



Endesa, S.A. and Subsidiaries
Consolidated Management Report
for the three-month period ended
at 31 March 2022

endesa

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Endesa, S.A. and Subsidiaries
Consolidated Management Report
for the three-month period ended
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Endesa is Open Power

VISION

- Endesa strives to be at the forefront of the development of the energy sector, supplying safe, affordable and sustainable energy to millions of people. Endesa is aware of the significant change the industry is currently experiencing, operating in a new era for energy that is more open, participative and digital.
- “Open Power” is the platform for growth, combining the strength of a global organisation with the opportunities of an open connected world. This represents the Company’s vision, mission and values.



PURPOSE

**OPEN POWER
FOR A
BRIGHTER
FUTURE**
WE EMPOWER
SUSTAINABLE
PROGRESS

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.

- **Open energy to more people:** Working to connect more people to safe and sustainable energy.
- **Opening energy to new technologies:** Leading the development and application of new technologies to generate and distribute more sustainable energy focusing, in particular, on renewable energy sources and smart distribution grids.
- **Open new ways of managing energy for consumers:** Developing more tailored services for people to help them use energy more efficiently concentrating, in particular, on smart meters and digitalisation.
- **Open energy to new uses:** Developing new services based on energy to meet global challenges, focusing particularly on connectivity and electric mobility.
- **Open to more collaboration:** Train a network of research, technology, product development and marketing partners to create new solutions together.

VALUES


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


- **Responsibility:** 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.
- **Innovation:** Endesa works to open energy to new uses, technologies and people, learning from its successes and its failures.
- **Trust:** Endesa acts competently, honestly and transparently to earn the trust of its employees, customers and external partners, valuing individual differences.
- **Proactiveness:** Endesa continuously analyses global scenarios and challenges to stay ahead of change, redefining its priorities as the context requires.


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Legend

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

Consolidated Management Report



1. Most significant figures

| Main figures | SDGs ⁽¹⁾ | Unit | January - March 2022 | January - March 2021 | % Var. |
|--|---------------------|------------------|------------------------|------------------------|--------|
| Revenue | | €M | 7,596 | 4,774 | 59.1 |
| Gross Profit from Operations (EBITDA) ⁽²⁾ | | €M | 914 | 1,020 | (10.4) |
| Net income | | €M | 338 | 491 | (31.2) |
| Net ordinary income ⁽²⁾ | | €M | 338 | 491 | (31.2) |
| Net financial debt ⁽²⁾ | | €M | 10,334 | 8,806 ⁽⁴⁾ | 17.4 |
| Net cash Flows from operating activities | | €M | (476) | 583 | N/A |
| Gross investments in property, plant and equipment and intangible assets | | €M | 404 | 276 | 46.4 |
| Net installed capacity | | MW | 21,196 ⁽³⁾ | 21,140 ⁽⁴⁾ | 0.3 |
| Net installed mainland renewable capacity | 7 | MW | 8,368 ⁽³⁾ | 8,312 ⁽⁴⁾ | 0.7 |
| Electricity generation ⁽⁵⁾ | | GWh | 15,462 | 14,800 | 4.5 |
| Generation of renewable electricity | 7 | GWh | 2,980 | 4,360 | (31.7) |
| Distribution and transmission networks | 9 | km | 316,826 ⁽³⁾ | 316,506 ⁽⁴⁾ | 0.1 |
| Energy distributed ⁽⁶⁾ | 9 | GWh | 32,507 | 32,595 | (0.3) |
| End users ⁽⁷⁾ | | Thousands | 12,386 ⁽³⁾ | 12,359 ⁽⁴⁾ | 0.2 |
| List of digitalised customers ⁽⁸⁾ | 9 | % | 100 ⁽³⁾ | 100 ⁽⁴⁾ | - |
| Net electricity sales ⁽⁹⁾ | | GWh | 19,593 | 20,733 | (5.5) |
| Number of customers (electricity) ^{(10), (11)} | | Thousands | 10,420 ⁽³⁾ | 10,251 ⁽⁴⁾ | 1.6 |
| Deregulated market ⁽¹²⁾ | | Thousands | 6,354 ⁽³⁾ | 5,878 ⁽⁴⁾ | 8.1 |
| Public and private electricity charging stations | 11 | Units | 10,189 ⁽³⁾ | 9,482 ⁽⁴⁾ | 7.5 |
| Final headcount | | No. of employees | 9,321 ⁽³⁾ | 9,258 ⁽⁴⁾ | 0.7 |

€M = Millions of euros.

⁽¹⁾ Sustainable Development Goals (SDGs).

⁽²⁾ See definition in Section 11 of this Consolidated Management Report.

⁽³⁾ At 31 March 2022.

⁽⁴⁾ At 31 December 2021.

⁽⁵⁾ At power plant busbars.

⁽⁶⁾ Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

⁽⁷⁾ Customers of distribution companies.

⁽⁸⁾ Number of digitalised customers / end users (%).

⁽⁹⁾ Sales to end customers.

⁽¹⁰⁾ Supply points.

⁽¹¹⁾ Customers of supply companies.

⁽¹²⁾ Customers of deregulated supply companies.

2. Description of the entity

2.1. Organisational structure

Endesa, S.A. and its Subsidiaries operate in the electricity and gas business, mainly in the Spanish and Portuguese markets. To a lesser extent, Endesa also supplies electricity and gas in other European markets, and other products and services related to its main business.

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

At 31 March 2022, the Enel Group held 70.1% of the share capital in Endesa, S.A., through Enel Iberia, S.L.U.

At the date of approval of this consolidated management report, Endesa's organisational structure has not changed with respect to that described in Section 3 of the Consolidated Management Report for the year ended 31 December 2021.

2.2. 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. Endesa, therefore, recognises that it must play a leading role in fighting this challenge. To this end, it is pursuing a business model that aims to lead the energy transition, in line with the United Nation's Sustainable

Development Goals (SDGs) and the objectives of the Paris Agreement to meet the challenge of decarbonisation and so limit the average increase in global temperatures to 2 °C, with the aim of not exceeding 1.5 °C compared with the pre-industrial period, creating shared value for all stakeholders and spreading its sustainability principles and commitments throughout the entire value chain.

This strategic approach of the business model reflects Endesa's vision, mission and values.

2.3. Business lines and main markets

Endesa, S.A.'s business model 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.

These business lines reflect the activities that Endesa performs: 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 description of Endesa's markets and activities is detailed in Section 2.3.4 of the Consolidated Management Report for the year ended 31 December 2021.

Endesa's companies and holdings to organise the different business line are set forth in Section 2.4 of the Consolidated Management Report and in Appendix I of the Notes to the Consolidated Financial Statements for the year ended 31 December 2021, and in Section 4.2 of this Consolidated Management Report.

3. Reference scenario

3.1. Performance of the main market indicators

| Market indicators | January - March 2022 | January - March 2021 | % Var. |
|---|----------------------|----------------------|--------|
| Arithmetic average price in the wholesale electricity market (€/MWh) ⁽¹⁾ | 229.4 | 45.2 | 407.5 |
| ICE Brent average price (\$/bbl) ⁽²⁾ | 97.9 | 61.3 | 59.7 |
| Average price of carbon dioxide (CO ₂) emission rights (€/t) ⁽³⁾ | 82.8 | 37.6 | 120.2 |
| Average price of coal (€/MWh) ⁽⁴⁾ | 229.0 | 67.3 | 240.3 |
| Average price of gas (€/MWh) ⁽⁵⁾ | 99.2 | 18.6 | 433.3 |
| Estimated annual inflation Spain (%) ⁽⁶⁾ | 9.8 ⁽⁷⁾ | 1.3 ⁽⁸⁾ | 8.5 |

⁽¹⁾ Source: Iberian Energy Market Operator - Polo Español (OMIE).

⁽²⁾ Source: ICE: Brent Crude Futures.

⁽³⁾ Source: ICE: ECX Carbon Financial Futures Daily.

⁽⁴⁾ Source: Api2 index.

⁽⁵⁾ Source: TTF index.

⁽⁶⁾ Source: Spanish National Statistics Institute (INE).

⁽⁷⁾ At 31 March 2022.

⁽⁸⁾ At 31 March 2021.

| Exchange and interest rates ⁽¹⁾ | 31 March 2022 | 31 December 2021 | Difference |
|--|-----------------------|-----------------------|------------|
| Closing exchange rate (euros / US Dollar) | 1,1101 | 1,1370 | (0,0269) |
| Closing exchange rate (euros / Pound Sterling) | 0,8460 | 0,8396 | 0,0064 |
| Average exchange rate (euros / US Dollar) | 1,1122 ⁽²⁾ | 1,2048 ⁽³⁾ | (0,0926) |
| 6-month Euribor (period average) | (0.47) ⁽²⁾ | (0.52) ⁽³⁾ | 0.05 |

⁽¹⁾ Sources: Bank of Spain and Bloomberg.

⁽²⁾ January-March 2022.

⁽³⁾ January-March 2021.

3.2. Electricity and gas market

During the first quarter of 2022 the arithmetic average price in the wholesale electricity market stood at 229.4 €/MWh (+407.5%), affected since last year by the upward trend in gas prices as a result of the post-pandemic upturn in de-

mand from Asia, particularly China, by various factors that have limited its transport from producer countries, by the increase in the price of carbon dioxide (CO₂) emission rights and by the recent conflict between Russia and Ukraine.

