b>1,435</b>	<b>2</b>	<b>(1,557)</b>	<b>164</b>	<b>5,544</b>
Adjustments due to changes in accounting policies		—	—	—	—	—	—	—	—
Corrections of errors		—	—	—	—	—	—	—	—
<b>Adjusted opening balance</b>		<b>1,271</b>	<b>4,232</b>	<b>(3)</b>	<b>1,435</b>	<b>2</b>	<b>(1,557)</b>	<b>164</b>	<b>5,544</b>
<b>Total comprehensive income</b>		<b>—</b>	<b>266</b>	<b>—</b>	<b>2,541</b>	<b>—</b>	<b>(1,631)</b>	<b>56</b>	<b>1,232</b>
<b>Transactions with shareholders or owners</b>		<b>—</b>	<b>(996)</b>	<b>(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(19)</b>	<b>(1,017)</b>
Capital increases/(decreases)		—	—	—	—	—	—	1	1
Conversion of liabilities into equity		—	—	—	—	—	—	—	—
Dividends paid	35.1.10	—	(992)	—	—	—	—	(17)	(1,009)
Transactions with own equity instruments (net)	35.1.8	—	—	(2)	—	—	—	—	(2)
Increases/(decreases) due to business combinations		—	(4)	—	—	—	—	(3)	(7)
Other transactions with shareholders or owners		—	—	—	—	—	—	—	—
<b>Other changes in equity</b>		<b>—</b>	<b>1,435</b>	<b>—</b>	<b>(1,435)</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>2</b>
Share-based payments		—	—	—	—	2	—	—	2
Transfers between equity items		—	1,435	—	(1,435)	—	—	—	—
Other changes		—	—	—	—	—	—	—	—
<b>Balance at 31 December 2022</b>		<b>1,271</b>	<b>4,937</b>	<b>(5)</b>	<b>2,541</b>	<b>4</b>	<b>(3,188)</b>	<b>201</b>	<b>5,761</b>

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2022.

# Endesa, S.A. and Subsidiaries

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

Millions of Euro

	Equity attributable to the Parent <sup>(Note 35.1)</sup>								Total equity
	Capital and reserves								
	Notes	Capital	Share premium, reserves and interim dividend	Treasury shares and own equity instruments	Profit(loss) for the period	Other equity instruments	Adjustments due to changes in value	Non-controlling interests <sup>(Note 35.2)</sup>	
<b>Opening balance at 1 January 2021</b>		<b>1,271</b>	<b>4,726</b>	<b>(2)</b>	<b>1,394</b>	<b>—</b>	<b>(74)</b>	<b>150</b>	<b>7,465</b>
Adjustments due to changes in accounting policies		—	—	—	—	—	—	—	—
Corrections of errors		—	—	—	—	—	—	—	—
<b>Adjusted opening balance</b>		<b>1,271</b>	<b>4,726</b>	<b>(2)</b>	<b>1,394</b>	<b>—</b>	<b>(74)</b>	<b>150</b>	<b>7,465</b>
<b>Total comprehensive income</b>		<b>—</b>	<b>32</b>	<b>—</b>	<b>1,435</b>	<b>—</b>	<b>(1,483)</b>	<b>22</b>	<b>6</b>
<b>Transactions with shareholders or owners</b>		<b>—</b>	<b>(1,920)</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(8)</b>	<b>(1,929)</b>
Capital increases/(decreases)		—	—	—	—	—	—	(2)	(2)
Conversion of liabilities into equity		—	—	—	—	—	—	—	—
Dividends paid	35.1.10	—	(1,920)	—	—	—	—	(5)	(1,925)
Transactions with own equity instruments (net)	35.1.8	—	—	(1)	—	—	—	—	(1)
Increases/(decreases) due to business combinations		—	—	—	—	—	—	—	—
Other transactions with shareholders or owners		—	—	—	—	—	—	(1)	(1)
<b>Other changes in equity</b>		<b>—</b>	<b>1,394</b>	<b>—</b>	<b>(1,394)</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>2</b>
Share-based payments		—	—	—	—	2	—	—	2
Transfers between equity items		—	1,394	—	(1,394)	—	—	—	—
Other changes		—	—	—	—	—	—	—	—
<b>Balance at 31 December 2021</b>		<b>1,271</b>	<b>4,232</b>	<b>(3)</b>	<b>1,435</b>	<b>2</b>	<b>(1,557)</b>	<b>164</b>	<b>5,544</b>

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2021.



# Endesa, S.A. and Subsidiaries

## Consolidated Statements of Cash Flows

for years ended 31 December 2022 and 2021

Millions of Euro

	Notes	2022	2021
Gross profit before tax		3,487	1,924
Adjustments for:		2,439	2,410
Depreciation, amortisation and impairment losses	15	1,878	2,322
Other adjustments (net)		561	88
Changes in working capital:	46.1	(3,279)	(1,000)
Trade and other receivables		(294)	(2,291)
Inventories		(1,319)	(457)
Current financial assets		(1,540)	80
Trade payables and other current liabilities		(126)	1,668
Other cash flows from operating activities:	46.1	(975)	(713)
Interest received		124	77
Dividends received		42	38
Interest paid		(232)	(152)
Corporate income tax paid		(532)	(346)
Other receipts from and payments for operating activities		(377)	(330)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	46	<b>1,672</b>	<b>2,621</b>
Payments for investments	46.2	(8,449)	(3,302)
Acquisitions of property, plant and equipment and intangible assets		(2,132)	(2,082)
Investments in Group companies		—	(96)
Purchase of other investments		(6,317)	(1,124)
Proceeds from sale of investments	46.2	195	122
Proceeds from sale of property, plant and equipment and intangible assets		26	84
Disposals of investments in Group companies		136	—
Proceeds from sale of other investments		33	38
Other cash flows from investing activities	46.2	98	107
Other receipts from and payments for investing activities		98	107
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	46	<b>(8,156)</b>	<b>(3,073)</b>
Cash flows from equity instruments	26.1, 35.2 and 46.3	(21)	2
Drawdowns of non-current borrowings	41.3 and 46.3	3,910	1,425
Repayment of borrowings, non-current	41.3 and 46.3	(9)	(22)
Net cash flows from current borrowings	41.3 and 46.3	4,308	1,488
Other receipts/(payments) from investing activities	35.1.10, 35.1.12 and 46.3	(1,521)	(2,132)
Dividends of the Parent paid	35.2 and 46.3	(15)	(9)
<b>DIVIDENDS PAID TO NON-CONTROLLING INTERESTS</b>	46	<b>6,652</b>	<b>752</b>
<b>TOTAL NET CASH FLOWS</b>		<b>168</b>	<b>300</b>
Effect of exchange rate fluctuations on cash and cash equivalents		—	—
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>168</b>	<b>300</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	33	<b>703</b>	<b>403</b>
Cash in hand and at banks		703	403
Other cash equivalents		—	—
<b>ENDING CASH AND CASH EQUIVALENTS</b>	33	<b>871</b>	<b>703</b>
Cash in hand and at banks		871	703
Other cash equivalents		—	—

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the consolidated statements of cash flows for the years ended 31 December 2022 and 2021.

# 1. Group activity and Financial Statements

Endesa, S.A. (hereinafter, the “Parent” or the “Company”) and its subsidiaries make up the Endesa Group (hereinafter, “Endesa”). Endesa, S.A. has its registered office and office for tax purposes at calle Ribera del Loira, 60, Madrid, Spain.

The Company was incorporated in Spain as a company limited by shares under Spanish law in 1944 under the name Empresa Nacional de Electricidad, S.A. and changed its name to Endesa, S.A. pursuant to a resolution passed by shareholders at the General Shareholders Meeting of shareholders on 25 June 1997. Since that date there has been no subsequent change in its corporate name.

Endesa’s corporate purpose is the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group’s corporate purpose, and the management of the corporate Group, comprising investments in other companies. Endesa carries out the activities forming its corporate object, either directly or through its equity holdings in other companies, at the national and international level, mainly in Spain and Portugal, as well as through branches in several other European countries.

Endesa’s Consolidated Financial Statements for the year ended 31 December 2021 were approved by the

shareholders at the General Meeting of Shareholders held on 29 April 2022 and filed with the Madrid companies register.

The Endesa consolidated financial statements for the year ended 31 December 2022, and those of all the companies comprising Endesa for 2022, which were used in the preparation of these consolidated financial statements, are pending approval by shareholders at their respective General Shareholders’ Meetings. However, the Directors of the Parent consider that these consolidated financial statements will be approved as presented without modification.

In these consolidated financial statements, the presentation currency of the Parent is the Euro and the figures shown herein (unless stated otherwise) are in millions of Euro.

The Company forms part of the Enel Group, whose ultimate Parent is Enel, S.p.A., which is governed by Italian legislation. Its registered office is at Viale Regina Margherita, 137, Rome, Italy. In Spain, the Enel Group is headed by Enel Iberia, S.L.U., with registered office at Calle Ribera del Loira, 60, Madrid. The Enel Group, through Enel Iberia, S.L.U., holds 70.1% of Endesa, S.A.’s share capital. (see Notes 35.1.1 and 35.1.8)

The Enel Group’s consolidated financial statements for the year ended 31 December 2021 were approved by the General Shareholders’ Meeting held on 19 May 2022 and filed at the Rome and Madrid Companies Registries.

## 2. Basis of preparation of the consolidated financial statements

### 2.1. Applicable accounting standards

Endesa's Consolidated Financial Statements for the year ended 31 December 2022, which were approved by the Directors of the Parent at the Board meeting held on 22 February 2023, were prepared in accordance with the International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee ("IFRIC") as adopted by the European Union at the reporting date, pursuant to Regulation (EC) No. 1606/2002, of 19 July, of the European Parliament and of the Council and other provisions of the financial reporting regulatory framework applicable to Endesa, and will be laid before the General Shareholders' Meeting for approval and are expected to be approved without any changes made.

These consolidated financial statements present fairly the equity and financial position of Endesa at 31 December 2022, as well as the consolidated comprehensive income, consolidated operating performance, changes in consolidated equity and changes in consolidated cash flows for the year then ended.

The Consolidated Financial Statements have been prepared following the same Accounting Policies, Presentation Basis and Valuation Rules applied in the Consolidated Financial Statements for the year ended 31 December 2021, with the exception of the new International Financial Reporting Standards (IFRS) and Interpretations of the IFRS Interpretations Committee

(IFRIC) published in the Official Journal of the European Union (OJEU) which was first applied by Endesa in the Consolidated Financial Statements for the year ended 31 December 2022 (see Note 4), and following the operating company principle by applying the cost method, with the exception of the items that, in accordance with the International Financial Reporting Standards (IFRS), are recorded at fair value, as indicated in the valuation standards for each item. Items in the consolidated income statement are classified by cost type.

Endesa's consolidated financial statements for the years ended 31 December 2022 and 2021 have been prepared from the accounting records of the Company and those of the rest of the companies comprising Endesa.

Each subsidiary prepares its financial statements in accordance with the accounting principles and standards prevailing in the country in which it operates. When necessary, in the consolidation process adjustments and reclassifications have been made to the financial statements of subsidiaries to bring their accounting principles and standards into line with IFRSs and IFRIC interpretations.

The changes in accounting policies that have occurred at the time of preparation of these Consolidated Financial Statements are described in Note 4.

### 2.2. Going concern principle

At 31 December 2022, Endesa had negative working capital of Euro 757 million as a result of its financial and cash management policy. In this regard, Endesa's estimated statements of liquidity for the coming year, together with the undrawn amount on the Company's non-current lines of credit (see Note 41.4.1), provide assurance that the Company has available sufficient financial resources to

continue to operate, realise its assets and settle its liabilities for the amounts shown in the accompanying statement of financial position.

Endesa's Directors have therefore prepared the accompanying consolidated financial statements on a going-concern basis.

# 3. Accounting principles and policies and measurement standards

## 3.1. Key accounting estimates made

The information contained in these Consolidated Financial Statements, which were prepared at the meeting of the Board of Directors held on 22 February 2023, is the responsibility of the Parent Company's Directors, who expressly state that the principles and criteria included in the International Financial Reporting Standards (IFRS) adopted by the European Union have been applied in their entirety.

In preparing these Consolidated Financial Statements, certain estimates made by Endesa's management have been used to quantify certain of the assets, liabilities, income, expenses and commitments reported herein.

Basically, these estimates relate to:

- Endesa considers that aspects relating to climate change are implicitly part of the process of applying the methodologies and models used in the estimates made by Management to quantify some of the assets, liabilities, revenues, expenses and commitments (see Note 5.1). For this purpose, the estimates on which aspects may be more affected by climate change relate, among others, to the useful life of property, plant and equipment and intangible assets (see Notes 3.2b and 3.2e), the obligations associated with the energy transition process relating to affected employees and future costs for the closure of facilities (see Notes 3.2-m and 37.3), and the valuation of non-financial assets to determine the existence of impairment losses (see Notes 3.2f, 20.3 and 23.3).
- Measurement of non-financial assets to determine the existence of impairment losses (see Notes 3.2f, 20.3 and 23.3).
- Useful life of property, plant and equipment and intangible assets (see Notes 3.2b, 3.2e and 5.1).
- Assumptions used to calculate the fair value of financial instruments (see Notes 3.2h and 45).
- Interpretation of existing or new electricity system regulations, the final economic effects of which will ultimately depend on rulings by the authorities responsible for settlements. Certain rulings are pending at the date of authorisation of these consolidated financial statements (see Note 6).

- Power supplied to customers pending billing (see Notes 3.2q. 1 and 32).
- Accrual of the remuneration of electricity production activity in the Non-mainland Territories ("TNP") with additional remuneration (see Note 6).
- Accrual of the electricity distribution activity for assets commissioned after 1 January 2017, as well as incentives for distribution activity (see Note 6).
- Accrual of the renewable energy production activity subject to a specific remuneration regime and adjustment for deviations in the market price (Vadjm), in accordance with Royal Decree Law 6/2022, of 29 March, and calculation of the adjustment for market price deviations (see Notes 6, 9.1 and 39).
- Cost of financing the Social Bonus accrued in accordance with the provisions of the mechanism for financing this cost (see Note 6).
- Assumptions used in the actuarial calculation of liabilities and provisions for employees and the leaving dates and conditions for employees involved in collective redundancy procedures and agreements to suspend employment contracts (see Notes 3.2m.1, 3.2m.2, 37.1 and 37.2).
- Future costs for decommissioning and restoration of land (see Notes 3.2b, 3.2c, 3.2e, 3.2m and 37.3).
- Likelihood and amount of undetermined or contingent liabilities (see Notes 3.2m and 37.3). In particular, for uncertainties about uncertain tax treatments, it applies the most likely amount method to reflect the effect of the uncertainty (see Notes 3.2o, 18, 25 and 40).
- Assumptions used to measure deferred tax assets and tax credits (see Notes 3.2o and 25.1).

Although these estimates have been based on the best information available at the date of preparation of the consolidated financial statements, future events could require the estimates to be increased or decreased in subsequent years. Changes in estimates are made prospectively and the effects recognised in the corresponding consolidated financial statements for future years.

## 3.2. Measurement criteria

The main measurement criteria used in preparing the accompanying consolidated financial statements were as follows:

### a) Basis of consolidation and business combinations

Subsidiaries are consolidated from the date of acquisition, which is the date on which Endesa obtains control, and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after the adjustment and elimination of intragroup transactions. Results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Jointly-controlled entities are consolidated using proportionate consolidation. Endesa recognises a proportionate share of each of the assets, liabilities, income, expenses and cash flows in its consolidated financial statements, after the adjustment and elimination of intragroup transactions.

The operations of the Parent and its subsidiaries are consolidated in accordance with the following basic principles:

- At the acquisition date, the assets, liabilities and contingent liabilities of the subsidiary constituting a business are measured at fair value, except certain assets and liabilities which are measured according to the principles set out in IFRS. If fair value is determined on a provisional basis, the value of the business combination is measured using provisional values. Any adjustments arising from completion of the valuation process that should not exceed the term of 12 months from the business combination will be made by restating the comparative figures accordingly. Where the acquisition cost of the subsidiary exceeds the fair value of the Parent Company's share of its assets and liabilities, including contingent liabilities, the difference is recognised as goodwill. If the difference is negative, and following a review of the fair values of the net assets and liabilities acquired, it is credited to the consolidated income statement. Costs attributable to the acquisition are recognised as an expense as incurred.
- Any contingent consideration arising from a business combination is recognised at fair value at the acquisition date. Payment obligations arising from a contingent consideration are recognised as liabilities or equity in the consolidated statement of financial position, as per the definition of these items in IAS 32 – *Financial Instruments: Presentation*. Collection rights in connection with a contingent consideration arising from the return of considerations previously transferred are recognised as asset in the consolidated statement of financial position.
- *The value of Non-controlling interests in the fair value of the net assets acquired and in the profit or loss of fully consolidated subsidiaries is recognised under Equity: Non-controlling interests* in the consolidated statement of financial position and under *Non-controlling interests* in the consolidated statement of other comprehensive income.
- If, at the acquisition date, the assets and liabilities acquired from a subsidiary do not constitute a business, Endesa identifies and recognises the individually identifiable assets acquired and the liabilities assumed, so that the cost is allocated to the individually identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. This transaction will not give rise to goodwill.
- The financial statements of foreign companies with a functional currency other than the Euro are translated to Euro as follows:
  - Assets and liabilities at the rate of exchange prevailing at the reporting date.
  - Income and expenses at the average exchange rate for the year.
  - Equity at the historical rate at the acquisition date and retained earnings and contributions at the average exchange rate for the year, as appropriate. Exchange differences arising on the retranslation of financial statements are shown net of the related

tax effect under Translation differences in the consolidated statement of other comprehensive income: Other comprehensive income.

Translation differences arising prior to 1 January 2004 were reclassified to reserves as on first-time adoption of IFRSs, the Company applied the exemption provided for the conversion of financial statements prepared under Spanish GAAP to IFRS.

- All balances and transactions between fully consolidated companies, or the related portion in the case of proportionately consolidated companies, were eliminated on consolidation.
- When a transaction results in the loss of control of a subsidiary, any investment retained in the company is measured at its fair value at the date when control is lost. The difference between the fair value of the consideration received plus the fair value of the investment retained and the carrying amounts of the non-controlling interests in the former subsidiary, and the assets and liabilities derecognised from the consolidated statement of financial position following the loss of control of the previously controlled subsidiary is recognised under *Other gains/(losses)* in the consolidated income statement. Amounts recognised under *Other comprehensive income* are booked as if the assets and liabilities concerned had been disposed of.
- When a transaction results in control being acquired over a company in which a stake was previously held (step acquisitions), the previous investment is registered at its fair value at the date when control is gained. The difference between the fair value and the carrying amount of the previously-held investment is recognised under *Net profit/(loss) of companies accounted for using the equity method* in the consolidated income statement. Amounts recognised in the statement of other comprehensive income are accounted for if the assets and liabilities concerned had been disposed of.

Changes in investments in subsidiaries that do not result in the Parent gaining or losing control of the subsidiary are accounted for as equity transactions, with the carrying amounts of the controlling and non-controlling interests

adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity of the parent.

## a.1. Subsidiaries

Subsidiaries are the investees which the Parent Company controls, directly or indirectly, through power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect those returns. In this respect, a company is exposed to variable returns from its involvement with the investee when the returns from its involvement have the potential to vary as a result of the investee's performance, and the company has the ability to use its power to affect the variable returns.

Control arises from substantive rights over the investee, whereby Endesa applies its own judgement to assess whether these substantive rights give it the power to govern the investee's main activities in order to affect its returns. To this end, consideration is taken of all the facts and circumstances involved to assess whether or not it controls an investee, analysing factors such as contracts with third parties, rights arising from other contractual agreements, and real and potential voting rights, considered for such purposes to be the potential voting rights held by Endesa or third parties that are exercisable or convertible at the accounting close.

When events occur that affect the control of the investee, exposure to variable returns due to continued involvement, or the ability to use control of the investee to influence its returns, the existence of control of the investee is reassessed.

At 31 December 2022 and 2021, Endesa had no Structured Entities as defined in IFRS 12 – *Disclosure of Interests in Other Entities*, designed in such a way that voting and similar rights do not constitute the main factor for the purposes of defining control.

Appendix I to these consolidated financial statements lists Endesa's subsidiaries at 31 December 2022 and 2021.

### a.1.1. Companies not consolidated by full consolidation with an ownership interest of more than 50%

Although Endesa owns more than 50% of Asociación Nuclear Ascó-Vandellós II, A.I.E., this share is considered to be a jointly-controlled entity because, through shareholder pacts or agreements, Endesa exercises joint control with the other party and has rights to its assets and has obligations in respect of its liabilities (see Note 3.2a3).

Likewise, Endesa owns more than 50% of Front Marítim del Besòs, S.L., although this share is considered a "Joint Venture" (see Note 26) since Endesa, under the shareholders' agreement entered into, exercises joint control with the other partner and is entitled to the net assets thereof (see Notes 3.2a.3 and 26).

Endesa also holds a stake of over 50% in Renovables Brovales 400kV, S.L. and Transformadora Almodóvar Renovables, S.L., although these companies are considered associates because, by virtue of the shareholder agreements signed, Endesa significant influence over them.

### a.2. Associates

Associates are entities in which the Parent has significant influence, directly or indirectly. Significant influence is the power to participate in the financial and operating decisions of the investee without having the control or joint control over such decisions.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by Endesa or other entities, are also taken into account when assessing whether it has significant influence.

In general, when Endesa holds a stake exceeding 20%, it is presumed to have significant influence.

Endesa holds an interest of less than 20% in the following companies, although these holdings are considered associates as Endesa, by virtue of the shareholders' agreement in effect, exercise significant influence over them (see Note 26.1):

Company	Stake at 31 December 2022 (%)	
	Control	Financial share
Infraestructuras San Serván Set 400, S.L.	19.23	19.23
Energías Limpias de Carmona, S.L.	18.75	18.75
Set Carmona 400 KV Renovables, S.L.	16.00	16.00
Evacuación Carmona 400-220 KV Renovables, S.L.	9.39	9.39
Toro Renovables 400 KV, S.L	8.28	8.28

Associates are accounted for in these consolidated financial statements using the equity method, as described in Note 3.2i.

Appendix I to these consolidated financial statements lists Endesa's associates at 31 December 2022 and 2021.

### a.3. Joint arrangements

A Joint Arrangement is an agreement that gives two or more parties joint control, whereby the unanimous consent of all parties sharing control is required for decisions to be taken with respect to major activities.

Joint arrangements may be joint operations or joint ventures, depending on the rights and obligations of the parties to the agreement.

In order to determine the type of joint arrangement from a contractual arrangement at the accounting close, management assesses the legal contents and structure of the arrangement, the terms agreed by the parties and other relevant factors and issues. If any changes are made to the contractual features of a joint arrangement, these factors and issues are reassessed.

### a.3.1. Joint operations

Joint operations are entities governed by a joint arrangement whereby Endesa and the other parties have rights to their assets and obligations with respect to the liabilities.

The assets and liabilities concerned by joint operations are consolidated proportionately, as described in Note 3.2a. Appendix I to these consolidated financial statements lists Endesa's joint operations at 31 December 2022 and 2021.

### a.3.2. Joint ventures

Joint ventures are companies governed by a joint arrangement whereby Endesa and the other parties have rights over the net assets.

## b) Property, plant and equipment

### b.1. Cost of acquisition

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. In addition to the price paid for the acquisition of each item, cost also includes, where appropriate, the following items:

- Borrowing costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use; e.g. electricity generation and distribution facilities. The interest rate used is that applicable to the specific purpose financing or, in the absence of such a rate, the average financing rate of the company making the investment. The average lending rate in 2022 was 1.4% (1.5% in 2021) (see Note 41.3) Euro 4 million were capitalised in this respect in 2022 (Euro 4 million in 2021) (see Note 16).
- Personnel expenses relating directly to work in progress. The amounts capitalised are recognised under "Personnel expenses" and "Own work capitalised" in the consolidated income statement. In 2022, the

Joint ventures are accounted for in these consolidated financial statements using the equity method, as described in Note 3.2i.

Appendix I to these consolidated financial statements lists Endesa's joint ventures at 31 December 2022 and 2021.

### a.4. Other investments

The impact of the financial indicators of Endesa's investees that are not considered subsidiaries, joint operations, joint ventures or associates on the fair presentation required of the consolidated financial statements is minimal.

amount capitalised in this respect amounted to Euro 133 million (Euro 126 million in 2021).

- Endesa recognises the costs it will incur in the future to decommission its facilities in the cost of the asset, at present value, and recognises the related provision. Endesa reviews its estimate of these future costs annually, increasing or decreasing the value of the related asset based on the outcome of the review. For nuclear power plants, this provision includes the amount that Endesa estimates it will have to pay until the government-owned company Empresa Nacional de Residuos Radiactivos, S.A. S.M.E., (Enresa) undertakes responsibility for decommissioning these plants (see Note 37.3).

The acquisition cost of assets acquired before 31 December 2003 includes any asset revaluations permitted in the various countries to adjust the value of the property, plant and equipment for the effect of inflation until that date.

Assets under construction are transferred to property, plant and equipment in use once the trial period has ended and they are available for use, at which time depreciation begins.



Costs of expansion, modernisation or improvements which increase the productivity, capacity or efficiency or lengthen the useful lives of assets are capitalised as an increase in the cost of the related assets.

Replacements or renewals of complete items that extend the useful life or increase the economic benefits of the assets are recognised as increases in the value of property, plant and equipment and the items replaced or renewed are derecognised.

Regular maintenance, upkeep and repair expenses are recognised in the consolidated income statement as an expense in the year in which they are incurred (see Note 13). Indivisible assets shared by Endesa with other owners are recognised in proportion to Endesa's ownership of those assets (see Note 20.4).

Non-current assets acquired by Endesa to minimise the environmental impact of its activity and to protect the environment are recognised – depending on their nature – as property, plant and equipment or intangible assets, at their cost of acquisition or production, and are depreciated or amortised on a straight-line basis over their useful life.

Environmental expenses are those incurred by the Company to minimise the environmental impact of its activity.

The environmental expenses of these activities and any incurred as a result of events outside Endesa's normal business that are not expected to arise frequently (including fines, sanctions and compensation payable to third parties for environmental damage), are classified as operating expenses and are recorded in the Consolidated Income Statement according to their nature.

Based on the results of the impairment test described in Note 3e, the Parent's Directors consider that the carrying amount of the assets does not exceed their recoverable amount, with the exception of the cash generating units (CGUs) of the Non-mainland territories ("TNP") of the Canary Islands and Ceuta, and the assets of the Los Barrios Port Terminal (Cádiz) (see Notes 3.2.f4 and 20.3).

## b.2. Depreciation

Property, plant and equipment, less their residual value where appropriate, are depreciated when they are available for use on a straight-line basis over their estimated useful lives, which are the periods of expected use. Useful life is reviewed regularly when there are indications of possible variations, and adjusted prospectively, as appropriate.

The useful life of assets for the purposes of calculating depreciation in 2022 and 2021 was as follows:

	Years of estimated useful life	
	2022	2021
<b>Generating facilities:</b>		
Centrales Hidroeléctricas		
Civil engineering works	100	100
Electromechanical equipment	50	50
Coal-fired power plants	25-48	25-48
Nuclear power plants	44-50	44-50
Combined cycle plants	40	40
Renewable energy plants		
Photovoltaic	30	30
Wind	30	30
<b>Transmission and distribution facilities:</b>		
Low and medium-voltage network	40	40
Measuring and remote control equipment	6-15	6-15
other facilities	25	25

Land has an unlimited useful life and is therefore not depreciated.

### b.3. Other matters

Pursuant to Law 29/1985 of 2 August, partially amended by Law 46/1999 of 13 December, all Spanish hydroelectric power plants are operated under temporary service concession arrangements. The terms and conditions of these arrangements require that the plants revert to State ownership in good working order when the concessions expire, between 2022 and 2078 (see Note 37.3). These facilities are depreciated over the concession period or their economic lifespan, whichever of these two periods is shorter.

### c) Investment property

The “*Investment property*” heading of the consolidated statement of financial position comprises the land and buildings not expected to be recovered in the ordinary course of ENDESA’s corporate purpose.

Investment properties are measured at acquisition cost less any accumulated depreciation and any accumulated impairment losses.

The market values of investment property were calculated based on external appraisals carried out during the last quarter of 2022 (see Notes 22.1 and 45.2).

To determine the fair market value of real estate investments, appraisals from officially renowned independent experts were requested, to include their best estimate of value based on a greater/lesser use of the

Endesa assessed the specific situations of these concessions, and concluded that the decisive factors for application of IFRIC 12 – *Service Concession Arrangements* (see Note 3.2e.1) did not emerge in any of these cases.

Items under property, plant and equipment are derecognised when they are sold or otherwise disposed of, or when no further economic benefits are expected to be obtained when they are used, sold or otherwise disposed of.

Any gains or losses arising on the disposal or retirement of property, plant and equipment are recognised in profit or loss and are calculated as the difference between the net disposal proceeds and the carrying amount of the assets.

property in question with regard to its urban location and current state, in the case of construction.

Investment property (excluding land) is depreciated on a straight-line basis over the useful lives of the assets, which are estimated using the same criteria as for property, plant and equipment.

Investment property is derecognised when it is sold or otherwise disposed of, or when no further economic benefits are expected to be obtained when it is used, sold or otherwise disposed of.

Any gains or losses arising on the disposal or retirement of investment property are recognised in profit or loss and are calculated as the difference between the net disposal proceeds and the carrying amount of the assets.

### d) Goodwill

Goodwill on consolidation represents the excess of the acquisition cost over (under) the acquisition-date fair value of Endesa’s interest in the identifiable assets acquired and liabilities assumed, including contingent liabilities, of a subsidiary or jointly-controlled entity.

The assets and liabilities acquired are measured provisionally at the date on which control of the company is obtained, and reviewed within a maximum period of one year from the acquisition date. The difference between the acquisition cost and the carrying amount of the acquiree is recognised provisionally as goodwill, until the actual fair value of the assets and liabilities is determined.

When the actual amount of goodwill is determined in the consolidated financial statements for the year following that of the acquisition of the interest, the previous year’s financial statements presented for comparison purposes are adjusted to include the value of the assets and liabilities acquired and the definitive goodwill from the date of acquisition of that interest.

Goodwill arising on the acquisition of companies with a functional currency other than the Euro is measured in the functional currency of the acquiree and translated to Euro at the exchange rate prevailing at the reporting date.

Goodwill is not amortised, but allocated to each cash-generating unit (“CGUs”) or groups of cash-generating units. At the end of each reporting period, CGUs are tested for impairment and written down if recoverable amount has been reduced below carrying amount (see Note 3.2f). At 31 December 2022, the goodwill recognised in the consolidated statement of financial position was generated as a result of the acquisition of systems and

telecommunications activity (ICT), and the acquisition of control over Enel Green Power España, S.L.U. (EGPE), Eléctrica del Ebro, S.A.U. and Empresa de Alumbrado Eléctrico de Ceuta, S.A. (see Note 24).

Based on the results of the impairment test described in Note 3.2f, the Parent Company’s Directors consider that the carrying amount of the assets does not exceed their recoverable amount.

## e) Intangible assets

Intangible assets are initially recognised at cost of acquisition or production and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful lives, except for those with indefinite useful lives, which are not amortised.

At 31 December 2022 and 2021, there were no intangible assets with indefinite useful lives.

The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are described in Note 3.2.f.

Intangible assets are derecognised when they are sold or otherwise disposed of, or when no further economic benefits are expected to be obtained when they are used, sold or otherwise disposed of.

Any gains or losses arising on the disposal or retirement of intangible assets are recognised in profit or loss and are calculated as the difference between the net disposal proceeds and the carrying amount of the assets.

### e.1. Concessions

IFRIC 12 – *Service Concession Arrangements* provides guidance on the accounting by operators for public-to-private service concession arrangements. This accounting interpretation applies to concessions in which:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Where both the above conditions are met simultaneously, the consideration received by Endesa for the construction

of infrastructure is recognised as an intangible asset as set out in Note 3.2q.1, to the extent that the operator has received a right to charge users for the public service, contingent on the extent that the public uses the service, or as a financial asset, to the extent that it has an unconditional contractual right to receive cash or another financial asset from the grantor or a third party. Endesa’s contractual obligations to maintain the infrastructure while it is in operation or to return it to the grantor at the end of the concession arrangement in the conditions specified therein, provided that these activities do not generate income, are recognised applying the accounting policy for provisions (see Note 3.2m).

At 31 December 2022 and 2021, Endesa had no intangible assets or financial assets in relation to its concession arrangements as a result of applying IFRIC 12 – *Service Concession Arrangements*.

Borrowing costs are capitalised using the criteria specified in Note 3.2b, provided that the concession operator has a contractual right to receive an intangible asset. No borrowing costs were capitalised in 2022 and 2021.

No personnel expenses were capitalised in 2022 and 2021. Concessions are amortised over the term of the concession.

Concession contracts that are not subject to IFRIC 12 – *Service Concession Arrangements* are recognised using general criteria. Endesa depreciates any assets recognised as property, plant and equipment (see Note 3.2b) on a straight-line basis over the shorter of the asset’s economic life or the concession term. When calculating asset impairment, Endesa’s contractual obligations to invest in, improve or replace assets are considered to produce the future cash outflows required to generate cash inflows. Assets whose right to use has been conveyed by Endesa in exchange for consideration are accounted for using the criteria specified in Note 3.2g.

## e.2. Research and development costs

Development expenditures on projects are recognised in the consolidated statement of financial position as an intangible asset when Endesa is reasonably assured of the technical feasibility of completing the project and that the project will generate future economic benefits.

Development expenditures are amortised over their useful life in accordance with a systematic plan which, in most cases, has been estimated at five years.

Research costs are recognised as expenses in the consolidated income statement. Research costs in the consolidated income statement amounted to Euro 91 million in 2022 (2021: Euro 110 million) and for all of them certification has been obtained or requested from an entity accredited by the National Accreditation Entity in Spain ("ENAC") and a Binding Reasoned Report ("IMV") by the Ministry of Science and Innovation.

## e.3. Other intangible assets

These assets chiefly correspond to:

- software, which is initially recognised at cost of acquisition or production and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Software is amortised over its useful life which, in most cases, has been estimated at five years. During 2022 and 2021, personnel expenses amounting to Euro 40 million and 35 million were capitalised, respectively.
- Customer portfolios acquired through business combinations as a result of the merger of GEM

## f) Impairment of non-financial assets

Endesa assesses throughout the year and, in any case, at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount to determine the extent of any impairment loss. For identifiable assets that do not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs, i.e. the smallest identifiable group of assets that generates independent cash inflows.

Suministro Gas 3, S.L.U. and Madrileña Suministro de Gas, S.L.U., carried out in 2015 and 2012, respectively, which are initially recognised at fair value at the acquisition date. Subsequently, these assets are recognised at cost less accumulated amortisation and impairment losses, where applicable. The depreciation of these portfolios takes place over their useful lives and, at 31 December 2022, ranges from 15 to 25 years, based on the expected gradual decrease in these portfolios.

## e.4. Incremental costs of obtaining a contract with a customer

The incremental costs of obtaining a contract are the costs incurred to obtain a contract with a customer and that it would not have been incurred if the contract had not been obtained.

Endesa recognises the incremental costs of obtaining contracts with customers as an intangible asset, insofar as they are directly related to a contract or a future contract that can be specifically identified and from which these costs are expected to be recovered.

This asset is depreciated systematically depending on the average expected useful life of the contracts with customers associated with these costs, which, at 31 December 2022, varies anywhere between one year to 15 years.

The costs of obtaining a contract that Endesa would have incurred, regardless of whether the contract is obtained or not, are recognised as an expense in the consolidated income statement when they occur.

It estimates the recoverable amount of the CGUs to which goodwill or intangible assets with indefinite useful lives have been allocated systematically at each reporting date. If the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised for the difference under "*Depreciation, amortisation and impairment losses on non-financial assets*" in the consolidated income statement. The impairment loss is first allocated to reduce the goodwill allocated to the CGU and then to the CGU's remaining assets in proportion to the carry amount of each

up to their fair value less selling costs, their value in use, or zero, whichever is greater.

A previously recognised impairment is reversed if there has been a change in the estimate of the asset's recoverable amount. A reversal of an impairment loss is recognised by increasing the carrying amount of the asset with a credit to the consolidated income statement. The reversal is limited to the carrying amount of the asset had no impairment loss been recognised. Impairment losses relating to goodwill cannot be reversed.

## f.1. Cash generating units (CGUs)

Endesa considers that the assets of electricity generation business belonging to a single interconnected system and the assets of electricity distribution that receive joint remuneration represent a CGU.

The major CGUs at 31 December 2022 were as follows:

- Generation:
  - Iberian Peninsula generation CGU: All Iberian Peninsula generation assets except for coal-fire plants are managed through an integrated portfolio approach, whose ultimate objective is to maximise the integrated margin on electricity generation and marketing. The main features of this management approach are as follows:
    - All assets are managed on a joint basis, irrespective of the type of technology used (combined cycle, fuel, nuclear and renewable energy, including hydroelectricity), depending on the availability of the facilities, weather conditions and demand, and on the need to cover the System's technical restrictions, among other aspects.
    - The joint management and diversification of the generation portfolio enables Endesa to respond in a flexible way to the demand requirements through offers on different markets, coordinated by a single representative and liquidating party, thereby guaranteeing a secure supply.
    - Decision-making on operations is based on the installed capacity of the entire generation park, with an integrated margin management

approach trying to optimise power purchases and sales.

- Cash-Generating Units (CGUs) of generation each of the Non-mainland Territories ("TNP") of Balearic Islands, Canary Islands, Ceuta and Melilla: Each of these geographical areas form a Cash Generating Unit (CGU), when joint management of assets is carried out within each of them, as they are isolated or scantily connected territories, in which there is regulated remuneration that compensates the specificities of each geographical area and differentiated criteria of activity management at the level of each Autonomous Community or City.
- Distribution: The assets of the distribution network in Spain constitute a single Cash Generating Unit (CGU), since said distribution network consists of a set of interrelated and dependant assets whose development, operation and maintenance are jointly managed.

## f.2. Calculation of recoverable amount

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is the present value of estimated future cash flows through their use in the normal course of business and, if appropriate, through their disposal or other form of disposition, taking into account their current condition.

In estimating value in use, Endesa prepares pre-tax cash flow projections based on the latest budgets available. These budgets include Endesa management's best estimates of the income and expenditure of the CGUs according to industry projections, past experience and future expectations.

These projections cover the next three years, while future cash flows until the end of the useful life of the assets, taking into account the residual value, if any, and applying reasonable growth rates that do not, in any case, increase or exceed growth rates for the industry.

The estimated future cash flows are discounted to present value using a pre-tax rate that reflects the cost of capital of the business and its geographical area. It considers the current time value of money and the risk premiums generally used by analysts for the business and the geographical area.

### f.3. Main assumptions used in determining value in use

The models employed by Endesa to determine the market variables used to determine value in use contemplate various scenarios with different probabilities, and the scenario considered most likely is used. In any event,

throughout the year Endesa monitors, among other aspects, the trend and changes in the main assumptions used to determine value in use in order to assess whether any asset may have suffered an impairment loss since the end of the previous year.

The pre-tax discount rates applied in 2022 and 2021 to the main CGUs fall within the following ranges:

	Currency	31 December 2022		31 December 2021	
		Minimum	Maximum	Minimum	Maximum
Iberian Peninsula Generation	Euro	6.4	7.7	4.5	5.5
Non-mainland Territories generation ("TNP")	Euro				
Balearic Islands	Euro	7.6	7.6	4.1	4.1
Canary Islands	Euro	5.7	5.7	2.7	2.7
Ceuta	Euro	—	—	3.8	3.8
Melilla	Euro	6.9	6.9	2.5	2.5
Distribution	Euro	4.6	6.8	3.2	4.9

An analysis of the parameters comprising the 2022 discount rates reveals that the risk-free rate increased significantly from 0.09% in 2021 to 1.02% in 2022, and the business' risk premium, which constitutes the specific risk of the assets and is based on deleveraged

betas considered for companies engaged in similar activities, has increased in both the deregulated and regulated businesses.

The average growth rates used in 2022 and 2021 (g rate) to extrapolate the cash flow projections were as follows:

	2022	2021
Iberian Peninsula Generation	0.0 - 3.3	0.0 - 1.7
Non-mainland Territories generation ("TNP")		
Balearic Islands	0.0	0.0
Canary Islands	0.0	0.0
Ceuta	0.0	0.0
Melilla	0.0	0.0
Distribution	1.6	1.7

These growth rates, which do not surpass the average growth rate of the sector and markets in which Endesa operates, are in line with Spain's long-term inflation as well as market estimates.

With these premises, the approach used to assign value to the key assumptions considered has taken into account the following items and/or parameters:

- Trend of demand for electricity and gas: estimated growth was calculated on the basis of the growth forecast for Gross Domestic Product (GDP) and other assumptions used by Endesa with respect to trends in consumption of electricity and gas in these markets.
- Regulatory measures: a substantial part of Endesa's business is regulated and subject to wide-ranging complex regulations, which may be amended by the introduction of new laws, by amendments to existing laws in such a way that forecasts contemplate proper application of current regulations, and any other laws now in process that may come into force during the projected period.
- Average rainfall and wind potential levels: forecasts are drawn up on the basis of the average weather conditions in a year, taking account of historical conditions series. However, the actual rainfall and wind potential levels of the preceding year were used

for the first year of the projection, adjusting the average year accordingly.

- Installed capacity: The generation activity takes into account the investment required to maintain installed capacity in proper operating conditions; distribution activity considers investment in grid maintenance, improvement and enhancement and the investment required to implement the remote metering plan, and supply activity takes into account the investment required to perform activities involving other products and services.
- The production “mix” was determined using complex specifically-developed internal forecast models that consider factors such as prices and availability of energy stocks (e.g. Brent, gas, coal), forecast demand, planned construction or the commissioning of new capacity in the various technologies. These models are constantly changing, factoring in changes in variables such as availability of the production base, availability of fuels or start-up of operation of new plants. They provide signals on prices in the system and estimates of production costs, on which output forecasts for generation facilities are based.
- Assumptions for energy sale and purchase prices are made based on complex specifically developed internal forecast models. The pool price is estimated taking into account different scenarios regarding the expected trend or performance in a series of determining factors such as the costs and productions of the different technologies, electricity demand, commodity prices and other market and macroeconomic variables, and,

as a result of these models, the most likely scenario is considered. For these purposes, the performance of the electricity pool price primarily affects the Iberian Peninsula Generation Cash Generating Unit (CGU).

- The prices at which electricity and gas are sold are determined on the basis of the prices established in sales contracts and future energy prices.
- Fuel costs are estimated taking into consideration existing supply contracts, and long-term forecasts are made for oil, gas or coal prices based on forward markets and estimates available from analysts.
- Fixed costs are projected considering estimated levels of activity for each company in terms of trends in personnel, as well as other operating and maintenance costs, forecast inflation and long-term maintenance contracts or other types of contracts.
- To determine the value in use of cash-generating units (CGUs) that include rights of use, the fixed lease payments included in the lease liability have been excluded.
- External sources (e.g. analysts, domestic and international official bodies, etc.) are invariably used to compare macroeconomic assumptions, such as price trends, growth in gross domestic product (GDP) variations in demand, inflation, variations in interest rates and exchange rates, among others.
- Energy transition scenarios and climate change impacts used in the valuation models (see Note 5.1).

The key assumptions used to determine value in use under the impairment tests of non-financial assets as at 31 December 2022 (2023–2025 Strategic Plan) are as follows:

	2023	2024	2025
Price of Brent (\$/bbl)	93	80	70
Carbon dioxide (CO <sub>2</sub> /€/t)	84	89	91
TTF gas price (€/MWh)	110	110	66
PVB gas price (€/MWh)	90	80	61
Electricity demand – Iberian Peninsula (TWh)	242	252	258
Consumer Price Index (CPI) (average) (%)	4,4	1,9	1,8
Growth in Gross Domestic Product (GDP) Spain (%)	1,5	2,9	2,0
Arithmetic average daily electricity market price (€/MWh)	177	154	117

## f.4. Impairment test

- Cash-Generating Units (CGUs) for each of the Non-mainland Territories ("TNP") of Balearic Islands, Canary Islands, Ceuta and Melilla.

At 31 December 2022, in order to bring the net carrying amount of the assets of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla in line with their recoverable amount, impairment totalling Euro 36 million was recognised on the Cash Generating Units (CGUs) for each such TNP (see Notes 15 and 20.3).

At 31 December 2021, the recoverable amount of the assets of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla were re-estimated, taking into account, among other aspects, the expected situation of the commodity markets (fuel and carbon dioxide (CO<sub>2</sub>) emission rights) and the costs expected to be recovered for these items in accordance with the planned regulation, as well as the estimated changes in the structure of future generation and their effects on thermal generation. As a result of this re-estimation, an impairment of the Cash Generating Units (CGUs) was recorded for each of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla for a total amount of Euro 652 million (see Notes 15 and 20.3).

- Mainland coal-fired thermal power plants  
At 31 December 2022, an impairment charge of 30 million Euro has been recognised for the Los Barrios

Port Terminal (Cádiz), considering as a time horizon the current concession of the Terminal, which ends in 2032. The request to extend the aforementioned concession until 2057, which is based on the investment in the execution phase of the Liquefied Natural Gas (LNG) project at the Terminal, is pending resolution (see Notes 15 and 20.3). At 31 December 2021, the updating of the impairment provision for mainland coal-fired thermal power plants, in accordance with the decision taken on 27 September 2019 to discontinue their activity, resulted in the recognition of a net charge amounting to Euro 4 million (see Notes 15 and 20.3).

At 31 December 2021, the updating of the impairment provision for mainland coal-fired thermal power plants, in accordance with the decision taken on 27 September 2019 to discontinue their activity, resulted in the recognition of a net charge amounting to Euro 4 million (see Notes 15 and 20.3).

## f.5. Sensitivity analysis

At 31 December 2022, Endesa carried out a sensitivity analysis on the results of the impairment tests described using the reasonable variations of the main key assumptions, with all other variables held constant, as shown below by Cash Generating Unit (CGU):

Millions of Euro

	31 December 2022					
	Iberian Peninsula generation		Non-mainland Territories generation ("TNP")		Distribution	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Increase by 50 bp of the Discount Rate	(6,776)	—	(34)	—	(5,390)	—
Increase by 100 bp of the Discount Rate	(11,897)	—	(66)	—	(9,229)	—
Decrease of 50 bp in the Growth Rate	—	(6,244)	—	(5)	—	(5,143)
5% reduction in the pool price	—	(346)	—	Na	—	Na
5% increase in operating and maintenance costs	(689)	—	(65)	—	(846)	—
5% increase in maintenance investments	(425)	—	(11)	—	(307)	—
1% decrease in electricity demand	—	(627)	—	(6)	—	Na

At 31 December 2022, as a result of this sensitivity analysis, it was concluded that an unfavourable change in the key assumptions used within the ranges considered, maintaining the remaining variables unchanged, would not result in an impairment of assets, except in the assets of the Cash Generating Units (CGU) of the Non-mainland Territories of Balearic Islands, Canary Islands, Ceuta and Melilla, whose carrying amount was adjusted to its value in use.



## g) Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of a contract, Endesa assesses whether it is, or contains, a lease, and analyses whether various components are included in order to account separately for the lease from the other components that do not constitute a lease.

### g.1. Lessee

Where the contract contains a lease component and one or more additional components, Endesa allocates the contract consideration to each lease component based on the relative individual price of the lease component, and the aggregate individual price of the non-lease components.

Leases in which Endesa acts as lessee are recognised at the inception of the lease by recognising, in the consolidated statement of financial position, a right-of-use asset representing the right to use the leased asset and a liability for the present value of the obligation to make lease payments over the lease term.

The initial value of the lease asset shall comprise the amount of the initial measurement of the lease liability and any lease payments made on or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and dispose of the underlying asset, rehabilitate the site on which it is located or return the asset to the condition required by the lease.

To determine the term of the leases, Endesa has considered the non-cancellable period of the contract, except for those contracts in which it has a unilateral option to extend or terminate, in which case the extended or early termination period has been considered, if there is reasonable certainty that this option will be exercised. In this respect, Endesa has taken into consideration the time horizon used in the budget process.

Subsequent to initial recognition, Endesa measures the right-of-use asset at cost less accumulated depreciation and impairment losses, and adjusts for any changes in the measurement of the associated lease liabilities. Use rights are depreciated in the same way as the other similar depreciable assets if there is reasonable certainty that the

lessee will acquire title to the asset at the end of the lease term. If no such certainty exists, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The initial value of the lease liability is calculated at the start date of the lease as the value of future lease payments that are not paid at that date, generally discounted at the lease's implicit interest rate. If the implicit interest rate of the lease is not available, Endesa uses the incremental rate of its borrowings according to the term of the contract and the type of underlying asset. These payments will comprise fixed or substantially fixed payments, less any lease incentives to be received by Endesa, as well as variable payments that depend on an index or rate, amounts that Endesa expects to pay for guarantees of the residual value of the underlying asset, the exercise price of the call option if Endesa is reasonably certain to exercise it and lease termination penalty payments if the lease term reflects Endesa's exercise of the early termination option.

Subsequently, the lease liability is increased to reflect the accrual of interest and reduced by the lease payments made. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognised as an expense and allocated to income over the lease term so as to obtain a constant interest rate each year applicable to the remaining balance of the liability.

The lease liability shall be remeasured when certain changes in payments occur, such as changes in the lease term or changes in future payments. In such cases, the amount of the revaluation of the lease liability should generally be recognised as an adjustment to the right-of-use asset.

Variable lease payments, as well as contingent lease payments when it is probable that they will be incurred, are recorded as an expense in the consolidated income statement.

Endesa has opted not to apply the above requirements to short-term leases and leases where the underlying asset is of low value (less than USD 5,000). For these cases, the accrued amounts are recognised as an expense on a straight-line basis over the lease term.

## g.2. Lessor

For a contract that contains a lease component and one or more additional lease or non-lease components, Endesa allocates the contract consideration in the same way as it does for revenue from contracts with customers (see Note 3.2q.1).

Leases in which Endesa transfers substantially all the risks and rewards incidental to ownership of the leased item are classified as finance leases. All other leases are classified as operating leases.

Finance leases are recognised at the beginning of the lease term, recognising a financial asset at the present value of the minimum lease payments receivable, plus the residual value of the asset, even if it is not guaranteed, discounted at the interest rate implicit in the lease. The difference between the financial asset recognised and the amount to be received, which relates to unearned finance income, is allocated to the consolidated income statement in the year in which this interest is earned using the effective interest method.

## h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### h.1. Financial assets except derivative financial instruments

For valuation purposes, Endesa classifies its financial assets at the date of initial recognition with regard to the business model and the characteristics of the contractual cash flows, whether permanent or temporary, into the following categories:

- Financial assets at amortised cost: they are recorded at amortised cost, if they are managed with a business model whose objective is to hold financial assets to receive contractual cash flows and the contractual conditions give rise, on specified dates, to cash flows that are only payments of principal and interests on the outstanding principal amount. In the initial recognition, the amortised cost corresponds to the initial fair value, less the refunds of the principal paid, plus accrued uncollected interest calculated using the effective interest rate method. The effective interest method is a

Endesa recognises lease payments under operating leases as revenue on a straight-line basis.

### g.3. Sale and leaseback transactions

Endesa applies recognition criteria for revenue from contracts with customers to assess whether the sale of the asset should be recognised (see Note 3.2q.1).

If the sale recognition criteria are met, Endesa recognises the right-of-use asset arising from the leaseback as a proportion of the previous carrying amount of the asset related to the part held, recognising only the amount of any gain or loss that relates to the rights transferred to the buyer.

If the criteria for recognition of the sale are not met, Endesa continues to recognise the asset and recognises a financial liability for the consideration received (see Note 3.2h.4).

method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

- Financial assets at fair value with changes in the consolidated statement of other comprehensive income they are initially recorded at fair value if they are managed with a business model whose objective is to obtain contractual cash flows and sell financial assets, and the contractual conditions give rise, on specific dates, to cash flows that are only payments of principal and interests on the outstanding principal amount. The initial recognition at fair value includes the transaction costs directly attributable to the acquisition. In subsequent periods, these assets are measured at fair value, recognising the loss or gain in the consolidated statement of other comprehensive income, although the accrued interest will be recognised in the Income Statement. The amounts recognised in the consolidated

statement of other comprehensive income, except for equity instruments allocated on initial recognition under this category, are recognised in the income statement at the time of the derecognition of the financial assets.

- Financial assets that must be at fair value with changes in the Income Statement: it includes financial assets held for trading, which are originated or acquired for the purpose of realising them in the short term or are part of a portfolio of identified financial instruments, which are managed jointly and there is evidence of actions to obtain short-term gains or there are derivative financial instruments that do not meet the definition of a financial guarantee contract or that have been designated as hedging instruments. They are initially recorded at fair value plus the transaction costs directly attributable to the transaction. In subsequent periods, these assets are measured at fair value, recognising the loss or gain in the consolidated income statement.

Endesa has designated equity instruments in this category.

Financial assets and liabilities at amortized cost recognize interest income and expense using the effective interest rate method applicable to the principal amount outstanding during the related accrual period. In addition, interest income and expense also include changes in the fair value of financial instruments other than derivatives relating to financial assets and liabilities at amortized cost and financial assets mandatorily at fair value through profit or loss and financial liabilities at fair value.

Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the amount can be measured reliably.

Purchases and sales of financial assets are recognised on the trade date.

The criteria for recognising impairment of financial assets is described in Note 3.2h.3.

## h.2. Cash and cash equivalents

Cash and cash equivalents on the consolidated statement of financial position includes cash in hand, demand deposits and other highly liquid investments maturing in the short term that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are recognised on the consolidated statement of financial position as bank borrowings.

Demand deposits with restrictions on their use arising from a contract with a third party are treated as “Cash and cash equivalents” as long as the contractual restrictions on use of the amounts held in them do not change the nature of the deposit and Endesa has access to such amounts.

## h.3. Impairment of financial assets

In order to determine the need to recognise impairment in the value of financial assets, Endesa applies the expected credit loss method, in accordance with the following procedure:

- In the case of financial assets of commercial or trade origin, accounts receivable for leases and contractual assets derived from contracts with customers included under “Financial assets at amortised cost”, the expected credit losses during the life of the financial assets are determined collectively, grouped by type of customer and market.

The non-payment percentages are calculated separately for each of the groups identified, grouped by maturity, type of customer and market, based on the historical experience of non-payment for the last 36 months and taking into account the probability that an account receivable will pass on to the following scenarios until collection or write-off.

- The following aspects are taken into consideration for the other financial assets:
  - For financial assets in which there is an individualised identification of the counterparty, an individual assessment is made of both the probability of non-payment and the loss in case of non-payment. The expected loss is calculated by multiplying both factors by the net exposure in case of non-payment.
  - Large-volume assets of similar characteristics are grouped by nature and the expected total loss will be estimated.

However, the foregoing individually determines the expected credit losses on the assets for which there is objective evidence that Endesa will not be able to recover all the amounts according to the original terms of the contracts.

When evaluating whether the risk has increased significantly for a financial asset or group of financial assets, Endesa uses the modification in the non-payment risk that will occur during the expected life of the instrument.

Endesa recognises impairment losses on financial assets at amortised cost through use of an allowance account. The carrying amount is eliminated against the allowance account when the impairment is deemed to be irreversible. Impairment losses on trade receivables on leases and contractual assets arising from contracts with customers are recognised as an expense under “Impairment losses on financial assets” in the consolidated income statement and on other financial assets are recognised as an expense under “Financial expense” in the consolidated income statement (see Notes 15 and 16, respectively). Reversals in future periods of impairment losses are limited to what the

amortised cost of the assets would have been had no impairment loss been recognised. If the impairment is irreversible, the carrying amount of the financial asset is eliminated from the allowance account.

At the date of authorisation for issue of the consolidated financial statements all material past-due financial assets are of a trading nature (Note 42.5).

#### **h.4. Financial liabilities except derivative financial instruments**

For valuation purposes, Endesa classifies its financial liabilities at the date of initial recognition:

- Financial liabilities at amortised cost: which include interest-bearing loans and borrowings and trade and other payables, and are initially recognised at the amount received, net of transaction costs. In subsequent periods, these liabilities are measured at amortised cost using the effective interest method (see Note 3.2h.1).
- Financial liabilities at fair value: they are initially recorded at fair value, which is the price of the transaction. The cost incurred in the transaction are recorded as an expense as they are incurred. After their initial recognition, they are recognised at fair value, recording the changes in the Income Statement.

As an exception, in specific cases where liabilities are the underlying of a fair value hedge, the portion of the hedged risk is measured at fair value.

Financial assets and liabilities at amortized cost recognize interest income and expense using the effective interest rate method applicable to the principal amount outstanding during the related accrual period. Likewise, financial income and expenses also include changes in the fair value of financial instruments other than derivatives corresponding to both financial assets and liabilities at amortized cost and financial assets mandatorily at fair value through profit or loss and financial liabilities at fair value.

To calculate the fair value of the debt, for the purpose of recognition in the consolidated statement of financial position and for disclosure of fair value included in Note 41.3, debt has been divided into liabilities bearing interest at a fixed rate and liabilities bearing interest at floating rates:

- Fixed-rate debt is that on which fixed-interest coupons established at the beginning of the transaction are paid explicitly or implicitly over its term.

- Floating-rate debt is that issued at a variable interest rate, i.e. each coupon is established at the beginning of each period on the basis of the reference interest rate. All these liabilities are measured by discounting the expected future cash flows using the market interest rate curve associated with the payment currency.

Endesa has entered into reverse factoring arrangements with a number of financial institutions (see Note 40), part of which incorporate Sustainability criteria. Endesa applies the criteria set forth in Note 3.2h.7 regarding whether it should derecognise the original liabilities with trade payables and recognise a new liability with financial entities. Trade payables whose payment is managed by financial institutions are recognised under *“Trade and other payables”* on the consolidated statement of financial position to the extent that only Endesa has granted the management of payment to financial institutions, does not receive any financing from financial institutions and remains the primary obligor for the payment of debts to trade creditors.

#### **h.5. Derivative financial instruments and hedge accounting**

The derivatives held by Endesa relate mainly to transactions arranged to hedge interest rate, exchange rate or energy stock price risks (electricity, fuel, oil and derivatives and CO<sub>2</sub> emission rights), the purpose of which is to eliminate or significantly reduce said risks in the underlying hedged transactions.

Derivatives are measured at their fair value at the end of the reporting period. When their fair value is positive, they are carried under *“Derivative financial instruments”* in current or non-current assets, depending on their maturity and the intention of holding the derivative until maturity if they are financial derivatives, or if they are energy stock derivatives. When their fair value is negative, they are carried under *“Derivative financial instruments”* in current or non-current liabilities, depending on their maturity and the intention of holding the derivative until maturity if they are financial derivatives, or if they are energy stock derivatives.

Any gains or losses arising from changes in the fair value of derivatives are recognised in the consolidated income statement, except where the derivative has been designated as a hedging instrument and the requirements for hedge accounting under IFRS have been met. In this case, recognition depends on the type of hedge as follows:

- Fair value hedges: the portion of the underlying for which the risk is hedged is measured at fair value, as is

the hedging instrument, and any resulting valuation adjustments are recognised in the consolidated income statement in both cases.

- Cash flow hedges: changes in the fair value of derivatives are recorded, to the extent that such hedges are effective, in “*Other comprehensive income*” in the consolidated statement of other comprehensive income (see Note 35.1.6). The cumulative gain or loss recognised in this account is transferred to the consolidated income statement as the underlying hedged item affects profit or loss. The ineffective portion of the gain or loss on the hedges is recognised directly in the consolidated income statement.

A hedge is only applicable when there is a financial relationship between the hedged item and the hedging instrument, the credit risk of the hedged item does not have a dominant effect on the changes in value resulting from that financial relationship, and the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that Endesa actually uses to cover said amount of the hedged item.

Endesa, at inception and over the term of the hedge, assesses whether hedging relationship meets effectiveness requirements prospectively. The Company also assesses effectiveness at every reporting date or when there are significant changes that affect effectiveness requirements.

Endesa carries out a qualitative assessment of effectiveness when the fundamental terms of the instrument and the hedged item match. When the fundamental terms do not match, Endesa uses a hypothetical derivative with fundamental terms that match the terms of the hedged item to assess and measure ineffectiveness.

Endesa discontinues prospectively the hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedging accounting. For these purposes, the replacement or renewal of the hedging instrument is not an expiry or termination, provided that the transaction is consistent with Endesa’s risk objective.

When hedge accounting is discontinued in a cash flow hedge, the amounts accumulated under “*Other comprehensive income*” in the consolidated statement of other comprehensive income are not recognised in the consolidated income statement until the future cash flows on the hedged item materialise (see Note 35.1.6). Conversely, amounts accumulated in “*Other comprehensive income*” in the consolidated statement of other comprehensive income are recognised in the consolidated

income statement when the hedged future cash flows are no longer expected to occur.

At Endesa, risk management is carried out at comprehensive margin level, which means that the risk and positions of the various business activities are treated through a single consolidated view of risk and a single hedging decision process. This decision-making process is supported by risk and market analysis, resulting in market mandates. In this respect, a representation is made of the industrial assets and exposures to which the company’s results are subject and, based on this, various strategies are proposed with the aim of cancelling or partially reducing the risk of the assets in the industrial portfolio. These mandates bear a clear relationship to the underlying and arise from hedging decisions that are made solely on business criteria. As a result, Endesa may choose to designate a hedging relationship between a hedging instrument and a hedged item and not apply its classification as an accounting hedge, even where the aim is to manage the risk. For these transactions:

- There is invariably a fully traceable Hedging Committee mandate, which gives full meaning and explanation to the purpose of hedging, and
- they are classified in the European Market Infrastructure Regulation (EMIR), the Markets in Financial Instruments Directive (MiFID II) and Markets in Financial Instruments Regulation (MiFIR) as “Risk-reducing” or “Hedge”, following the standards of this regulation in relation to over-the-counter (OTC) derivatives and the record-keeping of trades.

Changes in the fair value of these hedging financial instruments that are not classified as accounting hedges are recognised under “Income and expenses from energy stock derivatives” in the consolidated income statement.

Endesa has entered into forward contracts for the purchase or sale of energy stocks, mainly electricity, fuels and carbon dioxide (CO<sub>2</sub>) emission rights with physical delivery. As discussed above, these contracts are measured in the consolidated statement of financial position at their market value at the closing date, with differences in value recorded in the consolidated income statement as “*Revenue*” or “*Procurements and services*”, except when all of the following conditions are met:

- The sole purpose of the contract is for own use, i.e. to generate electricity in fuel contracts, and for retail sale in electricity and gas purchase and sale contracts.
- Endesa’s projections support the purpose of these contracts as for own use.

- Past experience of the contracts indicates that contracts have been for own use, except on rare occasions where another use has been necessary as a result of exceptional circumstances or due to logistics management that Endesa cannot control or predict.
- The contract does not provide for net settlement and there has not been past practice of net settling similar contracts.
- In such cases, forward sales or purchases are accounted for as contracts pending performance and are recognised when performed under the corresponding sales or purchase items.

Endesa evaluates whether derivatives are embedded in its contracts and financial instruments to determine if their characteristics and risks are closely related to those of the host contracts provided that the overall contract is not recognised at fair value. If their characteristics and risks are not closely related, the derivatives are separated, with changes in value recognised in the consolidated income statement.

The fair value of the different derivative financial instruments is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at the end of the period.
- In the case of derivatives not quoted on an organised market, Endesa carries out valuations using internal tools and calculates the fair value of financial derivatives in due consideration of observable market variables, by estimating discounted future cash flows using zero-coupon yield curves for each currency on the last working day of each close, translated to Euro at the exchange rate prevailing on the last working day of each close. When the gross market value has been obtained, a “*Debt Valuation Adjustment (DVA)*” is made in respect of credit risk, or a “*Credit Valuation Adjustment (CVA)*” in respect of counterparty risk. The measurement of CVA/DVA is based on potential future exposure of the instrument (creditor or debtor position) and the risk profile of the counterparties and of Endesa’s own risk profile. In 2022 and 2021, the value of the adjustments made due to the CVA counterparty risk and the DVA credit risk were not significant.

In accordance with the procedures described above, Endesa classifies financial instruments in accordance with the levels stipulated in Note 3.2q (see Note 45).

## h.6. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for the loss it incurs when a specified obligor defaults on its payment obligation under the original or modified terms of a debt instrument.

### Guarantees and deposits

Guarantees and deposits extended by Endesa to third parties are initially recognised at fair value. Except where there is evidence to the contrary, fair value is the premium received plus the present value of any cash flows to be received.

Subsequently, financial guarantee contracts are measured as the difference between:

- The amount of the liability determined according to the accounting principles for provisions see (Note 3.2m).
- The amount of the initially recognised asset, less the portion taken to the consolidated income statement on an accruals basis.

## h.7. Derecognition of financial assets and financial liabilities

Financial assets are derecognised from the Statement of Financial Position when:

- The contractual rights to the cash flows from the financial asset have expired or been transferred or Endesa has assumed a contractual obligation to pay the received cash flows to one or more beneficiaries; and
- Endesa has substantially transferred all the risks and rewards inherent to the ownership, or it has neither transferred nor substantially retained all the risks and rewards of the asset, but has transferred control of the asset.

In 2022 and 2021, Endesa entered into receivables transfer agreements qualifying as factoring without recourse arrangements, as it transferred the risks and rewards of ownership of the financial assets transferred (see Notes 16.1 and 32.1).

For transactions in which Endesa retains substantially all the risks and rewards of ownership of a transferred financial asset, the consideration received is recognised in liabilities. Transaction costs are recognised on the consolidated income statement using the effective interest rate method.

Financial liabilities are derecognised from the Statement of Financial Position when they are extinguished, that is, when the obligation deriving from the liability has been settled or cancelled or has expired.

## **h.8. Offsetting financial assets and financial liabilities**

A financial asset and a financial liability will be offset when the Company has a legally enforceable right to set off the recognised amounts and has the intention to simultaneously realise the asset and settle the liability on a net basis (see Note 43).

These rights will only be legally enforceable in the course of normal company operations, or in the event of non-compliance, insolvency or bankruptcy of the counterparty.

## **h.9. Reclassification of financial assets and liabilities**

Financial assets are subject to reclassification when the business model is amended for its management and the effect in the Income Statement and in the statement of other comprehensive income is detailed below:

- Reclassification from amortised cost to fair value through profit or loss: The difference between the fair value and the carrying amount is recorded in the income statement. As of that date, the interest of the financial asset are not recorded separately.
- Reclassification from amortised cost to fair value through profit or loss to the category of amortised cost: the fair value at the reclassification date is considered the new gross carrying amount for the

purpose of applying the effective interest rate method and for recording credit losses.

- Reclassification from amortised cost to fair value through the Statement of Other Comprehensive Income: The difference between the fair value and the carrying amount is recorded in other comprehensive income. The effective interest rate and the recording of expected credit losses are not adjusted by the reclassification. However, the accumulated amount of the expected credit losses is recorded in the statement of other comprehensive income.
- Reclassification from fair value through the Statement of Other Comprehensive Income to amortised cost: recognised at fair value. The deferred amount in the statement of other comprehensive income is adjusted to the carrying amount of the asset. The effective interest rate and the recording of expected credit losses are not adjusted by the reclassification.
- Reclassification from fair value through the Income Statement to fair value through the Statement of Other Comprehensive Income: The effective interest rate and expected credit losses are determined at the classification date by the fair value at that date.
- Reclassification from fair value through the Income Statement to fair value through the Statement of Other Comprehensive Income to fair value through the Income Statement: the amount deferred in equity is reclassified to the consolidated income statement. As of that date, the interest of the financial asset are not recorded separately.

Financial liabilities are not subject to reclassification.

## **i) Investments accounted for using the equity method**

Investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in the associate is carried on the statement of financial position at Endesa's share of the net assets of the associate, adjusted, where applicable, to eliminate intragroup transactions, plus unrealised gains relating to the goodwill paid on acquisition of the company.

If the resulting amount is negative, the investment is carried at zero in the consolidated statement of financial position, unless Endesa is required to redress the company's equity, in which case the corresponding provision is recognised under Non-current liabilities in the consolidated statement of financial position (see Note 26). Dividends received from these companies are deducted from the value of the investment, while Endesa's share of the profit or loss of these companies based on its

percentage of ownership is recognised in the consolidated income statement under "*Net profit/(loss) of companies accounted for using the equity method*".

After the equity method has been applied, for investments the value of which includes unrealised gains relating to the goodwill paid on acquisition of the company, or those that may otherwise show signs of impairment, the recoverable value of the investment is calculated and, if this is less than the carrying amount, impairment is recognised for the difference between the recoverable value of the associate or the joint venture, and the carrying amount.

To calculate the recoverable amount, the higher of the fair value less costs to sell of Endesa's interest in the investee and the discount of the future cash flows the company is expected to generate is calculated, less Endesa's proportional share of debt at the reporting date of the financial statements.

If, as a result of legal or implicit obligations, when the value of the investee has been reduced any additional losses are incurred, they will be booked by recognition of a liability.

## j) Inventories

In general, inventories are measured at the lower of weighted average cost and net realisable value.

### j.1. Nuclear fuel

The cost for acquiring nuclear fuel includes the borrowing costs on the financing while in process. Financial expenses of Euro 1 million in 2022 and Euro 1 million in 2021 were capitalised in this respect (see Note 16). Nuclear fuel in process is transferred to operating expenses when introduced in the reactor and recognised in profit and loss based on the power capacity consumed in the period.

### j.2. CO<sub>2</sub> emission rights (CO<sub>2</sub>), Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs)

Endesa companies that emit carbon dioxide (CO<sub>2</sub>) in their electricity generation activity must deliver carbon dioxide (CO<sub>2</sub>) emission rights (allowances), more precisely European Union Allowances (EUAs) equal to their emissions during the year in the first few months of the following year.

They can also use Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) for other purposes, such as voluntary emission compensation.

Therefore, the criteria for recognising CO<sub>2</sub> emission rights, Certified Emission Reductions (CERs) and Emission Reductions Unit (ERUs) will be to recognise them as inventories, as follows:

- CO<sub>2</sub> emissions rights held as hedges on emissions are valued at the average weighted acquisition price, or the net realisable value, if the latter is lower.

## k) Grants related to assets

They are recognised when reasonable certainty exists that their associated conditions will be met. These amounts are recognised under "Grants" in the consolidated statement of financial position and taken to the consolidated income statement under "Other operating income" over the useful lives of the asset.

Appendix I to these consolidated financial statements lists Endesa's associates and joint ventures at 31 December 2022 and 2021.

- CO<sub>2</sub> emissions rights held for trading represent a trading portfolio, and are recognised at their fair value less cost to sell, with changes to the consolidated statement of other comprehensive income.

### j.3. Guarantees of Origin

Guarantees of Origin generated in connection with the production of energy from own facilities using renewable resources are initially measured at cost, which is equivalent to their fair value, and are recognised under "Inventories" and measured at the lower of cost and net realisable value. They are subsequently measured at the lower of cost and net realizable value, unless they are incorporated into the production cycle, for which no valuation adjustments are made provided that the finished products in which they are incorporated are expected to be sold above cost.

Guarantees of Origin purchased from third parties and held for the purpose of certifying renewable energy that is sold are initially recognised as inventories at acquisition cost, which is equivalent to their fair value, and are measured at the lower of cost and net realisable value. Meanwhile, those held for trading purposes make up a trading portfolio and are recorded at fair value with changes in the consolidated income statement.

The income and expenses arising from the sale and purchase of these certificates are recognised in the consolidated income statement under "Revenue from sales and services" and "Other variable procurements and services", respectively, with a corresponding change in inventories.



## I) Liabilities from contracts with customers

### I.1. Rights for extension connections and Facilities transferred from customers

Endesa receives legally established compensation for the amounts paid for the construction or acquisition of certain facilities or, in some cases, is assigned the facilities directly in accordance with prevailing legislation. The concepts included under this heading are:

- *“Facilities transferred from customers”* corresponds to the valuation of distribution facilities transferred from customers and the revenue received from third parties other than official bodies, and income from extension and connection rights necessary to handle requests for new services, or to extend existing ones.
- It also includes *Rights for extension connections* related to new installation extensions which the distributor must make in accordance with requested voltage and power, within legally-established limits, which are necessary to allow for new supply and extensions to the existing grid. *Rights for extension connections* are regulated up to and including 2000 by

Royal Decree 2949/1982, of 15 October, from 2001 by Royal Decree 1955/2000, of 1 December, and since 2013, by Royal Decree 1048/2013, of 27 December.

Assets and liabilities from contracts with customers are recognised at the fair value of the asset on the date the assets are transferred and taken to profit and loss under other operating income in the consolidated income statement over the useful life of the asset, thereby offsetting the related depreciation charge.

### I.2. Other liabilities from contracts with customers

Endesa presents contracts with customers as a contract liability for recognition in the consolidated statement of financial position of the obligation to transfer goods or services for which it has received consideration from the customer (or for which consideration is receivable from the customer).

## m) Provisions and contingencies

Liabilities existing at the consolidated statement of financial position date that arise as a result of past events and could have a negative impact on Endesa's equity, materialisation of which is considered probable, and the amount and settlement date of which are uncertain, are recognised as provisions in the consolidated statement of financial position at the present value of the most probable amount Endesa will need to disburse to settle the liability. Endesa also recognises provisions for liabilities arising from ongoing lawsuits and termination benefits, deposits and similar guarantees and to hedge risks.

Provisions are made based on the best information available at the date of preparation of the consolidated financial statements on the most likely outcome of the event for which provision is required and are re-estimated at the end of each reporting period.

Contingent assets and contingent liabilities are recognized in the Consolidated Financial Statements based on the probability of an inflow or outflow of resources, respectively, and Endesa discloses them in Note 51.

### m.1. Provisions for employee benefits

For defined benefit plans, the companies recognise the expenditure relating to these provisions on an accruals basis over the working life of the employees by performing actuarial studies at the reporting date, calculated using the projected unit credit method. Provisions for defined benefit plan represent the present value of the accrued provisions after deducting the fair value of the qualifying plan assets. Actuarial losses and gains arising from the measurement of plan liabilities and assets are recognised directly, net of the related tax effect, in *“Other comprehensive income”* in the consolidated statement of other comprehensive income (see Note 35.1.7).

*For each of the plans, if the difference between the actuarial liability for services rendered and the plan assets is positive, the difference is recorded under “Non-current provisions: Provisions for employee benefits” on the liability side of the consolidated statement of financial position and, if negative, under “Other non-current assets” on the asset side of the consolidated statement of financial*

position, in the latter case, provided that this difference is recoverable by Endesa, normally by deducting it from future contributions, paying due regard to the limitations set out in paragraph 57 (b) of IAS 19 – *Employee Benefits* and IFRIC 14 – *IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction*. The effect of applying this limit is recognised under “*Other comprehensive income*” in the consolidated statement of other comprehensive income (see Notes 35.1.7 and 37.1).

Contributions to defined contribution plans are recognised as an expense in the consolidated income statement as the employees provide their services.

Post-employment plans that have been fully insured and for which Endesa has therefore transferred all the risk are treated as defined contribution plans. Consequently, the existence of actuarial liabilities or plan assets is not considered.

## **m.2. Provisions for workforce restructuring plans**

Endesa recognises termination or temporary lay-off benefits when there is an individual or group agreement with the employees that will enable them, unilaterally or by mutual agreement with the Company, to cease working for Endesa, or to temporarily suspend their employment contract in exchange for termination benefits or consideration. If a mutual agreement is required, a provision is only recorded in situations in which Endesa has decided to give its consent to the termination of employment, and consent has been notified to the employee either individually or collectively to employee representatives. In all cases in which these provisions are recognised, the employees expect that these retirements will proceed, and that there will be official notification by the Company to the employee or to the employee’s representatives and it is unlikely that significant changes will be made in the plan.

Endesa has restructuring plans which arose as part of the corresponding workforce reduction plans approved by the government, or in agreements drawn up with employee representatives. The plans guarantee payment of an indemnity or maintenance of regular payments during the period of early retirement or suspension of the employment contract.

Endesa recognises the full amount of the expenditure relating to these plans when the obligation is accrued, understood as the time at which the company is unable to

prevent the disbursement, depending on the commitments undertaken with the employee or the employee’s representatives. These sums are determined, where appropriate, from actuarial surveys conducted to calculate the actuarial obligation at period-end. The actuarial gains and losses disclosed are recognised in the consolidated income statement.

## **m.3. Provision to cover the cost of carbon dioxide emission allowances (CO<sub>2</sub>)**

Endesa’s companies that generate CO<sub>2</sub> emissions in their electricity generation activity must deliver CO<sub>2</sub> emission allowances equal to their emissions during the year in the first few months of the following year. Companies can also use Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) for voluntary compensation.

The obligation to deliver emission allowances for the CO<sub>2</sub> emitted during the year is recognised as a current provision under “*Other current provisions*” in the consolidated statement of financial position. The related cost is recognised under “*Other variable procurements and services*” in the consolidated income statement (see Notes 10.3 and 37.3, respectively). This obligation is recognised at the same amount as the CO<sub>2</sub> emission allowances to be delivered to cover this obligation under “*Inventories*” in the consolidated statement of financial position (see Note 3.2j.2).

If, at the reporting date of the consolidated statement of financial position, Endesa does not hold all the CO<sub>2</sub> emission allowances, CERs or ERUs required, the cost and the corresponding provision are recognised on the basis of a best estimate of the price that Endesa will have to pay to acquire them. When a more appropriate estimate does not exist, Endesa estimates the acquisition price for the allowances not held by it as the market price at the reporting date.

## **m.4. Provisions to cover Guarantees of Origin**

Endesa companies that use Guarantees of Origin in their electricity trading activity must redeem in the following year the Guarantees of Origin assigned to the consumers to whom they have supplied electricity during the months pertaining to the guarantees to be redeemed.

The obligation to deliver Guarantees of Origin made during the year is recorded under “Other current provisions” in the consolidated statement of financial position, and the corresponding cost is recognised under “Other variable procurements and services” in the consolidated income statement (see Notes 10.3 and 37.3, respectively). This obligation is valued at the same amount at which the original guarantees due to be delivered to cover this obligation are recognised under “Inventories” in the consolidated statement of financial position (see Note 3.2].3).

### m.5. Provisions for decommissioning costs

Endesa recognises a provision for the expected cost to dismantle some of its plants and certain electricity distribution facilities (see Notes 3.2b, 3.2c and 37.3). Provision adjustments are recognised with a charge to “Financial expenses” in the consolidated income statement (see Note 16).

## n) Translation of foreign currency balances

Transactions in currencies other than the functional currency of each company are recognised in the functional currency by applying the exchange rates prevailing at the transaction date. During the year, differences arising between the balances translated at the exchange rate at the transaction date and those translated at the exchange rate at the date of collection or payment are recorded as financial income or financial expenses in the consolidated income statement (see Note 16).

## o) Current/non-current classification

In the accompanying consolidated statement of financial position, balances due to be settled within 12 months are classified as current and those due to be settled in a period of more than 12 months are classified as non-current. In the case of those obligations that mature at short term but with respect to which the expectation and power, at

The interest rates applied for the corresponding update, depending on the remaining useful life of the associated asset, have been placed in the following ranges:

%	2022	2021
Financial discounting rates	0.3 - 3.0	0.0 - 0.5

### m.6. Onerous contracts

In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), Endesa recognises a provision for the present value of the difference between the costs and foreseen benefits of the contract. Such costs shall reflect the lower of the cost of complying with its provisions, which includes both incremental costs and the allocation of other costs that are directly related to compliance, and the amount of any compensation or penalties resulting from non-compliance. As of 31 December 2022 and 2021, no provision has been made for onerous contracts.

Balances receivable or payable at year-end denominated in currencies other than the functional currencies in which the financial statements of the consolidated companies are denominated are translated to Euro at year-end exchange rates. The resulting valuation differences are recognised as financial profit or loss in the consolidated income statement (see Note 16).

Endesa’s discretion, exists of long-term refinancing through credit lines available immediately on an unconditional basis, in accordance with the existing financing conditions, and whose claimability exceeds 12 months from the closing date of the consolidated financial statements, are classified as non-current liabilities.

## p) Income tax and other taxes

### p.1. Income tax expense

In 2022, there were two tax consolidation groups at Endesa:

- All companies with respect to which Enel, S.p.A. (the Italian parent company of the Enel Group) holds a stake of at least 75% or 70% (in the case of listed investees or subsidiaries), and which meet requirements provided for

in Spanish legislation on taxation of the consolidated profits of corporate groups, have been integrated into a consolidated tax group the parent of which is Enel, S.p.A. and its representative in Spain is Enel Iberia, S.L.U.

A total of 97 companies belonged to Consolidated Tax Group number 572/10 at 31 December 2022 (31 December 2021: 66), as shown below:

Enel Iberia, S.L.U.	Endesa Generación Nuclear, S.A.U.	Hidroeléctrica de Catalunya, S.L.U.
Endesa, S.A.	Endesa Ingeniería, S.L.U.	Navalvillar Solar, S.L.U.
Aragonesa de Actividades Energéticas, S.A.U.	Endesa Medios y Sistemas, S.L.U.	Olivum PV Farm 01, S.L.U.
Aranort Desarrollos, S.L.U.	Endesa Operaciones y Servicios Comerciales, S.L.U.	Infraestructuras Puerto Santa María 220, S.L.
Arena Power Solar 11, S.L.U.	Endesa Red, S.A.U.	Pampinus PV Farm 01, S.L.U.
Arena Power Solar 12, S.L.U.	Endesa X Servicios, S.L.U.	Parque Eólico A Capelada, S.L.U.
Arena Power Solar 13, S.L.U.	Endesa X Way, S.L.	Parque Eólico Muniesa, S.L.U.
Arena Power Solar 20, S.L.U.	Enel Green Power España, S.L.U. (EGPE)	Parque Eólico Tico, S.L.U.
Arena Power Solar 33, S.L.U.	Energía Base Natural, S.L.U.	Planta Eólica Europea, S.A.U.
Arena Power Solar 34, S.L.U.	Energía Eólica Ábrego, S.L.U.	Promociones Energéticas del Bierzo, S.L.U.
Arena Power Solar 35, S.L.U.	Energía Eólica Galerna, S.L.U.	Productive Solar Systems, S.L.U.
Baikal Enterprise, S.L.U.	Energía Eólica Gregal, S.L.U.	Puerto Santa María Energía I, S.L.U.
Baleares Energy, S.L.U.	Energía y Naturaleza, S.L.U.	Puerto Santa María Energía II, S.L.U.
Baylio Solar, S.L.U.	Energía Neta Sa Caseta Lluçmajor, S.L.U.	Renovables Andorra, S.L.U.
Castiblanco Solar, S.L.U.	Energía XXI Comercializadora de Referencia, S.L.U.	Renovables La Pedrera, S.L.U.
Coquina Solar, S.L.U.	Energías de Aragón I, S.L.U.	Renovables Mediavilla, S.L.U.
Dehesa de los Guadalupes Solar, S.L.U.	Energías Especiales del Alto Ulla, S.A.U.	Renovables Teruel, S.L.U.
Dehesa PV Farm 03, S.L.U.	Envatios Promoción I, S.L.U.	Savanna Power Solar 10, S.L.U.
Dehesa PV Farm 04, S.L.U.	Envatios Promoción II, S.L.U.	Savanna Power Solar 12, S.L.U.
Distribuidora de Energía Eléctrica del Bages, S.A.	Envatios Promoción III, S.L.U.	Savanna Power Solar 13, S.L.U.
Distribuidora Eléctrica del Puerto de la Cruz, S.A.U.	Envatios Promoción XX, S.L.U.	Savanna Power Solar 4, S.L.U.
Edistribución Redes Digitales, S.L.U.	Fotovoltaica Yuncillos, S.L.U.	Savanna Power Solar 5, S.L.U.
Eléctrica de Jafre, S.A.	FRV Corchitos I, S.L.U.	Savanna Power Solar 6, S.L.U.
Eléctrica del Ebro, S.A.U.	FRV Corchitos II Solar, S.L.U.	Savanna Power Solar 9, S.L.U.
Emintegral Cycle, S.L.U.	FRV Gibalbín–Jerez, S.L.U.	Seguidores Solares Planta 2, S.L.U.
Empresa Carbonífera del Sur, S.A.U.	FRV Tarifa, S.L.U.	Tico Solar 1, S.L.U.
Empresa de Alumbrado Eléctrico de Ceuta Energía, S.L.	FRV Villalobillos, S.L.U.	Tico Solar 2, S.L.U.
Endesa Capital, S.A.U.	FRV Zamora Solar 1, S.L.U.	Torrepalma Energy 1, S.L.U.
Endesa Energía, S.A.U.	FRV Zamora Solar 3, S.L.U.	Unión Eléctrica de Canarias Generación, S.A.U.
Endesa Energía Renovable, S.L.U.	Fundamental Recognized Systems, S.L.U.	Valdecaballero Solar, S.L.U.
Endesa Financiación Filiales, S.A.U.	Furatena Solar 1, S.L.U.	Xaloc Solar, S.L.U.
Endesa Generación, S.A.U.	Gas y Electricidad Generación, S.A.U.	
Endesa Generación II, S.A.U.	Guadarranque Solar 4, S.L.U.	