3.2.1. Changes in demand

Percentage (%)

| Electricity ⁽¹⁾ | Unadjusted for effects of working days and temperature | | Adjusted for effects of working days and temperature | |
|---|--|----------------------|--|----------------------|
| | January - March 2022 | January - March 2021 | January - March 2022 | January - March 2021 |
| Mainland | (2.9) | 0.6 | (2.8) | (0.4) |
| Endesa area ⁽²⁾ | (1.7) | 0.4 | (1.1) | 0.1 |
| Industrial | (5.6) | (2.3) | | |
| Services | 8.4 | (2.2) | | |
| Residential | (7.9) | 5.7 | | |
| Non-mainland Territories ("TNP") | 8.6 | (8.3) | 7.9 | (9.5) |
| Canary Islands | 11.6 | (13.2) | (11.5) | (13.3) |
| Balearic Islands | 4.8 | (1.7) | 4.3 | (3.7) |

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

⁽²⁾ Source: In-house.

Percentage (%)

| Gas ⁽¹⁾ | January - March 2022 | January - March 2021 |
|-------------------------------|----------------------|----------------------|
| Spanish Domestic market | 11.5 | (2.3) |
| Spanish Domestic conventional | (4.8) | 1.9 |
| Electricity sector | 118.1 | (22.9) |

⁽¹⁾ Source: Enagás, S.A.

3.2.2. Market share

Percentage (%)

| Market share ⁽¹⁾ | 31 March 2022 | 31 December 2021 |
|------------------------------------|---------------|------------------|
| Electricity | | |
| Mainland generation ⁽²⁾ | 17.5 | 17.5 |
| Distribution | 42.9 | 42.7 |
| Retail | 29.3 | 29.6 |
| Gas | | |
| Deregulated Market | 17.5 | 15.1 |

⁽¹⁾ Source: In-house.

⁽²⁾ Includes renewable energies.

4. Significant events in the period

4.1. Comparability of information

At 31 December 2021, in order to supply information in line with market practice, Endesa adapted the presentation of the Consolidated Financial Statements.

In line with the foregoing, the Consolidated Financial Statements for the three-month period ended 31 March 2021 were retroactively adapted; hence, the comparative

figures do not coincide with those published in the Consolidated Management Report for the three-month period ended at 31 March 2021.

Appendix II of this Consolidated Management Report details, for each Financial Statement, the main amendments made.

4.2. Changes in the consolidation scope

In the first quarter of 2022, the following transactions were carried out:

| Companies | Transaction | Consolidation method | Date | Activity | Shareholding at 31 March 2022 (%) | | Shareholding at 31 December 2021 (%) | |
|---|-------------|----------------------|------------------|-------------------|-----------------------------------|----------|--------------------------------------|----------|
| | | | | | Control | Economic | Control | Economic |
| Renovables Brovales 400kV, S.L. ⁽¹⁾ | Formed | (3) | 31 January 2022 | Photovoltaic | 64.15 | 64.15 | – | – |
| Infraestructura de Evacuación Peñaflo 220 KV, S.L. ⁽¹⁾ | Formed | (4) | 1 February 2022 | Photovoltaic | 41.14 | 41.14 | – | – |
| Infraestructuras San Serván Set 400, S.L. ⁽¹⁾ | Acquisition | (4) | 8 February 2022 | Photovoltaic | 33.33 | 33.33 | – | – |
| Evacuación Carmona 400-220 KV Renovables, S.L. ⁽¹⁾ | Formed | (3) | 9 February 2022 | Photovoltaic | 9.39 | 9.39 | – | – |
| Endesa Movilidad Eléctrica, S.L.U. ⁽²⁾ | Formed | (5) | 9 February 2022 | Electric mobility | 100.00 | 100.00 | – | – |
| Renovables Manzanares 400 KV, S.L. ⁽¹⁾ | Acquisition | (3) | 17 February 2022 | Photovoltaic | 43.98 | 43.98 | 27.86 | 27.86 |
| Stonewood Desarrollos, S.L.U. ⁽¹⁾ | Acquisition | (5) | 17 February 2022 | Photovoltaic | 100.00 | 100.00 | – | – |
| Energías Limpias de Carmona, S.L. ⁽¹⁾ | Formed | (3) | 22 February 2022 | Photovoltaic | 18.75 | 18.75 | – | – |
| SET Carmona 400 KV Renovables, S.L. ⁽¹⁾ | Formed | (3) | 1 March 2022 | Photovoltaic | 16.00 | 16.00 | – | – |
| Promotores Mudéjar 400KV, S.L. ⁽¹⁾ | Formed | (3) | 22 March 2022 | Photovoltaic | 37.19 | 37.19 | – | – |

⁽¹⁾ Companies acquired and/or formed by Enel Green Power España, S.L.U. (EGPE).

⁽²⁾ Company formed by Endesa X Servicios, S.L.U.

⁽³⁾ Associates included in the Consolidated Financial Statements using the equity method.

⁽⁴⁾ Joint Ventures included in the Consolidated Financial Statements using the equity method.

⁽⁵⁾ Fully consolidated subsidiaries.

In the first quarter of 2022, the main corporate transactions arranged relate to the renewable energy business, totalling euros 15 million, which had been paid in full at 31 March 2022. At 31 March 2022, the acquisition of these companies resulted in the recognition of euros 14 million under "Intangible assets" in the Consolidated Statement of Financial Position, relating almost entirely to the value of licences for the development of 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.

4.3. 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 Russian military intervention in Ukraine has also triggered the immediate reaction of supranational states and organisations, some of them instrumented under the imposition of severe sanctions on Russia which, among other aspects, affect the strategic sectors of the Russian economy and the financial sector, and impose personal restrictions on the Russian president and other Russian political and business figures.

These sanctions have led to changes in local currency exchange rates, in local interest rates and in the stock market listings of the Moscow Stock Exchange. Likewise, faced with a possible gas shortage caused by the conflict, the European gas market has reacted upwards and the seriousness of the situation has also generated high market volatility with its corresponding impacts on electricity prices.

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.

Considering the scenario in question, and in line with the recent recommendations of the European Securities and Markets Authority (ESMA) of 14 March 2022, Endesa monitors the state and changes in the current situation generated by the crisis to manage the potential risks.

For such purpose, the analyses performed aim to assess the indirect impacts of the conflict on business activities, on the financial position and on economic performance,

These companies are currently applying for permits and licences to carry out their projects or in the phase of commencing construction of the renewable energy facilities, hence no ordinary revenue from contracts with customers has been generated since the acquisition date.

Endesa's objective with this acquisition of photovoltaic plants, and in line with the guidelines of the 2022-2024 Strategic Plan, Endesa will reinforce its presence in the Iberian generation market by extending the renewable asset portfolio in its production mix.

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:

| Dimensions of the internal analysis performed | Sections |
|---|-------------|
| Macroeconomic impacts | 3.1 and 9.3 |
| Electricity and gas prices in energy markets and other raw materials | 3.1 and 9.3 |
| Analysis of possible delays in supplies and compliance with contracts at supply chain level | 9.3 |
| Monitoring of financial markets and of the liquidity situation | 6.2 and 9.3 |
| Monitoring of stock markets | 9.1 |

In this context, Endesa does not have any counterparties that are possibly affected by the sanctions, nor has it taken out gas supply contracts with Russia; hence, Endesa's gas supply is guaranteed and, indirectly, through Empresa Nacional del Uranio, S.A. (ENUSA), it is analysing the effects on the nuclear fuel supply orders from Russia from 2024 although this company is diverting the manufacturing orders to other suppliers.

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 (see Section 9.3 of this Consolidated Management Report).

4.4. COVID-19 health crisis

Endesa is also constantly supervising the evolution of the COVID-19 pandemic and monitors the 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 Spanish National Securities Market Commission ("CNMV") and of the European Securities and Markets Authority (ESMA) of 11 March 2020.

To this end, in the first quarters of 2022 and 2021, the effect of the health crisis did not have a significant impact on the gross profit from operations (EBITDA) or on operating income (EBIT).



5. Endesa's operating performance and results in the first quarter of 2022

5.1. Operating performance

| Operating figures | SDGs ⁽¹⁾ | Unit | January - March 2022 | January - March 2021 | % Var. |
|--|---------------------|------------------|------------------------|------------------------|--------|
| Electricity generation ⁽²⁾ | | GWh | 15,462 | 14,800 | 4.5 |
| Generation of renewable electricity | 7 | GWh | 2,980 | 4,360 | (31.7) |
| Gross installed capacity | | MW | 21,971 ⁽³⁾ | 21,915 ⁽⁴⁾ | 0.3 |
| Net installed capacity | | MW | 21,196 ⁽³⁾ | 21,140 ⁽⁴⁾ | 0.3 |
| Net installed mainland renewable capacity | 7 | MW | 8,368 ⁽³⁾ | 8,312 ⁽⁴⁾ | 0.7 |
| Net installed Non-mainland Territories ("TNP") renewable energy capacity | 7 | MW | 77 ⁽³⁾ | 77 ⁽⁴⁾ | – |
| Energy distributed ⁽⁵⁾ | 9 | GWh | 32,507 | 32,595 | (0.3) |
| Digitalised customers ⁽⁶⁾ | 9 | Thousands | 12,473 ⁽³⁾ | 12,472 ⁽⁴⁾ | 0.0 |
| Distribution and transmission networks | 9 | km | 316,826 ⁽³⁾ | 316,506 ⁽⁴⁾ | 0.1 |
| End users ⁽⁷⁾ | | Thousands | 12,386 ⁽³⁾ | 12,359 ⁽⁴⁾ | 0.2 |
| List of digitalised customers ⁽⁸⁾ | | (%) | 100 ⁽³⁾ | 100 ⁽⁴⁾ | – |
| Gross electricity sales ⁽²⁾ | | GWh | 22,108 | 23,189 | (4.7) |
| Net electricity sales ⁽⁹⁾ | | GWh | 19,593 | 20,733 | (5.5) |
| Gas sales ⁽¹⁰⁾ | | GWh | 20,514 | 22,491 | (8.8) |
| Number of customers (electricity) ^{(11) (12)} | | Thousands | 10,420 ⁽³⁾ | 10,251 ⁽⁴⁾ | 1.6 |
| Deregulated market ⁽¹³⁾ | | Thousands | 6,354 ⁽³⁾ | 5,878 ⁽⁴⁾ | 8.1 |
| Public and private electricity charging stations | 11 | Units | 10,189 ⁽³⁾ | 9,482 ⁽⁴⁾ | 7.5 |
| Public lighting points | 11 | Units | 104 ⁽³⁾ | 101 ⁽⁴⁾ | 3.0 |
| Final headcount | | No. of employees | 9,321 ⁽³⁾ | 9,258 ⁽⁴⁾ | 0.7 |
| Average headcount | | No. of employees | 9,170 | 9,448 | (2.9) |

⁽¹⁾ Sustainable Development Goals.

⁽²⁾ At power plant busbars.

⁽³⁾ At 31 March 2022.

⁽⁴⁾ At 31 December 2021.

⁽⁵⁾ Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).

⁽⁶⁾ Activated smart meters.

⁽⁷⁾ Customers of distribution companies.

⁽⁸⁾ Number of digitalised customers / End users (%).

⁽⁹⁾ Sales to end customers.

⁽¹⁰⁾ Without in-house generation consumption.

⁽¹¹⁾ Supply points

⁽¹²⁾ Customers of supply companies.

⁽¹³⁾ Customers of deregulated supply companies.

Electricity generation

GWh

| Electricity generation ⁽¹⁾ | January - March 2022 | | January - March 2021 | | % Var. |
|---|----------------------|----------------|----------------------|----------------|-------------|
| | MW | Percentage (%) | MW | Percentage (%) | |
| Mainland | 12,533 | | 12,351 | | 1.5 |
| Renewable energy | 2,980 | | 4,360 | | (31.7) |
| Hydroelectric | 1,137 | | 2,356 | | (51.7) |
| Wind ⁽²⁾ | 1,551 | | 1,855 | | (16.4) |
| Photovoltaic ⁽³⁾ | 292 | | 149 | | 96.0 |
| Nuclear power | 7,113 | | 6,909 | | 3.0 |
| Coal | 250 | | 214 | | 16.8 |
| Combined cycle (CCGT) | 2,190 | | 868 | | 152.3 |
| Non-mainland Territories ("TNP") | 2,929 | | 2,449 | | 19.6 |
| Fuel-gas | 1,047 | | 966 | | 8.4 |
| Combined cycle (CCGT) | 1,882 | | 1,483 | | 26.9 |
| Total | 15,462 | | 14,800 | | 4.5 |

⁽¹⁾ At power plant busbars.⁽²⁾ The period from January-March 2022 includes 19 GWh corresponding to Non-mainland Territories ("TNP") (240 GWh in the period from January-March 2021).⁽³⁾ The period from January-March 2022 includes 13 GWh corresponding to Non-mainland Territories ("TNP") (7 GWh in the period from January-March 2021).

Non-emitting renewable and nuclear technologies accounted for 80.5% of Endesa's mainland generation mix in the first quarter of 2022, compared with 76.9% for the rest of the sector (91.1% and 90.8%, respectively, in the first quarter of 2021).

Gross and net installed capacity

| Gross installed capacity | 31 March 2022 | | 31 December 2021 | | % Var. |
|---|---------------|----------------|------------------|----------------|--------------|
| | MW | Percentage (%) | MW | Percentage (%) | |
| Mainland | 17,235 | 78.4 | 17,178 | 78.4 | 0.3 |
| Renewable energy ⁽¹⁾ | 8,489 | 38.6 | 8,433 | 38.5 | 0.7 |
| Hydroelectric | 4,790 | 21.8 | 4,790 | 21.9 | – |
| Wind ⁽²⁾ | 2,602 | 11.8 | 2,546 | 11.6 | 2.2 |
| Photovoltaic ⁽³⁾ | 1,097 | 5.0 | 1,097 | 5.0 | – |
| Nuclear power | 3,453 | 15.7 | 3,453 | 15.8 | – |
| Coal | 1,469 | 6.7 | 1,469 | 6.7 | – |
| Combined cycle (CCGT) | 3,824 | 17.4 | 3,823 | 17.4 | 0.0 |
| Non-mainland Territories ("TNP") | 4,736 | 21.6 | 4,737 | 21.6 | (0.0) |
| Coal | 260 | 1.2 | 260 | 1.2 | – |
| Fuel-gas | 2,619 | 11.9 | 2,620 | 12.0 | (0.0) |
| Combined cycle (CCGT) | 1,857 | 8.5 | 1,857 | 8.4 | – |
| Total | 21,971 | 100.0 | 21,915 | 100.0 | 0.3 |

⁽¹⁾ At 31 March 2022 and 31 December 2021, additional capacity stood at 61 MW and 627 MW, respectively.⁽²⁾ At 31 March 2022, it included 40 MW corresponding to Non-mainland Territories ("TNP") (40 MW at 31 December 2021).⁽³⁾ At 31 March 2022, it included 37 MW corresponding to Non-mainland Territories ("TNP") (37 MW at 31 December 2021).

| Net installed capacity | 31 March 2022 | | 31 December 2021 | | % Var. |
|---|---------------|----------------|------------------|----------------|------------|
| | MW | Percentage (%) | MW | Percentage (%) | |
| Mainland | 16,933 | 79.9 | 16,877 | 79.8 | 0.3 |
| Renewable energy ⁽¹⁾ | 8,445 | 39.9 | 8,389 | 39.7 | 0.7 |
| Hydroelectric | 4,746 | 22.4 | 4,746 | 22.5 | – |
| Wind ⁽²⁾ | 2,602 | 12.3 | 2,546 | 12.0 | 2.2 |
| Photovoltaic ⁽³⁾ | 1,097 | 5.2 | 1,097 | 5.2 | – |
| Nuclear power | 3,328 | 15.7 | 3,328 | 15.7 | – |
| Coal | 1,403 | 6.6 | 1,403 | 6.6 | – |
| Combined cycle (CCGT) | 3,757 | 17.7 | 3,757 | 17.8 | – |
| Non-mainland Territories ("TNP") | 4,263 | 20.1 | 4,263 | 20.2 | – |
| Coal | 241 | 1.1 | 241 | 1.1 | – |
| Fuel-gas | 2,333 | 11.0 | 2,334 | 11.1 | (0.0) |
| Combined cycle (CCGT) | 1,689 | 8.0 | 1,688 | 8.0 | 0.1 |
| Total | 21,196 | 100.0 | 21,140 | 100.0 | 0.3 |

⁽¹⁾ At 31 March 2022 and 31 December 2021, additional capacity stood at 61 MW and 627 MW, respectively.⁽²⁾ At 31 March 2022, it included 40 MW corresponding to Non-mainland Territories ("TNP") (40 MW at 31 December 2021).⁽³⁾ At 31 March 2022, it included 37 MW corresponding to Non-mainland Territories ("TNP") (37 MW at 31 December 2021).

Electricity and gas sales

Electricity

Thousands

| Number of customers (Electricity) ^{(1) (2)} | 31 March 2022 | 31 December 2021 | % Var. |
|--|---------------|------------------|--------------|
| Regulated market | 4,066 | 4,373 | (7.0) |
| Mainland Spain | 3,470 | 3,732 | (7.0) |
| Non-mainland Territories ("TNP") | 596 | 641 | (7.0) |
| Deregulated market | 6,354 | 5,878 | 8.1 |
| Mainland Spain | 4,925 | 4,561 | 8.0 |
| Non-mainland Territories ("TNP") | 906 | 858 | 5.6 |
| Outside Spain | 523 | 459 | 13.9 |
| Total | 10,420 | 10,251 | 1.6 |
| Revenue / Supply points ⁽³⁾ | 2.0 | 1.4 | – |

⁽¹⁾ Supply points.⁽²⁾ Customers of supply companies.⁽³⁾ Relationship between annualised revenue from electricity sales and the number of electricity supply points (Thousands of euros / Supply points).

GWh

| | Gross electricity sales ⁽¹⁾ | | | Net electricity sales ⁽²⁾ | | |
|--------------------|--|----------------------|--------------|--------------------------------------|----------------------|--------------|
| | January - March 2022 | January - March 2021 | % Var. | January - March 2022 | January - March 2021 | % Var. |
| Regulated price | 3,151 | 3,658 | (13.9) | 2,623 | 3,058 | (14.2) |
| Deregulated market | 18,597 | 19,531 | (2.9) | 16,970 | 17,675 | (4.0) |
| Spanish | 16,221 | 16,799 | (3.4) | 14,422 | 15,115 | (4.6) |
| Outside Spain | 2,736 | 2,732 | 0.1 | 2,548 | 2,560 | (0.5) |
| Total | 22,108 | 23,189 | (4.7) | 19,593 | 20,733 | (5.5) |

⁽¹⁾ At power plant busbars.⁽²⁾ Sales to end customers.