- After Endesa took control of Empresa de Alumbrado Eléctrico de Ceuta, S.A., in which it held a stake of 96.42% at 31 December 2021, Consolidated Tax Group no. 21/02 was incorporated, comprising the following three companies: Empresa de Alumbrado Eléctrico de Ceuta, S.A. (as Parent and representative of the Consolidated Tax Group) Empresa de Alumbrado

Eléctrico de Ceuta Distribución, S.A.U. and Energía Ceuta XXI Comercializadora de Referencia, S.A.U. Endesa's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country. In 2022, Endesa acquired the investments detailed in Note 7. Therefore, the companies which, at 1 January 2023, meet the applicable tax regulations on the consolidated profits

of groups of companies will be included in the consolidated tax group to which Endesa belongs.

The income tax expense for the year is calculated as the sum of the current tax of the different companies resulting from applying the tax rate to the taxable income (tax loss) for the year, after taking into account any available tax deductions, plus the change in deferred tax assets and liabilities, and tax credits for loss carryforwards and deductions. The differences between the carrying amount of assets and liabilities and their tax base give rise to deferred tax assets or liabilities, which are measured at the tax rates that are expected to apply to the years when the assets are realised and the liabilities settled.

Income tax and changes in deferred tax assets and liabilities not arising from business combinations are recognised in the consolidated income statement or in equity accounts in the consolidated statement of financial position, depending on where the profits or losses giving rise to them have been recognised.

Deferred tax assets and tax credits are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which the related temporary differences can be recovered or the related tax assets can be utilised.

Deferred tax liabilities are recognised for all temporary differences. Tax credits arising from economic events occurring in the year are deducted from the income tax expense, unless there are doubts as to whether they can be realised, in which case, they are not recognised until they have effectively been realised.

In addition, Endesa reflects the effect of uncertainty in uncertain tax treatments when determining taxable profit or loss, tax bases, unused tax losses or tax credits or the related tax rates. It does this by assessing whether to consider each uncertain tax treatment separately or in

conjunction with one or more other uncertain tax treatments, to determine which approach best predicts the resolution of uncertainty. When it is concluded that it is not probable that the tax authority will accept an uncertain tax treatment, Endesa reflects the effect of the uncertainty by generally using the most likely amount method, i.e. the single most likely amount within a range of possible outcomes.

The presentation of liabilities or assets related to uncertain tax treatments are presented as current or deferred tax assets or liabilities (see Notes 25.1 and 40).

The deferred tax assets and liabilities recognised are reviewed at the end of each reporting period in order to ascertain whether they still exist, and the appropriate adjustments are made.

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the tax authorities or before the inspection period of four years has elapsed.

As at 31 December 2022, the following years are open to tax inspection:

	31 December 2022
Consolidated Tax Group for Income Tax (no 572/10)	2006, 2019 and subsequent years
Consolidated Tax Group for Income Tax (no 21/02)	2018 and onwards
Other Endesa subsidiaries	2018 and onwards

## p.2. Other taxes

Taxes other than income tax are recognized in the Consolidated Income Statement according to their nature.

## q) Income and expense recognition

### q.1. Revenue from contracts with customers

#### I. General income recognition criteria

As general criteria, Endesa recognises the income from its ordinary activities as the delivery of the goods or the rendering of the services contractually agreed to with its customers occurs during the life of the contract and for

the amount of the consideration to which it expects to be entitled in exchange for said goods or services.

In particular, Endesa follows the following stages for the recognition of revenue from contracts with customers:

- Identifying the contract with the customer: To identify a contract, Endesa ensures that the parties have approved the contract and undertake to comply with their respective obligations, identifying the rights of

each of the parties, the payment terms in relation to the goods or services to be transferred, and ensuring that the contract has a commercial nature and it is probable that the consideration to which it is entitled will be collected in exchange for the goods or services that will be transferred to the customer.

- Identify the obligations for executing the contract: At the beginning of the contract, Endesa assesses the goods or services promised in a contract with a customer and identifies each promise to transfer to the customer as an execution obligation:

- a) A good, service or a group of differentiated goods or services; or
- b) A series of differentiated goods or services that are practically the same and that follow the same pattern of transfer to the customer.

A good or service promised to a customer is differentiated if the following two criteria are met:

1. The customer can use the good or service on its own or together with other resources that can be made easily available; and
2. Endesa's commitment to transfer the good or service to the customer is identifiable separately from other commitments contained in the contract.

- Determine the price of the transaction: this is determined as the amount of the consideration to which it expects to be entitled in exchange for transferring the goods or services committed to with the customer, excluding the amounts charged on behalf of third parties, which could include fixed or variable amounts, such as discounts, refunds, subscriptions, incentives, bonuses and other similar concepts.
- When the transaction price includes a variable consideration, Endesa initially estimates the amount of the consideration to which it will be entitled, using the expected value method or the most probable amount, and only including all or part of the amount of the variable consideration only to the extent to which it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when, subsequently, the uncertainty over the variable consideration is resolved.
- When estimating the transaction price, the temporary value of money is also taken into account if it is considered that there is a significant financing component, as well as considerations other than cash and other considerations to be paid to the customer.
- Allocate the transaction price between the contract execution obligations: Endesa distributes the price of the transaction in such a way that each execution obligation identified in the contract is assigned an amount that represents the consideration it will obtain in exchange for transferring the good or service committed in said execution obligation to the customer. This allocation is made proportionally and based on the

corresponding independent sales prices of the goods and services included in each execution obligation. The best evidence of independent selling prices is their observable price, when these goods or services are sold separately under similar circumstances. When this price is not available, Endesa estimates the amount using an approach that maximises the use of observable data, such as an adjusted valuation based on a market price, an expected cost plus a margin or using a residual approach.

- When the contract includes more than one good or differentiated service and a discount is granted on the total price, unless there is more observable evidence that the discount is fully applicable to an execution obligation, the discount is distributed proportionally among all execution obligations.
- Recognition of income as compliance with execution obligations is met: Endesa recognises income as the amount of the transaction price assigned to an execution obligation if it satisfies this obligation by transferring the committed goods or services to the customer. To this end, Endesa determines whether the execution obligation is satisfied over time or at a specific time:

- a) An obligation is satisfied over time if the following criteria are met:
  - The client receives and simultaneously consumes the benefits provided by Endesa's activity as it carries it out.
  - Endesa produces or improves an asset that the customer controls as the asset is produced or improved.
  - Endesa produces a specific asset for the customer, which cannot be given an alternative use, and has an enforceable right to collect the activity carried out so far.

If the execution obligation is complied with over time, Endesa recognises the corresponding income as it satisfies it, for which it measures the degree of progress of execution of each obligation identified.

- b) If an obligation does not meet the conditions to be fulfilled over time, the following indicators are assessed to determine that control of the asset has been transferred to the customer:
  - Endesa has transmitted the physical possession of the asset;
  - Endesa is entitled to demand payment for the asset;
  - The customer has accepted the asset;
  - The customer has the significant risks and benefits inherent to the ownership of the asset; and
  - The customer has the legal ownership of the asset.

If the execution obligation is fulfilled at a specific date, Endesa recognises the corresponding income.

If the parties agree to amend the contract, Endesa accounts for this amendment as a separate contract if the following two conditions are met:

- The scope of the contract increases due to the incorporation of different committed goods or services; and
- The contract price is increased by an amount of the consideration that reflects the independent sale prices of the promised additional goods or services.

Otherwise, the contractual amendment is treated as an adjustment to the original contract, so that, when the amendment consists of new goods or services that are different and not at their usual selling price, the previous contract is cancelled and a new contract will be created, but if the amendment consists of new goods or services that are not different, the existing contract is re-assessed.

Endesa presents the contracts with customers in the Statement of Financial Position as an asset or a liability of the contract, depending on the relationship between Endesa's performance and the payment made by the customer:

- The contract with the customer is presented as a liability of the contract when the customer has paid a consideration before the goods or services have been transferred to the customer, in such a way that there is an obligation on the part of Endesa to transfer the goods or services to the customer from which it has already received a consideration.
- The contract with the customer is presented as an asset of the contract when Endesa has transferred goods or services to the customer before the customer has delivered the consideration, so Endesa has the right to the consideration in exchange for the goods or services that it has transferred to the customer. Endesa excludes from this amount the amounts presented as accounts receivable.

## II. Specific criteria for income recognition by segments

- Generation and Supply Segment
  - Electricity and gas sales: They are recorded as income at the date they are supplied to the customer, depending on the quantities supplied during the period, even when they have not been invoiced and according to the unit price established in the contract. Revenue income includes an estimate of the energy supplied before customers' meters have been read (see Note 32).  
In electricity and gas sales contracts arranged with customers, the committed assets are identified as a single performance obligation, as they

relate to a number of different assets that are substantially the same and whose pattern of transfer is the same. This performance obligation is satisfied and recognised as revenue from ordinary activities over time. The revenue recognition method applied to these types of transactions is the product-based method, more precisely the units delivered method, as it is the best method for measuring the customer value of the goods transferred. The consideration to be received for the supply of energy shall be valued according to the price fixed in the contract with the customer for the energy supplied at each moment in time.

When contracts with customers have multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling price of each performance obligation determined at the inception of the contract.

The stand-alone selling price is estimated on the basis of prices observable in sales transactions of the good when sold separately in similar circumstances and to similar customers.

The methodology used to estimate the energy supplied to customers pending billing is as follows:

- The revenue from the energy supplied not yet read in the customer's meters is based on estimates of the amount of energy supplied and all the usual price components for each customer type.
- The amount of power supplied (GWh) is estimated on the basis of the following parameters:
  - i. The power purchases made from the market during that period of time, in busbars, in which this data become known through the orders placed;
  - ii. The estimation of transmission and distribution energy losses based on established parameters that are continuously updated with the latest available actual information;
  - iii. The actual volume of energy billed to customers.

The difference between the estimated total power supplied (i) – (ii) and the power already billed (iii) corresponds to the amount of power still to be billed.

- The price (€/GWh) is estimated on the basis of the following components:
  - i. The cost of power, which corresponds to the purchases made from the market in that time period, including all components, plus an estimate of the deviations due to customer consumption profiling;

- ii. Transmission and distribution costs based on access tariffs and
- iii. The margin associated with each of the different products contracted by customers according to the parameters defined in their contract and for the different products in the catalogue.

– Electricity sales on the wholesale market. They are recognised as income at the date they are supplied, depending on the electricity supplied and the ancillary services provided.

In electricity sales on the wholesale market, the committed assets are identified as a single performance obligation, as they relate to a number of different assets that are substantially the same and whose pattern of transfer is the same. This performance obligation is satisfied and recognised as revenue from ordinary activities over time.

– The activity of generation from renewable sources, cogeneration and waste has a special remuneration regime established by Royal Decree 413/2014, of 6 June, which regulates the activity of electricity production from renewable energy sources, cogeneration and waste, allowing it to receive income in addition to the average mainland price to guarantee it a reasonable return and to be able to compete with other technologies on an equal footing (see Note 6). This revenue is recorded as energy sales are transferred to the market, as this additional remuneration supplements the revenue from the electricity market to reach the reasonable profitability that has been set.

Article 22 of Royal Decree 413/2014, of 6 June, also includes a mechanism known as “Value of Adjustments for Deviations in Market Price”, which adjusts the electricity sales prices estimated by the regulator at the start of the regulatory half-period, and which have been taken into account in determining the specific remuneration, against the real market prices resulting in each half-period. Hence, a positive or negative balance is generated each year, which is included in the next review of the remuneration parameters for the following regulatory half-period, and which will be compensated during the rest of the useful life of the facility through a higher or lower specific remuneration.

Pursuant to Article 22 of the same Royal Decree, Endesa generally records each of the positive and negative market deviations arising in accordance with Royal Decree 413/2014, of 6 June.

- Non-mainland Territories generation (“TNP”): Its remuneration is regulated (see Note 6), essentially based on the operation and availability of the facilities, with part of said remuneration being received with the valuation of the energy sold at the average mainland price, and the rest, up to the remuneration established, through the settlements made by the Spanish Markets and Competition Commission (“CNMC”). This income is recognised at the date when electricity sales are made.
- Distribution segment
  - Income regulated by the electricity distribution activity: It is recorded pursuant to the regulatory framework of the Electricity Sector in Spain, which establishes the remuneration by Ministerial Order once per year (see Note 6) and is recognised over time. The Spanish Markets and Competition Commission (“CNMC”) makes arrangements for payment of the acknowledged remuneration to electricity distribution companies.

### III. Principal vs. Agent

When a third party is involved in providing goods or services to a customer, Endesa analyses whether the nature of its commitment is a performance obligation consisting of providing the goods or services itself to the customer (Endesa acting as principal) or whether its commitment is to organise the supply of those goods or services for the third party (Endesa acting as agent).

When Endesa acts as principal, it recognises the revenue for the gross amount of the consideration to which it expects to be entitled in exchange for the goods or services transferred, but when it acts as an agent, it recognises the revenue for the amount of any payment or commission to which it expects to have the right in exchange for arranging the provision of its goods or services for the other party.

### q.2. Other income and expenses

Dividends received from equity instruments are recognised as income at the date the right to receive them arises in the consolidated income statement.

Endesa recognises non-financial asset purchase or sale contracts settled net in cash or another financial instrument at their net amount. Contracts entered into and maintained for the purpose of receiving or delivering these non-financial assets are recognised on the basis of the contractual terms of the purchase, sale or usage requirements expected by the entity.



Expenses are recognised on an accruals basis. Disbursements that will not generate future economic benefits or which do not qualify for recognition as an asset are recognised immediately.

## r) Fair value measurement

Fair value is defined as the price that would be collected for the sale of an asset or that would be paid for the transfer of a liability, in an orderly transaction between market players at the valuation date.

The valuation is calculated on the premise that the transaction is carried out on the main market, i.e. the market with the largest volume or activity of the asset or liability. In the absence of a main market, it is assumed that the transaction is carried out on the most advantageous market, i.e. that which maximises the amount received from selling the asset or that which minimises the amount paid to transfer the liability.

The fair value of the asset or the liability is determined by applying the assumptions that would be made by the market players at the time the price of the asset or liability is set, on the understanding that the market players are acting in their best economic interests. The market players are independent of each other, they are well informed, they can carry out a transaction with the asset or liability, and are motivated to carry out the transaction but are not in any way obliged or forced to do so.

Assets and liabilities measured at fair value may be classified on the following levels (see Note 45):

- Level 1: fair value is calculated from quoted prices in active markets for identical assets or liabilities.
- Level 2: fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The methods and assumptions used to determine fair value within Level 2 by class of assets or liabilities take into account the estimate of future cash flows discounted to present value using zero-coupon yield curves for each currency on the last working day of each closing, translated to Euro at the exchange rate prevailing on the last working day of each closing. All these measurements are made using internal tools.
- Level 3: fair value is calculated from inputs for assets or liabilities that are not based on observable market data.

Endesa uses valuation tools to measure the fair value of assets and liabilities that are suited to the circumstances and for which sufficient data are available to appraise fair value, making maximum use of major observable variables and minimum use of non-observable variables.

## s) Earnings (loss) per share

Basic net earnings per share are calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares of the Parent Company owned by Endesa.

The basic earnings per share of continuing and discontinued operations are calculated by dividing profit after tax of continuing and discontinued operations, respectively, minus

the portion corresponding to non-controlling interests, by the weighted average number of ordinary shares of the Parent outstanding during the period, without counting the average number of shares of the Parent owned by Endesa. In 2022 and 2021, Endesa did not perform any potentially dilutive transactions that could cause diluted earnings per share to differ from basic earnings per share (See Notes 19.35.1.8, 35.1.12).

## t) Dividends

Dividends receivable are recognised when the right to collect them is generated.

Dividends payable are recognised as a reduction in equity on the date on which they are approved by the competent

body, which is usually the board of directors in the case of interim dividends and the shareholders at their general meeting of shareholders in the case of dividends charged against reserves or final dividends (see Note 35.1.10).

## u) Share-based payment plans

Endesa has granted certain employees of its business group that occupy positions of greater responsibility remuneration plans based on equity instruments, in which, in exchange for the services they provide, Endesa settles them with equity instruments. These plans are also combined with cash settlements, whose amount is based on the value of equity instruments (see Note 47.3.5).

Endesa recognises the services received from in-house employees as "*Personnel expenses*" in the consolidated income statement, at the time of obtaining them and, by contrast, it posts the corresponding increase in Equity under "*Other equity instruments*" of the consolidated statement of changes in equity if the transaction is settled with equity instruments or the corresponding liability under "*Non-current provisions*" of the statement of financial position if the transaction is settled in cash with an amount that is based on the value of the equity instruments.

Transactions in which it is necessary to complete a certain period of services are recognised to the extent that such services are provided throughout that period.

In transactions with employees settled with equity instruments, both the services provided and the increase

in the Equity to be recognised shall be measured at the fair value of the equity instruments transferred, referred to the date of the concession agreement.

Once the goods and services received have been recognised, in accordance with the provisions of the preceding paragraphs, as well as the corresponding increase in Equity, no additional adjustments will be made to the Equity after the date of irrevocability.

In transactions settled in cash, the goods or services received and the liability to be recognised shall be measured at the fair value of the liability, referring to the date on which the requirements for recognition are met. Subsequently, and until settlement, the corresponding liability shall be measured at fair value at the closing date of each financial year, with any valuation changes that occurred during the financial year being charged to the consolidated income statement.

Fair value is determined by reference to the market value of the shares at the grant date, net of estimated dividends to which the employee is not entitled, during the performance period (see Note 47.3.5).

## v) Treasury shares and own equity instruments

Own shares acquired by Endesa in the year are recognised at the value of the consideration delivered in exchange, directly as a reduction of Equity under "*Shares and investments in equity*" of the consolidated statement of financial position (see Note 35.1.8).

The results arising from the purchase and sale of equity instruments are recognised directly in equity, and no results are recognised in the consolidated income statement under any circumstances.

## w) Statement of cash flows

The statement of cash flows reflects the changes in cash occurring during the year in relation to both continuing and discontinued operations, calculated using the indirect method (see Note 46). The following terms are used in the statements of cash flows with the meanings specified:

- Cash flows: Inflows and outflows of cash and cash equivalents, which are investments with a term of less than three months that are highly liquid and subject to an insignificant risk of changes in value (see Note 3.2h.2).
- Operating activities: The principal revenue-producing activities of Endesa, as well as other activities that are not investing or financing activities. They include dividends received as well as the collection and payment of interest.
- Investing activities: The acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents. Net flows from investment activities include those corresponding to losing and gaining control over Group companies.
- Financing activities: Activities that result in changes in the amount and composition of equity and financial liabilities. Net cash flows from financing activities include dividends paid.

## x) Related-party transactions

Related parties are parties over which Endesa, directly or indirectly via one or more intermediate companies, exercises control or joint control or has significant influence, or which are key members of the Endesa management team.

All Company transactions with related parties are performed on an arm's length basis. Transfer prices are adequately supported and consequently the Company's Directors consider that no significant risks exist in this respect from which significant liabilities could arise in the future (see Note 47).

## y) Non-current assets held for sale and discontinued operations

Endesa classifies as non-current assets held for sale non-current assets or disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to classify non-current assets or disposal groups as held for sale, they must be available for sale in their present condition, subject only to terms that are usual and customary for sales transactions, and the transaction must be considered highly probable.

Endesa does not depreciate non-current assets or disposal groups classified as held for sale; rather they are measured at the lower of carrying amount and fair value less costs to sell.

Endesa recognises initial and subsequent impairment losses on assets classified in this category with a charge to profit or loss from continuing operations in the consolidated income statement, unless it is a discontinued operation.

A discontinued operation is a component of Endesa's business that has been disposed of or classified as held for sale, the operations and cash flows of which are clearly distinguishable from the rest, and:

- it represents a separate major line of business or a geographic area of operations that is significant and can be considered separate from the rest;
- it forms part of an individual, coordinated plan to sell or otherwise dispose of a line of business or a geographic area in the operation that is significant and may be considered as separate from the rest; or
- is a subsidiary acquired exclusively for the purpose of selling it.

Endesa presents profit after tax from discontinued operations and profit after tax recognised on measurement at fair value less costs of disposal of assets or disposal groups under "Profit after tax from discontinued operations" in the income statement.

## 4. New accounting standards, amendments and interpretations

At the date of preparation of these Consolidated Financial Statements, the following standards, amendments to standards and interpretations have been adopted by the

European Union and have been applied for the first time in the Consolidated Financial Statements for the year ended 31 December 2022:

Standards, amendments and interpretations	Mandatory application: Years beginning on
Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Assets and Contingent Liabilities" and Annual Improvements to IFRSs 2018-2020.	1 January 2022

Their application has not had a material effect on the consolidated financial statements for the year ended 31 December 2022.

For more information on accounting standards applicable in the future, see Note 52.

## 5. Information on non-financial matters

### 5.1. Climate change

Endesa pursues a business model that aims to respond to the main challenges facing the society in which it operates, and with the aim of leading the energy transition, in line with the United Nation's Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement. The aim is to meet the challenge of decarbonisation of the economy by helping to achieve the objective of containing the average increase in global temperatures at 1.5°C compared with the pre-industrial period, creating shared

value for all stakeholders and spreading its sustainability principles and commitments throughout the value chain.

This strategic approach of the business model reflects Endesa's vision, mission and values.

The Strategic Plan 2023-2025 follows this line and continues along the path of decarbonising the Company's generation mix, while presenting its value proposition to support society in its decarbonisation. The main lines of action of our Plan are summarised below:

2023-2025 Strategic Plan lines of action	
Increase in emission-free generation capacity.	Robust growth in renewable generation to total installed capacity of 13,900 MW at the end of the period, with investment of 4.3 billion Euro.
Extension of the value offer of services and electricity supply for customers.	Extension of the value offer of services and electricity supply for customers, entailing investment of Euro 900 million.
Digitalisation of the distribution network.	Continue efforts to digitalise the distribution network as a key asset to enable energy transition, with investment of Euro 2,600 million.

The Plan envisions a total gross investment of Euro 8.6 billion over the next three years. Of the total planned investment, 90% relates directly to the United Nations Sustainable Development Goals (SDGs), specifically Goals 13 (Climate Action), 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Communities and Cities), and more than 80% is aligned with the European Union’s Taxonomy for Sustainable Investments, thus demonstrating the extent to which sustainability is built into Endesa’s business model. This Plan underpins Endesa’s strategy until the end of 2025 and maximises the value of the vertically integrated

business model, which will play a leading role in the path towards electrification, while creating value for all stakeholders involved with the Company.

On this basis and in line with the recommendations of the European Securities and Markets Authority (ESMA) and the document “Effects of climate-related matters on financial statements” published by the International Accounting Standards Board (IASB), *Endesa includes disclosures related to climate change in the following Notes to the Consolidated Financial Statements for the year ended 31 December 2022:*

Matters	Notes	Contents
Estimates related to climate change	3.1	Impact of climate change-related issues on accounting estimates
Regulatory Framework	6	Spain: Strategic energy and climate framework. Europe: European regulation related to energy and environment, and sustainable finance.
Sustainable Investments and acquisition commitments	7.1, 20.1, 20.2, 23.1 and 23.2	Investment plan and acquisition commitments in non-emitting technologies and digitalisation strategy.
Impairment of non-financial assets	3.2f.3, 5.1.1 and 20.3	Impact of climate change commitment on the measurement of non-financial assets in order to determine any impairment losses.
Provisions	37	Obligations associated with the energy transition relating to the affected employees and future costs for the closure of the facilities.
Sustainable financing	41.3	Financial debt containing sustainability clauses.
Share-based Payment	47.3.5	Variable remuneration linked to sustainability targets.
Environmental compliance	3.2j, 2, 3.2j, 3, 3.2m, 3, 3.2m, 4, 10.3, 31.1, 31.2 and 37.3	Description and accounting of carbon dioxide (CO <sub>2</sub> ) emission allowances and Guarantees of Origin. Recognition of costs and associated provision.

### 5.1.1. Commitment to Climate Change in the valuation of non-financial assets

Endesa is fully committed to the development of a sustainable business model aligned with the objectives of the Paris Agreement. For the Company, the fight against Climate Change has been an unprecedented challenge, establishing ambitious objectives through the successive Strategic Plans that have been approved.

In this sense, Endesa has established a long-term objective to achieve neutrality in emissions throughout the value chain in 2040, maintaining the aspiration of

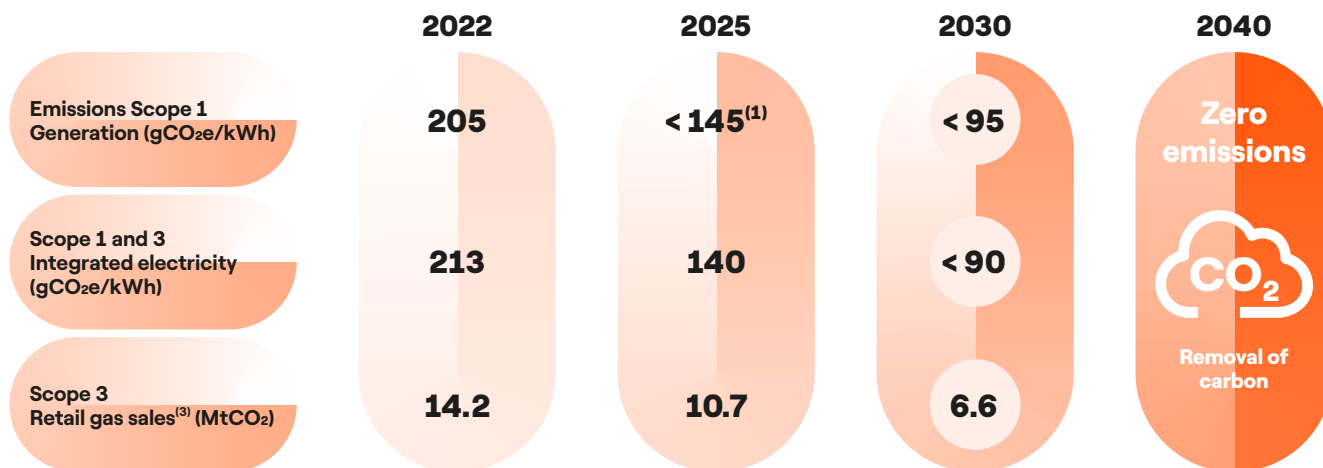
achieving zero emissions, the use of neutralization instruments would be considered for those emissions for which there is no emission-free technological solution. This is in combination with the scientific objectives in all relevant areas, and in accordance with the criteria and recommendations of the Science Based Targets initiative (SBTi).

This objective will be achieved through three main pillars of action:

#### Pillars of action

1. The deployment of new renewable capacity that makes all generation activity 100% emission-free (inside and outside the Iberian Peninsula).
2. Exiting the coal business by 2027, once the second mainland-Balearic Islands interconnection cable is operational, and the business of producing electricity from gas by 2040.
3. Exiting the retail gas trading business by offering a wide range of new products and services that incentivise the electrification of gas usage.

## Accelerating the path to zero emissions:



**Decarbonization pathway aligned with the 1.5°C target covering the main direct and indirect emissions<sup>(2)</sup> throughout the value chain**

<sup>(1)</sup> <50 grCO<sub>2</sub>/kWh mainland.

<sup>(2)</sup> Endesa has undertaken to reduce its remaining S1+2+3 emission in accordance with the 1.5 path.

<sup>(3)</sup> This target does not include mergers and acquisitions.

Analysing the impact of climate change on the key figures relating to Endesa’s business is a complex task requiring us to define a framework of coherent scenarios and analyses. Endesa relies on climate, energy and macroeconomic scenarios in the short- (to 2025, corresponding to the Strategic Plan), medium- (to 2030, corresponding to the coverage deadlines of the 2021–2030 Spanish National Energy and Climate Plan (“NECP”)), and long-term (2050, deadline for achieving climate neutrality) horizons, to assess the flexibility and resilience of its Strategic Plan, and to identify the risks and opportunities that arise. These scenarios enable it to analyse the Impact of changes to climate variables (Physical Scenarios) and the trend in regulatory and technological aspects (Transition Scenarios), in terms of extreme events, chronic phenomena and the transition, respectively.

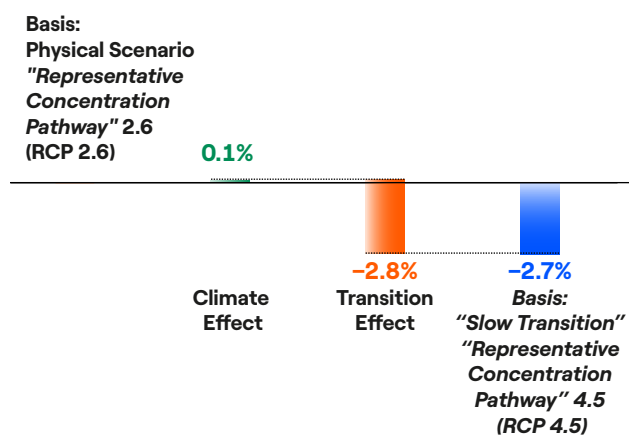
Accordingly, Endesa has assessed climate change issues in order to determine how they have affected the reasonable and sustainable assumptions used to estimate its cash flow projections. Endesa has taken into account the following

impacts arising from climate change in building its long-term horizon (2050):

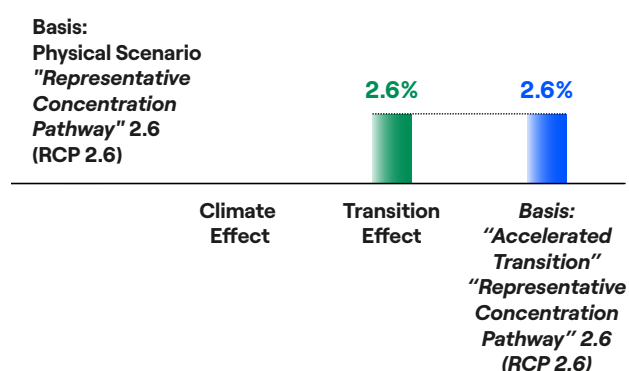
- The estimation factors in the terminal value a long-term growth rate aligned with the expected evolution of electricity demand in Spain over the 2023–2050 horizon. This is achieved using Endesa’s energy models, which enable demand to be quantified taking into account assumptions related to temperature rises due to climate change and trends related to the Energy Transition in accordance with the Physical and Transition Scenarios chosen by Endesa for long-term planning, all consistent with the objectives of the Paris Agreement and the Spanish National Energy and Climate Plan 2021–2030 (“NECP”).
- Endesa estimates the costs of decommissioning coal/fuel and combined cycle plants, in line with its long-term goal to reach 100% renewable generation by 2040.
- Conduct a sensitivity analysis in relation to the growth rate to see the impact of a further increase in temperature under equal Energy Transition conditions leading to a lower drop in demand.

The evolution of electricity demand (2031-2050) considering the three Transition Scenarios together with the Physical Scenarios "Representative Concentration Pathway" 2.6 (RCP 2.6) and "Representative Concentration Pathway" 4.5 (RCP 4.5) is detailed below:

Transition Scenario "Paris" and Physical Scenario "Representative Concentration Pathway" 2.6 (RCP 2.6) to "Slower Transition" Transition Scenario and "Representative Transition Scenario" Slow Transition and Physical Scenario "Representative Concentration Pathway" 4.5 (RCP 4.5)



Transition Scenario "Paris" and Physical Scenario "Representative Concentration Pathway" 2.6 (RCP 2.6) to "Accelerated Transition" Transition Scenario and "Representative Concentration Pathway" Physical Scenario 2.6



## 5.2. Russia-Ukraine conflict and macroeconomic environment

### Russia-Ukraine conflict

On 24 February 2022, the Russian president announced "a special military operation" in Ukrainian territory, which led a conflict to break out between the two countries.

The invasion of Ukraine and the response of the international community has been felt in numerous areas, including raw materials markets, financial markets, the system of international sanctions for individuals and legal entities and the security of infrastructure and essential services.

Not only has the conflict persisted and its effects deepened, but there is also the risk of further escalation or expansion beyond the warring countries. Everything appears to suggest that the situation will continue and there is as yet no prospect of negotiations between the parties. Thus, the effects of the conflict, as well as the consequences of the embargoes imposed on Russia, continue to impact the world economy, and particularly Europe's own.

The recovery of demand following the pandemic and the Russia-Ukraine conflict, with the subsequent restrictions on the marketing of Russian crude and oil products, has generated a deficit between the supply and demand of these products in Europe. This has led to a rise in prices and certain difficulties supplying specific products, especially gasoil, in which Russia is the leading source of supply of imports to the European Union. Endesa has sealed its fuel oil and gasoil supply needs for the Non-mainland Territory ("TNP") plants with companies of acknowledged solvency and with their own refinancing capacity. However, it could be the case that existing market tensions hinder these supplies in the future.

With regard to gas, Endesa does not have any counterparties that are possibly affected by the sanctions, nor has it taken out gas supply contracts with Russia; hence, the Company's gas supply is guaranteed. However, the gradual reduction of Russian gas export volumes

towards Europe led to an ongoing rise in gas prices on European markets, particularly *the Title Transfer Facility* (TTF). In this regard, Endesa has arranged positions on this index as a result of its strategy of hedging expected revenue from the sale of gas, as well as the costs of its long-term supply contracts, and the upward trend in the commodities markets has pushed up Endesa's greater liquidity needs arising from the net position subject to the margination of financial instruments on organised markets (see Note 41.3).

With respect to uranium ( $UF_6$ ), Endesa has sealed contracts with various uranium suppliers to compensate the possible cessation of supply from a Russian supplier, having now secured its refuelling requirements for 2023 and 2024. Moreover, through Enusa Industrias Avanzadas, S.A., S.M.E., it analysed the impacts on orders for the supply of nuclear fuel from Russia from 2024, although this company is passing on the manufacturing orders to other suppliers.

Also as a result of the rise in raw material prices and the increase in inflation expectations, long-term Euro interest rates have risen sharply, which has therefore pushed up the cost of financing public and corporate debt.

Amid this unfortunate situation in the energy market, on 28 December 2022, Spanish Law 38/2022 of 27 December was published in the Official State Gazette, ushering in temporary energy taxes and taxes on credit institutions and lending institutions, creating a temporary solidarity tax

on large fortunes, and amending certain tax regulations. Furthermore, on 28 December 2022, Royal Decree Law 20/2022, of 27 December was published, on measures in response to the economic and social consequences of the war in Ukraine and to support the reconstruction of the island of La Palma and other situations of vulnerability (see Note 6).

These difficulties have also increased with a higher level of technological risks, to which companies and authorities are exposed, which has likewise led to the adoption of adequate defence measures and maximum internal controls to protect digital infrastructures.

Lastly, a worsening of the crisis caused by the conflict between Russia and Ukraine may cause possible delays in supplies and the breach of contracts at supply chain level.

Considering this scenario, and in line with the recent recommendations of the European Securities and Markets Authority (ESMA) of 14 March, 13 May, and 28 October 2022, Endesa has been keeping close track of the situation and ensuing crisis to manage the potential risks.

For such purpose, the analyses performed aim to assess the indirect impacts of the war on business activities, on the financial position and on economic performance, with special reference to the widespread increase in raw material prices and, if appropriate, the lower availability of material supplies in the areas affected by the conflict

## Macroeconomic environment

The current macroeconomic environment is the result of a combination of pandemic-related effects, a sharp increase in inflation, rising interest rates, geopolitical risks, including those arising from the Russia-Ukraine conflict described in the previous section, and market and regulatory uncertainty.

In accordance with the above, and in line with the recommendations of the European Securities and Markets Authority (ESMA) dated 28 October 2022, Endesa monitors changes in macroeconomic, financial and commercial variables in the current environment, as well as regulatory measures in force, in order to update the estimate of possible impacts on the Consolidated Financial Statements.

## Analysis and impacts

The analysis and impacts indicated in the preceding paragraphs are detailed in the following Notes to the Consolidated Financial Statements for the year ended 31 December 2022:



Matters	Notes	Contents
Going concern	2.2	Impact of the conflict and the macroeconomic environment on the activities performed by the Group companies.
Regulatory Framework	6	Regulatory measures adopted by the community and national authorities in response to the economic and social consequences of the conflict and the current environment.
Impairment of non-financial assets	20.3, 23.3 and 24.1	Monitoring of the current context.
Inventories	31.2	Effect of the economic context on contracts containing "take or pay" clauses.
Provisions	37	Actuarial assumptions used.
Financial instruments	35.1.6 and 41	Adjusting the business model and the characteristics of contractual cash flows from financial assets, and reclassification among the categories of such assets. Changes in the valuation and settlement of energy stocks, detail of financial instruments and compliance with applicable regulations for applying hedge accounting.
Borrowings	28, 30 and 41.3	Detail of financial debt taking into consideration that the definition of the Alternative Performance Measure (APM) "Net Financial Debt".
Energy stock price risk	42.3	Sensitivity analysis. Evolution of electricity and gas prices in the energy and other commodities markets.
Liquidity risk	41.4 and 42.4	Details of the liquidity position.
Credit risk	42.5	Analysis of the impairment of financial assets
Concentration risk	42.6	Analysis of possible delays in supplies and compliance with contracts at supply chain level.
Fair value measurement	45	Details of financial assets and liabilities measured at fair value.

In relation to the Russia-Ukraine conflict, in 2022, the effects of the conflict did not have a significant impact on EBITDA or EBIT, although the net position subject to margining in the organised markets in which Endesa arranges its financial instruments did have an impact on Endesa's liquidity position due to the upward trend in the gas market, with collateralisation requirements amounting to Euro 6,724 million at 31 December 2022 (see Notes 28 and 30).

In a scenario of constant change, also characterised by high regulatory uncertainty and a context of high volatile prices, Endesa constantly monitors the macroeconomic and business variables to obtain the best estimate of the potential impacts in real time, also taking into account the various recommendations of the national and supranational supervision bodies.

## 5.3. COVID-19 health crisis

Endesa is keeping close track of the ongoing COVID-19 pandemic and also monitors changes in macroeconomic, financial and trade variables, as well as the regulatory measures in force, to update the estimate of the possible effects on the consolidated financial statements, in line with the recommendations of the European Securities and Markets Authority and the Spanish National Securities Market Commission ("CNMV").

In the current context, the activities aimed at the supply of electricity by Endesa companies have been ratified as

essential activities and are carried out under specific frameworks. Therefore, despite the situation caused by the COVID-19 pandemic, Endesa has continued to carry out its activity up to the date of preparation of these consolidated financial statements without any significant events affecting the going concern principle.

These impacts are detailed in the following Notes to the Consolidated Financial Statements for the year ended 31 December 2022:

Matters	Notes	Contents
Going concern	2.2	Impact of the health crisis on the activities performed by the Group companies.
Leases	21	Effect of the health crisis on the lease agreements signed.
Credit risk	15.2, 41.1.3 and 42.5	Impact of the health crisis.
Concentration risk	42.6	Effect of the health crisis on concentration risk.

Overall, in 2022 and 2021, the effect of the health crisis did not have a significant impact on either EBITDA or EBIT.

# 6. Industry regulation

## 6.1. Regulatory framework in Spain

Law 24/2013 of 26 December on the Electricity Sector, which repeals and replaces Law 54/1997 of 27 November, which included the basic regulation of the Electricity Sector, established the new general framework for the operation of the sector and the regime of activities and agents. The most significant aspects of this scheme are as follows:

- The new law introduces the basic principle of the economic and financial sustainability of the electricity system in such a way that revenues are sufficient to cover all system costs. System costs will be financed by access tariffs for transmission and distribution networks (to cover remuneration of both activities), charges established for the payment of other costs, items from the General State Budget and any other revenue or financial mechanism established. Also:
  - Any increase in costs or reduction in revenues must be accompanied by an equivalent reduction of other costs or a revenue increase. Simultaneously, no downward reviews of charges are possible for as long as there are cost items used to pay debt from previous years.
  - From 2014 onwards, temporary imbalances that may arise will be limited to a maximum annual amount of 2% of the estimated system revenue (or 5% in cumulative terms). Any transitory imbalance will be financed by all parties taking part of the settlement system, in proportion to their remuneration. If these limits are exceeded, access fees or charges will be reviewed in an equivalent amount. Within these limits, any imbalance will entitle the financing parties to recover those funds in the five following years, at an equivalent market interest rate.
  - The General State Budget for each year will finance 50% of the compensation for the Electricity Systems of Non-mainland Electricity Systems ("TNP") for that year.
- Concerning remuneration for activities, the law stipulates that remuneration for transmission, distribution and production in non-mainland systems and production from renewable energy sources, high-efficiency cogeneration and waste will take into account the costs of an efficient and well-managed company. Remuneration parameters will be established in due consideration of the cyclical situation of the economy, demand for electricity and an adequate return on these activities over six-year regulatory periods. The Law set the remuneration on assets for the first regulatory period (which ended on 31 December 2019) as the average yield on 10-year Treasury Bills on the secondary market for the three months prior to the entry into force of Royal Decree Law 9/2013, of 12 July, plus 200 basis points for transmission, distribution and production in non-mainland systems, plus 300 basis points for production from renewable energy sources, high-efficiency cogeneration and waste. For the second regulatory period, which started on 1 January 2020, the value of the financial remuneration rate for electricity transmission and distribution activities was established by Circular 2/2019 of 20 November, of the Spanish Markets and Competition Commission ("CNMC"), while the financial remuneration for production activities in the Non-mainland Territories ("TNP") subject to an additional remuneration regime, and production from renewable energy sources, cogeneration and waste subject to a specific remuneration system, was established by Royal Decree Law 17/2019 of 22 November.
- Ordinary regime and special regime electricity generation is not differentiated, without prejudice to specific considerations for certain technologies.
- The Last Resort Tariff (LRT), which applies to most domestic consumers, will be renamed as Small Consumer Voluntary Price (SCVP), and the Last Resort Tariff will be maintained for vulnerable consumers and those that do not meet the requirements to be eligible for the Small Consumer Voluntary Price tariff and

temporarily do not have a current contract with a free-market supplier.

In addition to the basic regulation, a number of provisions were also approved since 2012 to reduce the deficit of regulated activities and guarantee the financial stability of the System. These include Royal Decree Law 9/2013, of 12 July, adopting urgent measures to guarantee the financial stability of the electricity system and modifying, inter alia, the remuneration system for generating facilities using renewable energies, cogeneration and waste, and electricity transmission and distribution activities.

Additionally, Law 15/2012, of 27 December, on fiscal measures for energy sustainability, which came into force on 1 January 2013, introduced new taxes (or amendments to existing taxes) affecting generating facilities. The following taxes were introduced:

- General tax on production, equivalent to 7% of the total income received. This tax has subsequently been temporarily suspended on several occasions.
- Tax on nuclear fuel spent and radioactive waste and storage at centralised facilities.
- Canon on hydroelectric generation which, following the Supreme Court Ruling of 19 April 2021, was modified by Law 7/2022, of April 8, and is equivalent to 25.5% of income, which will be reduced by 92% for facilities with power equal to or less than 50 MW and by 90% for pumping over 50 MW, as well as, in the manner to be determined by regulations, for those productions or facilities that must be incentivized for reasons of general energy policy.
- Green tax, the so-called “green cent” on the consumption of natural gas, coal, fuel oil and diesel for electricity generation, subsequently eliminated in certain cases through Royal Decree Law 15/2018, of 5 October.

The provisions of this law stipulate that the taxes collected, along with other sums from the auction of greenhouse gases emission rights, will be used to finance the costs of the electricity system.

Along with the general provisions, several regulatory implementations were approved regarding the various activities associated with the supply of electricity.

Additionally, as a result of the energy transition process, as well as the adaptation of the functions of the Spanish Markets and Competition Commission (“CNMC”) to EU regulations, the Spanish Government approved certain amendments to the current regime, which we will explain at greater length in due course.

### **Royal Decree Law 1/2019, of 11 January, on urgent measures to adjust the duties of the Spanish Markets and Competition Commission (“CNMC”) to the requirements of EU law in relation to Directives 2009/72/CE and 2009/73/CE of the European Parliament and Council, of 13 July 2009, concerning common rules for the internal market in electricity and natural gas**

This Royal Decree Law was published in the Spanish Official State Gazette on 12 January 2019, for the purpose of amending the duties of the Spanish Markets and Competition Commission (“CNMC”) to comply with EU legislation, following requests filed by EU authorities.

According to this Royal Decree Law, the Spanish Markets and Competition Commission (“CNMC”) will be responsible for approving, via circulars, aspects such as the structure, methodology and specific values of access tariffs for natural gas and electricity transmission and distribution networks, and for liquefied natural gas (LNG) plants; the methodology and parameters for establishing remuneration for the transmission and distribution of gas and electricity, liquefied natural gas plants (LNG), the Gas System operator or technical manager or the remuneration rate on transmission and distribution activities within the maximum limit established by the Government.

The Ministry of Ecological Transition and Demographic Challenge (“MITECO”) will approve a series of energy policy guidelines that the Spanish Markets and Competition Commission (“CNMC”) will have to take into consideration, which will cover aspects such as supply security, the economic and financial sustainability of the System, supply independence, air quality, efforts to combat climate change, demand management, the selection of future technologies or the rational use of energy. The Ministry of Ecological Transition and Demographic Challenge (“MITECO”) will have one month to approve the circulars of the Spanish Markets and Competition Commission (“CNMC”) concerning energy policy, or that have an impact on tariffs, remuneration on regulated activities, access and connection conditions and the rules for operating the electricity and gas system. In the event of any discrepancy, a Cooperation Committee will work to reach an understanding.

In any case, the new duties of the Spanish Markets and Competition Commission (“CNMC”) will be applicable from 1 January 2020. Furthermore, any procedures begun prior to this Royal Decree Law coming into force, as well as any procedure that, regardless of when it was initiated, refer to

years prior to 2019, will be substantiated pursuant to previous regulations.

The Royal Decree Law likewise amends certain aspects of Law 24/2013, of 26 December, on the Electricity Sector. Regarding the financial rate of remuneration on transmission and distribution, which by virtue of the Royal Decree Law will be established by the Spanish Markets and Competition Commission ("CNMC"), the government will set in law a maximum threshold for this rate, linked to 10-year treasury bonds in the 24 months prior to the month of May in the year preceding the start of each new regulatory period, plus a spread to be established for each regulatory period. If at the start of the new period said maximum threshold has not been established, the maximum threshold corresponding to the previous period will be extended, or failing this, the rate of remuneration from the previous period will be used.

As for generation operations adhering to the additional remuneration system in Non-mainland Territories ("TNP"), the rate of financial remuneration will be set by the Government. This rate may be modified before the start of each regulatory period, linked to 10-year treasury bonds in the 24 months prior to the month of May in the year preceding the start of each new regulatory period, plus a spread to be established under law for each regulatory period. If at the start of a new regulatory period this rate of financial remuneration has not been established, that of the previous regulatory period will be deemed to be extended. Lastly, regarding facilities producing electricity from renewable energy sources, high efficiency cogeneration and waste using specific remuneration systems, in the review corresponding to each regulatory period, the value on which the reasonable rate of return is based over the remaining regulatory life of standard facilities may be amended, and will be established by law.

Pursuant to Royal Decree Law 1/2019, of 11 January, the Spanish Markets and Competition Commission ("CNMC") has an area of responsibility that includes approving and setting certain regulatory aspects via circulars.

- Circular 2/2019, of 12 November, on the financial remuneration rate for electricity and gas: Circular on the financial remuneration rate for the second regulatory period (2020-2025), in which the Spanish Markets and Competition Commission ("CNMC") sets a value of 5.580% (6.003% for 2020) for electricity transmission and distribution activities.
- Circular 3/2019, of 20 November, on the functioning of the wholesale electricity market and the operation of the System: Circular on the methodologies regulating the operation of the wholesale electricity generation

market and the management of the System, in order to establish energy market regulations for different time horizons (forward, day-ahead, intraday markets, balancing and alleviation of congestion in the Electricity System) and set the methodologies for technical aspects of system operations to ensure the progressive harmonisation and convergence of the European electricity markets.

- Circular 6/2019, of 5 December, on the methodology for remunerating electrical distribution: Circular on the remuneration methodology for the electricity distribution activity to establish the parameters, criteria and remuneration method for this activity in the next regulatory period. The Circular contains a new remuneration formula that regroups certain items included in Royal Decree 1048/2013, of 27 December, and creates new ones. Certain aspects of loss, quality and fraud incentives are also amended.
- Circular 3/2020, of 15 January, on the methodology to calculate access tariffs for electricity transmission and distribution networks.
- Circular 1/2021, of 20 January, on the methodology and access conditions, in addition to the connection to the transmission and distribution grids of electricity production facilities, with the goal of regulating the procedures, periods and criteria for evaluating access capacity and grant permits, improve the transparency of the process, and other aspects to control the percentage of completion of the projects to ensure that they are properly culminated.
- Communication 1/2019 of 23 October, which defines a set of financial ratios to assess the level of indebtedness and economic and financial capacity of regulated companies, proposing recommended values for said ratios, and creating an overall index of key ratios that would have an impact on remuneration below certain values. The scope covers the transmission and distribution activities of the electricity and gas sectors. In addition, to analyse holding operations, it could also apply to companies operating in Non-mainland Territories ("TNP") in the Electricity Sector, and to companies operating in the hydrocarbons sector.

### **Remuneration of the electricity distribution activity**

Royal Decree 1048/2013 of 27 December was published on 30 December 2013, establishing the methodology for calculating remuneration for power distribution,

extending from Royal Decree Law 9/2013 of 12 July and Law 24/2013 of 26 December. These aim to provide a stable predictable methodology to guarantee, under homogeneous criteria nationwide, appropriate return at the lowest possible cost to the system. The chief aspects of this methodology follow:

- Investment in non-amortised assets in service will be remunerated in due consideration of the net value of the assets and a financial remuneration rate based on 10Y treasury bills plus 200 basis points, in addition to the operation and maintenance of the assets.
- There will be remuneration for the costs required to carry out distribution activities, such as meter reading, supply contract process, billing access tariffs and management of non-payments, customer phone service, charges for occupancy of public areas and structural costs.
- There are incentives and penalties in connection with improvements to supply quality, reducing losses on distribution networks, and a new fraud reduction incentive.
- The extra costs of specific regulations introduced by regional or local authorities will not be borne by the electricity tariff.
- Collection of the payment of remuneration for facilities commissioned in year n will start from 1 January of the year n+2, and a financial cost will be recognised.
- Mechanisms have been established to control investment. For the whole sector, the maximum volume of authorised investment has been limited to a total of 0.13% of Gross Domestic Product (GDP). Distributors will submit to the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") their yearly and multi-year investment plans for approval, and will also require a favourable report from the regional authorities concerned. Limits are also established for deviations from the standard, just recognising part of the extra costs, which must be duly justified and audited. Volumes of investment will also be reduced in the event of non-compliance with the plans established, and the possibility is established of early construction of a facility, provided it is already envisaged and its cost is not met by the system.

The format established in the Royal Decree will apply when the first regulatory period commences, and until that time the transitory system established in Royal Decree-Law 9/2013 of 12 July will be applicable.

On 28 November 2015, the Official State Gazette published Royal Decree 1073/2015, of 27 November 2015, which

modifies certain provisions in the Royal Decrees on the remuneration of electricity networks (Royal Decree 1047/2013, of 27 December 2013, for transmission, and Royal Decree 1048/2013, of 27 December 2013, for distribution). Among other aspects, Royal Decree 1073/2015, of 27 November, eliminates the yearly update of unitary values based on the CPI, in accordance with Law 2/2015, of 30 March 2015, on de-indexing the economy.

On 12 December 2015, Ministerial Order IET/2660/2015, of 11 December 2015, was published, establishing the types of installations and unitary value to be used in calculating distribution remuneration. This Order set the beginning of the first regulatory period as at 1 January 2016.

Order IET/980/2016 of 10 June, setting the remuneration on distribution activity for 2016, was published in the Official State Gazette (BOE) on 17 June 2016. On 15 September 2017, the announcement of the Deputy Head of Resources, Claims and Relations with the Ministry of Justice was published in the Official State Gazette (BOE), informing of the hearing procedures for the order issued by the Ministry of Energy, Tourism and Digital Agenda, initiating the procedure to file a declaration of adverse effect on the public interest of Ministerial Order IET/980/2016, of 10 June. In parallel, on 21 September 2020 Order TED/865/2020, of 15 September, was published in the Official State Gazette (BOE), implementing various Supreme Court rulings in relation to the remuneration of electricity distribution activities in 2016. In the case of Endesa, a new value is set for the base parameter (coefficient in base one that reflects, for the company, the supplement to one of the volume of facilities commissioned up to 31 December of the base year, which have been financed and transferred by third parties). Following the initiation of the procedure for annulment on the grounds of the decision being detrimental to the public interest, the Supreme Court subsequently handed down a Judgment partially upholding the action, whereupon the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") initiated the processing of a proposal for an Order implementing this Judgment. This was ultimately approved as Order TED/490/2022, of 31 May, which also takes into account the effects of Order TED/865/2020, of 15 September.

In November 2021, processing began on a proposal for an Order approving the incentive or penalty for the reduction of losses in the electricity distribution grid for 2016, modifying the base remuneration for 2016 for several distribution companies, and approving the remuneration for electricity distribution companies for 2017, 2018 and

2019. This proposal, taking into account previous reports from the Spanish Markets and Competition Commission ("CNMC"), did not include certain investment items for which additional information had been requested. In this regard, the Company considers that these investments were included in the multi-year investment plans approved by the Spanish Markets and Competition Commission ("CNMC") and the Secretary of State for Energy and had been adequately justified while being scrutinised by both institutions. Last but not least, Order TED/749/2022 of 27 July was published on 3 August 2022, approving the incentive or penalty for the reduction of losses in the electricity distribution network for 2016, modifying the base remuneration for 2016 for several distribution companies, and approving the remuneration of electricity distribution companies for 2017, 2018 and 2019. This Ministerial Order establishes the value of the remuneration for the years 2017 to 2019, which does not include the remuneration of all the investment and operation and maintenance items. To the extent that the Company considers that these items are adequately justified, it has filed the corresponding contentious administrative appeal with the Supreme Court. In accordance with Royal Decree Law 1/2019 of 11 January, the remuneration methodology from 2020 onward is established by the Spanish Markets and Competition Commission ("CNMC").

Under this mandate, the Commission approved Circular 6/2019, of 5 December, on the remuneration methodology for electricity distribution, which aims to establish the parameters, criteria and methodology for the remuneration of this activity in the following regulatory period. It contains a new remuneration formula that regroups certain items included in Royal Decree 1048/2013, of 27 December, and creates new ones. Certain aspects of loss, quality and fraud incentives are also amended.

On 16 December 2022, processing began on the proposed Resolution of the Spanish Markets and Competition Commission ("CNMC") establishing the remuneration for 2020, although it does not cover all of the investments made by the Company and which had been previously approved by the Spanish Markets and Competition Commission ("CNMC") and the Secretary of State for Energy, as part of the multi-year plans submitted to these two institutions. Lastly, in relation to the financial remuneration rate for the second regulatory period, the Spanish Markets and Competition Commission ("CNMC") approved Circular 2/2019 of 12 November, which sets a value of 5.580% (6.003% for 2020) for electricity transmission and distribution activities.

The amounts recognised under this regulation at 31 December 2022 are described in Note 9.1.

## Non-mainland Electricity Systems ("TNP")

Electricity supply activities in Non-mainland territories are subject to a specific regulation addressing the particular nature of their geographic locations. This special regulation was developed by Royal Decree 1747/2003 of 19 December 2003 and the Ministerial Orders of 30 March 2006 which implemented this Royal Decree.

The main element of the non-mainland regulatory system was that electricity production was remunerated under the feed-in tariff system, unlike in mainland Spain, in view of the specific features of these systems.

On 30 October 2013, Law 17/2013 of 29 October was published in the Official State Gazette. Its aim is to provide a better guarantee of supply and increase competition in non-mainland systems, and the main aspects are as follows:

- For reasons of safety or technical and economic efficiency, additional remuneration to the mainland spot market price may be given for new generation facilities in non-mainland electricity systems, even if power output required to cover demand is exceeded.
- The additional or bonus regime will not be applied to new facilities in the Electricity Systems of the Non-mainland Territories ("TNP"), owned by a company or business group that holds more than 40% of generating power in that System. An exception is made in the case of facilities awarded through capacity tenders for the deployment of renewable energy sources that have administrative authorisation or have been registered in the remuneration pre-assignment register. Another exception is made for investment in upgrading and improving efficiency at plants already in operation which do not entail an increase in capacity or where there are no other agents interested in developing facilities.
- To obtain the additional remuneration regime for new installations or renovations of existing installations, a favourable compatibility decision must be secured before the preliminary administrative authorisation is obtained.
- The System Operator will be the owner of pumped-storage hydro plants intended to guarantee security of supply, or the integration of renewable sources. In all other cases an award procedure will be carried out. Notwithstanding the above, any company holding a hydroelectric operating concession granted before 1 March 2013, or which had been granted administrative authorisation but had not been granted authorisation to bring the plant on stream, will retain ownership but will be liable for a guarantee amounting to 10% of the

total investment and must comply with an execution timetable.

- Regasification plants will be exclusively owned by the Technical System Operator, and the facilities concerned must be transferred within 6 months at market price. If the facility does not have administrative authorisation, the price will be limited to the total costs actually incurred up to 1 March 2013.
- Remuneration associated with fuel costs will be established by a mechanism taking account of the principles of competition, transparency, objectivity and non-discrimination.
- A compatibility ruling by the Department of Energy Policy and Mines will be necessary for the approval of new groups, to ascertain that the facility is compatible with the technical criteria stipulated by the System Operator and economic cost-reduction criteria.
- There is a possibility of reducing remuneration at facilities in island and non-mainland electricity systems in the event of a substantial decrease in their availability, the guarantee of supply or the supply quality indexes attributed to generating facilities. It is also possible that the government will take action in the electricity sector to guarantee supply in situations of risk.

On 1 August 2015, the Official State Gazette published the Royal Decree 738/2015, of 31 July, on Non-Mainland Territories ("TNP") generation. This Royal Decree established a scheme similar to the current scheme, made up of remuneration for fixed costs, which includes fixed investment and fixed operations and maintenance costs, and for variable costs, including fuel and variable operations and maintenance costs, and takes into account, within the costs of these systems, the taxes arising from Law 15/2012, of 27 December 2012, on fiscal measures for energy sustainability. Certain aspects of the methodology are changed in order to improve the efficiency of the system. The Royal Decree also implements matters already contained in Law 17/2013 of 29 October, to guarantee supply and increase competition in these systems. It envisages, among other aspects, a competitive procedure for obtaining the favourable compatibility decision introduced by the aforementioned Law 17/2013, on 29 October.

The Royal Decree took effect from 1 September 2015 and included a transitory period from 1 January 2012 for certain measures. In accordance with Additional Provision 11, its full and definitive effectiveness is subordinated to the non-existence of objections by the European Commission with respect to its compatibility with the EU regulations concerned. In this regard, on 28 May 2020, the European Commission approved the scheme laid down in the Royal Decree, concluding that it complies with the criteria of the Services of General Economic Interest and that it is compatible with the internal market. The scheme was initially approved until 31 December 2025 in the case of the Balearic Islands, and until 31 December 2029 in the case of the Canary Islands, Ceuta and Melilla. The Kingdom of Spain may request that it be maintained prior to those dates.

In accordance with Electricity Sector Law 24/2013, of 26 December, the financial remuneration rate of the net investment recognised will be tied to the return on the 10-year treasury bills on the secondary market plus the appropriate spread. For the first regulatory period, which runs until 31 December 2019, this rate will correspond to the average return of the price on the secondary market of the 10-year treasury bills for April, May and June 2013, plus 200 basis points. At 1 January 2020, and in accordance with Royal Decree Law 17/2019, of 22 November, on urgent measures for the necessary adaptation of remuneration parameters affecting the Electricity System and to respond to the cessation of activity of thermal generation power plants, the remuneration rate has been set in the 2020-2025 period at a value of 5.580%, with the value corresponding to 2020 being 6.003%.

On 28 December 2019, Order TEC/1260/2019, of 26 December, was published in the Official State Gazette, reviewing the technical and economic remuneration parameters of the Non-mainland Territories ("TNP") generation groups for the next regulatory period 2020-2025. This order sets out the new values that will apply in the second regulatory period, 2020-2025, for the different technical and economic parameters that determine the remuneration of the generation groups of the Non-mainland Territories ("TNP"), applying the methodology already contained in Royal Decree 738/2015, of 31 July.

In relation to fuel prices, Order TED/776/2020 of 4 August was published in the Official State Gazette (BOE) on 7 August 2020, revising the product and logistics prices to be used in determining the price of fuel, with effect from 1 January 2020. It should be noted that on 16 November 2021, the Supreme Court issued Ruling no.

1337/2021 in relation to the appeal lodged by Endesa against this Order, ordering the central government (Ministry for Ecological Transition and the Demographic Challenge (“MITECO”)) to issue, within six months, a new ministerial order regulating fuel auctions.

As a result, Order TED/1315/2022 was published on 30 December 2022, implementing Supreme Court Ruling 1337/2021 of 16 November 2021, on the need to regulate auctions for the supply of fuel in the Non-mainland Territories (“TNP”), as well as other technical aspects. The Order establishes the procedure on how to run the auctions, which will be held every two years and will be for the product placed in power plants (or the raw material in the case of Balearic gas). They will be descending price auctions based on starting prices obtained by increasing the reference prices by 10% (3% for natural gas), which will be those prices prevailing until the auctions are held and in the event that the auctions are abandoned or cancelled. Applicable from 27 January 2022, the reference price for natural gas will be the price on the Iberian Gas Market (“MIBGAS”), while for other fuels it will be defined on the basis of a series of international indices, to which a premium may be added. The Order also recognises logistics costs for bringing the product to the plant, which may be reviewed every three years. In addition, the Order incorporates the use of natural gas in the Canary Islands and Melilla as well as liquefied petroleum gases (LPG) in the Canary Islands, together with other less polluting fuels.

After the publication of Order TED/1315/2022, on 3 February 2023, the Resolution of 24 January 2023, of the General Directorate of Energy Policy and Mines has been published, by which the prices of the product and special taxes applicable to hard coal, fuel oil, diesel oil, and gasoil for the second semester of 2021 to be applied in the liquidation of said period of the generating groups located in the Non-mainland territories. According to the same, the fuel prices have been determined by applying the references included in the third transitory provision of Royal Decree 738/2015, of 31 July, as the aforementioned General Directorate understands that Supreme Court Ruling 1337/2021 of 16 November 2021 has been declared contrary to law and is not applicable for the determination of fuel prices.

Lastly, under the terms of Royal Decree 738/2015, of 31 July, in January the Ministry of Ecological Transition and the Demographic Challenge (“MITECO”) began the process of hearing the proposal for a resolution of the Secretary of State for Energy to convene the competitive procedure for the granting of the favourable compatibility

decision for entitlement to the additional remuneration regime. Under this process, the compatibility decision will be granted, among others, to applications able to cover the additional power needs that have come to light as a result of the coverage analyses carried out by the System Operator.

### **Production from renewable energy sources, combined heat and power, and waste**

Royal Decree 413/2014 of 6 June approved a new remuneration framework for facilities producing electricity from renewable energy sources, combined heat and power, and waste, following Royal Decree Law 9/2013, of 12 July, adopting urgent measures to ensure the financial stability of the electricity system, and Electricity Industry Law 24/2013, of 26 December.

The new methodology replaces the previous regulated tariff structure with a new framework which applies the concept of reasonable return, guaranteeing a profit before tax based on the average yield of 10-year treasury bills plus 300 basis points. Under this new framework, in addition to remuneration for the sale of electricity valued at market price, facilities will be eligible to receive specific remuneration consisting of a term per unit of installed capacity which covers, where appropriate, the investment costs for a standard facility that cannot be recovered through electricity sales on the market, which is known as return on investment, and an operating term which covers, where applicable, the difference between the operating expenses and the income from the investment on the production market for this standard facility, which is known as return on operations.

The new remuneration system will be applied equally to facilities already in operation and new installations. For new facilities, adherence to the specific remuneration regime will be established through a series of competitive procedures.

In non-mainland systems, an incentive is established for investment when generation costs are reduced.

The regulation also establishes the terms under which remuneration parameters should be reviewed. These may only be modified, as applicable, every six years, every three years or every year. The standard value of the initial investment and the regulatory useful life of the asset will remain unchanged once they have been recognised for each standard facility.

Ministerial Order IET/1045/2014, of 16 June, approving the remuneration parameters for standard facilities



applicable to certain facilities producing electricity from renewable energy sources, combined heat and power, and waste, and establishing specific values for the standard costs for each of the standard facilities defined, was published in the Official State Gazette on 20 June 2014.

Ministerial Order IET/1459/2014, of 1 August, approving the remuneration parameters and establishing a mechanism for allocating remuneration for new wind and photovoltaic facilities in electrical systems of non-mainland electricity systems, was published in the Spanish Official State Gazette on 5 August 2014.

On 28 February 2020, Order TED/171/2020, 24 February, was published in the Official State Gazette, which updates the remuneration parameters of model installations applicable to certain electricity production facilities from renewable energy sources, cogeneration and waste, to apply them to the regulatory period beginning on 1 January 2020. This Order updates the values that will apply in the second regulatory period 2020-2025 for the different parameters that determine the remuneration of these facilities, in accordance with the methodology established in their general regulations, and without prejudice to the periodic updating mechanisms contemplated therein. The values of the parameters have been applicable since 1 January 2020, in accordance with the provisions of Royal Decree Law 17/2019, of 22 November. The Order also approves the expected market price for each year of the semi-period 2020-2022.

At the same time, through Royal Decree Law 17/2019, 22 November, the reasonable rate of return of renewable installations, cogeneration and waste was set since 1 January 2020, establishing a value of 7.090%, with those facilities prior to Royal Decree Law 9/2013, of July 12, maintaining the current rate (7.398%) until 2031 if they have not filed arbitration proceedings, or waived them.

On 24 June 2020, Royal Decree Law 23/2020, of 23 June, was published, approving measures relating to energy and other areas for economic revival, which will be developed later on. Among other aspects, this Royal Decree Law introduces a new auction model for future renewable energy developments, based on the long-term recognition of a fixed price for energy, being able to distinguish between different technologies.

On 5 August 2020, Order TED/765/2020 and Order TED/766/2020 were published in the Official State Gazette, both of 3 August, laying down the regulatory bases for investment aid auctions in renewable thermal energy production facilities and renewable electricity

generation facilities, respectively, all of which can be co-financed with European Union (EU) funds. The aid shall be granted by means of non-refundable grants through tender processes in the whole of Spain, specifying the geographical scope of application in each call. The proceedings must be completed by 30 June 2023, unless a more restrictive period is expressly established in the announcements. The Institute for Energy Diversification and Savings (IDAE) has already launched several calls for investment aid in facilities through tender processes for different regions in Spain.

Subsequently, on 4 November 2020, Royal Decree 960/2020, of 3 November, was published in the Official State Gazette, regulating the development of the new remuneration scheme for future renewable energy developments, known as the Economic Renewable Energy Regime ("REER"). This economic regime shall be granted by auctions regulated by Ministerial Order, which shall fix a maximum quota of energy and/or power to be auctioned, which may distinguish between different technologies according to their technical characteristics, size, manageability, location or technological maturity. The product to be auctioned will be the installed capacity, electricity or a combination of both, and the price per unit of electricity will be offered in Euro/MWh.

As regards energy remuneration, the price to be received for each unit sold on the daily or intraday market will be the offered price (for adjustment and balance sheet services, it will be the price of the respective markets). Alternatively, incentives for market participation or exposure may be established, by means of a percentage of market adjustment to be applied to the daily market price, whose correction percentage on the price set in the auction shall be defined in each call.

All facilities of this regime will participate in the market. The Iberian Energy Market Operator – Polo Español (OMIE) will settle the differences between the daily or intraday market prices and the award price of the facilities.

Similarly, an auction schedule shall be set by Ministerial Order for a minimum period of five years, updated at least annually, which may include deadlines, frequency, capacity and technologies. This schedule was published on 5 December 2020, through Order TED/1161/2020, of 4 December, regulating the first auction mechanism for the granting of the economic renewable energy regime and establishing the indicative timetable for the 2020-2025 period. This timetable will be updated annually and will be geared towards achieving the renewable production targets set out in the 2021-2030 Spanish National Energy and Climate Plan ("NECP"). Auctions

shall be convened by means of a Resolution by the Secretary of State for Energy. Since then, 4 auctions have been held, resulting in 3,034 MW, 3,124 MW, 177 MW and 45.5 MW, the last two being resolved in fiscal year 2022.

Various Ministerial Orders were also approved in 2022, updating the remuneration for certain remuneration parameters of the facilities, and the process of updating parameters for the regulatory half-period starting in 2023 also got under way.

The amounts recognised under this regulation at 31 December 2022 are described in Notes 9.1 and 39.

## Self-consumption

On 10 October 2015, Royal Decree 900/2015, of 9 October, which regulates the administrative, technical and economic requirements for supplying and generating electricity for self-consumption, was published in the Spanish Official State Gazette, thus establishing a regulatory framework that guarantees the economic sustainability of the system and the adequate distribution of system costs.

It also stipulates the tariffs and charges payable for self-consumption, in accordance with Law 24/2013, of 26 December 2013, on the Electricity Sector, which already established that self-consumption must contribute to financing the costs and services of the system in the same amount as other consumers. There are two exceptions to this rule where consumers are exempt from paying costs:

- Consumers on islands; and
- Small consumers with a contracted capacity of no more than 10 kW.

Meanwhile, a record of the self-consumption facilities has been created in order for the System Operator and electricity distributors to be aware of the generation facilities in their networks and to therefore ensure the correct operation of the Electricity System under safe conditions.

On 6 October 2018, Royal Decree Law 15/2018, of 5 October, was published, amending certain aspects of the regulation of self-consumption. In particular, self-consumption modalities were simplified and shared self-consumption is enabled. Likewise, the application of charges and tariffs in the case of self-consumption of energy from renewable sources, cogeneration or waste is eliminated. The Royal Decree Law also features measures to simplify administrative and technical processes, especially for small facilities.

Royal Decree 244/2019, of 5 April, was published in the Official State Gazette on 6 April 2019, regulating the

administrative, technical and economic conditions of the self-consumption of electricity, in compliance with Royal Decree Law 15/2018, of 5 October, on urgent measures for energy transition and consumer protection.

Royal Decree 244/2019, of 5 April, addresses the following points, among others:

- In addition to the individual self-consumption connected to an internal grid, it includes the concept of collective self-consumption, whereby a group of consumers can be associated with the same generation facility (for example, homeowners' associations or companies/industries located in the same area).
- It also defines the concept of "installing production facilities close to and associated with consumption facilities", thereby enabling self-consumption using generation facilities located in the same building (the current situation) and other nearby facilities.
- It introduces a simplified mechanism to compensate surpluses (energy generated by self-consumption facilities which is not immediately used by the customer) for installations with capacity of less than 100 kW and provided that electricity is produced using renewable sources. In this case, to obtain compensation it will not be necessary to set up as an energy producer, as the supply company will compensate the user for any surplus energy through its monthly invoice. This compensation could be as much as 100% of the power consumed during the month.
- For collective and communal self-consumption, the energy will be shared among associated consumers in proportion to their contracted power. The Royal Decree permits the development of dynamic sharing ratios so that the consumer can take advantage of the surplus produced by another associated consumer if it is not consuming its allocated share.
- Administrative procedures for all consumers will be simplified, particularly for small self-consumers (installation of up to 15 kW or 100 kW, for self-consumption without surpluses). Measurement configurations have been simplified such that in most cases a single meter at the distribution network border will be sufficient.
- Lastly, a monitoring system has been established for these facilities to supervise their impact on System operations and to allow them to be integrated gradually and safely.

On 21 December 2021, the Council of Ministers approved the Self-consumption Roadmap, which aims to identify the challenges and opportunities presented by self-consumption and establish measures to ensure its mass deployment in Spain in the coming years.

Likewise, on 22 December 2021, Royal Decree Law 29/2021 of 21 December was published in the Official State Gazette, adopting urgent measures in the field of energy to promote electric mobility, self-consumption and the deployment of renewable energies, which, among other aspects, introduces modifications to the current regulation to speed up its processing, as well as to link these networks not only to consumers connected to the internal grid but also to other consumers near that grid and connected through the distribution and transmission networks.

As part of the raft of measures rolled out in response to the war in Ukraine, various steps were taken in 2022 to promote the growth of self-consumption.

### Capacity mechanisms

On 23 November 2017, Order ETU/1133/2017, of 21 November, was published, amending Order IET/2013/2013, of 31 October, regulating the competitive mechanism for assigning the management service for interruptibility demand.

Among other aspects, the Order amended the remuneration of the availability service, extending the service to the first half of 2018 and eliminating hydroelectric facilities from the collection of this availability service during said period.

Order TEC/1366/2018, of 20 December, establishing electricity access tariffs for 2019, repealed the incentive for availability under Order ITC/3127/2011, of 17 November, until the capacity mechanisms are reviewed for adaptation to European regulations and the energy transition process.

On the other hand, in 2021 the Ministry of Ecological Transition and Demographic Challenge initiated the processing of a proposed order creating a capacity market in the mainland electricity system. This proposal is based on an auction system ("pay as bid"), which would be used to contract the final capacity (MW) requirements detected in the demand coverage analyses conducted by the System Operator, Red Eléctrica de España, S.A.U. (REE).

The auction system is open to existing and new generating, storage and demand management facilities, setting down certain requirements for the maximum emissions of CO<sub>2</sub> emission rights for the participating facilities.

The draft Order regulates aspects relating to the different types of auctions planned, the rights and obligations of

capacity service providers, including their remuneration regime or penalty system in the event of non-compliance by the providers.

### Vulnerable consumers. "Bono Social" or Social Bonus

Law 24/2013, of 26 December 2013, establishes certain measures to reduce the cost of electricity supply for customers who have the status of vulnerable depending on compliance with the requirements established for this purpose at any given time. The mechanism for financing the cost derived from these measures has undergone several modifications since their implementation due to their lack of adaptation to the legal system.

On 24 December 2016, Royal Decree-Law 7/2016 of 23 December, was published to regulate the financing of the costs of the Social Bonus and other measures to protect vulnerable electricity consumers. According to this Royal Decree Law the social bonus will be financed by the parents of company groups that carry out energy supply activities, or by the companies themselves if they do not form part of a corporate group, in the percentage corresponding to their customer share. This percentage will be calculated annually by the Spanish Markets and Competition Commission ("CNMC").

On 7 October 2017, Royal Decree 897/2017, of 6 October, was published, regulating the concept of the vulnerable consumer, the Social Bonus and other protection measures for domestic electricity consumers, as well as Order ETU/943/2017, of 6 October, implementing Royal Decree 897/2017, of 6 October.

Among other aspects, three categories of vulnerable customers have been identified based on the average income level, through the Spanish Public Income Index ("IPREM"), establishing different discount percentages according to each category. The three categories are:

- Vulnerable customers (25% discount).
- Severely vulnerable customers (40% discount).
- Severely vulnerable customers at risk of social exclusion (100% discount), classified as severely vulnerable customers for which the social services can be proved to be paying at least 50% of their bill.

This Royal Decree also regulates other aspects relating to supply and, among others, raises from two to four months the term for cutting off of supply to vulnerable customers (severely vulnerable customers at risk of social exclusion

cannot be cut off as power is considered to be a basic supply).

Royal Decree Law 15/2018, of 5 October, on urgent measures for energy transition and consumer protection, has extended the group of beneficiaries of the Social Bonus, including single-parent families, as well as those with dependent members in grade 2 or 3, who fall short of certain income thresholds. Further, the cases in which supply may not be cut off due to payments in arrears for vulnerable consumers have been extended to include families approved by the social services with children under the age of 16, or dependants or disabled family members, where these amounts will be covered by the groups obliged to fund the social bonus. The maximum consumption levels with a right to a discount has also been increased. Lastly, a thermal social bonus has been created for heating, to be funded by the General State Budget. This Royal Decree Law envisages approval within 6 months of a Spanish National Strategy to Combat Energy Poverty. The Ministry of Ecological Transition and the Demographic Challenge ("MITECO") began a public consultation on this issue on 19 December 2018, which was ultimately approved on 5 April 2019.

As a result of the Rulings on the mechanism for financing the Social Bonus, Royal Decree Law 6/2022, of 29 March, adopting urgent measures under the Spanish National Response Plan to address the economic and social impacts of the war in Ukraine, stipulates, among other measures, a new mechanism to finance the Social Bonus. In accordance with this new mechanism, the Social Bonus will be covered by all electricity sector players (generation, transmission, distribution and supply, as well as direct consumers), in line with the tax-free aggregated billings of each activity, based on which a unitary contribution value will be set for each activity. If the degree of coverage of the contributions is 20% or more below the real financing needs, the Spanish Markets and Competition Commission ("CNMC") may propose new contribution values. Royal Decree Law 6/2022, of 29 March, temporarily fixes these unitary contribution values until the CNMC proposes the definitive unitary values for 2022, which have since been approved through order TED/733/2022, of 22 July. Lastly, it establishes that the amounts that have been borne by the reference suppliers, and recognised in the ruling, to finance the Social Bonus, will be assumed by the new parties obligated to meet such costs.

Lastly, on 29 December 2022, processing began on the proposal for the unit values to be applied in the financing of the Social Bonus for 2023.

Meanwhile, in relation to the mandate set forth in Royal Decree Law 15/2018 of 5 October, on 5 April 2019 the Council of Ministers approved the 2019–2024 Spanish National Strategy against Energy Poverty. The draft defines the concepts of energy poverty and vulnerable consumers, providing a diagnosis of the current status of energy poverty, including the impact on health, personal and social development and equality, and establishes lines of action and reduction targets.

The Spanish National Strategy to combat Energy Poverty is the result of the need to maintain and improve benefit systems (electric and thermal Social Bonus) as transition tools that will give increased importance to structural measures to find long-term solutions for the root cause.

To properly analyse and monitor the different types of energy poverty, the indicators established by the European Energy Poverty Observatory are used as the official primary indicators (high share of energy expenditure in income, hidden energy poverty, inability to keep home adequately warm and arrears on utility bills). In order to improve the lowest value in the series of these indicators in 2008–2017, and raise the EU average, the Strategy sets a minimum reduction objective of 25% in 2025 (vs. 2017), with a target objective of 50%.

The Spanish National Strategy to combat Energy Poverty will have a duration of five years (2019–2024), and a series of operating plans are expected to be developed for its implementation. It will be managed and monitored by the Institute for Energy Diversification and Savings (IDAE).

### Deficit from regulated activities

Royal Decree-Law 6/2009, of 30 April, and Royal Decree-Law 6/2010, of 9 April, stipulated that as of 2013 any grid access tariffs established should be sufficient to cover all electricity System Costs, with no ex ante deficit. For the 2009–2012 period, Royal Decree Law 6/2009 of 30 April 2009 capped the deficit for each year and the access tariffs established for those years must be sufficient to prevent those limits being exceeded. These limits were changed under Royal Decree-Law 14/2010 of 23 December, and Royal Decree-Law 29/2012 of 28 December.

The aforementioned Royal Decree-Laws in turn regulated the securitisation of the collection rights accumulated by the electricity companies on financing that deficit, including compensation for as yet unrecovered stranded costs in non-mainland generation for the 2001–2008 period.

Moreover, this legislation requires that, in the event of any mismatch in the timing of settlements of regulated activities, a certain percentage should be financed by the companies specified in the above-mentioned legislation (44.16% corresponds to Endesa), and that these companies are entitled to recover the amounts paid in settlements of regulated activities for the year in which they are recognised.

Royal Decree 437/2010, of 9 April, regulated the securitisation of the electricity system deficit generated until 31 December 2012, and Royal Decree 1054/2014, of 12 December, regulated the deficit generated in 2013. With the transfers made under these Royal Decrees, the last of which was agreed on 15 December 2014, all of the rights recognised for the tariff deficit up to 2013 have been transferred.

From 2014 onwards, Electricity Sector Law 24/2013, of 26 December, established that any timing mismatches that may arise will be financed by all parties in the settlement system, in proportion to the remuneration allocated thereto, limited to a maximum annual amount of 2% of the estimated System revenue (or 5% in cumulative terms). If these limits are exceeded, access fees or charges will be reviewed in an equivalent amount. Within these limits, the mismatches will entitle the financing parties to recover those funds in the five years following, at an equivalent market interest rate.

The final settlement for 2021, as approved by the Spanish Markets and Competition Commission ("CNMC") on 24 November 2022, showed a surplus of Euro 772 million, after applying Euro 116 million of the accumulated surplus. Pursuant to Royal Decree Law 17/2022 of 20 September, adopting urgent measures in the field of energy, applying the remuneration system to cogeneration facilities and temporarily reducing the Value Added Tax (VAT) rate applicable to deliveries, imports and intra-Community acquisitions of certain fuels, this surplus will be applied to cover temporary imbalances and transitory deviations between revenues and costs for the 2022 financial year.

The amounts booked pursuant to this regulation at 31 December 2022 are described in Note 41.1.1.

## Strategic Energy and Climate Framework

The European Union (EU) has made a clear commitment to fight against global warming, setting a target to reduce greenhouse gases (GHG) emissions by at least 80% from 1990 to 2050, and defining ambitious goals and objectives for all Member States. It also signed the Paris Agreement,

the aim of which is to prevent the planet from heating up by more than 2 °C compared to pre-industrial levels, in addition to other efforts to ensure that the global rise in temperature does not exceed 1.5 °C (see Note 5.2).