Gas

| Thousands | | | |
|--|---------------|------------------|--------------|
| Number of customers (gas) ⁽¹⁾ | 31 March 2022 | 31 December 2021 | % Var. |
| Regulated market | 229 | 232 | (1.3) |
| Mainland Spain | 207 | 210 | (1.4) |
| Non-mainland Territories ("TNP") | 22 | 22 | – |
| Deregulated market | 1,491 | 1,452 | 2.7 |
| Mainland Spain | 1,282 | 1,250 | 2.6 |
| Non-mainland Territories ("TNP") | 71 | 70 | 1.4 |
| Outside Spain | 138 | 132 | 4.5 |
| Total | 1,720 | 1,684 | 2.1 |
| Revenue / Supply points⁽²⁾ | 3.7 | 1.7 | – |

⁽¹⁾ Supply points.
⁽²⁾ Relationship between annualised revenue from gas sales and the number of gas supply points (Thousands of euros / Supply points).

| GWh | | | |
|----------------------------|----------------------|----------------------|--------------|
| Gas sales | January – March 2022 | January – March 2021 | % Var. |
| Deregulated market | 13,834 | 12,570 | 10.1 |
| Regulated market | 552 | 569 | (3.0) |
| International market | 5,309 | 5,721 | (7.2) |
| Wholesale business | 819 | 3,631 | (77.4) |
| Total⁽¹⁾ | 20,514 | 22,491 | (8.8) |

⁽¹⁾ Excluding own generation consumption.

Electricity distribution

| Supply quality measures | January – March 2022 | January – March 2021 | % Var. |
|--|----------------------|----------------------|--------|
| Energy distributed (GWh) ⁽¹⁾ | 32,507 | 32,595 | (0.3) |
| Energy losses (%) ⁽²⁾ | 8.1 | 8.4 | – |
| Installed Capacity Equivalent Interruption Time (Average) – ICEIT (Minutes) ⁽³⁾ | 14.7 | 15.8 | (7.0) |
| Duration of Interruptions in the Distribution Grid – SAIDI (Minutes) ⁽⁴⁾ | 65.0 | 79.5 | (18.2) |
| Number of Interruptions in the Distribution Grid – SAIDI ⁽⁴⁾ | 1.3 | 1.5 | (13.3) |

⁽¹⁾ Energy supplied to customers with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).
⁽²⁾ 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).
⁽³⁾ Criteria of the Spanish regulator includes in-house, scheduled and the transmission of data of installed capacity equivalent interruption time (ICEIT).
⁽⁴⁾ Source: In-house. Figures for the last 12 months.

Marketing of other products and services

| Business performance | 31 March 2022 | 31 December 2021 | % Var. |
|--|---------------|------------------|--------|
| Public and private electricity charging stations (units) | 10,189 | 9,482 | 7.5 |

Workforce

Number of employees

| | Final headcount | | | | | | % Var. |
|-------------------------------------|-----------------|--------------|--------------|------------------|--------------|--------------|------------|
| | 31 March 2022 | | | 31 December 2021 | | | |
| | Male | Female | Total | Male | Female | Total | |
| Generation and Supply | 3,849 | 1,242 | 5,091 | 3,824 | 1,213 | 5,037 | 1.1 |
| Distribution | 2,352 | 469 | 2,821 | 2,358 | 470 | 2,828 | (0.2) |
| Structure and others ⁽¹⁾ | 726 | 683 | 1,409 | 712 | 681 | 1,393 | 1.1 |
| Total | 6,927 | 2,394 | 9,321 | 6,894 | 2,364 | 9,258 | 0.7 |

⁽¹⁾ Structure and services.

Number of employees

| | Average headcount | | | | | | % Var. |
|-------------------------------------|----------------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | January – March 2022 | | | January – March 2021 | | | |
| | Male | Female | Total | Male | Female | Total | |
| Generation and Supply | 3,787 | 1,215 | 5,002 | 3,543 | 1,024 | 4,567 | 9.5 |
| Distribution | 2,322 | 459 | 2,781 | 2,485 | 438 | 2,923 | (4.9) |
| Structure and others ⁽¹⁾ | 714 | 673 | 1,387 | 1,113 | 845 | 1,958 | (29.2) |
| Total | 6,823 | 2,347 | 9,170 | 7,141 | 2,307 | 9,448 | (2.9) |

⁽¹⁾ Structure and services.

5.2. Analysis of results

Endesa reported net ordinary income of euros 338 million in the first quarter of 2022, down 31.2% on the euros 491 million reported in the same period of the previous year.

Net ordinary income for the period January–March 2021 included a positive net impact of euros 194 million corresponding to Endesa's right to be compensated for the reduction in its remuneration as a generating company in the amount of the internalisation of the carbon dioxide (CO₂) emission rights assigned free of charge

under the National Emission Allowances Allocation Plan ("NAP"), which it was not legally obliged to bear.

Excluding the effect described in the previous paragraph, Endesa's net ordinary income in the first quarter of 2022 would have increased by euros 41 million (+13.8%) compared to the same period of the prior year.

The table below presents the details of the most relevant figures in Endesa's Consolidated Income Statement in the first quarter of 2022 and of their variations compared with the same period in the previous year:

| | Millions of euros | | | |
|--|----------------------|----------------------|----------------|---------------|
| | January – March 2022 | January – March 2021 | Difference | % Var. |
| Revenue | 7,596 | 4,774 | 2,822 | 59.1 |
| Procurements and services | (6,015) | (3,206) | (2,809) | 87.6 |
| Income and expenses from energy stocks derivatives | (125) | (36) | (89) | 247.2 |
| Contribution margin⁽¹⁾ | 1,456 | 1,532 | (76) | (5.0) |
| Self-constructed assets | 53 | 41 | 12 | 29.3 |
| Personnel expenses | (243) | (235) | (8) | 3.4 |
| Other fixed operating expenses | (355) | (319) | (36) | 11.3 |
| Other gains and losses | 3 | 1 | 2.0 | 200.0 |
| Gross profit from operations (EBITDA)⁽¹⁾ | 914 | 1,020 | (106) | (10.4) |
| Depreciation and amortisation, and impairment losses on non-financial assets | (390) | (372) | (18) | 4.8 |
| Impairment losses on financial assets | (35) | (32) | (3) | 9.4 |
| Profit from operations (EBIT)⁽¹⁾ | 489 | 616 | (127) | (20.6) |
| Net financial result⁽¹⁾ | (22) | 32 | (54) | N/A |
| Income before tax | 472 | 653 | (181) | (27.7) |
| Net income⁽¹⁾ | 338 | 491 | (153) | (31.2) |
| Net ordinary income⁽¹⁾ | 338 | 491 | (153) | (31.2) |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

Gross profit from operations (EBITDA) for the first quarter of 2022 stood at euros 914 million (-10.4%).

Profit from operations (EBIT) in the first quarter of 2022 dropped by 20.6% on the same period in the previous year, standing at euros 489 million.

Excluding the effect in January-March 2021 corresponding to Endesa's right to be compensated for the reduction

in its remuneration as a generating company in the amount of the internalisation of carbon dioxide (CO₂) emission rights amounting to euros 188 million, EBITDA and EBIT for the first quarter of 2022 would have increased by euros 82 million (+9.9%) and euros 61 million (+14.3%), respectively, compared to the same period of the prior year.

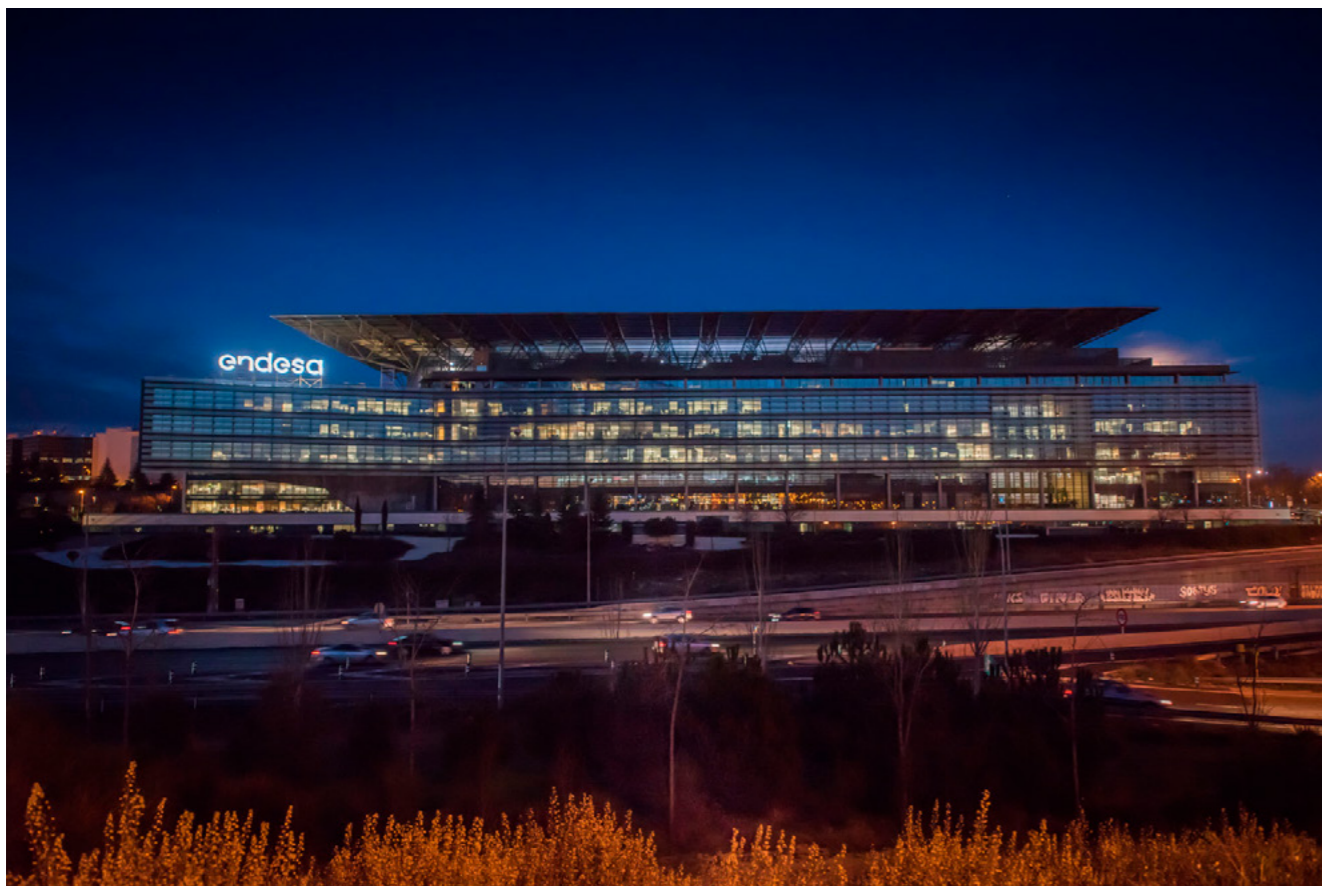
5.2.1. Revenue

In the first quarter of 2022, revenue stood at euros 7,596 million, up euros 2,822 million (+59.1%) on those obtained in the first quarter in 2021.

Below are details of the revenue for the first quarter of 2022 and its variations with respect to the same period of previous year:

Millions of euros

| | Revenue | | | |
|---------------------------------|----------------------|----------------------|--------------|-------------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Revenue from sales and services | 7,508 | 4,712 | 2,796 | 59.3 |
| Other operating income | 88 | 62 | 26 | 41.9 |
| Total | 7,596 | 4,774 | 2,822 | 59.1 |



Revenue from sales and services

The table below presents the details of Revenue from sales and services in the first quarter of 2022 and of its variations compared with the same period in the previous year:

Millions of euros

| | Revenue from sales and services | | | |
|---|---------------------------------|----------------------|--------------|---------------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Electricity sales | 5,264 | 3,337 | 1,927 | 57.7 |
| Sales to the deregulated market | 3,417 | 2,153 | 1,264 | 58.7 |
| Sales to the Spanish deregulated market | 3,029 | 1,868 | 1,161 | 62.2 |
| Sales to customers in deregulated markets outside Spain | 388 | 285 | 103 | 36.1 |
| Sales at regulated prices | 961 | 543 | 418 | 77.0 |
| Wholesale market sales | 857 | 349 | 508 | 145.6 |
| Compensation from Non-mainland Territories ("TNP") | (33) | 259 | (292) | N/A |
| Remuneration for investment in renewable energies | 54 | 27 | 27 | 100.0 |
| Other electricity sales | 8 | 6 | 2 | 33.3 |
| Gas sales | 1,596 | 669 | 927 | 138.6 |
| Sales to the deregulated market | 1,537 | 638 | 899 | 140.9 |
| Sales at regulated prices | 59 | 31 | 28 | 90.3 |
| Regulated revenue from electricity distribution | 472 | 510 | (38) | (7.5) |
| Verifications and clips | 8 | 10 | (2) | (20.0) |
| Rendering of services at facilities | 5 | 2 | 3 | 150.0 |
| Other sales and services rendered | 162 | 183 | (21) | (11.5) |
| Sales related to Value Added Services | 97 | 73 | 24 | 32.9 |
| Proceeds due to capacity | 4 | 4 | - | - |
| Sales of other energy stocks | 4 | 36 | (32) | (88.9) |
| Provision of services and Others | 57 | 70 | (13) | (18.6) |
| Lease revenue | 1 | 1 | - | - |
| Total | 7,508 | 4,712 | 2,796 | 59.3 |

Electricity sales to deregulated market customers

In the first quarter of 2022, sales on the deregulated market amounted to euros 3,417 million (+58.7%), in accordance with the following details:

| Sales to the deregulated market | Variation | |
|---------------------------------|--------------------------------|---|
| Spain | ▲ euros 1,161 million (+62.2%) | • The variation between the two periods is due to the increase in unit price, mainly from indexed customers of Business to Business (B2B), which offset the decrease in physical units sold (-4.6%) despite the increase in the number of customers (+12.0%). |
| Outside Spain | ▲ euros 103 million (+36.1%) | • The evolution of the unit price in the Portugal market has led to an increase, in economic terms, in sales revenues with similar physical units sold in both periods. |

Electricity sales at a regulated price

During the first quarter of 2022 these sales resulted in revenues of euros 961 million, 77.0% higher than in the first quarter of 2021, mainly as a result of the increase in price despite the decrease in the number of customers in the regulated market (-13.1%) as well as in physical units sold (-14.2%).

Electricity sales on the wholesale market

Revenues from sales to the wholesale market in the first quarter of 2022 amounted to euros 857 million (+145.6%) as a result of both the increase in physical units sold (11.0%) and the evolution of electricity prices during the period. In the first quarter of 2021 they included, in the amount of euros 188 million, the recognition by Endesa of the right to be compensated in the amount of the internalisation of the carbon dioxide (CO₂) emission rights freely assigned by the National Emission Rights Allocation Plan ("PNA"), which it had no legal duty to bear.

Remuneration for investment in renewable energies

The remuneration for investment in renewable energies in the first quarter of 2022 has meant an income of euros 54 million, which means an increase of euros 27 million (+100.0%) compared to the same period of the previous year, and includes the registration of an income of euros 24 million for the reversal of liabilities for adjustments for the market price deviation relating to those standard facilities (SF) which, at 31 March 2022, recovered their Net Asset Value (NAV), and will cease to receive Remuneration for Investment (Rinv) in the following regulatory semi-period.

Gas sales

Revenue from gas sales in the first quarter of 2022 amounted to euros 1,596 million, up euros 927 million (+138.6%) on those of the first quarter of 2021, as follows:

| Gas sales | Variation | |
|---------------------------|-------------------------------|--|
| Deregulated market | ▲ euros 899 million (+140.9%) | • The variation between the two periods is a consequence of the higher sales price in Business to Business (B2B) despite the decrease in physical units sold (-8.9%). |
| Regulated price | ▲ euros 28 million (+90.3%) | • The evolution of the unit price between the two periods, despite the decrease in the number of customers (-2.1%), has led to an increase in these sales in economic terms. |

Compensation from Non-mainland Territories ("TNP")

In the first quarter of 2022, compensation for the extra-costs from Non-mainland Territories ("TNP") generation totalled euros 33 million, negative, down euros 292 million on the same period of previous year, due mainly, to the increased arithmetic average price on the wholesale electricity market. This wholesale market price, which is settled on interim by the System Operator, reduces the need for compensation to cover the regulated revenues resulting from the applicable regulations.



Electricity distribution

During the first quarter of 2022 Endesa distributed 32,507 GWh on the Spanish market, 0.3% less than in the first quarter of 2021.

Regulated revenue from the distribution activity in the first quarter of 2022 amounted to euros 472 million, representing a reduction of euros 38 million (-7.5%) with respect to the same period in the previous year as a result of the re-liquidations recorded in 2021 (euros 32 million).

Other operating income

The table below presents the detail of other operating income in the first quarter of 2022 and its variation compared with the same period in the previous year:

| | Other operating income | | | |
|---|------------------------|----------------------|------------|-------------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Charge to results of facilities transferred from customers, connection extension rights and other liabilities from contracts with customers | 42 | 41 | 1 | 2.4 |
| Grants released to income ⁽¹⁾ | 12 | 7 | 5 | 71.4 |
| Third party compensations | 9 | 2 | 7 | 350.0 |
| Other | 25 | 12 | 13 | 108.3 |
| Total | 88 | 62 | 26 | 41.9 |

⁽¹⁾ In the period from January-March 2022, it included euros 8 million corresponding to grants related to assets and euros 4 million of grants related to income (euros 3 million and euros 4 million, respectively, in the period from January-March 2021).

5.2.2. Operating expenses

Operating expenses in the first quarter of 2022 amounted to euros 7,107 million, up 70.9% on the same period in the previous year.

The table below presents the detail of operating expenses in the first quarter of 2022 and its variation compared with the same period in the previous year:

| | Operating expenses | | | |
|--|----------------------|----------------------|--------------|-------------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Procurements and services | 6,015 | 3,206 | 2,809 | 876 |
| Energy purchases | 3,544 | 1,132 | 2,412 | 213.1 |
| Fuel consumption | 806 | 273 | 533 | 195.2 |
| Transmission expenses | 1,142 | 1,347 | (205) | (15.2) |
| Other variable procurements and services | 523 | 454 | 69 | 15.2 |
| Taxes and charges | 228 | 270 | (42) | (15.6) |
| Tax on electricity production | 2 | 72 | (70) | (97.2) |
| Rate for the treatment of radioactive waste | 58 | 57 | 1 | 1.8 |
| Street lighting / works licences | 77 | 48 | 29 | 60.4 |
| Nuclear charges and taxes | 30 | 31 | (1) | (3.2) |
| Catalonia environmental tax | 31 | 29 | 2 | 6.9 |
| Water tax | - | 15 | (15) | (100.0) |
| Other taxes and charges | 30 | 18 | 12 | 66.7 |
| Social Bonus | (16) | 14 | (30) | N/A |
| CO ₂ emission rights | 208 | 81 | 127 | 156.8 |
| Costs related to Value Added Services | 48 | 40 | 8 | 20.0 |
| Other | 55 | 49 | 6 | 12.2 |
| Income and Expenses from Energy Derivatives | 125 | 36 | 89 | 247.2 |
| Work carried out by the Group on its assets | (53) | (41) | (12) | 29.3 |
| Personnel expenses | 243 | 235 | 8 | 3.4 |
| Other fixed operating expenses | 355 | 319 | 36 | 11.3 |
| Other gains and losses | (3) | (1) | (2) | 200.0 |
| Depreciation and amortisation, and impairment losses on non-financial assets | 390 | 372 | 18 | 4.8 |
| Impairment losses on financial assets. | 35 | 32 | 3 | 9.4 |
| Total | 7,107 | 4,158 | 2,949 | 70.9 |

Procurements and services (variable costs)

Procurements and services (variable costs) totalled euros 6,015 million in the first quarter of 2022, up 87.6% on the same period of previous year.