The transposition of these objectives into Spanish legislation is basically composed of the following documents:

- Law 7/2021 of 20 May on Climate Change and Energy Transition, published in the Official State Gazette (BOE) on 21 May 2021: it sets out the regulatory and institutional framework for working towards the Union European's commitment to decarbonise the economy by 2050, as well as the global commitment of the Paris Agreement. This law includes, inter alia, the following measures:
  - Targets are set for 2 temporary courses: by 2030, a greenhouse gases (GHG) emission reduction target of at least 23% compared to 1990, a generation target of at least 74% of renewable electricity, and a target to improve energy efficiency by at least 39.5% compared with the trend scenario; and by 2050, to achieve climate neutrality and a 100% renewable Electricity System.
  - Measures to promote renewable energy through a remuneration framework based on the long-term recognition of a fixed energy price.
  - The new hydroelectric concessions will be aimed at supporting the integration of unmanageable renewables.
  - Introduction of new players in the Electricity Sector such as storage facility holders or independent aggregators.
  - Limits are set on the exploitation of hydrocarbons by restricting fossil fuel subsidies and reviewing their taxation.
  - Promotion of energy efficiency measures and use of renewables in building construction.
  - Promotion of electric mobility in order to have a vehicle stock with no direct emissions of carbon dioxide (CO<sub>2</sub>) by 2050, with new passenger cars and light commercial vehicles having no direct emissions from 2040. It also pursues the establishment by no later than 2023 of low-emission areas in municipalities of more than 50,000 inhabitants and island territories and the obligation to develop recharging infrastructures at petrol stations.
  - Mobilising resources to combat climate change: at least Euro 450 million of revenue from carbon dioxide (CO<sub>2</sub>) auctions will be spent annually to cover Electricity System costs.

- Integrated Spanish National Energy and Climate Plan (“NECP”) 2021–2030, approved by the Council of Ministers on 16 March 2021, following its authorisation by the European Commission: the plan sets out the Spanish national strategic framework and plan integrating the energy and climate policy, reflecting Spain’s contribution to achieving the targets set by the EU. The 2021–2030 NECP also establishes the milestones and steps in the transition towards modernising the whole economy and includes: a 23% reduction in greenhouse gases (GHG) emissions vs 1990, a roll-out of renewable energies to account for 42% of total energy produced in the country (74% for electricity generation) and a 39.5% improvement in energy efficiency. It also establishes the effort required from all sectors (energy, industrial, transport, agriculture, residential, waste, and natural supplies) through to 2030. Alongside this, the Government has adopted the Spanish National Long-Term Strategy, known as “*España 2050*”; which identifies 9 key Spanish national challenges, perhaps most notably the creation of a carbon-neutral, sustainable and climate change-resilient society. In August 2022, the government launched the public consultation process for the proposed updates to the “NECP” in order to incorporate new developments at both national and European level. This updating process will allow Spain to meet the new EU objectives and will address prevailing circumstances and needs, especially the impact of the measures and objectives included in the Recovery, Transition and Resilience Plan (RTRP), which plans to use more than 40% of the funds to push forward with ecological transition.
- A fair transition strategy. the objective is to optimise job opportunities in areas that will be affected by the transition to a low-carbon economy.

Lastly, the 2021–2030 Spanish National Climate Change Adaptation Plan (“PNACC”), which is the basic planning framework for promoting coordinated action in the face of the effects of climate change, was approved by the Council of Ministers on 22 September 2020.

### **Plan for the Recovery, Transformation and Resilience of the Economy**

On 7 October 2020, the Government presented the Plan for the Recovery, Transformation and Resilience of the Economy to respond to the challenges of the next decade, focusing on four transformations needed to

modernise and boost Spain’s economy: ecological transition, digital transformation, gender equality, and social and territorial cohesion.

The Recovery Plan will involve a significant volume of public and private investment in the coming years, which is financed with funds from the European Union Recovery Plan (“Next Generation EU”).

The Plan includes 10 key policies that are considered tractors since they have a direct impact on the productive sectors with the greatest capacity to transform the economic and social fabric. These are:

1. Urban and rural agenda, combating depopulation and developing agriculture.
2. Resilient infrastructures and ecosystems.
3. Fair and inclusive energy transition.
4. An administration for the 21st Century.
5. Modernisation and digitisation of the industrial fabric and SMEs, recovery of tourism and fostering an entrepreneurial Spain.
6. Pact for science and innovation. Strengthening the capabilities of the Spanish National Health System.
7. Education and knowledge, continuous training and capacity building.
8. New economy of care and employment policies.
9. Boosting the culture and sport industry.
10. Modernisation of the tax system for inclusive and sustainable growth.

Investment in ecological transition will account for more than 37% of the total Plan and digitisation for 33%.

In the energy area, previous policies include actions such as: massive deployment of renewable generation, smart grids and electrical infrastructures; the development of a renewable hydrogen roadmap and its sectoral integration; the development of a Fair Transition Strategy to ensure the use of areas affected by the energy transition; and the promotion of sustainable mobility and building rehabilitation as well as the promotion of energy efficiency measures.

As a result, several ministries launched calls inviting interested parties to present specific projects dealing with certain areas of action under the Plan.

In 2022, further progress was made towards the Plan for the Recovery, Transformation and Resilience of the Economy, and various government ministries launched further calls for applications for the granting of aid to projects that meet the requirements and criteria established therein. There were also further approvals of Strategic Projects for Economic Recovery and Transformation (“PERTE”), a global vehicle that contemplates action across different sectors. The

following Strategic Projects for Economic Recovery and Transformation (“PERTE”) have been approved to date:

- Strategic Project for Economic Recovery and Transformation (“PERTE”) for the development of the electric and connected vehicle.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for renewable energy, renewable hydrogen and storage.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for Circular Economy.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for industrial decarbonisation.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for cutting-edge healthcare.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for agro-food.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for new economics of language.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for the naval industry.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for aerospace.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for digitalisation of the water cycle.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for microelectronics and semiconductors.
- Strategic Project for Economic Recovery and Transformation (“PERTE”) for the social and care economy.

### **Regulations on access and connection permits to electricity transport and distribution networks**

In accordance with the new responsibilities assigned to the Spanish Markets and Competition Commission (“CNMC”) arising from Royal Decree Law 1/2019 of 11 January, the specific rules on access and connection permits must be developed both by the Government, under Royal Decree, and by the Spanish Markets and Competition Commission (“CNMC”), through a circular, depending on the respective competences.

On 30 December 2020, Royal Decree 1183/2020, of 29 December, on access and connection to electricity transport and distribution networks was published in the Official State Gazette. This Royal Decree regulates

the criteria and procedure for granting access and connection permits for both producers and consumers. The general criterion will be priority in order of timing. However, in order to give impetus to the penetration of renewable energies, exceptions are made to this general criterion in cases of hybridisation of existing generation facilities and access capacity tenders in new hubs of the transport network or in those hubs in which power capacity is deregulated or arises.

It establishes the possibility that, by Ministerial Order, capacity tenders may be announced that are only applicable in new hubs that are introduced through a new planning process, or those in which a certain volume of access capacity is deregulated. Participants must be renewable generation facilities, which may also include storage.

It also regulates aspects relating to the storage and hybridisation of facilities, as well as the guarantee regime. Lastly, exemptions are introduced for access and connection permissions to self-consumption facilities, and the figure of the single hub partner is eliminated, which has so far been responsible for processing access and connection permissions when multiple player connection requests existed for the same hub, so that from now on each promoter will be directly related to the network manager.

Meanwhile, Circular 1/2021, of 20 January, of the Spanish Markets and Competition Commission (“CNMC”), was published in the Official State Gazette on 22 January 2021, establishing the methodology and conditions of access and connection to the transmission and distribution networks of electricity production facilities. This Circular regulates the procedures, deadlines and criteria for the assessment of access capacity and the granting of permits.

On 3 November 2021, Order TED/1182/2021, of 2 November 2021, was published in the Official State Gazette, subsequently corrected by Order TED/1198/2021, of 3 November 2021, regulating the procedure and requirements applicable to public tender for granting the renewable generation facilities at the Justa Mudéjar 400 kV transition hub evacuation access capacity to the electricity transmission network and calls for tenders. This Order establishes the specific regulatory bases for granting access capacity to the Justa Mudéjar transition hub affected by the closure of the Teruel thermal power plant to foster new renewable power and optimise its potential by generating socio-economic benefits for this area.

On 10 June 2022, the Ministry of Ecological Transition and the Demographic Challenge (“MITECO”) initiated

the processing of a proposal for an Order to call a tender for access capacity at certain nodes of the transmission grid, in accordance with the provisions of Royal Decree 1183/2020, of 29 December, for a total capacity of 5,844 MW.

Meanwhile, the Resolution of the Secretary of State for Energy dated 3 August 2022 was published on 9 August 2022, resolving to hold another tender for access capacity at certain nodes of the transmission grid.

### **Small Consumer Voluntary Prices (SCVP) of electricity and its legal contracting regime**

This Royal Decree 216/2014, of 28 March, published on 29 March, sets out the methodology for calculating the Small Consumer Voluntary Price (SCVP) from 1 April 2014. Key aspects of this Royal Decree are as follows:

- The cost of energy to be used in calculating the SCVP will be the energy price per hour in the daily and intraday market in the invoice period, plus adjustment services, capacity payments and System Operator and Market Operator financing payments.
- For consumers with remote meters integrated in the system, the hourly price will be applied to the actual hourly consumption; otherwise, the profile published by the System Operator will be used.
- As an alternative, the suppliers of reference will be required to make an offer to customers entitled to the SCVP in the form of a fixed price for a one-year period, comprising the revisable access tolls and a fixed value for one year (in €/kW) for the remaining items. The offer will remain in force for one month, and will be consistent throughout Spain. Each supplier of reference may have only one offer in force during the period.
- The Royal Decree also establishes that the Social Bonus will be equal to a 25% discount on the SCVP.

Hourly billing procedures for the Small Consumer Voluntary Price (SCVP) were published on 4 June 2015. Under these procedures, at 1 July 2015, consumers with an integrated remote meter will be billed according to their real hourly consumption instead of their consumption profile. Notwithstanding the above, electricity companies had until 1 October 2015 to adapt their IT systems.

On 25 November 2016, Royal Decree 469/2016, of 18 November, establishing the methodology for calculating the trading margin on the Small Consumer Voluntary Price was published in the Spanish Official State Gazette,

thus complying with various Rulings handed down by the Supreme Court that annulled the trading margin contained in Royal Decree 216/2014, of 28 March, establishing the procedure to calculate Small Consumer Voluntary Prices for electricity and the legal framework for contracting power.

On 24 December 2016, the Ministerial Order ETU/1948/2016, of 22 December, was published, which came into force on 1 January 2017, and establishes the trading margin on the Small Consumer Voluntary Price. Through Ministerial Order ETU/258/2017, of 24 March, published on 25 March 2017 and entering into force the following day, a new value was set for the part of said trading margin corresponding to the contribution cost to the Energy Efficiency Spanish National Fund.

On 1 October 2021, the Ministry of Ecological Transition and Demographic Challenge ("MITECO") launched a preliminary public consultation to analyse the amendment of the Small Consumer Voluntary Price (SCVP) regulations, and to collect proposals that enable their volatility to be reduced and their design to be optimised with a view to the energy transition process. Following this preliminary consultation period, the Ministry for Ecological Transition and the Demographic Challenge ("MITECO") initiated the hearing process for a draft Royal Decree that would modify, among other aspects, the formula for calculating the cost of energy of the Voluntary Price for Small Consumers ("PVPC"), incorporating, together with the daily and intraday market price, a basket of forward products, and modifying its scope, which would be applicable to domestic customers and micro-companies with a contracted power of up to 10 kW.

### **Energy efficiency**

Law 18/2014 of 15 October approving urgent measures to boost growth, competitiveness and efficiency, with regard to energy efficiency, created the Energy Efficiency Spanish National Fund with the aim of achieving energy savings.

On 23 March 2022, Order TED/220/2022, of 16 March, establishing the contribution to the Energy Efficiency Spanish National Fund for 2022, was published in the Official State Gazette, with the amount applicable to Endesa amounting to Euro 26 million.

The proposed Order for contributions to the Energy Efficiency National Fund in 2023 also began to make its way through parliament. The Order envisages, for Endesa, an equivalent amount of Euro 49 million for 2023, of which it



must contribute at least Euro 30 million (40.0%) to the Fund, with the rest of its obligation to be met through the presentation of Energy Saving Certificates (ESCs).

In relation to this, on 25 January 2023, Royal Decree 36/2023 of 24 January was published, establishing a system of Energy Saving Certificates, and a proposal for an Order to develop the system of certificates is also being processed.

### Methodology for calculating electricity and gas system charges

Together with the approval of the methodology to determine access tariffs to electricity and gas networks, the responsibility for which lies, under Royal Decree Law 1/2019 of 11 January, with the Spanish Markets and Competition Commission ("CNMC"), the Government must approve the methodology to calculate the charges for the Electricity and Gas systems. These methodologies must set out and explain the variables used to distribute the costs that have to be covered by the charges, in a way that is not discriminatory and that is aligned with the Government's energy policies, i.e. that fosters efficiency, electrification of the economy and a fair energy transition. In accordance with this, on 18 March 2021 the Official State Gazette (BOE) published Royal Decree 148/2021, of 9 March 2021, which establishes the methodology for calculating charges for the Electricity System. The methodology for the Gas System was approved by Royal Decree 1184/2020 of 29 December.

In this regard, on 22 April 2021, Order TED/371/2021, of 19 April, approving the electricity system charges that will apply from 1 June 2021, was published in the Official State Gazette.

### 2022 electricity tariff

On 22 December 2021, the Resolution of 16 December 2021 of the Spanish Markets and Competition Commission ("CNMC") was published in the Official State Gazette ("BOE"), approving the prices of the access tariffs for energy transmission and distribution networks applicable from 1 January 2022, i.e., an average reduction of 5.4% with respect to the prices at 1 June 2021.

On 30 December 2021, Order TED/1484/2021, of 28 December, approving the electricity system charges that will apply from 1 January 2022, was published in the Official State Gazette, establishing certain regulated costs of the electricity system that will apply for 2022. On average, the

new charges for 2022 are approximately 31% less than those approved on 1 June 2021. Additionally, Royal Decree Law 6/2022, of 29 March, approved a reduction in electricity charges of 36% with respect to the values in force at 1 January 2022.

### 2023 electricity tariff

The Resolution of 15 December 2022 of the Spanish Markets and Competition Commission ("CNMC") was published in the Official State Gazette (BOE) on 22 December 2022, approving the prices of the access tariffs for energy transmission and distribution grids applicable as of 1 January 2023, revealing an average reduction of 1.0% from the prices in effect as of 1 January 2022.

Meanwhile, Order TED/1312/2022, of 23 December, was published in the Official State Gazette (BOE) on 29 December 2022, approving the electricity system charges that will apply from 1 January 2023 and certain regulated costs of the electricity system that will apply for 2023. On average, the new charges for 2023 are approximately 40.0% less than those approved for 1 January 2022.

Other provisions, either already approved or in the pipeline, that have been shaping the legal framework of the sector recently, amid the pandemic and the crisis resulting from the war in Ukraine, are provided below.

### Draft of the Seventh General Radioactive Waste Plan (PGRR)

The Ministry of Ecological Transition and Demographic Challenge ("MITECO") has initiated the ordinary strategic environmental assessment procedure of the Seventh General Radioactive Waste Plan ("PGRR"). The processing includes environmental assessment, the public information process to receive civil society claims and mandatory consultations with the Nuclear Security Council and the Autonomous Communities. Subsequently, the Ministry of Ecological Transition and Demographic Challenge ("MITECO") will carry out a technical analysis of the complete dossier to formulate the Strategic Environmental Declaration of the General Plan of Radioactive Waste (PGRR), prior to its approval by the Council of Ministers. Subsequently, the General Courts shall be notified of it, together with the European Commission, in compliance with the community radioactive waste management directive.

## Declaration of the State of Alarm as a result of the onset of COVID-19 and regulatory measures approved

On 14 March 2020, Royal Decree 463/2020 of 14 March was published in the Official State Gazette (BOE), declaring a State of Alarm for the management of the health crisis situation caused by COVID-19.

In order to counteract the economic and social impact derived from this exceptional situation, the Spanish Government has approved a series of legislative provisions that contemplate various measures at all levels to address such impact. Specifically, and among others, Royal Decree Law 8/2020, of March 17, on extraordinary urgent measures to face the economic and social impact of COVID-19, Royal Decree Law 11/2020, of March 31, adopting urgent complementary measures in the social and economic field to face COVID-19, Royal Decree Law 26/2020, of March 31, adopting urgent complementary measures in the social and economic field to face COVID-19, Royal Decree-Law 26/2020, of July 7, on economic reactivation measures to address the impact of COVID-19 in the areas of transport and housing, and Royal Decree-Law 30/2020, of September 29, on social measures in defense of employment.

With regard to the Electricity Sector, the most relevant urgent measures taken were as follows:

- Social Bonus: the validity of the Social Bonus was extended until 30 September 2020 for those beneficiaries for which the two-year validity date established in Royal Decree 897/2017, of 6 October, had expired before that date. At the same time, the right to the Social Bonus was extended to holders of supply points, or a member of their household, who were professionals or self-employed, and who were entitled to benefits because they had ceased their activity or had significantly reduced their turnover, and met certain income levels in the year immediately before, with this right being limited to the period in which these circumstances last, up to a maximum of six months. Likewise, under Royal Decree Law 30/2020, of 29 September, the beneficiary group was expanded, including those who prove, upon the entry into force of this Standard, that the holder of the point of supply or any member of the household, is unemployed, has been temporarily laid off or has had their working day reduced to take care of others, if he is an employer, or other similar circumstances that result in a substantial loss of income in the month prior to the submission of the application for

the Social Bonus, with the whole of the income of the members of the family unit not attaining certain thresholds. This right shall be extinguished when the circumstances for granting it cease, and in any event, on 30 June 2021, without prejudice to the possibility of benefiting from the Social Bonus under the general legislation.

- Supply guarantee: prohibition on the suspension of the supply of electricity, water and natural gas, during the month following the entry into force of Royal Decree Law 8/2020 of 17 March, of consumers who have the status of vulnerable, severely vulnerable or at risk of social exclusion, in line with the criteria of Royal Decree 897/2017, of 6 October. This period, initially of one month and extended during the State of Alarm, was prolonged by Royal Decree Law 26/2020, of 7 July, until 30 September 2020, establishing that the supply of electricity, water, natural gas and other petroleum derivatives to natural persons in their usual home could not be suspended, except for reasons of security of supply, people and facilities. Lastly, under Royal Decree Law 37/2020, of 22 December, on urgent measures to deal with situations of social and economic vulnerability in the area of housing and transport, during the State of Alarm, the suspension of supply to consumers that are vulnerable, severely vulnerable or at risk of social exclusion is prohibited, and this prohibition is extended to consumers who, without being able to prove ownership of the supply contract, comply with the requirements laid down in Royal Decree 897/2017 of 6 October.
- Flexibilisation of electricity supply contracts for self-employed workers and businesses: possibility, during the State of Alarm, that they suspend or modify their contracts to arrange another alternative offer with their marketer to adapt to new consumption guidelines, without any charge or penalty, and to change power or access tariff. A period of 3 months was set, after the end of the State of Alarm, to reactivate the contract or modify the power, at no cost, except for certain situations. Future Laws on General State Budgets (PGE) adopted after the entry into force of Royal Decree Law 11/2020 of 31 March shall include the corresponding items to compensate the Electricity Sector for the reduction of income that these measures entail. Similar measures are envisaged for the Gas sector.
- Suspension of supply invoices: possibility for supply points owned by self-employed and small and medium-sized enterprises, and during the State of Alarm, to ask their marketer (or, where appropriate,

their distributor), by means that do not require physical displacement, to suspend the payment of invoices from billing periods containing days included in the State of Alarm. In this case, the marketer shall be exempt from paying the transmission and distribution tariffs to the distributor until the customer pays the full invoice. The marketer shall also be exempt from paying value added tax (VAT), excise tax on electricity, and, where appropriate, excise tax on hydrocarbons for electricity generation until the customer pays the full invoice or six months have elapsed since the end of the State of Alarm. However, the option of delaying the payment of these taxes has in no way been exercised by Endesa. After the State of Alarm has ended, that owed will be adjusted equally in the invoices of the billing periods of the following 6 months. In addition, marketers who see their income reduced, or distributors whose tariff revenue declines, may apply for the guarantees defined in Royal Decree Law 8/2020 of 17 March, or any other line created for that purpose.

- Access fees: extension of the deadline for the access rights expiring on 31 March 2020, with the new period ending two months later, effective the end of the State of Alarm or any extensions thereto.

Against this backdrop, Order SND/260/2020 of 19 March suspended, while the State of Alarm was in effect, the activation of the demand management using service interruption on economic grounds.

### **Draft Law creating the Spanish National Fund for the Sustainability of the Electricity System**

On 16 December 2020, the Ministry of Ecological Transition and Demographic Challenge ("MITECO") initiated a process of public consultation on a Draft Law creating the Spanish National Fund for the Sustainability of the Electricity System, which aims to finance, in full or in part, the costs associated with the specific remuneration regime for renewable energy, cogeneration and waste, currently included in electricity access tariffs. This Fund will be equipped with contributions from operators in the various energy sectors, and not just electricity, but also taxes derived from Law 15/2012, of 27 December, proceeds from auctions of carbon dioxide (CO<sub>2</sub>) emission rights, as well as other contributions, with a limit of 10% of the Fund's annual revenue, from items from the General State Budgets (PGE) or from Community funds. In this way, this

Preliminary Draft provides for a mechanism aimed at redistributing the cost associated with meeting existing renewable targets at country level among all energy sectors. The Preliminary Draft envisages a gradual process of assumption over five years.

On 1 June 2021, the Council of Ministers approved the Bill creating the Spanish National Fund for the Sustainability of the Electricity System ("FNSSE"), which is currently in parliamentary procedure.

### **Energy Storage Strategy**

On 9 February 2021, the Council of Ministers approved the Energy Storage Strategy, an element considered to be crucial for the transition to an emissions-neutral economy and the effective integration of renewable energies into the electricity system.

The Energy Storage Strategy quantifies storage needs in line with those envisaged in the 2021–2030 Spanish National Energy and Climate Plan ("NECP") and the target for climate neutrality before 2050, from the 8.3 GW currently available to around 20 GW in 2030 and 30 GW in 2050. Furthermore, all the technologies forming energy storage are classified according to the applicable method and system, the actions for their effective deployment are identified, together with the regulatory challenges for the participation of storage in electricity markets, taking into account the market access procedures and their role in the price structure and signals. In addition, the economic challenges they represent are analysed, in conjunction with the need for industrial policies that encourage their financing.

### **Draft law on the remuneration of carbon dioxide (CO<sub>2</sub>) not emitted**

On 1 June 2021, the Council of Ministers began to process a Draft Law on the remuneration of CO<sub>2</sub> not emitted on the electricity market. After completing the preliminary consultation phase, on 3 August 2021, the Council of Ministers agreed its approval as a Draft Law, which was submitted to the Congress of Deputies to be processed, which is currently under way.

This draft law establishes an obligation to remunerate mainland production facilities that do not emit greenhouse gases that were in operation before 25 October 2003, in proportion to the higher revenue obtained by adding the value of the CO<sub>2</sub> emission rights that exceed €20.67/tCO<sub>2</sub> for marginal emission

technologies to the wholesale market price. This excludes plants equal to or below 10 MW, whenever they came on-stream, and those with a remuneration regime regulated under article 14 of Law 24/2013, of 26 December 2013, on the Electricity Sector.

The amounts collected will be used to finance capacity mechanisms and the remaining rate charges (mainly renewable energies and timing mismatches), except for 10% which will be used, with respect to the public administrations, to jointly finance the cost of supplying highly vulnerable customers at risk of social exclusion.

### **Royal Decree Law 12/2021, of 24 June, adopting urgent measures on energy taxation**

On 25 June 2021, Royal Decree Law 12/2021, of 24 June, was published in the Official State Gazette, establishing urgent tax measures to mitigate the effects of the increase in electricity prices for consumers. This Royal Decree Law includes the following measures:

- Reduction of value added tax (VAT) from 21% to 10%, until 31 December 2021, for contracted electricity supplies of equal to or less than 10 kW, provided that the arithmetic average price in the daily market over the last calendar month before the month of the last day of the billing period exceeds Euro 45/MWh, and the customers are recipients of the Social Bonus that are highly vulnerable or at risk of social exclusion. This reduction in Value Added Tax ("VAT") was subsequently extended until 30 April 2022 by Royal Decree Law 29/2021, of 21 December, adopting urgent measures in energy to promote electric mobility, self-consumption and the deployment of renewable energies.
- Temporary suspension of the tax on the value of electricity production during the third quarter of 2021, which was extended until 31 December 2021 by Royal Decree Law 17/2021, of 14 September 2021, and until 31 March 2022 by Royal Decree Law 29/2021, of 21 December 2021.

### **Proposed Royal Decree on closed electricity distribution grids**

On 11 June 2021 the Ministry of Ecological Transition and Demographic Challenge ("MITECO"), implementing the provisions of Royal Decree-Law 20/2018, of 7 December

2018, initiated the processing of a Royal Decree regulating the specific conditions and requirements of closed electricity distribution grids and their owners, and the administrative authorisation procedure and circumstances for their revocation.

### **Royal Decree Law 16/2021, of 3 August, adopting social protection measures to address situations of social and economic vulnerability**

On 4 August 2021, Royal Decree-Law 16/2021 of 3 August 2021, was published in the Official State Gazette ("BOE"), setting forth social protection measures to address situations of social and economic vulnerability. Among other matters, in the area of energy, the prohibition on the suspension of the supply of electricity, water and natural gas and access to the Social Bonus by certain groups in a situation of economic vulnerability was extended until 31 October 2021 because of the health crisis. These measures were extended to 28 February 2022 by Royal Decree Law 21/2021 of 26 October 2021, which was published in the Official State Gazette ("BOE") on 27 October 2021, extending the social protection measures to address situations of social and economic vulnerability.

### **Urgent measures to mitigate the impact of the escalation of natural gas prices in gas and electricity retail markets, consumer protection and introduction of transparency in the wholesale and retail electricity and natural gas markets**

On 15 September 2021, Royal Decree Law 17/2021, of 14 September 2021, was published in the Official State Gazette ("BOE"), establishing urgent measures to mitigate the impact of the escalation of natural gas prices on gas and electricity retail markets. Additionally, this provision has been complemented with the Royal Decree Law 23/2021, dated 26 October 2021, on urgent energy measures for the protection of consumers and the introduction of transparency in the wholesale and retail electricity and natural gas markets, and Royal Decree Law 21/2021, of 26 October 2021, extending social protection measures to address situations of social and economic vulnerability, was published.

The main aspects deriving from these provisions are as follows:

- Since it entered into force, on 16 September 2021, and until 31 March 2022, a payment obligation was established for the non-emitting generation facilities in a proportional amount to the supposed increased earnings obtained as a result of the inclusion in wholesale electricity prices of the value of natural gas prices. This excludes plants with a remuneration regime regulated under article 14 of Electricity Sector Law 24/2013, of 26 December, and those with power of 10 MW or less. The amount resulting from this revenue reduction will be earmarked to reduce the System charges. Likewise, the scope of the payment obligation will not apply to the energy covered by fixed price and term contracts prior to Royal Decree Law 17/2021, of 14 September 2021, or to the energy covered by new fixed price contracts with coverage for a period equal to or greater than one year. In the event that in these forward contracts part of the energy is partially indexed to the market price, only the proportional non-indexed part will be excluded. Producers will submit a monthly statement of compliance and supporting documentation for the energy covered by forward instruments. In addition, it is established that producers and marketers must periodically inform the Spanish Markets and Competition Commission ("CNMC") of the forward contracting instruments, both physical and financial, between companies of the same business group or with third parties.
- Market mechanisms are established to encourage long-term contracts, through long-term power purchase contract auctions, to which up to a maximum of 25% of the lowest value in 10 years of manageable inframarginal non-emitting production is linked that does not have specific remuneration nor is the successful bidder at renewable energy auctions. The sellers subject to this will be the electricity producers deemed to be dominant operators in electricity generation. And buyers may be suppliers (except those of the groups that are leading electricity operators) and direct consumers, together with benchmark suppliers in the terms set by the resolution of the announcement.
- A minimum vital supply is established for vulnerable consumers, that are in default 4 months after the first payment request, establishing limited power by law that guarantees minimum comfort, which cannot be exceeded during the period of 6 months in which the supply cannot be cut off.
- The minimum amount of aid to the beneficiaries of the thermal Social Bonus is increased from Euro 25 to 35, with immediate application, and also, the budget allocated for the same in 2021 is increased by Euro 100 million, up to a total of Euro 203 million.
- The discounts of the electricity Social Bonus until 31 March 2022 are increased from 25% to 60% for vulnerable consumers, and from 40% to 70% for severely vulnerable consumers. This measure was extended by Royal Decree Law 29/2021, of 21 December, until 30 April 2022.
- Suppliers will have to inform customers of any intention to modify the contract one month in advance, including a price comparison and an estimate of the annual cost, before and after such modification. They must also publish and send to the Spanish Markets and Competition Commission ("CNMC") transparent, comparable and updated information on the prices of the available offers at all times, including the conditions on contract termination and additional services required by the contract.
- Tax and budgetary measures are established, specifically to extend the temporary suspension of the tax on the price of electricity production and the reduction of the excise tax on electricity from 5.1% to 0.5% to 31 December 2021 (later extended until 30 April and 31 March 2022, respectively, by Royal Decree Law 29/2021, of 21 December 2021), and the increase by Euro 900 million, up to a maximum of Euro 2,000 million, of the revenue to be earmarked in 2021 to the electricity system in relation to the CO<sub>2</sub> emission rights auctions.
- In the area of natural gas, it is limited to the effect of the Last Resort Tariff (LRT) of the increased cost of the raw material, which will be passed on in a deferred manner.
- Lastly, the Water Law was amended to avoid sudden withdrawals of reservoirs over 50 hm<sup>3</sup>, hence a minimum and maximum system of monthly withdrawals and a monthly reserve system were established.

### **Royal Decree Law 29/2021, of 21 December 2021, adopting urgent measures in energy to promote electric mobility, self-consumption and the deployment of renewable energies**

On 22 December 2021, Royal Decree Law 29/2021, of 21 December, adopting urgent measures in energy to promote electric mobility, self-consumption and the deployment of renewable energies, was published in the Official State Gazette ("BOE"). The key features of this Royal Decree Law are as follows:

- Regarding taxation, and explained previous the reduction of the excise tax on electricity and value added tax (VAT) is extended until 31 April 2022, and the suspension of the tax on the value of electricity production is extended until 31 March 2022.
- The increase in coverage of consumers receiving the Social Bonus (60% for vulnerable and 70% for severely vulnerable consumers) is extended until 30 April 2022.
- To promote self-consumption, the Royal Decree Law includes amendments to current regulation to speed up process and to link these networks to both consumers connected to the internal grid and other consumers close to the grid and connected through the distribution and transmission networks.
- In electric mobility, to promote the installation of public e-vehicle charging infrastructure it sets out the system for authorising charging stations on land adjacent to roads, under certain conditions and provided that road safety is guaranteed, and adds new requirements for non-residential private buildings. It also introduces discounts in local taxes.
- Lastly, it introduces certain amendments to the regime for grant access and connection permits, extending the periods included in Royal Decree Law 23/2021, of 26 October 2021, to facilitate the development of projects, and includes the possibility of voluntary waiver of access and connection permits obtained or in the process of being obtained before the Royal Decree Law comes into effect, with reimbursement of the guarantees provided.

### **Royal Decree 1125/2021, of 21 December 2021, regulating the grant of direct subsidies to electricity distribution companies for investments in the digitalisation of distribution grids and electric vehicle charging infrastructure**

On 22 December 2021, Royal Decree 1125/2021, of 21 December 2021, was published in the Official State Gazette ("BOE"), promoting the digitalisation of distribution networks and on-street charging infrastructure using European funds from the Recovery, Transformation and Resilience Plan.

The amount of aid will be Euro 525 million for the 2021–2023 period, divided up among distributors in accordance with their share of remuneration. Distribution companies must present such initiatives, 50% of the investment they will co-finance, as part of their annual investment plans, as well as additional information regarding the impact on employment, the industrial value chain and renewable penetration, and digital programmes for enhancing the quality of customer service.

### **Royal Decree 184/2022, of 8 March, regulating the provision of electric vehicle charging services**

On 19 March 2022, Royal Decree 184/2022, of 8 March, was published in the Official State Gazette, regulating the provision of electric vehicle charging services. The main aspects governing this regulation are as follows:

- 2 legal figures are defined that can participate in the charging activities for the public or companies for their fleet, establishing their rights and obligations: the Recharging Point Operator, owner of the operating rights of the recharging stations and head of their physical operations, and the Electric Mobility Service Supplier Company, an intermediate between the operators and the users of electric vehicles, which can provide value added services to said users.
- Reinforces the obligatory nature of one-off public recharging stations, eliminating technical or contractual barriers.
- In addition, both operators and suppliers must deliver the necessary information to the Ministry of Ecological Transition and Demographic Challenge ("MITECO"), to the autonomous communities of Spain and to Ceuta and Melilla, with the aim of publishing an official map of charging stations, showing, among other information, the location of such stations, their characteristics and charging prices.

**Royal Decree Law 6/2022 of 29 March, adopting urgent measures within the framework of the Spanish National Plan to respond to the economic and social consequences of the war in Ukraine, Royal Decree Law 11/2022 of 25 June, adopting and extending certain measures to respond to the economic and social impacts of the war in Ukraine, to address situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma**

On 30 March 2022, Royal Decree Law 6/2022, of 29 March, was published in the Official State Gazette, approving certain measures that form part of the wider Spanish National Plan to respond to the impacts of the war in Ukraine. In the energy sector, this Royal Decree-Law introduces various measures, some of which have been extended until 31 December 2022 by Royal Decree-Law 11/2022 of 25 June and until 31 December 2023 by Royal Decree-Law 18/2022 of 18 October and Royal Decree-Law 20/2022 of 27 December. The most relevant measures under both decrees in relation to energy are as follows:

- The payment obligation ushered in by Royal Decree Law 17/2021, of 14 September, was extended until 31 December 2023, for non-emitting generation facilities in an amount proportional to the increased revenue they are expected to have obtained following the inclusion, in wholesale electricity prices, of the value of natural gas prices. Energy covered by forward fixed price contracts prior to 31 March 2022 will be exempt from the mechanism. Hedging instruments with a coverage period of one year or more and arranged at a fixed price subsequent to 31 March 2022 will be excluded if the fixed price is equal to or less than Euro 67/MWh. In the case of bilateral agreements between the generation and supply segments of the same business group, the hedging price will be the price that the suppliers pass on to the end consumers and, in that case, the exempt fixed price will be determined by increasing the value of Euro 67/MWh in the sector's average supply margin.
- The reduction of Value Added Tax (VAT) for consumers whose contracted power is 10 kW or less, or who are recipients of the Social Bonus, is extended until 31 December 2023. The reduction is from 21% to 10% until 30 June 2022, and to 5% from 31 December 2022.

- Meanwhile, the reduction of the special electricity tax to 0.5% and the temporary suspension of the tax on the value of electricity production are extended until 31 December 2023.
- In relation to the Social Bonus, the increase in the discounts under the electricity Social Bonus from 25% to 60% for vulnerable consumers, and from 40% to 70% for severely vulnerable consumers, has been extended until 31 December 2022.

Other aspects of the criteria to gain entitlement to the Social Bonus were also modified. Specifically, the automatic renewal of the Social Bonus is set for every 2 years. In addition, new criteria have been put in place to determine the category of vulnerable consumer. It is now based on the concept of cohabitation unit, formed by those people that live in the same household as a married couple, cohabiting partnership, second degree of consanguinity, affinity, adoption or similar relationship. A value of 1.5 times the Public Index of Multiple Purpose Income ("IPREM"), divided into 14 payments, is set as the base threshold, which will increase by 0.3 for each additional member of legal age and by 0.5 for each minor forming the cohabitation unit. Those receiving the minimum vital income will also form part of the group that benefits from the Social Bonus. The foregoing thresholds will be increased by 1 in certain cases (significant dependence, gender violence, terrorism, etc.), and they will be reduced by 50% for severely vulnerable consumers.

- A new mechanism is established to finance the Social Bonus, to which contributions will be made by all electricity sector players (generation, transmission, distribution, suppliers and direct consumers), in line with the tax-free aggregated billings of each activity (energy acquired for direct consumers).
- A loan of Euro 75 million was granted under the 2022 General State Budgets to finance the increased coverage of the thermal Social Bonus.
- A reduction in system charges of 36% was established with respect to the prices in force from 1 January 2022.
- On an extraordinary basis, a Ministerial Order will be issued within 2 months of the entry into force of this Royal Decree Law in order to update the remuneration parameters for renewable, cogeneration and waste facilities. The market prices and carbon dioxide (CO<sub>2</sub>) prices will be based on the forward prices throughout the second half of 2021. In addition, and effective as of 2023, the mechanism for adjusting market price deviations was discontinued in order to promote forward energy sales by such facilities. However,

Royal Decree Law 10/2022, of 13 May, has since reinstated the adjustment mechanism for deviations from the market price, incorporating references to forward prices in relation to the expected price.

- Specific fast-track procedures have been set up in place to expedite handling procedures for new renewable plants, for wind-powered facilities of up to 75 MW and photovoltaic facilities of up to 150 MW, with connection lines of less than 15 kW.
- With respect to the access tenders, among other aspects, during 2 years from the publication of the Royal Decree Law, in the hubs in which it has been resolved to hold capacity tenders, 10% of the available capacity that had been reserved will be released, for renewable facilities (connected to transmission or distribution) in self-consumption.
- Exceptionally for the 2023–2025 three-year period, the electricity distributors must include, in their investment plans, duly identified procedures to increase the capacity of their grid to enable the evacuation of renewable energy and self-consumption, which must represent a minimum of 10% of the investment with entitlement to remuneration with a charge to the system each year, and it must be allocated on a priority basis to areas in which there is a lack of ability to access renewable energies.
- The transmission and distribution tariffs are reduced by 80% for electro-intensive customers certified between 1 January and 30 June 2023. Moreover, certain aid is granted to the gas-intensive industry.
- In relation to the Last Resort Tariff (LRT) for natural gas, the maximum increase requirement of 15% of the raw materials cost is extended for the Last Resort Tariff (LRT) gas reviews for 2022, through to the first quarter of 2023.
- Strategic natural gas reserves will pass from 20 days' consumption to 27.5 days, with greater flexibility.
- Extraordinary bonuses of Euro 0.20/kg (Euro 0.20/l) have been introduced and will run until 31 December 2022 for certain energy products, such as petrol, diesel fuel, liquefied petroleum gas (LPG), liquefied natural gas (LNG), compressed natural gas (CNG), biomethane or biodiesel.

### **Royal Decree 568/2022, of 11 July, establishing the general framework of the regulatory test bank to promote research and innovation in the electricity sector**

This degree was published in the Official State Gazette (BOE) on 12 July 2022 and aims to establish controlled spaces in which to test potential regulatory improvements with a view to expediting regulatory changes and helping to ensure that any adjustments made are better aligned with the actual needs of the sector. Hence, the regulation enables the start-up of pilot projects to boost research and innovation, limited in volume, duration and geographical area, and which may require exemptions of the sectoral regulation. The project's developers must subscribe a test protocol with the Secretary of State for Energy, in cooperation with the Spanish Markets and Competition Commission, which will establish the specific rules and condition for each pilot projects. A proposal for an Order is currently being processed for the access to the regulatory test bank provided for in this Royal Decree.

### **Royal Decree Law 10/2022, of 13 May, establishing a temporary production cost adjustment mechanism to reduce the price of electricity on the wholesale market.**

On 14 May 2022, Royal Decree Law 10/2022, of 13 May, was published in the Official State Gazette (BOE), establishing a temporary production cost adjustment mechanism to reduce the price of electricity in the wholesale market. More precisely, this mechanism will adjust the production cost of marginal fossil fuel technologies, with the aim of achieving an equivalent reduction in the wholesale market matching price, and will run until 31 May 2023.

The mechanism makes its adjustments on the basis of the difference between a reference price for gas consumed by thermal power plants (40 Euro/MWh for 6 months, increasing by 5 Euro/MWh per month thereafter, ending at 70 Euro/MWh) and the spot price of gas on the Spanish Organised Gas Market (MIBGAS). This mechanism will apply to combined cycle, coal-fired and cogeneration plants not covered by any regulated remuneration framework. The amount of the adjustment will be distributed among the component of the Iberian demand that benefits directly from it, either because it



purchases power at a price directly referenced to the wholesale market value, or because it has signed or renewed a contract that already reflects the beneficial effect of the mechanism on wholesale prices. In relation to this last aspect, storage supply units – both batteries and pumping consumption – as well as auxiliary service providers for power generators, are exempt from payment of the adjustment cost.

The effectiveness of this mechanism was conditional on the authorisation of the European Commission, which was granted on 8 June 2022, whereupon the Spanish Ministry of Ecological Transition and the Demographic Challenge (“MITECO”) enacted Order TED/517/2022, of 8 June, which set 14 June 2022 as the start date for the mechanism (for matching on 15 June 2022). This Royal Decree Law also addresses the following aspects:

- A mandate is established to introduce a reference to forward market prices by incorporating a price component based on a basket of products (annual, quarterly and monthly) and a daily and intraday market price component so that the new formula for setting the cost of energy for the Voluntary Price for Small Consumers (“PVPC”) can be applied from early 2023 onwards. Along these lines, the Ministry of Ecological Transition and the Demographic Challenge (“MITECO”) has initiated the consultation process for a proposal for a Royal Decree that would modify, among other aspects, the formula used to calculate the cost of energy in relation to the PVPC by incorporating, together with the daily and intraday market price, a basket of forward products. It is also envisaged that the PVPC will include the cost of financing the Social Bonus by the reference suppliers. The proposal for a Royal Decree also modifies the scope of the Voluntary Price for Small Consumers (“PVPC”), which would apply in the case of domestic customers and micro-enterprises with a contracted power of up to 10 kW. Lastly, the Decree includes certain amendments to the regulations governing Non-mainland Territories (“TNP”).
- The framework for renewable energy, cogeneration and waste facilities is modified, thus reinstating the adjustment for market price deviations and incorporating a basket of prices in the forward price that includes both the daily market and forward references (annual, quarterly and monthly), with different weightings.

### **Royal Decree 376/2022 of 17 May, regulating the criteria for sustainability and for achieving a reduction in greenhouse gases emissions from biofuels, bioliquids and biomass fuels, as well as the system of renewable gas guarantees of origin**

Royal Decree 376/2022, of 17 May, regulating sustainability criteria and the means of achieving a reduction in greenhouse gases emissions from biofuels, bioliquids and biomass fuels, as well as the system of renewable gas guarantees of origin, was published in the Official State Gazette on 18 May 2022.

### **Royal Decree Law 14/2022, of 1 August, on economic sustainability measures in the field of transport, grants and study aids, as well as energy saving and efficiency measures and further action to reduce energy reliance on natural gas**

Royal Decree Law 14/2022 of 1 August, adopted within the framework of the Spanish National Plan to respond to the economic and social impacts of the war in Ukraine, was published on 2 August 2022.

Among other aspects, the Royal Decree-Law includes a series of measures there to promote energy saving and efficiency, electrification and the deployment of renewable energies and self-consumption. One of the key measures is the so-called energy saving and management shock plan for air conditioning, which will run until 1 November 2023. This regulation mainly affects government bodies, public transport, the workplaces of all companies, stores and other public-facing businesses.

### **Royal Decree Law 17/2022 of 20 September, on urgent measures in the field of energy, applying the remuneration system to cogeneration facilities and temporarily reducing the rate of value added tax (VAT) charged on deliveries, imports and intra-Community acquisitions of certain fuels**

Royal Decree Law 17/2022, of 20 September 2022, was published on 21 December 2022, introducing certain urgent measures in the field of energy, some of which were

subsequently extended by Royal Decree Law 20/2022 of 27 December 2022. Notably, the measures to have been adopted include:

- Option for cogeneration plants to temporarily waive their regulated remuneration to take part in the production cost adjustment mechanism defined in Royal Decree Law 10/2022, of 13 May.
- Creation of a new active demand response service through auctions managed by the System Operator.
- Increased flexibility in determining the capacity of transmission grids and streamlining and simplifying procedures for renewable projects.
- Value added tax (VAT) reduced from 21% to 5% on supplies of natural gas, pellets, briquettes and firewood until 31 December 2023.
- Applying the entire surplus resulting from financial year 2021 to cover temporary mismatches and transitory deviations between revenues and costs in financial year 2022.

## +Energy Security Plan

On 11 October 2022, the Spanish Government presented a Contingency Plan, known as the +Energy Security Plan, to help protect the population against the price crisis caused by the war in Ukraine, reduce gas consumption, improve energy autonomy, become more competitive and increase energy exports as a measure of solidarity with the rest of Spain's partners across the European Union. The Government estimates that the Plan will enable a reduction in primary natural gas consumption of between 5.1% and 13.5% during the coming winter, which, together with other measures already put in place or on the drawing board, will enable the EU's commitments to be met. The Plan envisions 73 measures (some already approved or launched and others not yet finalised, for which legislation will be reviewed), structured in six main blocks:

1. Energy efficiency and storage.
2. Driving the energy transition.
3. Protection of vulnerable consumers, households and businesses.
4. Tax measures.
5. Strategic autonomy.
6. Solidarity with the rest of the European partners.

## Royal Decree Law 18/2022 of 18 October, on measures to provide added protection for energy consumers and to contribute to the reduction of natural gas consumption under the Plan + Seguridad para tu energía (+SE) plan, as well as measures regarding the remuneration of public sector staff and the protection of temporary agricultural workers affected by the drought

This Royal Decree Law was published on 19 October 2022 and implements some of the measures envisaged in the +Energy Security Plan. The most relevant aspects include the following:

- Further information must be included and explained in the electricity bill, so that customers are able to understand the various items included on their bills following the regulatory modifications that have been approved, among others.
- In relation to the Social Bonus, the discounts for beneficiaries have been increased, until 31 December 2023, from 60% to 65% for vulnerable consumers, and from 70% to 80% for severely vulnerable consumers. Similarly, and with the same time horizon, the energy limit to which the rebates apply has been raised by 15%.
- A new discount of 40% has also been created, again with the same time horizon, for working households covered by the Voluntary Price for Small Consumers ("PVPC") with incomes between 1.5 and 2 times the Public Multiple Effect Income Indicator ("IPREM"), increased by 0.3 for each additional adult member and 0.5 for each additional minor member of the household.
- The mechanism for reducing the excess remuneration of the electricity market caused by the high price of natural gas on international markets, introduced by Royal Decree Law 17/2021 of 14 September, is extended until 31 December 2023.
- The Social Bonus for heating purposes is increased, with the contribution out of the General State Budget doubling in size.
- In relation to Non-mainland Territories ("TNP"), and until such time as the Order implementing the fuel auction mechanism is approved, a new, more dynamic fuel dispatch price system is introduced, based on a monthly calculation, in order to improve dispatch efficiency and reduce cost overruns.

- When it comes to natural gas, the temporary limitation to the 15% quarterly increase in the cost of the raw material is extended until 31 December 2023. Moreover, a new Tariff of Last Resort (“TUR”) is created, running until 31 December 2023, for communities of horizontal property owners (or groups thereof) whose consumption exceeds 50,000 kWh/year and energy service companies, in order to reduce the cost. The cost of these gas measures will be covered by the General State Budget.
- Certain measures to make electricity and gas contracts more flexible have also been introduced.

Lastly, turning to tax, incentives for energy efficiency improvements and renewable investment have been introduced or extended.

### **Law 38/2022 of 27 December, ushering in temporary energy taxes and taxes on credit institutions and lending institutions, creating a temporary solidarity tax on large fortunes, and amending certain tax regulations**

On 30 August 2022, the socialist parliamentary groups and various parties of the coalition government presented a bill that would establish temporary levies on the energy and banking sectors.

This Law was ultimately published in the Official State Gazette (BOE) on 28 December 2022, following its approval by the Spanish Parliament.

With regard to the energy tax, the main aspects of this Law are as follows:

- For 2023 and 2024, the Law introduces a temporary levy of 1.2% on the net turnover earned from activities carried out in Spain during the calendar year prior to the year in which the payment obligation arises (which will arise on the first day of the calendar year) (see Note 53).
- The taxable revenue will not include revenue subject to the Tax on Hydrocarbons, the Special Tax of the Autonomous Community of the Canary Islands on Fuels Derived from Petroleum and the Complementary Levies on Fuels and Oil-based Fuels in Ceuta and Melilla, which have either been paid or borne by way of repercussion. The taxable revenue will also exclude revenue relating to regulated activities, understood as regulated price supply (“PVPC” for electricity, TUR for gas, bottled LPG and piped LPG), regulated income

from the electricity and natural gas transmission and distribution grids and, in the case of generation subject to regulated remuneration and additional remuneration in the Non-mainland territories, all revenue received from the facilities, including that received from the market and economic dispatch.

- The levy will apply to persons or entities with the status of main operator in the energy sectors and whose annual turnover in 2019 exceeded Euro 1,000 million, or whose turnover in 2017, 2018 and 2019 for the activity qualifying them as main operator exceeded 50% of their total turnover for the year in question. The Law also states that the status of main operator in the energy sectors will be held by persons or entities engaged in crude oil or natural gas production, coal mining or oil refining in Spain and that generate, in the year prior to the year in which the obligation to pay the levy arises, at least 75% of their turnover from economic activities in the field of extraction, mining, oil refining or the manufacture of coking plant products.
- Where the companies form part of a tax group that is taxed under the consolidated tax regime, net turnover shall be determined by reference to that group.
- This levy will have the legal status of a non-tax public charge, and will not be considered a tax-deductible expense for the purposes of the taxable base for corporate income tax, nor may it be passed on to third parties.

### **Royal Decree Law 20/2022, of 27 December, on measures in response to the economic and social consequences of the war in Ukraine and to support the reconstruction of the island of La Palma and address other situations of vulnerability**

This Royal Decree Law was published on 28 December 2022, with the most notable aspects being as follows:

- In the tax realm, the Law extends, until 31 December 2023, the reduction in Value Added Tax (VAT) on gas and electricity to 5%, the reduction in the excise tax on electricity to 0.5%, and the suspension of the tax on the value of electricity production (in relation to the latter, the Electricity System will be compensated by an equivalent amount to ensure that revenues and the costs of the charges are balanced).

- In relation to vulnerable customers and the Social Bonus, the ban on cutting the supply of electricity, water and gas to vulnerable customers, severely vulnerable consumers, or those at risk of social exclusion, is extended until 31 December 2023.
- Turning to tariffs and charges, the 80% reduction in electricity tariffs for electricity intensive consumers is extended until 30 June 2023, which will be compensated with Euro 112.5 million from the General State Budget. In addition, Euro 2,000 million will be allocated out of the General State Budget to cover electricity system charges. Lastly, the Law dictates that any surplus that may arise in the 2022 settlements will be allocated to the 2023 settlements.
- Cogeneration and waste facilities existing prior to 2013 and with a capacity of between 50 MW and 100 MW have been included within the scope of the Iberian exception ushered in by Royal Decree Law 10/2022 of 13 May, and are allowed to temporarily waive the specific remuneration regime in the same way as cogeneration facilities are currently allowed to do.
- In a bid to prevent speculative activity within the renewable energy sector and also to prevent administrative bodies from becoming overwhelmed, it is established that at those nodes reserved for capacity tenders, certain procedures that the promoters may have initiated before the competent body will be suspended for a period of 18 months.
- Further progress has been made in streamlining and fast-tracking the processing of renewable installations.
- In the field of self-consumption, the distance for photovoltaic self-consumption at installations close to the grid has been extended from 1,000 to 2,000 metres. In addition, PV installations may now be sited not only on rooftops, but also on industrial land or in structures whose main purpose is not the generation of electricity.
- Turning to electricity transmission, it is established that prior to 31 March 2023 the government will begin to amend the transmission grid development plans to include priority actions for the energy transition and to enable the development of the industrial value chain. Exceptionally, these actions may be partially financed with funds from the Recovery, Transformation and Resilience Plan, and will not count towards the investment limits of the transport companies.
- Aid is also provided to gas-intensive companies to compensate for the increase in natural gas prices.

Lastly, certain measures to make natural gas supply contracts more flexible have been extended until 31 December 2023.

## Gas system

On 22 May 2015, Law 8/2015, of 21 May, was published, amending Law 34/1998, of 7 October, on the hydrocarbons sector, and regulating certain tax and non-tax measures in relation to the exploration, research and exploitation of hydrocarbons, the purpose of which is, among others, to amend the Hydrocarbons Law in order to bring it up to date with the times with the aim of increasing competition and transparency in the hydrocarbons sector, reducing fraud, guaranteeing greater consumer protection, reducing costs for consumers and adapting the system of infringements and penalties.

With respect to natural gas, the law seeks to create an organised natural market that offers consumers more competitive and transparent prices and allows the entry of new suppliers to increase competition. An operator for the organised gas market will also be appointed, any authorised natural gas installer may carry out inspections (this was previously the responsibility of distributors), the entry of new suppliers is encouraged through the mutual recognition of licences to supply natural gas to other EU-member countries where there is an existing agreement; and certain measures have been adopted regarding minimum security inventories so as to, but without impairing the security of supply, give suppliers greater flexibility at a lower cost, enabling the Corporation for Strategic Oils Reserves (CORES) to maintain strategic natural gas inventories.

On 31 October 2015, Royal Decree 984/2015 of 30 October was published, which regulates the organised gas market and third-party access to the installations of the gas system. This Royal Decree contains the basic regulations for operation of the gas market, in addition to other measures such as the procedure for inspection of gas facilities.

On 13 December 2017, following the resolution of the Council of Ministers dated 10 November 2017, a resolution was published establishing the terms and conditions governing the service, making it mandatory for the dominant natural gas market operators, which include Endesa, to act as market makers.

## Natural gas tariff for 2022

On 25 December 2021, the Resolution of the Directorate-General for Energy Policy and Mines of 22 December 2021 was published, establishing the Last Resort Tariff (LRT) for natural gas to be applied in the first quarter of 2022, and, pursuant to Royal Decree Law 17/2021, of 14 September, it resulted in increases of approximately 5.4%, 6.8% and 7.5%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3).

On 31 March 2022, the Resolution of the Directorate-General for Energy Policy and Mines of 28 March 2022 was published, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 April 2022, with increases of approximately 5.9%, 7.2% and 7.9%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3).

On 29 June 2022, the Resolution of the Directorate-General for Energy Policy and Mines of 27 June 2022 was published, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 July 2022, with increases of approximately 6.4%, 7.8% and 8.4%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3).

The Resolution of the Directorate-General for Energy Policy and Mines of 28 September 2022 was published on 29 September 2022, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 October 2022, with increases of approximately 5.9%, 7.2% and 7.9%,

respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3).

Likewise, the Resolution of the Spanish Markets and Competition Commission ("CNMC") of 19 May 2022 was published in the Official State Gazette on 25 May 2022, establishing the access tariffs for transmission grids, local grids and regasification for the 2023 gas year (running from 1 October 2022 to 30 September 2023), which represents an average reduction of approximately 13.2%.

Last but not least, Order TED/929/2022 of 27 September was published on 29 September 2022, establishing the gas system charges and the remuneration and tariffs for basic underground storage facilities for the 2023 gas year (running from 1 October 2022 to 30 September 2023).

## Natural gas tariff for 2023

The Resolution of the Directorate General for Energy Policy and Mines of 22 December 2022 was published on 28 December 2022, setting out the Last Resort Tariff (LRT) for natural gas to be applied from 1 January 2023. Compared with the provisions of Royal Decree Law 17/2021, of 14 September, this results in an approximate increase of 7.7%, 9.0% and 9.5%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3). Meanwhile, the LRT tariffs applicable to communities of owners, ushered in by Royal Decree Law 18/2022 of 18 October, have been reduced by around 2.0%.

## 6.2. Regulatory framework in Europe

### Energy and environment in Europe

Regulation (EU) 2021/1119 of the European Parliament and of the Commission of 30 June 2021 establishing the framework for achieving climate neutrality and amending climate Regulations sets a European-wide target of reducing net Greenhouse Gases Emissions (CO<sub>2</sub>) by at least 55% by 2030 compared to 1990 levels.

In addition, on 14 July 2021, the European Commission adopted a package of proposals to help achieve this target. The main proposals were as follows:

- The review of the EU Emissions Trading Scheme (ETS), lowering the overall emission cap by increasing the annual rate of reduction. This includes, among other aspects: removing free emission allowances for aviation and including shipping emissions in the ETS; and also creating a new emissions scheme for road transport and buildings.
- Strengthening the Regulation on binding annual greenhouse gases emission reductions by Member States (known as the Effort Sharing Regulation) through emission reduction targets for each Member

State in relation to buildings, road and domestic maritime transport, agriculture, waste and small industries.

- The revision of the Renewables Directive, for which the Commission proposes to increase the EU target for 2030 from the current 40% to 45%. The “REPowerEU” Plan, referred to in the following section, would increase total renewable energy generation capacity to 1,236 GW by 2030, compared to the 1,067 GW foreseen in the “Target 55” package for the same year. The European Union’s Solar Energy Strategy will boost the deployment of photovoltaics. Within the framework of the REPowerEU Plan, the objective of this Strategy is to reach more than 320 GW of newly installed solar PV by 2025, more than double the current level, and almost 600 GW by 2030. The revision of the Energy Efficiency Directive, for which the Commission proposed an increase in the EU target of 9% by 2030 and the REPowerEU Plan raises it to 13%.
- Stronger CO<sub>2</sub> emissions standards are proposed for cars and vans, so that all new cars registered as of 2035 will be zero-emission. To ensure drivers are able to charge or fuel their vehicles, the Regulation of the European Parliament and of the Council on the deployment of alternative fuels infrastructure will require Member States to expand charging capacity in line zero-emission car sales, and to install charging and fuelling points at regular intervals on major roads: every 60 km for electric charging and every 150 km for hydrogen refuelling.
- The aviation and maritime sectors must have access to clean electricity supply in major ports and airports.
- The revision of the Energy Taxation Directive, which proposes aligning the taxation of energy products with EU energy and climate policies.
- A new carbon border adjustment mechanism is proposed that will put a carbon (CO<sub>2</sub>) price on imports of a targeted selection of products, including electricity.

### Measures to combat high energy prices

Increased energy prices in the second half of 2021, due to the post-COVID economic recovery and the concomitant increase in demand, led the European Commission to publish a communication in October 2021 with the procedures that the Member States may adopt to meet the increase in prices without breaching existing European legislation.

The worsening situation due to the crisis caused by the conflict between Russia and Ukraine led the European Commission to issue 2 communications:

- On 8 March 2022, it published the communication titled “*REPowerEU: Joint European Action for more affordable, secure and sustainable energy*”, which focuses on the need to ensure sufficient gas reserves looking ahead to the coming winter and to reduce reliance on the supply of Russian gas by diversifying European Union supply and championing renewable energy; it also indicates the measures that may be applied by the Member States to respond to the high energy market prices and the conditions under which certain procedures must be carried out by Member States.
- On 23 March 2022, it published its Communication titled “*Security of supply and affordable energy prices: Options for immediate measures and preparing the next winter*”, which sets out the various options that would allow the Member States to manage the rising energy prices.

These two communications took shape through various initiatives and plans:

- On 18 May 2022, the European Commission presented the *REPowerEU* Plan in response to the difficulties and disruptions in the world energy market caused by Russia’s invasion of Ukraine. This Plan envisions various measures to reduce Europe’s reliance on Russian fossil fuels in the short run, advance the ecological transition and save energy, while increasing clean energy production and ensuring the resilience of the EU-wide energy system. It is backed by financial and legal measures to build the new energy infrastructure and energy system that Europe needs.
  - For the Renewables Directive, the Commission proposes to increase the Union’s 2030 target from the current 40% to 45%. The “REPowerEU” Plan would increase total renewable generation capacity to 1,236 GW by 2030, compared to the 1,067 GW foreseen in the “Target 55” package for the same year. The European Union’s Solar Energy Strategy will boost the deployment of photovoltaics. Within the framework of the “REPowerEU” Plan, the objective of this Strategy is to reach more than 320 GW of newly installed solar PV by 2025, more than double the current level, and almost 600 GW by 2030.
  - For the revision of the Energy Efficiency Directive, the Commission proposes an increase in the EU target of 9% by 2030 and the REPowerEU Plan raises it to 13%.

- Meanwhile, on 18 May 2022, the Communication from the Commission titled “*Short-term energy market interventions and long-term improvements in the electricity market design – a course for action*” was published. The document sets out a number of additional short-term measures to address high energy prices and to respond to possible supply disruptions from Russia. It also addresses various areas in which the design of the electricity market can be optimised to accommodate the transition away from fossil fuels and to increase resilience to price shocks, as well as consumer protection and affordable electricity supply.

Notwithstanding the above, further increases in energy prices have prompted the European Council to publish, on 6 October 2022, a Regulation with time-bound measures for emergency intervention to mitigate the effects of these high prices. The main measures are as follows:

- Reducing 10% of gross monthly consumption and at least 5% of consumption in 10% of peak hours, or 3% of peak hour consumption, from December 2022 to March 2023.
- Introducing a cap of 180 Euro/MWh on the market revenues of certain infra-marginal electricity producers and re-apportion the surplus among end customers.
- Enabling Member States to apply public intervention measures when setting supply prices for households and small and medium-sized companies.
- Establishing a solidarity contribution from EU companies primarily active in the oil, natural gas, coal and refining sector, calculated on the basis of “excess” profits earned above and beyond previous years, to be applied in the tax year 2022 and/or 2023.

The Regulation also addresses the liquidity difficulties that energy companies are experiencing as a result of rising prices and volatility and states that the Council is assessing, together with European regulators (European Securities and Markets Authority (ESMA) and European Banking Authority (EBA)), issues related to collateral and guarantees, as well as possible ways to limit excessive intraday volatility.

In parallel, discussions were held on a new mechanism to limit the price of the wholesale gas market and the new design of the electricity market.

In this regard, on 29 December 2022, Regulation 2022/2578 was published in the Official Journal of the European Union, establishing the so-called market correction mechanism, which is a temporary instrument

that is activated to limit episodes of excessively high gas prices in the European Union that do not reflect global market prices. This mechanism applies to natural gas transactions on the main derivatives markets of the Title Transfer Facility (TTF) and derivatives linked to other virtual exchange points, with maturities of between one month and one year. This mechanism has entered into force on 1 February 2023, for a period of 1 year, with application from 15 February 2023.

Additionally, Regulation 2022/2576 was also published on 29 December 2022. It seeks better coordination of gas purchases and introduces measures to avoid excessive gas prices and excessive intraday volatility in the energy derivatives markets.

In relation to the issue of collateral, in October, the European Commission adopted Commission Regulation 2022/2311 of 21 October 2022, amending Commission Delegated Regulation 153/2013 of 19 December 2022, which allows non-financial clearing members, for energy derivatives, to use against Clearing Houses uncollateralized bank guarantees for one year.

### Financial regulation

In October, the European Commission approved Commission Delegated Regulation 2022/2310 of 18 October 2022, increasing the value of the clearing threshold for positions held in commodity and other OTC derivative contracts to 4 billion Euro.

### Sustainable financing

Following the adoption by the United Nations (UN) of Agenda 2030 for Sustainable Development and the Paris Agreement on Climate Change, the European Commission published its Action Plan known as “*Financing Sustainable Growth*”, one of the objectives of which is to redirect capital flows towards sustainable investments.

As part of the Action Plan, Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment was published in 2020 (Taxonomy regulation).

To be considered environmentally sustainable, an economic activity must make a substantial contribution to one or more of the 6 environmental targets set out in

the Regulation, including the mitigation of and adaptation to climate change and refraining from causing any significant damage to any of the other environmental targets.

Furthermore, the technical criteria that must be met for an economic activity to be considered as making a substantial contribution to climate change mitigation and adaptation have been defined in Commission Delegated Regulation 2021/2139 of 4 June 2021. Broadly speaking, the taxonomy covers electricity production activities using renewable sources and excludes generation using fossil fuels. The technical criteria to be met by nuclear energy and natural gas-fired power generation in order to be covered by the taxonomy have yet to be defined.

On 10 December 2021, Commission Delegated Regulation 2021/2178 of 6 July 2021 was published in the Official Journal of the European Union (OJEU), setting out the information to be provided and the calculations to be made in order to comply with the obligations contained in the Taxonomy Regulation.

In March 2022, the European Commission approved the Taxonomy Climate Complementary Delegated Act on climate change mitigation and adaptation, which envisages a raft of activities related to gas and nuclear energy. The text was passed by the European Parliament on 6 July 2022. The Council had already confirmed that it would not object, so the timetable has been met and the accompanying Delegated Act will enter into force and apply as of 1 January 2023.

Meanwhile, in March 2022, the sustainable finance platform presented the European Commission with a report with recommendations, which will act as a base for the Commission to draft a delegated regulation on the technical criteria of the 4 remaining objectives of the taxonomy, which are as follows: sustainable use and the protection of water and marine resources, transition towards a circular economy and the prevention and control of pollution and the protection and recovery of biodiversity and ecosystems.

## State aid

On 23 March 2022, the European Commission issued a notification on the Temporary Framework relating to state aid measures aimed at supporting the economy following Russia's invasion of Ukraine. In this Temporary Framework, the European Commission specifies the criteria that will guide the assessment of compatibility with the internal market of the state aid measures that may be adopted by the Member States to alleviate the economic effects arising from the war and the subsequent sanctions adopted by the European Union and its international partners, as well as the countermeasures adopted by Russia.

Likewise, the European Commission adopted several amendments throughout 2022 to the "Temporary Crisis Framework for State Aid", whereby Member States are allowed to continue to make use of the flexibility provided for in the State aid rules to support the economy in the context of Russia's war against Ukraine and in line with the objectives of the "REPowerEU" Plan until 31 December 2023.

## Wholesale market

From 10 May 2022, and following the review criteria set out in Decision 4/2017 of the Agency for the Cooperation of Energy Regulators (ACER) of the European Union, the harmonised maximum limit price of the daily market was increased from 3,000 Euro/MWh to 4,000 Euro/MWh. Decision 4/2017 stipulates that the upper limit must be increased by 1,000 Euro/MWh 5 weeks after 60% of the limit has been reached. Although the value of 4,000 Euro/MWh was reached in August 2022, which should lead to a new increase, this has yet to be completed and in September 2022 the Agency for the Cooperation of Energy Regulators (ACER) initiated a review of the criteria for modifying the price limits. On 10 January 2023, the Agency for the Cooperation of Energy Regulators (ACER) approved Decision 1/2023, with the new criteria.

Moreover, since 24 May 2022, in order to make further progress within Spain in implementing the European Regulation 2017/2195 (the Balancing Regulation), the operation scheduling processes carried out by Red Eléctrica (Spanish electricity system operator) have been changed to 15 minutes, affecting the adjustment services.



# 7. Changes in consolidation scope

## 7.1. Subsidiaries

### Inclusions

In the years ended 31 December 2022 and 2021, the following Subsidiaries were included in the consolidation scope:

Company	Transaction	Date	Activity	Companies added					
				Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Stonewood Desarrollos, S.L.U.	Acquisition	17 February 2022	Photovoltaic	100.00	100.00	—	—	—	—
Arena Green Power 1, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Arena Green Power 2, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Arena Green Power 3, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Arena Green Power 4, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Arena Green Power 5, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Enigma Green Power 1, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power Ren 4, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power Ren 5, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power Ren 6, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power Ren 7, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power Ren 8, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power Ren 9, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Shark Power Ren 10, S.L.U.	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	—	—	—	—
Empresa de Alumbrado Eléctrico de Ceuta Energía, S.L.U. <sup>(1)</sup>	Formation	21 November 2022	Supply	100.00	100.00	—	—	—	—
Arena Power Solar 11, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	100.00	100.00	—	—
Arena Power Solar 12, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	100.00	100.00	—	—
Arena Power Solar 13, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	100.00	100.00	—	—
Savanna Power Solar 4, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	100.00	100.00	—	—
Savanna Power Solar 5, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	100.00	100.00	—	—

				Companies added in 2022 and 2021					
Company	Transaction	Date	Activity	Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Savanna Power Solar 6, S.L.U.	Acquisition	25 February 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Power Solar 33, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Power Solar 34, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Power Solar 35, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Savanna Power Solar 9, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Savanna Power Solar 10, S.L.U.	Acquisition	15 March 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Energía Eólica Galerna, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	100.00	100.00	–	–
Energía Eólica Gregal, S.L.U.	Acquisition	26 March 2021	Wind	100.00	100.00	100.00	100.00	–	–
Energía Eólica Ábrego, S.L.U.	Acquisition	17 May 2021	Wind	100.00	100.00	100.00	100.00	–	–
Energía Base Natural, S.L.U.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Energía y Naturaleza, S.L.U.	Acquisition	17 May 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
FRV Corchitos I, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
FRV Corchitos II Solar, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
FRV Zamora Solar 1, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
FRV Zamora Solar 3, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
FRV Tarifa, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
FRV Villalobillos S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
FRV Gibalbín –Jerez, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Puerto Santa María Energía I, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Puerto Santa María Energía II, S.L.U.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Infraestructuras Puerto Santa María 220, S.L.	Acquisition	27 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Savanna Power Solar 12, S.L.U.	Acquisition	29 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Savanna Power Solar 13, S.L.U.	Acquisition	29 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Power Solar 20, S.L.U.	Acquisition	29 July 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Productive Solar Systems, S.L.U.	Acquisition	22 December 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Fundamental Recognized Systems, S.L.U.	Acquisition	22 December 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Renovables Andorra, S.L.U. <sup>(2)</sup>	Formation	27 December 2021	Wind	100.00	100.00	100.00	100.00	–	–
Renovables Teruel, S.L.U. <sup>(2)</sup>	Formation	27 December 2021	Photovoltaic	100.00	100.00	100.00	100.00	–	–

<sup>(1)</sup> Company incorporated by Endesa Energía, S.A.U. for a non-material amount.

<sup>(2)</sup> Companies incorporated by Enel Green Power España, S.L.U. (EGPE).

The total price of the transactions entered into in 2022 amounted to Euro 26 million, of which Euro 2 million was pending disbursement at 31 December 2022.

At 31 December 2022 and 2021, outstanding disbursements of the acquired companies as well as outstanding requirements and the estimated date of payment was as follows:

Millions of Euro

	Total payments pending		Stipulations outstanding	Estimated payment date
	31 December 2022	31 December 2021		
Arena Power Solar 11, S.L.U. Arena Power Solar 12, S.L.U. Arena Power Solar 13, S.L.U.	3	6	Start date of project construction ("Ready to Build").	Ready to Build: December 2023
Arena Power Solar 20, S.L.U.	2	2	Obtainment of the Environmental Impact Statement (EIS) and start date for construction of the project ("Ready to Build").	Environmental Impact Statement (EIS): December 2023 Ready to Build: December 2024
Arena Power Solar 33, S.L.U. Arena Power Solar 34, S.L.U. Arena Power Solar 35, S.L.U. Savanna Power Solar 4, S.L.U. Savanna Power Solar 5, S.L.U. Savanna Power Solar 6, S.L.U. Savanna Power Solar 9, S.L.U. Savanna Power Solar 10, S.L.U.	20	20	Obtainment of the Environmental Impact Statement (EIS) and start date for construction of the project ("Ready to Build").	Environmental Impact Statement (EIS): March 2023 Ready to Build: December 2023
Parque Eólico Tico, S.L.U. Tico Solar 1, S.L.U. Tico Solar 2, S.L.U.	—	8	—	—
Suggestion Power, Unipessoal, Lda	3	3	Ready to Build date, date of notice to respective towns/municipalities of Ready to Build date and of Commercial Operation Date (COD)	Ready to Build: May 2023 (SOC): July 2023 Commercial Operation Date (COD): September 2024
Stonewood Desarrollos, S.L.U.	2	—	Commercial Operation Date (COD).	Commercial Operation Date (COD): June 2023
<b>TOTAL</b>	<b>30</b>	<b>39</b>		

At 31 December 2022, the acquisition of these companies resulted in the recognition of Euro 26 million (31 December 2021: Euro 85 million) under "Intangible assets" in the consolidated statement of financial position, relating almost entirely to the value of licences for the development of wind farm and photovoltaic plant projects, which are transferred to "Property, plant and equipment" in the consolidated statement of financial position when construction of the renewable energy facilities begins (see Note 23).

These companies are currently applying for permits and licences to carry out their projects or in the phase of

commencing construction on the renewable energy facilities, hence no ordinary revenue from contracts with customers has been generated since the acquisition date. More precisely, the gross investments made by these companies amounted to Euro 68 million in 2022 (Euro 103 million for the companies acquired in 2021) (see Note 20.1).

Through the acquisition of wind farms and photovoltaic plants, and in line with the guidelines of the 2023–2025 Strategic Plan, Endesa will reinforce its presence in the Iberian generation market by extending the renewable asset portfolio as part of its production mix (see Note 5.1).

## Changes

In the years ended 31 December 2022 and 2021, the following changes occurred in the percentage of control and economic stake at the following subsidiaries included within the consolidation scope:

Company	Transaction	Activity	Changes in companies					
			Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
			Control	Financial share	Control	Financial share	Control	Financial share
Energías Especiales de Careón, S.A. <sup>(1)</sup>	Acquisition	Photovoltaic	97.00	97.00	77.00	77.00	77.00	77.00
Energías Especiales de Peña Armada, S.A.U. <sup>(1)</sup>	Acquisition	Photovoltaic	100.00	100.00	80.00	80.00	80.00	80.00
Planta Eólica Europea, S.A.U. <sup>(2)</sup>	Acquisition	Wind	—	—	100.00	100.00	56.12	56.12
Empresa de Alumbrado Eléctrico de Ceuta, S.A. <sup>(3)</sup>	Acquisition	Marketing and distribution	96.42	96.42	96.42	96.42	96.37	96.37
Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. <sup>(3)</sup>	Acquisition	Distribution	100.00	96.42	100.00	96.42	100.00	96.37
Energía Ceuta XXI Comercializadora de Referencia, S.A.U. <sup>(3)</sup>	Acquisition	Supply	100.00	96.42	100.00	96.42	100.00	96.37

<sup>(1)</sup> Holdings acquired by Enel Green Power España, S.L.U. (EGPE) for Euro 9 million, of which Euro 7 million related to the price of the shareholding in those companies and Euro 2 million to the payment of the debt that the companies assumed with the former shareholders. These transactions do not have an impact on the consolidated income statement and represent an effect on Equity of Euro 7 million, of which Euro 3 million relates to Equity of the Non-controlling Interests and Euro 4 million relates to Equity of the Parent (see Notes 35.2 and 46.3).

<sup>(2)</sup> Stake acquired by Enel Green Power España, S.L.U. (EGPE) for the sum of Euro 1 million, with no impact on the consolidated income statement and with an impact on Equity for that same amount (see Notes 35.2 and 46.3).

<sup>(3)</sup> Shareholdings acquired directly and indirectly by Endesa Red, S.A.U. for less than Euro 1 million.

## Exclusions

In the year ended 31 December 2022, no subsidiaries were removed or excluded from the consolidation scope.

In the year ended 31 December 2021, the following subsidiary was excluded from the consolidation scope.

Company	Transaction	Activity	Exclusions of companies					
			Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
			Control	Financial share	Control	Financial share	Control	Financial share
Endesa Power Trading Limited <sup>(1)</sup>	Dissolution	Marketing of energy products and services	—	—	—	—	100.00	100.00

<sup>(1)</sup> The scale of these companies was not material.

## Mergers

In the years ended 31 December 2022 and 2021, the following merger operations took place among subsidiaries included within the consolidation scope:

Acquirer	Merger date	Acquiree/s	Mergers of companies					
			Stake at 31 December 2022 (%) (Acquiree)		Stake at 31 December 2021 (%) (Acquiree)		Stake at 31 December 2020 (%) (Acquiree)	
			Control	Financial share	Control	Financial share	Control	Financial share
Enel Green Power España, S.L.U. (EGPE)	22 June 2022	Parque Eólico Tico, S.L.U.	—	—	100.00	100.00	100.00	100.00
	15 June 2022	Castiblanco Solar, S.L.U.	—	—	100.00	100.00	100.00	100.00
	15 June 2022	Coquina Solar, S.L.U.	—	—	100.00	100.00	100.00	100.00
	15 June 2022	Navavillar Solar, S.L.U.	—	—	100.00	100.00	100.00	100.00
	15 June 2022	Valdecaballero Solar, S.L.U.	—	—	100.00	100.00	100.00	100.00
	7 October 2022	Planta Eólica Europea, S.A.U.	—	—	100.00	100.00	56.12	56.12
	18 October 2021	Eólica del Principado, S.A.U.	—	—	—	—	100.00	100.00
	22 July 2021	Eólica del Cierzo, S.L.U.	—	—	—	—	100.00	100.00
13 July 2021	Energía Eólica Alto del Llano, S.L.U.	—	—	—	—	100.00	100.00	

## 7.2. Associates

### Inclusions

In the years ended 31 December 2022 and 2021, the following Associates were added to the consolidation scope:

Company	Notes	Transaction	Activity	Companies added					
				Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Brazatoras 220 Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	33.96	33.96	–	–	–	–
Endesa X Way, S.L. <sup>(2)</sup>	26.1	Formation and sale	E-mobility	49.00	49.00	–	–	–	–
Energías Limpias de Carmona, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	18.75	18.75	–	–	–	–
Evacuación Carmona 400-220 KV Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	9.39	9.39	–	–	–	–
Infraestructuras San Serván Set 400, S.L. <sup>(1)</sup>	26.1	Acquisition	Photovoltaic	19.23	19.23	–	–	–	–
Instalaciones San Serván II 400, S.L. <sup>(1)</sup>	26.1	Acquisition	Photovoltaic	23.81	23.81	–	–	–	–
Promotores Mudéjar 400kV, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	37.19	37.19	–	–	–	–
Renovables Brovales 400kV, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	64.15	64.15	–	–	–	–
Ribina Renovables 400, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	39.24	39.24	–	–	–	–
Seccionadora Almodóvar Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	37.50	37.50	–	–	–	–
Set Carmona 400 KV Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	16.00	16.00	–	–	–	–
Transformadora Almodóvar Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	60.53	60.53	–	–	–	–
Monte Reina Renovables, S.L. <sup>(1)</sup>	26.1	Acquisition	Photovoltaic	20.58	20.58	20.58	20.58	–	–
Toro Renovables 400 KV, S.L. <sup>(1)</sup>	26.1	Acquisition	Photovoltaic	8.28	8.28	8.28	8.28	–	–
Infraestructuras San Serván 220, S.L. <sup>(1)</sup>	26.1	Acquisition	Photovoltaic	30.80	30.80	30.80	30.80	–	–
Lucas Sostenible, S.L. <sup>(1)</sup>	26.1	Acquisition	Photovoltaic	35.29	35.29	35.29	35.29	–	–
Solana Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	49.84	49.84	49.84	49.84	–	–

<sup>(1)</sup> Companies acquired/formed directly and/or indirectly by Enel Green Power España, S.L.U. (EGPE) for a total of less than Euro 1 million.

<sup>(2)</sup> On 9 February 2022, Endesa Movilidad Eléctrica, S.L.U. was formed. (currently known as Endesa X Way, S.L.), in which Endesa X Servicios, S.L.U. has a 100% ownership interest. Subsequently, on 4 April 2022, Endesa X Servicios, S.L.U. was partially unbundled, through which the electric mobility economic management unit was transferred, which includes the provision of the electric vehicle charging station management service and related activities to S.L.U. Endesa X Way, S.L. On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its stake in that company to Enel X Way, S.r.l. (Enel Group company and parent of the electric mobility business), in exchange for Euro 122 million, generating a gross capital gain of Euro 121 million (see Notes 14, 46.2 and 47.1).

## Changes

In the year ended 31 December 2022, the following change occurred in the percentage of control and economic ownership of the following associate included in the consolidation scope:

Company	Notes	Transaction	Activity	Changes in companies			
				Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)	
				Control	Financial share	Control	Financial share
Renovables Manzanares 400 KV, S.L. <sup>(1)</sup>	26.1	Acquisition	Photovoltaic	43.98	43.98	27.86	27.86

<sup>(1)</sup> Company owned directly and indirectly by Enel Green Power España, S.L.U. (EGPE) for a total of less than Euro 1 million.

During the year ended 31 December 2021, no changes took place in the percentages of control and economic ownership of the associates included in the consolidation scope.

## Exclusions

In the years ended 31 December 2022 and 2021, the following associates were removed or excluded from the consolidation scope:

Company	Notes	Transaction	Activity	Exclusion of companies					
				Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Boiro Energía, S.A., S.L. <sup>(1)</sup>	26.1	Sale	Renewable energies.	–	–	40.00	40.00	40.00	40.00
Depuración Destilación Reciclaje, S.L. <sup>(1)</sup>	26.1	Sale	Renewable energies.	–	–	40.00	40.00	40.00	40.00
Proyecto Almería Mediterráneo, S.A. (En liquidación) <sup>(2)</sup>	26.1	Dissolution	Water Desalination	–	–	45.00	45.00	45.00	45.00

<sup>(1)</sup> On 2 June 2022, Enel Green Power España, S.L.U. (EGPE) sold its investment in these companies for a total of Euro 14 million. The gross gain on the sales was Euro 1 million (see Notes 14 and 46.2).

<sup>(2)</sup> The key figures for this company were not material.

## 7.3. Joint arrangements

### 7.3.1. Joint operations

#### Inclusions

In the year ended 31 December 2022, no joint operation companies were included in the consolidation scope.

In the year ended 31 December 2021, the following joint operation company was included in the consolidation scope:

Company	Notes	Transaction	Activity	Companies included					
				Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Minglanilla Renovables 400kV, A.I.E. <sup>(1)</sup>	26.2	Acquisition	Wind	36.16	36.16	36.16	36.16	–	–

<sup>(1)</sup> Company acquired by subsidiaries of Enel Green Power España, S.L.U. (EGPE) in exchange for Euro 1 million (see Note 46.2).

#### Changes and exclusions

In the years ended 31 December 2022 and 2021, there were no changes in the percentages of control and financial share of any joint operation company included within the consolidation scope.

### 7.3.2. Joint ventures

#### Inclusions

In the years ended 31 December 2022 and 2021, the following joint ventures were included in the consolidation scope:

Company	Notes	Transaction	Activity	Companies included					
				Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Campos Promotores Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	25.30	25.30	–	–	–	–
Infraestructura de Evacuación Peñaflores 220 KV, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	41.14	41.14	–	–	–	–
Novolito Recuperación de Baterías, S.L. <sup>(2)</sup>	26.1	Formation	Battery recovery	45.00	45.00	–	–	–	–
Rebuilding Agente Rehabilitador, S.L. <sup>(3)</sup>	26.1	Formation	Infrastructure and services	50.00	50.50	–	–	–	–
Ateca Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	50.00	50.00	50.00	50.00	–	–
Terrer Renovables, S.L. <sup>(1)</sup>	26.1	Formation	Photovoltaic	29.57	29.57	29.57	29.57	–	–

<sup>(1)</sup> Companies formed directly and/or indirectly by Enel Green Power España, S.L.U. (EGPE) for an immaterial amount.

<sup>(2)</sup> Company formed by Endesa Generación, S.A.U. for an amount of less than Euro 1 million.

<sup>(3)</sup> Company formed by Endesa X Servicios, S.L.U. for a non-material amount.



## Changes

In the years ended 31 December 2022 and 2021, there were no changes in the percentages of control and financial share of joint ventures included within the consolidation scope.

## Exclusions

In the years ended 31 December 2022 and 2021, the following joint venture was removed from the consolidation scope:

Company	Transaction	Activity	Exclusions of companies in 2022 and 2021					
			Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)		Stake at 31 December 2020 (%)	
			Control	Financial share	Control	Financial share	Control	Financial share
Carbopego – Abastecimientos de Combustiveis, S.A. <sup>(1)</sup>	Dissolution	Supply of fuels	–	–	–	–	50.00	50.00

<sup>(1)</sup> The key figures for this company were not material.

# 8. Segment information

## 8.1. Basis of segmentation

In carrying out its business activities, Endesa's organisation prioritises its core business of electricity and gas generation, distribution, and sale, as well as related services. Therefore, segment financial information is based on the approach used by the Company's Executive Management Committee to monitor Endesa's results and includes:

- Generation, together with Supply;
- Distribution;
- Structure, mainly including the balances and transactions of holding companies of the stakes and of the financing companies and service providers; and

- Adjustments and eliminations on consolidation, including inter-segment consolidation eliminations and adjustments.


Transactions between segments form part of normal business activities in terms of their purpose and terms and conditions.

External customers did not represent 10% or more of the revenue of any Endesa segment in either 2022 or 2021.

## 8.2. Segment information



### 8.2.1. Segment information: Consolidated income statement for the years ended 31 December 2022 and 2021

Millions of Euro


	2022
	Generation and Supply
	
<b>REVENUE</b>	<b>30,722</b>
Revenue with third parties	30,686
Revenue from transactions between segments	36
<b>PROCUREMENTS AND SERVICES</b>	<b>(23,565)</b>
<b>INCOME AND EXPENSES FROM ENERGY DERIVATIVES</b>	<b>(2,217)</b>
<b>CONTRIBUTION MARGIN</b>	<b>4,940</b>
<b>OPERATING</b>	<b>(1,231)</b>
<b>GROSS OPERATING INCOME (EBITDA)</b>	<b>3,709</b>
<b>Depreciation, amortisation and impairment losses on non-financial assets</b>	<b>(1,008)</b>
Depreciation and amortisation	(939)
Provision for impairment of non-financial assets	(98)
Reversal of impairment of non-financial assets	29
<b>Impairment losses on financial assets</b>	<b>(137)</b>
Provision for impairment of financial assets	(285)
Reversal of impairment of financial assets	148
<b>OPERATING INCOME</b>	<b>2,564</b>
Net profit/(loss) of companies accounted for using the equity method	11
<b>INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS<sup>(2)</sup></b>	<b>1,168</b>

<sup>(1)</sup> Includes the gross gain generated by the sale of the 51% stake of Endesa X Way, S.L. to Enel Way, S.r.l. and recognition of the retained interest (49%) at fair value, following the loss of control of this company, for a total amount of Euro 238 million (see Note 26.1).



<sup>(2)</sup> Includes additions of Euro 23 million in rights of use (Euro 19 million in Generation and Retail, Euro 3 million in Distribution, and Euro 1 million in Structure and Services) (see Note 21).

2022				
Distribution	Structure and Services	Adjustments and eliminations on consolidation		Total
				
<b>2,348</b>	<b>472</b>	<b>(646)</b>		<b>32,896</b>
2,202	8	–		32,896
146	464	(646)		–
<b>(139)</b>	<b>170</b>	<b>140</b>		<b>(23,394)</b>
–	–	–		<b>(2,217)</b>
<b>2,209</b>	<b>642</b>	<b>(506)</b>		<b>7,285</b>
<b>(506)</b>	<b>(489)</b>	<b>506</b>		<b>(1,720)</b>
<b>1,703</b>	<b>153</b>	–		<b>5,565</b>
<b>(660)</b>	<b>(48)</b>	–		<b>(1,716)</b>
(666)	(48)	–		(1,653)
–	–	–		(98)
6	–	–		35
<b>(25)</b>	–	–		<b>(162)</b>
(96)	–	–		(381)
71	–	–		219
<b>1,018</b>	<b>105</b>	–		<b>3,687</b>
4	–	–		15
<b>892</b>	<b>29</b>	<b>281</b>		<b>2,370</b>

Millions of Euro


	<b>2021</b>
	<b>Generation and Supply</b>
	
<b>REVENUE</b>	<b>18,502</b>
Revenue with third parties	18,474
Revenue from transactions between segments	28
<b>PROCUREMENTS AND SERVICES</b>	<b>(15,364)</b>
<b>INCOME AND EXPENSES FROM ENERGY DERIVATIVES</b>	<b>543</b>
<b>CONTRIBUTION MARGIN</b>	<b>3,681</b>
<b>FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES</b>	<b>(1,386)</b>
<b>GROSS OPERATING INCOME (EBITDA)</b>	<b>2,295</b>
<b>Depreciation, amortisation and impairment losses on non-financial assets</b>	<b>(1,502)</b>
Depreciation and amortisation	(836)
Provision for impairment of non-financial assets	(666)
Reversal of impairment of non-financial assets	—
<b>Impairment losses on financial assets</b>	<b>(104)</b>
Provision for impairment of financial assets	(265)
Reversal of impairment of financial assets	161
<b>OPERATING INCOME</b>	<b>689</b>
Net profit/(loss) of companies accounted for using the equity method	(4)
<b>INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS<sup>(1)</sup></b>	<b>1,502</b>

<sup>(1)</sup> Includes additions of Euro 213 million in Rights of Use (Euro 203 million in Generation and Retail, Euro 8 million in Distribution, and Euro 2 million in Structure and Services) (see Note 21).

2021				
Distribution	Structure and Services	Adjustments and eliminations on consolidation	Total	
				
<b>2,575</b>	<b>465</b>	<b>(643)</b>	<b>20,899</b>	
2,420	5	–	20,899	
155	460	(643)	–	
<b>(146)</b>	<b>(1)</b>	<b>147</b>	<b>(15,364)</b>	
–	–	–	<b>543</b>	
<b>2,429</b>	<b>464</b>	<b>(496)</b>	<b>6,078</b>	
<b>(464)</b>	<b>(446)</b>	<b>496</b>	<b>(1,800)</b>	
<b>1,965</b>	<b>18</b>	–	<b>4,278</b>	
<b>(646)</b>	<b>(49)</b>	–	<b>(2,197)</b>	
(644)	(49)	–	(1,529)	
(2)	–	–	(668)	
–	–	–	–	
<b>(21)</b>	–	–	<b>(125)</b>	
(29)	–	–	(294)	
8	–	–	169	
<b>1,298</b>	<b>(31)</b>	–	<b>1,956</b>	
3	–	–	(1)	
<b>853</b>	<b>34</b>	–	<b>2,389</b>	

## 8.2.2. Segment information: Statement of financial position at 31 December 2022 and 2021



Millions of Euro

	31 December 2022
	Generation and Supply
	
<b>Property, Plant and Equipment<sup>(1)</sup></b>	<b>9,808</b>
<b>Intangible assets</b>	<b>1,388</b>
<b>Goodwill</b>	<b>361</b>
<b>Investments accounted for using the equity method</b>	<b>259</b>
<b>Non-current assets under contracts with customers</b>	<b>–</b>
<b>Trade receivables for sales and services and other receivables</b>	<b>4,969</b>
<b>Current assets under contracts with customers</b>	<b>–</b>
<b>Other<sup>(2)</sup></b>	<b>1,951</b>
<b>ASSETS SEGMENTS</b>	<b>18,736</b>
<b>TOTAL ASSETS</b>	
<b>Non-current liabilities under contracts with customers</b>	<b>13</b>
<b>Non-current provisions</b>	<b>2,185</b>
Provisions for employee benefits	121
Other non-current provisions	2,064
<b>Current liabilities under contracts with customers</b>	<b>9</b>
<b>Current provisions</b>	<b>1,002</b>
Provisions for employee benefits	–
Other current provisions	1,002
<b>Suppliers and other payables</b>	<b>5,257</b>
<b>Other<sup>(3)</sup></b>	<b>139</b>
<b>LIABILITIES SEGMENTS</b>	<b>8,605</b>
<b>TOTAL LIABILITIES</b>	

<sup>(1)</sup> Includes Rights of Use amounting to Euro 782 million (Euro 683 million in Generation and Supply, Euro 25 million in Distribution and Euro 74 million in Structure and Services) (see Note 21).

<sup>(2)</sup> Includes Investment Property amounting to Euro 59 million (Euro 57 million in Distribution and Euro 2 million in Structure and Services) (see Note 22), Inventories amounting to Euro 2,122 million (Euro 1,930 million in Generation and Supply and Euro 192 million in Distribution) (see Note 31), and Other Non-Current Assets amounting to Euro 304 million (Euro 18 million in Generation and Supply, Euro 283 million in Distribution and Euro 3 million in Structure and Services) (see Note 29).

<sup>(3)</sup> Includes Grants of Euro 238 million (Euro 36 million in Generation and Supply and Euro 202 million in Distribution) (see Note 36) and Other Non-Current Liabilities of Euro 588 million (Euro 102 million in Generation and Supply, Euro 478 million in Distribution and Euro 8 million in Structure and Services) (see Note 38).

31 December 2022			
Distribution	Structure and Services	Adjustments and eliminations on consolidation	Total
			
12,371	159	–	22,338
209	39	–	1,636
97	4	–	462
12	3	–	274
–	–	–	–
677	232	(406)	5,473
8	–	–	8
531	3	–	2,485
13,905	440	(406)	32,675
			49,960
4,287	–	–	4,300
578	201	–	2,964
131	26	–	278
447	175	–	2,686
285	–	–	294
86	148	–	1,236
–	–	–	–
86	148	–	1,236
1,120	248	(406)	6,219
681	6	–	826
7,037	603	(406)	15,839
			49,960

Millions of Euro

31 December 2022

Generation and  
Supply





<b>Property, Plant and Equipment<sup>(1)</sup></b>	<b>9,736</b>
<b>Intangible assets</b>	<b>1,307</b>
<b>Goodwill</b>	<b>361</b>
<b>Investments accounted for using the equity method</b>	<b>163</b>
<b>Non-current assets under contracts with customers</b>	<b>–</b>
<b>Trade receivables for sales and services and other receivables</b>	<b>4,434</b>
<b>Current assets under contracts with customers</b>	<b>–</b>
<b>Other<sup>(2)</sup></b>	<b>1,227</b>
<b>ASSETS SEGMENTS</b>	<b>17,228</b>
<b>TOTAL ASSETS</b>	
<b>Non-current liabilities under contracts with customers</b>	<b>10</b>
<b>Non-current provisions</b>	<b>2,816</b>
Provisions for employee benefits	294
Other non-current provisions	2,522
<b>Current liabilities under contracts with customers</b>	<b>–</b>
<b>Current provisions</b>	<b>417</b>
Provisions for employee benefits	–
Other current provisions	417
<b>Suppliers and other payables</b>	<b>4,784</b>
<b>Other<sup>(3)</sup></b>	<b>249</b>
<b>LIABILITIES SEGMENTS</b>	<b>8,276</b>
<b>TOTAL LIABILITIES</b>	

<sup>(1)</sup> Includes rights of use amounting to Euro 900 million (Euro 784 million in Generation and Supply, Euro 29 million in Distribution and Euro 87 million in Structure and Services) (see Note 21).

<sup>(2)</sup> Includes Investment Property amounting to Euro 55 million (Euro 51 million in Distribution and Euro 4 million in Structure and Services) (see Note 22), Inventories amounting to Euro 1,343 million (Euro 1,204 million in Generation and Supply and Euro 139 million in Distribution) (see Note 31), and Other Non-Current Assets amounting to Euro 264 million (Euro 21 million in Generation and Supply, Euro 240 million in Distribution and Euro 3 million in Structure and Services) (see Note 29).

<sup>(3)</sup> Includes Grants of Euro 254 million (Euro 39 million in Generation and Supply and Euro 215 million in Distribution) (see Note 360) and Other Non-Current Liabilities of Euro 690 million (Euro 210 million in Generation and Supply, Euro 477 million in Distribution and Euro 3 million in Structure and Services) (see Note 38).



31 December 2022				
Distribution	Structure and Services	Adjustments and eliminations on consolidation		Total
				
12,191	170	–		22,097
176	59	–		1,542
97	4	–		462
13	4	–		180
–	–	–		–
788	287	(485)		5,024
6	–	–		6
429	6	–		1,662
13,700	530	(485)		30,973
				39,968
4,274	–	–		4,284
834	334	–		3,984
298	67	–		659
536	267	–		3,325
270	–	–		270
95	99	–		611
–	–	–		–
95	99	–		611
1,007	765	(485)		6,071
692	3	–		944
7,172	1,201	(485)		16,164
				39,968

At 31 December 2022 and 2021 the reconciliation of assets and liabilities by segment to total assets and total liabilities in the consolidated statement of financial position is as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
<b>TOTAL ASSETS</b>		<b>49,960</b>	<b>39,968</b>
Other non-current financial assets	28	1,160	580
Non-current derivative financial instruments	44	1,249	774
Deferred tax assets	25	2,553	2,362
Current income tax assets	32	44	76
Other tax assets	32	166	282
Other current financial assets	30	8,677	1,817
Current derivative financial instruments	44	2,533	2,401
Cash and cash equivalents	33	871	703
Non-current assets held for sale and discontinued operations	34	27	—
<b>ASSETS SEGMENTS</b>		<b>32,675</b>	<b>30,973</b>
<b>TOTAL LIABILITIES</b>		<b>49,960</b>	<b>39,968</b>
Equity	35	5,761	5,544
Non-current borrowings	41.3	11,704	7,211
Non-current derivative financial instruments	44	2,408	573
Other non-current financial liabilities	39	—	120
Deferred tax liabilities	25	1,315	1,486
Current borrowings	41.3	6,784	3,167
Current derivative financial instruments	44	4,990	4,884
Other current financial liabilities	39	51	34
Current income tax liabilities	40	544	333
Other tax liabilities	40	564	452
Liabilities associated with non-current assets classified as held for sale and discontinued operations		—	—
<b>LIABILITIES SEGMENTS</b>		<b>15,839</b>	<b>16,164</b>

## 8.2.3. Segment information: consolidated statements of cash flows corresponding to the years ended 31 December 2022 and 2021

Millions of Euro

Statement of cash flows	2022			
	Generation and Supply	Distribution	Structure, services and others <sup>(1)</sup>	Total
Net cash flows from operating activities	(199)	1,595	276	1,672
Net cash flows from investing activities	(10,053)	(901)	2,798	(8,156)
Net cash flows from financing activities	10,291	(694)	(2,945)	6,652

<sup>(1)</sup> Structure, Services and Adjustments.

Millions of Euro

Statement of cash flows	2021			
	Generation and Supply	Distribution	Structure, services and others <sup>(1)</sup>	Total
Net cash flows from operating activities	1,837	843	(59)	2,621
Net cash flows from investing activities	(1,395)	(892)	(786)	(3,073)
Net cash flows from financing activities	(511)	48	1,215	(752)

<sup>(1)</sup> Structure, Services and Adjustments.

## 8.3. Information by geographical area

### 8.3.1. Results of the Parent, revenues from sales and services to external customers, and other operating revenues to external customers, for the years ended 31 December 2022 and 2021

Millions of Euro

Country	2022		
	Income of the Parent	Revenue from sales and services	Other operating income
Spain	2,458	28,588	325
Portugal	46	1,794	1
France	25	1,139	23
Germany	9	564	—
Morocco	2	—	—
Italy	—	104	2
United Kingdom	—	104	—
Holland	1	37	—
Other	—	215	—
<b>TOTAL</b>	<b>2,541</b>	<b>32,545</b>	<b>351</b>

Millions of Euro

Country	2021		
	Income of the Parent	Revenue from sales and services	Other operating income
Spain	1,435	17,589	356
Portugal	11	1,194	2
Italy	–	211	–
France	(2)	449	14
Germany	(12)	380	–
Holland	2	61	–
Morocco	1	–	–
United Kingdom	–	293	–
Other	–	350	–
<b>TOTAL</b>	<b>1,435</b>	<b>20,527</b>	<b>372</b>

### 8.3.2. Property, plant and equipment, investment property, intangible assets and goodwill at 31 December 2022 and 2021

Millions of Euro

	31 December 2022			
	Property, plant and equipment	Investment property	Intangible assets	Goodwill
Spain	22,022	59	1,628	462
Portugal	312	–	8	–
France	4	–	–	–
<b>TOTAL</b>	<b>22,338</b>	<b>59</b>	<b>1,636</b>	<b>462</b>

Millions of Euro

	31 de diciembre de 2021			
	Property, plant and equipment	Investment property	Intangible assets	Goodwill
Spain	21,754	55	1,536	462
Portugal	340	–	6	–
France	3	–	–	–
<b>TOTAL</b>	<b>22,097</b>	<b>55</b>	<b>1,542</b>	<b>462</b>

## 9. Revenue

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro			
	Notes	2022	2021
Revenue from sales and services	9.1	32,545	20,527
Other operating income	9.2	351	372
<b>TOTAL</b>		<b>32,896</b>	<b>20,899</b>

### 9.1. Revenue from sales and services

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro			
		2022	2021
Electricity sales		23,511	14,423
Sales to the deregulated market		14,966	9,161
Sales to the Spanish deregulated market		13,305	7,962
Sales to customers in deregulated markets outside Spain		1,661	1,199
Sales at regulated prices		2,985	2,608
Wholesale market sales		3,828	2,089 <sup>(1)</sup>
Compensation from Non-mainland Territories ("TNP")		1,578	565
Remuneration for investment in renewable energies		154 <sup>(2)</sup>	(25) <sup>(3)</sup>
Other electricity sales		—	25
Gas sales		6,121	2,898
Sales to the deregulated market		5,964	2,816
Sales at regulated prices		157	82
Regulated revenue from electricity distribution		1,879	2,059
Verifications and clips		40	39
Rendering of services at facilities		33	26
Other sales and services rendered		956	1,077
Sales related to Value Added Services		403	327
Proceeds due to capacity		17	17
Sales of other energy stocks		273	482
Provision of services and others		263	251
Lease revenue		5	5
<b>TOTAL</b>		<b>32,545</b>	<b>20,527</b>

<sup>(1)</sup> Included Euro 186 million relating to the recognition by Endesa of the right to be indemnified for the cost of internalising carbon dioxide (CO<sub>2</sub>) emission allowances assigned free or charge under the National Emission Allowance Allocation Plan (NAP), since it had no legal duty to bear such cost. Endesa also recognised Euro 73 million in late-payment interest under "Financial profit/(loss)" in the income statement (see Note 161).

<sup>(2)</sup> Includes return on investment for 2022 amounting to Euro 31 million, affected by the impact of the publication of Royal Decree Law 6/2022, of 29 March, approving the updated remuneration parameters for facilities that produce electricity from renewable energy sources as of 1 January 2022, as updated through Order TED/1232/2022, of 2 December, which has led to a reduction in this remuneration of Euro 64 million with respect to the same period in 2021 (see Note 6 to the consolidated financial statements for the year ended 31 December 2022). In addition, income totalling Euro 113 million was recognised in 2022 due to the reversal of the liability posted for market price deviation adjustments relating to those standard facilities which, at 31 December 2022, had recovered their Net Asset Value (NAV) and those facilities which ceased to receive a Return on Investment (ROI) since 1 January 2023 according to the Proposal for an Order updating the remuneration parameters applicable to certain electricity production facilities for the following 2023-2025 half-period.

<sup>(3)</sup> This included a negative adjustment for deviations in the market price, in accordance with Royal Decree 413/2014, of 6 June, in the amount of Euro 120 million.

Revenue from ordinary activities under contracts with customers recognised in this heading in 2022 amounted to Euro 32,326 million, of which Euro 30,886 million relates to performance obligations that Endesa meets over time,

and Euro 1,440 million relates to performance obligations that Endesa meets at a specific point in time (Euro 20,265 million, Euro 19,659 million and Euro 606 million, respectively, in 2021).

## 9.2. Other operating income

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
Charge to results of facilities transferred from customers and rights for extension connections and other liabilities from contracts with customers	272	171	167
Grants released to income		72	48
Guarantees of Origin and other environmental certificates		33	6
Other allocations to profit/(loss) from Grants <sup>(1)</sup>		39	42
Third party compensation		5 <sup>(2)</sup>	25
Other		103	132
<b>TOTAL</b>		<b>351</b>	<b>372</b>

<sup>(1)</sup> Relates to Euro 15 million in capital grants (see Note 36) and Euro 24 million of operating grants in 2022 (Euro 15 million and Euro 27 million, respectively, in 2021).

<sup>(2)</sup> Includes re-settlements of the distribution activity recorded in 2021 in the amount of Euro 29 million.

Revenue from ordinary activities under contracts with customers recognised under this heading in 2022 amounted to Euro 193 million (2021: Euro 182 million).

# 10. Procurements and services

## 10.1. Power purchases

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	2022	2021
Electricity	8,933	5,402
Energy stocks	3,968	2,201
<b>TOTAL</b>	<b>12,901</b>	<b>7,603</b>

## 10.2. Fuel consumption

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	2022	2021
Energy stocks		
Coal	95	131
Nuclear fuel	111	107
Fuel oil	1,529	727
Gas	2,614	642
<b>TOTAL</b>	<b>4,349</b>	<b>1,607</b>

## 10.3. Other variable procurements and services

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro	2022	2021
Taxes and charges	856	568
Tax on electricity production	6 <sup>(1)</sup>	151
Rate for the treatment of radioactive waste	218	210
Street lighting / works licences	310	205
Nuclear charges and taxes	97	119
Catalonia environmental tax	140	109
Water tax	2	(299) <sup>(2)</sup>
Other taxes and charges	83	73
"Bono Social" discount rate	(2) <sup>(3)</sup>	80
Consumption of carbon dioxide (CO <sub>2</sub> ) emission allowances	865	329
Guarantees of Origin and other environmental certificates	109	12
Costs related to Value Added Services	217	184
Purchases of other energy stocks	220	348
Other	276	208
<b>TOTAL</b>	<b>2,541</b>	<b>1,729</b>

<sup>(1)</sup> During 2022 this tax has not accrued as a result of the extension of the temporary suspension of the tax on the value of electricity production, in accordance with Royal Decree Law 6/2022 of 29 March and Royal Decree Law 11/2022 of 25 June until 31 December 2022 (extended until 31 December 2023 by Royal Decree Law 20/2022 of 27 December) (see note 6).

<sup>(2)</sup> Included the return of Euro 300 million in accordance with the Supreme Court Ruling of 19 April 2021 finding the State Water Levy unenforceable (see Note 16.1).

<sup>(3)</sup> Through Ruling 202/2022 of 21 February 2022, handed down by the Supreme Court in Appeal no. 687/2017, in which the court recognised Endesa's right to be compensated for the amounts paid out in financing and co-financing (alongside the government) the Social Bonus, during the entire period of validity of the third financing regime of the Social Bonus, so that the claimant is reimbursed for all amounts paid, less those that would have been passed on to customers. Endesa has not passed on, either directly or indirectly, the cost of financing to customers, hence founded arguments exist to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of the supply activity, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic. For this reason, income in the amount of 152 million Euro has been recognised in 2022 in this connection. It also includes Euro 18 million in revenue due to the reversal of the due and payable amounts relating to Settlement 12 of 2021, which was not ultimately issued by the Spanish Markets and Competition Commission ("CNMC"), in relation to the financing and cofinancing of the Social Bonus with the public administrations as a result of the Supreme Court Ruling 202/2022 handed down in Appeal 687/2017, declaring the non-applicability of the Social Bonus financing system and the cost of supplying electricity for consumers at risk of social exclusion set forth in Article 45.4 of Law 24/2013, of 26 December, since they are incompatible with Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity (see Notes 6, 16.1 and 51).



# 11. Income and expenses from energy derivatives

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows::

Millions of Euro

	Notes	2022	2021
<b>Revenue</b>	41.5		
<b>Revenue from derivatives designated as hedging instruments</b>		<b>3,592</b>	<b>1,463</b>
Revenue from cash flow hedging derivatives <sup>(1)</sup>		3,592	1,463
<b>Income from derivatives at fair value with changes in profit/loss</b>		<b>5,773</b>	<b>6,230</b>
Revenue from fair value derivatives recognised in the income statement		5,773	6,230
<b>Total revenue</b>		<b>9,365</b>	<b>7,693</b>
<b>Expenses</b>	41.5		
<b>Expenses from derivatives designated as hedging instruments</b>		<b>(5,058)</b>	<b>(908)</b>
Expenses from cash flow hedging derivatives <sup>(1)</sup>		(5,058)	(908)
<b>Expenses from derivatives at fair value with changes in profit/loss</b>		<b>(6,524)</b>	<b>(6,242)</b>
Expenses on from fair value derivatives recognised in the income statement		(6,524)	(6,242)
<b>Total expenses</b>		<b>(11,582)</b>	<b>(7,150)</b>
<b>TOTAL</b>		<b>(2,217)</b>	<b>543</b>

<sup>(1)</sup> At 31 December 2022, this includes a negative impact of Euro 293 million on the income statement due to inefficiencies (31 December 2021: negative net Euro 35 million).

# 12. Personnel expenses

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
Wages and salaries		711	677
Contributions to pension schemes	37.1	45	59
Provisions for workforce restructuring plans		–	(2)
Provisions for collective redundancy procedures	37.2.1	(2)	1
Provisions for contract suspensions	37.2.2	2	(3)
Other personnel expenses/employee benefits expense		199	182
<b>TOTAL</b>		<b>955</b>	<b>916</b>

Information on the average and final headcount is disclosed in Note 50.

## 13. Other fixed operating expenses

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro		
	2022	2021
Repairs and maintenance	307	274
Insurance premiums	58	55
Independent professional services and external services	85	83
Leases and levies	27	22
Taxes and charges	110	112
Travel expenses	15	6
Systems and Telecommunications Services.	196	201
Disciplinary Proceedings	44	11
Other	511	475
<b>TOTAL</b>	<b>1,353</b>	<b>1,239</b>

## 14. Other gains/losses

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro			
	Notes	2022	2021
<b>Disposals of investments in Group companies and other:</b>			
Holding of 51% of Endesa X Way, S.L.	72, 26 and 471	121 <sup>(1)</sup>	—
Results recognised as a consequence of the loss of control of Endesa X Way, S.L.	26	117 <sup>(1)</sup>	—
Stake of 40% in Boiro Energía, S.A. and Depuración, Destilación y Reciclaje, S.L.	72 and 26	1	—
<b>Non-current asset disposals</b>		<b>14</b>	<b>35</b>
Guadarranque photovoltaic solar plant (San Roque, Cádiz) <sup>(2)</sup>		—	30
Land located in Alcudia (Balearic Islands) <sup>(3)</sup>		13	—
Other <sup>(4)</sup>		1	5
<b>TOTAL</b>		<b>253</b>	<b>35</b>

<sup>(1)</sup> Euro 182 million, net of tax effect.

<sup>(2)</sup> On 30 December 2021, Enel Green Power España, S.L.U. (EGPE) sold the Alboran Solar, S.L.U. Guadarranque photovoltaic solar plant with a net capacity of 12.3 MW, located in the municipality of San Roque (Cádiz). The total price of the sale was Euro 80 million (fully paid up) and includes the fulfilment of certain contractual obligations in the amount of Euro 10 million, thus generating a total gross capital gain of Euro 30 million (Euro 22 million net of tax effect).

<sup>(3)</sup> Euro 10 million, net of tax effect.

<sup>(4)</sup> Relates to gross capital gains generated by the sale of land and real estate.

# 15. Depreciation, amortisation and impairment losses

## 15.1. Depreciation, amortisation and impairment losses on non-financial assets

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
<b>DEPRECIATION AND AMORTISATION</b>	8.2.1	<b>1,653</b>	<b>1,529</b>
Provision for the depreciation of property, plant and equipment	20	1,334	1,266
Provision for amortisation of intangible assets	23	319	263
<b>IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS</b>		<b>63</b>	<b>668</b>
<b>Provision for impairment losses</b>	8.2.1	<b>98</b>	<b>668</b>
Provision for impairment losses on property, plant and equipment and investment property		95	667
Mainland coal-fired thermal power plants <sup>(1)</sup>	3.2f4 and 20	33	4
Cash-Generating Units (CGUs) in Non-mainland Territories ("TNP") <sup>(2)</sup>	3.2f4 and 20	60	652
Other property, plant and equipment and investment property	20 and 22	2	11
Provision for impairment losses on intangible assets	8.2.1 and 23	3	1
<b>Reversal for impairment losses</b>	8.2.1	<b>(35)</b>	<b>—</b>
Reversal of impairment losses on property, plant and equipment and investment property		(35)	—
Mainland coal-fired thermal power plants	3.2f4 and 20	(5)	—
Cash-Generating Units (CGUs) in Non-mainland Territories ("TNP") <sup>(2)</sup>	3.2f4 and 20	(24)	—
Other property, plant and equipment and investment property	22	(6)	—
Reversal of impairment losses on intangible assets	23	—	—
Reversal of impairment losses on goodwill	24	—	—
<b>TOTAL</b>		<b>1,716</b>	<b>2,197</b>

<sup>(1)</sup> Includes the impairment charge for the Los Barrios Port Terminal (Cádiz) amounting to Euro 30 million in 2022 and Euro 1 million in 2021.

<sup>(2)</sup> Relates to the impairment charge for the Cash Generating Units (CGUs) for each of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla, for a total net amount of Euro 36 million and Euro 652 million, respectively.

## 15.2. Impairment losses on financial assets

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
<b>Provision for impairment losses</b>	8.2.1 and 41.1.3	<b>381</b>	<b>294</b>
Provision for impairment losses on receivables from contracts with customers		381	294
Provision for impairment losses on other financial assets		—	—
<b>Reversal for impairment losses</b>	8.2.1 and 41.1.3	<b>(219)</b>	<b>(169)</b>
Reversal of impairment losses on receivables from contracts with customers		(218)	(169)
Reversal of impairment losses on other financial assets		(1)	—
<b>TOTAL</b>		<b>162</b>	<b>125</b>

# 16. Financial profit/(loss)

## 16.1. Financial profit/(losses) with no derivative financial instruments

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
<b>Financial income</b>		<b>236</b>	<b>163</b>
Income from financial assets at amortised cost		2	1
Income from financial assets and liabilities at fair value through the income statement	16.2	89 <sup>(1)</sup>	2
Income for workforce restructuring plans	37.2.1 and 37.2.2	87	10
Other financial income <sup>(2)</sup>		58 <sup>(3)</sup>	150
<b>Financial expenses</b>		<b>(343)</b>	<b>(177)</b>
Expenses for financial liabilities at amortised cost	41.5.2	(246)	(142)
Expenses from financial assets and liabilities at fair value through the income statement		—	—
Expenses under post-employment commitments	37.1	(7)	(5)
Expenses for workforce restructuring plans	37.2.1 and 37.2.2	(14)	—
Expenses for other provisions	37.3	(26)	(5)
Capitalised financial expenses	3.2b.1 and 3.2j.1	5	5
Expenses for impairment losses on other financial assets	41.1.3	(6)	3
Gains/(losses) on disposal of financial assets	32.1	(41)	(27)
Other financial expenses		(8)	(6)
<b>Exchange gains/(losses)</b>		<b>(23)</b>	<b>(6)</b>
Gains		102	47
Losses		(125)	(53)
<b>TOTAL</b>		<b>(130)</b>	<b>(20)</b>

<sup>(1)</sup> Relates entirely to the fair value measurement of financial liabilities underlying a fair value hedge (see Note 16.2).

<sup>(2)</sup> In 2022 and 2021, this includes late-payment interest in relation to the right to be compensated for the reduction in remuneration as a power generating company by the amount of the internalisation of the carbon dioxide (CO<sub>2</sub>) emission allowances allocated free of charge under the Spanish National Emissions Allocation Plan (PNA), which Endesa does not have a legal duty to bear, amounting to Euro 5 million and Euro 73 million, respectively. In 2021, it also included late-payment interest relating to the declaration of unenforceability of the State Water Tax pursuant to the Supreme Court ruling of 19 April 2021, amounting to Euro 48 million (see Notes 6 and 10.3).

<sup>(3)</sup> Includes Euro 16 million in late-payment interest following the recognition by Endesa, S.A. of its right to receive compensation for the amounts paid out in financing and co-financing (alongside the government) the Social Bonus throughout the entire duration of the third financing regime of the Social Bonus, so that all amounts paid are reimbursed to the claimant, less any amounts that may have been passed on to customers (see Notes 6, 10.3 and 51).

## Net exchange differences

Net exchange differences reflected losses of Euro 23 million in 2022 (net exchange losses of Euro 6 million in 2021).

The variation is due mainly to the fluctuations in the EUR/USD exchange rate for 2022 and its impact, mainly on borrowings, associated with rights of use corresponding

to charter agreements for the transmission of liquefied natural gas (LNG).

## 16.2. Financial income and expenses on derivative financial instruments

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
<b>Revenue</b>	41.5		
<b>Revenue from derivatives designated as hedging instruments</b>		<b>12</b>	<b>1</b>
Revenue from cash flow hedging derivatives		6	—
Revenue from fair value hedging derivatives		6	1
<b>Income from derivatives at fair value with changes in profit/loss</b>		<b>1</b>	<b>1</b>
Income from derivatives at fair value with changes in profit/loss		1	1
<b>Total revenue</b>		<b>13</b>	<b>2</b>
<b>Expenses</b>	41.5		
<b>Expenses from derivatives designated as hedging instruments</b>		<b>(99)</b>	<b>(11)</b>
Expenses from cash flow hedging derivatives		(8)	(8)
Expenses on fair value hedging derivatives	16.1	(91)	(3)
<b>Expenses from derivatives at fair value with changes in profit/loss</b>		<b>1</b>	<b>(2)</b>
Expenses from derivatives at fair value with changes in profit/loss		1	(2)
<b>Total expenses</b>		<b>(98)</b>	<b>(13)</b>
<b>TOTAL</b>		<b>(85)</b>	<b>(11)</b>

## 17. Net profit/(loss) from companies accounted for using the equity method

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
<b>Associates</b>	26.1	<b>13</b>	<b>1</b>
Tecnatom, S.A.		—	(2)
Energías Especiales del Bierzo S.A.		4	2
Gorona del Viento El Hierro, S.A.		1	1
Boiro Energía, S.A.		2	(2)
Compañía Eólica Tierras Altas, S.A.		3	1
Endesa X Way, S.L.		(4)	—
Other		7	1
<b>Joint Ventures</b>	26.1	<b>2</b>	<b>(2)</b>
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.		—	(17)
Front Marítim del Besòs, S.L.		(2)	—
Nuclenor, S.A.		(7)	2
Énergie Électrique de Tahaddart, S.A.		2	1
Suministradora Eléctrica de Cádiz, S.A.		4	3
Other		5	9
<b>TOTAL</b>		<b>15</b>	<b>(1)</b>

# 18. Income tax

During 2022 and 2021, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2022	2021
Current income tax for the year		703	480
Deferred income tax for the year	25	118	(45)
Adjustment of prior years		48	9
Income tax provisions		22	23
<b>TOTAL</b>		<b>891</b>	<b>467</b>

## Reconciliation between accounting profit and income tax expense

The 2022 and 2021 reconciliation of "Accounting profit (loss) from continuing activities" to the income tax expense is as follows:

Millions of Euro

	2022					
	Income Statement	Rate (%)	Income and expenses directly recognised in equity	Rate (%)	Total	Rate (%)
<b>Profit after tax from continuing operations</b>	<b>2,596</b>	—	<b>(1,364)</b>	—	<b>1,232</b>	—
Income tax	891	—	(483)	—	408	—
<b>Accounting profit/(loss) before tax</b>	<b>3,487</b>	—	<b>(1,847)</b>	—	<b>1,640</b>	—
<b>Theoretical tax</b>	<b>872</b>	<b>25.0</b>	<b>(462)</b>	<b>25.0</b>	<b>410</b>	<b>25.0</b>
<b>Permanent differences</b>	<b>11</b>	—	<b>(21)</b>	—	<b>(10)</b>	—
Dividend exemption limitation	19	—	—	—	19	—
Impact of net gains/(losses) under the equity consolidated method	(4)	—	(7)	—	(11)	—
Non-deductible provisions	—	—	—	—	—	—
Consolidation adjustments and others	(4)	—	(14)	—	(18)	—
<b>Tax credits taken to profit and loss</b>	<b>(39)</b>	—	—	—	<b>(39)</b>	—
<b>Prior years' adjustments and other deferred taxes</b>	<b>(23)</b>	—	—	—	<b>(23)</b>	—
<b>Tax impact in the year</b>	<b>821</b>	—	<b>(483)</b>	—	<b>338</b>	—

Millions of Euro

	2021					
	Income Statement	Rate (%)	Income and expenses directly recognised in equity	Rate (%)	Total	Rate (%)
<b>Profit after tax from continuing operations</b>	<b>1,457</b>	—	<b>(1,451)</b>	—	<b>6</b>	—
Income tax	467	—	(490)	—	(23)	—
<b>Accounting profit/(loss) before tax</b>	<b>1,924</b>	—	<b>(1,941)</b>	—	<b>(17)</b>	—
<b>Theoretical tax</b>	<b>481</b>	<b>25.0</b>	<b>(485)</b>	<b>25.0</b>	<b>(4)</b>	<b>25.0</b>
<b>Permanent differences</b>	<b>26</b>	—	<b>(5)</b>	—	<b>21</b>	—
Dividend exemption limitation	18	—	—	—	18	—
Impact of net gains/(losses) under the equity consolidated method	—	—	(2)	—	(2)	—
Non-deductible provisions	3	—	—	—	3	—
Consolidation adjustments and others	5	—	(3)	—	2	—
<b>Tax credits taken to profit and loss</b>	<b>(45)</b>	—	—	—	<b>(45)</b>	—
<b>Prior years' adjustments and other deferred taxes</b>	<b>(27)</b>	—	—	—	<b>(27)</b>	—
<b>Tax impact in the year</b>	<b>435</b>	—	<b>(490)</b>	—	<b>(55)</b>	—

## Reconciliation of net tax

In 2022 and 2021, the reconciliation of the income tax expense to the net tax from continuing activities is as follows:

Millions of Euro

	Notes	2022		
		Income Statement	Income and expenses directly recognised in equity	Total
<b>Tax impact in the year</b>		<b>821</b>	<b>(483)</b>	<b>338</b>
Change in deferred tax	25.1 and 25.2	(118)	483	365
<b>Net income of continuing operations</b>		<b>703</b>	<b>—</b>	<b>703</b>

Millions of Euro

	Notes	2021		
		Income Statement	Income and expenses directly recognised in equity	Total
<b>Tax impact in the year</b>		<b>435</b>	<b>(490)</b>	<b>(55)</b>
Change in deferred tax	25.1 and 25.2	45	490	535
<b>Net income of continuing operations</b>		<b>480</b>	<b>—</b>	<b>480</b>

## Details of the income tax expense

The breakdown of the income tax expense for 2022 and 2021 is as follows:

Millions of Euro

	2022		Total
	Current tax	Change in deferred taxes (Note 25)	
<b>Recognition in the income statement, of which:</b>	<b>703</b>	<b>118</b>	<b>821</b>
Net income of continuing operations	703	—	703
Deferred taxes	—	118	118
Depreciation and amortisation of assets	—	(63)	(63)
Employee benefit provisions	—	25	25
Other provisions	—	62	62
From measurement of derivative financial instruments	—	23	23
Loss carryforwards	—	8	8
Unused tax credits	—	7	7
Other	—	56	56
<b>Recognition in equity, of which:</b>	<b>—</b>	<b>(483)</b>	<b>(483)</b>
Employee benefit provisions	—	69	69
From measurement of derivative financial instruments	—	(552)	(552)
Other	—	—	—
<b>Tax impact in the year</b>	<b>703</b>	<b>(365)</b>	<b>338</b>

Millions of Euro

	2021		Total
	Current tax	Change in deferred taxes (Note 25)	
<b>Recognition in the income statement, of which:</b>			
Net income of continuing operations	480	—	480
Deferred taxes	—	(45)	(45)
Depreciation and amortisation of assets	—	(64)	(64)
Employee benefit provisions	—	9	9
Other provisions	—	57	57
From measurement of derivative financial instruments	—	(43)	(43)
Loss carryforwards	—	3	3
Unused tax credits	—	(4)	(4)
Other	—	(3)	(3)
<b>Recognition in equity, of which:</b>	<b>—</b>	<b>(490)</b>	<b>(490)</b>
Employee benefit provisions	—	3	3
From measurement of derivative financial instruments	—	(493)	(493)
Other	—	—	—
<b>Tax impact in the year</b>	<b>480</b>	<b>(535)</b>	<b>(55)</b>



The deductions and tax credits taken to the income statement in 2022 and 2021 were as follows:

Millions of Euro		
	2022	2021
Deductions for investments in new fixed assets in the Canary Islands	23	19
Deductions on charitable gifts	3	3
Credit for the production of tangible movable goods in the Canary Islands	11	21
Credit for income received in Ceuta and Melilla	2	2
<b>Total tax deductions and credits taken to the income statement</b>	<b>39</b>	<b>45</b>

## 19. Basic and diluted earnings per share

In 2022 and 2021 the weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share (see Note 3.2s) is as follows:

Number of shares			
	Notes	2022	2021
Number of ordinary shares during the year	35.1.1	1,058,752,117	1,058,752,117
Number of shares of the Parent owned by Endesa, S.A.	35.1.8	254,610	162,458
<b>Weighted average number of ordinary shares outstanding</b>		<b>1,058,566,751</b>	<b>1,058,650,233</b>


Basic and diluted earnings per share for 2022 and 2021 are as follows:

Millions of Euro		
	Basic and diluted earnings per share	
	2022	2021
Profit after tax from continuing operations	2,596	1,457
Profit after tax from discontinued operations	—	—
<b>Profit for the period</b>	<b>2,596</b>	<b>1,457</b>
Parent	2,541	1,435
Non-controlling interests	55	22
<b>Weighted average number of ordinary shares outstanding</b>	<b>1,058,566,751</b>	<b>1,058,650,233</b>
<b>Basic earnings per share (Euro)</b>	<b>2.40</b>	<b>1.36</b>
<b>Diluted earnings per share (Euro)</b>	<b>2.40</b>	<b>1.36</b>
Basic earnings per share from continuing operations (Euro)	2.40	1.36
Diluted earnings per share from continuing operations (Euro)	2.40	1.36
Basic earnings per share from discontinued operations (Euro)	—	—
<b>Diluted earnings per share from discontinued operations (Euro)</b>	<b>—</b>	<b>—</b>

## 20. Property, plant and equipment

At 31 December 2022 and 2021 the composition and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro



Property, plant and equipment in use and under construction	Electricity generation facilities			
	Land	Buildings	Hydroelectric power plants	Coal-fired/fuel-oil power plants
				
Cost	349	1,176	3,421	9,336
Accumulated depreciation	(25)	(377)	(2,589)	(6,834)
Impairment losses	(17)	(35)	(2)	(2,108)
<b>Balance at 31 December 2021</b>	<b>307</b>	<b>764</b>	<b>830</b>	<b>394</b>
Inclusion/(exclusion) of companies	—	—	—	—
Investments <sup>(Note 20.1)</sup>	19	4	—	2
Charges	(10)	(43)	(39)	(91)
Depreciation <sup>(Note 15.1)</sup>	(10)	(43)	(39)	(59)
Impairment losses <sup>(Note 15.1)</sup>	—	—	—	(32)
Disposals	(1)	(4)	—	—
Transfers and other <sup>(2)</sup>	(36)	233	45	97
<b>Total changes</b>	<b>(28)</b>	<b>190</b>	<b>6</b>	<b>8</b>
Cost	331	1,403	3,465	9,431
Accumulated depreciation	(35) <sup>(3)</sup>	(414)	(2,627)	(6,889)
Impairment losses	(17)	(35)	(2)	(2,140)
<b>Balance at 31 December 2022 <sup>(4)</sup></b>	<b>279</b>	<b>954</b>	<b>836</b>	<b>402</b>

<sup>(1)</sup> Relates to Low and Medium Voltage, Metering and Remote Control Equipment and other Installations.


<sup>(2)</sup> Includes charges to property, plant and equipment of changes in the estimated decommissioning costs of facilities amounting to a negative Euro 293 million (see Note 37. 3); the transfer from "Intangible assets" of wind farm and photovoltaic plants on which construction has commenced in the amount of a positive Euro 52 million (see Note 23); and the financial restatement of expected payments for rights of use for a negative Euro 47 million (see Note 21).

<sup>(3)</sup> Includes depreciation of right-of-use assets relating to land on which certain renewable generation facilities are located.

<sup>(4)</sup> Includes right-of-use assets totalling Euro 782 million (see Note 21).

Electricity generation facilities				Transmission and distribution facilities <sup>(1)</sup>	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
Nuclear power plants	Combined cycle plants	Renewable energy plants	Total				
							
10,529	4,229	2,288	29,803	23,044	819	1,309	56,500
(7,925)	(1,682)	(316)	(19,346)	(11,268)	(474)	–	(31,490)
–	(673)	(7)	(2,790)	–	(45)	(26)	(2,913)
<b>2,604</b>	<b>1,874</b>	<b>1,965</b>	<b>7,667</b>	<b>11,776</b>	<b>300</b>	<b>1,283</b>	<b>22,097</b>
–	–	–	–	–	–	–	–
33	2	17	54	23	3	1,799	1,902
(285)	(108)	(114)	(637)	(623)	(61)	(27)	(1,401)
(285)	(102)	(112)	(597)	(623)	(61)	–	(1,334)
–	(6)	(2)	(40)	–	–	(27)	(67)
–	–	–	–	–	–	(2)	(7)
21	(63)	494	594	748	20	(1,812)	(253)
<b>(231)</b>	<b>(169)</b>	<b>397</b>	<b>11</b>	<b>148</b>	<b>(38)</b>	<b>(42)</b>	<b>241</b>
10,570	4,166	2,791	30,423	23,752	839	1,294	58,042
(8,197)	(1,782)	(420)	(19,915)	(11,828)	(532)	–	(32,724)
–	(679)	(9)	(2,830)	–	(45)	(53)	(2,980)
<b>2,373</b>	<b>1,705</b>	<b>2,362</b>	<b>7,678</b>	<b>11,924</b>	<b>262</b>	<b>1,241</b>	<b>22,338</b>

Millions of Euro

Property, plant and equipment in use and under construction	Electricity generation facilities			
	Land	Buildings	Hydroelectric power plants	Coal-fired/fuel-oil power plants
				
Cost	269	915	3,386	9,009
Accumulated depreciation	(15)	(344)	(2,551)	(6,771)
Impairment losses	(17)	(34)	(2)	(1,757)
<b>Balance at 31 December 2020</b>	<b>237</b>	<b>537</b>	<b>833</b>	<b>481</b>
Inclusion/(Exclusion) of companies <sup>(2)</sup>	—	—	—	—
Investments <sup>(Note 20.1)</sup>	75	8	—	3
Charges	(11)	(38)	(38)	(415)
Depreciation <sup>(Note 15.1)</sup>	(11)	(37)	(38)	(63)
Impairment losses <sup>(Note 15.1)</sup>	—	(1)	—	(352)
Disposals <sup>(3)</sup>	(7)	(3)	—	—
Transfers and other <sup>(4)</sup>	13	260	35	325
<b>Total changes</b>	<b>70</b>	<b>227</b>	<b>(3)</b>	<b>(87)</b>
Cost	349	1,176	3,421	9,336
Accumulated depreciation	(25) <sup>(5)</sup>	(377)	(2,589)	(6,834)
Impairment losses	(17)	(35)	(2)	(2,108)
<b>Balance at 31 December 2021<sup>(6)</sup></b>	<b>307</b>	<b>764</b>	<b>830</b>	<b>394</b>

<sup>(1)</sup> Relates to Low and Medium Voltage, Metering and Remote Control Equipment and other Installations.



<sup>(2)</sup> Relates to the acquisition of new companies related to the renewables business (see Note 7.1).

<sup>(3)</sup> Relates mainly to the sale of the Guadarranque solar photovoltaic plant (see Note 14).

<sup>(4)</sup> Includes charges to property, plant and equipment of changes in the estimated decommissioning costs of the facilities (see Note 37.3).

<sup>(5)</sup> Includes the depreciation of the right-of-use asset relating to the land on which certain renewable generation facilities are located.

<sup>(6)</sup> Includes right-of-use assets amounting to Euro 900 million (see Note 21).








Electricity generation facilities				Transmission and distribution facilities <sup>(1)</sup>	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
Nuclear power plants	Combined cycle plants	Renewable energy plants	Total				
							
10,346	3,912	1,985	28,638	22,278	659	1,251	54,010
(7,678)	(1,584)	(238)	(18,822)	(10,734)	(424)	–	(30,339)
–	(366)	(2)	(2,127)	–	(40)	(99)	(2,317)
<b>2,668</b>	<b>1,962</b>	<b>1,745</b>	<b>7,689</b>	<b>11,544</b>	<b>195</b>	<b>1,152</b>	<b>21,354</b>
–	–	–	–	–	–	14	14
41	1	6	51	26	134	1,767	2,061
(265)	(405)	(102)	(1,225)	(605)	(57)	5	(1,931)
(265)	(98)	(97)	(561)	(605)	(52)	–	(1,266)
–	(307)	(5)	(664)	–	(5)	5	(665)
–	–	(42)	(42)	(1)	(2)	1	(54)
160	316	358	1,194	812	30	(1,656)	653
<b>(64)</b>	<b>(88)</b>	<b>220</b>	<b>(22)</b>	<b>232</b>	<b>105</b>	<b>131</b>	<b>743</b>
10,529	4,229	2,288	29,803	23,044	819	1,309	56,500
(7,925)	(1,682)	(316)	(19,346)	(11,268)	(474)	–	(31,490)
–	(673)	(7)	(2,790)	–	(45)	(26)	(2,913)
<b>2,604</b>	<b>1,874</b>	<b>1,965</b>	<b>7,667</b>	<b>11,776</b>	<b>300</b>	<b>1,283</b>	<b>22,097</b>

## 20.1. Main investments and divestments

### 20.1.1. Main investments

Details of investments in Property, Plant and Equipment in 2022 and 2021 are as follows:

Millions of Euro

Activity   Segment	Investments in property, plant and equipment		
	2022	2021	
<b>Generation and Supply</b> 	1,072	1,228	
Conventional generation 	253	440	<ul style="list-style-type: none"> <li>Mainly includes investments in the maintenance of generation facilities for diverse technologies, primarily nuclear.</li> </ul>
Renewable generation 	785	770	<ul style="list-style-type: none"> <li>In line with the Paris Agreement on the reduction of carbon dioxide (CO<sub>2</sub>) emissions and in accordance with the objectives of leading the energy transition and achieving solid growth in the renewable generation segment, as set out in the 2023–2025 Strategic Plan, Endesa has invested Euro 749 million in the construction of electricity generation facilities from renewable sources, of which Euro 68 million and Euro 240 million relate to the companies acquired and/or incorporated in 2022 and 2021, respectively (see Notes 5.1, 7.1 and 8).</li> <li>Includes the recognition of a right-of-use asset relating to the land on which certain renewable generation facilities are located, amounting to Euro 19 million.</li> </ul>
Energy supply 	1	1	
Supply of other products and services 	33	17	<ul style="list-style-type: none"> <li>Correspond to investments in recharging points in the e-Mobility activity in accordance with the strategic objective of extending the range of services offered.</li> </ul>
<b>Distribution</b> 	819	819	<ul style="list-style-type: none"> <li>Relates mainly to grid extensions, as well as investments aimed at optimising grid operation and efficiency, adapting the grid to emerging needs among customers and improve the quality of service and resilience of the grid itself in accordance with Endesa's strategy. In 2022 it includes the investment related to the Blue Sky Grid Platform with Enel Global Infrastructure and Networks S.r.l. (EGIN) in the amount of 6 million Euro.</li> </ul>
<b>Structure and Other<sup>(1)</sup></b> 	11	14	<ul style="list-style-type: none"> <li>Mainly includes the sponsorship of the La Liga Endesa basketball league.</li> </ul>
<b>TOTAL</b>	<b>1,902</b>	<b>2,061</b>	

<sup>(1)</sup> Structure, Services and Adjustments.

At 31 December 2022, the start-up dates of the projects envisioned in the investment plan remained unchanged.

## 20.1.2. Main divestments




In 2022, there were no derecognitions involving significant amounts under this heading of the consolidated statement of financial position.

In 2021, derecognitions of property, plant and equipment amounting to Euro 40 million were recorded following the sale of the Guadarranque photovoltaic facility (see Note 14).

## 20.2. Acquisition commitments

At 31 December 2022 and 2021, the breakdown of commitments to purchase property, plant and equipment is as follows:

Millions of Euro

Activity   Segment	Material commitments <sup>(1)</sup>	
	31 December 2022	31 December 2021
Generation and Supply <sup>(2)</sup> 	715	853
Distribution <sup>(3)</sup> 	384	206
Structure and Other <sup>(4)</sup> 	1	5
<b>TOTAL</b>	<b>1,100</b>	<b>1,064</b>

<sup>(1)</sup> None of these amounts are committed with Group Companies or relate to Joint Arrangements.

<sup>(2)</sup> In keeping with Endesa's objective of growing its presence in the Iberian generation market by expanding the portfolio of renewable assets in its production mix, in line with its energy transition strategy and commitment to expand its emission-free generation infrastructure, at 31 December 2022 it had a committed total of Euro 499 million (31 December 2021: Euro 648 million) for PP&E investment in electricity generation facilities (see Note 5.1).

<sup>(3)</sup> Includes investments to extend or improve the grid, focusing on digitalising the network, reinforcing and increasing the resilience of assets, improving the quality of service and transforming processes and systems.

<sup>(4)</sup> Structure, Services and Adjustments.

## 20.3. Impairment test

A net impairment charge of Euro 66 million and Euro 665 million was recognised in 2022 and 2021, respectively, as follows:

Millions of Euro

	Notes	2022	2021
Mainland coal-fired thermal power plants <sup>(1)</sup>		28	4
Cash-Generating Units (CGUs) in Non-mainland Territories ("TNP")		36	652
Balearic Islands		(24) <sup>(2)</sup>	134
Canary Islands		38	459
Ceuta		22	28
Melilla		—	31
Renewable Assets		2	9 <sup>(3)</sup>
<b>TOTAL</b>	3.2f4, 8.2 and 15	<b>66</b>	<b>665</b>

<sup>(1)</sup> Includes the impairment charge for the Los Barrios Port Terminal (Cádiz) amounting to Euro 30 million in 2022 and Euro 1 million in 2021, respectively.

<sup>(2)</sup> The reversal of the impairment of the Balearic Cash Generating Unit (CGU) is mainly due to the improvement in working capital flows.

<sup>(3)</sup> Includes the impairment charge for the Peña del Gato and Valdesamario wind farms, owned by Energías Especiales del Alto Ulla, S.A.U. (company wholly owned Enel Green Power España, S.L.U. (EGPE) in the amount of Euro 6 million.

The recoverable value of these assets at 31 December 2022 and 2021 was as follows:

Millions of Euro		
	31 December 2022 <sup>(1) (2)</sup>	31 December 2021 <sup>(1)</sup>
Mainland coal-fired thermal power plants <sup>(3)</sup>	2	13
Cash-Generating Units (CGUs) in Non-mainland Territories ("TNP")	1,954	450
Balearic Islands	987	193
Canary Islands	924	170
Ceuta	23	58
Melilla	20	29

<sup>(1)</sup> Relates to recoverable value after tax.

<sup>(2)</sup> The recoverable value of 2022 has been increased with respect to 2021, mainly due to the increase in the collection right related to the Non-Mainland Territories Compensation ("TNP").

<sup>(3)</sup> Corresponds to the recoverable value of the Los Barrios Port Terminal (Cádiz).

In 2022 and 2021, the events giving rise to the main impairment charges were as follows:

- Cash-Generating Units (CGUs) for each of the Non-mainland Territories ("TNP") of Balearic Islands, Canary Islands, Ceuta and Melilla.

At 31 December 2021, the recoverable amount of the assets of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla was re-estimated, taking into account, among other aspects, the expected situation of the commodity markets (fuel and carbon dioxide (CO<sub>2</sub>) emission rights) and the costs expected to be recovered for these items in accordance with the planned regulation, as well as the likely changes in the structure of future generation and their effects on thermal generation. As a result, impairment of the cash generating units (CGUs) was recorded for each of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary Islands, Ceuta and Melilla, for a total amount of Euro 652 million (see Notes 3.2.f.4 and 15.1).

At 31 December 2022, in order to bring the net carrying amount of the assets of the Non-mainland Territories ("TNP") of the Balearic Islands, Canary

Islands, Ceuta and Melilla in line with their recoverable amount, impairment totalling Euro 36 million was recognised on the Cash Generating Units (CGUs) for each such TNP (see Notes 3.2.f.4 and 15.1).

- Mainland coal-fired thermal power plants  
In 2021, the updating of the impairment provision for mainland coal-fired thermal power plants, in accordance with the decision taken on 27 September 2019 to discontinue their activity, led to the recognition of a net impairment charge of Euro 4 million (see Notes 3.2.f.4 and 15.1).

In 2022 an impairment charge of 30 million Euro was recognised for the Los Barrios Port Terminal (Cádiz), considering the current concession of the Terminal, which expires in 2032, as the time horizon. The request to extend the aforementioned concession until 2057, which is based on the investment in the execution phase of the Liquefied Natural Gas (LNG) project at the Terminal, is in the process of being resolved (see Notes 3.2.f.4 and 15.1).

The methodology, basic assumptions and sensitivity analysis considered in performing these impairment tests are as indicated in Note 3.2f.



## 20.4. Other information

### Co-ownerships

At 31 December 2022 and 2021, property, plant and equipment include the following co-owned assets:

Millions of Euro

	% ownership	Co-ownerships	
		31 December 2022	31 December 2021
Central Nuclear Vandellós II, C.B.	72	785	804
Central Nuclear Ascó II, C.B.	85	594	600
Central Nuclear Almaraz, C.B.	36	293	323
Saltos del Navia, C.B.	50	13	14
Central Nuclear Trillo, C.B.	1	10	10

### Environmental issues

In 2022 and 2021, Endesa's investments and expenses in environmental protection activities were as follows:

Millions of Euro

	2022	2021
Annual gross investment	29	41
Cumulative gross investment	1,967	1,938
Annual expenditure	99	88
Depreciation, amortisation and impairment losses	24	24
Other expenses	75	64

### Insurance

Endesa and its subsidiaries have taken out insurance policies to cover the risk of damage to their property, plant and equipment and any claims that could be filed against them in their business activities, considering these policies to be sufficient to cover the risks to which they are subject. The possible loss of profits that could result from outages at the plants is also covered. In 2022, pay-outs from insurance companies in relation to property damage arising from accidents amounted to Euro 23 million (Euro 11 million in 2021).

Under current legislation in Spain and pursuant to Law 24/2013 of 26 December on the electricity sector, Endesa is insured for up to Euro 1,200 million against third-party liability claims for possible nuclear accidents at its plants. Any loss or damage in excess of this amount would be governed by the international conventions to which Spain is a signatory. The nuclear power plants are also insured against damage to their facilities (including stocks of nuclear fuel) and machinery breakdowns, with maximum coverage of Euro 1,500 million for each plant. However, on 28 May 2011 the Spanish government published Law 12/2011 of 27 May on civil liability for nuclear damage or damage caused by radioactive materials, in addition to broadening the concept of nuclear damage, raises operator liability to Euro 1,200 million, while also allowing operators to cover this liability in several ways. This Regulation entered into force on 1 January 2022, following the joint ratification by the Member States of the Protocols of 12 February 2004, amending the Nuclear Civil Liability Convention (Paris Convention) and the Brussels Convention, complementing the foregoing. The civil nuclear liability coverage arranged by Endesa is capped at Euro 1,200 million from 1 January 2022.

In 2022, Endesa did not detect any significant impacts in relation to the insurance policies it has taken out.

## Other information

At 31 December 2022 and 2021, the net carrying amount of the thermal power plants on which Endesa had submitted closure authorisation applications and the provisions to dismantle said plants, as recognised under "Non-current provisions" in the consolidated statement of financial position, were as follows:

Millions of Euro

Thermal power plant 	Date of application	Date of closure certificate	31 December 2022		31 December 2021	
			Carrying amount	Decommissioning provision (Note 37.3)	Carrying amount	Decommissioning provision (Note 37.3)
As Pontes (A Coruña)	27 December 2019	Pending	—	119	—	120
Litoral (Almería)	27 December 2019	26 November 2021	—	77	—	92
Compostilla II (León) - Groups III, IV and V	19 December 2018	23 September 2020	—	64	—	66
Teruel (Teruel)	19 December 2018	21 July 2020	—	47	—	67
Alcudia (Balearic Islands) - Groups I and II	27 December 2018	30 December 2019	—	32	—	33
<b>TOTAL</b>			<b>—</b>	<b>339</b>	<b>—</b>	<b>378</b>

At 31 December 2022, the Peña del Gato and Valdesamario wind farms owned by Energías Especiales del Alto Ulla, S.A.U. (company wholly owned Enel Green Power España, S.L.U. (EGPE)), the operation of which had been halted at 31 December 2021, had a new administrative authorisation and environmental impact declarations in effect and on 5 July 2022 both wind farms were brought back into operation (see Note 51).

Fully depreciated property, plant and equipment still in use at 31 December 2022 and 2021 was as follows:

Millions of Euro

	31 December 2022	31 December 2021
Buildings	194	195
Other property, plant and equipment	286	274
<b>TOTAL<sup>(1)</sup></b>	<b>480</b>	<b>469</b>

<sup>(1)</sup> Does not include Euro 5,118 million and Euro 4,627 million at 31 December 2022 and 2021, respectively, relating to thermal power plants the closure of which has been authorised or requested.

At 31 December 2022, property, plant and equipment amounting to Euro 70 million (Euro 84 million at 31 December 2021) had been pledged to secure financing received from third parties (see Notes 35.1.13, 41.4.3 and 48).

## 21. Rights of use

The breakdown of right of use assets, included under “Property, plant and equipment” in the consolidated statement of financial position at 31 December 2022 and 2021, and of changes in 2022 and 2021, are as follows:

Millions of Euro

Right-of-use assets	Land	Buildings	Electricity generation facilities: Combined cycle plants	Other property, plant and equipment	TOTAL
<b>Balance at 31 December 2021</b>	<b>243</b>	<b>110</b>	<b>336</b>	<b>211</b>	<b>900</b>
Additions	19	2	–	2	23
Disposals	–	–	–	–	–
Depreciation and impairment losses	(10)	(14)	(28)	(42)	(94)
Transfers and other <sup>(1)</sup>	(45)	(1)	(3)	2	(47)
<b>Balance at 31 December 2022<sup>(2)</sup></b>	<b>207</b>	<b>97</b>	<b>305</b>	<b>173</b>	<b>782</b>

<sup>(1)</sup> Relates to the financial restatement of expected payments for rights of use.

<sup>(2)</sup> Allocated to the Iberian Peninsula (Euro 683 million), Distribution (Euro 25 million) and Structure and Services (Euro 74 million) cash generating units (CGUs) (see Note 8.2.2).

Millions of Euro

Right-of-use assets	Land	Buildings	Electricity generation facilities: Combined cycle plants	Other property, plant and equipment	TOTAL
<b>Balance at 31 December 2020</b>	<b>185</b>	<b>118</b>	<b>357</b>	<b>115</b>	<b>775</b>
Additions	75	7	–	131	213
Disposals	(7)	(1)	–	–	(8)
Depreciation and impairment losses	(11)	(14)	(28)	(35)	(88)
Transfers and other <sup>(1)</sup>	1	–	7	–	8
<b>Balance at 31 December 2021<sup>(2)</sup></b>	<b>243</b>	<b>110</b>	<b>336</b>	<b>211</b>	<b>900</b>

<sup>(1)</sup> Arising from property, plant and equipment under construction.

<sup>(2)</sup> Allocated to the Iberian Peninsula (Euro 784 million), Distribution (Euro 29 million) and Structure and Services (Euro 87 million) cash generating units (CGUs) (see Note 8.2.2).

During the financial years 2022 and 2021 the effect of the rights-of-use assets on the Consolidated Income Statements is as follows:

Millions of Euro

	2022	2021
Depreciation charge for right of use assets	94	88
Interest expenses on borrowings associated with rights of use	47	44
Financial expense	34	33
Exchange gains/(losses)	13	11
Expenses relating to short-term leases and/or low-value assets <sup>(1)</sup>	–	–
Expenses relating to variable payments in leases	6	2
<b>Total effect on the consolidated income statement</b>	<b>147</b>	<b>134</b>

<sup>(1)</sup> Leases expiring in the 12 months following first-time application and/or when the value of the underlying assets is less than USD 5,000.

## 21.1. Rights of use as lessee

At 31 December 2022, the most significant leases signed by Endesa where it acts as lessee are as follows:

Contract	Company	Duration	Description
Tolling agreement with Elecgas, S.A. (company 50% owned by Endesa Generación, S.A.U.).	Endesa Generación, S.A.U.	For 25 years, of which 13 years remain.	Making available, to Endesa Generación, S.A.U., the entire production capacity of its plant and commitment to transform the gas supplied into electricity in exchange for a financial toll.
Lease agreements for the office buildings.	Edistribución Redes Digitales, S.L.U.	Approximately five years.	Lease of office buildings, mostly located in Barcelona, Lleida and Zaragoza.
Lease agreement for Endesa's headquarters, located in Ribera del Loira (Madrid).	Endesa Medios y Sistemas, S.L.U.	Until 2030	Lease of the headquarters (Madrid).
Lease agreements for the land on which certain renewable power generation facilities are located.	Renewable energy companies	Expiries from 2023 to 2080	Long term agreements, with automatic rollover clauses and with consideration set via a combination of an amount according to installed capacity (MW) and, in some cases, production (GWh).
Chartering contracts for the transport of liquefied natural gas (LNG).	Endesa Energía, S.A.U.	7 years	Contracts for the chartering of carriers for the transport of liquefied natural gas (LNG)
Plant lease agreements.	Renewable energies, services and thermal power generation companies	Expiries running from 2023 to 2024	Contracts for the coverage of specific services available according to operational requirements
Vehicle lease agreements	Renewable energies, services and supply companies	Annual expiries extendable for an additional year.	Vehicle fleet.

In general, the amount of leases with purchase options coincides with the amount of the last instalment. During the year ended 31 December 2022, Endesa did not modify, renegotiate or cancel clauses contained in those lease arrangements in which it acts as lessee.

Therefore, no modifications were made to either the asset representing the right to use the leased asset, or the liability representing the present value of the obligation to make lease payments during the term of the arrangement (see Note 5.3).

## 21.2. Rights of use as lessor

### Finance leases

At 31 December 2022 and 2021, Endesa was not party to any finance lease agreements in which it acted as lessor.

## Operating leases

At 31 December 2022, the most significant operating lease agreements in which Endesa acted as lessor were those signed by Endesa X Servicios, S.L.U. in the form of contracts with third parties, largely in relation to value added products and services.

Future collections on operating lease agreements at 31 December 2022 and 2021 are as follows:

Millions of Euro	31 December 2022	31 December 2021
Less than 1 year	2	3
Between 1 and 2 years	2	3
Between 2 and 3 years	1	3
Between 3 and 4 years	1	2
Between 4 and 5 years	5	2
Beyond 5 years	4	6
<b>TOTAL</b>	<b>15</b>	<b>19</b>

Rental income recognised in 2022 totalled Euro 5 million (Euro 5 million in 2021) (see Note 9.1).

During the year ended 31 December 2022, Endesa did not modify, renegotiate or cancel clauses contained in those lease arrangements in which it acted as lessor (see Note 5.3).

## 22. Investment property

At 31 December 2022 and 2021 the composition and movements of this item of the accompanying

consolidated statement of financial position were as follows:

Millions of Euro	2022	2021
<b>Opening balance</b>	<b>55</b>	<b>58</b>
Investments	—	—
(Charge)/reversal of impairment losses <sup>(Note 15)</sup>	6 <sup>(1)</sup>	(2)
Disposals due to sale <sup>(2)</sup>	(2)	(1)
Other	—	—
<b>Closing balance</b>	<b>59</b>	<b>55</b>

<sup>(1)</sup> Includes the reversal of impairment losses on the property where the former headquarters of Gas y Electricidad Generación, S.A.U. and its annexed land were located in Palma de Mallorca, following certain appraisals carried out by third parties.

<sup>(2)</sup> In 2022 and 2021, this relates to the sale of a property located in Seville and land, respectively, having generated a capital gain of Euro 2 million in both years (see Note 14).

## 22.1. Other information

### Insurance

Endesa has taken out insurance policies to cover the risk of damage to its investment property and any claims that could be filed against it in its business activities. The Group

considers that coverage provided by these policies is sufficient.

In 2022, Endesa did not detect any significant impacts in relation to the insurance policies it has taken out.

### Other information

The market value of investment properties at 31 December 2022 was Euro 59 million (Euro 55 million at 31 December 2021) (see notes 3.2c and 45.2).

At 31 December 2022 and 2021, none of the investment properties were fully depreciated and there were no restrictions on their sale.

Direct expenses recognised in the 2022 and 2021 consolidated income statements for investment property were not material.

At 31 December 2022 and 2021, Endesa held no contractual obligations to purchase, build or develop any investment property, or any obligations concerning repairs, maintenance and improvements for a material amount.

## 23. Intangible assets

At 31 December 2022 and 2021 the composition and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro

	Software	Concessions	Cost of customer acquisition	Other	TOTAL
Cost	1,991	65	495	1,023	3,574
Accumulated depreciation	(1,468)	(30)	(254)	(275)	(2,027)
Impairment losses	–	(4)	–	(1)	(5)
<b>Balance at 31 December 2021</b>	<b>523</b>	<b>31</b>	<b>241</b>	<b>747</b>	<b>1,542</b>
Additions/(Reductions) of companies	–	–	–	–	–
Investments <sup>(Notes 7.1 and 23.1)</sup>	176	–	220	72	468
Charges	(150)	(1)	(119)	(52)	(322)
Amortisation <sup>(Note 15.1)</sup>	(150)	(1)	(119)	(49)	(319)
Impairment losses <sup>(Note 15.1)</sup>	–	–	–	(3)	(3)
Disposals	–	–	–	–	–
Transfers and other <sup>(1)</sup>	–	–	–	(52)	(52)
<b>Total changes</b>	<b>26</b>	<b>(1)</b>	<b>101</b>	<b>(32)</b>	<b>94</b>
Cost	2,167	65	715	1,034	3,981
Accumulated depreciation	(1,618)	(31)	(373)	(315)	(2,337)
Impairment losses	–	(4)	–	(4)	(8)
<b>Balance at 31 December 2022</b>	<b>549</b>	<b>30</b>	<b>342</b>	<b>715 <sup>(2)</sup></b>	<b>1,636</b>

<sup>(1)</sup> Relates to the transfer to "Property, plant and equipment" of wind farm and photovoltaic plants on which construction has begun (see Note 20).

<sup>(2)</sup> Includes mainly authorisations for the operation of the wind farms of Enel Green Power España, S.L.U. (EGPE) and customer portfolios acquired, for Euro 633 million and Euro 14 million, respectively.

Millions of Euro

	Software	Concessions	Cost of customer acquisition	Other	TOTAL
Cost	1,843	65	337	930	3,175
Accumulated depreciation	(1,341)	(28)	(171)	(232)	(1,772)
Impairment losses	—	(4)	—	—	(4)
<b>Balance at 31 December 2020</b>	<b>502</b>	<b>33</b>	<b>166</b>	<b>698</b>	<b>1,399</b>
Additions/(Reductions) of companies <sup>(Note 7.1)</sup>	—	—	—	85	85
Investments <sup>(Note 23.1)</sup>	156	—	157	15	328
Charges	(130)	(2)	(82)	(50)	(264)
Amortisation <sup>(Note 15.1)</sup>	(130)	(2)	(82)	(49)	(263)
Impairment losses <sup>(Note 15.1)</sup>	—	—	—	(1)	(1)
Disposals	—	—	—	(1)	(1)
Transfers and other	(5)	—	—	—	(5)
<b>Total changes</b>	<b>21</b>	<b>(2)</b>	<b>75</b>	<b>49</b>	<b>143</b>
Cost	1,991	65	495	1,023	3,574
Accumulated depreciation	(1,468)	(30)	(254)	(275)	(2,027)
Impairment losses	—	(4)	—	(1)	(5)
<b>Balance at 31 December 2021</b>	<b>523</b>	<b>31</b>	<b>241</b>	<b>747<sup>(1)</sup></b>	<b>1,542</b>








<sup>(1)</sup> Includes the authorisations for the operation of wind farms of Enel Green Power España, S.L.U. (EGPE) and customer portfolios acquired, for Euro 691 million and Euro 16 million, respectively.

## 23.1. Main investments and divestments

### 23.1.1. Main investments

Details of investments in intangible assets in 2022 and 2021 are as follows:

Millions of Euro

Activity   Segment	Investments in intangible assets		
	2022	2021	
<b>Generation and Supply</b> 	<b>379</b>	<b>274</b>	
Conventional generation 	19	22	• Includes investments in the systems and telecommunications activity (ICT).
Renewable generation 	71	19	• Mainly includes investments aimed at achieving the strategic objectives of decarbonisation in renewable electricity production systems and facilities.
Energy supply 	247	194	• Relates mainly to the capitalisation of incremental costs of obtaining contracts with customers amounting to Euro 179 million (Euro 122 million in 2021). • It also includes investments of the systems and telecommunications business (ICT) in line with the digitalisation strategy and the strategic objective of end-demand electrification amounting to Euro 68 million (Euro 72 million in 2021).
Supply of other products and services 	42	39	• Relates to the capitalisation of incremental costs of Euro 41 million (2021: Euro 35 million) in obtaining contracts with customers at the e-Home and e-Industries businesses.
<b>Distribution</b> 	<b>72</b>	<b>34</b>	• In 2022, it shows the investment relating to the licence to use the Blue Sky Grid Platform with Enel Global Infrastructure and Networks S.r.l. (EGIN) in the amount of Euro 40 million. • It also includes investments in the systems and telecommunications activity (ICT) under the strategy of continuing to digitalise the distribution grid as a key asset in enabling the energy transition.
<b>Structure and Other<sup>(1)</sup></b> 	<b>17</b>	<b>20</b>	• Mainly includes investments in systems and telecommunications activity (ICT).
<b>TOTAL</b>	<b>468</b>	<b>328</b>	

<sup>(1)</sup> Structure, Services and Adjustments.




## 23.1.2. Main divestments

In 2022 and 2021, there were no derecognitions involving significant amounts in this item of the consolidated statement of financial position.

## 23.2. Acquisition commitments

At 31 December 2022 and 2021, the breakdown of commitments to purchase intangible assets, mainly software, is as follows:

Millions of Euro

Activity   Segment	Acquisition commitments <sup>(1)</sup>	
	31 December 2022 <sup>(2)</sup>	31 December 2021
Generation and Supply 	97 <sup>(3)</sup>	14
Distribution 	93 <sup>(4)</sup>	–
Structure and Other <sup>(5)</sup> 	6	5
<b>TOTAL</b>	<b>196</b>	<b>19</b>

<sup>(1)</sup> None of these amounts are committed to Joint Ventures.

<sup>(2)</sup> Of this amount, Euro 93 million is committed to Group companies (see Note 47.1.2).

<sup>(3)</sup> Includes commitments acquired with the seller of the company Shark Power, S.L.U., which include certain stipulations pending execution on its part (see Note 7.1).

<sup>(4)</sup> Includes the commitment acquired with Enel Global Infrastructure and Networks S.r.l. (EGIN) regarding the licence to use the Grid Blue Platform.

<sup>(5)</sup> Structure, Services and Adjustments.

## 23.3. Other information

### Impairment test

In 2022 and 2021, no material impairment losses were recognised under this heading in the consolidated statement of financial position.

The methodology, basic assumptions and sensitivity analysis considered in performing these impairment tests are as indicated in Note 3.2f.

### Other information

Fully amortised intangible assets still in use had a cost of Euro 225 million at 31 December 2022 (Euro 214 million at 31 December 2021).



## 24. Goodwill

At 31 December 2022 and 2021 the composition and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro

	Notes	Cash Generating Unit (CGU)	31 December 2022	31 December 2021
Enel Green Power España, S.L.U. (EGPE)	8.2	Iberian Peninsula Generation	296	296
Eléctrica del Ebro, S.A.U.	8.2	Distribution	2	2
Empresa de Alumbrado Eléctrico de Ceuta, S.A.	8.2	Distribution	21	21
		Iberian Peninsula Generation	65	65
Systems and telecommunication activity (ICT)	8.2	Distribution	74	74
		Endesa, S.A.	4	4
<b>TOTAL</b>			<b>462</b>	<b>462</b>

Total goodwill relates to the geographical area of Spain.

### 24.1. Other information

#### Impairment test

At 31 December 2022, Endesa assessed the recoverability of this goodwill, for which it performed an impairment test on the Cash Generating Units (CGUs) to which these assets were assigned. The basic methodology, assumptions and sensitivity analysis considered to perform these impairment tests are explained in Notes 3.2f.

# 25. Deferred tax assets and liabilities

## 25.1. Deferred tax assets and liabilities

During 2022 and 2021 the origin and movement of deferred tax assets and liabilities recognised in both years, as well as deferred tax assets and liabilities recognised that are not eligible for offset, are as follows:

Millions of Euro

	Deferred tax assets and liabilities				Balance at 31 December 2022
	Balance at 31 December 2021	(Debit)/credit in profit and loss (Note 18)	(Debit)/credit in equity (Note 18)	Transfers and other	
<b>Deferred tax assets:</b>					
Depreciation and amortisation of assets	405	12	–	(3)	414
Provisions for employee benefits	296	(25)	(69)	39	241
Other provisions	441	(62)	–	(39)	340
From measurement of derivative financial instruments	1,115	(23)	374	–	1,466
Loss carryforwards	14	(8)	–	–	6
Unused tax credits	23	(7)	–	–	16
Other	68	(2)	–	4	70
<b>TOTAL</b>	<b>2,362</b>	<b>(115)</b>	<b>305</b>	<b>1</b>	<b>2,553</b>
<b>Deferred tax liabilities:</b>					
Depreciation and amortisation of assets	717	(51)	–	–	666
From measurement of derivative financial instruments	561	–	(178)	–	383
Other	208	54	–	4	266
<b>TOTAL</b>	<b>1,486</b>	<b>3</b>	<b>(178)</b>	<b>4</b>	<b>1,315</b>
<b>Deferred tax assets not eligible for offset</b>					<b>1,494</b>
<b>Deferred tax liabilities not eligible for offset</b>					<b>256</b>
<b>Deferred tax eligible for offset</b>					<b>1,059</b>

Millions of Euro

	Deferred tax assets and liabilities				Balance at 31 December 2021
	Balance at 31 December 2020	(Debit)/credit in profit and loss (Note 18)	(Debit)/credit in equity (Note 18)	Transfers and other	
<b>Deferred tax assets:</b>					
Depreciation and amortisation of assets	382	22	–	1	405
Provisions for employee benefits	301	(9)	(3)	7	296
Other provisions	520	(57)	–	(22)	441
From measurement of derivative financial instruments	87	43	992	(7)	1,115
Loss carryforwards	17	(3)	–	–	14
Unused tax credits	19	4	–	–	23
Other	65	8	–	(5)	68
<b>TOTAL</b>	<b>1,391</b>	<b>8</b>	<b>989</b>	<b>(26)</b>	<b>2,362</b>
<b>Deferred tax liabilities:</b>					
Depreciation and amortisation of assets	750	(42)	–	9	717
From measurement of derivative financial instruments	72	–	499	(10)	561
Other	231	5	–	(28)	208
<b>TOTAL</b>	<b>1,053</b>	<b>(37)</b>	<b>499</b>	<b>(29)</b>	<b>1,486</b>
<b>Deferred tax assets not eligible for offset</b>					<b>1,124</b>
<b>Deferred tax liabilities not eligible for offset</b>					<b>248</b>
<b>Deferred tax eligible for offset</b>					<b>1,238</b>

Recovery of the deferred tax assets depends on the generation of sufficient taxable profits in the future. As at the date of authorisation for issue of these consolidated financial statements, the recovery of Endesa's deferred tax assets has not been affected by the situation to have arisen from the current climate and the Parent's Directors consider that the projected future profits of Endesa companies will be sufficient to recover such assets.

At 31 December 2022 and 2021, there are recognised deferred taxes related to tax losses awaiting recognition amounting to Euro 10 million and Euro 14 million, respectively. At 31 December 2022, there were deferred tax assets corresponding to tax loss carryforwards liable to be offset by future profits in the amount of Euro 6 million (Euro 14 million at 31 December 2021).

At 31 December 2022 and 2021 the breakdown of the deferred tax assets corresponding to unused tax credits available for use against future profits and the final year they may be utilised are as follows:

Millions of Euro

Year	31 December 2022	31 December 2021
2032	3	–
2033	–	–
2034	–	–
2035	–	–
No time limit	13	23
<b>TOTAL</b>	<b>16</b>	<b>23</b>

At 31 December 2022 and 2021, there are no deferred tax liabilities not recognised in the consolidated statement of financial position associated with investments in subsidiaries, associates and jointly controlled entities where Endesa can control the reversal thereof and it is probable that they will not reverse in the foreseeable future.

## 25.2. Other information

### Realisation of deferred tax assets and liabilities

The estimated deferred tax assets and liabilities recognised on the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	31 December 2022	31 December 2021
Deferred tax assets	2,553	2,362
Realisable in one year	1,245	1,003
Realisable in over one year	1,308	1,359
Deferred tax liabilities	1,315	1,486
Realisable in one year	245	492
Realisable in over one year	1,070	994

## 26. Investments accounted for using the equity method and jointly-controlled entities

### 26.1. Investments accounted for using the equity method

Details of this heading in the accompanying consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	31 December 2022	31 December 2021
Associates	181	80
Joint Ventures	93	100
<b>TOTAL</b>	<b>274</b>	<b>180</b>

The full list of investees over which Endesa has significant influence is provided in Appendix I of these consolidated financial statements. These companies do not have publicly listed share prices.

At 31 December 2022 and 2021 there were no significant restrictions imposed on the capacity of associates or joint ventures to transfer funds to Endesa in the form of cash dividends, or repay loans or advances made by Endesa (see Note 35.1.13).

Endesa did not have any significant contingent liabilities related to associates or joint ventures at 31 December 2022 and 2021.

Loans and guarantees granted to associates and joint ventures at 31 December 2022 and 2021, as well as related transactions therewith in 2022 and 2021 are detailed in Notes 41.1 and 47.2.