The performance regarding these costs for the first quarter 2022 was:

| Procurements and Services | Variation | |
|---|---------------------------------|--|
| Energy purchases | ▲ euros 2,412 million (+213.1%) | <ul style="list-style-type: none"> The evolution is a consequence of an increase in the amount corresponding to electricity purchases due to the increase in the arithmetic average price in the wholesale electricity market (229.4 €/MWh; +407.5%) which has been partially offset by the decrease in the physical units purchased (-10.4%), as well as an increase of 4.4% corresponding to gas purchases for end customers together with an increase in the price of gas (99.2 €/MWh; +433.3%). |
| Fuel consumption | ▲ euros 533 million (+195.2%) | <ul style="list-style-type: none"> The increase is due to the evolution of commodity prices and the higher production with combined cycle plants in mainland Spain (+152.3%) and in the Non-mainland Territories ("TNP") (+26.9%). |
| Other variable procurements and services | ▲ euros 69 million (+15.2%) | |
| CO ₂ emission rights | ▲ euros 127 million (+156.8%) | <ul style="list-style-type: none"> The variation between the two periods is due to the evolution of the average price of carbon dioxide (CO₂) emission rights (+120.2%) as well as to the increase in tonnes (+31.0%). |
| Tax on electricity production | ▼ euros 70 million (-97.2%) | <ul style="list-style-type: none"> The reduction is due, among other reasons, to the extension of the temporary suspension of the tax on the value of electricity production in accordance with Royal Decree Law 17/2021 of 14 September. |
| Water tax | ▼ euros 15 million (-100.0%) | <ul style="list-style-type: none"> The change is due to the declaration of the unenforceability of the State Hydraulic Canon according to the Supreme Court Ruling of 19 April 2021. |
| Social Bonus | ▼ euros 30 million | <ul style="list-style-type: none"> The reduction is a consequence of the Supreme Court Ruling on the inapplicability of the financing scheme for the Social Bonus and the cost of electricity supply for consumers at risk of social exclusion established in article 45.4 of Law 24/2013, of 26 December, as it is 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. |



Income and expenses from energy stocks derivatives

Below are details of the revenue and expenses arising from energy stocks derivatives in the first quarter of 2022 and of their changes with respect to the previous year:

Millions of euros

| | January - March 2022 | January - March 2021 | Difference |
|--|----------------------|----------------------|----------------|
| Revenue | | | |
| Revenue from derivatives designated as hedging instruments | 804 | 7 | 797 |
| Revenue from cash flow hedging derivatives ⁽¹⁾ | 804 | 7 | 797 |
| Income from derivatives at fair value with changes in profit/loss | 1,940 | 221 | 1,719 |
| Revenue from fair value derivatives recognised in the income statement | 1,940 | 221 | 1,719 |
| Total revenue | 2,744 | 228 | 2,516 |
| Expenses | | | |
| Expenses from derivatives designated as hedging instruments | (974) | (29) | (945) |
| Expenses from cash flow hedging derivatives ⁽¹⁾ | (974) | (29) | (945) |
| Expenses from derivatives at fair value through profit and loss | (1,895) | (235) | (1,660) |
| Expenses on from fair value derivatives recognised in the income statement | (1,895) | (235) | (1,660) |
| Total expenses | (2,869) | (264) | (2,605) |
| Total | (125) | (36) | (89) |

⁽¹⁾ At 31 March 2022, it included euros 35 million, negative, in the Income Statement due to ineffectiveness (euros 7 million, positive, at 31 March 2021).

In the first quarter of 2022, total revenue and expenses arising from energy stocks derivatives amounted to euros 125 million, negative, compared to euros 36 million, also negative, in the same period of previous year, mainly due to the evolution of the valuation and settlement of electricity and gas derivatives as a result of the current situation in the energy markets, of the impact of the conflict between Russia-Ukraine on the main European gas market, which in turn has significantly affected the price of electricity on the Iberian spot market.

Fixed operating expenses

Below are details of the fixed operating costs in the first quarter of 2022 and of their variations with respect to the same period of previous year:

Millions of euros

| | January - March 2022 | January - March 2021 | Difference | % Var. |
|---------------------------------|----------------------|----------------------|------------|------------|
| Fixed operating expenses | | | | |
| Self-constructed assets | (53) | (41) | (12) | 29.3 |
| Personnel expenses | 243 | 235 | 8 | 3.4 |
| Other fixed operating expenses | 355 | 319 | 36 | 11.3 |
| Total | 545 | 513 | 32 | 6.2 |

In the first quarter of 2022, the fixed operating costs amounted to euros 545 million, which represents an increase of euros 32 million (+6.2%), in comparison with the first quarter of 2021, as a result, inter alia, of the following aspects:

| Fixed operating expenses | Variation | |
|--------------------------------------|-----------------------------|---|
| Workforce restructuring plans | ▲ euros 2 million (+50.0%) | • The evolution is due to the update of provisions for the workforce restructuring plans. |
| Maintenance and repair | ▲ euros 15 million (+24.5%) | • The increase is due to higher repair and maintenance costs for combined cycle and coal/fuel plants in the generation business (euros 6 million) and other environmental services related to network maintenance in the distribution business (euros 5 million). |
| Publicity | ▲ euros 4 million (+133.3%) | • The increase is due to the increase in advertising expenses for the marketing activity in line with the commercial effort to attract customers. |

Other gains and losses

In the first quarters of 2022 and 2021, the main transactions generated amounted to euros 3 million and euros 1 million, and relate mainly to the gross gains generated from the sale of land and buildings.

Depreciation and amortisation, and impairment losses on non-financial assets

The table below presents the details of depreciation and amortisation and impairment losses in the first quarter of 2022 and of its variations compared with the same period of the previous year:

| | Depreciation and amortisation and impairment losses | | | |
|---|---|----------------------|------------|------------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Depreciation and amortisation | 390 | 372 | 18 | 4.8 |
| Provision for the depreciation of property, plant and equipment | 329 | 317 | 12 | 3.8 |
| Provision for amortisation of intangible assets | 61 | 55 | 6 | 10.9 |
| Impairment losses on non-financial assets | - | - | - | N/A |
| Total | 390 | 372 | 18 | 4.8 |

Depreciation and amortisation and impairment losses on non-financial assets in the first quarter of 2022 amounted to euros 390 million, up euros 18 million (+4.8%) which corresponds in full to the depreciation and amortisation charge as a result, on the one hand, to the investment drive performed at electricity production systems and facilities, in line with Endesa's Strategic Plan and, and the other, to the commercial effort that has led to a higher activation of the incremental costs incurred in obtaining contracts with customers.

Impairment losses on financial assets

In the first quarter of 2022 and 2021, the breakdown of this Consolidated Income Statement heading is as follows:

| Millions of euros | January - March 2022 | January - March 2021 | Difference | % Var. |
|--|----------------------|----------------------|-------------|-------------|
| Provision for impairment losses | 103 | 83 | 20 | 24.1 |
| Provision for impairment losses on receivables from contracts with customers | 103 | 83 | 20 | 24.1 |
| Reversal for impairment losses | (68) | (51) | (17) | 33.3 |
| Reversal of impairment losses on receivables from contracts with customers | (68) | (51) | (17) | 33.3 |
| Total | 35 | 32 | 3 | 9.4 |

In the first quarter of 2022, net impairment losses on financial assets amounted to euros 35 million and relate in full to impairment losses on receivables from contracts with customers. This was due, among other things, to a higher expense of euros 9 million in the distribution business as a result of the deterioration in the payment behaviour of small energy trading companies due to the sharp rise in energy prices in recent months. This was offset, on the other hand, in the generation and supply business, by a provision reversal of euros 6 million as a result, among other things, of improved payment behaviour by both business-to-customer (B2C) and business-to-business (B2B) customers.

5.2.3. Net financial result

Net financial result of euros 22 million, negative, was reported in the first quarter of 2022 and net financial profit of euros 32 million was recognised in the first quarter of 2021.

The table below presents the detail of net financial result in the first quarter 2022 and its variation compared with the same period in the previous year:

| | Net Financial Result ⁽¹⁾ | | | |
|---|-------------------------------------|----------------------|-------------|--------------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Net financial expense | (16) | 34 | (50) | N/A |
| Financial income | 49 | 82 | (33) | (40.2) |
| Financial expense | (50) | (45) | (5) | 11.1 |
| Income and expenses on derivative financial instruments | (15) | (3) | (12) | 400.0 |
| Net exchange differences | (6) | (2) | (4) | 200.0 |
| Total | (22) | 32 | (54) | N/A |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

Net financial expense

In the first quarter of 2022, net financial expense amounted to euros 16 million, up euros 50 million on the same period of previous year.