At 31 December 2022 and 2021 the detail and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro

	Percentage (%) <sup>(1)</sup>	Balance at 31 December 2021	Additions/ (Reductions) of companies <sup>(Notes 7.2 and 7.3)</sup>	Investments or increases	Disposals or reductions	Share of profit/ (loss) of equity-accounted investees <sup>(Note 17)</sup>	Dividends	Translation differences	Transfers and other	Transfers to non-current assets held for sale <sup>(Note 34)</sup>	Balance at 31 December 2022
<b>Associates</b>		<b>80</b>	<b>106</b>	<b>17</b>	<b>(3)</b>	<b>13</b>	<b>(8)</b>	<b>–</b>	<b>3</b>	<b>(27)</b>	<b>181</b>
Tecnatom, S.A.	45.0	27	–	–	–	–	–	–	–	(27)	–
Elcogas, S.A. (in liquidation))	41.0	–	–	–	–	–	–	–	–	–	–
Energías Especiales del Bierzo S.A.	50.0	4	–	–	–	4	(2)	–	1	–	7
Gorona del Viento El Hierro, S.A.	23.2	13	–	–	–	1	(1)	–	–	–	13
Compañía Eólica Tierras Altas, S.A.	37.5	8	–	–	–	3	(3)	–	(1)	–	7
Cogenio Iberia, S.L.	20.0	5	–	–	–	–	–	–	–	–	5
Endesa X Way, S.L.	49.0	–	118	10	–	(4)	–	–	–	–	124
Boiro Energía, S.A.	40.0	7	(9)	–	–	2	–	–	–	–	–
Other		16	(3)	7	(3)	7	(2)	–	3	–	25
<b>Joint Ventures</b>		<b>100</b>	<b>–</b>	<b>16</b>	<b>(6)</b>	<b>2</b>	<b>(33)</b>	<b>(1)</b>	<b>15</b>	<b>–</b>	<b>93</b>
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	43.7	12	–	–	–	–	(7)	–	–	–	5
Front Marítim del Besòs, S.L.	61.4	33	–	1	–	(2)	–	–	(1)	–	31
Nuclenor, S.A.	50.0	–	–	14	–	(7)	–	–	(7)	–	–
Énergie Électrique de Tahaddart, S.A.	32.0	18	–	–	(6)	2	(2)	(1)	–	–	11
Suministradora Eléctrica de Cádiz, S.A.	33.5	10	–	–	–	4	(5)	–	–	–	9
Other		27	–	2	–	5	(19)	–	22	–	37
<b>TOTAL</b>		<b>180</b>	<b>106</b>	<b>33</b>	<b>(9)</b>	<b>15</b>	<b>(41)</b>	<b>(1)</b>	<b>18</b>	<b>(27)</b>	<b>274</b>

<sup>(1)</sup> Percentage at 31 December 2022.

Millions of Euro

	Percentage (%) <sup>(1)</sup>	Balance at 31 December 2020	Inclusion/ (Exclusion) of companies <sup>(2)</sup>	Investments or increases	Disposals or reductions	Share of profit/ (loss) of equity-accounted investees <sup>(Note 17)</sup>	Dividends	Transfers and other	Balance at 31 December 2021
<b>Associates</b>		<b>87</b>	<b>2</b>	<b>1</b>	<b>(3)</b>	<b>1</b>	<b>(4)</b>	<b>(4)</b>	<b>80</b>
Tecnatom, S.A.	45.0	29	–	–	–	(2)	–	–	27
Elcogas, S.A.	41.0	–	–	–	–	–	–	–	–
Gorona del Viento El Hierro, S.A.	23.2	12	–	–	–	1	–	–	13
Boiro Energía, S.A.	40.0	10	–	–	–	(2)	(1)	–	7
Compañía Eólica Tierras Altas, S.A.	37.5	8	–	–	–	1	(1)	–	8
Cogenio Iberia, S.L.	20.0	8	–	–	(3)	–	–	–	5
Other		20	2	1	–	3	(2)	(4)	20
<b>Joint Ventures</b>		<b>130</b>	<b>–</b>	<b>–</b>	<b>(4)</b>	<b>(2)</b>	<b>(34)</b>	<b>10</b>	<b>100</b>
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	43.8	45	–	–	–	(17)	(16)	–	12
Front Marítim del Besòs, S.L.	61.4	33	–	–	–	–	–	–	33
Nuclenor, S.A.	50.0	–	–	–	–	2	–	(2)	–
Énergie Électrique de Tahaddart, S.A.	32.0	22	–	–	(4)	1	(2)	1	18
Suministradora Eléctrica de Cádiz, S.A.	33.5	13	–	–	–	3	(5)	(1)	10
Other		17	–	–	–	9	(11)	12	27
<b>TOTAL</b>		<b>217</b>	<b>2</b>	<b>1</b>	<b>(7)</b>	<b>(1)</b>	<b>(38)</b>	<b>6</b>	<b>180</b>

<sup>(1)</sup> Percentage at 31 December 2021.

<sup>(2)</sup> Includes investments in the companies Ateca Renovables, S.L., Terrer Renovables, S.L., Infraestructuras San Serván 220, S.L., Monte Reina Renovables, S.L., Toro Renovables 400 KV, S.L., Lucas Sostenible, S.L. and Solana Renovables, S.L. (see Notes 7.2 and 7.3.2).

## Associates

Information at 31 December 2022 and 2021 taken from the financial statements of the main jointly-controlled entities, used to prepare the accompanying consolidated financial statements is as follows:

Millions of Euro

	Consolidated Statement of Financial Position													
	Tecnatom, S.A.		Elcogas, S.A. (En Liquidación)		Gorona del Viento El Hierro, S.A.		Energías Especiales del Bierzo S.A.		Compañía Eólica Tierras Altas, S.A.		Cogenio Iberia, S.L.		Endesa X Way, S.L.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current assets	56	61	–	–	68	70	16	17	16	19	35	36	33	–
Current assets	74	58	16	16	17	15	2	4	7	6	23	22	54	–
Cash and cash equivalents	22	18	15	15	17	14	–	–	5	4	17	13	3	–
Other current assets	52	40	1	1	–	1	2	4	2	2	6	9	51	–
<b>Total assets</b>	<b>130</b>	<b>119</b>	<b>16</b>	<b>16</b>	<b>85</b>	<b>85</b>	<b>18</b>	<b>21</b>	<b>23</b>	<b>25</b>	<b>58</b>	<b>58</b>	<b>87</b>	<b>–</b>
Equity	77	69	(114)	(113)	55	54	14	9	20	20	28	27	44	–
Non-current liabilities	23	24	130	129	28	29	3	9	2	2	18	20	3	–
Non-current borrowings	22	23	130	129	–	29	2	7	–	–	18	20	3	–
Other non-current liabilities	1	1	–	–	28	–	1	2	2	2	–	–	–	–
Current liabilities	30	26	–	–	2	2	1	3	1	3	12	11	40	–
Current borrowings	8	9	–	–	–	–	–	1	–	–	9	6	–	–
Other current liabilities	22	17	–	–	2	2	1	2	1	3	3	5	40	–
<b>Total equity and liabilities</b>	<b>130</b>	<b>119</b>	<b>16</b>	<b>16</b>	<b>85</b>	<b>85</b>	<b>18</b>	<b>21</b>	<b>23</b>	<b>25</b>	<b>58</b>	<b>58</b>	<b>87</b>	<b>–</b>

Millions of Euro

	Income Statement													
	Tecnatom, S.A.		Elcogas, S.A. (En Liquidación)		Gorona del Viento El Hierro, S.A.		Energías Especiales del Bierzo S.A.		Compañía Eólica Tierras Altas, S.A.		Cogenio Iberia, S.L.		Endesa X Way, S.L.	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	104	97	–	–	10	9	15	8	20	13	20	18	32	–
Depreciation, amortisation and impairment losses	(7)	(7)	–	–	(3)	(3)	(2)	2	(3)	(3)	(6)	(6)	(2)	–
Financial income	2	2	–	–	–	–	–	–	–	1	–	–	–	–
Financial expense	–	–	–	–	–	–	–	–	–	–	(1)	–	–	–
<b>Profit/(loss) before tax</b>	<b>8</b>	<b>7</b>	<b>(1)</b>	<b>–</b>	<b>4</b>	<b>3</b>	<b>11</b>	<b>6</b>	<b>11</b>	<b>4</b>	<b>1</b>	<b>–</b>	<b>(14)</b>	<b>–</b>
Corporate income tax	–	–	–	–	–	–	(3)	(2)	(3)	(1)	–	–	33	–
<b>Profit/(loss) from continuing operations</b>	<b>8</b>	<b>7</b>	<b>(1)</b>	<b>–</b>	<b>4</b>	<b>3</b>	<b>8</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>1</b>	<b>–</b>	<b>19</b>	<b>–</b>
<b>Profit/(loss) after tax from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>8</b>	<b>7</b>	<b>(1)</b>	<b>–</b>	<b>4</b>	<b>3</b>	<b>8</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>1</b>	<b>–</b>	<b>19</b>	<b>–</b>

These figures correspond to information on the individual companies, except for Tecnatom, S.A. which correspond to their consolidated financial statements.

## Endesa X Way, S.L

On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its holding in Endesa Movilidad Eléctrica, S.L.U., currently known as Endesa X Way, S.L., to Enel X Way, S.r.l. (Enel Group company and parent of the electric mobility business), in exchange for Euro 122 million, generating a gross capital gain of Euro 121 million (see Notes 7.2, 14, 46.2 and 47.1).

This sale transaction caused Endesa to relinquish control over Endesa X Way, S.L., thus leading to the recognition of the retained interest in that company at its fair value and the recognition of a gross gain of Euro 117 million (see Note 14).

In order to integrate this company using the equity method in Endesa's consolidated financial statements, the purchase price was allocated on the basis of the fair value of the assets acquired and liabilities assumed (Net assets acquired) from Endesa X Way, S.L.

At 31 December 2022, the reconciliation of the carrying amount of the stake in Endesa X Way, S.L. to the financial information relating to this Company is as follows:

Millions of Euro	
	31 December 2022
<b>Equity of the company</b>	<b>44</b>
Share in equity (49%)	22
Goodwill	102
<b>Equity-accounted investment</b>	<b>124</b>

Enel and Endesa, in pursuit of the Strategic Plan, aim to give greater visibility and autonomy to this business and drive the development of electric vehicles and promote electric mobility as an instrument to facilitate a zero-emission energy model (see Note 53).

## Boiro Energía, S.A. and Depuración Destilación Reciclaje, S.L.

On 2 June 2022, Enel Green Power España, S.L.U. (EGPE) completed the sale of its 40% stake in Boiro Energía, S.A. and Depuración Destilación Reciclaje, S.L. in exchange for Euro 14 million. The gross gain on the sale of this stake was Euro 1 million (see Notes 7.2, 14 and 46.2).

## Joint ventures

Information at 31 December 2022 and 2021 taken from the financial statements of the main joint ventures, used to prepare the accompanying consolidated financial statements, is as follows:

Millions of Euro

Consolidated Statement of Financial Position										
	Tejo Energia - Produção e Distribuição de Energia Elétrica, S.A.		Front Marítim del Besòs, S.L.		Nuclenor, S.A.		Énergie Électrique de Tahaddart, S.A.		Suministradora Eléctrica de Cádiz, S.A.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 de diciembre de 2021	31 December 2022	31 December 2021
Non-current assets	24	34	–	–	6	7	32	49	62	64
Current assets	77	106	129	137	17	19	29	21	20	36
Cash and cash equivalents	55	79	–	–	1	1	20	13	7	28
Other current assets	22	27	129	137	16	18	9	8	13	8
<b>Total assets</b>	<b>101</b>	<b>140</b>	<b>129</b>	<b>137</b>	<b>23</b>	<b>26</b>	<b>61</b>	<b>70</b>	<b>82</b>	<b>100</b>
Equity	66	102	128	136	(4)	(11)	35	57	26	29
Non-current liabilities	25	24	–	–	14	15	1	3	22	23
Non-current borrowings	–	–	–	–	–	–	1	3	6	7
Other non-current liabilities	25	24	–	–	14	15	–	–	16	16
Current liabilities	10	14	1	1	13	22	25	10	34	48
Current borrowings	–	–	–	–	–	–	–	–	13	11
Other current liabilities	10	14	1	1	13	22	25	10	21	37
<b>Total equity and liabilities</b>	<b>101</b>	<b>140</b>	<b>129</b>	<b>137</b>	<b>23</b>	<b>26</b>	<b>61</b>	<b>70</b>	<b>82</b>	<b>100</b>

Millions of Euro

Income Statement										
	Tejo Energia - Produção e Distribuição de Energia Elétrica, S.A.		Front Marítim del Besòs, S.L.		Nuclenor, S.A.		Énergie Électrique de Tahaddart, S.A.		Suministradora Eléctrica de Cádiz, S.A.	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	4	126	–	–	1	1	34	36	21	14
Depreciation, amortisation and impairment losses	(10)	(49)	–	–	(20)	(16)	(15)	(15)	(3)	(2)
Financial income	–	–	–	–	–	1	–	–	–	–
Financial expense	–	–	–	–	–	–	–	–	–	–
<b>Profit/(loss) before tax</b>	<b>(20)</b>	<b>(7)</b>	<b>(8)</b>	<b>–</b>	<b>(22)</b>	<b>(17)</b>	<b>8</b>	<b>6</b>	<b>14</b>	<b>10</b>
Corporate income tax	–	(9)	–	–	–	–	(3)	(2)	(2)	(2)
<b>Profit/(loss) from continuing operations</b>	<b>(20)</b>	<b>(16)</b>	<b>(8)</b>	<b>–</b>	<b>(22)</b>	<b>(17)</b>	<b>5</b>	<b>4</b>	<b>12</b>	<b>8</b>
<b>Profit/(loss) after tax from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>1</b>	<b>(3)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>(20)</b>	<b>(16)</b>	<b>(8)</b>	<b>–</b>	<b>(20)</b>	<b>(16)</b>	<b>2</b>	<b>4</b>	<b>12</b>	<b>8</b>

Details of these joint ventures' equity correspond to information on the individual companies.



## Tejo Energia – Produção e Distribuição de Energia Eléctrica, S.A.

In 2021, the gains/(losses) on the 43.75% stake in Tejo Energia – Produção e Distribuição de Energia Eléctrica, S.A. revealed losses associated with the completion of the coal plant activity and the adjustment of accounts receivable.

## Énergie Électrique de Tahaddart, S.A.

On 16 June 2022, the shareholders of Énergie Électrique de Tahaddart, S.A. resolved to effect a capital reduction of 40% at the company, refunding shareholders their contributions, in accordance with their stake therein, with an amount of Euro 6 million corresponding to Endesa, which were pending collection.

On 24 June 2021, the shareholders of Énergie Électrique de Tahaddart, S.A. resolved to effect a capital reduction of 20% at the company, refunding shareholders their contributions, in accordance with their stake therein, with an amount of Euro 4 million pertaining to Endesa (see Note 46.3).

## Front Marítim del Besòs, S.L.

The reconciliation of the carrying amount of the stake in Front Marítim del Besòs, S.L. along with financial information concerning the company at 31 December 2022 and 2021, is as follows:

Millions of Euro

	31 December 2022	31 December 2021
<b>Equity of the company</b>	<b>128</b>	<b>136</b>
Share in equity (61.37%)	79	83
Loss <sup>(1)</sup>	(48)	(50)
<b>Equity-accounted investment</b>	<b>31</b>	<b>33</b>

<sup>(1)</sup> Elimination of the result generated in Endesa Generación, S.A.U., in proportion to its percentage shareholding for the contribution to the company of certain land it owned at the Tres Chimeneas site in Sant Adrià de Besòs (Barcelona).

Millions of Euro

	Associates		Joint Ventures	
	2022	2021	2022	2021
Profit/(loss) from continuing operations	24	8	8	18
Profit/(loss) after tax from discontinued operations	–	–	–	–
Other comprehensive income	5	(5)	45	19
<b>Total comprehensive income</b>	<b>29</b>	<b>3</b>	<b>53</b>	<b>37</b>

In 2022, gains/(losses) on the 61.37% stake in the company Front Marítim del Besòs, S.L. includes the impairment of land at the Tres Chimeneas site in Sant Adrià de Besòs (Barcelona) as a result of the appraisals carried out by third parties in the amount of Euro 2 million.

## Nuclenor

Nuclenor, S.A. is engaged in the operation of the nuclear power plant it owns at Santa María de Garoña, whose operating permit expired on 6 July 2013 and is currently in the definitive shutdown phase until the dismantling authorisation and transfer of ownership to Empresa Nacional de Residuos Radiactivos, S.A. S.M.E., (Enresa) takes place for it to dismantle the plant, which will ultimately culminate in the release of the site.

“Non-current Provisions” under liabilities in the consolidated statement of financial position at 31 December 2022 and 2021 included the provision to cover the estimated higher costs to be incurred by the company as a result of the situation explained in the preceding paragraph (see Note 37.3).

Therefore, in 2022 and 2021, “Net profit/(loss) of companies accounted for using the equity method” on the consolidated income statement shows a negative impact of Euro 7 million and a positive impact of Euro 2 million, respectively, arising from the 50% stake in Nuclenor, S.A., due to the recognition of this provision.

## Other companies

At 31 December 2022 and 2021, the aggregate information in the financial statements for the remaining associates and joint ventures considered individually to not be relevant is as follows:

## 26.2. Jointly-controlled entities

At 31 December 2022 and 2021 information taken from the financial statements of the main jointly-controlled entities, used to prepare the accompanying consolidated financial statements is as follows:

Millions of Euro

	Consolidated Statement of Financial Position			
	Asociación Nuclear Ascó-Vandellós II, A.I.E.		Minglanilla Renovables 400kV, A.I.E.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current assets	35	84	5	1
Current assets	102	121	1	4
Cash and cash equivalents	–	–	1	2
Other current assets	102	121	–	2
<b>Total assets</b>	<b>137</b>	<b>205</b>	<b>6</b>	<b>5</b>
Equity	16	16	1	1
Non-current liabilities	34	107	–	–
Non-current borrowings	–	–	–	–
Other non-current liabilities	34	107	–	–
Current liabilities	87	82	5	4
Current borrowings	–	–	2	–
Other current liabilities	87	82	3	4
<b>Total equity and liabilities</b>	<b>137</b>	<b>205</b>	<b>6</b>	<b>5</b>

Millions of Euro

	Income Statement			
	Asociación Nuclear Ascó-Vandellós II, A.I.E.		Minglanilla Renovables 400kV, A.I.E.	
	2022	2021	2022	2021
Revenue	167	195	–	–
Depreciation, amortisation and impairment losses	–	–	–	–
Financial income	1	–	–	–
Financial expense	(1)	(1)	–	–
<b>Income before tax</b>	<b>(59)</b>	<b>(20)</b>	<b>–</b>	<b>–</b>
Income tax	–	–	–	–
<b>Profit/(loss) from continuing operations</b>	<b>(59)</b>	<b>(20)</b>	<b>–</b>	<b>–</b>
<b>Profit/(loss) after tax from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other comprehensive income</b>	<b>60</b>	<b>22</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>1</b>	<b>2</b>	<b>–</b>	<b>–</b>

The breakdown of cash flows generated by jointly-controlled entities in the years ended 31 December 2022 and 2021 is as follows:

Millions of Euro

	2022	2021
Net cash flows from operating activities	(54)	(56)
Net cash flows from investing activities	53	56
Net cash flows from financing activities	1	–

At 31 December 2022 and 2021, Endesa had not incurred any significant contingent liabilities related to the jointly-controlled entities.

## 27. Assets and liabilities from contracts with customers

At 31 December 2022 and 2021, these headings of the consolidated statement of financial position break down as follows:

Millions of Euro

	Notes	31 December 2022		31 December 2021	
		Non-current	Current	Non-current	Current
Assets from contracts with customers	271	—	8	—	6
Liabilities from contracts with customers	272	4,300	294	4,284	270

### 27.1. Current and non-current assets under contracts with customers

In 2022 and 2021, movements in these headings of the consolidated statement of financial position were as follows:

Millions of Euro

	2022 <sup>(1)</sup>	2021 <sup>(1)</sup>
<b>Opening balance</b>	<b>6</b>	<b>10</b>
Disposals	(32)	(67)
Amount taken to income	34	63
<b>Closing balance</b>	<b>8</b>	<b>6</b>

<sup>(1)</sup> Net amount, includes value adjustment of Euro 1 million in both years (see Note 41.1.3).

At 31 December 2022 and 2021, current assets under contracts with customers mainly correspond to contracts for the execution of works entered into between Endesa Ingeniería, S.L.U. and Red Eléctrica de España, S.A.U. (REE), which will remain in effect until 2025. In 2022, these assets generated income of Euro 20 million, recognised under “Revenue from sales and

services” in the consolidated income statement (Euro 40 million in 2021).

At 31 December 2022, Endesa had future service commitments in place for a total of Euro 18 million, relating to contracts for the execution of works arranged with Red Eléctrica de España, S.A.U. (REE) (Euro 25 million at 31 December 2021) (see Note 48).

## 27.2. Current and non-current liabilities under contracts with customers

At 31 December 2022 and 2021, the composition and movements of these headings of the consolidated statement of financial position are as follows:

Millions of Euro

	Facilities transferred from customers and Rights for extension connections	Other non-current liabilities from contracts with customers	Total
<b>Balance at 31 December 2020</b>	<b>4,185</b>	<b>71</b>	<b>4,256</b>
Additions	199	4	203
Amount taken to income	–	–	–
Transfers to current and other	(161)	(14)	(175)
<b>Balance at 31 December 2021</b>	<b>4,223</b>	<b>61</b>	<b>4,284</b>
Additions	195	4	199
Amount taken to income	–	–	–
Transfers to current and other	(176)	(7)	(183)
<b>Balance at 31 December 2022</b>	<b>4,242</b>	<b>58</b>	<b>4,300</b>

At 31 December 2022 and 2021, this heading mainly includes the following items:

- “Facilities transferred from customers” corresponds to the valuation of distribution facilities transferred from customers and the revenue received from third parties other than official bodies, and income from extension and connection rights necessary to handle requests for new services, or to extend existing ones.

- It also includes “Rights for extension connections” related to new installation extensions which the distributor must make in accordance with requested voltage and power, within legally-established limits, which are necessary to allow for new supply and extensions to the existing grid.

In 2022 and 2021 the movements in current liabilities from contracts with customers of the consolidated statement of financial position was as follows:

Millions of Euro

	Notes	2022	2021
<b>Opening balance</b>		<b>270</b>	<b>274</b>
Amount taken to income	9.2	(171)	(167)
Transfers and other		195	163
<b>Closing balance</b>		<b>294</b>	<b>270</b>

## 28. Other non-current financial assets

During the financial years 2022 and 2021 the composition and movement in this caption of the accompanying

consolidated statement of financial position were as follows:

Millions of Euro

	Balance at 31 December 2021	Additions or charges	Disposals, derecognition or reductions	Valuation adjustments recognised in equity	Transfers and other	Changes in consolidation scope	Balance at 31 December 2022
Loans and receivables	595	658	(17)	–	(59)	–	1,177
Equity instruments	8	–	–	–	–	–	8
Impairment losses	(23)	–	(2)	–	–	–	(25)
<b>TOTAL</b>	<b>580</b>	<b>658</b>	<b>(19)</b>	<b>–</b>	<b>(59)</b>	<b>–</b>	<b>1,160</b>

Millions of Euro

	Balance at 31 December 2020	Additions or charges	Disposals, derecognition or reductions	Valuation adjustments recognised in equity	Transfers and other	Changes in consolidation scope	Balance at 31 December 2021
Loans and receivables	551	41	(36)	–	39	–	595
Equity instruments	9	–	–	–	(1)	–	8
Impairment losses	(26)	–	3	–	–	–	(23)
<b>TOTAL</b>	<b>534</b>	<b>41</b>	<b>(33)</b>	<b>–</b>	<b>38</b>	<b>–</b>	<b>580</b>

Details of other non-current financial assets, by maturity, at 31 December 2022 and 2021 are as follows:

Millions of Euro

	31 December 2022	31 December 2021
Between 1 and 3 years	118	28
Between 3 and 5 years	18	11
Beyond 5 years	1,024	541
<b>TOTAL</b>	<b>1,160</b>	<b>580</b>

## 28.1. Loans and receivables

Details of loans and other receivables at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
Guarantee deposits	38	437	441
Loans to employees		48	36
Loans to associates, joint ventures and joint operating companies	30, 41.1.1 and 47.2	2	58
Financial guarantees recognised as assets	3.2h.6, 30 and 35.1.12	668	40
Other financial assets		22	20
Value adjustments	41.1.3	(22)	(21)
<b>TOTAL</b>		<b>1,155</b>	<b>574</b>

### Guarantee deposits

At 31 December 2022 and 2021, “*Guarantees and deposits*” mainly include guarantees and deposits received from customers in Spain at the date of signing contracts in guarantee of electricity supply, and which are also

recognised as “*Other non-current liabilities*” in the consolidated statement of financial position, as they have been deposited with the pertinent public administrations in accordance with prevailing standards in Spain (see Note 38).

### Financial guarantees recognised as assets

At 31 December 2022 and 2021, this heading includes the financial guarantees set aside in order to be able to trade in the organised markets that Endesa uses to arrange its derivative financial instruments (see Note 3.2h.6).

### Loans to associates, joint ventures and jointly-controlled entities

Details by maturity of non-current and current loans to associates and joint ventures and jointly-controlled entities at 31 December 2022 and 2021 are as follows:

Millions of Euro

Notes	Balance at 31 December 2022	Current maturities – 2023 (Note 30)	Non-current maturities					Subsequent years	Total
			2024	2025	2026	2027			
	67	65	1	–	–	1	–	2	
	–	–	–	–	–	–	–	–	
<b>TOTAL</b>	<b>67</b>	<b>65</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>2</b>	

Millions of Euro

Notes	Balance at 31 December 2021	Current maturities – 2022 (Note 30)	Vencimiento no Corriente					Subsequent years	Total
			2023	2024	2025	2026			
	63	5	3	–	–	–	55	58	
	–	–	–	–	–	–	–	–	
<b>TOTAL</b>	<b>63</b>	<b>5</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>55</b>	<b>58</b>	

During the years 2022 and 2021 the average interest rate on these loans was 5.4% and 2.2%, respectively.

## 28.2. Equity instruments

At 31 December 2022 and 2021, this category includes equity instruments that correspond to interests in other companies, net of impairment, amounting Euro 5 million and Euro 6 million respectively.

The individual amount of the rest of the investments recognised under this item is not significant.

## 29. Other non-current assets

Details of this heading in the accompanying consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

Notes	31 December 2022	31 December 2021
6 and 46.2	279	236
	25 <sup>(1)</sup>	28
	–	–
<b>TOTAL</b>	<b>304</b>	<b>264</b>

<sup>(1)</sup> Includes the accounting balance of the surplus due to the difference between the actuarial liability and the market value of the related assets of Endesa's defined benefit pension plans amounting to Euro 8 million (see Note 37.1).

## 30. Other current financial assets

Details of this heading in the accompanying consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
Financing of the revenue shortfall from regulated activities in Spain and other regulated remuneration <sup>(1)</sup>	6	14	168
Compensation for stranded costs in non-mainland generation ("TNP")	6	2,254	749
Limitation on increase of last resort access tariff (LRT)	6	67	9
Loans to employees		11	10
Loans to associates, joint ventures and joint operating companies	30, 41.1.1 and 47.2	65	5
Financial guarantees recognised as assets	3.2h.6, 28.1 and 35.1.12	6,056	836
Other financial assets		216	42
Value adjustments	41.1.3	(6)	(2)
<b>TOTAL</b>		<b>8,677</b>	<b>1,817</b>

<sup>(1)</sup> In 2022 and 2021, the financing of the revenue shortfall from regulated activities in Spain did not accrue interest, since the entirety of the amount pending collection during both years corresponds to transitory variations.

The fair value of these financial assets does not differ substantially from their carrying amount.



# 31. Inventories

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	31 December 2022	31 December 2021
Energy stocks:	1,050	614
Coal	93	20
Nuclear fuel	246	255
Fuel oil	110	115
Gas	601	224
Other inventories	392	339
Carbon dioxide (CO <sub>2</sub> ) emission rights	653	401
Guarantees of Origin and other environmental certificates	57	17
Value adjustments	(30)	(28)
<b>TOTAL</b>	<b>2,122</b>	<b>1,343</b>

## 31.1. Carbon dioxide (CO<sub>2</sub>) emission rights

In 2022 and 2021, CO<sub>2</sub> emission allowances for 2021 and 2020 were redeemed, resulting in the derecognition of Euro 326 million and Euro 229 million, respectively (13 million tonnes and 11 million tonnes, respectively).

At 31 December 2022, the provision for allowances to be delivered to cover the carbon dioxide (CO<sub>2</sub>) emissions

under the heading "Current provisions" in the consolidated statement of financial position amounted to Euro 862 million (31 December 2021: Euro 329 million) (see Note 37.3).

## 31.2. Guarantees of Origin and other environmental certificates

In 2022 and 2021, the 2021 and 2020 Guarantees of Origin were redeemed, resulting in a derecognition of Euro 8 million and Euro 4 million, respectively (16,843 GWh and 15,030 GWh, respectively).

At 31 December 2022, the provision for rights to deliver Guarantees of Origin and other environmental certificates included under "Current provisions" in the consolidated statement of financial position came to Euro 81 million (31 December 2021: Euro 11 million) (see Note 37.3).

## 31.3. Acquisition commitments

Inventory purchase commitments amounted to Euro 22,942 million at 31 December 2022 (31 December 2021: Euro 19,766 million), of which a portion relates to agreements featuring “take or pay” clauses, as follows.

Millions of Euro

	Future purchase commitments at 31 December 2022 <sup>(1)</sup>						
	Carbon dioxide (CO <sub>2</sub> ) emission rights	Electricity	Nuclear fuel	Fuel oil	Gas	Other	Total
2023 - 2027	296	—	569	36	7,210	63	8,174
2028 - 2032	—	—	76	756	6,515	—	7,347
2033 - 2037	—	—	14	—	5,032	—	5,046
2038 - Other	—	—	—	—	2,375	—	2,375
<b>TOTAL</b>	<b>296</b>	<b>—</b>	<b>659</b>	<b>792</b>	<b>21,132</b>	<b>63</b>	<b>22,942</b>

<sup>(1)</sup> None of these amounts correspond to joint ventures.

At 31 December 2022 and 2021, commitments to acquire inventories includes the commitment to acquire liquefied natural gas for contracts arranged in 2014 with Corpus Christi Liquefaction, LLC, part of which are guaranteed by Enel, S.p.A. (see Note 47.1.2).

With respect to the agreements that contain “take or pay” clauses, in the current context, the forecasts indicate

that Endesa will continue to consume certain the inventories set out in these agreements (see Note 5.2).

The Company’s Directors consider that Endesa will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

## 31.4. Other information

### Value adjustments

In 2022 and 2021, there was no impairment of inventories involving significant amounts in this item of the consolidated statement of financial position.

### Insurance

Endesa has taken out insurance policies to cover the possible risks of damage to its inventories, considering that said policies were sufficient to cover the risks to which it is subject.

In 2022, Endesa did not detect any significant impacts in relation to the insurance policies it has taken out.

### Other information

At 31 December 2022 and 2021, Endesa had not pledged material amounts of inventories to secure the repayment of debts.

## 32. Trade and other receivables

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
<b>Trade receivables for sales and services and other receivables</b>		<b>5,472</b>	<b>5,024</b>
Trade receivables for sales and services	41.1.1	4,817	4,709
Trade receivables for electricity sales		3,323	2,913
Trade receivables for gas sales		1,037	983
Receivables from other transactions		283	595
Receivable from Group companies and associates	47.1.3 and 47.2	174	218
Other receivables	41.1.1	1,129	778
Remuneration of distribution activity		231	183
Other receivables from third parties		478	402
Other receivable from Group companies and associates	47.1.3 and 47.2	420	193
Value adjustments	41.1.3	(474)	(463)
Trade receivables for sales and services		(370)	(375)
Other receivables		(104)	(88)
<b>Tax assets</b>		<b>215</b>	<b>358</b>
Current income tax		49	76
VAT receivable		153	260
Other taxes		13	22
<b>TOTAL</b>		<b>5,687</b>	<b>5,382</b>

Balances included under this heading in the consolidated statement of financial position do not generally earn interest. At 31 December 2022 and 2021, no one customer had balances payable to Endesa that were significant with respect to Endesa's total revenues or receivables (see Note 42.6). Since regular meter reading periods are not matched to the end of the reporting period, Endesa provides a sales estimate to customers performed by its supply companies Endesa Energía, S.A.U., Endesa Energía Renovable, S.L.U., Energía XXI Comercializadora de Referencia, S.L.U.,

Empresa de Alumbrado Eléctrico de Ceuta, S.A. and Energía Ceuta XXI Comercializadora de Referencia, S.L.U., which have yet to be billed.

At 31 December 2022, the cumulative balances of power and gas sales yet to be billed to the end customer are recognised under "Trade and other receivables" of the accompanying consolidated statement of financial position and amount to Euro 1,850 million and Euro 529 million respectively (31 December 2021: Euro 1,548 million and Euro 417 million) (see Note 3.2q.1).

### 32.1. Other information

#### Collection period

The average collection period for trade receivables was 36 days in 2022 and 43 days in 2021. Therefore, fair value does not differ significantly from carrying amount.

## Other information

At 31 December 2022 and 2021, there are no significant restrictions on the use of collection rights of this nature. Factoring transactions were carried out in 2022 and 2021. Undue balances at 31 December 2022 and 2021 amounted to Euro 2,294 million and Euro 2,292 million, respectively,

which were derecognised from the consolidated statement of financial position. These transactions were recognised at a cost of Euro 41 million and 27 million, respectively, under "Net financial profit/(loss)" in the consolidated income statement (see Note 16.1).

## 33. Cash and cash equivalents

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Cash and cash equivalents	
	31 December 2022	31 December 2021
Cash in hand and at banks	871	703
Other cash equivalents	—	—
<b>TOTAL</b>	<b>871</b>	<b>703</b>

At 31 December 2022 and 2021, the composition of this heading in the consolidated statement of financial position, by currency, is as follows:

Millions of Euro

	Currency	
	31 December 2022	31 December 2021
Euro	869	700
US dollar (USD)	—	2
Sterling Pound (GBP)	2	1
<b>TOTAL</b>	<b>871</b>	<b>703</b>

Short-term cash investments mature within 3 months from acquisition date and earn interest at market interest rates for this type of deposits.

There were no investments in sovereign debt at 31 December 2022 and 2021.

At 31 December 2022 and 2021, the balance of cash and cash equivalents included Euro 8 million corresponding to the debt service reserve account set up by certain Endesa renewable energy subsidiaries by virtue of the project finance loans arranged (see Note 41.4.3).

## 34. Non-current assets held for sale and discontinued operations

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	31 December 2022	31 December 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>	<b>27</b>	<b>–</b>
Investments accounted for using the equity method	27	–
<b>TOTAL ASSETS</b>	<b>27</b>	<b>–</b>

At 31 December 2022, this heading shows Endesa's stake in the share capital of Tecnatom, S.A., as transferred from "Investments accounted for using the equity method", in

accordance with the agreement entered into by Endesa with Westinghouse Electric Spain, S.A.U. on 10 March 2022, for the sale of this stake (see Note 26.1).

## 35. Equity

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
<b>Total equity of the Parent</b>	<b>35.1</b>	<b>5,560</b>	<b>5,380</b>
Share capital	35.1.1	1,271	1,271
Share premium	35.1.2	89	89
Legal reserve	35.1.3	254	254
Revaluation reserve	35.1.4	404	404
Other reserves	35.1.5	106	106
(Treasury shares and own equity instruments)	35.1.8	(5)	(3)
Retained earnings	35.1.9	6,815	5,798
Interim dividend	35.1.10	–	(529)
Other equity instruments		4	2
Reserve for actuarial gains and losses	35.1.7	(190)	(455)
Adjustments due to changes in value		(3,188)	(1,557)
Translation differences		(1)	–
Reserve for the restatement of unrealised assets and liabilities	35.1.6	(3,187)	(1,557)
<b>Total equity of non-controlling interests</b>	<b>35.2</b>	<b>201</b>	<b>164</b>
<b>TOTAL EQUITY</b>		<b>5,761</b>	<b>5,544</b>

## 35.1. Equity: of the Parent

### 35.1.1. Share capital

At 31 December 2022, Endesa had share capital of Euro 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euro 1.2 each, subscribed for and fully paid up and all admitted for trading on the Spanish stock exchanges. There were no changes in share capital in 2022 and 2021.

At 31 December 2022 and 2021, the percentage of Endesa, S.A. share capital held by the Enel Group through Enel Iberia, S.L.U. was 70.1%.

At that date, no other shareholder held more than 10% of the share capital of Endesa, S.A.

### 35.1.2. Share premium

The share premium arises from the Company's corporate restructuring. Article 303 of the Consolidated text of the Spanish Corporate Enterprises Act expressly permits the use of the share premium to increase capital and does not establish any specific restrictions as to its use.

Nonetheless, at 31 December 2022, Euro 33 million of the share premium are restricted to the extent that they are subject to tax assets capitalised in prior years (Euro 35 million at 31 December 2021).

### 35.1.3. Legal reserve

In accordance with Article 274 of the consolidated text of the Spanish Corporate Enterprises Act, an amount equal to 10% of the profit for the year must be earmarked for the legal reserve until such reserve represents at least 20% of the share capital.

The legal reserve may be used to increase share capital provided that the balance of the reserve exceeds 10% of

the increased capital amount. Except for the aforementioned purpose, the legal reserve may not be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

At 31 December 2022 and 2021, Endesa, S.A. held the minimum amount stipulated in law for this reserve.

### 35.1.4. Revaluation reserve

The "Revaluation reserve" is a result of the revaluation of assets made pursuant to Royal Decree-Law 7/1996, of 7 June.

On 1 January 2000, the revalued assets were contributed to the corresponding companies following the corporate restructuring carried out by Endesa.

This balance can be used, tax-free, to offset the accounting loss for the year or accounting losses accumulated from prior years or that could arise in the future, and to increase share capital or unrestricted reserves, and in the latter case, monetary gain has been realised. The gain will be

deemed to have been realised when the related revalued assets have been depreciated, transferred or derecognised. This balance would be taxed if used for any purpose other than that foreseen in Royal Decree Law 7/1996 of 7 June 1996.

At 31 December 2022, Euro 207 million are restricted to the extent that they are subject to tax assets capitalised in prior years (Euro 221 million at 31 December 2021).

### 35.1.5. Other reserves

At 31 December 2022 and 2021, this section mainly consists of the redeemed capital reserve in the amount of Euro 102 million, in compliance with Article 335 of Spain's Corporate Enterprises Act, which requires companies to post to this reserve an amount equal to the par value of the redeemed shares or of the reduction in their par value,

when the reduction is charged to unrestricted profits or reserves by redeeming shares acquired free of charge by the Company. The drawdown on this reserve will be subject to the same requirements as set forth for reducing share capital.

### 35.1.6. Reserve for the restatement of unrealised assets and liabilities

Movement in this reserve in 2022 and 2021 is as follows:

Millions of Euro

	31 December 2021	Change in market value	Amount taken to income	Other transactions with shareholders or owners	31 December 2022
Hedging transactions	(1,520)	(2,535)	879	–	(3,176)
Interest rate derivatives	(8)	86	2	–	80
Exchange rate derivatives	11	139	(87)	–	63
Energy stock derivatives	(1,523)	(2,760)	964	–	(3,319)
Investments in associates and joint ventures	(37)	26	–	–	(11)
<b>TOTAL</b>	<b>(1,557)</b>	<b>(2,509)</b>	<b>879</b>	<b>–</b>	<b>(3,187)</b>

Millions of Euro

	31 December 2020	Change in market value	Amount taken to income	Other transactions with shareholders or owners	31 December 2021
Hedging transactions	(31)	(1,053)	(436)	–	(1,520)
Interest rate derivatives	(27)	13	6	–	(8)
Exchange rate derivatives	(112)	103	20	–	11
Energy stock derivatives	108	(1,169)	(462)	–	(1,523)
Investments in associates and joint ventures	(44)	7	–	–	(37)
<b>TOTAL</b>	<b>(75)</b>	<b>(1,046)</b>	<b>(436)</b>	<b>–</b>	<b>(1,557)</b>

The heading "Adjustments due to changes in value" in Equity includes, among others, the fair value of the cash flow accounting hedge derivative transactions arranged by Endesa, which have yet to be reclassified under results for the period because the envisaged hedged transaction has not taken place.

At 31 December 2022, the amount shown under "Value adjustments" – "Hedging transactions" came to a negative Euro 3,176 million (negative Euro 1,520 million at 31 December 2021) and included mainly gas financial derivatives arranged for 2023–2025, as a result of Endesa's hedging strategy.

### 35.1.7. Reserve for actuarial gains and losses

At 31 December 2022 and 2021 this reserve derives from actuarial gains and losses recognised in equity (see Note 37.1).

### 35.1.8. Treasury shares and own equity instruments

On 14 October 2022, the Board of Directors of Endesa, S.A. resolved to implement a temporary share buy-back programme to cover its long-term variable remuneration plan (*Strategic Incentive Plan 2022–2024*), under which the delivery of shares formed part of the “strategic incentive” payment (see Note 47.3).

The Repurchasing Programme, managed and implemented by Exane, S.A. (“*Exane BNP Paribas*”), is subject to the provisions of Commission Delegated Regulation (EU) 2016/1052 of 8 March, supplementing Regulation (EU) 596/2014 of the European Parliament and of the Council, of 16 April.

With the implementation of this Programme, Endesa, S.A. has acquired 91,362 treasury shares, which are added to the 162,458 treasury shares that it acquired previously in previous years under similar programmes.

No disposals or cancellations have been made since acquisition.

Likewise, the Board of Directors of Endesa, S.A., at its meeting held on 10 May 2022, resolved to carry out another

Temporary Share Buyback Programme, further to the authorisation granted by the Company’s General Shareholders’ Meeting held on 5 May 2020, and also further to the approval of the Company’s Board of Directors held on 22 March in relation to the plan to award shares to employees (“Flexible Share Remuneration Programme”). This Temporary Share Buyback Programme aims to acquire shares to comply with the obligations under the Flexible Share Remuneration Programme for serving employees of the Endesa Group in Spain who opt in 2022 to receive a portion of their salary in shares of Endesa, S.A. as part the Endesa’s general remuneration policy framework. The Temporary Share Buyback Programme includes the volume of shares required to cover the monetary amount requested by employees.

Under this programme, Endesa, S.A. acquired 509,982 treasury shares of the Parent, of which 790 shares remained in the Parent’s possession at 31 December 2022. In accordance with the foregoing, at 31 December 2022 and 2021 Endesa, S.A. holds treasury shares as follows:

Treasury shares relating to Strategic Incentive Plans	Number of shares	Nominal value (Euro/Share)	% of total share capital	Average acquisition cost (Euro/Share)	Total cost of acquisition (Euro)
Treasury shares at 31 December 2022	254,610	1.20	0.02405	19.25	4,901,357
Treasury shares at 31 December 2021	162,458	1.20	0.01534	21.44	3,483,847

### 35.1.9. Retained earnings

Details of the Company’s reserves at 31 December 2022 and 2021 are as follows.

Millions of Euro	31 December 2022	31 December 2021
Voluntary reserves	693	693
Merger reserve	667	667
Other unrestricted reserves	26	26
Other retained earnings	6,122	5,105
<b>TOTAL</b>	<b>6,815</b>	<b>5,798</b>

The merger reserve stems from the corporate restructuring of the Company, and its balance at 31 December 2022 amounts to Euro 667 million, Euro 78 million of which cannot be distributed because they are subject to certain tax benefits (Euro 667 million and Euro 81 million respectively at 31 December 2021).



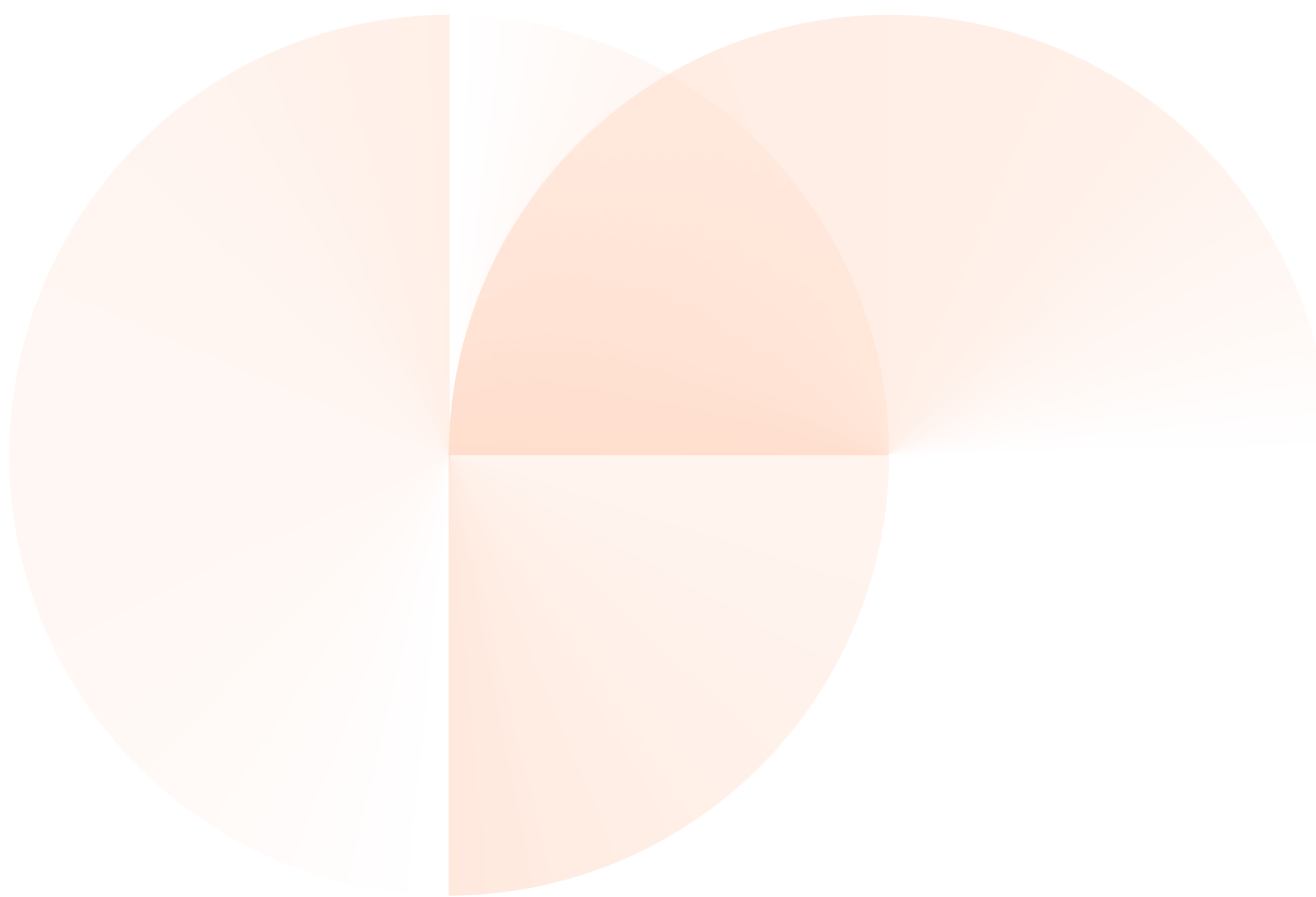
## 35.1.10. Dividends

### 2021

Approval was given at Endesa, S.A.'s General Shareholders' Meeting held on 29 April 2022 to pay shareholders a total gross dividend, charged against 2021 earnings and against retained earnings from previous years, of Euro 1.4372 per share, or Euro 1,521 million in total, as follows:

Millions of Euro

	Notes	Approval date	Euro per share, gross	Amount	Payment date
Interim dividend	<sup>40</sup>	24 November 2021	0.500	529	3 January 2022
Final dividend		29 April 2022	0.9372	992	1 July 2022
<b>Total dividend paid against 2021 profit</b>	<sup>46.3</sup>		<b>1.4372</b>	<b>1,521</b>	



### 35.1.11. Gains and losses recognised in the consolidated statement of other comprehensive income

The composition at 31 December 2022 and 2021, and movements in relation to gains and losses recognised in the consolidated statement of other comprehensive income are as follows:

Millions of Euro

		31 December 2021		
	Notes	Total	At the Parent	Non-controlling interests
<b>ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS</b>		<b>(455)</b>	<b>(455)</b>	<b>—</b>
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		—	—	—
Actuarial gains and losses	371	(455)	(455)	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		—	—	—
Equity Instruments through Other Comprehensive Income		—	—	—
Other Income and Expenses not Reclassified to Profit for the Period		—	—	—
<b>ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>		<b>(1,557)</b>	<b>(1,557)</b>	<b>—</b>
Hedging transactions		(1,520)	(1,520)	—
Translation differences		—	—	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		(37)	(37)	—
Equity Instruments at Fair Value through Other Comprehensive Income		—	—	—
Other Income and Expenses that may be reclassified to profit for the period		—	—	—
<b>TOTAL</b>		<b>(2,012)</b>	<b>(2,012)</b>	<b>—</b>

Millions of Euro

		31 December 2020		
	Notes	Total	At the Parent	Non-controlling interests
<b>ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS</b>		<b>(487)</b>	<b>(487)</b>	<b>—</b>
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		—	—	—
Actuarial gains and losses	371	(487)	(487)	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		—	—	—
Equity Instruments through Other Comprehensive Income		—	—	—
Other Income and Expenses not Reclassified to Profit for the Period		—	—	—
<b>ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>		<b>(75)</b>	<b>(75)</b>	<b>—</b>
Hedging transactions		(31)	(31)	—
Translation differences		—	—	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		(44)	(44)	—
Equity Instruments at Fair Value through Other Comprehensive Income		—	—	—
Other Income and Expenses that may be reclassified to profit for the period		—	—	—
<b>TOTAL</b>		<b>(562)</b>	<b>(562)</b>	<b>—</b>

Changes in 2022					31 December 2022			
Valuation gains/ (losses)	Amounts Transferred to Income Statement	Tax effect (Note 18)	Changes in consolidation scope and other	Other transactions with shareholders or owners	Total	At the Parent	Non-controlling interests	
335	–	(69)	(1)	–	(190)	(190)	–	
–	–	–	–	–	–	–	–	
335	–	(69)	(1)	–	(190)	(190)	–	
–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	
<b>(3,353)</b>	<b>1,171</b>	<b>552</b>	<b>1</b>	<b>–</b>	<b>(3,187)</b>	<b>(3,188)</b>	<b>1</b>	
(3,378)	1,171	552	–	–	(3,175)	(3,176)	1	
(1)	–	–	–	–	(1)	(1)	–	
26	–	–	1	–	(11)	(11)	–	
–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	
<b>(3,018)</b>	<b>1,171</b>	<b>483</b>	<b>(1)</b>	<b>–</b>	<b>(3,377)</b>	<b>(3,378)</b>	<b>1</b>	

Changes in 2021					31 December 2021			
Valuation gains/ (losses)	Amounts Transferred to Income Statement	Tax effect (Note 18)	Changes in consolidation scope and other	Other transactions with shareholders or owners	Total	At the Parent	Non-controlling interests	
35	–	(3)	–	–	(455)	(455)	–	
–	–	–	–	–	–	–	–	
35	–	(3)	–	–	(455)	(455)	–	
–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	
<b>(1,392)</b>	<b>(583)</b>	<b>493</b>	<b>–</b>	<b>–</b>	<b>(1,557)</b>	<b>(1,557)</b>	<b>–</b>	
(1,399)	(583)	493	–	–	(1,520)	(1,520)	–	
–	–	–	–	–	–	–	–	
7	–	–	–	–	(37)	(37)	–	
–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	
<b>(1,357)</b>	<b>(583)</b>	<b>490</b>	<b>–</b>	<b>–</b>	<b>(2,012)</b>	<b>(2,012)</b>	<b>–</b>	

## 35.1.12. Capital management

Capital management at Endesa focuses on maintaining a solid financial structure that optimises the cost of capital and the availability of financial resources to guarantee business continuity in the long run. This policy of financial prudence makes it possible to maintain an adequate level of value creation for shareholders while guaranteeing Endesa's liquidity and solvency.

The Parent's Directors consider that an indicator of its ongoing financial position is its consolidated leverage ratio. Details of this ratio at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	Leverage	
		31 December 2022	31 December 2021
<b>Net financial debt:</b>		<b>10,869</b>	<b>8,806</b>
Non-current borrowings	41.3	11,704	7,211
Current borrowings	41.3	6,784	3,167
Debt derivatives recognised as financial assets	44	87	14
Cash and cash equivalents	33	(871)	(703)
Debt derivatives recognised as assets	44	(111)	(7)
Financial guarantees recognised as assets	28.1 and 30	(6,724)	(876)
<b>Equity:</b>	35	<b>5,761</b>	<b>5,544</b>
Of the Parent	35.1	5,560	5,380
Non-controlling interests	35.2	201	164
<b>Leverage (%)<sup>(1)</sup></b>		<b>188.67</b>	<b>158.84</b>

<sup>(1)</sup> Leverage (%) = Net financial debt / equity.

Endesa maintains principles of prudence in its debt structure by obtaining long-term financing that enables it to adjust its maturity schedules to its capacity to generate cash flows, in line with the business plan in place.

The Company also has short-term financing that helps optimise the management of its working capital requirements and improve the cost of its debt.

The Company has a solid financial position and unconditional credit lines contracted with first-tier institutions available for significant amounts. This, together with the implementation of specific plans for the improvement and efficient

management of liquidity, will allow the Company to face the evolution of the business with the necessary leeway (see Note 42.4).

The Company's Directors consider that the leverage achieved optimises the cost of capital while maintaining a high level of solvency. Therefore, taking into account the expected results and the planned investment plan, the dividend policy established will enable the Company to maintain an adequate leverage in the future.

The following dividends were approved and distributed in 2022 and 2021 (see Note 35.1.10):

Millions of Euro

	Notes	Dividends Approved and Paid			
		Approval date	Euro per share, gross	Amount	Payment date
Interim dividend	40	24 November 2021	0,500	529	3 January 2022
Final dividend		29 April 2022	0,9372	992	1 July 2022
<b>Total dividend paid against 2021 profit</b>	46.3		<b>1.4372</b>	<b>1,521</b>	

Endesa's long-term ratings allocated by credit rating agencies at the respective dates of issue of the consolidated financial statements for the years ended 31 December 2022 and 2021, qualify as investment grade, and are as follows:

	Credit Rating						
	31 December 2022 <sup>(1)</sup>				31 December 2021 <sup>(1)</sup>		
	Long term	Short term	Outlook	Date of Last Report	Non-current	Short term	Outlook
Standard & Poor's	BBB+	A-2	Negative	14 December 2022	BBB+	A-2	Stable
Moody's	Baa1	P-2	Negative	21 September 2022	Baa1	P-2	Stable
Fitch	BBB+	F2	Stable	2 February 2023	BBB+	F2	Stable

<sup>(1)</sup> At the respective dates of preparing the consolidated financial statements.

The Parent's Directors consider that the credit rating assigned by the agencies would enable the Parent to access the financial markets on reasonable terms if need be.

### 35.1.13. Restrictions on the availability of funds and pledges of shares of subsidiaries

At 31 December 2022, certain Endesa subsidiaries that operate in the renewable energy business, and which are financed through project finance, are subject to clauses in their financing agreements that must be met before profits can be distributed to shareholders.

At 31 December 2022, financial debt subject to these restrictions totalled Euro 70 million (31 December 2021: Euro 84 million) (see Notes 20.4, 41.4.3 and 48).

## 35.2. Equity: of non-controlling interests

At 31 December 2022 and 2021, the composition and movements of this item of the consolidated statement of financial position are as follows:

Millions of Euro

	Balance at 31	Dividends paid	Profit/(loss) for the year	Investments or extensions <sup>(1)</sup>	Disposals or reductions <sup>(2)</sup>	Other movements	Balance at 31 December 2022
Aguilón 20, S.A.	23	(2)	6	—	—	—	27
Empresa de Alumbrado Eléctrico de Ceuta, S.A.	3	—	—	—	—	—	3
Eólica Valle del Ebro, S.A.	3	—	—	—	—	—	3
Explotaciones Eólicas Saso Plano, S.A.	10	(1)	4	—	—	—	13
Parque Eólico Sierra del Madero, S.A.	22	(3)	7	—	—	—	26
Sociedad Eólica de Andalucía, S.A.	28	(4)	9	—	—	—	33
Other	75	(7)	29	4	(5)	—	96
<b>TOTAL</b>	<b>164</b>	<b>(17)</b>	<b>55</b>	<b>4</b>	<b>(5)</b>	<b>—</b>	<b>201</b>

<sup>(1)</sup> Corresponds to the contribution of funds from shareholders of Explotaciones Eólicas Santo Domingo de Luna, S.A. (see Note 46.3).

<sup>(2)</sup> Relates to the purchase of non-controlling interests (20%) in Energías Especiales de Peña Armada, S.A.U. and Energías Especiales de Careón, S.A., for a total of Euro 3 million, and the return of funds to shareholders of Bosa del Ebro, S.L. for a total of Euro 2 million (see Notes 7.1 and 46.3).

Millions of Euro

	Balance at 31 December 2020	Dividends paid	Profit/(loss) for the year	Investments or extensions	Disposals or reductions <sup>(1)</sup>	Other movements	Balance at 31 December 2021
Aguilón 20, S.A.	22	(2)	2	–	–	1	23
Empresa de Alumbrado Eléctrico de Ceuta, S.A.	2	–	–	–	–	1	3
Eólica Valle del Ebro, S.A.	4	–	–	–	–	(1)	3
Explotaciones Eólicas Saso Plano, S.A.	10	–	1	–	–	(1)	10
Parque Eólico Sierra del Madero, S.A.	20	–	3	–	–	(1)	22
Sociedad Eólica de Andalucía, S.A.	26	(3)	3	–	–	2	28
Other	66	–	13	–	(4)	–	75
<b>TOTAL</b>	<b>150</b>	<b>(5)</b>	<b>22</b>	<b>–</b>	<b>(4)</b>	<b>1</b>	<b>164</b>

<sup>(1)</sup> Relates to the acquisition of the non-controlling stake (43.88%) in Planta Eólica Europea, S.A. for Euro 1 million and the return of shareholders' funds at Bosa del Ebro, S.L. for Euro 3 million (see Notes 7.1 and 7.1 and 46.3).

At 31 December 2022 and 2021, the balance of "Equity of non-controlling interests" mainly shows the non-controlling interests held by Enel Green Power España, S.L.U. (EGPE) companies.

On 9 June 2021, EndesaRed, S.A.U. completed the purchase of non-controlling stakes in Empresa de Alumbrado Eléctrico de Ceuta, S.A., Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. and Energía Ceuta XXI Co-

mercializadora de Referencia, S.A.U. (0.04%), resulting in a reduction in the non-controlling interests to below Euro 1 million (see Note 7.1).

At 31 December 2022 and 2021 the most relevant items of the consolidated statement of financial position, income statement and statement of cash flows of the main Endesa companies with non-controlling interests used to draw up these consolidated financial statements are as follows:

Millions of Euro

#### Consolidated Statement of Financial Position

	Aguilón 20, S.A.		Empresa de Alumbrado Eléctrico de Ceuta, S.A.		Eólica Valle del Ebro, S.A.		Explotaciones Eólicas Saso Plano, S.A.		Parque Eólico Sierra del Madero, S.A.		Sociedad Eólica de Andalucía, S.A.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current assets	80	86	104	92	8	8	28	32	84	76	113	119
Current assets	27	21	15	11	1	2	18	9	5	10	39	26
<b>Total assets</b>	<b>107</b>	<b>107</b>	<b>119</b>	<b>103</b>	<b>9</b>	<b>10</b>	<b>46</b>	<b>41</b>	<b>89</b>	<b>86</b>	<b>152</b>	<b>145</b>
Equity	56	47	92	76	6	6	36	28	61	52	80	66
Non-current liabilities	42	53	20	21	2	3	6	12	11	16	49	65
Current liabilities	9	7	7	6	1	1	4	1	17	18	23	14
<b>Total equity and liabilities</b>	<b>107</b>	<b>107</b>	<b>119</b>	<b>103</b>	<b>9</b>	<b>10</b>	<b>46</b>	<b>41</b>	<b>89</b>	<b>86</b>	<b>152</b>	<b>145</b>

Millions of Euro

	Income Statement											
	Aguilón 20, S.A.		Empresa de Alumbrado Eléctrico de Ceuta, S.A.		Eólica Valle del Ebro, S.A.		Explotaciones Eólicas Saso Plano, S.A.		Parque Eólico Sierra del Madero, S.A.		Sociedad Eólica de Andalucía, S.A.	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenue</b>	28	14	45	35	7	5	18	5	31	17	55	28
<b>Profit/(loss) before tax</b>	17	4	4	3	—	—	14	2	23	9	36	13
<b>Profit/(loss) from continuing operations</b>	13	3	4	2	—	—	10	1	17	7	27	10
<b>Profit/(loss) after tax from discontinued operations</b>	—	—	—	—	—	—	—	—	—	—	—	—
<b>Other comprehensive income</b>	1	—	—	—	—	—	—	—	—	—	—	—
<b>Total comprehensive income</b>	<b>14</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>10</b>	<b>1</b>	<b>17</b>	<b>7</b>	<b>27</b>	<b>10</b>

Millions of Euro

	Statement of cash flows											
	Aguilón 20, S.A.		Empresa de Alumbrado Eléctrico de Ceuta, S.A.		Eólica Valle del Ebro, S.A.		Explotaciones Eólicas Saso Plano, S.A.		Parque Eólico Sierra del Madero, S.A.		Sociedad Eólica de Andalucía, S.A.	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net cash flows from operating activities	15	14	8	2	2	—	12	7	22	9	35	21
Net cash flows from investing activities	—	—	(7)	3	(2)	—	(1)	—	(14)	(3)	(3)	(1)
Net cash flows from financing activities	(8)	(7)	—	(6)	—	—	(2)	(4)	(8)	(6)	(19)	(14)

The equity data correspond to the information of the individual companies, except for those of Empresa de Alumbrado Eléctrico de Ceuta, S.A., which correspond to its Consolidated Financial Statements.

## 36. Grants

At 31 December 2022 and 2021, the composition and movements of this item of the consolidated statement of financial position are as follows:

Millions of Euro

	Notes	Grants related to assets
<b>Balance at 31 December 2020</b>		<b>261</b>
Additions		8
Amount taken to income	92	(15)
Transfers to current and other		—
<b>Balance at 31 December 2021</b>		<b>254</b>
Additions		1
Amount taken to income	92	(15)
Transfers to current and other		(2)
<b>Balance at 31 December 2022</b>		<b>238</b>

The heading “*Capital grants*” mainly shows grants received under the partnership agreements entered into to improve the quality of supply in the electricity distribution network with, inter alia, the Ministry of Ecological Transition and the Demographic Challenge (“MITECO”) and the corresponding public bodies of the regional governments.

At the 31 December 2022 and 2021, Endesa had fulfilled all the requirements to receive and apply the grants disclosed above.

## 37. Provisions

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022		31 December 2021	
		Non-current	Current	Non-current	Current
Provisions for employee benefits		278	—	659	—
Provisions for pensions and other similar obligations	37.1	248	—	610	—
Other employee benefits		30	—	49	—
Provisions for workforce restructuring plans	37.2	519	204	767	237
Collective redundancy procedures		14	28	27	32
Contract suspension		505	176	740	205
Other provisions	37.3	2,167	1,032	2,558	374
<b>TOTAL</b>		<b>2,964</b>	<b>1,236</b>	<b>3,984</b>	<b>611</b>



## 37.1. Provisions for pensions and similar obligations

Provisions for pensions and other similar provisions in the consolidated statement of financial position are the result of obligations set forth in collective or individual agreements with the Company's employees, whereby the Company undertakes to supplement the public social security system benefits in the event of retirement, permanent disability and death.

Pension commitments, both defined benefits and defined contributions, are basically arranged through pension plans or insurance policies, except as regards certain benefits in kind, which due to their nature have not been externalised and are covered by in-house provisions.

### Opening net actuarial liability

At 31 December 2022 and 2021 the balance included in the consolidated statement of financial position as a result of the difference between the actuarial liability relating to

defined benefit obligations and the market value of plan assets is as follows:

Millions of Euro		
	31 December 2022	31 December 2021
Actuarial liability	589	1.219
Plan assets	(349)	(609)
<b>Shortfall recognised in respect of actuarial liability</b>	<b>240</b>	<b>610</b>

At 31 December 2022 and 2021, the following amounts are recorded in the consolidated statement of financial position:

Millions of Euro			
	Notes	31 December 2022	31 December 2021
Non-current provisions for employee benefits	37	248	610
Other non-current assets	29	(8)	—
<b>Shortfall recognised in respect of actuarial liability</b>		<b>240</b>	<b>610</b>

At 31 December 2022 and 2021 information on net actuarial liabilities relating to defined benefit scheme obligations was as follows:

Millions of Euro

	Notes	2022			
		Pensions	Energy	Health insurance	Total
<b>Opening net actuarial liability</b>		<b>228</b>	<b>380</b>	<b>2</b>	<b>610</b>
Net interest expense	16	1	6	—	7
Service costs in the period	12	7	1	—	8
Benefits paid in the period		—	—	—	—
Contributions in the period		(39)	(13)	—	(52)
Other movements		2	—	—	2
Actuarial (gains) losses arising from changes in demographic assumptions		—	—	—	—
Actuarial (gains) losses arising from changes in financial assumptions		(247)	(83)	(1)	(331)
Actuarial (gains) losses arising from experience adjustments		2	(79)	—	(77)
Actuarial return on plan assets excluding interest expense		73	—	—	73
<b>Closing net actuarial liability</b>		<b>27</b>	<b>212</b>	<b>1</b>	<b>240</b>

Millions of Euro

	Notes	2021			
		Pensions	Energy	Health insurance	Total
<b>Opening net actuarial liability</b>		<b>325</b>	<b>374</b>	<b>2</b>	<b>701</b>
Net interest expense	16	3	2	—	5
Service costs in the period	12	7	2	—	9
Benefits paid in the period		—	—	—	—
Contributions in the year		(62)	(14)	—	(76)
Other movements		5	1	—	6
Actuarial (gains) losses arising from changes in demographic assumptions		—	—	—	—
Actuarial (gains) losses arising from changes in financial assumptions		(64)	(17)	—	(81)
Actuarial (gains) losses arising from experience adjustments		58	32	—	90
Actuarial return on plan assets excluding interest expense		(44)	—	—	(44)
<b>Closing net actuarial liability</b>		<b>228</b>	<b>380</b>	<b>2</b>	<b>610</b>

At 31 December 2022 and 2021 information on gross actuarial liabilities relating to defined benefit scheme obligations was as follows:

Millions of Euro

	2022			
	Pensions	Energy	Health insurance	Total
<b>Opening actuarial liability</b>	<b>837</b>	<b>380</b>	<b>2</b>	<b>1,219</b>
Financial expenses	10	6	—	16
Service costs in the period	7	1	—	8
Benefits paid in the period	(74)	(13)	—	(87)
Actuarial (gains) losses arising from changes in demographic assumptions	—	—	—	—
Actuarial (gains) losses arising from changes in financial assumptions	(247)	(83)	(1)	(331)
Actuarial (gains) losses arising from experience adjustments	2	(79)	—	(77)
Insurance for benefits payable	(161)	—	—	(161)
Other movements	2	—	—	2
<b>Closing actuarial liability</b>	<b>376</b>	<b>212</b>	<b>1</b>	<b>589</b>

The amount recognised under “Insurance for benefits payable” in 2022, for a total of Euro 161 million, relates to the payment of premiums on the insurance policies taken out to cover the defined benefit obligations in the year in a move to eliminate all the risks assumed by Endesa in relation to the obligations insured. The amounts paid led to a reduction in plan assets in the same amount.

The cost of the policy is Euro 3 million lower than the actuarial liability corresponding to these obligations and, therefore, a positive effect has been recognised for this amount under “Personnel expenses” in the consolidated income statement.

Millions of Euro

	2021			
	Pensions	Energy	Health insurance	Total
<b>Opening actuarial liability</b>	<b>907</b>	<b>374</b>	<b>2</b>	<b>1.283</b>
Financial expenses	6	2	—	8
Service costs in the period	7	2	—	9
Benefits paid in the period	(82)	(14)	—	(96)
Other movements	5	1	—	6
Actuarial (gains) losses arising from changes in demographic assumptions	—	—	—	—
Actuarial (gains) losses arising from changes in financial assumptions	(64)	(17)	—	(81)
Actuarial (gains) losses arising from experience adjustments	58	32	—	90
<b>Closing actuarial liability</b>	<b>837</b>	<b>380</b>	<b>2</b>	<b>1.219</b>

A breakdown of net actuarial liabilities, the changes in the market value of assets relating to defined benefit obligations at 31 December 2022 and 2021 is as follows:

Millions of Euro

	2022			
	Pensions	Energy	Health insurance	Total
<b>Initial market value of the affected assets</b>	<b>609</b>	<b>—</b>	<b>—</b>	<b>609</b>
Expected return	9	—	—	9
Contributions in the period	39	13	—	52
Benefits paid in the period	(74)	(13)	—	(87)
Actuarial (losses) gains	(73)	—	—	(73)
Insurance for benefits payable	(161)	—	—	(161)
<b>Final market value of the affected assets <sup>(1)</sup></b>	<b>349</b>	<b>—</b>	<b>—</b>	<b>349</b>

<sup>(1)</sup> Post-employment benefits other than pension schemes are not included.

Millions of Euro

	2021			
	Pensions	Energy	Health insurance	Total
<b>Initial market value of the affected assets</b>	<b>582</b>	<b>—</b>	<b>—</b>	<b>582</b>
Expected return	3	—	—	3
Contributions in the period	62	14	—	76
Benefits paid in the period	(82)	(14)	—	(96)
Actuarial (losses) gains	44	—	—	44
<b>Final market value of the affected assets <sup>(1)</sup></b>	<b>609</b>	<b>—</b>	<b>—</b>	<b>609</b>

<sup>(1)</sup> Post-employment benefits other than pension schemes are not included.

## Impact on the consolidated income statement and the consolidated statement of other comprehensive income

In 2022 and 2021, amounts recognised for defined-benefit and defined contribution pension provisions in the consolidated income statement, are as follows:

Millions of Euro			
	Notes	2022	2021
<b>Plan assets</b>		<b>(12)</b>	<b>(14)</b>
Current cost during the year <sup>(1)</sup>	12	(8)	(9)
Net financial expenses	16	(7)	(5)
Other current costs during the year	12	3 <sup>(2)</sup>	—
<b>Defined contribution</b>		<b>(40)</b>	<b>(50)</b>
Current cost during the year <sup>(3)</sup>	12	(40)	(50)
<b>TOTAL</b>		<b>(52)</b>	<b>(64)</b>

<sup>(1)</sup> In 2022, it includes Euro 4 million of the current cost for the year relating to early retirees which was previously recognised as a provision under "Provision for workforce restructuring" and which was transferred during the year to "Provisions for pensions and similar provisions" (Euro 5 million in 2021).

<sup>(2)</sup> Relates to the positive effect of the cost incurred under the policy for insuring the benefits, which is Euro 3 million lower than the actuarial liability pertaining to those obligations.

<sup>(3)</sup> A total of Euro 21 million previously included under "Provisions for workforce restructuring plans" (2021: Euro 30 million) was contributed in 2022.

In 2022 and 2021, amounts recognised for provisions to cover defined-benefit obligations in the consolidated statement of other comprehensive income are as follows:

Millions of Euro			
	Notes	2022	2021
Actuarial return on plan assets excluding interest expense		(73)	44
Actuarial gains and losses		408	(9)
<b>TOTAL</b>	35.1.11	<b>335</b>	<b>35</b>

At 31 December 2022, based on the best estimate available, forecast contributions to defined benefit plans in 2023 amount to approximately Euro 15 million (Euro 17 million at 31 December 2021 to cover defined benefit plans in 2021).

### Plan assets

The main categories of defined benefit plan assets as a percentage of total assets, at 31 December 2022 and 2021, are as follows:

Percentage (%)		
	31 December 2022	31 December 2021
Fixed income assets <sup>(1)</sup>	45	45
Shares <sup>(1)</sup>	30	39
Investment property and other	25	16
<b>TOTAL</b>	<b>100</b>	<b>100</b>

<sup>(1)</sup> Includes shares and bonds of Enel Group companies in the amount of Euro 8 million at 31 December 2022 (31 December 2021: Euro 11 million).

The breakdown of the fair value of fixed income securities by geographical area 31 December 2022 and 2021 is as follows:

Millions of Euro		
Country	31 December 2022	31 December 2021
United States	44	54
Germany	11	9
Spain	8	20
France	8	12
Italy	5	9
United Kingdom	5	11
Luxembourg	4	57
Holland	4	2
Belgium	—	—
Other	68	101
<b>TOTAL</b>	<b>157</b>	<b>275</b>

At 31 December 2022 and 2021, the value of defined benefit plan assets placed in sovereign debt instruments is as follows:

Millions of Euro		
País	31 December 2022	31 December 2021
Germany	5	1
Spain	3	10
Italy	3	4
France	3	1
Belgium	—	—
Other	29	23
<b>TOTAL</b>	<b>43</b>	<b>39</b>

Shares and fixed-income instruments have quoted prices in active markets. The expected return on plan assets was estimated taking into account forecasts for the main fixed income and equity markets and assuming that the various asset classes would have similar weights to those of the preceding year. The average return rate in 2022 was 9.89%, negative (9.19% positive in 2021).

Currently, the investment strategy and risk management are the same for all plan participants, with no correlation strategy between assets and liabilities.

## Actuarial assumptions

The assumptions used when calculating the actuarial liability in respect of uninsured defined benefit obligations at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Interest rate	3.74 % - 3.77 %	1.08 % - 1.16 %
Mortality tables	PERM / FCOL2020	PERM / FCOL2020
Expected return on plan assets	3.77 %	1.09 %
Salary increase <sup>(1)</sup>	1.00 %	1.00 %
Increase in the cost of health care	4.98 %	4.40 %

<sup>(1)</sup> Benchmark percentage for estimating salary increases.

At 31 December 2022, the development of the actuarial assumptions for interest rate and health care cost increases and salary reviews includes the consequences of the current macroeconomic environment and, inter alia, the Russia-Ukraine conflict (see Note 5.2).

The interest rate applied to discount the commitments is obtained from a curve constructed using the yields on corporate bond issues by companies with an "AA" credit rating and based on the estimated term over which the provisions deriving from each commitment will be settled.

## Sensitivity analysis

At 31 December 2022 and 2021, the sensitivity of the value of the actuarial liability for pensions to fluctuations in the main actuarial assumptions, with the other variables remaining constant, is as follows:

Millions of Euro

Hipótesis	31 December 2022		31 December 2021	
	Pensions	Other defined benefit commitments	Pensions	Other defined benefit commitments
50 p.b. decrease in the interest rate	27	12	68	29
50 p.b. increase in the interest rate	(25)	(11)	(61)	(25)
50 b.p. decrease in the Consumer Price Index (CPI) <sup>(1)</sup>	(3)	Na	(7)	Na
50 b.p. increase in the Consumer Price Index (CPI) <sup>(1)</sup>	3	Na	7	Na
1% increase in healthcare costs	Na	Na	Na	Na
1 year increase in the life expectancy of working and retired employees	22	9	24	15

<sup>(1)</sup> Benchmark percentage for estimating salary increases.

## Other information

Endesa's pension plans are administered in accordance with the general restrictions on management and risk assumption in the respective legislations applicable in Spain.

At present, the pension fund to which the pension plans promoted by Endesa companies are subject is exposed to the specific risks inherent to the assets in which it invests, which are predominantly:

- Risks of investment in fixed-income assets arises from interest rate variations and the credit risk of the portfolio shares.
- Risks of investment in equities arises from the potential impact of volatility (changes) in the prices of the related assets, which is greater than that of fixed income.
- Risks of investment in derivative financial instruments arise in accordance with the degree of related leverage, making

them especially vulnerable to changes in the prices of the underlying assets (benchmark asset).

- Investment in assets denominated in currencies other than the Euro bear additional risk related to changes in exchange rates.
- Investments in non-tradable assets, made in less efficient markets with scant liquidity, pose measurement risks

arising from the approaches used and the lack of market prices for comparison.

At 31 December 2022 the weighted average duration, calculated based on probable flows of the obligation, was 12.4 years (15.2 years at 31 December 2021), and the calendar for payments of defined benefit provisions is as follows:

Millions of Euro		
	31 December 2022	31 December 2021
Year 1	26	44
Year 2	27	45
Year 3	30	48
Year 4	32	49
Year 5	34	51
Commencing year 5	900	1,194
<b>TOTAL</b>	<b>1,049</b>	<b>1,431</b>

The classification of defined benefit plan assets measured at fair value by fair value hierarchy at 31 December 2022 and 2021 are as follows:

Millions of Euro								
	31 December 2022				31 December 2021			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Defined benefit plan assets	349	209	38	102	609	464	40	105

The valuation of assets classified as Level 3 is determined based on valuation reports prepared by the corresponding management company.

## 37.2. Provisions for workforce restructuring plans

Provisions for the various workforce restructuring plans included in the consolidated statement of financial position are the result of individual or collective agreements with the Company's employees, whereby the Company undertakes

to supplement state benefits in the event of termination or suspension of employment by agreement between the parties.

### 37.2.1. Expedientes de regulación de empleo

At 31 December 2022 there are 2 types of plans in force, the 2006–2012 Mining Plan and the 2016 Mining Plan, which affect a total of 393 people, all of them in early retirement. At 31 December 2021, there was also a Voluntary Exit Plan

2000 in force, in addition to the 2006–2012 Mining Plans and the 2016 Mining Plan, which affected a total of 530 people, all of whom were taking early retirement. Movements in this non-current provision in 2022 and 2021 are as follows:

Millions of Euro

	Notes	2022	2021
<b>Opening balance</b>		<b>27</b>	<b>40</b>
<b>Amounts charged to the income statement</b>		<b>(6)</b>	<b>–</b>
Personnel expenses	<sup>12</sup>	(2)	1
Finance income	<sup>16</sup>	(4)	(1)
<b>Transfers to current and other</b>		<b>(7)</b>	<b>(13)</b>
<b>Closing balance</b>		<b>14</b>	<b>27</b>

At 31 December 2021, the “Current provisions” section of the consolidated statement of financial position includes Euro 28 million in provisions for collective redundancy procedures (Euro 32 million in payments at 31 December 2021).

## Actuarial assumptions

The assumptions used in the actuarial calculation of the provisions arising under these collective redundancy procedures at 31 December 2022 and 2021 were as follows:

	31 December 2022	31 December 2021
Interest rate	3.57%	0.20%
CPI	2.78%	2.20%
Mortality tables	PERM / FCOL2020	PERM / FCOL2020

At 31 December 2022, the trend in the interest rate and consumer price index (CPI) actuarial assumptions reflects the consequences of the current macroeconomic environment and, inter alia, the Russia-Ukraine conflict (see Note 5.2).

## 37.2.2. Agreement on voluntary suspension or termination of employment contracts

At 31 December 2022, in application of the “Agreement on voluntary suspension or termination of employment contracts under the Framework Agreement on Guarantees for Endesa, S.A. and its electrical subsidiaries”, Endesa posted a provision of Euro 681 million (Euro 945 million at 31 December 2021), affecting a maximum number of

## Sensitivity analysis

At 31 December 2022 and 2021, the sensitivity of the value of the actuarial liability for restructuring plans to fluctuations in the main actuarial assumptions, with the other variables remaining constant, is as follows:

Millions of Euro

Assumption	31 December 2022		31 December 2021	
	50bp increase	50bp decrease	50bp increase	50bp decrease
Interest rate	–	–	(1)	1
CPI	–	–	–	–

2,625 employees, for whom Endesa has undertaken not to exercise the option of requesting their return to the company (3,086 employees at 31 December 2021). Movements in this non-current provision in 2022 and 2021 are as follows:

Millions of Euro

	Notes	2022	2021
<b>Opening balance</b>		<b>740</b>	<b>971</b>
<b>Amounts charged to the income statement</b>		<b>(67)</b>	<b>(12)</b>
Personnel expenses	12	2	(3)
Finance income	16	(69)	(9)
<b>Transfers to current and other</b>		<b>(168)</b>	<b>(219)</b>
<b>Closing balance</b>		<b>505</b>	<b>740</b>

At 31 December 2022, "Current provisions" in the consolidated statement of financial position includes Euro 176 million in provisions for the contract suspension agreement (31 December 2021: Euro 205 million).

### Obligations associated with the Energy Transition process

Endesa is committed to leading the Energy Transition and, to this end, its lines of action include the need to decarbonise and increase the renewable generation fleet and the digitisation of the distribution network, customer portfolio and customer service (see Note 5.1).

Accordingly, in 2020 Endesa set aside provisions for workforce restructuring plans related to the Decarbonisation Plan and the Digitalisation of Processes, the balance of which at 31 December 2022 amounts to Euro 427 million (Euro 544 million at 31 December 2021) and is included in the amounts relating to the provisions for contract terminations disclosed above.

### Actuarial assumptions

The assumptions used in the actuarial calculation of the provisions arising from the contract suspension agreement at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Interest rate	3.57%	0.20%
Future increase in guarantee	1.00%	1.00%
Increase in other items	2.78%	2.20%
Mortality tables	PERM / FCOL2020	PERM / FCOL2020

At 31 December 2022, the trend in the interest rate and consumer price index (CPI) actuarial assumptions reflects, among other factors, the consequences of the Russia-Ukraine conflict (see Note 5.2).



## Sensitivity analysis

At 31 December 2022 and 2021, the sensitivity of the value of the actuarial liability for terminating contracts to fluctuations in the main actuarial assumptions, with the other variables remaining constant, is as follows:

Millions of Euro

Assumption	31 December 2022		31 December 2021	
	50bp increase	50bp decrease	50bp increase	50bp decrease
Interest rate	(10)	12	(19)	11
Guarantee and remaining items	2	(2)	6	(4)

## 37.3. Other provisions

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

Notes	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Provisions for decommissioning costs	1,796	–	2,134	–
Nuclear power plants	581	–	666	–
Other plants	1,129	–	1,376	–
Dismantling of meters	81	–	87	–
Mine closures	5	–	5	–
Provisions for carbon dioxide emission rights (CO <sub>2</sub> )	–	862	–	329
Provisions for Guarantees of origin and other environmental certificates	–	81	–	11
Provisions for litigation, termination benefits and other legal or contractual obligations	371	89	424	34
<b>TOTAL</b>	<b>2,167</b>	<b>1,032</b>	<b>2,558</b>	<b>374</b>

Millions of Euro

	Balance at 31 December 2021	Operating expenses		Net financial profit/(loss) (Nota 16.1)	Net provisions charged to property, plant and equipment (Nota 20)	Payments	Transfers and other	Balance at 31 December 2022
		Charges	Reversals					
Provisions for decommissioning costs	2,134	25	(38)	24	(293)	(54)	(2)	1,796
Nuclear power plants	666	–	–	9	(93)	–	(1)	581
Other plants	1,376	25	(37)	14	(195)	(54)	–	1,129
Dismantling of meters	87	–	(1)	1	(5)	–	(1)	81
Mine closures	5	–	–	–	–	–	–	5
Provisions for carbon dioxide emission rights (CO <sub>2</sub> )	329	865	(332)	–	–	–	–	862
Provisions for Guarantees of origin and other environmental certificates	11	87	(18)	–	–	–	1	81
Provisions for litigation, termination benefits and other legal or contractual obligations	458	137	(64)	–	–	(64)	(7)	460
<b>TOTAL</b>	<b>2,932</b>	<b>1,114</b>	<b>(452)</b>	<b>24</b>	<b>(293)</b>	<b>(118)</b>	<b>(8)</b>	<b>3,199</b>

Millions of Euro

	Balance at 31 December 2020	Operating expenses		Net financial profit/(loss) (Nota 16.1)	Net provisions charged to property, plant and equipment (Nota 20)	Payments	Transfers and other	Saldo a 31 December 2021
		Charges	Reversals					
Provisions for decommissioning costs	1,508	17	(13)	2	652	(32)	–	2,134
Nuclear power plants	597	–	–	1	68	–	–	666
Other plants	819	17	(12)	1	582	(31)	–	1,376
Dismantling of meters	86	–	(1)	–	2	–	–	87
Mine closures	6	–	–	–	–	(1)	–	5
Provisions for carbon dioxide emission rights (CO <sub>2</sub> )	229	329	(229)	–	–	–	–	329
Provisions for Guarantees of origin and other environmental certificates	7	9	(5)	–	–	–	–	11
Provisions for litigation, termination benefits and other legal or contractual obligations	453	112	(63)	(1)	–	(8)	(35)	458
<b>TOTAL</b>	<b>2,197</b>	<b>467</b>	<b>(310)</b>	<b>1</b>	<b>652</b>	<b>(40)</b>	<b>(35)</b>	<b>2,932</b>

## Provisions for decommissioning costs

Endesa recognises the costs it must incur to dismantle some of its power plants and certain electricity distribution facilities (see Note 3.2m.5). These provisions are recorded at their present value.

For nuclear power plants, this provision includes the amount that Endesa estimates it will have to pay until the government-owned company Empresa Nacional de Residuos Radiactivos, S.A., S.M.E., (Enresa) undertakes responsibility for decommissioning these plants (see Note 3.2b.1).

## Provision to cover the cost of carbon dioxide (CO<sub>2</sub>) emission allowances

This provision relates mainly to the obligations to deliver allowances for carbon dioxide (CO<sub>2</sub>) emissions made during the year.

Endesa companies that generate CO<sub>2</sub> emissions in their electricity generation activity must deliver CO<sub>2</sub> emission allowances equal to their emissions during the year in the first few months of the following year (see Note 3.2m.3).

## Provision to cover the cost of Guarantees of Origin and other environmental certificates

This provision relates mainly to the obligations to deliver Guarantees of Origin.

Endesa companies that assure their end consumers that the electricity they sell has been produced from renewable energy sources or high-efficiency cogeneration must redeem the associated Guarantees of Origin certifying the supply of electricity to these customers within the first months of the following year (see Note 3.2m.4).

# 38. Other non-current liabilities

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
Guarantee deposits		468	476
Other payables		120	214
<b>TOTAL</b>	41.2	<b>588</b>	<b>690</b>

## 39. Other non-current and current financial liabilities

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Non-current		Current	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Interest payable on borrowings	–	–	51	22
Remuneration for investment in renewable energies	–	120	–	12
<b>TOTAL</b>	<b>–</b>	<b>120</b>	<b>51</b>	<b>34</b>

At 31 December 2022, the accounting reversal of the positive and negative balances generated by price adjustments in previous sub-periods and incorporated in said review were shown under “Other non-current financial liabilities” and “Other current financial liabilities”. This is because this additional remuneration will no longer be received as from that date, as the income from the electricity market will be sufficient to reach the reasonable profitability set as a consequence of the Proposed Order of the Ministry of Ecological Transition and Demographic Challenge (“MITECO”) published on 28 December 2022, updating the remuneration parameters for standard

facilities applicable to certain facilities that produce production from renewable sources, cogeneration and waste, for the purposes of its application to the regulatory half-period commencing on 1 January 2023.

At 31 December 2021, the heading “Other non-current financial liabilities” included the net amounts relating to the adjustment for deviations in the market price for the 2020–2022 regulatory half-period, which amounted to Euro 94 million, and for the previous regulatory half-periods, which amounted to Euro 26 million. In relation to the latter, Euro 4 million was included under “Other current financial liabilities”.

## 40. Trade and other payables

Details of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
<b>Trade payables and other current liabilities</b>		<b>6,219</b>	<b>6,071</b>
Suppliers and other payables		4,794	3,811
Dividend payable	35.1.10 and 35.1.12	3	530
Other payables		1,422	1,730
<b>Tax liabilities</b>		<b>1,108</b>	<b>785</b>
Current income tax		544	333
VAT payable		164	108
Other taxes		400	344
<b>TOTAL</b>		<b>7,327</b>	<b>6,856</b>

At 31 December 2021, the "Dividend payable" heading mainly shows the dividends corresponding to Endesa, S.A., as follows:

Millions of Euro

	Notes	Dividend payable	Euro per share, gross	Amount	Payment date
Interim dividend	35.1.10, 35.1.12 and 46.3	Ejercicio 2021	0.500	529	3 January 2022

At 31 December 2022, the amount of trade payables discounted with financing entities to manage payments to suppliers (reverse factoring), as recognised under "Trade and other payables" in the consolidated statement of financial position, totalled Euro 26 million (31 December 2021: Euro 29 million).

In 2022 and 2021, the accrued income on reverse factoring contracts came to less than Euro 1 million.

At 31 December 2022, the estimate of unbilled electricity and gas tariff costs, arising from unbilled energy supplied, amounted to Euro 190 million and Euro 87 million, respectively (Euro 225 million and Euro 111 million, respectively, at 31 December 2021) in the consolidated statement of financial position.

## 40.1. Information on the average payment period to suppliers. Additional provision three. “Duty of disclosure” under Law 15/2010 of 5 July , amended by Law 18/2022 of 28 September

The following are details of the degree of compliance by Endesa with the statutory deadlines for payment to suppliers for commercial transactions under Law 15/2010, of 5 July, amended by Law 18/2022 of 28 September:

Number of days

	2022	2021
Average payment period to suppliers	9	10
Ratio of transactions paid	8	10
Ratio of transactions pending payment	36	22

Millions of Euro

	2022	2021
Total payments made	22,232	16,716
Total payments pending	219	363

Millions of Euro

	2022	2021
Number of invoices paid within a period shorter than the maximum allowed	300,873	278,630
% of total invoices	85.52	82.48
Monetary volume of invoices paid within a period shorter than the maximum allowed	21,948	16,301
% of monetary total of payments to suppliers	98.72	97.52

# 41. Financial instruments

At 31 December 2022 and 2021, the classification of financial instruments in the consolidated statement of financial position is as follows::

Millions of Euro

	Notes	31 December 2022		31 December 2021	
		Non-current	Current	Non-current	Current
<b>Financial asset instruments</b>					
Derivative financial instruments	44	1,249	2,533	774	2,401
Other financial assets	28 and 30	1,160	8,677	580	1,817
Other current	29	304	—	264	—
Trade receivables for sales and services and other receivables	32	—	5,472	—	5,024
Assets from contracts with customers	27.1	—	8	—	6
Cash and cash equivalents	33	—	871	—	703
<b>TOTAL</b>	41.1	<b>2,713</b>	<b>17,561</b>	<b>1,618</b>	<b>9,951</b>
<b>Financial liability instruments</b>					
Derivative financial instruments	44	2,408	4,990	573	4,884
Borrowings	41.3	11,704	6,784	7,211	3,167
Other financial liabilities	39	—	51	120	34
Other non-current	38	588	—	690	—
Trade and other payables	40	—	6,219	—	6,071
Liabilities from contracts with customers	27.2	4,300	294	4,284	270
<b>TOTAL</b>	41.2	<b>19,000</b>	<b>18,338</b>	<b>12,878</b>	<b>14,426</b>

## 41.1. Classification of non-current and current financial assets

At 31 December 2022 and 2021, the classification of financial assets in the consolidated statement of financial position by category is as follows:

Millions of Euro

	Notes	31 December 2022		31 December 2021	
		Non-current	Current	Non-current	Current
<b>Financial assets at amortised cost</b>	41.1.1	<b>1,459</b>	<b>15,028</b>	<b>838</b>	<b>7,550</b>
Other financial assets	28.1 and 30	1,155	8,677	574	1,817
Other current	29	304	—	264	—
Trade receivables for sales and services and other receivables	32	—	5,472	—	5,024
Assets from contracts with customers	27.1	—	8	—	6
Cash and cash equivalents	33	—	871	—	703
<b>Financial assets at fair value with changes in the income statement</b>		<b>177</b>	<b>1,313</b>	<b>171</b>	<b>1,420</b>
Equity instruments	28.2	5	—	6	—
Derivatives not designated as hedging instruments	44.2	172	1,313	165	1,420
<b>Hedging derivatives</b>	44.1	<b>1,077</b>	<b>1,220</b>	<b>609</b>	<b>981</b>
<b>TOTAL</b>		<b>2,713</b>	<b>17,561</b>	<b>1,618</b>	<b>9,951</b>

Endesa has not modified its business model, nor has it been significantly affected by the contractual cash flow characteristics of its financial assets; hence no reclassification was made between categories.



## 41.1.1. Financial assets at amortised cost

At 31 December 2022 and 2021, the details of the financial assets at amortised cost, by nature, is as follows:

Millions of Euro

	Notes	31 December 2022		31 December 2021	
		Non-current	Current	Non-current	Current
<b>Financial assets at amortised cost</b>					
<b>Other financial assets</b>		<b>1,155</b>	<b>8,677</b>	<b>574</b>	<b>1,817</b>
Financing of the revenue shortfall from regulated activities in Spain and other regulated remuneration	30	—	14	—	168
Compensation for stranded costs in non-mainland generation (TNP)	30	—	2,254	—	749
Limitation on increase of last resort access tariff (LRT)	30	—	67	—	9
Guarantee deposits	28.1	437	—	441	—
Loans to employees	28.1 and 30	48	11	36	10
Loans to associates, joint ventures and joint operating companies	30 and 472	2	65	58	5
Financial Guarantees	28.1 and 30	668	6,056	40	836
Other financial assets	28.1 and 30	22	216	20	42
Value adjustments	41.1.3	(22)	(6)	(21)	(2)
<b>Other non-current assets</b>	29	<b>304</b>	<b>—</b>	<b>264</b>	<b>—</b>
Remuneration of distribution activity		279	—	236	—
Other current		25 (1)	—	28	—
Value adjustments	41.1.3	—	—	—	—
<b>Trade receivables for sales and services and other receivables</b>	32	<b>—</b>	<b>5,472</b>	<b>—</b>	<b>5,024</b>
Trade receivables for sales and services		—	4,817	—	4,709
Other receivables		—	1,129	—	778
Remuneration of distribution activity		—	231	—	183
Other		—	898	—	595
Value adjustments	41.1.3	—	(474)	—	(463)
<b>Assets from contracts with customers</b>	271	<b>—</b>	<b>8</b>	<b>—</b>	<b>6</b>
Assets from contracts with customers		—	10	—	7
Value adjustments	41.1.3	—	(2)	—	(1)
<b>Cash and cash equivalents</b>	33	<b>—</b>	<b>871</b>	<b>—</b>	<b>703</b>
<b>TOTAL</b>		<b>1,459</b>	<b>15,028</b>	<b>838</b>	<b>7,550</b>

The fair value of these financial assets does not differ substantially from their carrying amount.

## 41.1.2. Financial assets at fair value with changes in the income statement

At 31 December 2022 and 2021, this category includes equity instruments that correspond to interests in other companies, amounting to Euro 5 million and Euro 6 million, respectively. The individual amount of the rest of the investments recognised under this item is not significant.

This category also includes derivatives not designated as hedges, which are disclosed in Note 44.2.

## 41.1.3. Value adjustments

At 31 December 2022 and 2021 the detail of expected losses recognised for financial assets measured at amortised cost under the general or simplified approach is as follows:

Millions of Euro

	Notes	31 December 2022				31 December 2021			
		Weighted average expected	Gross balance	Value adjustment for expected losses	Net balance	Weighted average expected loss ratios	Gross balance	Value adjustment for expected losses	Net balance
<b>Trade receivables for sales and services and other receivables</b>	32	<b>8.0%</b>	<b>5,946</b>	<b>474</b>	<b>5,472</b>	<b>8.4%</b>	<b>5,487</b>	<b>463</b>	<b>5,024</b>
<b>Current, not due</b>		<b>0.6%</b>	<b>4,991</b>	<b>32</b>	<b>4,959</b>	<b>1.2%</b>	<b>4,580</b>	<b>54</b>	<b>4,526</b>
<b>Due:</b>		<b>46.3%</b>	<b>955</b>	<b>442</b>	<b>513</b>	<b>45.1%</b>	<b>907</b>	<b>409</b>	<b>498</b>
1 to 30 days		2.4%	82	2	80	2.2%	90	2	88
31 to 60 days		7.9%	89	7	82	6.5%	93	6	87
61 to 90 days		11.9%	109	13	96	9.2%	87	8	79
91 to 120 days		20.0%	85	17	68	14.5%	55	8	47
121 to 150 days		26.8%	41	11	30	21.9%	32	7	25
151 to 180 days		26.8%	41	11	30	21.9%	32	7	25
Over 180 days		75.0%	508	381	127	71.6%	518	371	147
<b>Assets from contracts with customers</b>	27.1	<b>20.0%</b>	<b>10</b>	<b>2</b>	<b>8</b>	<b>14.3%</b>	<b>7</b>	<b>1</b>	<b>6</b>
<b>Other non-current financial assets.</b>	28.1	<b>1.9%</b>	<b>1,177</b>	<b>22</b>	<b>1,155</b>	<b>3.5%</b>	<b>595</b>	<b>21</b>	<b>574</b>
<b>Other current financial assets</b>	30	<b>0.1%</b>	<b>8,683</b>	<b>6</b>	<b>8,677</b>	<b>0.1%</b>	<b>1,819</b>	<b>2</b>	<b>1,817</b>
<b>Other non-current assets</b>	29	<b>0.0%</b>	<b>304</b>	<b>–</b>	<b>304</b>	<b>0.0%</b>	<b>264</b>	<b>–</b>	<b>264</b>
<b>Cash and cash equivalents</b>	33	<b>0.0%</b>	<b>871</b>		<b>871</b>	<b>0.0%</b>	<b>703</b>	<b>–</b>	<b>703</b>
<b>TOTAL</b>			<b>16,991</b>	<b>504</b>	<b>16,487</b>		<b>8,875</b>	<b>487</b>	<b>8,388</b>

## Trade receivables for sales and services and other receivables

In 2022 and 2021, the movement in “Value adjustment” under “Trade and other receivables for sales and services” was as follows:

Millions of Euro

	Notes	2022	2021
<b>Opening balance</b>		<b>463</b>	<b>453</b>
Charges	8.2, 15.2 and 41.5	163	125
Amounts used		(152)	(115)
<b>Closing balance</b>	32	<b>474</b>	<b>463</b>

At 31 December 2022 and 2021 virtually all valuation adjustments relate to trade receivables for sales of electricity. In 2022, a higher impairment charge of Euro 38 million was recognised for impairment losses from contracts with customers. The change is due mainly to the deterioration in payment behaviour, both among Business to Customer (B2C) customers, especially the most vulnerable customers operating in the regulated market, and small energy supply companies, amounting to Euro 33 million and Euro 4 million, respectively.

Millions of Euro

	Notes	2022		2021	
		Non-current financial assets	Current financial assets	Non-current financial assets	Current financial assets
<b>Opening balance</b>		<b>21</b>	<b>2</b>	<b>24</b>	<b>2</b>
Charges	8.2, 15.2, 16.1 and 41.5	1	5	–	–
Amounts used	15.2 and 16.1	–	(1)	(3)	–
<b>Closing balance</b>		<b>22</b>	<b>6</b>	<b>21</b>	<b>2</b>

## Other non-current assets

During the financial years 2022 and 2021 no movement has been recorded under the heading “Value adjustment” of “Other non-current assets”.

## Assets from contracts with customers

In 2022 and 2021, the change in “Value adjustment” under “Assets from contracts with customers” (see Note 27.1) was as follows:

Millions of Euro

	Notes	2022	2021
<b>Opening balance</b>		<b>1</b>	<b>1</b>
Charges		1	–
Amounts used		–	–
<b>Closing balance</b>	27.1	<b>2</b>	<b>1</b>

## Other non-current and current financial assets

In 2022 and 2021, the change in “Value adjustment” under “Other non-current and current financial assets” (see Notes 28 and 30) was as follows:

## 41.1.4. Commitments of financial assets

At 31 December 2022, Endesa had not entered into any agreements that included commitments to make financial investments of a significant amount.

## 41.2. Classification of non-current and current financial liabilities

At 31 December 2022 and 2021, the classification of financial instruments in the consolidated statement of financial position by category is as follows:

Millions of Euro

	Notes	31 December 2022		31 December 2021	
		Non-current	Current	Non-current	Current
<b>Financial liabilities at amortised cost</b>	41.2.1	<b>16,578</b>	<b>13,348</b>	<b>11,787</b>	<b>9,542</b>
Borrowings	41.3	11,690	6,784	6,693	3,167
Other financial liabilities	39	—	51	120	34
Other non-current	38	588	—	690	—
Trade payables and other current liabilities	40	—	6,219	—	6,071
Liabilities from contracts with customers	27.2	4,300	294	4,284	270
<b>Financial liabilities at fair value through profit or loss</b>		<b>330</b>	<b>2,556</b>	<b>729</b>	<b>2,101</b>
Financial Debt <sup>(1)</sup>	41.3	14	—	518	—
Derivatives not designated as hedging instruments	44.2	316	2,556	211	2,101
<b>Hedging derivatives</b>	44.1	<b>2,092</b>	<b>2,434</b>	<b>362</b>	<b>2,783</b>
<b>TOTAL</b>		<b>19,000</b>	<b>18,338</b>	<b>12,878</b>	<b>14,426</b>

(1) Relates in its entirety to financial liabilities that, from the start of the transaction, are underlying fair value hedges and are measured at fair value through the consolidated income statement.

## 41.2.1. Financial liabilities at amortised cost

At 31 December 2022 and 2021, the details of the financial liabilities at amortised cost, by nature, is as follows:

Millions of Euro

	Notes	31 December 2022		31 December 2021	
		Non-current	Current	Non-current	Current
Bonds and other marketable securities	41.3	—	4,988	—	2,917
Bank borrowings	41.3	5,805	981	2,808	134
Other borrowings	41.3	5,885	815	3,885	116
Trade payables and other current liabilities	40	—	6,219	—	6,071
Liabilities from contracts with customers	272	4,300	294	4,284	270
Other financial liabilities	39	—	51	120	34
Other non-current	38	588	—	690	—
<b>TOTAL</b>		<b>16,578</b>	<b>13,348</b>	<b>11,787</b>	<b>9,542</b>

## 41.3. Financial Debt

At 31 December 2022 and 2021, the composition of “Non-current financial debt” and “Current financial debt” in the consolidated statement of financial position is as follows:

Millions of Euro

	Notes	31 December 2022				Fair value
		Nominal Value	Carrying amount		Total	
			Non-current	Current		
Bonds and other marketable securities		5,012	14	4,988	5,002	5,007
Bank borrowings		6,876	5,805	981	6,786	6,721
Other borrowings		6,700	5,885	815	6,700	6,611
Borrowings associated with rights of use	21	844	756	88	844	844
Other		5,856	5,129	727	5,856	5,767
<b>TOTAL<sup>(1)</sup></b>		<b>18,588</b>	<b>11,704</b>	<b>6,784</b>	<b>18,488</b>	<b>18,339</b>

<sup>(1)</sup> Corresponding to financing sustainable at 64%.

Millions of Euro

	Notes	31 December 2021				Fair value
		Nominal Value	Carrying amount		Total	
			Non-current	Current		
Bonds and other marketable securities		2,927	18	2,917	2,935	2,935
Bank borrowings		3,445	3,308	134	3,442	3,458
Other borrowings		4,001	3,885	116	4,001	4,302
Borrowings associated with rights of use	21	943	861	82	943	960
Other		3,058	3,024	34	3,058	3,342
<b>TOTAL<sup>(1)</sup></b>		<b>10,373</b>	<b>7,211</b>	<b>3,167</b>	<b>10,378</b>	<b>10,695</b>

<sup>(1)</sup> Corresponding to financing sustainable at 60%.

At 31 December 2022 and 2021, the breakdown of the nominal value of gross financial debt without derivatives by maturity was as follows:

Millions of Euro

	Maturity	Carrying amount at 31 December 2022	Nominal Value			Maturity				Subsequent years	Total nominal value
			Fair value	Current	Non-current	2024	2025	2026	2027		
<b>Bonds and other marketable securities</b>		<b>5,002</b>	<b>5,007</b>	<b>5,000</b>	<b>12</b>	–	–	–	–	<b>12</b>	<b>5,012</b>
Fixed interest rate	2031	14	14	–	12	–	–	–	–	12	12
Floating interest rate	2023	4,988	4,993	5,000	–	–	–	–	–	–	5,000
<b>Bank borrowings</b>		<b>6,786</b>	<b>6,721</b>	<b>981</b>	<b>5,895</b>	<b>2,290</b>	<b>239</b>	<b>451</b>	<b>922</b>	<b>1,993</b>	<b>6,876</b>
Fixed rate	2028	1,674	1,527	–	1,674	500	–	200	675	299	1,674
Floating interest rate	2038	5,112	5,194	981	4,221	1,790	239	251	247	1,694	5,202
<b>Other borrowings</b>		<b>6,700</b>	<b>6,611</b>	<b>815</b>	<b>5,885</b>	<b>3,075</b>	<b>531</b>	<b>76</b>	<b>1,733</b>	<b>470</b>	<b>6,700</b>
Borrowings associated with rights of use		844	844	88	756	74	74	76	65	467	844
Fixed interest rate	2080	844	844	88	756	74	74	76	65	467	844
Other borrowings		5,856	5,767	727	5,129	3,001	457	–	1,668	3	5,856
Fixed interest rate	2040	4,657	4,567	1	4,656	3,001	1	–	1,651	3	4,657
Floating interest rate	2027	1,199	1,200	726	473	–	456	–	17	–	1,199
<b>TOTAL</b>		<b>18,488</b>	<b>18,339</b>	<b>6,796</b>	<b>11,792</b>	<b>5,365</b>	<b>770</b>	<b>527</b>	<b>2,655</b>	<b>2,475</b>	<b>18,588</b>

Millions of Euro

	Maturity	Carrying amount at 31 December 2021	Nominal Value			Maturity				Subsequent years	Total nominal value
			Fair value	Current	Non-current	2023	2024	2025	2026		
<b>Bonds and other marketable securities</b>		<b>2,935</b>	<b>2,935</b>	<b>2,915</b>	<b>12</b>	–	–	–	–	<b>12</b>	<b>2,927</b>
Fixed interest rate	2031	18	18	–	12	–	–	–	–	12	12
Floating interest rate	2022	2,917	2,917	2,915	–	–	–	–	–	–	2,915
<b>Bank borrowings</b>		<b>3,442</b>	<b>3,458</b>	<b>134</b>	<b>3,311</b>	<b>179</b>	<b>979</b>	<b>235</b>	<b>415</b>	<b>1,503</b>	<b>3,445</b>
Fixed rate	2028	999	991	–	999	–	500	–	200	299	999
Floating interest rate	2038	2,443	2,467	134	2,312	179	479	235	215	1,204	2,446
<b>Other borrowings</b>		<b>4,001</b>	<b>4,302</b>	<b>116</b>	<b>3,885</b>	<b>80</b>	<b>3,078</b>	<b>78</b>	<b>80</b>	<b>569</b>	<b>4,001</b>
Borrowings associated with rights of use		943	960	82	861	77	77	72	74	561	943
Fixed interest rate	2080	943	960	82	861	77	77	72	74	561	943
Other borrowings		3,058	3,342	34	3,024	3	3,001	6	6	8	3,058
Fixed interest rate	2040	3,012	3,295	5	3,007	1	3,001	1	–	4	3,012
Floating interest rate	2027	46	47	29	17	2	–	5	6	4	46
<b>TOTAL</b>		<b>10,378</b>	<b>10,695</b>	<b>3,165</b>	<b>7,208</b>	<b>259</b>	<b>4,057</b>	<b>313</b>	<b>495</b>	<b>2,084</b>	<b>10,373</b>

At 31 December 2022 and 2021, the breakdown of gross financial debt before derivatives, by currencies, and the impact of currency hedges, is as follows:

Millions of Euro

	31 December 2022							
	Initial debt structure			Effects of debt coverage ratio	Structure of debt subsequent to coverage		Interest rate	
	Amortised cost	Nominal Value	% of total		Amortised cost	% of total	Average interest rate (%)	Effective interest rate (%)
Euro	18,307	18,407	99.0		18,307	99.0	1.4	1.4
US dollar (USD)	181	181	1.0		181	1.0	2.9	2.9
<b>TOTAL</b>	<b>18,488</b>	<b>18,588</b>	<b>100.0</b>	<b>–</b>	<b>18,488</b>	<b>100.0</b>	<b>1.4</b>	<b>1.4</b>

Millions of Euro

	31 December 2021							
	Initial debt structure			Effects of debt coverage ratio	Structure of debt subsequent to coverage		Interest rate	
	Amortised cost	Nominal Value	% of total		Amortised cost	% of total	Average interest rate (%)	Effective interest rate (%)
Euro	10,177	10,172	98.1		10,177	98.1	1.5	1.5
US dollar (USD)	201	201	1.9		201	1.9	3.0	3.0
<b>TOTAL</b>	<b>10,378</b>	<b>10,373</b>	<b>100.0</b>	<b>–</b>	<b>10,378</b>	<b>100.0</b>	<b>1.5</b>	<b>1.5</b>

The movement in the nominal amount of non-current interest-bearing loans and borrowings in 2022 and 2021 is as follows:

Millions of Euro

	Nominal amount at 31 December 2021	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2022
		Additions / (Disposals)	Transfers and other	Repayments and Redemptions (Nota 46.3)	Nueva Financiación (Nota 46.3)	
Bonds and other marketable securities	12	–	–	–	–	12
Bank borrowings	3,311	–	791	(4)	1,797	5,895
Other borrowings	3,885	22	(130)	(5)	2,113	5,885
Borrowings associated with rights of use	861	22	(127)	–	–	756
Other	3,024	–	(3)	(5)	2,113	5,129
<b>TOTAL</b>	<b>7,208</b>	<b>22</b>	<b>661</b>	<b>(9)</b>	<b>3,910</b>	<b>11,792</b>

Millions of Euro

	Nominal amount at 31 December 2020	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2021
		Additions / (Disposals)	Transfers and other	Repayments and Redemptions (Note 46.3)	New Borrowings (Note 46.3)	
Bonds and other marketable securities	12	—	—	—	—	12
Bank borrowings	2,127	—	(211)	(22)	1,417	3,311
Other borrowings	3,757	209	(89)	—	8	3,885
Borrowings associated with rights of use	740	209	(88)	—	—	861
Other	3,017	—	(1)	—	8	3,024
<b>TOTAL</b>	<b>5,896</b>	<b>209</b>	<b>(300)</b>	<b>(22)</b>	<b>1,425</b>	<b>7,208</b>

In 2022 and 2021 the change in the nominal value of current financial debt is as follows:

Millions of Euro

	Nominal amount at 31 December 2021	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2022
		Additions / (Disposals)	Transfers and other	Repayments and Redemptions (Note 46.3)	New Borrowings (Note 46.3)	
Bonds and other marketable securities	2,915	—	1	(29,812)	31,884	4,988
Bank borrowings	134	—	(786)	(1,369)	3,002	981
Other borrowings	116	1	95	(124)	727	815
Borrowings associated with rights of use	82	1	92	(87)	—	88
Other	34	—	3	(37)	727	727
<b>TOTAL</b>	<b>3,165</b>	<b>1</b>	<b>(690)</b>	<b>(31,305)</b>	<b>35,613</b>	<b>6,784</b>

Millions of Euro

	Nominal amount at 31 December 2020	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2021
		Additions / (Disposals)	Transfers and other	Repayments and Redemptions (Note 46.3)	New Borrowings (Note 46.3)	
Bonds and other marketable securities	1,162	—	(2)	(12,039)	13,794	2,915
Bank borrowings	101	—	213	(183)	3	134
Other borrowings	109	4	90	(120)	33	116
Borrowings associated with rights of use	63	4	91	(76)	—	82
Other	46	—	(1)	(44)	33	34
<b>TOTAL</b>	<b>1,372</b>	<b>4</b>	<b>301</b>	<b>(12,342)</b>	<b>13,830</b>	<b>3,165</b>

The average interest on gross interest-bearing loans and borrowings in 2022 was 1.4% (1.5% in 2021) (see Note 3.2b.1).



## 41.4. Other matters

### 41.4.1. Liquidity

As at 31 December 2022, Endesa's liquidity amounted to Euro 9,185 million (Euro 5,520 million at 31 December 2021), broken down as follows:

Millions of Euro		Liquidity	
	Notes	31 December 2022	31 December 2021
Cash and cash equivalents	33	871	703
Freely available on credit lines <sup>(1)</sup>	42.4	8,314	4,817
<b>TOTAL</b>		<b>9,185</b>	<b>5,520</b>

<sup>(1)</sup> At 31 December 2022, Euro 4,950 million relates to available credit lines with Enel Finance International N.V. (Euro 1,700 million at 31 December 2021).

At 31 December 2022, Endesa had negative working capital of Euro 757 million. Liquidity projections, coupled with the undrawn amount under the Company's long-term credit lines, provide assurance that Endesa has sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the consolidated statement of financial position (see Note 42.4).

The liquidity position was affected by the rapid increase in the needs originating from energy markets. Specifically, since the invasion of Ukraine on 24 February 2022 (see Note 5.2), which led to a reduction of exports through gas pipelines towards Europe, the Title Transfer Facility (TTF) gas price index in Europe and the general price levels of electricity markets experienced an extreme rise, reaching record highs in August. It is common practice in the industry to execute strategies to hedge the risks of market volatility, so as to ensure stability in the results, in order to guarantee a predictable and adequate return for shareholders (see Note 42.4). The price rise led to a very significant increase in the needs for the provision of cash collateral to continue operating on organised markets, which was mainly financed with short-term instruments. The European Commission and certain European governments have launched initiatives to moderate the rise in prices, limit the impact of their transfer to the

economy and review the operation of energy markets. These measures have had an impact in the latter part of the year, lowering both absolute levels and market volatility. The Company took implemented financial measures during the year, including the renegotiation of bank debt maturities until July 2024 for a total of Euro 1,300 million. The limit under the Euro Commercial Paper (ECP) programme was also raised to Euro 5,000 million, which has been fully utilised. It was also agreed to arrange a 12-month credit lines with Enel Finance International N.V. (a subsidiary of the Group headed by Enel, S.p.A.), whereby Endesa, S.A. may draw up to Euro 3,000 million. The facility was approved at the extraordinary General Shareholders' Meeting held on 17 November 2022.

At the date of authorisation for issue of these consolidated financial statements, the Company is appraising other measures should this situation persist, although the liquidity requirements generated by the hedging portfolio in the energy markets will be steadily reduced as the positions are gradually rotated.

The amount of the available credit lines, together with the current assets, provides sufficient coverage for Endesa's short-term payment obligations (see Note 42.4).

## 41.4.2. Main financial transactions

The main transactions in 2022 were as follows:

- Endesa, S.A. has registered a new SDG7 Euro Commercial Paper (ECP) issuance programme for Euro 5,000 million, with an outstanding balance of Euro 4,988 million at 31 December 2022. This programme
- includes sustainability targets in line with Endesa's Strategic Plan.
- The following financial transactions were performed, most of which incorporate sustainability objectives (see Note 5.1):

Millions of Euro

Transactions	Counterparty	Signature date	Maturity date	Amount
Loan <sup>(1) (2)</sup>	Instituto de Crédito Oficial	20 December 2021	20 December 2033	300
Loan <sup>(1) (2)</sup>	Banco Europeo de Inversiones	21 December 2021	28 March 2037	250
Loan <sup>(3)</sup>	Caixabank, S.A.	25 March 2022	13 May 2027	500
Loan <sup>(3)</sup>	Bankinter, S.A.	31 March 2022	1 April 2027	75
Loan	BBVA, S.A.	31 March 2022	8 April 2023	100
Loan <sup>(3)</sup>	Banco Cooperativo Español, S.A.	8 April 2022	13 May 2027	50
Loan	Intesa San Paolo, S.P.A.	19 April 2022	19 April 2023	100
Loan <sup>(3)</sup>	ING Bank NV Sucursal en España	29 April 2022	13 May 2027	50
Loan <sup>(3)</sup>	Enel Finance International N.V.	13 May 2022	13 May 2027	1,650
Loan	Banco Santander, S.A. - Milán	29 July 2022	19 December 2022	500
Loan	Banco Santander, S.A. - Milán	1 September 2022	19 December 2022	500
Loan <sup>(4)</sup>	Bankinter, S.A.	28 September 2022	31 July 2024	25
Loan <sup>(4)</sup>	Ibercaja, S.A.	29 September 2022	31 July 2024	50
Loan <sup>(4)</sup>	Credit Agricole	29 September 2022	31 July 2024	100
Loan <sup>(4)</sup>	Banco Santander, S.A.	29 September 2022	31 July 2024	275
Loan <sup>(4)</sup>	Banco de Sabadell, S.A.	30 September 2022	31 July 2024	250
Loan <sup>(4)</sup>	Caixabank, S.A.	30 September 2022	31 July 2024	400
Loan <sup>(4)</sup>	BBVA, S.A.	19 October 2022	31 July 2024	200
Loan <sup>(3)</sup>	Banco Europeo de Inversiones	7 November 2022	18 November 2037	250
Line of credit <sup>(1) (5)</sup>	Caixabank, S.A.	25 March 2022	25 March 2025	50
Line of credit <sup>(5) (6)</sup>	Ibercaja, S.A.	30 March 2022	25 March 2025	20
Line of credit <sup>(5) (6)</sup>	Banco de Sabadell, S.A.	31 March 2022	25 March 2025	25
Line of credit <sup>(1)</sup>	Banco Santander, S.A.	31 March 2022	31 March 2025	25
Line of credit <sup>(5) (6)</sup>	Kutxabank, S.A.	31 March 2022	25 March 2025	50
Line of credit <sup>(1)</sup>	Intesa San Paolo, S.P.A.	19 April 2022	19 April 2025	100
Line of credit <sup>(1)</sup>	Enel Finance International N.V.	13 May 2022	13 May 2025	700
Line of credit	Enel Finance International N.V.	22 November 2022	22 November 2023	1,000
Line of credit	Enel Finance International N.V.	22 November 2022	22 November 2023	2,000
<b>TOTAL</b>				<b>9,595</b>

<sup>(1)</sup> The credit conditions of these transactions are tied to the objective established in the company's Strategic Plan to reduce specific emission of Scope 1 carbon dioxide (CO<sub>2</sub>) emissions, equivalent to 150g CO<sub>2</sub>eq/kWh in 2023.

<sup>(2)</sup> The payments were made on 17 January 2022 and 28 March 2022, respectively. Both loans are earmarked to finance renewable energy production facilities.

<sup>(3)</sup> The credit conditions of these transactions are tied to the objective established in the company's Strategic Plan to reduce specific emission of Scope 1 carbon dioxide (CO<sub>2</sub>) emissions, equivalent to 145 gCO<sub>2</sub>eq/kWh in 2024.

<sup>(4)</sup> Renewal of existing loans.

<sup>(5)</sup> Extension of existing credit lines.

<sup>(6)</sup> Transactions described as sustainable on including the performance indicator (KPI) in relation to Endesa's commitment to ensure that its net installed mainland capacity from renewable sources is 55% of the total net installed mainland capacity at 31 December 2022.

### 41.4.3. Financial stipulations

Several Endesa subsidiaries are subject to compliance with certain obligations stipulated in their financing agreements (covenants), which are standard in this type of contract.

At 31 December 2022, neither Endesa, S.A., nor any of its subsidiaries, were in breach of their financial obligations or any obligations that could require early repayment of their financial commitments.

Endesa's Directors do not consider that these clauses change the current/non-current classification in the consolidated statement of financial position at 31 December 2022.

#### Endesa, S.A.

The loan contracts of Endesa, S.A., which centralises almost all of Endesa's financing activity, do not contain financial ratio clauses that would lead to a breach of contract and therefore early termination.

In the case of the outstanding bond issues of Endesa, S.A. (12 million Euro at 31 December 2022), these contain:

- Cross-default clauses under which such debt must be prepaid in the event of default on payments (above a certain amount) on certain Endesa, S.A. obligations.

In addition, the commitments of the outstanding bond issues of Endesa, S.A. and the bank financing arranged by Endesa, S.A. include the following clauses:

- Clauses limiting the granting of guarantees ("negative pledge") whereby Endesa, S.A. may not issue mortgages, liens or other charges on its assets (above a certain amount) to secure certain types of obligations, unless equivalent guarantees are issued in favour of the other debtors.
- Pari passu clauses, under which bonds and bank financing rank pari passu with other present and future unsecured and unsubordinated debt issued by Endesa, S.A.

Additionally, the most significant financial stipulations contained in the borrowings of Endesa, S.A. are as follows:

Millions of Euro

Clauses	Transactions	Covenants	Deuda Nominal	
			31 December 2022	31 December 2021
Related to credit ratings	Financial transactions with the European Investment Bank (EIB) and Official Credit Institute ("ICO")	Additional or renegotiated guarantees in the event of credit rating downgrades	2,554	1,887
Relating to change of control.	Loans and other agreements arranged with financial entities and Enel Finance International, N.V.	May be repaid early in the event of a change of control at Endesa, S.A.	7,654 <sup>(1)</sup>	4,887 <sup>(1)</sup>
Related to asset transfers	Loans and other agreements arranged with financial entities	Restrictions arise if a percentage of between 7% and 10% of Endesa's consolidated assets is exceeded <sup>(2)</sup>	6,178	3,336

<sup>(1)</sup> The amount signed was Euro 12,604 million at 31 December 2022 (Euro 7,137 million at 31 December 2021).

<sup>(2)</sup> Above these thresholds, the restrictions would only apply, in general, if no equivalent consideration was received or if there was a material negative impact on Endesa, S.A.'s solvency.

Moreover, at 31 December 2022 and 31 December 2021, Endesa, S.A. had arranged certain financial transactions the terms of which could be adjusted in the event of non-compliance with ratios or indicators related to sustainability, such as the reduction of certain levels of carbon dioxide (CO<sub>2</sub>) emissions by certain dates, or reaching a ratio of mainland net installed capacity with renewable sources within certain timeframes.

#### Subsidiaries of the renewables business

At 31 December 2022, certain Endesa subsidiaries operating in the renewable energy business and financed through project finance held financial debt of Euro 70 million (Euro 84 million at 31 December 2021) (see Notes 20.4, 35.1.13 and 48), with the contracts containing the following clauses:

Clauses	Transactions	Covenants
Relating to change of control.	Loan agreements signed for the financing of projects and related derivatives <sup>(1)</sup> .	May be subject to acceleration (early repayment) in the event of a change of control.
Related to the fulfilment of obligations		Pledge of shares granted to secure compliance with obligations under contract with respect to the lending financial institutions <sup>(2)</sup> .
Related to distribution of profit to shareholders	Loan agreements signed for project financing purposes.	Restrictions subject to compliance with certain conditions.
Related to asset selling		Restrictions in the sense that authorisation must be obtained from a majority of lenders, and in certain cases, the proceeds must be used to repay the debt.
Relating to the Debt Service Reserve Account		Obligation to set up a Debt Service Reserve Account (see Note 33).

<sup>(1)</sup> With a positive net market value of Euro 2 million (negative Euro 1 million at 31 December 2021).

<sup>(2)</sup> For the amount of the financial debt outstanding.

Moreover, those renewable energy subsidiaries must comply with certain Annual Debt Servicing Coverage Ratios (ADSCR). The total debt outstanding as at 31 December 2022 was compliant with these ratios.

#### 41.4.4. Other matters

At 31 December 2022 and 2021, the estimated interest on gross financial debt, considering the interest rates prevailing on those dates and until maturity, is as follows:

Millions of Euro

Instrument	Interest on gross financial debt at 31 December 2022						
	Total	2023	2024	2025	2026	2027	Subsequent years
Bonds and other marketable securities	31	24	1	1	1	1	3
Bank borrowings	511	92	85	69	65	51	149
Other borrowings	570	156	138	61	58	34	123
Borrowings associated with rights of use	260	33	30	28	25	22	122
Other	310	123	108	33	33	12	1
<b>TOTAL</b>	<b>1,112</b>	<b>272</b>	<b>224</b>	<b>131</b>	<b>124</b>	<b>86</b>	<b>275</b>

Millions of Euro

Instrument	Interest on gross financial debt at 31 December 2021						
	Total	2022	2023	2024	2025	2026	Subsequent years
Bonds and other marketable securities	3	(4)	1	1	1	1	3
Bank borrowings	17	4	3	2	2	2	4
Other borrowings	498	122	119	117	23	21	96
Borrowings associated with rights of use	227	32	29	27	23	21	95
Other	271	90	90	90	–	–	1
<b>TOTAL</b>	<b>518</b>	<b>122</b>	<b>123</b>	<b>120</b>	<b>26</b>	<b>24</b>	<b>103</b>

At 31 December 2022 and 2021, no issues were convertible into Company shares or grant holders privileges or rights that could, in certain cases, make the issues convertible into shares.

## 41.5. Net gains and losses on financial assets and liabilities by category

### 41.5.1. Net gains and losses on financial assets by category

Net gains and losses on financial assets and liabilities by category in 2022 and 2021 are as follows:

Millions of Euro

	2022		2021	
	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income
Financial assets at amortised cost <sup>(1)</sup>	(168)	—	(122)	—
Financial assets at fair value with changes in the income statement <sup>(2)</sup>	5,988	—	6,231	—
Financial assets at fair value with changes in the consolidated statement of other comprehensive income	—	—	—	—
Hedging derivatives <sup>(3)</sup>	3,604	(2,207)	1,464	(1,983)
<b>TOTAL</b>	<b>9,424</b>	<b>(2,207)</b>	<b>7,573</b>	<b>(1,983)</b>

<sup>(1)</sup> Relates to net impairment losses pending collection (see Notes 15.2 and 16.1).

<sup>(2)</sup> Relates to income from changes in energy stocks and financial derivatives (see Notes 9, 10.1, 10.3, 11 and 16.2).

<sup>(3)</sup> Relates to income from cash flow hedges and fair value (see Notes 11 and 16.2).

### 41.5.2. Net gains and losses on financial liabilities by category

Net gains and losses on financial liabilities by category in 2022 and 2021 are as follows:

Millions of Euro

	2022		2021	
	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income
Financial liabilities at amortised cost <sup>(1)</sup>	(246)	—	(142)	—
Financial liabilities at fair value through profit or loss <sup>(2)</sup>	(6,583)	—	(6,244)	—
Hedging derivatives <sup>(3)</sup>	(5,157)	—	(919)	—
<b>TOTAL</b>	<b>(11,986)</b>	<b>—</b>	<b>(7,305)</b>	<b>—</b>

<sup>(1)</sup> Relates to financial expenses for debt (see Note 16.1).

<sup>(2)</sup> Relates to expenses for changes in energy stocks and financial derivatives (see Notes 9, 10.1, 10.3, 11 and 16.2).

<sup>(3)</sup> Relates to expenses for cash flow hedges and fair value (see Notes 11 and 16.2).

## 42. General risk control and management policy

The activities of Endesa, S.A. and its subsidiaries (Endesa) are carried out in an environment where outside factors may affect the performance of their operations and earnings, thereby making it necessary to manage and control the related exposure.

The General Risk Control and Management Policy lays down the basic principles and the general framework to control and manage risks of any kind that could affect the attainment of targets, ensuring that they are systematically identified, analysed, assessed, managed and controlled within the risk levels set. The General Risk Control and Management Policy identifies the different types of risk, both financial and non-financial (including operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) faced by the Company. The financial and economic risks include any contingent liabilities and other risks not included in the consolidated statement of financial position.

The aim of the General Risk Control and Management Policy is to steer and guide the series of strategic, organisational and operational actions that allow the Board of Directors at Endesa, S.A. to accurately define the acceptable level of risk, permitting managers in the different lines of business, staff and service functions to maximise the Company's profitability, preserve or increase its equity and guarantee that this is achieved above certain levels, preventing uncertain and future events from adversely affecting the achievement of the profitability targets defined, or the corresponding operations, sustainability, resilience or reputation in a sustained way over time, providing shareholders with adequate guarantees and safeguarding their interests, in addition to the interests of customers and other stakeholders.

The principles of Endesa's Risk Control and Management Policy, which aims to control and mitigate the possible risks identified, are as follows:

	Principles
General Risk Control and Management Policy of Endesa	Existence of a regulatory system, people, means and systems to be able to perform a continuous process of identification, quantification, mitigation and information regarding all relevant risks that might affect the Company.
	Ensure the adequate unbundling of functions, together with the coordination mechanisms between the different risk control areas and systems.
	The risks must be in line with the strategy, objectives and critical values of Endesa, ensuring the adaptation of the risk levels to the objectives and limits set by the Board of Directors.
	Optimisation of risk control and management from a consolidated perspective, giving the latter priority over individual management of each of the risk.
	Continual assessment of hedging, transference and mitigation mechanisms to guarantee their suitability and the adoption of the best market practices.
	On-going monitoring of the prevailing legislation, including tax provisions, to guarantee that transactions are performed in accordance with the rules governing the business.
	Respect for and compliance with internal regulations, with a special focus on Regulatory Compliance, Corporate Governance and provisions for the Prevention of Criminal and Anti-Bribery Risks, in particular, the Code of Ethics and the Zero Tolerance Plan Against Corruption.
	Safety is Endesa's number one concern and the health and safety of the people who work at and for Endesa must be preserved at all times.
	Commitment to sustainable development, efficiency and respect for the environment and human rights.
	Responsible optimisation of the use of available resources, in order to generate returns for our shareholders as part of a relationship based on the principles of loyalty and transparency.

The General Risk Control and Management Policy is prepared and approved with other risk policies specific to the lines of business, staff and service functions, as well as with the limits established for the optimal risk management of each of them.

The Internal Risk Control and Management System follows a model that is based, firstly, on the ongoing study of the risk profile, applying current best practices in the energy or reference sector in relation to risk management, based on

the criteria of the uniformity of measurements for the same type of risk, on the separation of risk controllers and managers, and, secondly, ensuring the connection between risks assumed and the resources required to operate the business while ensuring respect for an adequate balance between the risk assumed and the targets defined by the Board of Directors of Endesa, S.A. The risk control and management process consists of identifying, assessing, monitoring and managing the

different risks over time, and envisages the main risks to which the Company is exposed, both endogenous (due to internal factors) and exogenous (due to external factors). The purpose of risk management is to implement actions

aimed at adjusting risk levels to optimum levels and respecting the limits set in all cases.

The risk control and management mechanisms are set out in the following notes.

## 42.1. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities bearing interest at fixed rates and the future flows from assets and liabilities indexed to floating interest rates.

The objective of interest rate risk management is to achieve a balanced debt structure that makes it possible to minimise the cost of the debt over several years with reduced income statement volatility, through diversification of types of financial assets and liabilities and modifications to the risk exposure profile by arranging derivatives.

The goal is to reduce the amount of borrowings subject to interest rate fluctuations is reduced by the use of interest rate swap contracts. In any case, the structure of the contracts adapts to that of the underlying financial instrument, and never exceeds the maturity of the underlying financial instrument, so that any changes in the fair value or cash flows of these contracts are offset by changes in the fair value or cash flows of the underlying position.

At 31 December 2022 and 2021, the structure of financial risk, factoring in the derivatives arranged, is as follows:

Millions of Euro

	Net position			
	31 December 2022		31 December 2021	
	Before derivatives	After derivatives	Before derivatives	After derivatives
Fixed interest rate	7,189	7,080	5,476	5,490
Floating interest rate	7,189	7,080	3,323	3,316
<b>TOTAL</b>	<b>3,704</b>	<b>3,789</b>	<b>8,799</b>	<b>8,806</b>

At 31 December 2022 and 2021, the reference interest rate for the borrowings arranged by Endesa is predominantly Euribor.

The breakdown of the notional amount of derivatives by interest rate at 31 December 2022 and 2021 is as follows:

Millions of Euro

INTEREST RATE DERIVATIVES	Net notional amount	
	2022	2021
<b>Interest rate swaps</b>		
Fixed to variable interest rate swaps	1,190	1,022
Variable to fixed interest rate swaps	1,187	512
<b>TOTAL INTEREST RATE DERIVATIVES</b>	<b>2,377</b>	<b>1,534</b>

## Sensitivity analysis

At 31 December 2022 and 2021, the pre-tax impact of interest-rate fluctuations on the consolidated income statement and statement of other consolidated income, other variables remaining constant, is as follows:

Millions of Euro

	Basis points change	31 December 2022		31 December 2021	
		Consolidated income statement	Consolidated statement of other comprehensive income	Consolidated income statement	Consolidated statement of other comprehensive income
Financial expenses of variable gross borrowings after derivatives					
Interest rate increase	+25	24	—	11	—
Interest rate reduction	-25	(24)	—	(11)	—
Fair value of derivative financial hedging instruments					
Fair value					
Interest rate increase	+25	(9)	—	(5)	—
Interest rate reduction	-25	9	—	4	—
Cash flow					
Interest rate increase	+25	—	12	—	11
Interest rate reduction	-25	—	(12)	—	(9)
Fair value of derivative instruments not designated as hedging instruments					
Interest rate increase	+25	—	—	—	—
Interest rate reduction	-25	—	—	—	—

## 42.2. Foreign currency risk

Foreign currency risks mainly relate to transactions for the purchase of raw energy (especially natural gas and coal) on international markets where the prices of these materials are normally in US dollars (USD). Endesa is also exposed to this risk when managing debt denominated in foreign currencies, procurements, the payment of insurance premiums, plant maintenance contracts, and dividends. Endesa has arranged currency swaps and exchange rate insurance to mitigate its foreign currency risk. Endesa also strives to balance cash collections and payments for its assets and liabilities in foreign currencies.

The term of the contracts never exceeds the maturity of the underlying financial instrument, so that any changes in the fair value or cash flows of these contracts are offset by changes in the fair value or cash flows of the underlying position.

The breakdown of the notional amount of derivatives by exchange rate at 31 December 2022 and 2021 is as follows:



Millions of Euro

EXCHANGE RATE DERIVATIVES	Net notional amount	
	2022	2021
<b>Energy stock foreign exchange contracts</b>		
Forward contracts/futures	3,249	3,298
<b>Other contracts</b>		
Forward contracts/futures	42	62
<b>Total forward contracts/futures</b>	<b>3,291</b>	<b>3,360</b>
<b>TOTAL EXCHANGE RATE DERIVATIVES</b>	<b>3,291</b>	<b>3,360</b>

## Sensitivity analysis

At 31 December 2022 and 2021, the pre-tax impact of exchange-rate fluctuations of the Euro against the US dollar (USD) on the consolidated income statement and

consolidated statement of other comprehensive income, other variables remaining constant, is as follows.

Millions of Euro

	Percentage variation	31 December 2022		31 December 2021	
		Consolidated income statement	Consolidated statement of other comprehensive income	Consolidated income statement	Consolidated statement of other comprehensive income
Fair value of derivative financial hedging instruments					
Cash flow					
Depreciation of the Euro	10%	—	299	—	261
Appreciation of the Euro	10%	—	(245)	—	(214)
Fair value					
Depreciation of the Euro	10%	—	—	—	—
Appreciation of the Euro	10%	—	—	—	—
Fair value of derivative instruments not designated as hedging instruments					
Depreciation of the Euro	10%	5	—	(56)	—
Appreciation of the Euro	10%	(4)	—	46	—

## 42.3. Riesgo de precio de materias energéticas

The Company is exposed to the risk of fluctuations in energy stock prices, including carbon dioxide emission allowances (CO<sub>2</sub>), mainly through the following:

- Purchases of energy stocks in the electricity generation process.
- Power sale and purchase transactions on domestic and international markets.

Exposure to fluctuations in energy stock prices is controlled by monitoring risk limits as a measure to balance expected returns against assumed risk. These limits are based on expected results with a confidence interval of 95%. Industrial portfolio positions are reviewed monthly on the basis of Profit

at Risk, and the trading portfolio is reviewed daily on the basis of Value at Risk.

Individual analyses are also performed on the impact of certain relevant transactions on Endesa's risk profile and delivery of its predefined limits.

Exposure to this risk in the long term is managed by diversifying contracts, managing the procurements portfolio through reference to indices with a similar or comparable trend to that of the end electricity (generation) or sale (retailing) prices and through regularly renegotiated contractual clauses aimed at maintaining the economic balance of procurements.

In the short and medium term, fluctuations in energy prices are managed through specific hedges, generally derivatives.

The following table sets out the notional value of outstanding operations as at 31 December 2022 and 31 December 2021, classified by type of instrument:

Millions of Euro

ENERGY STOCK DERIVATIVES	Notional	
	2022	2021
Swaps	9,176	6,929
Forward contracts/futures	8,941	122
Options	268	543
<b>TOTAL ENERGY STOCK DERIVATIVES</b>	<b>18,385</b>	<b>7,594</b>

## Sensitivity analysis

At 31 December 2022 and 2021, the breakdown of the pre-tax impact on the consolidated income statement and the consolidated statement of other comprehensive income

on the value of existing energy stocks that would result from a change in commodity prices, all other things being equal, is as follows:

Millions of Euro

	31 December 2022			31 December 2021		
	Price changes in energy stocks <sup>(1)</sup>	Consolidated income statement	Consolidated statement of other comprehensive income	Price changes in energy stocks	Consolidated income statement	Consolidated statement of other comprehensive income
<b>Cash flow hedging derivatives</b>						
Coal and freight derivatives	20%	–	(1)	15%	–	–
	-20%	–	1	-15%	–	–
Liquid fuel and gas derivatives	20%	–	(259)	15%	–	(408)
	-20%	–	252	-15%	–	408
Electricity derivatives	20%	–	202	15%	–	248
	-20%	–	(216)	-15%	–	(248)
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	20%	–	(88)	15%	–	(4)
	-20%	–	85	-15%	–	4

<sup>(1)</sup> Modification made following the analysis of the prices of raw materials considering the uncertainty of the current context.

Millions of Euro

	31 December 2022			31 December 2021		
	Price changes in energy stocks <sup>(1)</sup>	Consolidated income statement	Consolidated statement of other comprehensive income	Price changes in energy stocks	Consolidated income statement	Consolidated statement of other comprehensive income
<b>Derivatives not designated as hedging instruments</b>						
Coal and freight derivatives	20%	–	–	15%	–	–
	-20%	–	–	-15%	–	–
Liquid fuel and gas derivatives	20%	(108)	–	15%	68	–
	-20%	114	–	-15%	(68)	–
Electricity derivatives	20%	4	–	15%	70	–
	-20%	(6)	–	-15%	(69)	–
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	20%	8	–	15%	3	–
	-20%	(8)	–	-15%	(3)	–
Deriving from Guarantees of origin and other environmental certificates	20%	–	–	15%	–	–
	-20%	–	–	-15%	–	–

<sup>(1)</sup> Modification made following the analysis of the prices of raw materials considering the uncertainty of the current context.

## 42.4. Liquidity risk

Liquidity risk may cause difficulties in meeting the obligations associated with financial liabilities, which are settled by provision of cash or other financial assets. Liquidity risk management aims to guarantee a level of liquidity minimising opportunity cost, and to maintain a structure of financial debt on the basis of due dates and sources of finance. In the short term, liquidity risk is mitigated by maintaining a sufficient level of resources available unconditionally, including cash and short-term deposits, drawable lines of credit and a portfolio of highly liquid assets.

Endesa's liquidity policy consists of arranging committed long-term credit lines, both with banks and Enel Group companies, and financial investments in an amount

sufficient to cover projected needs over a given period based on the situation in and expectations about the debt and capital markets.

These needs include maturity of net financial debt. Further details of the characteristics and conditions of borrowings and financial derivatives are provided in Notes 41.3 and 44, respectively.

The cash function is centralised at Endesa, S.A. and Endesa Financiación Filiales, S.A.U., which draw up cash forecasts to ensure that the Group has sufficient cash to meet operational needs, and maintain sufficient levels of availability on its undrawn credit lines.

At 31 December, 2022 and 2021, Endesa's liquidity position was as follows:

Millions of Euro

	Notes	31 de Diciembre de 2022	31 de Diciembre de 2021
Cash in hand and at banks	33	871	703
Freely available on credit lines <sup>(1)</sup>	41.4.1	8,314	4,817
<b>Total</b>		<b>9,185</b>	<b>5,520</b>

<sup>(1)</sup> At 31 December 2022, Euro 4,950 million relates to available credit lines with Enel Finance International N.V. (Euro 1,700 million at 31 December 2021).

At 31 December 2022, Endesa had negative working capital of Euro 757 million. The undrawn amount under the Company's long-term credit lines offers assurance that Endesa can obtain sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the consolidated statement of financial position (see Note 41.4.1).

Endesa has a strong financial position and unconditional credit lines arranged with first-tier entities available for significant amounts.

However, to further strengthen its liquidity position and ensure the continuity of business activities, Endesa has arranged a series of financial transactions (see Note 41.4.2 and 53).

## Maturity breakdown

Information on the breakdown of the nominal value of Endesa's borrowings by maturities is disclosed in Note 41.3.

## 42.5. Credit risk

Credit risk is generated when a counterparty does not meet its obligations set out in a financial or commercial contract, giving rise to financial losses. Endesa is exposed to credit risk from its operational and financial activities, including derivatives, deposits with banks, transactions in foreign currency and other financial instruments.

Endesa closely monitors the credit risk of its commodity, financial and commercial counterparties. Against a backdrop of sharp rises in commodity prices and interest rates, exposure to default has risen considerably with counterparties, although the Company's collection management has enabled it to moderate the trend in past-due debt (see Note 5.2).

Unexpected changes to the credit rating of a counterparty have an impact on the creditor's position in terms of solvency (non-compliance risk) or changes to market value (spread risk).

Endesa closely monitors its credit risk, taking additional precautions which include the following, among others:

Additional precautions	
Monitoring of credit risk	• Risk analysis, assessment and monitoring of counterparty credit quality
	• Establishing contractual clauses guarantee requests, or contracting insurance where necessary.
	• Exhaustive review of the level of counterparty exposure.
	• Counterparty diversification.

Historically, credit risk on trade receivables is limited, given the short period of collection from customers, as supply may be cut off in accordance with the applicable regulations before any significant arrears are accumulated (see Note 32).

At 31 December 2022, overdue receivables from customers for sales and services and other receivables amounted to Euro 955 million, representing 12.0 days of equivalent revenue (Euro 907 million and 18.7 days of equivalent revenue, respectively, at 31 December 2021).

Endesa's policies for managing credit risk on financial assets are as follows:

Endesa's risk policies	
Credit risk on financial assets	• Endesa and its subsidiaries hold their cash surpluses at counterparties that are leading entities in the markets in which they operate. At 31 December 2022, the greatest exposure to cash positions held with a counterparty not belonging to the Enel Group amounted to Euro 225 million (31 December 2021: Euro 272 million).
	• Interest rate and exchange rate derivatives are arranged with highly solvent entities. At 31 December 2022, more than 81% of interest-rate and exchange-rate derivative exposure relate to transactions with entities with a credit rating of "A-" or higher (74% at year-end 2021).
	• Credit risk associated with financial instruments arranged on energy stocks is also limited. At 31 December 2022, taking market values as a basis, exposure to energy stock derivatives was less than Euro 1,695 million (less than Euro 1.261 million at 31 December 2021).
	• At 31 December 2022, the maximum accumulated credit risk by counterparty arising from interest rate, exchange rate and energy stock derivatives, totals Euro 545 million, and therefore no counterparties accumulate more than 30% of the total credit risk related to financial instruments (31 December 2021: Euro 477 million and 37% total, respectively).

At 31 December 2022 and 2021, there were guarantees, letters of guarantee, and pledges received for commercial transactions, as follows:

Millions of Euro	31 December 2022	31 December 2021
Business to Business (B2B)	218	187
Counterparts in Energy Stock Markets	366	293
<b>TOTAL</b>	<b>584</b>	<b>480</b>

At 31 December 2022 and 2021, Endesa had not pledged significant guarantees, letters of guarantee or pledges.

## Analysis of counterparty risk

At 31 December 2022 and 2021, the breakdown of the credit rating of current and non-current financial instruments which are not due, and which are not trade and other receivables, is as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
<b>Cash and cash equivalents</b>	33	<b>871</b>	<b>703</b>
A+		103	38
A		203	226
A-		60	2
BBB+		104	349
BBB		323	50
BBB-		74	34
BB+		–	1
BB		–	–
B+		–	–
Counterparty without credit rating		4	3
<b>Equity instruments</b>	41.1.2	<b>5</b>	<b>6</b>
A+		–	–
A		–	–
A-		1	3
BBB+		1	–
Counterparty without credit rating		3	3
<b>Derivative financial instruments</b>	44	<b>3,782</b>	<b>3,175</b>
AAA		909	93
AA-		18	3
A+		30	26
A		802	111
A-		144	102
BBB+		90	2,278
BBB		8	4
BBB-		50	343
BB+		756	10
BB		264	2
BB-		100	125
B+		–	–
B		5	78
B-		254	–
CCC		1	–
CCC-		224	–
CC		127	–
Counterparty without credit rating		–	–
<b>Financial assets <sup>(1)</sup></b>		<b>9,832</b>	<b>2,391</b>
Financing of the revenue shortfall from regulated activities in Spain	6 and 41.1.1	14	168
Compensation for stranded costs in non-mainland generation ("TNP")	6 and 41.1.1	2,254	749
Limitation of the Increase of the Last Resort Tariff (LRT) for Gas	6 and 41.1.1	67	9
Bonds and Deposits	41.1.1	437	441
Loans to Personnel	41.1.1	59	46
Loans to Associated Companies, Joint Ventures and Joint Operating Companies	41.1.1 and 47.2	67	63
Other financial assets	41.1.1	6,962	947
Impairment losses		(28)	(23)
<b>TOTAL</b>		<b>14,490</b>	<b>6,275</b>

<sup>(1)</sup> Mainly includes receivables from Public Administrations, as well as from counterparties without a credit rating.

## 42.6. Concentration risk

Endesa is exposed to customer and supplier concentration risk when carrying on its activities.

Concentration risk is managed and minimised by a business strategy with several diversification criteria:

	Diversification criteria
Customer concentration risk	Customer typology: Large industrial customers, medium-sized companies and residential customers, both private individuals and public authorities.
	Economic activity of customers: Commercial activity with customers operating in different sectors.
	Types of product sold: Electricity, gas and other products and services.

This strategy ensures that sales to a specific customer do not account for a major portion of Endesa's economic results.

This risk is controlled by regular monitoring of trade receivable accounts (debts past-due and outstanding) for individuals and groups of companies under joint control.

In its relationships with its main shareholder, Endesa is exposed to credit risk. In 2022 this risk was not significant, and related mainly to the potential change in energy stock hedging contracts which Endesa had arranged through Enel Group companies.

At 31 December 2022, receivables from the ten largest customers (business group) accounted for less than 29.4% of the total, although none of them individually accounted for more than 7.8% of the total at that date (37.9% and 14.7%, respectively, at 31 December 2021).

Endesa's current relationships with main industry service suppliers and providers are essential for the development

and growth of its business, and may affect its capacity to negotiate contracts with these parties under favourable conditions. Nonetheless, Endesa's technical and economic rating processes allow it to ensure the quality of services acquired as well as the supplier's financial status, and offer a diversified supplier portfolio in all its purchasing categories, thus making it possible to replace one in the case of interrupted service, mitigating its supplier concentration risk.

At 31 December 2022, its top 10 suppliers did not represent more than 36.4% of the total (31 December 2021: 28.7%).

The possible one-off loss of a customer or supplier should not have a significant effect on concentration risk, since the concentration of customers and suppliers is low and the ability to substitute suppliers is generally high. Even so, Endesa continues to monitor these aspects closely to spot any changes in concentration risk (see Notes 5.2 and 5.3).

## 42.7. Risks of commitments to purchase energy stocks

At 31 December 2022, inventory purchase commitments amounted to Euro 22,942 million (31 December 2021: Euro 19,766 million), a portion of which corresponds to agreements containing "take or pay" clauses (see Note 31.3).

The Company's Directors consider that Endesa will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

# 43. Offsetting of non-current and current financial assets and liabilities

The detail of non-current and current financial assets and liabilities set off and not set off at 31 December 2022 and 2021 is as follows:

Millions of Euro

	Notes	31 December 2022						
		Gross amount of financial assets	Amount set off		Net amount of financial assets presented on the financial statements	Amounts in netting arrangements not set off		Net amount
			Financial collateral			Financial instrument	Financial collateral	
Other non-current financial assets	28	1,160	—	1,160	—	—	1,160	
Non-current derivative financial instruments	44	1,249	—	1,249	(426)	—	823	
Other non-current assets	29	304	—	304	—	—	304	
<b>Total non-current financial assets</b>		<b>2,713</b>	<b>—</b>	<b>2,713</b>	<b>(426)</b>	<b>—</b>	<b>2,287</b>	
Trade receivables for sales and services and other receivables <sup>(1)</sup>	32	5,472	—	5,472	645	—	4,827	
Current assets under contracts with customers	271	8	—	8	—	—	8	
Other current financial assets	30	8,677	—	8,677	—	—	8,677	
Current derivative financial instruments	44	2,533	—	2,533	(1,392)	—	1,141	
Cash and cash equivalents	33	871	—	871	—	—	871	
<b>Total current financial assets</b>		<b>17,561</b>	<b>—</b>	<b>17,561</b>	<b>(2,037)</b>	<b>—</b>	<b>15,524</b>	

<sup>(1)</sup> Does not include balances with public administrations.

Millions of Euro

	Notes	31 December 2021						
		Gross amount of financial assets	Amount set off		Net amount of financial assets presented on the financial statements	Amounts in netting arrangements not set off		Net amount
			Financial collateral	Financial instrument		Financial collateral		
Other non-current financial assets	28	580	—	580	—	—	580	
Non-current derivative financial instruments	44	774	—	774	(509)	—	265	
Other non-current assets	29	264	—	264	—	—	264	
<b>Total non-current financial assets</b>		<b>1,618</b>	<b>—</b>	<b>1,618</b>	<b>(509)</b>	<b>—</b>	<b>1,109</b>	
Trade receivables for sales and services and other receivables <sup>(1)</sup>	32	5,037	—	5,037	(403)	—	4,634	
Current assets under contracts with customers	271	6	—	6	—	—	6	
Other current financial assets	30	1,817	—	1,817	—	—	1,817	
Current derivative financial instruments	44	2,401	—	2,401	(2,073)	—	328	
Cash and cash equivalents	33	703	—	703	—	—	703	
<b>Total current financial assets</b>		<b>9,964</b>	<b>—</b>	<b>9,964</b>	<b>(2,476)</b>	<b>—</b>	<b>7,488</b>	

<sup>(1)</sup> Does not include balances with public administrations.

Millions of Euro

	Notes	31 December 2022					
		Gross amount of financial liabilities	Amount set off	Net amount of financial liabilities presented on the financial statements	Amounts in netting arrangements not set off		Net amount
					Financial instrument	Financial collateral	
Non-current liabilities under contracts with customers	272	4,300	—	4,300	—	—	4,300
Non-current borrowings	41.3	11,704	—	11,704	—	—	11,704
Non-current derivative financial instruments	44	2,408	—	2,408	(426)	—	1,982
Other non-current financial liabilities	39	—	—	—	—	—	—
Other non-current liabilities	38	588	—	588	—	—	588
<b>Total non-current financial liabilities</b>		<b>19,000</b>	<b>—</b>	<b>19,000</b>	<b>(426)</b>	<b>—</b>	<b>18,574</b>
Current liabilities under contracts with customers	272	294	—	294	—	—	294
Current borrowings	41.3	6,784	—	6,784	—	—	6,784
Current derivative financial instruments	44	4,990	—	4,990	(1,392)	—	3,598
Other current financial liabilities	39	51	—	51	—	—	51
Suppliers and other payables <sup>(1)</sup>	40	6,219	—	6,219	(645)	—	5,574
<b>Total current financial liabilities</b>		<b>18,338</b>	<b>—</b>	<b>18,338</b>	<b>(2,037)</b>	<b>—</b>	<b>16,301</b>

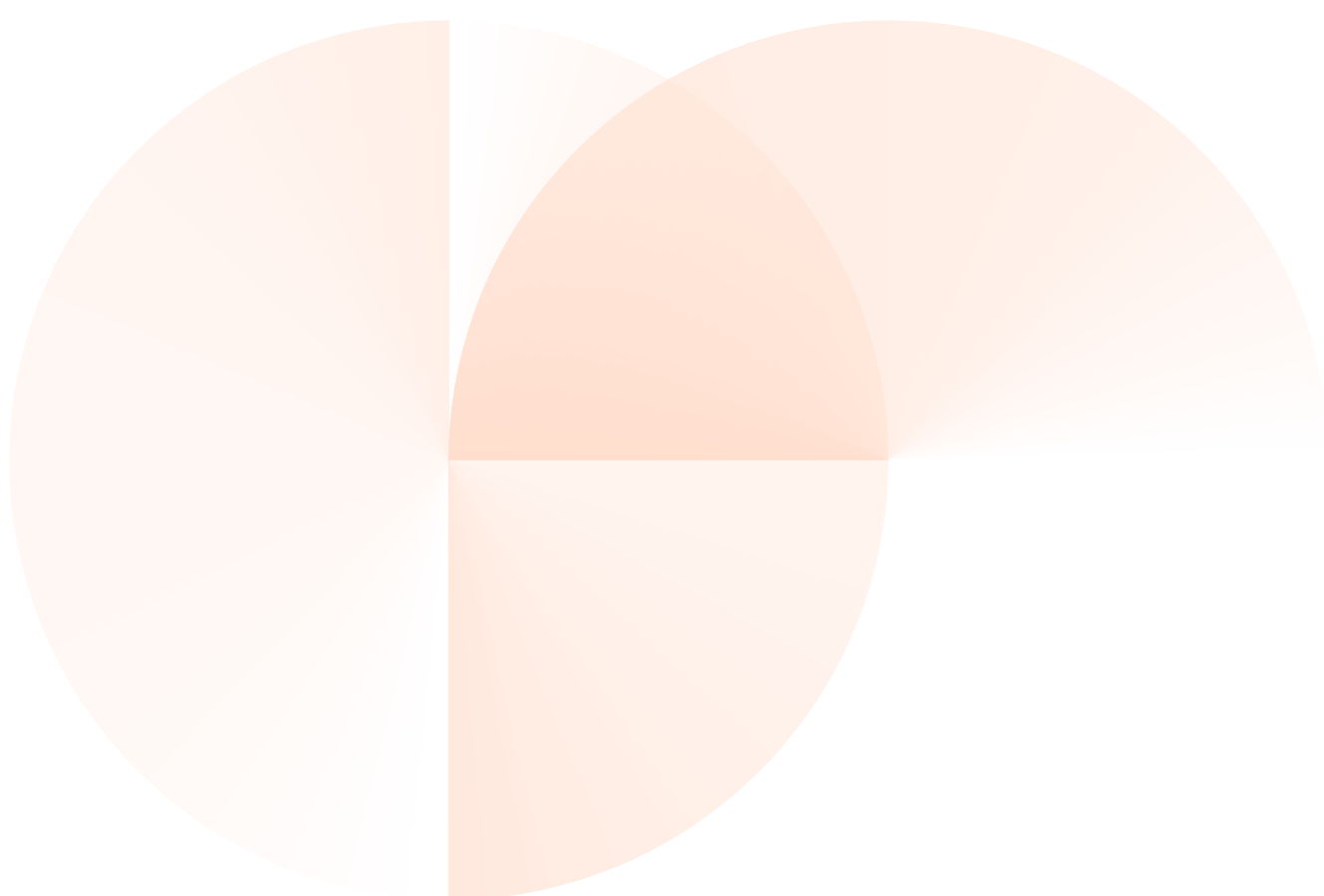
<sup>(1)</sup> Does not include balances with public administrations.

Millions of Euro



31 December 2021							
	Notes	Gross amount of financial liabilities	Amount set off	Net amount of financial liabilities presented on the financial statements	Amounts in netting arrangements not set off		Net amount
					Financial instrument	Financial collateral	
Non-current liabilities under contracts with customers	272	4,284	—	4,284	—	—	4,284
Non-current borrowings	41.3	7,211	—	7,211	—	—	7,211
Non-current derivative financial instruments	44	573	—	573	(509)	—	64
Other non-current financial liabilities	39	120	—	120	—	—	120
Other non-current liabilities	38	690	—	690	—	—	690
<b>Total non-current financial liabilities</b>		<b>12,878</b>	<b>—</b>	<b>12,878</b>	<b>(509)</b>	<b>—</b>	<b>12,369</b>
Current liabilities under contracts with customers	272	270	—	270	—	—	270
Current borrowings	41.3	3,167	—	3,167	—	—	3,167
Current derivative financial instruments	44	4,884	—	4,884	(2,073)	—	2,811
Other current financial liabilities	39	34	—	34	—	—	34
Suppliers and other payables <sup>(1)</sup>	40	6,084	—	6,084	(403)	—	5,681
<b>Total current financial liabilities</b>		<b>14,439</b>	<b>—</b>	<b>14,439</b>	<b>(2,476)</b>	<b>—</b>	<b>11,963</b>

<sup>(1)</sup> Does not include balances with public administrations.



# 44. Derivative financial instruments

At 31 December 2022 and 2021 the detail of “*Derivative financial instruments*” of the consolidated statement of financial position is as follows:

Millions of Euro

	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Derivative financial asset instruments	1,249	2,533	774	2,401
Derivative financial liability instruments	2,408	4,990	573	4,884

In accordance with the risk management policy described in Note 42, Endesa mainly relies on interest rate, foreign currency and physical hedging derivatives.

Endesa does not disclose separate information on embedded derivatives, as the economic characteristics and risks incidental to these derivatives relate strictly to the host contracts.

Details of the notional and change in derivative financial instruments at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Non-current assets				Current assets			
	Notional		Fair value		Notional		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Fair value hedging derivatives</b>	<b>12</b>	<b>12</b>	<b>2</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Interest rate	12	12	2	6	–	–	–	–
<b>Cash flow hedging derivatives</b>	<b>4,483</b>	<b>2,914</b>	<b>1,075</b>	<b>603</b>	<b>3,460</b>	<b>1,980</b>	<b>1,220</b>	<b>981</b>
Interest rate	1,190	150	109	1	–	–	–	–
Exchange rate	1,180	1,004	53	30	1,024	845	84	44
Energy stocks	2,113	1,760	913	572	2,436	1,135	1,136	937
<b>Derivatives not designated as hedging instruments</b>	<b>288</b>	<b>271</b>	<b>172</b>	<b>165</b>	<b>2,617</b>	<b>1,068</b>	<b>1,313</b>	<b>1,420</b>
Interest rate	–	–	–	–	–	–	–	–
Exchange rate	–	51	–	–	46	174	2	6
Energy stocks	288	220	172	165	2,571	894	1,311	1,414
<b>TOTAL</b>	<b>4,783</b>	<b>3,197</b>	<b>1,249</b>	<b>774</b>	<b>6,077</b>	<b>3,048</b>	<b>2,533</b>	<b>2,401</b>

Millions of Euro

	Non-current liabilities				Current liabilities			
	Notional		Fair value		Notional		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Fair value hedging derivatives</b>	<b>1,175</b>	<b>500</b>	<b>87</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Interest rate	1,175	500	87	1	–	–	–	–
<b>Cash flow hedging derivatives</b>	<b>3,765</b>	<b>1,484</b>	<b>2,005</b>	<b>361</b>	<b>4,591</b>	<b>2,444</b>	<b>2,434</b>	<b>2,783</b>
Interest rate	–	846	–	12	–	–	–	–
Exchange rate	328	134	11	1	568	939	25	27
Energy stocks	3,437	504	1,994	348	4,023	1,505	2,409	2,756
<b>Derivatives not designated as hedging instruments</b>	<b>377</b>	<b>262</b>	<b>316</b>	<b>211</b>	<b>3,285</b>	<b>1,553</b>	<b>2,556</b>	<b>2,101</b>
Interest rate	–	–	–	–	–	26	–	1
Exchange rate	13	76	–	1	132	137	10	12
Energy stocks	364	186	316	210	3,153	1,390	2,546	2,088
<b>TOTAL</b>	<b>5,317</b>	<b>2,246</b>	<b>2,408</b>	<b>573</b>	<b>7,876</b>	<b>3,997</b>	<b>4,990</b>	<b>4,884</b>

The notional and/or contractual amounts of the contracts entered into do not reflect the actual risk undertaken by Endesa, since these amounts only constitute the basis on which the derivative settlement calculations were made.

## 44.1. Derivative instruments designated as hedging instruments

At 31 December 2022, Endesa had checked that it continued to meet the criteria established by the regulations for the application of hedge accounting. There was no discontinuation of derivatives initially designated as cash flow hedges in 2022 (Euro 152 million in

income in 2021 as a result of contractual amendments to a long-term gas purchase contract that made future transactions, as initially arranged, remote).

### 44.1.1. Interest rate risk

At 31 December 2022 and 2021, the detail of the notional value and average interest rate of interest rate and cash flow hedging derivatives by maturity is as follows:

		Maturity					Subsequent years	Total
		2023	2024	2025	2026	2027		
<b>Cash flow hedging derivatives</b>								
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	—	—	—	—	250	940	1,190
	Average interest rate (%)	—	—	—	—	3.0	0.8	

		Maturity					Subsequent years	Total
		2022	2023	2024	2025	2026		
<b>Cash flow hedging derivatives</b>								
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	—	—	—	—	—	996	996
	Average interest rate (%)	—	—	—	—	—	0.7	

At 31 December 2022 and 2021, the notional amount and average interest rate of interest rate fair value hedging derivatives by maturity are as follows:

		Maturity					Subsequent years	Total
		2023	2024	2025	2026	2027		
<b>Fair value hedging derivatives</b>								
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	—	500	—	—	675	12	1,187
	Average interest rate (%)	—	0.1	—	—	1.9	5.7	

		Maturity					Subsequent years	Total
		2022	2023	2024	2025	2026		
<b>Fair value hedging derivatives</b>								
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	—	—	—	500	—	12	512
	Average interest rate (%)	—	—	—	0.1	—	5.7	

At 31 December 2022 and 2021 the breakdown of interest rate hedging derivatives, by designation and classified by type of hedged item, is as follows:

Millions of Euro

		31 December 2022					
INTEREST RATE DERIVATIVES	Hedging item	Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
<b>Cash flow hedging derivatives</b>		<b>1,190</b>	<b>109</b>	<b>1,190</b>	<b>109</b>	<b>—</b>	<b>—</b>
Interest rate swaps	Variable rate financing	1,190	109	1,190	109	—	—
Interest Rate Options		—	—	—	—	—	—
<b>Fair value hedging derivatives</b>		<b>1,187</b>	<b>(85)</b>	<b>12</b>	<b>2</b>	<b>1,175</b>	<b>87</b>
Interest rate swaps	Fixed rate debentures	12	2	12	2	—	—
	Fixed-rate financing	1,175	(87)	—	—	1,175	87
<b>Total interest rate swaps</b>		<b>2,377</b>	<b>24</b>	<b>1,202</b>	<b>111</b>	<b>1,175</b>	<b>87</b>
<b>TOTAL INTEREST RATE DERIVATIVES</b>		<b>2,377</b>	<b>24</b>	<b>1,202</b>	<b>111</b>	<b>1,175</b>	<b>87</b>

Millions of Euro

		31 December 2021					
INTEREST RATE DERIVATIVES	Hedging item	Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
<b>Cash flow hedging derivatives</b>		<b>996</b>	<b>(11)</b>	<b>150</b>	<b>1</b>	<b>846</b>	<b>12</b>
Interest rate swaps	Variable rate financing	996	(11)	150	1	846	12
<b>Fair value hedging derivatives</b>		<b>512</b>	<b>5</b>	<b>12</b>	<b>6</b>	<b>500</b>	<b>1</b>
Interest rate swaps	Fixed rate debentures	12	6	12	6	—	—
	Fixed-rate financing	500	(1)	—	—	500	1
<b>Total interest rate swaps</b>		<b>1,508</b>	<b>(6)</b>	<b>162</b>	<b>7</b>	<b>1,346</b>	<b>13</b>
<b>TOTAL INTEREST RATE DERIVATIVES</b>		<b>1,508</b>	<b>(6)</b>	<b>162</b>	<b>7</b>	<b>1,346</b>	<b>13</b>

At 31 December 2022 and 2021, cash flows projected for the coming years in relation to these derivatives are as follows:

Millions of Euro

		Cash flow stratification expected						
INTEREST RATE DERIVATIVES		31 December 2022	2023	2024	2025	2026	2027	Subsequent years
<b>Current value (net of accumulated interest)</b>								
<b>Cash flow hedging derivatives</b>		<b>109</b>	<b>20</b>	<b>26</b>	<b>19</b>	<b>17</b>	<b>15</b>	<b>27</b>
Positive fair value		109	20	26	19	17	15	27
Negative fair value		—	—	—	—	—	—	—
<b>Fair value hedging derivatives</b>		<b>(85)</b>	<b>(15)</b>	<b>(39)</b>	<b>(13)</b>	<b>(12)</b>	<b>(10)</b>	<b>1</b>
Positive fair value		2	1	—	—	—	—	1
Negative fair value		(87)	(16)	(39)	(13)	(12)	(10)	—

Millions of Euro

		Cash flow stratification expected						
INTEREST RATE DERIVATIVES		31 December 2021	2022	2023	2024	2025	2026	Subsequent years
<b>Current value (net of accumulated interest)</b>								
<b>Cash flow hedging derivatives</b>		<b>(11)</b>	<b>(6)</b>	<b>(5)</b>	<b>(2)</b>	<b>(1)</b>	<b>1</b>	<b>3</b>
Positive fair value		1	1	—	—	—	1	1
Negative fair value		(12)	(7)	(5)	(2)	(1)	—	2
<b>Fair value hedging derivatives</b>		<b>5</b>	<b>2</b>	<b>1</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>3</b>
Positive fair value		6	1	1	1	—	—	3
Negative fair value		(1)	1	—	(2)	—	—	—

The effect of cash flow hedging derivatives on the consolidated statement of financial position, consolidated income statement and consolidated statement of other comprehensive income was as follows:

Millions of Euro

	31 December 2022			2022			
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(3)(4)</sup>	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(5)</sup>	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness <sup>(4)</sup>
<b>Cash flow hedging derivatives</b>							
Interest rate swaps	1,190	109	—	118	(4)	—	2
<b>Total cash flow hedging derivatives</b>	<b>1,190</b>	<b>109</b>	<b>—</b>	<b>118</b>	<b>(4)</b>	<b>—</b>	<b>2</b>

- <sup>(1)</sup> Included under "Derivative financial instruments" on the assets side in the consolidated statement of financial position.  
<sup>(2)</sup> Included under "Derivative Financial Instruments" on the liabilities side of the consolidated statement of financial position.  
<sup>(3)</sup> Amount reclassified from the income statement because the hedged item has affected profit or loss.  
<sup>(4)</sup> Included in "Income and expenses on derivative financial instruments" in the consolidated income statement.  
<sup>(5)</sup> Amount reclassified from the income statement because the cash flows are no longer expected to occur.

Millions of Euro

	31 December 2021			2021			
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(3)(4)</sup>	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(5)</sup>	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness
<b>Cash flow hedging derivatives</b>							
Interest rate swaps	996	1	(12)	23	(8)	—	—
<b>Total cash flow hedging derivatives</b>	<b>996</b>	<b>1</b>	<b>(12)</b>	<b>23</b>	<b>(8)</b>	<b>—</b>	<b>—</b>

- <sup>(1)</sup> Included under "Derivative financial instruments" on the assets side in the consolidated statement of financial position.  
<sup>(2)</sup> Included under "Derivative Financial Instruments" on the liabilities side of the consolidated statement of financial position.  
<sup>(3)</sup> Amount reclassified from the income statement because the hedged item has affected profit or loss.  
<sup>(4)</sup> Included in "Income and expenses on derivative financial instruments" in the consolidated income statement.  
<sup>(5)</sup> Amount reclassified from the income statement because the cash flows are no longer expected to occur.