To analyse the variations in net financial expense during the first quarter of 2022, the following effects must be taken into account:

| | Net financial Expense ⁽¹⁾ | | | |
|--|--------------------------------------|----------------------|-------------|------------|
| | January – March 2022 | January – March 2021 | Difference | % Var. |
| Net expenses for financial instruments at amortised cost | (32) | (35) | 3 | (8.6) |
| Update of provisions for workforce restructuring plans, the dismantling of facilities and the impairment of financial assets in accordance with IFRS 9 "Financial instruments" | 26 | 6 | 20 | 333.3 |
| Late-payment interest on the compensation of carbon dioxide (CO ₂) emission rights in 2006 | 1 | 70 | (69) | (98.6) |
| Factoring transaction fees | (8) | (7) | (1) | 14.3 |
| Income and expenses on derivative financial instruments | (15) | (3) | (12) | 400.0 |
| Income from financial assets and liabilities at fair value through profit and loss | 11 | 2 | 9 | 450.0 |
| Other | 1 | 1 | – | – |
| Total | (16) | 34 | (50) | N/A |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

The evolution of these costs in the first quarter of 2022 was as follows:

| Net financial expense | Variation | |
|---|------------------------------|---|
| Net Expenses for Amortised Cost Instruments | ▼ euros 3 million (-8,6%) | <ul style="list-style-type: none"> The average cost of gross financial debt has gone from 1.7% in the first quarter of 2021 to 1.0% in the first quarter of 2022. The average gross financial debt between the two periods has evolved from euros 8,240 million in the first quarter of 2021 to euros 12,616 million in the first quarter of 2022. |
| Provisions for Workforce Restructuring, Decommissioning and Impairment Plans (IFRS 9) | ▼ euros 20 million (+333,3%) | <ul style="list-style-type: none"> The evolution is mainly due to the update of provisions for workforce restructuring plans. |
| Late Interest on Indemnification of Carbon Dioxide (CO₂) Emission Rights for 2006 | ▲ euros 69 million (-98,6%) | <ul style="list-style-type: none"> In the first quarter of 2021, it included euros 70 million relating to late payment interest as a result of Endesa's recognition of the right to be compensated in the amount of the internalisation of carbon dioxide (CO₂) emission rights allocated free of charge by the National Emission Rights Allocation Plan ("PNA"), which it had no legal duty to bear. |

Net exchange differences

Net exchange losses amounted to euros 6 million in the first quarter of 2022 (losses of euros 2 million in the first quarter of 2021).

The variation is due mainly to the fluctuations in the euro/dollar exchange rate in the first quarter of 2022 and its impact on borrowings associated with rights of use corresponding to charter agreements for the transmission of liquefied natural gas (LNG).

5.2.4. Net income of companies accounted for using the equity method

In the first quarter of 2022 and 2021, companies accounted for using the equity method contributed net income of euros 5 million, broken down as follows:

| | Net income of companies accounted for using the equity method | |
|---|---|----------------------|
| | January – March 2022 | January – March 2021 |
| Associates | 6 | 1 |
| Tecnatom, S.A. | – | 1 |
| Boiro Energía, S.A. | 2 | – |
| Compañía Eólica Tierras Altas, S.A. | 1 | – |
| Other | 3 | – |
| Joint Ventures | (1) | 4 |
| Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A. | (1) | 1 |
| Suministradora Eléctrica de Cádiz, S.A. | – | 1 |
| Other | – | 2 |
| Total | 5 | 5 |

5.2.5. Income tax

In the first quarter of 2022, the income tax expense amounted to euros 109 million, down euros 50 million (-31.4%) on the amount recognised in the first quarter of 2021.

The effective rate from January–March 2022 stood at 23.1% (24.4% from January–March 2021), as a result mainly of the increased materialisation of tax relief for the production of movable tangible goods in the Canary Islands.

5.2.6. Net income and net ordinary income

Net income and net ordinary income attributable to the Parent in the first quarter of 2022 stood at euros 338 million, a decrease of euros 153 million (-31.2%) compared with the amounts obtained in the same period of the previous year.

Net ordinary income and net income in the first quarter of 2021 included a positive net impact of euros 194 million relating to Endesa's right to be compensated for the reduction in its remuneration as a generating company in

the amount of the internalisation of the carbon dioxide (CO₂) emission rights assigned free of charge under the National Emission Allowances Allocation Plan (NAP), which it was not legally obliged to bear.

Excluding the effect described in the previous paragraph, Endesa's net ordinary income and net income in the first quarter of 2022 would have increased by euros 41 million (+13.8%) compared to the same period of the prior year.

6. Equity and financial analysis

6.1. Net invested capital

At 31 March 2022, the detail of the composition and evolution of Endesa's net invested capital is as follows:

| Millions of euros | 31 March 2022 | 31 December 2021 | Difference |
|---|----------------|------------------|----------------|
| Net non-current assets: | | | |
| Property, plant and equipment and intangible assets | 23,614 | 23,639 | (25) |
| Goodwill | 462 | 462 | – |
| Investments accounted for using the equity method | 172 | 180 | (8) |
| Other Net Non-Current Assets/(Liabilities) | (7,320) | (4,282) | (3,038) |
| Total net non-current assets⁽¹⁾ | 16,928 | 19,999 | (3,071) |
| Net working capital: | | | |
| Trade receivables for sales and services and other receivables | 6,264 | 5,024 | 1,240 |
| Inventories | 1,461 | 1,343 | 118 |
| Other Net Current Assets/(Liabilities) | 103 | (2,226) | 2,329 |
| Suppliers and other payables | (6,013) | (6,071) | 58 |
| Total net working capital⁽¹⁾ | 1,815 | (1,930) | 3,745 |
| Gross invested capital⁽¹⁾ | 18,743 | 18,069 | 674 |
| Deferred tax assets and liabilities and provisions: | | | |
| Provisions for pensions and other similar obligations | (655) | (659) | 4 |
| Other provisions | (4,001) | (3,936) | (65) |
| Deferred tax assets and liabilities | 1,181 | 876 | 305 |
| Total deferred tax assets and liabilities and provisions | (3,475) | (3,719) | 244 |
| Non-current assets classified as held for sale and discontinued operations | 27 | – | 27 |
| Net invested capital⁽¹⁾ | 15,295 | 14,350 | 945 |
| Equity⁽²⁾ | 4,961 | 5,544 | (583) |
| Net financial debt^{(1) (3)} | 10,334 | 8,806 | 1,528 |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

⁽²⁾ See Section 6.3 of this Consolidated Management Report.

⁽³⁾ See Section 6.2 of this Consolidated Management Report.

As at 31 March 2022, gross invested capital amounted to euros 18,743 million and its evolution in the first quarter of 2022 includes, among others, the following aspects:

| Heading | Variation | |
|--|---------------------------------|--|
| Asset Derivative Financial Instruments | ▲ euros 4,702 million (+148.1%) | The variation between the two periods is due mainly to the evolution of the valuation and settlement of electricity and gas derivatives as a consequence of the current situation on the energy markets. |
| Liability Derivative Financial Instruments | ▲ euros 5,277 million (+96.7%) | |
| Trade receivables for sales and services rendered and other receivables | ▲ euros 1,240 million (+24.7%) | The change between the two periods is due, among other things, to the increase in the unit price, mainly of indexed customers in Business to Business (B2B). |

At 31 March 2022, the net invested capital amounted to euros 15,295 million and its development in the first quarter of 2022 includes, on the one hand, the change in gross invested capital of euros 674 million and, on the other hand, the items detailed below:

| Heading | Variation | |
|---|-----------------------------|---|
| Provisions for Workforce Restructuring Plans | ▼ euros 78 million (-7.8%) | The change between the two periods is mainly due to the payment of provisions. |
| Other Provisions | ▲ euros 144 million (+4.9%) | The increase in other provisions is mainly due to the net effect of: <ul style="list-style-type: none"> • The allocation of the provision to cover the cost of carbon dioxide (CO₂) emission rights in the amount of euros 208 million. • The quarterly update of the estimated decommissioning costs of the facilities charged to tangible fixed assets, which have led to a decrease in the provision of euros 51 million. |

6.2. Financial management

6.2.1. Borrowings

Net financial debt

At 31 March 2022, Endesa had net financial debt of euros 10,334 million, an increase of euros 1,528 million (+17.4%), with respect to that existing at 31 December 2021.

The reconciliation of Endesa's gross and net financial debt at 31 March 2022 and 31 December 2021 is as follows:

| Millions of euros | Reconciliation of borrowings | | | |
|---|------------------------------|------------------|--------------|-------------|
| | 31 March 2022 | 31 December 2021 | Difference | % Var. |
| Non-current borrowings | 8,823 | 7,211 | 1,612 | 22.4 |
| Current borrowings | 4,661 | 3,167 | 1,494 | 47.2 |
| Gross financial debt | 13,484 | 10,378 | 3,106 | 29.9 |
| Debt derivatives recognised as financial assets | 13 | 14 | (1) | (7.1) |
| Cash and cash equivalents | (565) | (703) | 138 | (19.6) |
| Debt derivatives recognised as assets | (37) | (7) | (30) | 428.6 |
| Financial guarantees recognised as assets | (2,561) | (876) | (1,685) | 192.4 |
| Net financial debt | 10,334 | 8,806 | 1,528 | 17.4 |

Structure

The structure of Endesa's gross financial debt at 31 March 2022 and 31 December 2021, was as follows:

| Millions of euros | | | | |
|--|-----------------------------------|------------------|--------------|-------------|
| | Structure of gross financial debt | | | |
| | 31 March 2022 | 31 December 2021 | Difference | % Var. |
| Euro | 13,287 | 10,177 | 3,110 | 30.6 |
| US dollar (USD) | 197 | 201 | (4) | (2.0) |
| Total | 13,484 | 10,378 | 3,106 | 29.9 |
| Fixed rate | 5,447 | 5,476 | (29) | (0.5) |
| Floating rate | 8,037 | 4,902 | 3,135 | 64.0 |
| Total | 13,484 | 10,378 | 3,106 | 29.9 |
| Sustainable financing (%) ⁽¹⁾ | 65 | 60 | – | – |
| Average life (no. of years) ⁽¹⁾ | 4.0 | 4.4 | – | – |
| Average cost (%) ⁽¹⁾ | 1.0 | 1.5 | – | – |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

At 31 March 2022, gross financial debt subject to fixed interest rates accounted for 40% while 60% was subject to floating rates. At this date, 99% of the Company's gross financial debt was denominated in euros.