Considering effective cash flow hedges, 45% of debt was protected from interest rate risk at 31 December 2022 (58% at 31 December 2021). Including fair value hedges also, this percentage was 39% at 31 December 2022 (53% at 31 December 2021).

At 31 December 2022 and 2021 the effect of fair value hedging derivatives on the Consolidated Statement of Financial Position was as follows:

Millions of Euro

	31 December 2022		
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>
<b>Fair value hedging derivatives</b>			
Interest rate swaps	1,187	2	(87)
Interest rate options	—	—	—
<b>Total fair value hedging derivatives</b>	<b>1,187</b>	<b>2</b>	<b>(87)</b>

<sup>(1)</sup> Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

<sup>(2)</sup> Included under "Derivative Financial Instruments" on the liabilities side of the consolidated statement of financial position.

Millions of Euro

	31 December 2021		
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>
<b>Fair value hedging derivatives</b>			
Interest rate swaps	512	6	(1)
Interest rate options	—	—	—
<b>Total fair value hedging derivatives</b>	<b>512</b>	<b>6</b>	<b>(1)</b>

<sup>(1)</sup> Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

<sup>(2)</sup> Included under "Derivative Financial Instruments" on the liabilities side of the consolidated statement of financial position.

At 31 December 2022 and 2021 the effect of the hedged item of fair value hedging derivatives on the Consolidated Statement of Financial Position was as follows:

Millions of Euro

	31 December 2022			31 December 2021		
	Amount in Books of the Item	Cumulative Amount of Fair Value Hedging Adjustments on the Hedged Item	Fair Value used to measure Ineffectiveness for the year	Amount in Books of the Item	Cumulative Amount of Fair Value Hedging Adjustments on the Hedged Item	Fair Value used to measure Ineffectiveness for the year
<b>Fair Value Hedging Derivatives</b>						
Fixed-Term Debt	1,103	(84)	85	518	6	(5)
<b>Total Fair Value Hedging Derivatives</b>	<b>1,103</b>	<b>(84)</b>	<b>85</b>	<b>518</b>	<b>6</b>	<b>(5)</b>

The amounts recognised in the consolidated income statement in 2022 and 2021 in relation to the derivatives and hedged items of fair value hedges are as follows:

Millions of Euro

	2022		2021	
	Revenue	Expenses	Revenue	Expenses
Hedged items	89	—	2	—
Derivatives <sup>(1)</sup>	—	90	—	3
<b>TOTAL</b>	<b>89</b>	<b>90</b>	<b>2</b>	<b>3</b>

<sup>(1)</sup> Without settlement.

## 44.1.2. Foreign currency risk

At 31 December 2022 and 2021, the detail of the notional value and average exchange rate of exchange rate hedging derivatives by maturity is as follows:

Cash flow hedging derivatives		Maturity						Total
		2023	2024	2025	2026	2027	Subsequent	
EUR/USD Forward Contracts/ EUR/USD Exchange Rate Futures	Notional (millions of Euro)	1,592	905	603	–	–	–	3,100
	Average exchange rate in EUR/USD	1.14	1.15	1.11	–	–	–	

Cash flow hedging derivatives		Maturity						Total
		2022	2023	2024	2025	2026	Subsequent	
EUR/USD Forward Contracts/ EUR/USD Exchange Rate Futures	Notional (millions of Euro)	1,784	851	283	4	–	–	2,922
	Average exchange rate in EUR/USD	1.17	1.19	1.18	1	–	–	–

At 31 December 2022 and 2021, the detail of the notional value and fair value of exchange rate hedging derivatives by name and classified by type of item hedged, is as follows:

Millions of Euro

EXCHANGE RATE DERIVATIVES		31 December 2022					
		Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
<b>Cash flow hedging derivatives</b>							
Foreign exchange forward contracts/futures	Raw material foreign exchange contracts	3,052	99	2,172	135	880	36
	Other contracts	48	2	32	2	16	–
<b>Total forward contracts/futures</b>		<b>3,100</b>	<b>101</b>	<b>2,204</b>	<b>137</b>	<b>896</b>	<b>36</b>
<b>TOTAL EXCHANGE RATE DERIVATIVES</b>		<b>3,100</b>	<b>101</b>	<b>2,204</b>	<b>137</b>	<b>896</b>	<b>36</b>

Millions of Euro

EXCHANGE RATE DERIVATIVES		31 December 2021					
		Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
<b>Cash flow hedging derivatives</b>							
Foreign exchange forward contracts/futures	Raw material foreign exchange contracts	2,862	45	1,814	73	1,048	28
	Other contracts	60	1	35	1	25	–
<b>Total forward contracts/futures</b>		<b>2,922</b>	<b>46</b>	<b>1,849</b>	<b>74</b>	<b>1,073</b>	<b>28</b>
<b>TOTAL EXCHANGE RATE DERIVATIVES</b>		<b>2,922</b>	<b>46</b>	<b>1,849</b>	<b>74</b>	<b>1,073</b>	<b>28</b>

At 31 December 2022 and 2021, cash flows projected for the coming years in relation to these derivatives are as follows:

Millions of Euro

Present value (net of accumulated interest)	Cash flow stratification expected						Subsequent years
	31 December 2022	2023	2024	2025	2026	2027	
<b>Exchange rate derivatives – cash flow hedges</b>	<b>101</b>	<b>59</b>	<b>36</b>	<b>6</b>	–	–	–
Positive fair value	137	84	42	11	–	–	–
Negative fair value	(36)	(25)	(6)	(5)	–	–	–
<b>Exchange rate derivatives – fair value hedges</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Positive fair value	–	–	–	–	–	–	–
Negative fair value	–	–	–	–	–	–	–

Millions of Euro

Present value (net of accumulated interest)	Cash flow stratification expected						Subsequent years
	31 December 2021	2022	2023	2024	2025	2026	
<b>Exchange rate derivatives – cash flow hedges</b>	<b>46</b>	<b>15</b>	<b>28</b>	<b>3</b>	–	–	–
Positive fair value	74	43	28	3	–	–	–
Negative fair value	(28)	(28)	–	–	–	–	–
<b>Exchange rate derivatives – fair value hedges</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Positive fair value	–	–	–	–	–	–	–
Negative fair value	–	–	–	–	–	–	–



The effect of cash flow hedging derivatives on the consolidated statement of financial position, consolidated income statement and consolidated statement of other comprehensive income was as follows:

Millions of Euro

	31 December 2022				2022		
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(3)(4)</sup>	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(4)(5)</sup>	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness <sup>(4)</sup>
<b>Cash flow hedging derivatives</b>							
Exchange rate forward contracts/futures	3,100	137	(36)	70	119	—	—
<b>Total cash flow hedging derivatives</b>	<b>3,100</b>	<b>137</b>	<b>(36)</b>	<b>70</b>	<b>119</b>	<b>—</b>	<b>—</b>

<sup>(1)</sup> Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

<sup>(2)</sup> Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

<sup>(3)</sup> Amount reclassified from the income statement because the hedged item has affected profit or loss.

<sup>(4)</sup> Included in "Income and expenses from energy stock instruments" in the consolidated income statement.

<sup>(5)</sup> Amount reclassified from the income statement because the cash flows are no longer expected to occur.

Millions of Euro

	31 December 2021				2021		
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(3)(4)</sup>	Amount reclassified from the statement of other comprehensive income to the income statement <sup>(4)(5)</sup>	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness <sup>(4)</sup>
<b>Cash flow hedging derivatives</b>							
Exchange rate forward contracts/futures	2,922	74	(28)	185	(25)	—	—
<b>Total cash flow hedging derivatives</b>	<b>2,922</b>	<b>74</b>	<b>(28)</b>	<b>185</b>	<b>(25)</b>	<b>—</b>	<b>—</b>

<sup>(1)</sup> Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

<sup>(2)</sup> Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

<sup>(3)</sup> Amount reclassified from the income statement because the hedged item has affected profit or loss.

<sup>(4)</sup> Included in "Income and expenses from energy stock instruments" in the consolidated income statement.

<sup>(5)</sup> Amount reclassified from the income statement because the cash flows are no longer expected to occur.

### 44.1.3. Energy stock risk

At 31 December 2022 and 2021, the detail of the notional value and average price of energy stock hedging derivatives by maturity is as follows:

Millions of Euro

Cash flow hedging derivatives			Maturity					Total	
			2023	2024	2025	2026	2027		Subsequent
<b>Swaps</b>									
Liquid fuel and gas derivatives	Barrels	Notional (millions of Euro)	493	117	48	–	–	–	658
		Average price (USD/thousands of barrels)	70.0	72.7	81.8	–	–	–	–
	MBTU	Notional (millions of Euro)	400	343	254	–	–	–	997
		Average price (USD/MBTU)	3.3	3.6	4.3	–	–	–	–
	Metric tonnes	Notional (millions of Euro)	893	112	–	–	–	–	1,005
		Average price (USD/TM)	633.1	709.5	–	–	–	–	–
	MWH	Notional (millions of Euro)	832	815	919	7	–	–	2,573
		Average price (EUR/MWH)	68.2	60.9	64.6	50.0	–	–	–
Electricity derivatives	MWH	Notional (millions of Euro)	158	118	98	93	86	334	887
		Average price (EUR/MWH)	122.7	81.4	39.1	36.0	32.8	29.3	65.8
Coal and freight derivatives	Metric tonnes	Notional (millions of Euro)	9	–	–	–	–	–	9
		Average price (USD/TM)	254	–	–	–	–	–	–
<b>Forward contracts/futures</b>									
Liquid fuel and gas derivatives	Barrels	Notional (millions of Euro)	–	43	–	–	–	–	43
		Average price (EUR/MWH)	–	76	–	–	–	–	–
	MWH	Notional (millions of Euro)	3,291	1,593	180	–	–	–	5,064
		Average price (EUR/MWH)	89	73	59	–	–	–	–
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	Metric tonnes	Notional (millions of Euro)	296	160	50	–	–	–	506
		Average price (EUR/TM)	86.82	95.82	94.35	–	–	–	–
<b>Options</b>									
Liquid fuel and gas derivatives	Metric tonnes	Notional (millions of Euro)	70	–	–	–	–	–	70
		Average price (USD/MBTU)	834	–	–	–	–	–	–
	MWH	Notional (millions of Euro)	–	–	–	–	–	–	–
		Average price (EUR/MWH)	–	–	–	–	–	–	–
Electricity derivatives	MWH	Notional (millions of Euro)	16	17	17	16	16	115	197
		Average price (EUR/MWH)	35	35	35	35	35	33	–
<b>Total notional</b>			<b>6,458</b>	<b>3,318</b>	<b>1,566</b>	<b>116</b>	<b>102</b>	<b>449</b>	<b>12,009</b>

Millions of Euro

Cash flow hedging derivatives			Maturity						Total
			2022	2023	2024	2025	2026	Subsequent	
<b>Swaps</b>									
Liquid fuel and gas derivatives	Barrels	Notional (millions of Euro)	516	160	51	–	–	–	727
		Average price (USD/ thousands of barrels)	54.6	59.6	65.1	–	–	–	
	MBTU	Notional (millions of Euro)	272	362	96	–	–	–	730
		Average price (USD/MBTU)	2.6	3.3	3.2	–	–	–	
	Metric tonnes	Notional (millions of Euro)	750	375	51	–	–	–	1,176
		Average price (USD/TM)	498.1	509.4	577.8	–	–	–	
	MWH	Notional (millions of Euro)	767	168	33	–	–	–	968
		Average price (EUR/MWH)	18.4	22.1	19.7	–	–	–	
Electricity derivatives	MWH	Notional (millions of Euro)	228	102	110	91	88	380	999
		Average price (EUR/MWH)	55.2	48.5	40.1	37.1	35.7	29.1	
Coal and freight derivatives	Metric tonnes	Notional (millions of Euro)	–	–	–	–	–	–	–
		Average price (USD/TM)	–	–	–	–	–	–	–
<b>Forward contracts/futures</b>									
Liquid fuel and gas derivatives	Barrels	Notional (millions of Euro)	–	–	–	–	–	–	–
		Average price (EUR/MWH)	–	–	–	–	–	–	–
	MWH	Notional (millions of Euro)	–	–	–	–	–	–	–
		Average price (EUR/MWH)	–	–	–	–	–	–	–
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	Metric tonnes	Notional (millions of Euro)	–	–	–	–	–	–	–
		Average price (EUR/TM)	–	–	–	–	–	–	–
<b>Options</b>									
Liquid fuel and gas derivatives	Metric tonnes	Notional (millions of Euro)	–	–	–	–	–	–	–
		Average price (USD/MBTU)	–	–	–	–	–	–	–
	MWH	Notional (millions of Euro)	100	–	–	–	–	–	100
		Average price (EUR/MWH)	50	–	–	–	–	–	–
Electricity derivatives	MWH	Notional (millions of Euro)	7	16	16	16	16	133	204
		Average price (EUR/MWH)	34.1	34.5	34.5	34.5	34.5	32.9	
<b>Total notional</b>			<b>2,640</b>	<b>1,183</b>	<b>357</b>	<b>107</b>	<b>104</b>	<b>513</b>	<b>4,904</b>

At 31 December 2022 and 2021, the detail of the notional value and fair value of energy stock hedging derivatives and classified by type of raw material, is as follows:

Millions of Euro

	Assets				Liabilities			
	Notional		Fair value		Notional		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Energy stock derivatives</b>								
<b>Cash flow hedging derivatives</b>								
<b>Coal and freight derivatives</b>	<b>9</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Swaps	9	–	2	–	–	–	–	–
<b>Liquid fuel and gas derivatives</b>	<b>3,162</b>	<b>1,874</b>	<b>1,073</b>	<b>851</b>	<b>7,248</b>	<b>1,827</b>	<b>4,190</b>	<b>2,593</b>
Swaps	2,668	1,844	1,020	848	2,565	1,757	726	2,567
Forward contracts/futures	472	–	49	–	4,635	–	3,461	–
Options	22	30	4	3	48	70	3	26
<b>Electricity derivatives</b>	<b>1,013</b>	<b>1,021</b>	<b>939</b>	<b>658</b>	<b>71</b>	<b>182</b>	<b>209</b>	<b>511</b>
Swaps	816	817	922	639	71	182	197	499
Forward contracts/futures	–	–	–	–	–	–	–	–
Options	197	204	17	19	–	–	12	12
<b>Carbon dioxide (CO<sub>2</sub>) emission right derivatives</b>	<b>365</b>	<b>–</b>	<b>35</b>	<b>–</b>	<b>141</b>	<b>–</b>	<b>4</b>	<b>–</b>
Forward contracts/futures	365	–	35	–	141	–	4	–
<b>TOTAL ENERGY STOCK DERIVATIVES</b>	<b>4,549</b>	<b>2,895</b>	<b>2,049</b>	<b>1,509</b>	<b>7,460</b>	<b>2,009</b>	<b>4,403</b>	<b>3,104</b>

At 31 December 2022 and 2021, cash flows projected for the coming years in relation to these derivatives are as follows:

Millions of Euro

Fair value	Fair value stratification						
	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
<b>Cash flow hedging derivatives</b>							
Coal and freight derivatives	2	2	–	–	–	–	–
Liquid fuel and gas derivatives	(3,117)	(1,507)	(1,274)	(335)	(1)	–	–
Electricity derivatives	730	215	237	77	43	41	117
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	31	16	14	1	–	–	–

Millions of Euro

Fair value	Fair value stratification						
	31 December 2021	2022	2023	2024	2025	2026	Subsequent years
<b>Cash flow hedging derivatives</b>							
Coal and freight derivatives	–	–	–	–	–	–	–
Liquid fuel and gas derivatives	(1,742)	(1,776)	16	18	–	–	–
Electricity derivatives	147	(43)	85	53	27	11	14
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	–	–	–	–	–	–	–

The effect of cash flow hedging derivatives on the consolidated statement of financial position, consolidated income statement and consolidated statement of other comprehensive income was as follows:

Millions of Euro

	31 December 2022				2022		
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>	Changes in the fair value in the consolidated statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the consolidated income statement <sup>(3)(4)</sup>	Amount reclassified from the statement of other comprehensive income to the consolidated income statement <sup>(4)(5)</sup>	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness <sup>(4)</sup>
<b>Cash flow hedging derivatives</b>							
Coal and freight derivatives	9	2	—	2	—	—	—
Liquid fuel and gas derivatives	10,410	1,073	4,190	(2,482)	(1,490)	—	(279)
Electricity derivatives	1,084	939	209	54	205	—	(15)
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	506	35	4	30	—	—	1
<b>Total cash flow hedging derivatives</b>	<b>12,009</b>	<b>2,049</b>	<b>4,403</b>	<b>(2,396)</b>	<b>(1,285)</b>	<b>—</b>	<b>(293)</b>

<sup>(1)</sup> Included under "Derivative Financial Instruments" on the assets side of the consolidated statement of financial position.

<sup>(2)</sup> Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

<sup>(3)</sup> Amount reclassified from the income statement because the hedged item has affected profit or loss.

<sup>(4)</sup> Included in "Energy derivatives income and expenses" in the consolidated income statement.

<sup>(5)</sup> Amount reclassified from the income statement because the future cash flows are no longer expected to occur.

Millions of Euro

	31 December 2021				2021		
	Net notional amount	Assets, fair value <sup>(1)</sup>	Liabilities, fair value <sup>(2)</sup>	Changes in the fair value in the consolidated statement of other comprehensive income	Amount reclassified from the consolidated statement of other comprehensive income to the consolidated income statement <sup>(3)(4)</sup>	Amount reclassified from the statement of other comprehensive income to the consolidated income statement <sup>(4)(5)</sup>	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness <sup>(4)</sup>
<b>Cash flow hedging derivatives</b>							
Coal and freight derivatives	—	—	—	—	—	—	—
Liquid fuel and gas derivatives	3,701	851	2,593	(2,699)	(98)	80	(7)
Electricity derivatives	1,203	658	511	508	714	—	(27)
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	—	—	—	(0)	—	72	(1)
<b>Total cash flow hedging derivatives</b>	<b>4,904</b>	<b>1,509</b>	<b>3,104</b>	<b>(2,191)</b>	<b>616</b>	<b>152</b>	<b>(35)</b>

<sup>(1)</sup> Included under "Derivative Financial Instruments" on the assets side of the consolidated statement of financial position.

<sup>(2)</sup> Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

<sup>(3)</sup> Amount reclassified from the income statement because the hedged item has affected profit or loss.

<sup>(4)</sup> Included in "Energy derivatives income and expenses" in the consolidated income statement.

<sup>(5)</sup> Amount reclassified from the income statement because the future cash flows are no longer expected to occur.

## 44.2. Derivative instruments not designated as hedging instruments

The breakdown of the notional amount of derivatives by maturity at 31 December 2022 and 2021 is as follows:

Millions of Euro

Derivatives not designated as hedging instruments	Notional value stratification						
	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
Interest rate derivatives	–	–	–	–	–	–	–
Exchange rate derivatives	191	178	5	8	–	–	–
Coal and freight derivatives	–	–	–	–	–	–	–
Liquid fuel and gas derivatives	5,951	5,404	420	127	–	–	–
Electricity derivatives	325	251	69	5	–	–	–
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	76	50	20	6	–	–	–
Deriving from Guarantees of origin and other environmental certificates	24	19	4	–	1	–	–

Millions of Euro

Derivatives not designated as hedging instruments	Notional value stratification						
	31 December 2021	2022	2023	2024	2025	2026	Subsequent years
Interest rate derivatives	26	26	–	–	–	–	–
Exchange rate derivatives	438	311	124	3	–	–	–
Coal and freight derivatives	–	–	–	–	–	–	–
Liquid fuel and gas derivatives	2,256	1,966	250	40	–	–	–
Electricity derivatives	312	199	101	6	5	–	1
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	112	112	–	–	–	–	–
Deriving from Guarantees of origin and other environmental certificates	10	7	2	1	–	–	–

At 31 December 2022 and 2021, the detail of the notional value and fair value of derivatives not designated as hedging instruments classified by type of item hedged, is as follows:

Millions of Euro

Derivatives not designated as hedging instruments	Assets				Liabilities			
	Notional		Fair value		Notional		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Interest rate derivatives</b>	–	–	–	–	–	26	–	1
Swaps	–	–	–	–	–	26	–	1
<b>Exchange rate derivatives</b>	46	225	2	6	145	213	10	13
Currency futures	46	225	2	6	145	213	10	13
<b>Liquid fuel and gas derivatives</b>	2,527	866	1,245	1,298	3,424	1,390	2,765	2,026
Swaps	1,973	792	970	1,282	750	1,227	1,003	1,995
Forward contracts/futures	554	–	275	–	2,674	–	1,762	–
Options	–	74	–	16	–	163	–	31
<b>Electricity derivatives</b>	274	190	228	246	51	122	88	239
Swaps	274	190	228	246	50	120	88	239
Forward contracts/futures	–	–	–	–	–	–	–	–
Options	–	–	–	–	1	2	–	–
<b>Carbon dioxide (CO<sub>2</sub>) emission right derivatives</b>	47	54	7	34	29	58	5	30
Forward contracts/futures	47	54	7	34	29	58	5	30
<b>Deriving from Guarantees of origin and other environmental certificates</b>	11	4	3	1	13	6	4	3
Forward contracts/futures	11	4	3	1	13	6	4	3
<b>Total</b>	<b>2,905</b>	<b>1,339</b>	<b>1,485</b>	<b>1,585</b>	<b>3,662</b>	<b>1,815</b>	<b>2,872</b>	<b>2,312</b>

The following table sets out the expected cash flows during future periods relating to derivatives not designated as hedging instruments.

Millions of Euro

Derivatives not designated as hedging instruments	Fair value stratification						
	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
Interest rate derivatives	–	–	–	–	–	–	–
Exchange rate derivatives	(8)	(8)	–	–	–	–	–
Liquid fuel and gas derivatives	(1,520)	(1,367)	(131)	(22)	–	–	–
Electricity derivatives	140	128	9	3	–	–	–
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	2	2	–	–	–	–	–
Deriving from Guarantees of origin and other environmental certificates	(1)	–	(1)	–	–	–	–

Millions of Euro

Derivatives not designated as hedging instruments	Fair value stratification						
	31 December 2021	2022	2023	2024	2025	2026	Subsequent years
Interest rate derivatives	(1)	(1)	–	–	–	–	–
Exchange rate derivatives	(7)	(4)	(3)	(0)	–	–	–
Liquid fuel and gas derivatives	(728)	(635)	(85)	(8)	–	–	–
Electricity derivatives	7	(40)	48	(1)	–	–	–
Carbon dioxide (CO <sub>2</sub> ) emission right derivatives	4	4	–	–	–	–	–
Deriving from Guarantees of origin and other environmental certificates	(2)	(2)	–	–	–	–	–

# 45. Fair value measurement

## 45.1. Fair value measurement of categories of financial assets

The classifications of financial assets measured at fair value in the consolidated statements of financial position by fair value hierarchy at 31 December 2022 and 2021 are as follows:

Millions of Euro

	31 December 2022									
	Non-current assets					Current assets				
	Notes	Fair value	Level 1	Level 2	Level 3	Notes	Fair value	Level 1	Level 2	Level 3
<b>Equity instruments</b>	41.1	<b>5</b>	—	—	<b>5</b>	41.1	—	—	—	—
<b>Fair value hedging derivatives</b>	44.1	<b>2</b>	—	<b>2</b>	—	44.1	—	—	—	—
Interest rate		2	—	2	—		—	—	—	—
<b>Cash flow hedging derivatives:</b>	44.1	<b>1,075</b>	<b>31</b>	<b>388</b>	<b>656</b>	44.1	<b>1,220</b>	<b>52</b>	<b>895</b>	<b>273</b>
Interest rate		109	—	109	—		—	—	—	—
Exchange rate		53	—	53	—		84	—	84	—
Energy stocks		913	31	226	656		1,136	52	811	273
<b>Derivatives not designated as hedging instruments</b>	44.2	<b>172</b>	<b>105</b>	<b>66</b>	<b>1</b>	44.2	<b>1,313</b>	<b>171</b>	<b>1,141</b>	<b>1</b>
Exchange rate		—	—	—	—		2	—	2	—
Energy stocks		172	105	66	1		1,311	171	1,139	1
<b>Inventories</b>	31.1 and 31.2	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	31.1 and 31.2	<b>18</b>	<b>—</b>	<b>18</b>	<b>—</b>
<b>TOTAL</b>		<b>1,254</b>	<b>136</b>	<b>456</b>	<b>662</b>		<b>2,551</b>	<b>223</b>	<b>2,054</b>	<b>274</b>

Millions of Euro

	31 December 2021									
	Non-current assets					Current assets				
	Notes	Fair value	Level 1	Level 2	Level 3	Notes	Fair value	Level 1	Level 2	Level 3
<b>Equity instruments</b>	41.1	<b>6</b>	—	—	<b>6</b>	41.1	—	—	—	—
<b>Fair value hedging derivatives</b>	44.1	<b>6</b>	—	<b>6</b>	—	44.1	—	—	—	—
Interest rate		6	—	6	—		—	—	—	—
<b>Cash flow hedging derivatives:</b>	44.1	<b>603</b>	—	<b>263</b>	<b>340</b>	44.1	<b>981</b>	—	<b>706</b>	<b>275</b>
Interest rate		1	—	1	—		—	—	—	—
Exchange rate		30	—	30	—		44	—	44	—
Energy stocks		572	—	232	340		937	—	662	275
<b>Derivatives not designated as hedging instruments</b>	44.2	<b>165</b>	—	<b>164</b>	<b>1</b>	44.2	<b>1,420</b>	—	<b>1,419</b>	<b>1</b>
Exchange rate		—	—	—	—		6	—	6	—
Energy stocks		165	—	164	1		1,414	—	1,413	1
<b>Inventories</b>	31.1 and 31.2	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	31.1 and 31.2	<b>1</b>	<b>—</b>	<b>1</b>	<b>—</b>
<b>TOTAL</b>		<b>780</b>	<b>—</b>	<b>433</b>	<b>347</b>		<b>2,402</b>	<b>—</b>	<b>2,126</b>	<b>276</b>



There were no level transfers among these financial assets in 2022 and 2021.

In the current context, Endesa has continued to use the same measurement standards to determine fair value (see Notes 3.1, 3.2h.5 and 3.2r).

## 45.2. Fair value measurement of categories of assets not measured at fair value

The classifications of financial liabilities measured at fair value in the consolidated statements of financial position by fair value hierarchy at 31 December 2022 and 31 December 2021 are as follows:

Millions of Euro

	Notes	31 December 2022				31 December 2021			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Investment property	3.2c and 22.1	59	—	—	59	55	—	—	55

## 45.3. Fair value measurement of categories of financial liabilities

The classifications of non-current and current financial liabilities measured at fair value in the consolidated statement of financial position by fair value hierarchy level at 31 December 2022 and 2021 are as follows:

Millions of Euro

	Notes	31 December 2022								
		Non-current liabilities				Current liabilities				
		Fair value	Level 1	Level 2	Level 3	Notes	Fair value	Level 1	Level 2	Level 3
<b>Bonds and other marketable securities</b>	41.3	<b>14</b>	—	<b>14</b>	—	41.3	—	—	—	—
<b>Bank borrowings</b>	41.3	—	—	—	—	41.3	—	—	—	—
<b>Fair value hedging derivatives</b>	44.1	<b>87</b>	—	<b>87</b>	—	44.1	—	—	—	—
Interest rate		87	—	87	—		—	—	—	—
<b>Cash flow hedging derivatives:</b>	44.1	<b>2,005</b>	<b>1,308</b>	<b>553</b>	<b>144</b>	44.1	<b>2,434</b>	<b>2,157</b>	<b>254</b>	<b>23</b>
Interest rate		—	—	—	—		—	—	—	—
Exchange rate		11	—	11	—		25	—	25	—
Energy stocks		1,994	1,308	542	144		2,409	2,157	229	23
<b>Derivatives not designated as hedging instruments</b>	44.2	<b>316</b>	<b>185</b>	<b>131</b>	—	44.2	<b>2,556</b>	<b>1,608</b>	<b>948</b>	—
Interest rate		—	—	—	—		—	—	—	—
Exchange rate		—	—	—	—		10	—	10	—
Energy stocks		316	185	131	—		2,546	1,608	938	—
<b>TOTAL</b>	41 and 44	<b>2,422</b>	<b>1,493</b>	<b>785</b>	<b>144</b>	41 and 44	<b>4,990</b>	<b>3,765</b>	<b>1,202</b>	<b>23</b>

31 December 2021										
	Non-current liabilities					Current liabilities				
	Notes	Fair value	Level 1	Level 2	Level 3	Notes	Fair value	Level 1	Level 2	Level 3
<b>Bonds and other marketable securities</b>	41.3	<b>18</b>	—	<b>18</b>	—	41.3	—	—	—	—
<b>Bank borrowings</b>	41.3	<b>500</b>	—	<b>500</b>	—	41.3	—	—	—	—
<b>Fair value hedging derivatives</b>	44.1	<b>1</b>	—	<b>1</b>	—	44.1	—	—	—	—
Interest rate		1	—	1	—		—	—	—	—
<b>Cash flow hedging derivatives:</b>	44.1	<b>361</b>	—	<b>218</b>	<b>143</b>	44.1	<b>2,783</b>	—	<b>2,776</b>	<b>7</b>
Interest rate		12	—	12	—		—	—	—	—
Exchange rate		1	—	1	—		27	—	27	—
Energy stocks		348	—	205	143		2,756	—	2,749	7
<b>Derivatives not designated as hedging instruments</b>	44.2	<b>211</b>	—	<b>211</b>	—	44.2	<b>2,101</b>	—	<b>2,101</b>	—
Interest rate		—	—	—	—		1	—	1	—
Exchange rate		1	—	1	—		12	—	12	—
Energy stocks		210	—	210	—		2,088	—	2,088	—
<b>TOTAL</b>	41 and 44	<b>1,091</b>	—	<b>948</b>	<b>143</b>	41 and 44	<b>4,884</b>	—	<b>4,877</b>	<b>7</b>

During the financial years 2022 and 2021, there have been no transfers of any of the hierarchy levels of financial liabilities indicated above.

## 45.4. Fair value measurement of categories of financial liabilities not measured at fair value

The non-current and current financial liabilities not measured at fair value in the consolidated statement of financial position, but disclosed in the notes to these consolidated financial statements by fair value hierarchy level at 31 December 2022 and 2021 are as follows:

Millions of Euro

	31 December 2022			
	Fair value	Level 1	Level 2	Level 3
Deudas con Entidades de Crédito	5,605	—	5,605	—
Fixed interest rate	1,506	—	1,506	—
Floating interest rate	4,099	—	4,099	—
Other borrowings	5,674	—	5,674	—
Borrowings associated with rights of use	756	—	756	—
Fixed interest rate	756	—	756	—
Other	4,918	—	4,918	—
Fixed interest rate	4,444	—	4,444	—
Floating interest rate	474	—	474	—
<b>Total non-current liabilities</b>	<b>11,279</b>	<b>—</b>	<b>11,279</b>	<b>—</b>
Bank borrowings	1,116	—	1,116	—
Fixed interest rate	21	—	21	—
Floating interest rate	1,095	—	1,095	—
Bonds and other marketable securities	4,993	—	4,993	—
Floating interest rate	4,993	—	4,993	—
Other borrowings	937	—	937	—
Borrowings associated with rights of use	88	—	88	—
Fixed interest rate	88	—	88	—
Other	849	—	849	—
Fixed interest rate	123	—	123	—
Floating interest rate	726	—	726	—
<b>Total current liabilities</b>	<b>7,046</b>	<b>—</b>	<b>7,046</b>	<b>—</b>

Millions of Euro

	31 December 2021			
	Fair value	Level 1	Level 2	Level 3
Bank borrowings	2,791	–	2,791	–
Fixed interest rate	491	–	491	–
Floating interest rate	2,300	–	2,300	–
Other borrowings	4,092	–	4,092	–
Borrowings associated with rights of use	875	–	875	–
Fixed interest rate	875	–	875	–
Other	3,217	–	3,217	–
Fixed interest rate	3,203	–	3,203	–
Floating interest rate	14	–	14	–
<b>Total non-current liabilities</b>	<b>6,883</b>	<b>–</b>	<b>6,883</b>	<b>–</b>
Bank borrowings	167	–	167	–
Floating interest rate	167	–	167	–
Bonds and other marketable securities	2,917	–	2,917	–
Floating interest rate	2,917	–	2,917	–
Other borrowings	210	–	210	–
Borrowings associated with rights of use	85	–	85	–
Fixed interest rate	85	–	85	–
Other	125	–	125	–
Fixed interest rate	92	–	92	–
Floating interest rate	33	–	33	–
<b>Total current liabilities</b>	<b>3,294</b>	<b>–</b>	<b>3,294</b>	<b>–</b>

## 45.5. Other matters

Endesa has entered into long-term Power Purchase Agreements (“PPAs”) whereby it undertakes to purchase a certain volume of energy at a certain price. These financial contracts are recognised as “Financial Instruments” and are measured at fair value through profit or loss, unless they have been designated as hedges for accounting purposes and meet the requirements for hedge accounting, including that they are highly effective, in which case they are recognised as described in Note 3.2h.5.

At 31 December 2022 and 2021, the balance of derivative financial instruments classified in level 3 corresponds to these financial contracts.

In 2022 and 2021, the changes in derivative financial instruments measured at Level 3 fair value were as follows:

Millions of Euro

	2022	2021
<b>Opening balance</b>	<b>467</b>	<b>16</b>
Net gains/(losses) in the consolidated income statement	–	–
Gains / (losses) recognised in the consolidated statement of other comprehensive income	297	451
<b>Closing balance</b>	<b>764</b>	<b>467</b>

The fair value of the derivative financial instruments classified in Level 3 was calculated by applying the cash flow method. To calculate these cash flow projections, the available market information is used as a base, complemented, where appropriate, with estimates from essential models that represent the functioning of these markets.

At 31 December 2022, none of the possible scenarios foreseen in these assumptions indicated would result in a significant change in the fair value of the financial instruments classified in this Level.

## 46. Statement of cash flows

At 31 December 2022, cash and cash equivalents stood at Euro 871 million (Euro 703 million at 31 December 2021) (see Note 33).

In 2022 and 2021, Endesa's net cash flows, broken down into operating, investing and financing activities, were as follows:

Millions of Euro

	Statement of cash flows	
	2022	2021
Net cash flows from operating activities	1,672	2,621
Net cash flows from investing activities	(8,156)	(3,073)
Net cash flows from financing activities	6,652	752

In 2022, net cash flows generated from operating activities (Euro 1,672 million) and those obtained from financing activities (Euro 6,652 million) enabled net payments to be met arising from investing activities (Euro 8,156 million).

### 46.1. Net cash flows from operating activities

In 2022, net cash flows from operating activities amounted to Euro 1,672 million (Euro 2,621 million in 2021), broken down as follows:

Millions of Euro

	Notes	2022	2021
Gross profit before tax		3,487	1,924
Adjustments for:		2,439	2,410
Depreciation, amortisation and impairment losses	15	1,878	2,322
Other adjustments (net)		561	88
Changes in working capital:		(3,279)	(1,000)
Trade and other receivables		(294)	(2,291)
Inventories		(1,319)	(457)
Current financial assets		(1,540)	80
Trade payables and other current liabilities		(126)	1,668
Other cash flows from operating activities:		(975)	(713)
Interest received		124	77
Dividends received		42	38
Interest paid <sup>(1)</sup>		(232)	(152)
Corporate income tax paid		(532)	(346)
Other receipts from and payments for operating activities <sup>(2)</sup>		(377)	(330)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>1,672</b>	<b>2,621</b>

<sup>(1)</sup> Includes interest payments on borrowings for rights of use amounting to Euro 34 million in 2022 and Euro 33 million in 2021 (see Note 21).

<sup>(2)</sup> Relates to payments of provisions.

The changes in the main items determining the net cash flows from operating activities are as follows:

Heading	Variation	
Changes in working capital	▼ Euro 2,279 million (+227.9%)	<p>The change in this heading is the result of the following impacts:</p> <ul style="list-style-type: none"> <li>• Reduction in trade and other receivables amounting to Euro 1,997 million.</li> <li>• Increase in inventory payments amounting to Euro 862 million.</li> <li>• Increase in regulatory receivables of Euro 1,620 million, which includes an increase of Euro 1,357 million corresponding to the cost overruns of power generation in the Non-mainland Territories ("TNP"), which has yet to be settled because the final prices of the various commodities used have not yet been published, in a context of rising prices; and also an increase of Euro 258 million in remuneration from investment in renewable energies, Euro 50 million for limiting the increase in the Last Resort Tariff (LRT), for gas and a reduction of Euro 48 million due to the tariff deficit.</li> <li>• Decrease in trade payables (Euro 1,793 million).</li> </ul>

In 2022 the Company has also continued with its active policy concerning the management of current assets and liabilities, focusing on, among other aspects, the improvement of processes, the factoring of accounts

receivable and agreements extending payment periods with suppliers (see Notes 32 and 40).

At 31 December 2022 and 2021 working capital broke down as follows:

Millions of Euro

	Notes	Working capital	
		31 December 2022	31 December 2021
<b>Current Assets<sup>(1)</sup></b>		<b>19,027</b>	<b>10,949</b>
Inventories	31	2,122	1,343
Trade and other receivables	32	5,687	5,382
Remuneration of distribution activity		231	183
Other		5,456	5,199
Current assets under contracts with customers	27	8	6
Other current financial assets	30	8,677	1,817
Compensation for extra costs of generation in Non-mainland Territories ("TNP")		2,254	749
Collection rights for the financing of the deficit of regulated activities		14	168
Other		6,409	900
Current derivative financial instruments	44	2,533	2,401
<b>Current liabilities<sup>(2)</sup></b>		<b>13,898</b>	<b>12,655</b>
Current liabilities under contracts with customers	27	294	270
Current provisions	37	1,236	611
Current derivative financial instruments	44	4,990	4,884
Other current financial liabilities	39	51	34
Trade payables and other current liabilities	40	7,327	6,856
Dividend of the Parent	35.1.10 and 35.1.12	—	529
Other		7,327	6,327

<sup>(1)</sup> Does not include "Cash and cash equivalents".

<sup>(2)</sup> Does not include "Current borrowings".

## 46.2. Net cash flows from investing activities

During 2022, net cash flows used in investing activities amounted to Euro 8,156 million (Euro 2,243 million in 2021) and include, among other aspects:

- Cash receipts and payments used to acquire property, plant and equipment and intangible assets:

Millions of Euro

	Notes	2022	2021
<b>Acquisitions of property, plant and equipment and intangible assets</b>		<b>(2,132)</b>	<b>(2,082)</b>
Acquisitions of property, plant and equipment <sup>(1)</sup>	20.1	(1,879)	(1,848)
Acquisitions of intangible assets	23.1	(468)	(328)
Facilities transferred from customers		101	98
Non-current asset suppliers		114	(4)
<b>Proceeds from sale of property, plant and equipment and intangible assets</b>		<b>26</b>	<b>84</b>
<b>Other receipts from and payments for investing activities<sup>(2)</sup></b>		<b>98</b>	<b>107</b>
<b>TOTAL</b>		<b>(2,008)</b>	<b>(1,891)</b>

<sup>(1)</sup> Not including additions for rights of use amounting to Euro 23 million at 31 December 2022 and Euro 213 million at 31 December 2021.

<sup>(2)</sup> Relating to collections of subsidies and new installations requested by customers.

- Cash payments for investments and/or receipts from disposals of holdings in Group companies:

Millions of Euro

	Notes	2022	2021
<b>Investments in Group companies</b>		<b>–</b>	<b>(96)</b>
Companies acquired by Enel Green Power España, S.L.U. (EGPE)	7	–	(96)
<b>Disposals of investments in Group companies</b>		<b>136</b>	<b>–</b>
Sale of 51% of Endesa X Way, S.L. to Enel Way, S.L.	7.2 and 26.1	122	–
Sale of 40% stake in Boiro Energía, S.A. and Depuración Destilación Reciclaje, S.L.	7.2 and 26.1	14	–
<b>TOTAL</b>		<b>136</b>	<b>(96)</b>

- Cash payments and receipts used in acquisitions and/or disposals of other investments:

Millions of Euro

	Notes	2022	2021
<b>Purchase of other investments</b>		<b>(6,317)</b>	<b>(1,124)</b>
Remuneration of non-current distribution activity	29	(245)	(227)
Net Financial Guarantees	28.1 and 30	(5,848)	(830)
Other financial assets		(224)	(67)
<b>Disposal of other investments</b>		<b>33</b>	<b>38</b>
Other financial assets		33	38
<b>TOTAL</b>		<b>(6,284)</b>	<b>(1,086)</b>

## 46.3. Net cash flows from financing activities

During 2022, net cash flows obtained from financing activities amounted to a positive Euro 6,652 million (negative Euro 78 million in 2021) and mainly include the following aspects:

- Cash flows from equity instruments:

Millions of Euro

	Notes	2022	2021
Acquisition of non-controlling interests in Energías Especiales de Peña Armada, S.A. and Energías Especiales de Careón, S.A.	35.2	(7)	—
Treasury shares and own equity instruments	35.1.8	(1)	(1)
Contribution by shareholders at Explotaciones Eólicas Santo Domingo de Luna, S.A.	35.2	4	—
Return of contribution of Cogenio Iberia, S.L.	26.1	—	3
Capital reduction at Énergie Électrique de Tahaddart, S.A.	26.1	—	4
Contributions by shareholders at San Serván SET 400 kV, S.L.	26.1	(4)	—
Sales of 14.1% stake in San Serván SET 400 kV, S.L.	26.1	2	—
Contributions by shareholders at Instalaciones San Serván II 400, S.L.	26.1	(1)	—
Contribution by shareholders at Endesa X Way, S.L.	26.1	(10)	—
Divestment at Infraestructuras San Servan 200 S.L.	26.1	1	—
Contribution by shareholders at Comercializadora Eléctrica de Cádiz, S.A.	26.1	(2)	—
Contribution by shareholders at Solana Renovable S.L. and Promotores Mudéjar 400 KV, S.L.	26.1	(2)	—
Acquisition of non-controlling interests at Planta Eólica Europea, S.A.	7 and 35.2	—	(1)
Return of funds from Bosa del Ebro, S.L.	35.2	(2)	(3)
<b>TOTAL</b>		<b>(21)</b>	<b>2</b>

- Drawdowns of non-current borrowings:

Millions of Euro

	Notes	2022	2021
Drawdowns on bank loans and credit lines	41.4	975	1.149
Drawdowns of loans and credit lines Enel Finance International N.V.	41.4	2,100	—
Drawdowns of loans from the European Investment Bank (EIB) and Official Credit Institute ("ICO")		800	250
Other		35	26
<b>TOTAL</b>		<b>3,910</b>	<b>1,425</b>

- Reimbursements of non-current borrowings:

Millions of Euro

	2022	2021
Other	(9)	(22)
<b>TOTAL</b>	<b>(9)</b>	<b>(22)</b>



- Repayments and proceeds from the following current borrowings:

Millions of Euro

	Notes	2022	2021
<b>Drawn</b>			
Issues of Euro Commercial Paper (ECP)	41.3	31,884	13,794
Drawdowns on bank loans and credit lines		2,400	–
Other financial liabilities		1,329	36
<b>Repayments</b>			
Amortisation of Euro Commercial Paper (ECP)	41.3	(29,812)	(12,039)
Payments of right-of-use contracts		(87)	(76)
Repayments of bank loans and credit lines		(1,200)	–
Repayments of loans from the European Investment Bank (EIB) and the Official Credit Institute ("ICO")		(132)	(167)
Other financial liabilities		(74)	(60)
<b>TOTAL</b>		<b>4,308</b>	<b>1,488</b>

- Dividends paid:

Millions of Euro

	Notes	2022	2021
Dividends of the Parent paid	35.1.10 and 35.1.12	(1,521)	(2,132)
Dividends paid to non-controlling interests <sup>(1)</sup>	35.2	(15)	(9)
<b>TOTAL</b>		<b>(1,536)</b>	<b>(2,141)</b>

(1) Relating to companies of Enel Green Power España, S.L.U. (EGPE).

# 47. Related-party balances and transactions

Related parties are parties over which Endesa, directly or indirectly via one or more intermediate companies, exercises control or joint control or has significant influence, or which are key members of the Endesa management team.

Key members of the Endesa management team are those with the authority and responsibility to plan, steer and control Endesa's business, either directly or indirectly, including any member of the Board of Directors.

Transactions between the Company and its Subsidiaries and Joint Operation Entities, which are related parties, form part of the Company's normal business activities (in terms of their purpose and conditions) and have been eliminated on consolidation. Therefore, they are not disclosed in this Note.

For information purposes, all companies comprising the Enel Group and not included in Endesa's consolidated financial statements are considered significant shareholders.

The amount of the transactions carried out with other parties related to certain members of the Board of Directors corresponds to the Company's normal business activities which were, in all cases, carried out on an arm's length basis.

All transactions with related parties are performed on an arm's length basis.

## 47.1. Expenses and income and other transactions

Significant balances and transactions carried out with related parties in 2022 and 2021 were as follows:

## 47.1.1. Expenses and income

Millions of Euro

	2022				
	Significant shareholders	Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
Financial expenses	164	—	—	—	164
Leases	—	—	—	—	—
Services received	50	—	—	—	50
Purchases of inventories	240	—	—	—	240
Other expenses	5,804	—	—	—	5,804
Expenses on energy stock derivative financial instruments <sup>(1)</sup>	5,676	—	—	—	5,676
Power purchases	63	—	—	—	63
Management or cooperation agreements	65	—	—	—	65
<b>TOTAL EXPENSES</b>	<b>6,258</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,258</b>
Financial income	43	—	—	—	43
Dividends received	—	—	—	—	—
Rendering of services	10	—	—	—	10
Sales of inventories	461	—	—	—	461
Other revenue	4,823	—	—	—	4,823
Revenue on energy stock derivative financial instruments <sup>(1)</sup>	4,690	—	—	—	4,690
Power sales	9	—	—	—	9
Management or cooperation agreements	2	—	—	—	2
Leases	1	—	—	—	1
Other <sup>(2)</sup>	121	—	—	—	121
<b>TOTAL REVENUE</b>	<b>5,337</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,337</b>

<sup>(1)</sup> Includes a positive Euro 2,338 million recognised in the consolidated statement of other comprehensive income.

<sup>(2)</sup> Includes Euro 121 million corresponding to the gross capital gain generated on the sale of the 51% stake in Endesa X Way, S.L. to Enel X Way, S.r.l. (See Note 14).

Millions of Euro

	2021				
	Significant shareholders	Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
Financial expenses	98	—	—	—	98
Leases	—	—	—	—	—
Services received	49	—	—	—	49
Purchases of inventories	(100)	—	—	—	(100)
Other expenses	6,597	—	—	—	6,597
Expenses on energy stock derivative financial instruments <sup>(1)</sup>	6,446	—	—	—	6,446
Power purchases	95	—	—	—	95
Management or cooperation agreements	56	—	—	—	56
<b>TOTAL EXPENSES</b>	<b>6,644</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,644</b>
Financial income	8	—	—	—	8
Dividends received	—	—	—	—	—
Rendering of services	11	—	—	—	11
Sales of inventories	253	—	—	—	253
Other revenue	3,481	—	—	—	3,481
Revenue on energy stock derivative financial instruments <sup>(1)</sup>	3,468	—	—	—	3,468
Power sales	10	—	—	—	10
Management or cooperation agreements	2	—	—	—	2
Leases	1	—	—	—	1
<b>TOTAL REVENUE</b>	<b>3,753</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,753</b>

<sup>(1)</sup> Includes Euro 2,010 million recognised in the consolidated statement of other comprehensive income.

## 47.1.2. Other transactions

Millions of Euro

	Notes	31 December 2022				
		Significant shareholders	Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
Financing agreements: Loans and capital contributions (lender)		—	1	—	—	1
Financing agreements: Loans and capital contributions (borrower) <sup>(1)</sup>		10,563	—	—	—	10,563
Guarantees provided <sup>(2)</sup>	47.3.1	2,000	7	—	—	2,007
Guarantees received <sup>(3)</sup>	31.3	128	—	—	—	128
Commitments acquired <sup>(4)</sup>		93	—	—	—	93
Dividends and other distributions	35.1.10 and 35.1.12	1,067	—	—	—	1,067
Other transactions		180 <sup>(5)</sup>	—	—	68 <sup>(6)</sup>	248

<sup>(1)</sup> Corresponds to the outstanding balance of loans and credit lines arranged and drawn down with Enel Finance International N.V. amounting to Euro 4,650 million and Euro 450 million, respectively. Endesa has also arranged irrevocable committed credit lines with Enel Finance International N.V. amounting to Euro 4,950 million, of which no amount had been drawn down at 31 December 2022 (see Notes 41.4.1 and 41.4.2). It also includes the Credit Support Annex entered into with Enel Global Trading S.p.A. for derivative financial instrument transactions on the energy markets for a total amount Euro 513 million.

<sup>(2)</sup> Corresponds to the counter-guarantee provided by Endesa, S.A. to Enel, S.p.A. to secure the guarantee previously provided by Enel, S.p.A. to Endesa Generación, S.A.U. (for compliance with the latter's obligations with third parties arising from the operating rules of the organised domestic or international gas and electricity markets in which it participates), for an amount of up to Euro 2,000 million, with a term until 30 June 2023 (see Note 48).

<sup>(3)</sup> Includes the guarantee received from Enel, S.p.A. to secure compliance with the contract for the purchase of liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC. (see Note 31.3).

<sup>(4)</sup> Corresponds to the commitment acquired with Enel Global Infrastructure and Networks S.r.l. (EGIN) relating to the licence to use the Blue Sky Grid Platform.

<sup>(5)</sup> Includes Euro 122 million relating to the price paid for the sale of the 51% stake in Endesa X Way, S.L. to Enel X Way, S.r.l. and Euro 46 million relating to the investment made in the period in connection with the licence to use the Grid Blue Sky platform with Enel Global Infrastructure and Networks S.r.l. (EGIN) (see Notes 7.2, 20.1 and 23.1).

<sup>(6)</sup> Corresponds to payments made to the Endesa employee pension plan in 2022.

Millions of Euro

31 December 2021						
Notes	Significant shareholders	Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total	
Financing agreements: Loans and capital contributions (lender)	—	1	—	—	1	
Financing agreements: Loans and capital contributions (borrower) <sup>(1)</sup>	4,700	—	—	—	4,700	
Guarantees provided	473.1	7	—	—	7	
Guarantees received <sup>(2)</sup>	31.3	—	—	—	121	
Commitments acquired	—	—	—	—	—	
Dividends and other distributions	35.1.10 and 35.1.12	1,495	—	—	1,495	
Other transactions <sup>(3)</sup>	80	—	—	65 <sup>(4)</sup>	145	

<sup>(1)</sup> Relates to the outstanding balance on the intercompany loan arranged with Enel Finance International, N.V. Endesa has also arranged a committed and irrevocable credit facility with Enel Finance International N.V. for a total amount of Euro 1,700 million, of which no amount had been drawn down at 31 December 2021 (see Notes 41.4.1 and 41.4.2).

<sup>(2)</sup> Includes the guarantee received from Enel, S.p.A. to secure compliance with the contract for the purchase of liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC. (see Note 31.3).

<sup>(3)</sup> Includes purchases of property, plant and equipment, intangible assets or other types of assets.

<sup>(4)</sup> Corresponds to payments made to the Endesa employee pension plan in 2022.

In 2022 and 2021, the Directors, or persons acting on their behalf, did not carry out any transactions with the Company (or its other subsidiaries) that were not part of their normal business activities or that were not carried out on an arm's length basis.

### 47.1.3. Balances at year-end

At 31 December 2022 and 2021, balances with related parties are as follows:

Millions of Euro

31 December 2022								
Notes	Significant shareholders			Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total	
	Enel Iberia, S.L.U.	Other significant shareholders	Total					
Customers and trade receivables	32	132	1,165	1,297	—	—	—	1,297
Loans and credits granted		1	—	1	1	—	—	2
Other receivables <sup>(1)</sup>		47	42	89	—	—	—	89
<b>TOTAL RECEIVABLES</b>		<b>180</b>	<b>1,207</b>	<b>1,387</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>1,388</b>
Suppliers and trade payables		43	1,629	1,672	—	—	—	1,672
Loans and credits received		—	5,613	5,613	—	—	—	5,613
Other payables <sup>(1)</sup>		398	10	408	—	—	—	408
<b>TOTAL PAYABLES</b>		<b>441</b>	<b>7,252</b>	<b>7,693</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,693</b>

<sup>(1)</sup> Includes the receivables and payables, respectively, of the Endesa companies that make up the consolidated tax group number 572/10, whose Parent is Enel, S.p.A. and its representative in Spain is Enel Iberia, S.L.U. (see Note 3.2.p).

Millions of Euro

31 December 2021								
	Notes	Significant shareholders			Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
		Enel Iberia, S.L.U.	Other significant shareholders	Total				
Customers and trade receivables	32	117	2,203	2,320	–	–	–	2,320
Loans and credits granted		–	–	–	1	–	–	1
Other receivables <sup>(1)</sup>		69	344	413	–	–	–	413
<b>TOTAL RECEIVABLES</b>		<b>186</b>	<b>2,547</b>	<b>2,733</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>2,734</b>
Suppliers and trade payables		485	5,745	6,230	–	–	–	6,230
Loans and credits received		3	3,000	3,003	–	–	–	3,003
Other payables <sup>(1)</sup>		212	328	540	–	–	–	540
<b>TOTAL PAYABLES</b>		<b>700</b>	<b>9,073</b>	<b>9,773</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,773</b>

<sup>(1)</sup> Includes the receivables and payables, respectively, of the Endesa companies that make up the consolidated tax group number 572/10, whose Parent is Enel, S.p.A. and its representative in Spain is Enel Iberia, S.L.U. (see Note 3.2.p).

## 47.2. Associates, joint ventures and jointly controlled entities

The following are the details at 31 December 2022 and 2021 of trade receivables for sales and services, loans and guarantees to Associates, Joint Ventures and Joint Operating Companies:

Millions of Euro

	Notes	Associates		Joint Ventures		Joint Operation	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Trade receivables for sales and services	32	6	2	7	2	–	–
Loans	28.1 and 41.1.1	60	59	1	–	6	4
Guarantees issued	48	–	–	–	–	–	–

In 2022 and 2021 transactions made with associates, joint ventures and jointly-controlled companies not eliminated on consolidation are as follows:

Millions of Euro

	Associates		Joint Ventures		Joint Operation	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Revenue	2	12	1	2	–	–
Expenses	(20)	(22)	(26)	(24)	(28)	(33)

## 47.3. Directors and Senior Management

### 47.3.1. Remuneration of the Board of Directors

Article 40 of the corporate bylaws states that “the remuneration of the directors will comprise the following items: a monthly fixed salary and subsistence allowances for each meeting of the governing bodies of the Company and its committees.

*Maximum global and annual compensation, for the Board as a whole and including all aforementioned items, shall be established by the General Shareholders’ Meeting and will remain in effect until it resolves upon an amendment thereof.*

*The Board itself shall be in charge of determining the exact amount to be paid in each accounting year, subject to the limits set forth by the General Shareholders’ Meeting, as well as distributing such amount between the aforementioned items and between the Directors in the manner, time and proportion as freely determined, taking into account the functions and responsibilities entrusted to each Director, whether they belong to any of the Board’s Committees and all other relevant objective circumstances. The amount of said per diem shall be, at the most, the amount which, in accordance with the above paragraphs, is determined to be the fixed monthly allocation. The Board of Directors may, within this limit, establish the amount of the per diems.*

*The remuneration contemplated in the preceding sections, deriving from membership on the Board of Directors, shall be compatible with other remuneration, indemnity payments, contributions to insurance schemes or any other professional or labour earnings pertaining to the Directors for any other executive duties of advisory and representation which, as the case may be, they perform for the Company other than those of collegiate supervision and decision-making characteristic of their status as Directors, which shall be subject to the appropriate applicable legal scheme.*

*Without prejudice to the above-mentioned remunerations, the Executive Directors remuneration may also consist of the transfer of Company shares, options over them or remuneration based on the value of the shares. The application of this remuneration model requires the agreement of the General Shareholders’ Meeting, expressing, where appropriate, the maximum number of shares to be assigned during each financial year as part of*

*this remuneration system, the strike price and the system used to calculate the strike price of share options, the value of the shares taken as a reference, when appropriate, the term of the remuneration plan and any other conditions deemed appropriate”.*

Members of the Board of Directors of Endesa, S.A. therefore received remuneration in their capacity as Directors of the Company.

- In 2022 and 2021, the monthly fixed allowance paid to each director was Euro 15.6 thousand, gross.
- Fees for attending meetings of the Board of Directors, the Appointments and Remuneration Committee, the Audit and Compliance Committee and the Sustainability and Corporate Governance Committee amounted to Euro 1.5 thousand, gross, per meeting in 2022 and 2021.
- In addition to the remuneration established for the members of the Board of Directors, the following remuneration criteria shall be applicable to the posts indicated:
  - Non-executive Chairman of the Board of Directors: shall receive a fixed monthly remuneration of Euro 50,000, gross (rather than the fixed monthly remuneration of Euro 15,642.56, gross, provided for the other members).
  - Chairman of the Audit and Compliance Committee: shall receive a monthly fixed remuneration of Euro 3,000, gross (in addition to the monthly fixed remuneration as member).
  - Chairmen of the Appointments and Remuneration Committee and of the Sustainability and Corporate Governance Committee: shall receive a monthly fixed remuneration of Euro 2,000, gross (in addition to the monthly fixed remuneration as member).
  - Lead Director: shall receive a monthly fixed remuneration of Euro 2,083, gross (in addition to the monthly fixed remuneration as member)<sup>(1)</sup>.
- The members of the Board of Directors and Executive Directors receive remuneration for performing duties other than in their capacity as Directors in accordance with the salary structure of Senior Management of Endesa. The main components of this remuneration are:

<sup>(1)</sup> With the termination of the mandate of Mr Miquel Roca Junyent at the last General Meeting on 30 April 2021, the Board of Directors approved, at the proposal of the Appointments and Remuneration Committee, that the position of Lead Director would not be renewed taking into account the independent status of the Chairman of the Board of Directors.

- Fixed annual remuneration: cash remuneration paid monthly in accordance with the complexity and responsibility of the functions entrusted.
- Short-term variable remuneration: cash remuneration that is not guaranteed, subject to compliance with annual targets established through the Company's assessment systems.
- Long-term variable remuneration: cash remuneration that is not guaranteed, subject to compliance with multi-year targets.
- Social and other benefits: remuneration (normally non-cash), received in accordance with certain special conditions or requirements determined voluntarily, legally, contractually or through collective bargaining.

## Remuneration accrued by Directors

The remuneration accrued by the Directors in 2022 and 2021 was as follows:

Thousands of Euros

Item	Directors	
	2022	2021
Remuneration for belonging to the Board of Directors and/or board committees	2,081	2,235
Salaries	960	960
Variable remuneration in cash	922 <sup>(1)</sup>	848 <sup>(2)</sup>
Share-based payment plans	259 <sup>(3)</sup>	173 <sup>(4)</sup>
Indemnities	–	–
Long-term saving systems	6	29
Other items <sup>(5)</sup>	158	127
<b>TOTAL</b>	<b>4,386</b>	<b>4,372</b>

<sup>(1)</sup> Corresponding to short-term variable remuneration and long-term variable remuneration for one third of the Loyalty Plan 2020-2022 and one third of the Strategic Incentive Plans 2021-2023 and 2022-2024. The consolidated payment in 2022 amounted to 1,367 thousand Euro, corresponding to short-term variable remuneration (680 thousand Euro) and long-term variable remuneration (687 thousand Euro). In the financial year 2022, the effective payment of 70% of the Loyalty Plan 2018-2020 and the right to payment of 30% of the Loyalty Plan 2019-2021 have been consolidated.

<sup>(2)</sup> Corresponding to the short-term and long-term variable remuneration for one third of the 2019-2021 Loyalty Plan and one third of the 2020-2022 and 2021-2023 Strategic Incentive Plans. The consolidation of the payment in 2021 amounted to 1,016 thousand Euro, corresponding to short-term variable remuneration (520 thousand Euro) and long-term variable remuneration (496 thousand Euro corresponding to 70% of the 2017-2019 Loyalty Plan and 30% of the 2018-2020 Loyalty Plan).

<sup>(3)</sup> Relating to the long-term variable remuneration accrued for a third of the 2020-2022 Strategic Incentive Plan, a third of the 2021-2023 Strategic Incentive Plan and a third of the 2022-2024 Strategic Incentive Plan.

<sup>(4)</sup> Relating to the long-term variable remuneration accrued for a third of the 2020-2022 Strategic Incentive Plan and a third of the 2021-2023 Strategic Incentive Plan.

<sup>(5)</sup> Includes remuneration in kind and life insurance.

Some of the above amounts are detailed below according to the position held:



## Remuneration for membership on the Board of Directors and/or Board Committees, salaries and attendance fees

Details of the annual monetary remuneration received by the members of the Board of Directors, based on the post held, in 2022 and 2021 are as follows:

Thousands of Euros

	2022			2021		
	Remuneration for belonging to the board of directors and/or board committees	Attendance fees <sup>(4)</sup>	Salaries	Remuneration for belonging to the board of directors and/or board committees	Attendance fees <sup>(3)</sup>	Salaries
Mr Juan Sánchez-Calero Guilarte	624	29	–	624	29	–
Mr José Bogas Gálvez	–	–	960	–	–	960
Mr Francesco Starace	–	–	–	–	–	–
Mr Alejandro Echevarría Busquet <sup>(1)</sup>	–	–	–	62	7	–
Mr Alberto de Paoli	–	–	–	–	–	–
Mr Miquel Roca Junyent <sup>(1)</sup>	–	–	–	71	16	–
Mr Ignacio Garralda Ruiz de Velasco	211	38	–	211	33	–
Mr rFrancisco de Lacerda	224	51	–	224	43	–
Ms Maria Patrizia Grieco <sup>(2)</sup>	62	10	–	188	27	–
Mr Antonio Cammisceca	–	–	–	–	–	–
Ms Eugenia Bieto Caubet	188	50	–	188	50	–
Ms Pilar González de Frutos	188	51	–	188	50	–
Ms Alicia Koplowitz y Romero de Juseu	188	19	–	188	36	–
Ms Cristina de Parias Halcón <sup>(3)</sup>	126	22	–	–	–	–
Ms Francesca Gostinelli <sup>(3)</sup>	–	–	–	–	–	–
<b>TOTAL</b>	<b>1,811</b>	<b>270</b>	<b>960</b>	<b>1,944</b>	<b>291</b>	<b>960</b>

<sup>(1)</sup> Left on 30 April 2021.

<sup>(2)</sup> Left on 29 April 2022.

<sup>(3)</sup> Joined on 29 April 2022.

<sup>(4)</sup> Allowances for attending each meeting of the Board of Directors and its Committees.

## Variable remuneration in cash

The variable remuneration accrued in 2022 and 2021 by the Chief Executive Officer, for performing his executive tasks, was as follows:

Thousands of Euros

	2022		2021	
	Short term	Long term	Short term	Long term
Mr José Bogas Gálvez	680	242	520	328
<b>TOTAL</b>	<b>680</b>	<b>242<sup>(1)</sup></b>	<b>520</b>	<b>328<sup>(2)</sup></b>

<sup>(1)</sup> Relating to the long-term variable remuneration in cash accrued for a third of the 2020–2022, 2021–2023 and 2022–2024 Loyalty Plans. The consolidation of the payment in financial year 2022 amounted to 687 thousand Euro, corresponding to the effective payment of 70% of the Loyalty Plan 2018–2020, and the right to payment of 30% of the Loyalty Plan 2019–2021.

<sup>(2)</sup> Corresponding to the long-term variable remuneration, in cash, accrued for one third of the 2019–2021 Loyalty Plan, and one third of the 2020–2022 and 2021–2023 Strategic Incentive Plans. The vesting of the payment in 2021 amounted to Euro 496 thousand euros for this item (30 % of the Loyalty Plan 2018–2020 and 70 % of the Loyalty Plan 2017–2019).

## Long-term saving systems

During 2022, the contribution to funds and pension plans of Executive Directors totalled Euro 6 thousand (Euro 29 thousand in 2021).

## Other items

The Executive Director and the Chairman, in accordance with Endesa's Director Remuneration Policy, receive remuneration in kind, including a group healthcare policy subsidising 100% of the cost of the payment of the holder and dependent family members, the assignment of a company vehicle under a renting system, together with other social benefits and attendance fees for the Executive Director.

## Life and accident insurance premiums

The Executive Director has a life and accident insurance policy that guarantees certain capital and/or income, according to the contingency in question (death and disability coverage).

In 2022, the premium totalled Euro 85 thousand (Euro 71 thousand in 2021).

## Advances and loans

At 31 December 2022 the Executive Director held a loan of Euro 230 thousand at an average interest rate of 0.0167% (Euro 230 thousand at 31 December 2021, at an average interest rate of 0.0386%) and an interest-free loan of Euro 166 thousand (Euro 166 thousand at 31 December 2021), which has been increased by the granting of an advance of Euro 256 thousand (the interest subsidy is classified as remuneration in kind).

## Pension funds and schemes: obligations assumed

At 31 December 2022, the Executive Director held accumulated fund and pension plan rights for the amount of Euro 13,868 thousand (Euro 13,387 thousand at 31 December 2021).

## Guarantees provided by the Company to the Executive Director

At 31 December 2022, as regards remuneration, the Company had guarantees on behalf of the Chief Executive Officer amounting to Euro 6,951 thousand to cover early retirement entitlements (Euro 6,527 thousand at 31 December 2021).

## 47.3.2. Remuneration of Senior Management

Identification of members of Senior Management who are not Executive Directors.

Name	Members of Senior Management – 2022
	Position <sup>(1)</sup>
Mr Ignacio Jiménez Soler	General Manager – Communications
Mr Juan María Moreno Mellado	General Manager – Energy Management
Mr Paolo Bondi	General Manager – People and Organisation
Mr Rafael González Sánchez	General Manager – Generation
Mr Jose Manuel Revuelta Mediavilla	General Manager – Infrastructure and Networks
Mr Francisco de Borja Acha Besga	General Secretary to the Board of Directors and General Manager of Legal and Corporate Affairs
Mr Javier Uriarte Monereo	General Manager – Supply
Mr José Casas Marín	General Manager – Institutional Relations and Regulation
Mr Pablo Azcoitia Lorente	General Manager – Media
Mr Davide Ciciliato	General Manager – Endesa X
Mr Gonzalo Carbó de Haya	General Manager – Nuclear Power
Ms Patricia Fernández Salís	General Manager – Audit
Mr Manuel Fernando Marín Guzmán	General Manager – ICT Digital Solutions
Ms María Malaxechevarría Grande	General Manager – Sustainability
Mr Ignacio Mateo Montoya	General Manager – Purchasing
Mr Luca Passa <sup>(2)</sup>	General Manager – Administration, Finance and Control

<sup>(1)</sup> List of persons included in this table as per the definition of Senior Management in CNMV Circular 5/2013, of 12 June.

<sup>(2)</sup> Left on 31 December 2022 and was replaced by Mr Marco Palermo on 1 January.

Name	Members of Senior Management – 2021
	Position <sup>(1)</sup>
Mr Ignacio Jiménez Soler	General Manager – Communications
Mr Juan María Moreno Mellado	General Manager – Energy Management
Mr Paolo Bondi	General Manager – People and Organisation
Mr Rafael González Sánchez	General Manager – Generation
Mr Gianluca Caccialupi <sup>(2)</sup>	General Manager – Infrastructure and Networks
Mr Jose Manuel Revuelta Mediavilla <sup>(3)</sup>	General Manager – Infrastructure and Networks
Mr Francisco de Borja Acha Besga	General Secretary to the Board of Directors and General Manager of Legal and Corporate Affairs
Mr Javier Uriarte Monereo	General Manager – Supply
Mr José Casas Marín	General Manager – Institutional Relations and Regulation
Mr Pablo Azcoitia Lorente	General Manager – Media
Mr Davide Ciciliato <sup>(4)</sup>	General Manager – Endesa X
Mr Josep Trabado Farré <sup>(5)</sup>	General Manager – Endesa X
Mr Gonzalo Carbó de Haya	General Manager – Nuclear Power
Ms Patricia Fernández Salís	General Manager – Audit
Mr Manuel Fernando Marín Guzmán	General Manager – ICT Digital Solutions
Ms María Malaxechevarría Grande	General Manager – Sustainability
Mr Ignacio Mateo Montoya	General Manager – Purchasing
Mr Luca Passa	General Manager – Administration, Finance and Control

<sup>(1)</sup> List of persons included in this table as per the definition of Senior Management in CNMV Circular 5/2013, of 12 June.

<sup>(2)</sup> He left on 28 February 2021 and was substituted by Mr Jose Manuel Revuelta Mediavilla.

<sup>(3)</sup> He joined on 1 March 2021, replacing Mr Gianluca Caccialupi.

<sup>(4)</sup> Joined on 1 April 2021, replacing Josep Trabado Farré.

<sup>(5)</sup> Left on 31 March 2021 and was replaced by Davide Ciciliato.

## Remuneration of Senior Management

Details of the remuneration of each Senior Management member who is not also an Executive Director in 2022 and 2021 are as follows:

Thousands of Euro

	Remuneration received			
	At the Company		For membership of boards of directors of Endesa Group companies	
	2022	2021	2022	2021
Fixed remuneration	5,296 <sup>(1)</sup>	5,198	—	—
Variable remuneration	3,411 <sup>(2)</sup>	3,648 <sup>(3)</sup>	—	—
Attendance fees	—	—	—	—
Bylaw-stipulated emoluments	—	—	—	—
Options on shares and other financial instruments	968 <sup>(4)</sup>	696 <sup>(5)</sup>	—	—
Other	314	294	—	—
<b>TOTAL</b>	<b>9,989</b>	<b>9,836</b>	<b>—</b>	<b>—</b>

<sup>(1)</sup> The remuneration received by Senior Management includes the amount relating to the discount for the purchase of shares, Euro 96 thousand and the discount corresponding to the canteen of Euro 3 thousand, as part of Flexible Remuneration Plan.

<sup>(2)</sup> Corresponding to short-term variable remuneration and long-term variable remuneration for one third of the Loyalty Plan 2020-2022 and one third of the Strategic Incentive Plans 2021-2023 and 2022-2024. The consolidated payment in the 2022 financial year amounted to 4,927 thousand Euro, corresponding to short-term variable remuneration (2,408 thousand Euro) and long-term variable remuneration (2,519 thousand Euro). In the financial year 2022, the effective payment of 70% of the Loyalty Plan 2018-2020 and the right to payment of 30% of the Loyalty Plan 2019-2021 have been consolidated.

<sup>(3)</sup> Corresponding to accrued short-term variable remuneration and long-term variable remuneration, in cash, accrued for one third of the 2019-2021 Loyalty Plans and one third of the 2020-2022 and 2021-2023 Strategic Incentive Plans. The consolidation of the payment in 2021 amounted to 3,989 thousand Euro, corresponding to short-term variable remuneration (2,314 thousand Euro) and long-term variable remuneration (1,675 thousand Euro corresponding to 30% of the 2018-2020 Loyalty Plan and 70% of the 2017-2019 Loyalty Plan).

<sup>(4)</sup> Relating to the long-term variable remuneration accrued for a third of the 2020-2022 Strategic Incentive Plan, a third of the 2021-2023 Strategic Incentive Plan and a third of the 2022-2024 Strategic Incentive Plan.

<sup>(5)</sup> Relating to the long-term variable remuneration accrued in shares for a third of the 2020-2022 and 2021-2023 Strategic Incentive Plans.

Thousands of Euro

	Other benefits			
	At the Company		For membership of boards of directors of Endesa Group companies	
	2022	2021	2022	2021
Advances	517	294	—	—
Loans granted	154	154	—	—
Pension funds and schemes: contributions	784	773	—	—
Pension funds and schemes: obligations assumed	18,180	17,430	—	—
Life and accident insurance premiums	240	241	—	—

## Guarantees provided by the Company to Senior Management

At 31 December 2022 and 2021, in terms of remuneration, the Company had not issued any guarantees to Senior Managers who are not also Executive Directors.

### 47.3.3. Guarantee clauses: Board of Directors and Senior Management

#### Guarantee clauses for dismissal or changes of control

These types of clauses were approved by the Board of Directors following a report from the Appointments and Remuneration Committee (“CNR”) and include cases of compensation for termination of the employment relationship and post-contractual non-compete covenants.

The contract signed with the Chief Executive Officer does not envisage compensation for termination in his position. Notwithstanding the above, when the Chief Executive Officer ceases in his position, his previous relationship will be automatically terminated, that is, his Senior Management contract, suspended since his appointment as Chief Executive Officer, in which case, due to the termination of his Senior Management employment relationship, Mr José Bogas Gálvez will be entitled to receive a net amount of Euro 6,951 thousand, this amount being the result of reducing the gross consolidated compensation in the amount for withholdings on account of personal income tax and, where appropriate, the Social Security contributions applicable on the date of their payment. This

amount will be increased in accordance with the Consumer Price Index (“CPI”) for the previous year.

This remuneration is incompatible with the receipt of any other remuneration originating in the termination of the Director’s relationship. This net amount of Euro 6,951 thousand includes a 2-year post-contractual non-compete undertaking, included in the Chief Executive Officer’s Senior Management contract.

This indemnification or guaranteed compensation is compatible with the Chief Executive Officer’s defined benefit savings system. Termination in the event of death or retirement recognises the right of the Chief Executive Officer or his successors in title to the guaranteed compensation.

With regard to Senior Management and Executive Personnel, although this type of termination clause is not the norm, the situations in which it does arise are the same as for other employees.

The regime for these clauses is as follows:

Clases	Regime
Dissolution	<ul style="list-style-type: none"> <li>By mutual agreement: termination benefit equal to an amount from 1 to 3 times the annual remuneration, on a case-by-case basis. Endesa’s 2022–2024 Remuneration policy establishes that when there are new recruits to the Company or its Group in Senior Management, a maximum limit of two years of total and annual remuneration accrued will be established for payments for termination of the contract, including amounts not previously consolidated from long-term savings systems and amounts paid under agreements for non-post-contractual competition, applicable in any case, and in the same terms, to contracts with Executive Directors.</li> <li>Upon the unilateral decision of the executive: no entitlement to termination benefit, unless the decision to terminate the employment relationship is based on the serious and culpable breach by the Company of its obligations, the position is eliminated, or in the event of a change of control or any of the other causes for compensation for termination foreseen in Royal Decree 1382/1985 of 1 August 1985.</li> <li>As a result of termination by the Company: termination benefit equal to that described in the first point.</li> <li>At the decision of the Company based on the serious wilful misconduct or negligence of the Executive in discharging his duties: no entitlement to termination benefit. These conditions are alternatives to those arising from changes to the pre-existing employment relationship or its termination due to early retirement for Senior Managers.</li> </ul>
Post-contractual non-compete clause	<ul style="list-style-type: none"> <li>In the vast majority of contracts, Senior Managers are required not to engage in any business activity that competes with Endesa for a period of 2 years; as consideration, the executive is entitled to an amount equal to up to one hundred per cent of the annual fixed remuneration.</li> </ul>

At 31 December 2022 and 2021, Endesa had 11 Executive Directors and Senior Managers with guarantee clauses in their employment contracts.

## 47.3.4. Other disclosures concerning the Board of Directors

To increase the transparency of listed companies, the members of the Board of Directors have disclosed, to the best of their knowledge, the direct or indirect stakes they and their related parties hold in companies engaged in the

same, analogous or similar corporate purpose to that of Endesa, S.A., and the positions or duties they perform therein.

31 December 2022				
Name of Director	Personal or company tax ID	Name of company	Stake (%)	Position
Francesco Starace	00811720580	Enel, S.p.A.	0.00576855	Managing Director and General Manager
Francesco Starace	B85721025	Enel Iberia, S.L.U.	-	Chairman
José Bogas Gálvez	B85721025	Enel Iberia, S.L.U.	-	Director
Alberto de Paoli	00811720580	Enel, S.p.A.	0.00069644	Administration, Finance and Control Manager
Antonio Cammisecra	00811720580	Enel, S.p.A.	-	Division director of Enel Grids S.r.l. Division Manager
Antonio Cammisecra	00811720580	Enel, S.p.A.	-	Sole director of Enel Grids S.r.l.
Francesca Gostinelli	00811720580	Enel, S.p.A.	0.00026177	Global Head of Strategy, Economics and Scenario Planning

31 December 2021				
Name of director	Personal or company tax ID	Name of company	Stake (%)	Position
Francesco Starace	00811720580	Enel, S.p.A.	0.00576855	Managing Director and General Manager
Francesco Starace	B85721025	Enel Iberia, S.L.U.	-	Chairman
José Bogas Gálvez	B85721025	Enel Iberia, S.L.U.	-	Director
Alberto de Paoli	00811720580	Enel, S.p.A.	0.00059016	Administration, Finance and Control Manager
Antonio Cammisecra	00811720580	Enel, S.p.A.	-	Head of Infrastructure and Global Networks
Antonio Cammisecra	00811720580	Enel, S.p.A.	-	Sole Director of Global Infrastructure and Networks S.r.l.
Ignacio Garralda	00811720580	Enel, S.p.A.	0.00027540	-

In accordance with Article 229 of the Corporate Enterprises Act, members of the Board of Directors reported no situations of direct or indirect conflict with the interest of the Company in 2022.

Distribution by gender: At 31 December 2022, the Board of Directors of Endesa, S.A. comprised 12 directors, five of whom were female (31 December 2021: 11 Directors, four of whom were female).

In 2022 and 2021, the Company had arranged third-party liability insurance policies for directors and Senior Managers

for a gross amount of Euro 1,772 thousand and Euro 1.550 thousand, respectively. This insures both the Company's Directors and employees with management responsibilities. In 2022 and 2021, there was no damage or loss caused by acts or omissions of the directors that would have required use to be made of the third-party liability insurance premium held through the Company.

## 47.3.5. Share-based payment schemes tied to the Endesa, S.A. share price

Endesa's long-term variable remuneration is based on long-term remuneration schemes, known as "Loyalty and Strategic Incentive Plans", aimed primarily at strengthening the commitment of employees, who occupy positions of greater responsibility in the attainment of the Group's strategic targets. The Plan is structured through successive triennial programs, which start every year from 1 January 2010. Long-term remuneration accrued in 2022 (2020–2022 Loyalty Plan) envisage a deferral of the payment. Specifically, in 2023 30% of the incentive will be paid and the remaining 70% in 2024. In order for payment to be made, the Executive Director will need to be in active service (only in case of retirement or termination of a fixed-term contract is payment envisaged for completed incentives for which payment is pending and will be made on the corresponding date).

### Strategic Incentive Plan 2020–2022

On 5 May 2020, the General Shareholders' Meeting of Endesa, S.A. approved a long-term variable remuneration plan titled "Strategic Incentive Plan 2020–2022", the main aim of which is to reward the contribution to the sustainable compliance of the Strategic Plan of the people who hold the greatest responsibility, including the Executive Directors of Endesa, S.A. The main features of this plan are as follows:

	Main features
Strategic Incentive Plan 2020–2022	<ul style="list-style-type: none"> <li>The performance period will be 3 years, running from 1 January 2020.</li> <li>The Plan provides for the allocation of an incentive comprising the right to receive: (i) a number of ordinary shares of Endesa, S.A. and (ii) a cash amount, referenced to a base incentive target, subject to the conditions and possible variations under the Plan mechanism.</li> <li>The Plan envisages a deferred payment: 30% of the incentive will be paid in the year following the end of the Plan, and the remaining 70%, where applicable, will be paid 2 years after the end of the Plan.</li> </ul>

With respect to the total incentive accrued, the Plan envisions up to 50% of the target incentive being disbursed entirely in shares.

The amount of money to be paid is calculated as the difference between the total amount of the accrued incentive and the share payable in shares.

The accrual of the "2020–2022 Strategic Incentive" is linked to the fulfilment of three targets during the performance period:

	Targets
Devengo del Incentivo Estratégico 2020–2022	<ol style="list-style-type: none"> <li>Performance of the average <i>Total Shareholder Return</i> (TSR) of Endesa, S.A. in relation to the performance of the average TSR of the Eurostoxx Utilities index, selected as the benchmark for the peer group. This parameter will be weighted at 50% of the total incentive.</li> <li>Target for the cumulative Return on Average Capital Employed (ROACE)<sup>1</sup> during the accrual period. Endesa's cumulative ROACE target represents the relationship between cumulative Ordinary Profit from Operations (Ordinary EBIT)<sup>2</sup> and the cumulative average Net Capital Invested (Average NCI)<sup>3</sup>, during the 2020–2022 period. This parameter will be weighted at 40% of the total incentive.</li> <li>Reduction of Endesa's carbon dioxide (CO<sub>2</sub>) emissions. This parameter will be weighted at 10% of the incentive.</li> </ol>

<sup>1</sup> "Return On Average Capital Employed" (ROACE) (%) = Ordinary Operating Income (Ordinary EBIT) / Average Net Capital Invested (Average NCI).

<sup>2</sup> Ordinary Operating Income (Ordinary EBIT) (Millions of Euro) = Operating Income (EBIT) corrected for extraordinary unbudgeted items.

<sup>3</sup> Average Net Capital Invested (Average NCI) (Millions of Euro) = ((Equity + Net Financial Debt - Cash and Cash Equivalents) n + (Equity + Net Financial Debt - Cash and Cash Equivalents) n-1) / 2.

A threshold level beyond which the target is considered to have been met and 2 performance levels for targets that have been overachieved is established for each target: performance above the first level equals 150%; and

performance beyond the second constitutes maximum achievement of 180%. Therefore, the level of variable remuneration would be between 0% and 180% of the base incentive.

## Strategic Incentive Plan 2021–2023

On 30 April 2021, the General Shareholders' Meeting of Endesa, S.A. approved a long-term variable remuneration scheme known as the *Strategic Incentive Plan 2021–2023*. The purpose and characteristics of this plan are the same as those set out in the Strategic Incentive Plan 2020–2022 described in the previous section, while the performance period and objectives to which its accrual is tied differ.

Therefore, the accrual of the Strategic Incentive 2021–2023 is linked to the fulfilment of four targets during the performance period, which shall be 3 years running from 1 January 2021:

	<b>Targets</b>
Accrual of 2021–2023 Strategic Incentive	1. Performance of the average <i>Total Shareholder Return</i> (TSR) of Endesa, S.A. in relation to the performance of the average TSR of the Euro-Stoxx Utilities index, selected as the benchmark for the peer group. This parameter will be weighted at 50% of the total incentive.
	2. Target for the cumulative Return on Average Capital Employed (ROACE) <sup>1</sup> during the accrual period. Endesa's cumulative ROACE target represents the relationship between cumulative Ordinary Profit from Operations (Ordinary EBIT) <sup>2</sup> and the cumulative average Net Capital Invested (Average NCI) <sup>3</sup> , during the 2021–2023 period. This parameter will be weighted at 25% of the total incentive..
	3. Net installed capacity for renewable sources, represented by the relationship between the net installed capacity for renewable sources and Endesa's total accumulated net installed capacity in 2023 (see Note 5.1). This parameter will be weighted at 15% of the total incentive.
	4. Reduction of Endesa's carbon dioxide (CO <sub>2</sub> ) emissions (see Note 5.1). This parameter will be weighted at 10% of the incentive.

<sup>(1)</sup> "Return On Average Capital Employed" (ROACE) (%) = Ordinary Operating Income (Ordinary EBIT) / Average Net Capital Invested (Average NCI).

<sup>(2)</sup> Ordinary Operating Income (Ordinary EBIT) (Millions of Euro) = Operating Income (EBIT) corrected for extraordinary unbudgeted items.

<sup>(3)</sup> Average Net Capital Invested (Average NCI) (Millions of Euro) = ((Equity + Net Financial Debt - Cash and Cash Equivalents) n + (Equity + Net Financial Debt - Cash and Cash Equivalents) n-1) / 2.

## Strategic Incentive Plan 2022–2024

On 29 April 2022, the General Shareholders' Meeting of Endesa, S.A. approved a long-term variable remuneration scheme known as the *Strategic Incentive Plan 2022–2024*. The purpose and characteristics of this plan are the same as those set forth in the *Strategic Incentive Plan 2020–2022* and the Strategic Incentive Plan 2021–2023 described

in the previous section, while the performance period and objectives to which its accrual is tied differ.

Therefore, the accrual of the *Strategic Incentive 2022–2024* is pegged to the fulfilment of 5 targets during the performance period, which shall be 3 years running from 1 January 2022:

	<b>Targets</b>
Accrual of 2022–2024 Strategic Incentive	1. Performance of the average Total Shareholder Return (TSR) of Endesa, S.A. in relation to the performance of the average TSR of the Eurostoxx Utilities index, selected as the benchmark for the peer group. This parameter will be weighted at 50% of the total incentive.
	2. Target for the cumulative Return on Average Capital Employed (ROACE) <sup>1</sup> during the accrual period. Endesa's cumulative ROACE target represents the relationship between cumulative Ordinary Profit from Operations (Ordinary EBIT) <sup>2</sup> and Net Capital Invested (NCI) <sup>3</sup> during the 2022–2024 period. This parameter will be weighted at 25% of the total incentive.
	3. Net installed capacity for renewable sources, represented by the relationship between the net installed capacity for renewable sources and Endesa's total accumulated net installed capacity in 2024 (see Note 5.1). This parameter will be weighted at 10% of the total incentive.
	4. Reduction of Endesa's carbon dioxide (CO <sub>2</sub> ) emissions in 2024 (see Note 5.1). This parameter will be weighted at 10% of the incentive.
	5. Percentage of women in the management succession plans in 2024. This parameter will be weighted at 5% of the incentive.

<sup>(1)</sup> "Return On Average Capital Employed" (ROACE) (%) = Ordinary Operating Income (Ordinary EBIT) / Average Net Capital Invested (Average NCI).

<sup>(2)</sup> Ordinary Operating Income (Ordinary EBIT) (Millions of Euro) = Operating Income (EBIT) corrected for extraordinary unbudgeted items.

<sup>(3)</sup> Average Net Capital Invested (Average NCI) (Millions of Euro) = ((Equity + Net Financial Debt - Cash and Cash Equivalents) n + (Equity + Net Financial Debt - Cash and Cash Equivalents) n-1) / 2.



The amount accrued by the Plans in force in 2022, for all of these plans, was Euro 3 million (Euro 4 million in 2021), with Euro 1 million corresponding to the estimate of share-based payments to be settled in equity instruments (Euro 1 million in 2021).

The heading "Equity – Other equity instruments" in the consolidated statement of financial position shows the changes in 2022, with the balance at 31 December 2022 being Euro 4 million

## 48. Acquisition commitments and guarantees to third parties and other commitments

At 31 December 2022 and 2021, there were guarantees provided to third parties for the following items and amounts and information on future purchase commitments as follows:

Millions of Euro

	Notes	31 December 2022	31 December 2021
<b>Guarantees provided to third parties:</b>			
Derivative Financial Instruments Transactions in Energy Markets <sup>(1)</sup>		2,000	–
Property, plant and equipment as a guarantee for financing received	20.4, 35.1.13 and 41.4.3	70	84
Short- and long-term gas contracts		445	175
Energy contracts		62	61
Lease agreement for methane tanker		161	152
Contracts to trade in financial markets		40	40
Supply Contracts for other Inventories		23	–
Associates, joint ventures and jointly controlled entities	47.2	3	–
<b>TOTAL<sup>(2)</sup></b>		<b>2,804</b>	<b>512</b>
<b>Future electricity purchase commitments:</b>			
Property, plant and equipment	20.2	1,100	1,064
Intangible assets	23.2	102	19
Financial investments		–	–
Rendering of services	27.1	18	25
Purchases of energy stocks and others	31.2	22,942	19,766
Energy stocks		22,583	19,487
Electricity		–	251
Carbon dioxide (CO <sub>2</sub> ) emission rights		296	28
Other inventories		63	–
<b>TOTAL</b>		<b>24,162</b>	<b>20,874</b>

<sup>(1)</sup> Corresponds to the counter-guarantee provided by Endesa, S.A. to Enel, S.p.A. to secure the guarantee previously provided by Enel, S.p.A. to Endesa Generación, S.A.U. (for compliance with the latter's obligations to third parties arising from the operating rules of the national or international organised gas and electricity markets in which it participates) for an amount of up to EUR 2,000 million, with a term until 30 June 2023 (see Note 47.1.2).

<sup>(2)</sup> Does not include bank guarantees vis-à-vis third parties.

Endesa considers that any additional liabilities arising from guarantees given at 31 December 2022 would not be material.

There are no further commitments to those described in Notes 20, 23, 31, 32 and 41.1.3 of these consolidated financial statements.

The Company's Directors consider that Endesa will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

## 49. Audit fees

At 31 December 2022 and 2021, the fees for services provided by the audit firm KPMG Auditores, S.L. and other entities in its network, regardless of time of invoicing, are as follows:

Thousands of Euro

	2022	2021
For Audit Services	1,872	1,693
For other accounting verification services <sup>(1)</sup>	829	732
For other services	–	–
<b>TOTAL</b>	<b>2,701</b>	<b>2,425</b>

<sup>(1)</sup> Pertaining to limited reviews of interim financial statements, agreed-upon procedures and compliance reports in relation to securities issues.

## 50. Personnel

### 50.1. Final headcount

Endesa's final headcount is as follows:

Number of employees

	Final headcount					
	31 December 2022			31 December 2021		
	Male	Female	Total	Male	Female	Total
Executives	169	40	209	196	52	248
Middle management	2,477	1,330	3,807	2,421	1,236	3,657
Administration and management personnel and workers	4,174	1,068	5,242	4,277	1,076	5,353
<b>TOTAL EMPLOYEES</b>	<b>6,820</b>	<b>2,438</b>	<b>9,258</b>	<b>6,894</b>	<b>2,364</b>	<b>9,258</b>

Number of employees

	Final headcount					
	31 December 2022			31 December 2021		
	Male	Female	Total	Male	Female	Total
Generation and Supply	3,838	1,264	5,102	3,824	1,213	5,037
Distribution	2,265	490	2,755	2,358	470	2,828
Structure and others <sup>(1)</sup>	717	684	1,401	712	681	1,393
<b>TOTAL EMPLOYEES</b>	<b>6,820</b>	<b>2,438</b>	<b>9,258</b>	<b>6,894</b>	<b>2,364</b>	<b>9,258</b>

<sup>(1)</sup> Structure and services.

Number of employees

	Final headcount					
	31 December 2022			31 December 2021		
	Male	Female	Total	Male	Female	Total
Under 30	370	199	569	332	174	506
Between 30 and 50	3,888	1,617	5,505	3,969	1,596	5,565
Over 50	2,562	622	3,184	2,593	594	3,187
<b>TOTAL EMPLOYEES</b>	<b>6,820</b>	<b>2,438</b>	<b>9,258</b>	<b>6,894</b>	<b>2,364</b>	<b>9,258</b>

Number of employees

	Final headcount					
	31 December 2022			31 December 2021		
	Male	Female	Total	Male	Female	Total
Spain	6,811	2,427	9,238	6,886	2,356	9,242
Portugal	9	11	20	8	8	16
<b>TOTAL EMPLOYEES</b>	<b>6,820</b>	<b>2,438</b>	<b>9,258</b>	<b>6,894</b>	<b>2,364</b>	<b>9,258</b>

## 50.2. Average headcount

The tables below show Endesa's average headcounts:

Number of employees

	Average headcount					
	2022			2021		
	Male	Female	Total	Male	Female	Total
Executives	189	50	239	206	52	258
Middle management	2,429	1,261	3,690	2,365	1,169	3,534
Administration and management personnel and workers	4,158	1,056	5,214	4,393	1,086	5,479
<b>TOTAL EMPLOYEES</b>	<b>6,776</b>	<b>2,367</b>	<b>9,143</b>	<b>6,964</b>	<b>2,307</b>	<b>9,271</b>

Number of employees

	Average headcount					
	2022			2021		
	Male	Female	Total	Male	Female	Total
Generation and Supply	3,783	1,223	5,006	3,862	1,185	5,047
Distribution	2,275	469	2,744	2,390	448	2,838
Structure and others <sup>(1)</sup>	718	675	1,393	712	674	1,386
<b>TOTAL EMPLOYEES</b>	<b>6,776</b>	<b>2,367</b>	<b>9,143</b>	<b>6,964</b>	<b>2,307</b>	<b>9,271</b>

<sup>(1)</sup> Structure and services.

The average number of employees in jointly-controlled entities in 2022 and 2021 was 789 and 801, respectively.

The average number of persons employed in 2022 and 2021 with an incapacity greater than or equal to 33% was as follows:

Number of employees

	Average headcount with disabilities <sup>(1)</sup>					
	2022			2021		
	Male	Female	Total	Male	Female	Total
Executives	1	—	1	1	—	1
Middle management	24	6	30	18	4	22
Administration and management personnel and workers	39	13	52	40	15	55
<b>TOTAL EMPLOYEES</b>	<b>64</b>	<b>19</b>	<b>83</b>	<b>59</b>	<b>19</b>	<b>78</b>

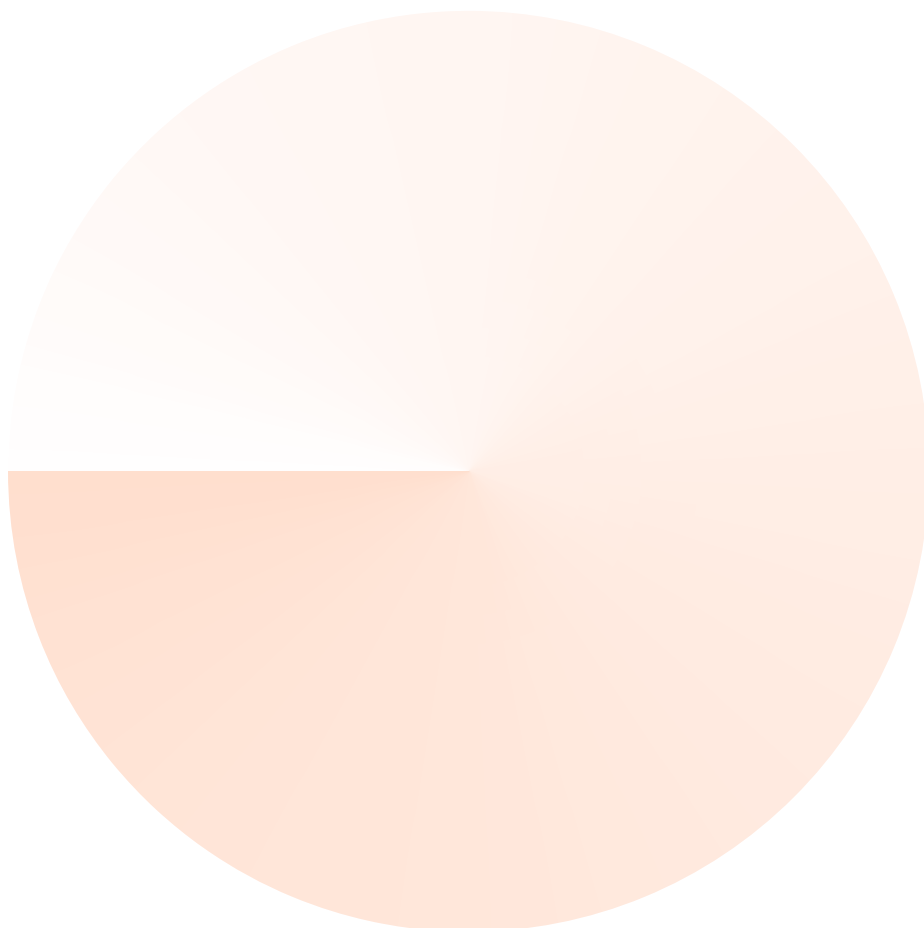
<sup>(1)</sup> 33% or higher.

Number of employees

	Average headcount with disabilities <sup>(1)</sup>					
	2022			2021		
	Male	Female	Total	Male	Female	Total
Generation and Supply	30	9	39	24	9	33
Distribution	22	2	24	23	1	24
Structure and others <sup>(2)</sup>	12	8	20	12	9	21
<b>TOTAL EMPLOYEES</b>	<b>64</b>	<b>19</b>	<b>83</b>	<b>59</b>	<b>19</b>	<b>78</b>

<sup>(1)</sup> Greater than or equal to 33%.

<sup>(2)</sup> Structure and Services.



# 51. Contingent provisions, assets and liabilities

At the date of authorisation for issue of these consolidated financial statements, the main litigation and arbitration proceedings involving Endesa companies are as follows:

- There are predominantly 2 legal proceedings in progress against Edistribución Redes Digitales, S.L.U., both relating to the forest fire that occurred in Aguilar de Segarra (Barcelona) on 18 July 1998, which could result in the obligation to pay various claims for damages amounting to Euro 2.7 million.
- On 11 May 2009, the Ministry of Energy, Tourism and Digital Agenda (currently the Ministry of Ecological Transition and Demographic Challenge ("MITECO")) issued an order imposing four fines, in the combined amount of Euro 15 million, on Endesa Generación, S.A.U. as the head operator of the nuclear power plant Ascó I, in connection with a radioactive particle leakage in December 2007 at said plant, on the basis that the Company had committed four serious violations contrary to Nuclear Energy Law 25/1964, of 29 April. This Ministerial Order was appealed before the Spanish National Court (Audiencia Nacional), under ordinary procedure 552/2009. By order of 1 December 2009, the Court ordered the precautionary suspension of the effectiveness and enforceability of the disputed decision, subject to the posting of a bank guarantee covering the amount of the fine imposed on the company. Section 1 of the Contentious-Administrative Division of the Spanish National Court handed down a ruling on 18 March 2022 rejecting the appeal lodged by Endesa Generación, S.A.U. against the Order of the then Minister of Industry, Trade and Tourism of 11 May 2009, sanctioning Endesa Generación, S.A.U., as the operator responsible for the Ascó I nuclear power plant, for four serious infringements, three of them set out in Article 86 (b)(1) of the Nuclear Energy Act Law of 29 April 1964, for amounts of Euro 7.5 million, Euro 3 million and Euro 3 million, respectively, and the other as set out in Article 86 (b)(3) of that same Act, for an amount of Euro 1.8 million, declaring the aforementioned Ministerial Order to be in accordance with the law. A notice of appeal in cassation was lodged before the Supreme Court in relation to Case No. 3789/2022. Section One of the Chamber for

Contentious-Administrative Proceedings of the Supreme Court, by Order dated 24 November 2022, dismissed the appeal in cassation.

- The administrative authorisations of the "Peña del Gato" and "Valdesamario" wind farms held by Energías Especiales del Alto Ulla, S.A.U. (company wholly owned Enel Green Power España, S.L.U. (EGPE)), were annulled through Supreme Court judgments of 13 July 2015 and 5 May 2017 respectively, on the grounds that the Environmental Impact Statement had not been processed correctly. For the same reasons, the licences granted by the Municipal Councils of Valdesamario and Riello for the Valdesamario wind farm were also invalidated (Ruling of the Castile and Leon High Court of 26 June 2017 and Ruling of the Administrative Appeal Court of Leon of 30 May 2017, both final), in addition to the permits for the farm's feed-in infrastructures (Rulings of the Castile and Leon High Court of 13 and 19 March 2018, which were contested before the Supreme Court by its owner, Promociones Energéticas del Bierzo, S.L.U. (company wholly owned Enel Green Power España, S.L.U. (EGPE)), and the Supreme Court dismissed the three cassation appeals filed under the Orders of 20 December 2018 and 31 January 2019), and the approval of the Ponjos electrical substation transformation project (Ruling of the Administrative Appeal Court 1 of Leon of 31 May 2017, contested by Promociones Energéticas del Bierzo, S.L.U., which was appealed against); said appeal was upheld by the Ruling of the Castile and Leon High Court of Justice on 1 July 2021. Turning to the Peña del Gato wind farm, a new administrative authorisation was secured on 8 May 2017 (after re-processing the project, rectifying the defects of its environmental assessment). The facilities were commissioned on 3 January 2018 (14 machines), and the remaining 11 machines on 4 April 2018, after receiving the permit for the occupation of public forests, modified to adapt it to the new administrative authorisation. In the ruling on the enforcement, the Castile and Leon High Court of Justice annulled the new administrative authorisation granted by the Order of 30 July 2018, understanding that it was issued to avoid the ruling of the High Court of 13 July

2015. An appeal for reconsideration was filed against said Order by the Regional Government of Castile and Leon and Energías Especiales del Alto Ulla, S.A.U., which was dismissed by the Order of 21 December 2018. Energías Especiales del Alto Ulla, S.A.U. filed a cassation appeal before the Supreme Court, which was not granted leave to proceed under a Decision of 3 July 2019.

The Peña del Gato wind farm was forced to shut down again in May 2019 as a result of the shutdown of the evacuation infrastructure. On 26 October 2021, Energías Especiales del Alto Ulla, S.A.U. was notified of the document filed before the Castile and Leon High Court of Justice by the *“Platform for the Defence of the Cantabrian Mountain Range”* association, which requested the halting of the processing of the new administrative authorisation and the performance of an environmental expert test, all within the framework of the enforcement of the Ruling that cancelled the administrative authorisation for the Peña del Gato wind farm. Both Energías Especiales del Alto Ulla, S.A.U. and the Regional Government of Castile and León opposed the application, which was rejected by order of the High Court of Justice of Castile and León on 10 February 2022. On 24 May 2022, a new administrative authorisation and environmental impact statement was obtained for the Peña del Gato and Valdesamario wind farms, as well as for the power evacuation infrastructure. Appeals have been lodged against these authorisations by several environmental associations, all of which have been dismissed by the Government of Castile and León. On 20 January 2023, Energías Especiales del Alto Ulla, S.A.U. received notice that the association *“Plataforma para la Defensa de la Cordillera Cantábrica”* (Platform for the Defence of the Cantabrian Mountains) had lodged two contentious-administrative appeals before the courts of León against the dismissal of the appeals previously lodged against the administrative authorisation and environmental impact statement for the Valdesamario and Peña del Gato wind farms.

- The Supreme Court delivered its judgment no. 212/2022 on 21 February, in the appeal lodged by Endesa, S.A., Endesa Energía, S.A.U. and Energía XXI Comercializadora de Referencia, S.L.U. (Endesa), and in the appeals filed by other electricity sector companies against the obligation set out in Article 45.4 of Electricity Sector Law 24/2013, of 26 December, Royal Decree Law 7/2016, of 23 December, and Royal Decree 897/2017, of 6 October, to finance the cost of the Social Bonus, and to cofinance,

alongside the government, the supply of electricity to severely vulnerable consumers subject to the Last Resort Tariffs (LRTs) and who are at risk of social exclusion. It is an appeal filed against the third system to finance the Social Bonus, whereby the obligation was imposed to finance the parents of company groups that carry out electricity supply activities, or the companies themselves that do so if they do not form part of a corporate group. In particular, the Supreme Court partially upheld the appeal declaring (i) inapplicable the Social Bonus financing system and the cofinancing system with the administrations for the supply of severely vulnerable consumers that avail themselves of the Last Resort Tariff (LRT) and that are at risk of social exclusion; (ii) articles 12 to 17 of Royal Decree 897/2017, of 6 October, to be inapplicable and null and void. In turn, the following is acknowledged, (iii) the right of the claimant to be compensated for the amounts paid to finance and cofinance (alongside the government) the Social Bonus, so that all amounts paid in this regard are refunded, less any amounts that may have been passed on to customers. Lastly, the following is declared: (iv) the right of the complainant to be compensated for the amounts invested to implement the procedure to request, check and manage the Social Bonus, together with the amounts paid to apply this procedure, discounting those amounts that, where appropriate, would have been passed on to the customers. The Supreme Court issued a ruling on 24 March 2022 dismissing the request to rectify or complement the judgment proposed by the State Legal Service, so that the government can continue to charge the relevant parties for the corresponding financing cost, as the financing system has been removed from the system. However, the Supreme Court confirms that: *“despite the declaration of inapplicability and annulment of the legal rules and regulations governing the system to finance the Social Bonus, the prevalence of the discount obligation in the price of electricity supplied to the vulnerable consumers will continue to generate for certain companies, even after the ruling, payments whose processing and compensation must be addressed in the new legal system to finance the Social Bonus which is established, to substitute that currently declared inapplicable, or a specific rule approved for this purpose.”* By Order of 24 May 2022, the judgment was deemed to have been received by the responsible body, indicating that the ruling must

be honoured by the Subdirectorato General for Electricity. In view of the inactivity of the administration, on 10 November 2022, a writ of enforcement was filed. Subsequently, via an Order of 9 January 2023, a report was received from the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") on the state of enforcement of the Ruling, and Endesa was given notice to state, within ten days, whether the Administration has set the amounts to be paid in compensation. On 24 January 2022, Endesa submitted a written statement of pleadings, together with the corresponding reports, and requested access to the report prepared by the Spanish Markets and Competition Commission ("CNMC") on which the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") based its report on the state of enforcement of the ruling, while reserving the right to make further pleadings in view of the aforementioned report.

- In June 2017, the Competition Authority of the Spanish Markets and Competition Commission agreed to initiate infringement proceedings against Energía XXI Comercializadora de Referencia, S.L.U. for a possible breach of Article 3 of the Competition Act 15/2007, of 3 July, involving the use of billing of customers adhering to the Small Consumer Voluntary Price (SCVP) system or Last Resort Tariff (LRT) to advertise the services offered by Endesa's free market retail supplier.

Following the investigation of the disciplinary proceedings, the sending of the proposed Resolution and the submission of the corresponding allegations by Energía XXI Comercializadora de Referencia S.L.U., on 20 June 2019, the Spanish Markets and Competition Commission ("CNMC") issued a Resolution imposing a fine of approximately Euro 5 million on Energía XXI Comercializadora de Referencia S.L.U. for an alleged act of unfair competition contrary to Article 3 of Law 15/2007, of 3 July, on the Defence of Competition ("LDC") and article 4 of Law 3/1991, of 10 January, on Unfair Competition (LCD).

According to the Spanish Markets and Competition Commission ("CNMC"), Energía XXI Comercializadora de Referencia S.L.U. made use of a privileged channel (invoices issued to customers under the Small Consumer Voluntary Price (SCVP) or the Last Resort Tariff (LRT) systems), which was not accessible to competitors, to advertise deregulated market services to a supposedly vulnerable group i.e. regulated market consumers.

On 31 July 2019, Energía XXI Comercializadora de Referencia S.L.U. lodged a contentious-administrative appeal with the Audiencia Nacional, requesting the temporary suspension of the execution of the ruling imposing the fine, among other issues, on the grounds that (i) the Spanish Markets and Competition Commission ("CNMC") had based its findings on unproven presumptions; (ii) the conduct of Energía XXI Comercializadora de Referencia S.L.U. does not meet the necessary requirements to be considered an act contrary to good faith and (iii) no proof has been provided that the alleged conduct had an impact on competition and the public interest that is liable to be sanctioned under Article 3 of Law 15/2007, of 3 July, on the Defence of Competition ("LDC").

The case is currently awaiting a judgment by the Spanish National Court (Audiencia Nacional), and the corresponding written pleadings have already been filed.

- On 2 March 2018, the decision handed down by the European Commission, of 27 November 2017, on case SA.47.912 (2017/NN, "environmental incentive for coal-fired power plants", was published in the Official Journal of the European Union (OJEU). Under that decision, the European Commission's Directorate-General for Competition has initiated a formal investigation procedure ex Article 108.2 of the Treaty on the Functioning of the European Union (TFEU), to determine whether the incentive for environmental investment for coal-fired power plants provided for in Order ITC/3860/2007, of 28 December, constitutes State aid compatible with the internal market. According to the wording of the Decision, the European Commission has reached the preliminary conclusion that the incentive constitutes State aid pursuant to article 107.1 of the Treaty on the Functioning of the European Union, and has doubts as to its compatibility with the internal market.

On 13 April 2018, Endesa Generación S.A.U., in its capacity as a third party involved in the proceedings, sent a statement of pleadings to defend that the incentive for environmental investment is not tantamount to State aid and, in the alternative, in the hypothetical assumption that the European Commission reached the opposite conclusion, that it is compatible with the internal market. Subsequently, in July 2018, Gas Natural SDG, S.A. filed an appeal before the General Court against the Decision of the European Commission to open a formal investigation procedure, which is currently pending a decision. On 8 September 2021, the General Court published a

judgment rejecting the appeal filed by Naturgy and EDP has since appealed this judgment before the Court of Justice of the European Union (CJEU). Endesa Generación S.A.U. has appeared as an intervener in both appeals. The administrative proceedings before the European Commission is still under way, with no deadline for a decision, as it concerns an investigation into non-notified aid.

- On 14 December 2020, the Competition Directorate of the Spanish Markets and Competition Commission ("CNMC") notified Enel Green Power España, S.L.U. (EGPE) and its parent, Endesa Generación, S.A.U., of the initiation of sanctioning proceedings for an alleged abuse of a position of dominance by Enel Green Power España, S.L.U. (EGPE) in the market to access and connect to the transmission grid at certain hubs with effects on the related electricity generation market. According to the Spanish Markets and Competition Commission ("CNMC"), Enel Green Power España, S.L.U. (EGPE) allegedly used its status as a Single Hub Partner (IUN) to favour companies in its own Group to the detriment of third-party generators. Enel Green Power España, S.L.U. (EGPE) submitted pleadings indicating that it does not hold a position of dominance in the access and connection transmission grid market, nor has the figure of Single Hub Partner ("IUN") been granted decision-making powers, or any discretion in the processing of access to the grid, as recognised by the Spanish Markets and Competition Commission ("CNMC") itself in many cases, and it is thus included in the sectoral regulations providing the System Operator with exclusive power to respond to and analyse requests for connection to the transmission grid. Enel Green Power España, S.L.U. (EGPE) considers that there has been no exclusionary effect, nor any market closure, and the alleged abusive practice must be dismissed outright, as it does not fall within the scope of Article 2 of Spanish Law 15/2007, on the Defence of Competition. Following the investigation into the sanctioning proceedings, delivery of the Proposed Ruling and submission of the corresponding allegations by Enel Green Power España, S.L.U. (EGPE), on 10 June 2022, the Spanish Markets and Competition Commission ("CNMC") issued a decision, ordering Enel Green Power España, S.L.U. (EGPE) and, jointly and severally, its parent company Endesa Generación, S.A.U., to pay a total fine of Euro 5 million for committing two very serious infringements contrary to Article 2 of Law 15/2007, of 3 July, on the Defence of Competition ("LDC"), involving an alleged abuse of a dominant position by Enel Green Power España, S.L.U. (EGPE), in its capacity as Single

Hub Partner, in the market for access and connection to the transmission grid at the Tajo de la Encantada and Lastras substation hubs. On 29 July 2022, Enel Green Power España, S.L.U. (EGPE) and Endesa Generación S.A.U. lodged an appeal with the Spanish National Court (Audiencia Nacional) against the aforementioned sanctioning resolution of 10 June 2022 and, in turn, requested the precautionary suspension of section three of the ruling relating to payment of the fines imposed. By virtue of Court Order dated 13 December 2022, the Spanish National Court agreed to suspend enforcement of the fine, subject to the posting of sufficient security by the appellants.

- On 6 October 2021, the Directorate-General for Energy of the Government of the Canary Islands served notice on Edistribución Redes Digitales, S.L.U. of three decisions to initiate the three corresponding disciplinary proceedings – ES.AE.LP 006/2019, ES.AE.LP 007/2019 and ES.AE.LP 008/2019 – amounting to Euro 11 million, Euro 19 million and Euro 28 million, respectively, for alleged infringements consisting of the unjustified refusal or alteration of the connection permit to a network point and failure to comply with the obligations to maintain and operate a proper complaints, claims and incidents service. These decisions presented serious errors in setting out the facts upon which the accusation was based, thus violating the right of the defendant to mount a defence. Therefore, on 29 October 2021, Edistribución Redes Digitales, S.L.U. presented written pleadings in each proceeding highlighting this circumstance, arguing that it was impossible to mount the necessary defence as the facts on which the charges had been brought were unclear. On 28 January 2022, a communication was received from the competent body in the first of these proceedings (ES.AE.LP 006/2019), and on 7 February 2022 communications were received in relation to the other two (ES.AE.LP 007/2019 and ES.AE.LP 008/2019), in which, in response to the allegations, copies were attached of the original case files on which the decisions to initiate the disciplinary proceedings had been based. This is highly indicative of the improper processing of the cases.

In relation to sanctioning proceeding ES.AE.LP 006/2019, the first allegations were submitted on 18 February 2022 and on 17 June 2022 the Directorate General for Energy of the Government of the Canary Islands resolved to terminate and close the sanctioning proceeding, on the grounds that Edistribución Redes Digitales, S.L.U. was not in breach of applicable law and regulations relating to the electricity sector.



In relation to sanctioning proceedings ES.AE.LP 007/2019 and ES.AE.LP 008/2019, the first allegations were submitted on 28 February 2022.

On 24 January 2022, EDistribución Redes Digitales, S.L.U. received notice of a new Resolution of the Directorate General for Energy of the Government of the Canary Islands, dated 18 November 2021, resolving to initiate another disciplinary proceeding (ES.AE.LP 06/2020) on the grounds that the company had committed a further five infringements classified as continuous and serious and two infringements classified as very serious and non-continuous, and noting that a fine of Euro 94 million may be imposed. The alleged infringements once again refer to requests for access and connection to the grid, completion of connections, processing of customer requests, information provided, systems put in place and delays in execution, as well as complaints and claims services. These infringements relate to 50 non-sanctioning administrative proceedings. Allegations were submitted on 18 March 2022. On 28 September 2022, a Proposal for a Resolution dated 26 September 2022 was notified, with the proposal being to impose a fine on EDistribución Redes Digitales, S.L.U. of Euro 31 million on the grounds that it had committed five serious and two very serious infringements of Law 24/2013, of 26 December, on the Electricity Sector. This reduction in the initial amount of the claim has also happened in other sanctioning proceedings of relatively minor significance.

- In the course of an arbitration process to review the price of a long-term liquefied natural gas supply contract initiated by Endesa Generación S.A.U., the respondent, a liquefied natural gas producer has filed a counterclaim requesting payment of approximately USD 1,000 million. This amount may be reviewed and adjusted accordingly, depending on market developments in the coming months through to the conclusion of the arbitration proceedings, which is expected to happen in the second quarter of 2023. The Company considers this counterclaim to be unfounded and moreover to have been brought outside the relevant timeframes. Notably, its external legal advisors are of the opinion that the likelihood of the counterclaim being upheld is remote.
- Litigation is ongoing in relation to the proceedings initiated by the Tax Inspectorate in 2017 against Enel Green Power España, S.L.U. (EGPE) in relation to corporate income tax for the years 2010 to 2013. The main issue in dispute concerns whether or not the tax neutrality regime applies to the merger of Enel Green

Power España, S.L.U. (EGPE) by absorption of Enel Unión Fenosa Renovables, S.A. (EUFER) in 2011. On 10 December 2019, the Central Tax Appeals Board issued a decision rejecting the claim for corporate income tax from 2011 (with regard to the position held by Enel Green Power España, S.L.U. (EGPE) as the surviving entity of Enel Unión Fenosa Renovables, S.A. (EUFER)), the decision was reached to lodge an appeal before the Spanish National Court. Likewise, on 16 June 2020, a partial ruling was received for income tax expense for the years 2010 to 2013, where the effects of the application of the tax neutrality regime in that period are disputed. It has also been decided to continue appealing the matter before the Spanish National Court. The contingency associated with the process is not determinable a priori, insofar as the impacts associated with the asset revaluations that would take place as a result of the acceptance of the Administration's criteria must be evaluated. A guarantee is available to ensure debt suspension.

- On 9 July 2018, Endesa, S.A. was notified of the definitive income tax and VAT settlement agreements of the income tax and VAT tax consolidation groups to which Endesa, S.A. belongs, relating to the inspection process for 2011–2014, which were appealed against on 27 July 2018 before the Central Tax Appeals Board. On 28 January 2022, a partial settlement was upheld for Value Added Tax (VAT), which it was decided to continue to appeal against before the Spanish High Court.

Lastly, on 4 April 2022, Income Tax resolutions were received, which has also been appealed against before the Spanish High Court

The items under dispute stem mainly from the difference in criteria regarding the deductibility of plant decommissioning expenses, certain financial expenses and certain losses arising from the transfer of holdings in the period inspected and the deductibility of VAT under the pro rata rule. The contingency associated with the process is Euro 55 million. A guarantee is available to ensure debt suspension.

- In relation to the inspection process for 2015–2018, definitive income tax and VAT settlement agreements were received in relation to the income tax and VAT tax consolidation groups to which Endesa, S.A. belongs and for personal income tax withholdings at each of the companies inspected. The rulings were appealed before the Central Tax Appeals Board. The items under dispute originate mainly from the differing criteria regarding the deductibility of certain financial expenses during the inspected period and in

the rejection of part of the documented deduction for research, development and technology innovation. The contingency associated with the process is Euro 55 million. A guarantee is available to ensure debt suspension.

- In relation to the Tax on Spent Nuclear Fuel regulated by Law 15/2012, of 27 December, on tax measures for energy sustainability, there are various ongoing proceedings in which Endesa Generación S.A.U. has requested that tax base be modified, as it considers that, for the purposes of calculating the retroactivity coefficient provided for in Transitional Provision Three of the law, the criterion established in the Resolution of the Central Tax Appeals Board (TEAC) of 22 February 2022 should apply. By virtue of these claims, Endesa Generación has requested a refund of Euro 143 million.
- Following a substantial number of meetings of the Committee responsible for negotiating *“Endesa’s V Collective Bargaining Agreement”*, which began in October 2017 and progressed throughout all of 2018, and given that no agreement was reached, the Endesa’s management informed its workers and their representatives that, with effect from 1 January 2019, *“Endesa’s IV Collective Bargaining Agreement”* would be considered to have ended, in addition to the *“Guarantee Framework Agreement”* and the *“Agreement on voluntary suspension or termination of employment contracts for 2013–2018”*, from which date the general employment regulations would apply, in addition to all case law established in this regard.

The different interpretation of Endesa and the union representation of workers on the effects of the termination of the implementation of the *“IV Endesa Framework Collective Agreement”*, particularly as regards the social benefits of retired staff, led to the presentation by trade unions with representation at Endesa companies of a collective dispute lawsuit before the Spanish National High Court at the beginning of 2019. On 26 March 2019, a judgment was issued in which the Spanish National Court, considering Endesa to be in the right, declaring valid the interpretation of the Company that recognises the legality of the completion of the application of certain social benefits to the retired employees as a result of the termination of the *“IV Endesa Framework Collective Agreement”*.

Although said Ruling was fully enforceable, trade union representatives at Endesa’s companies filed a cassation appeal against it before the Supreme Court in April 2019. In December 2019, the majority union at

Endesa, the General Workers’ Union (*“UGT”*) agreed to withdraw this Appeal as a result of voluntarily having submitted itself to fair arbitration to resolve certain aspects relating to the *“V Endesa Framework Collective Agreement”*. Therefore, the appeal before the Supreme Court continued to be processed at the request of the three requesting minority trade unions: Workers’ Commissions (*“CCOO”*), Independent Energy Union (*“SIE”*) and Galega Intersindical Confederation (*“IGC”*).

On 7 July 2021 (notified on 22 July), the Supreme Court handed down Ruling (no. 761/2021), dismissing in full the appeals filed by the aforementioned trade unions, confirming the Spanish High Court Industrial Tribunal Ruling, of 26 March 2019, in its collective conflict procedure, order no. 32/2019.

The Ruling mainly argues that the social benefits (among them, those relating to the electricity rate) exclusively arise from the collective agreements, both for serving and retired employees and their family members, so their extinguishment, as occurred in the case of the *“IV Endesa Framework Collective Agreement”*, generally determines the contractualisation of the conditions established therein for serving employees and, in the case of non-active employees and their family members, led to the definitive extinguishment of all their rights, until they are regulated under the *“V Endesa Framework Collective Agreement”*.

In addition to the aforementioned collective dispute claim, more than a thousand individual claims have been filed at the date of authorisation for issue of these consolidated financial statements by retired employees or employees that have availed themselves of the voluntary departure plan, since they considered that the termination of the *“IV Endesa Framework Collective Agreement”* did not affect them in the terms reported by the Company. Following the Supreme Court Ruling of 7 July 2021 (notified on 22 July 2021), the suspension on many of these claims was lifted, with most courts involved applying the *“res judicata effect”* on the individual processes on the same object, so the individual claims filed are being rejected.

- Also, on 30 December 2020, notification was received from the Spanish National High Court of the collective conflict claim filed by the Workers’ Commissions Unions (CCOO), Independent Energy Union (SIE) and Galega Intersindical Confederation (CIG) on 16 December 2020, requesting the annulment of certain repealing provisions of the *“V Endesa Framework*

*Collective Agreement*". In the applicants' view, the repealing provisions under attack entail the unlawful elimination of social benefits and economic rights. Endesa maintains a contrary position, defending its absolute legality in line with that argued in the challenge of the modification of social benefits to retired staff (favourable judgment of the Spanish National Court of 26 March 2019 and the Supreme Court of 7 July 2021). The hearing was held on 4 November 2021, handing down a Ruling on 15 November 2021 (notified on 23 November 2021). In this Ruling, the claims of the appellant trade unions were dismissed and the legality of the "*V Endesa Framework Collective Agreement*" was declared. This Ruling was appealed against before the Supreme Court by the (Workers' Commissions (CCOO), Independent Energy Union (SIE) and Galega Intersindical Confederation ("IGC") and is pending resolution.

- In January 2020, Endesa commenced a "Substantial Modification of Employment Conditions" (SMEC) process to establish the new organisation of the social benefits for personnel not included in the "*V Endesa Framework Collective Agreement*". Following the appropriate procedure, on 24 March 2021, the consultation period ended with the agreement between Endesa and the majority trade union the General Workers' Union (UGT) and the opposition of the Workers' Commissions Unions (CCOO) and the Independent Energy Union (SIE), which did not consider that any of the causes envisaged in article 41 of the Workers' Statute materialised to carry out the substantial modification intended by the Company.

On 24 April 2020, a collective conflict claim was filed before the Spanish High Court by the Workers' Commissions Unions (CCOO) and the Independent Energy Union (SIE), a procedure which was suspended until the Supreme Court Ruling of 7 July 2021, relating to the "*IV Endesa Framework Collective Agreement*", as described previously. On 4 November 2021, the trial took place, and a Ruling was handed down by the Spanish High Court on 11 November 2021 (notified on 23 November 2021), in which the claim was partially upheld filed by the trade unions declaring the nullity of the Substantial Modification of Employment Conditions agreements reached by Endesa and the General Workers' Union (UGT), also observing the "res judicata effect" in relation to the pension rights of employees outside the agreement, since it involves a dispute already resolved by the Supreme Court Ruling on 7 July 2021. Both Endesa and the Workers' Commissions Unions (CCOO) and the Independent Energy Union (SIE) filed a cassation appeal before the Supreme Court against the aspects of the Ruling contrary to its interests, which is currently awaiting a ruling.

The Parent's Directors consider that the provisions recognised in the consolidated statement of financial position adequately cover the risks relating to litigation, arbitration and other matters referred to in this Note, and do not expect these issues to give rise to any liability not already provided for.

Given the nature of the risks covered by these provisions, it is impracticable to determine a reasonable timetable of payment dates, if any.

## 52. Accounting standards applicable in the future

### a) Standards and interpretations endorsed by the European Union to be applied for the first time in periods beginning in 2023

Standards, amendments and interpretations	Mandatory application: Years beginning on
Amendments to IAS 1 "Presentation of Financial Statements" and to the IFRS 2 Practice Statement: Making Materiality Judgements.	1 January 2023
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates.	1 January 2023
IFRS 17 "Insurance Contracts" including amendments.	1 January 2023
Amendments to IAS 12 "Income Taxes": Deferred tax related to Assets and Liabilities arising from a Single Transaction.	1 January 2023
Amendments to IFRS 17 "Insurance Contracts": Initial Application of IFRS 17 and IFRS 9 – Comparative Information.	1 January 2023

Endesa's management is assessing the impact that the application of these changes would have, and had not concluded such analysis at the date of preparation of these consolidated financial statements.

### b) Standards and interpretations issued by the International Accounting Standards Board (IASB) not endorsed by the European Union

The International Accounting Standards Board (IASB) has approved the following International Standards which could affect Endesa and at the date of preparation of the

consolidated financial statements had yet to be endorsed by the European Union:

Standards, amendments and interpretations	Mandatory application: <sup>(1)</sup> Years beginning on
Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current and Deferral of Effective Date.	1 January 2024
Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current – Deferral of Effective Date.	1 January 2024
Amendments to IAS 1 "Presentation of Financial Statements" – Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 "Leases" – Lease Liabilities in a Sale and Leaseback Transaction	1 January 2024

<sup>(1)</sup> If adopted without changes by the European Union.

At the date of authorisation for issue of the consolidated financial statements, Endesa's management is assessing the impact of these standards and amendments, if endorsed by the European Union, on Endesa's consolidated financial statements.

## 53. Events after the reporting period

In relation to the New Temporary Energy Tax, as enacted by Law 38/2022 of 27 December, establishing temporary energy taxes and taxes on credit institutions and financial credit establishments and creating the temporary solidarity tax on large fortunes and amending certain tax regulations, according to the best estimate available to date, Euro 208 million is expected to be recognised for accounting purposes and paid to the State Administration in 2023, based on the net sales for the year 2022 (see Note 6).

On 17 January 2023 a loan of Euro 250 million was arranged with the European Investment Bank (EIB), which incorporates sustainability objectives.

On 24 January 2023, the Board of Directors of Endesa, S.A., the sole shareholder of Endesa X Servicios, S.L.U.

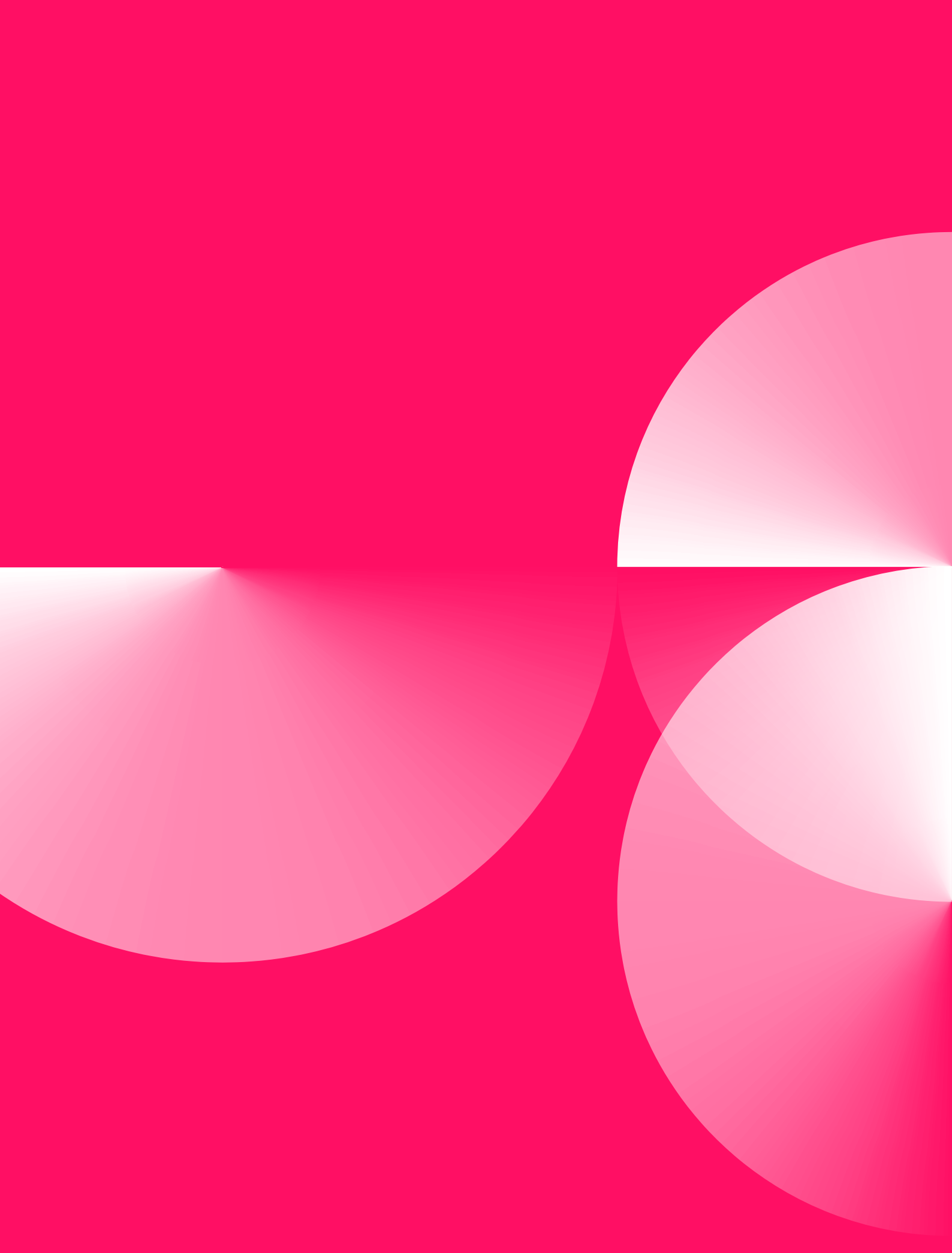
authorised the start of a corporate reorganisation process consisting of the spin-off of the electric mobility business currently owned by Endesa X Servicios S.L.U. that will include the 49% stake in the share capital of Endesa X Way, S.L. owned by Endesa X Servicios, S.L.U., in favour of a company incorporated on 26 January 2023 called Endesa Mobility, S.L., which is also wholly owned by Endesa, S.A. This corporate restructuring process is expected to be completed in the first half of 2023.

Other than the events described above, no other significant events took place between 31 December 2022 and the date of authorisation for issue of the consolidated financial statements that have not been reflected therein.

## 54. Explanation added for translation to English

These Consolidated Financial Statements are presented on the basis of IFRSs, as adopted by the European Union. Consequently, certain accounting practices applied by the Group that conform to IFRSs may not conform to other

generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

































# APPENDIX I: Endesa's companies and material shareholdings

The companies comprising Endesa at 31 December 2022 are set out below.

The main activity of the companies comprising Endesa is classified as follows:










## Legend

Activity	Description of activity
	Conventional generation
	Renewable Generation
	Energy Supply
	Marketing of other products and services
	Energy distribution
	Structure and services












Company name	Registered office	Share capital	Activity
<b>PARENT</b>			
ENDESA, S.A.	MADRID (SPAIN)	EUR 1,270,502,540.40	
<b>COMPANY</b>			
AGUILÓN 20, S.A.	ZARAGOZA (SPAIN)	EUR 2,682,000.00	
ARAGONESA DE ACTIVIDADES ENERGÉTICAS, S.A. (SOCIEDAD UNIPERSONAL)	TERUEL (SPAIN)	EUR 60,100.00	
ARANORT DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,010.00	
ARENA GREEN POWER 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 2, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 3, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 4, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 5, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 11, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 12, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 13, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 20, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 33, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 34, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 35, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ASOCIACIÓN NUCLEAR ASCÓ-VANDELLÓS II, A.I.E.	TARRAGONA (SPAIN)	EUR 19,232,400.00	
ATECA RENOVABLES, S.L.	MADRID (SPAIN)	EUR 3,000.00	
BAIKAL ENTERPRISE, S.L. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 3,006.00	
BALEARES ENERGY, S.L. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 4,509.00	
BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
BOSA DEL EBRO, S.L.	ZARAGOZA (SPAIN)	EUR 3,010.00	
BRAZATORTAS 220 RENOVABLES, S.L.	MADRID (SPAIN)	EUR 3,000.00	
CAMPOS PROMOTORES RENOVABLES, S.L.	ALICANTE (SPAIN)	EUR 3,000.00	





Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
HOLDING COMPANY			100.00	100.00		KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
PC.	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	85.41	85.41	85.41	85.41	KPMG AUDITORES
E.M. (J.V.)	SEGUIDORES SOLARES PLANTA 2, S.L. (SOCIEDAD UNIPERSONAL)	15.35		15.35		
	DEHESA DE LOS GUADALUPES SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	14.93	50.00	14.93	50.00	UNAUDITED
	BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	19.72		19.72		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
E.M. (A)	FURATENA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	16.98				
	BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	16.98	33.96	-	-	UNAUDITED
E.M. (J.V.)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	25.30	25.30	-	-	UNAUDITED

Company name	Registered office	Share capital	Activity
CENTRAL HIDRÁULICA GÜEJAR-SIERRA, S.L.	SEVILLE (SPAIN)	EUR 364,213.34	
CENTRAL TÉRMICA DE ANLLARES, A.I.E.	MADRID (SPAIN)	EUR 595,001.98	
CENTRALES NUCLEARES ALMARAZ-TRILLO, A.I.E.	MADRID (SPAIN)	EUR 0.00	
COGENERACIÓN EL SALTO, S.L. (EN LIQUIDACIÓN)	ZARAGOZA (SPAIN)	EUR 36,060.73	
COGENIO IBERIA, S.L.	MADRID (SPAIN)	EUR 2,874,621.80	
COMERCIALIZADORA ELÉCTRICA DE CÁDIZ, S.A.	CADIZ (SPAIN)	EUR 600,000.00	
COMPAÑÍA EÓLICA TIERRAS ALTAS, S.A.	SORIA (SPAIN)	EUR 13,222,000.00	
CORPORACIÓN EÓLICA DE ZARAGOZA, S.L.	ZARAGOZA (SPAIN)	EUR 271,652.00	
DEHESA DE LOS GUADALUPES SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
DEHESA PV FARM 03, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
DEHESA PV FARM 04, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
DISTRIBUIDORA DE ENERGÍA ELÉCTRICA DEL BAGES, S.A.	BARCELONA (SPAIN)	EUR 108,240.00	
DISTRIBUIDORA ELÉCTRICA DEL PUERTO DE LA CRUZ, S.A. (SOCIEDAD UNIPERSONAL)	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 12,621,210.00	
EDISTRIBUCIÓN REDES DIGITALES, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 1,204,540,060.00	
ELCOGAS, S.A. (EN LIQUIDACIÓN)	CIUDAD REAL (SPAIN)	EUR 809,690.40	
ELECGAS, S.A.	SANTAREM (PORTUGAL)	EUR 50,000.00	
ELÉCTRICA DE JAFRE, S.A.	BARCELONA (SPAIN)	EUR 165,876.00	
ELÉCTRICA DE LIJAR, S.L.	CADIZ (SPAIN)	EUR 1,081,821.79	
ELÉCTRICA DEL EBRO, S.A. (SOCIEDAD UNIPERSONAL)	BARCELONA (SPAIN)	EUR 500,000.00	
ELECTRICIDAD DE PUERTO REAL, S.A.	CADIZ (SPAIN)	EUR 4,960,246.40	
EMINTEGRAL CYCLE, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
EMPRESA CARBONÍFERA DEL SUR, ENCASUR, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 18,030,000.00	
EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA DISTRIBUCIÓN, S.A. (SOCIEDAD UNIPERSONAL)	CEUTA (SPAIN)	EUR 9,335,000.00	
EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA ENERGÍA, S.L. (SOCIEDAD UNIPERSONAL)	CEUTA (SPAIN)	EUR 10,000.00	
EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA, S.A.	CEUTA (SPAIN)	EUR 16,562,250.00	
ENDESA CAPITAL, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 60,200.00	
ENDESA COMERCIALIZAÇÃO DE ENERGIA, S.A.	PORTO (PORTUGAL)	EUR 250,000.00	








Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	GATT AUDITORES
E.M. (A)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	UNAUDITED
E.M. (A)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	24.18	24.18	24.18	24.18	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	20.00	20.00	20.00	20.00	UNAUDITED
E.M. (A)	ENDESA X SERVICIOS, S.L. (SOCIEDAD UNIPERSONAL)	20.00	20.00	20.00	20.00	DELOITTE
E.M. (J.V.)	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	33.50	33.50	33.50	33.50	DELOITTE
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	37.51	37.51	37.51	37.51	ERNST & YOUNG
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	25.00	25.00	25.00	25.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	45.00	100.00	45.00	100.00	KPMG AUDITORES
	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	55.00		55.00		
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	40.99	40.99	40.99	40.99	UNAUDITED
E.M. (J.V.)	ENDESA GENERACIÓN PORTUGAL, S.A.	50.00	50.00	50.00	50.00	KPMG AUDITORES
FC	HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	47.46	100.00	47.46	100.00	KPMG AUDITORES
	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	52.54		52.54		
E.M. (J.V.)	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	AVANTER AUDITORES
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (J.V.)	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	DELOITTE
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA, S.A.	100.00	96.42	100.00	96.42	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	96.42	96.42	96.42	96.42	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
ENDESA ENERGÍA RENOVABLE, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 100,000.00	
ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 14,445,575.90	
ENDESA FINANCIACIÓN FILIALES, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 4,621,003,006.00	
ENDESA GENERACIÓN II, S.A. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 63,107.00	
ENDESA GENERACIÓN NUCLEAR, S.A. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 60,000.00	
ENDESA GENERACIÓN PORTUGAL, S.A.	LISBON (PORTUGAL)	EUR 50,000.00	
ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 1,940,379,737.02	
ENDESA INGENIERÍA, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 965,305.00	
ENDESA MEDIOS Y SISTEMAS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 89,999,790.00	
ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 10,138,577.00	
ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 719,901,728.28	
ENDESA X SERVICIOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 60,000.00	
ENDESA X WAY, S.L.	MADRID (SPAIN)	EUR 600,000.00	
ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 11,152.74	
ENERGÍA BASE NATURAL, S.L. (SOCIEDAD UNIPERSONAL)	VALENCIA (SPAIN)	EUR 3,000.00	
ENERGÍA CEUTA XXI COMERCIALIZADORA DE REFERENCIA, S.A. (SOCIEDAD UNIPERSONAL)	CEUTA (SPAIN)	EUR 65,000.00	
ENERGÍA EÓLICA ÁBREGO, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,576.00	
ENERGÍA EÓLICA GALERNA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,413.00	
ENERGÍA EÓLICA GREGAL, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,250.00	
ENERGÍA NETA SA CASETA LLUCMAJOR, S.L. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 9,000.00	
ENERGÍA XXI COMERCIALIZADORA DE REFERENCIA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 2,000,000.00	
ENERGÍA Y NATURALEZA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENERGÍAS ALTERNATIVAS DEL SUR, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 546,919.10	
ENERGÍAS DE ARAGÓN I, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,200,000.00	
ENERGÍAS DE GRAUS, S.L.	ZARAGOZA (SPAIN)	EUR 1,298,160.00	
ENERGÍAS ESPECIALES DE CAREÓN, S.A.	LA CORUÑA (SPAIN)	EUR 270,450.00	
ENERGÍAS ESPECIALES DE PEÑA ARMADA, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 963,300.00	

Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	99.20		99.20		
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	0.20	100.00	0.20	100.00	KPMG AUDITORES
	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	0.60		0.60		
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENDESA X SERVICIOS, S.L. (SOCIEDAD UNIPERSONAL)	49.00	49.00	-	-	KPMG AUDITORES
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA, S.A.	100.00	96.42	100.00	96.42	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	54.95	54.95	54.95	54.95	KPMG AUDITORES
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	66.67	66.67	66.67	66.67	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	97.00	97.00	77.00	77.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	80.00	80.00	KPMG AUDITORES
























Company name	Registered office	Share capital	Activity
ENERGÍAS ESPECIALES DEL ALTO ULLA, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 19,594,860.00	
ENERGÍAS ESPECIALES DEL BIERZO, S.A.	LEÓN (SPAIN)	EUR 1,635,000.00	
ENERGÍAS LIMPIAS DE CARMONA, S.L.	SEVILLE (SPAIN)	EUR 7,000.00	
ENERGIE ELECTRIQUE DE TAHADDART, S.A.	TANGIERS (MOROCCO)	MAD 306,160,000.00	
ENIGMA GREEN POWER 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN I, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN II, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN III, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN XX, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
EÓLICA VALLE DEL EBRO, S.A.	ZARAGOZA (SPAIN)	EUR 3,561,342.50	
EÓLICAS DE AGAETE, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 240,400.00	
EÓLICAS DE FUENCALIENTE, S.A.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 216,360.00	
EÓLICAS DE FUERTEVENTURA, A.I.E.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 4,558,426.83	
EÓLICAS DE LA PATAGONIA, S.A.	CAPITAL FEDERAL (ARGENTINA)	ARS 480,930.00	
EÓLICAS DE LANZAROTE, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 1,758,225.50	
EÓLICAS DE TENERIFE, A.I.E.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 420,708.40	
EÓLICOS DE TIRAJANA, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 3,000.00	
EPRESA ENERGÍA, S.A.	CADIZ (SPAIN)	EUR 2,500,000.00	
EVACUACIÓN CARMONA 400-220 KV RENOVABLES, S.L.	SEVILLE (SPAIN)	EUR 10,003.00	
EXPLOTACIONES EÓLICAS DE ESCUCHA, S.A.	ZARAGOZA (SPAIN)	EUR 3,505,000.00	
EXPLOTACIONES EÓLICAS EL PUERTO, S.A.	ZARAGOZA (SPAIN)	EUR 3,230,000.00	
EXPLOTACIONES EÓLICAS SANTO DOMINGO DE LUNA, S.A.	ZARAGOZA (SPAIN)	EUR 100,000.00	
EXPLOTACIONES EÓLICAS SASO PLANO, S.A.	ZARAGOZA (SPAIN)	EUR 5,488,500.00	
EXPLOTACIONES EÓLICAS SIERRA COSTERA, S.A.	ZARAGOZA (SPAIN)	EUR 8,046,800.00	
EXPLOTACIONES EÓLICAS SIERRA LA VIRGEN, S.A.	ZARAGOZA (SPAIN)	EUR 4,200,000.00	

Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	KPMG AUDITORES
E.M. (A)	ENVATIOS PROMOCIÓN I, S.L. (SOCIEDAD UNIPERSONAL)	6.25				UNAUDITED
	ENVATIOS PROMOCIÓN II, S.L. (SOCIEDAD UNIPERSONAL)	6.25	18.75	-	-	
	ENVATIOS PROMOCIÓN III, S.L. (SOCIEDAD UNIPERSONAL)	6.25				
E.M. (J.V.)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	32.00	32.00	32.00	32.00	DELOITTE
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.50	50.50	50.50	50.50	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	80.00	80.00	80.00	80.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	55.00	55.00	55.00	55.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	40.00	40.00	40.00	40.00	ERNST & YOUNG
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	40.00	40.00	40.00	40.00	LUJAN AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	BDO AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	60.00	60.00	60.00	60.00	KPMG AUDITORES
E.M. (J.V.)	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	DELOITTE
E.M. (A)	ENVATIOS PROMOCIÓN I, S.L. (SOCIEDAD UNIPERSONAL)	3.13				UNAUDITED
	ENVATIOS PROMOCIÓN II, S.L. (SOCIEDAD UNIPERSONAL)	3.13	9.39	-	-	
	ENVATIOS PROMOCIÓN III, S.L. (SOCIEDAD UNIPERSONAL)	3.13				
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	70.00	70.00	70.00	70.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	73.60	73.60	73.60	73.60	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	65.00	65.00	65.00	65.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES





















Company name	Registered office	Share capital	Activity
FOTOVOLTAICA YUNCLILLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FRONT MARÍTIM DEL BESÒS, S.L.	BARCELONA (SPAIN)	EUR 6,000.00	
FRV CORCHITOS I, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 75,800.00	
FRV CORCHITOS II SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 22,000.00	
FRV GIBALBIN -JEREZ, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 23,000.00	
FRV TARIFA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FRV VILLALOBILLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FRV ZAMORA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FRV ZAMORA SOLAR 3, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FUNDAMENTAL RECOGNIZED SYSTEMS, S.L. (SOCIEDAD UNIPERSONAL)	TERUEL (SPAIN)	EUR 3,000.00	
FURATENA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
GAS Y ELECTRICIDAD GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 213,775,700.00	
GORONA DEL VIENTO EL HIERRO, S.A.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 30,936,736.00	
GUADARRANQUE SOLAR 4, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 3,006.00	
HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	BARCELONA (SPAIN)	EUR 126,210.00	
HIDROELÉCTRICA DE OUROL, S.L.	LA CORUÑA (SPAIN)	EUR 1,608,200.00	
HIDROFLAMICELL, S.L.	BARCELONA (SPAIN)	EUR 78,120.00	
HISPANO GENERACIÓN DE ENERGÍA SOLAR, S.L.	BADAJOS (SPAIN)	EUR 3,500.00	
INFRAESTRUCTURA DE EVACUACIÓN PEÑAFLORES 220 KV, S.L.	MADRID (SPAIN)	EUR 3,500.00	
INFRAESTRUCTURAS PUERTO SANTA MARÍA 220, S.L.	MADRID (SPAIN)	EUR 3,000.00	
INFRAESTRUCTURAS SAN SERVÁN SET 400, S.L.	MADRID (SPAIN)	EUR 90,000.00	
INFRAESTRUCTURAS SAN SERVÁN 220, S.L.	MADRID (SPAIN)	EUR 12,000.00	
































Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (J.V.)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	61.37	61.37	61.37	61.37	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	23.21	23.21	23.21	23.21	ERNST & YOUNG
FC	ENDESA GENERACIÓN II, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
FC	HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	75.00	75.00	75.00	75.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	UNAUDITED
E.M. (J.V.)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	41.14	41.14	-	-	UNAUDITED
FC	PUERTO SANTA MARÍA ENERGÍA I, S.L. (SOCIEDAD UNIPERSONAL)	50.00		50.00		UNAUDITED
	PUERTO SANTA MARÍA ENERGÍA II, S.L. (SOCIEDAD UNIPERSONAL)	50.00	100.00	50.00	100.00	
E.M. (A)	BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	6.41				UNAUDITED
	FURATENA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	6.41	19.23	-	-	
	ARANORT DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	6.41				
E.M. (A)	VALDECABALLERO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	10.30		10.30		UNAUDITED
	NAVALVILLAR SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	10.30	30.80	10.30	30.80	
	CASTIBLANCO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	10.20		10.20		

Company name	Registered office	Share capital	Activity
INSTALACIONES SAN SERVÁN II 400, S.L.	MADRID (SPAIN)	EUR 11,026.00	
KROMSCHROEDER, S.A.	BARCELONA (SPAIN)	EUR 627,126.00	
LUCAS SOSTENIBLE, S.L.	MADRID (SPAIN)	EUR 1,099,775.00	
MINGLANILLA RENOVABLES 400KV, A.I.E.	VALENCIA (SPAIN)	-	
MINICENTRALES DEL CANAL IMPERIAL-GALLUR, S.L.	ZARAGOZA (SPAIN)	EUR 1,820,000.00	
MONTE REINA RENOVABLES, S.L.	MADRID (SPAIN)	EUR 4,000.00	
NOVOLITIO RECUPERACIÓN DE BATERÍAS, S.L.	LEÓN (SPAIN)	EUR 180,000.00	
NUCLENOR, S.A.	BURGOS (SPAIN)	EUR 5,406,000.00	
OLIVUM PV FARM 01, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
OXAGESA, A.I.E. (EN LIQUIDACIÓN)	TERUEL (SPAIN)	EUR 6,010.12	
PAMPINUS PV FARM 01, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
PARAVENTO, S.L.	LUGO (SPAIN)	EUR 3,006.00	
PARC EOLIC LA TOSSA-LA MOLA D'EN PASCUAL, S.L.	MADRID (SPAIN)	EUR 1,183,100.00	
PARC EOLIC LOS ALIGARS, S.L.	MADRID (SPAIN)	EUR 1,313,100.00	
PARQUE EÓLICO A CAPELADA, S.L. (SOCIEDAD UNIPERSONAL)	LA CORUÑA (SPAIN)	EUR 5,857,704.37	
PARQUE EÓLICO BELMONTE, S.A.	MADRID (SPAIN)	EUR 120,400.00	
PARQUE EÓLICO CARRETERA DE ARINAGA, S.A.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 1,007,000.00	
PARQUE EÓLICO DE BARBANZA, S.A.	LA CORUÑA (SPAIN)	EUR 3,606,072.63	
PARQUE EÓLICO DE SAN ANDRÉS, S.A.	LA CORUÑA (SPAIN)	EUR 552,920.00	
PARQUE EÓLICO DE SANTA LUCÍA, S.A.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 901,500.00	
PARQUE EÓLICO FINCA DE MOGÁN, S.A.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 3,810,340.00	
PARQUE EÓLICO MONTES DE LAS NAVAS, S.A.	MADRID (SPAIN)	EUR 6,540,000.00	
PARQUE EÓLICO MUNIESA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,006.00	



















Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
	BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	7.94				
E.M. (A)	FURATENA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	7.94	23.81	-	-	UNAUDITED
	ARANORT DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	7.94				
E.M. (A)	ENDESA MEDIOS Y SISTEMAS, S.L. (SOCIEDAD UNIPERSONAL)	29.26	29.26	29.26	29.26	ILV AUDIT AND ADVISORY
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	35.29	35.29	35.29	35.29	UNAUDITED
	ENERGÍA EÓLICA GALERNA, S.L. (SOCIEDAD UNIPERSONAL)	9.31		9.31		
	ENERGÍA EÓLICA GREGAL, S.L. (SOCIEDAD UNIPERSONAL)	9.31		9.31		
I.P.	ENERGÍA EÓLICA ÁBREGO, S.L. (SOCIEDAD UNIPERSONAL)	7.98	36.16	7.98	36.16	UNAUDITED
	ENERGÍA BASE NATURAL, S.L. (SOCIEDAD UNIPERSONAL)	4.78		4.78		
	ENERGÍA Y NATURALEZA, S.L. (SOCIEDAD UNIPERSONAL)	4.78		4.78		
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	36.50	36.50	36.50	36.50	UNAUDITED
E.M. (A)	FRV ZAMORA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	20.58	20.58	20.58	20.58	UNAUDITED
E.M. (J.V.)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	45.00	45.00	-	-	UNAUDITED
E.M. (J.V.)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	ERNST & YOUNG
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.17	50.17	50.17	50.17	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	80.00	80.00	80.00	80.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	75.00	75.00	75.00	75.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	82.00	82.00	82.00	82.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	66.33	66.33	66.33	66.33	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	75.50	75.50	75.50	75.50	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
PARQUE EÓLICO PUNTA DE TENO, S.A.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 528,880.00	
PARQUE EÓLICO SIERRA DEL MADERO, S.A.	MADRID (SPAIN)	EUR 7,193,970.00	
PEGOP - ENERGÍA ELÉCTRICA, S.A.	SANTAREM (PORTUGAL)	EUR 50,000.00	
PRODUCTIVE SOLAR SYSTEMS, S.L. (SOCIEDAD UNIPERSONAL)	TERUEL (SPAIN)	EUR 3,000.00	
PRODUCTORA DE ENERGÍAS, S.A.	BARCELONA (SPAIN)	EUR 60,101.21	
PROMOCIONES ENERGÉTICAS DEL BIERZO, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 12,020.00	
PROMOTORES MUDÉJAR 400KV, S.L	ZARAGOZA (SPAIN)	EUR 3,000.00	
PROYECTOS UNIVERSITARIOS DE ENERGÍAS RENOVABLES, S.L.	ALICANTE (SPAIN)	EUR 27,000.00	
PUERTO SANTA MARÍA ENERGÍA I, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
PUERTO SANTA MARÍA ENERGÍA II, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
REBUILDING AGENTE REHABILITADOR, S.L.	MADRID (SPAIN)	EUR 250,000.00	
RENOVABLES ANDORRA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
RENOVABLES BROVALES 400KV, S.L.	SEVILLE (SPAIN)	EUR 5,000.00	
RENOVABLES LA PEDRERA, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
RENOVABLES MANZANARES 400 KV, S.L.	MADRID (SPAIN)	EUR 5,000.00	
RENOVABLES MEDIAVILLA, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
RENOVABLES TERUEL, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
RIBINA RENOVABLES 400, S.L.	MADRID (SPAIN)	EUR 3,000.00	
SALTO DE SAN RAFAEL, S.L.	SEVILLE (SPAIN)	EUR 462,185.88	
SAN FRANCISCO DE BORJA, S.A.	ZARAGOZA (SPAIN)	EUR 60,000.00	

Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	52.00	52.00	52.00	52.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	58.00	58.00	58.00	58.00	KPMG AUDITORES
E.M. (J.V.)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	49.98	50.00	49.98	50.00	KPMG AUDITORES
	ENDESA GENERACIÓN PORTUGAL, S.A.	0.02		0.02		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	24.75	37.19	-	-	UNAUDITED
	RENOVABLES MEDIAVILLA, S.L. (SOCIEDAD UNIPERSONAL)	5.69				
	RENOVABLES LA PEDRERA, S.L. (SOCIEDAD UNIPERSONAL)	6.75				
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (J.V.)	ENDESA X SERVICIOS, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	-	-	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (A)	DEHESA DE LOS GUADALUPES SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	6.24	64.15	-	-	UNAUDITED
	FURATENA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	6.24				
	BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	6.24				
	SEGUIDORES SOLARES PLANTA 2, S.L. (SOCIEDAD UNIPERSONAL)	6.24				
	EMINTEGRAL CYCLE, S.L. (SOCIEDAD UNIPERSONAL)	16.99				
	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	22.20				
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	27.86	43.98	27.86	27.86	UNAUDITED
	STONEWOOD DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	16.12				
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	39.24	39.24	-	-	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	66.67	66.67	66.67	66.67	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
SANTO ROSTRO COGENERACIÓN, S.A. (EN LIQUIDACIÓN)	SEVILLE (SPAIN)	EUR 207,340.00	
SAVANNA POWER SOLAR 4, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 5, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 6, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 9, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 10, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 12, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 13, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SECCIONADORA ALMODÓVAR RENOVABLES, S.L.	MALAGA (SPAIN)	EUR 5,000.00	
SEGUIDORES SOLARES PLANTA 2, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,010.00	
SET CARMONA 400 KV RENOVABLES, S.L.	SEVILLE (SPAIN)	EUR 10,000.00	
SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLE (SPAIN)	EUR 143,000.00	
SHARK POWER REN 4, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 5, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 6, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 7, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 8, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 9, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 10, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SISTEMA ELÉCTRICO DE CONEXIÓN VALCAIRE, S.L.	MADRID (SPAIN)	EUR 175,200.00	
SISTEMAS ENERGÉTICOS MAÑÓN ORTIGUEIRA, S.A.	LA CORUÑA (SPAIN)	EUR 2,007,750.00	
SOCIEDAD EÓLICA DE ANDALUCÍA, S.A.	SEVILLE (SPAIN)	EUR 4,507,590.78	
SOCIEDAD EÓLICA EL PUNTAL, S.L.	SEVILLE (SPAIN)	EUR 3,286,000.00	
SOCIEDAD EÓLICA LOS LANCES, S.A.	SEVILLE (SPAIN)	EUR 2,404,048.42	
SOLANA RENOVABLES, S.L.	MADRID (SPAIN)	EUR 5,000.00	
SOTAVENTO GALICIA, S.A.	LA CORUÑA (SPAIN)	EUR 601,000.00	
STONEWOOD DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 4,053,000.00	
SUGGESTION POWER, UNIPessoal, LDA.	LISBON (PORTUGAL)	EUR 50,000.00	
SUMINISTRADORA ELÉCTRICA DE CÁDIZ, S.A.	CADIZ (SPAIN)	EUR 12,020,240.00	

Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	45.00	45.00	45.00	45.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	37.50	37.50	-	-	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	16.00	16.00	-	-	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	28.12	28.12	28.12	28.12	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	96.00	96.00	96.00	96.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	64.73	64.73	64.73	64.73	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	60.00	60.00	60.00	60.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	49.84	49.84	49.84	49.84	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	36.00	36.00	36.00	36.00	AUDIESA
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	-	-	UNAUDITED
FC	ENDESA GENERACIÓN PORTUGAL, S.A.	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (J.V.)	ENDESA RED, S.A. (SOCIEDAD UNIPERSONAL)	33.50	33.50	33.50	33.50	DELOITTE

Company name	Registered office	Share capital	Activity
SUMINISTRO DE LUZ Y FUERZA, S.L.	BARCELONA (SPAIN)	EUR 2,800,000.00	
TAUSTE ENERGÍA DISTRIBUIDA, S.L.	ZARAGOZA (SPAIN)	EUR 60,508.00	
TECNATOM, S.A.	MADRID (SPAIN)	EUR 4,025,700.00	
TEJO ENERGIA - PRODUÇÃO E DISTRIBUIÇÃO DE ENERGIA ELÉCTRICA, S.A.	LISBON (PORTUGAL)	EUR 5,025,000.00	
TERMOTEC ENERGÍA, A.I.E. (EN LIQUIDACIÓN)	VALENCIA (SPAIN)	EUR 481,000.00	
TERRER RENOVABLES, S.L.	MADRID (SPAIN)	EUR 5,000.00	
TICO SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
TICO SOLAR 2, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
TOLEDO PV, A.I.E.	MADRID (SPAIN)	EUR 26,887.96	
TORO RENOVABLES 400 KV, S.L.	MADRID (SPAIN)	EUR 3,000.00	
TORREPALMA ENERGY 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,100.00	
TRANSFORMADORA ALMODÓVAR RENOVABLES, S.L.	SEVILLE (SPAIN)	EUR 5,000.00	
TRANSPORTES Y DISTRIBUCIONES ELÉCTRICAS, S.A. (EN LIQUIDACIÓN)	GIRONA (SPAIN)	EUR 72,121.45	
TRÉVAGO RENOVABLES, S.L.	MADRID (SPAIN)	EUR 3,000.00	
UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 190,171,521.16	
VIRULEIROS, S.L.	LA CORUÑA (SPAIN)	EUR 160,000.00	
XALOC SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	VALENCIA (SPAIN)	EUR 3,000.00	
YEDESA COGENERACIÓN, S.A. (EN LIQUIDACIÓN)	ALMERIA (SPAIN)	EUR 234,394.72	

FC: Full consolidation; PC: Proportional consolidation; EM: Equity method; JV: Joint venture; A: Associate.



Consolidation method	Shareholders	% ownership at 31/12/2022		% ownership at 31/12/2021		Auditor
		Control	Financial share	Control	Financial share	
FC	HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	60.00	60.00	60.00	60.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
E.M. (A)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	45.00	45.00	45.00	45.00	ERNST & YOUNG
E.M. (J.V.)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	43.75	43.75	43.75	43.75	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	45.00	45.00	45.00	45.00	UNAUDITED
E.M. (J.V.)	SEGUIDORES SOLARES PLANTA 2, S.L. (SOCIEDAD UNIPERSONAL)	9.08		9.08		UNAUDITED
	DEHESA DE LOS GUADALUPES SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	8.83	29.57	8.83	29.57	
	BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	11.66		11.66		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	KPMG AUDITORES
E.M. (A)	FRV ZAMORA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	8.28	8.28	8.28	8.28	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	60.53	60.53	-	-	UNAUDITED
FC	EDISTRIBUCIÓN REDES DIGITALES, S.L. (SOCIEDAD UNIPERSONAL)	73.33	73.33	73.33	73.33	UNAUDITED
E.M. (A)	SEGUIDORES SOLARES PLANTA 2, S.L. (SOCIEDAD UNIPERSONAL)	17.77		17.77		UNAUDITED
	FURATENA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	17.73	35.50	17.73	35.50	
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	67.00	67.00	67.00	67.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
E.M. (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	40.00	40.00	40.00	40.00	UNAUDITED

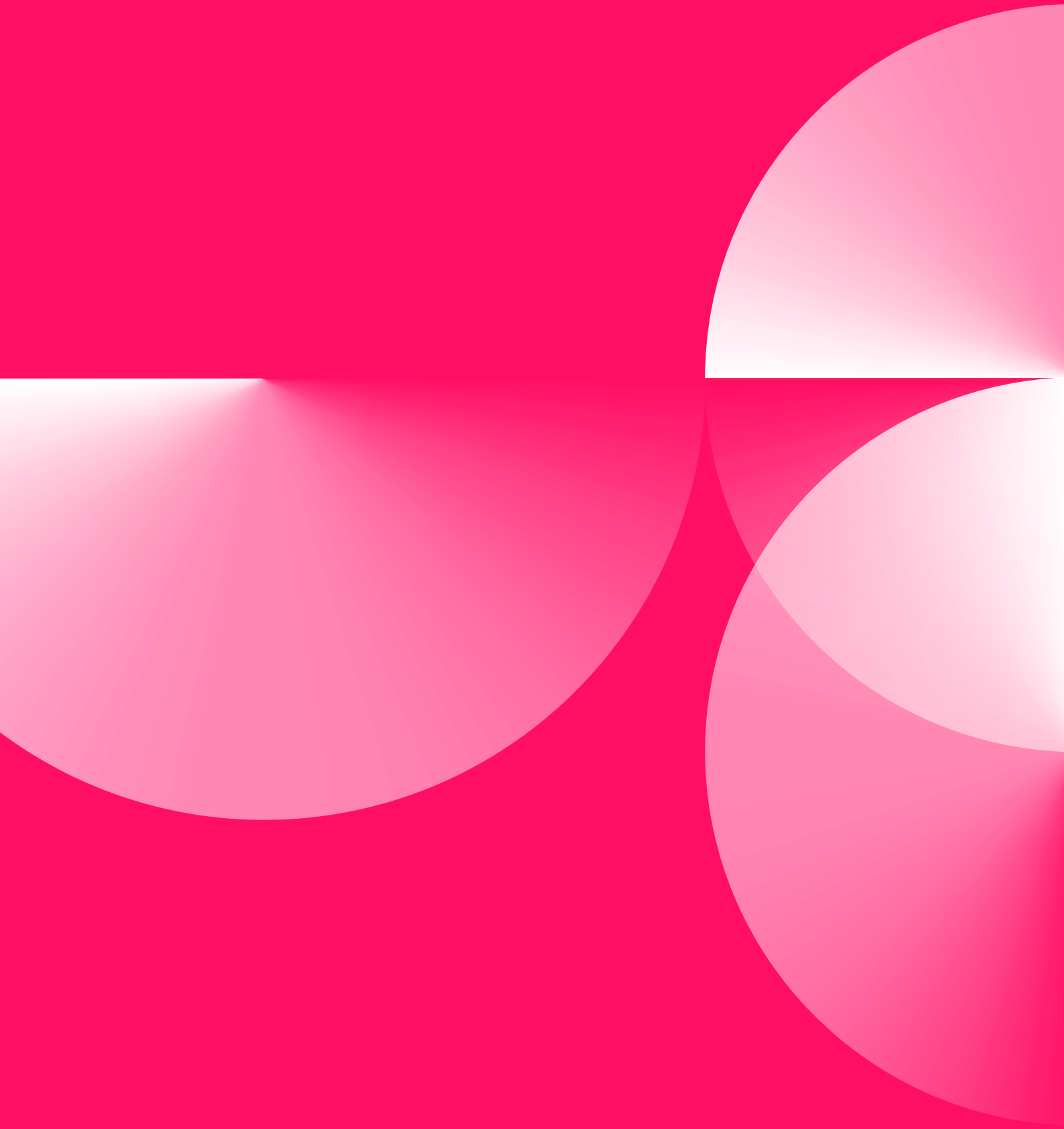
# Formulation Signatures ENDESA, S.A. and Subsidiaries corresponding to the Consolidated Financial Statements for the year ended 31 December 2022

The Consolidated Financial Statements (Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Consolidated Notes to the Financial Statements) for the year ended 31 December 2022 of ENDESA, Sociedad Anónima and

SUBSIDIARIES have been authorised for issue in electronic format by the Board of Directors of ENDESA, Sociedad Anónima at its meeting held on 22 February 2023, following the format and labelling requirements established in Commission Delegated Regulation EU 2019/815, and are signed below by all the Directors, in compliance with Article 253 of the Corporate Enterprises Act.

<p><b>Mr. Juan Sánchez-Calero Guilarte</b> Chairman</p>	<p><b>Mr. Francesco Starace</b> Vice Chairman</p>
<p><b>Mr. José Damián Bogas Gálvez</b> Chief Executive Officer</p>	<p><b>Ms. Eugenia Bieto Caubet</b> Board Member</p>
<p><b>Mr. Antonio Cammisecra</b> Board Member</p>	<p><b>Mr. Ignacio Garralda Ruiz de Velasco</b> Board Member</p>
<p><b>Ms. Pilar González de Frutos</b> Board Member</p>	<p><b>Ms. Francesca Gostinelli</b> Board Member</p>
<p><b>Ms. Alicia Koplowitz y Romero de Juseu</b> Board Member</p>	<p><b>Mr. Francisco de Lacerda</b> Board Member</p>
<p><b>Mr. Alberto de Paoli</b> Board Member</p>	<p><b>Ms. Cristina de Parias Halcón</b> Board Member</p>

Madrid, 22 February 2023



4.

# Statement of Responsibility



# Statement of Responsibility Annual Financial Report 2022

The members of the Board of Directors of Endesa, S.A., in accordance with Article 8 of Royal Decree 1362/2007, of 19 October 2007, declare that, to the best of their knowledge, the Separate and Consolidated Financial Statements for the year ended 31 December 2022, authorised for issue at the meeting held on 22 February 2023 and prepared in accordance with the applicable accounting principles, give a true and fair view of the

equity, financial position and results of Endesa, S. A. and the companies included in the scope of consolidation taken as a whole, and that the separate and consolidated management reports for the year 2022 include an analysis of the results of Endesa, S. A. and the companies included in the scope of consolidation taken as a whole, together with a description of the main risks and uncertainties they face.

<p><b>Mr. Juan Sánchez-Calero Guilarte</b> Chairman</p>	<p><b>Mr. Francesco Starace</b> Vice Chairman</p>
<p><b>Mr. José Damián Bogas Gálvez</b> Chief Executive Officer</p>	<p><b>Ms. Eugenia Bieto Caubet</b> Board Member</p>
<p><b>Mr. Antonio Cammisecra</b> Board Member</p>	<p><b>Mr. Ignacio Garralda Ruiz de Velasco</b> Board Member</p>
<p><b>Ms. Pilar González de Frutos</b> Board Member</p>	<p><b>Ms. Francesca Gostinelli</b> Board Member</p>
<p><b>Ms. Alicia Koplowitz y Romero de Juseu</b> Board Member</p>	<p><b>Mr. Francisco de Lacerda</b> Board Member</p>
<p><b>Mr. Alberto de Paoli</b> Board Member</p>	<p><b>Ms. Cristina de Parias Halcón</b> Board Member</p>

Madrid, 22 February 2023

endesa