Maturity

At 31 March 2022, the breakdown of the nominal value of gross financial debt by maturity was as follows:

| Millions of euros | | | | | | | | | |
|--|----------------------------------|---------------|--------------|--------------|----------------|--------------|--------------|------------|------------------|
| | Carrying amount at 31 March 2022 | Nominal value | | | Total maturity | | | | |
| | | Current | Non-current | 2022 | 2023 | 2024 | 2025 | 2026 | Subsequent years |
| Bonds and other negotiable securities | 3,835 | 3,818 | 12 | 3,818 | – | – | – | – | 12 |
| Bank borrowings | 4,422 | 387 | 4,047 | 101 | 403 | 1,240 | 247 | 451 | 1,992 |
| Other financial liabilities | 5,227 | 455 | 4,772 | 431 | 83 | 3,079 | 983 | 81 | 570 |
| Borrowings associated with rights of use | 925 | 85 | 840 | 62 | 81 | 78 | 73 | 75 | 556 |
| Other | 4,302 | 370 | 3,932 | 369 | 2 | 3,001 | 910 | 6 | 14 |
| Total | 13,484 | 4,660 | 8,831 | 4,350 | 486 | 4,319 | 1,230 | 532 | 2,574 |

6.2.2. Other matters

Main financial transactions

In the first quarter of 2022, Endesa maintained the SDG 7 Euro Commercial Paper (ECP) emissions programme and the outstanding nominal balance thereof at 31 March 2022 was equal to euros 3,818 million, and its renewal is backed by irrevocable bank credit lines. This Programme incorporates sustainability objectives, in line with Endesa's Strategic Plan.

To reinforce its liquidity position, at the date of approval of this Consolidated Management Report, the following financial transactions were performed, and most of them incorporated sustainability goals:

| Millions of euros | | | | |
|-----------------------------------|---------------------------------|------------------|------------------|--------------|
| Transactions | Counterparty | Signature date | Maturity date | Amount |
| Loan ^{(1) (2)} | Instituto de Crédito Oficial | 20 December 2021 | 20 December 2033 | 300 |
| Loan ^{(1) (2)} | European Investment Bank | 21 December 2021 | 28 March 2037 | 250 |
| Loan ^{(3) (5)} | CaixaBank, S.A. | 25 March 2022 | 8 April 2027 | 500 |
| Loan | CaixaBank, S.A. | 25 March 2022 | 8 April 2023 | 400 |
| Loan | Ibercaja, S.A. | 30 March 2022 | 30 March 2023 | 50 |
| Loan | Sabadell, S.A. | 31 March 2022 | 31 March 2023 | 175 |
| Loan | BBVA, S.A. | 31 March 2022 | 8 April 2023 | 300 |
| Loan | Santander, S.A. | 31 March 2022 | 8 April 2023 | 275 |
| Loan | Bankinter, S.A. | 31 March 2022 | 1 April 2023 | 25 |
| Loan ⁽³⁾ | Bankinter, S.A. | 31 March 2022 | 1 April 2027 | 75 |
| Loan ^{(3) (5)} | Banco Cooperativo Español, S.A. | 8 April 2022 | 19 April 2027 | 50 |
| Loan | Intesa San Paolo, S.P.A. | 19 April 2022 | 19 April 2023 | 100 |
| Loan ^{(3) (5)} | ING Bank NV Sucursal en España | 29 April 2022 | 2027 | 50 |
| Line of Credit ^{(1) (6)} | CaixaBank, S.A. | 25 March 2022 | 25 March 2025 | 50 |
| Line of Credit ^{(4) (6)} | Ibercaja, S.A. | 30 March 2022 | 25 March 2025 | 20 |
| Line of Credit ^{(4) (6)} | Kutxabank, S.A. | 31 March 2022 | 25 March 2025 | 50 |
| Line of Credit ^{(4) (6)} | Sabadell, S.A. | 31 March 2022 | 25 March 2025 | 25 |
| Line of Credit ⁽¹⁾ | Santander, S.A. | 31 March 2022 | 31 March 2025 | 25 |
| Line of Credit ⁽¹⁾ | Intesa San Paolo, S.P.A. | 19 April 2022 | 19 April 2025 | 100 |
| Total | | | | 2,820 |

⁽¹⁾ 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 (CO₂) equivalent to 150 gCO₂eq/kWh in 2023.

⁽²⁾ The payments were made on 17 January 2022 and 28 March 2022, respectively. Both loans are earmarked to finance renewable energy production facilities.

⁽³⁾ 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 (CO₂) equivalent to 145 gCO₂eq/kWh in 2024.

⁽⁴⁾ 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 capacity at 31 December 2022.

⁽⁵⁾ Relates to loans not paid at the date of approval of this Consolidated Management Report.

⁽⁶⁾ Extension of existing credit lines.

The Russia-Ukraine conflict is affecting the markets from various angles. Also, it is causing significant upward pressure on raw material and food prices, since Russia and Ukraine are leading global exporters and the conflict accompanies the interruptions in global

logistics chains. Price rises are being reflected by a considerable rise in interest rates in euros at long term. In the case of the five-year rate, the index rose from -0.3% to +1% in the last twelve months. Lastly, the global uncertainty is also affecting credit markets, with rises in risk premiums, both in the area of sovereign and corporate debt.

Liquidity

At 31 March 2022, Endesa had liquidity of euros 4,403 million (euros 5,520 million at 31 December 2021), as detailed below:

Millions of euros

| | Liquidity | | | |
|---|---------------|------------------|----------------|---------------|
| | 31 March 2022 | 31 December 2021 | Difference | % Var. |
| Cash and cash equivalents | 565 | 703 | (138) | (19.6) |
| Freely available on credit lines ⁽¹⁾ | 3,838 | 4,817 | (979) | (20.3) |
| Total | 4,403 | 5,520 | (1,117) | (20.2) |
| Coverage of debt maturities (number of months) ⁽²⁾ | 23 | 33 | – | – |

⁽¹⁾ At 31 March 2022, euros 800 million relates to the available credit line with Enel Finance International N.V. (euros 1,700 million at 31 December 2021).

⁽²⁾ See definition in Section 11 of this Consolidated Management Report.

Treasury investments considered to be "Cash and cash equivalents" are highly liquid and involve no risks of changes in value, mature within three months of their contract date and accrue interest at the market rates for such instruments.

At 31 March 2022, Endesa had negative working capital of euros 2,956 million. The undrawn amount on its non-current lines of credit, together with its current assets, provide sufficient coverage of the Company's current payment obligations and provide assurance that Endesa will be able to obtain sufficient financial resources to continue to operate, and to realise its assets and settle its liabilities for the amounts shown in the consolidated statement of financial position.

The undrawn credit lines also secure the refinancing of current borrowings presented under "Non-current borrowings" in

the accompanying Consolidated Statement of Financial Position, which amounted to euros 32 million at 31 March 2022 (euros 33 million at 31 December 2021).

Financial stipulations

The borrowings of some Endesa companies includes the usual covenants in this type of agreement (see Note 43.4.3 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2021).

At the date of approval of this Consolidated Management Report, 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 liabilities.

6.3. Capital Management

In the first quarter of 2022, Endesa followed the same capital management policy as that described in Note 35.1.12 to the Consolidated Financial Statements for the year ended 31 December 2021.

At the date on which this Consolidated Management Report was approved, Endesa, S.A. had no commitments to obtain funds through its own sources of finance.

6.3.1. Equity

At 31 March 2022 and 31 December 2021, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of euros

| | 31 March 2022 | 31 December 2021 |
|--|---------------|------------------|
| Total equity of the Parent | 4,772 | 5,380 |
| Share capital | 1,271 | 1,271 |
| Share premium | 89 | 89 |
| Legal reserve | 254 | 254 |
| Revaluation reserve | 404 | 404 |
| Other reserves | 106 | 106 |
| (Shares in own equity instruments) | (3) | (3) |
| Retained earnings | 5,607 | 5,798 |
| Interim dividend | – | (529) |
| Other equity instruments | 2 | 2 |
| Reserve for actuarial gains and losses | (455) | (455) |
| Adjustments due to changes in value | (2,503) | (1,557) |
| Translation differences | – | – |
| Reserve for the restatement of unrealised assets and liabilities | (2,503) | (1,557) |
| Total equity of non-controlling interests | 189 | 164 |
| TOTAL EQUITY | 4,961 | 5,544 |

6.3.2. Leverage

Endesa considers its consolidated leverage to be an indicator to monitor its financial position. Details of this ratio at 31 March 2022 and 31 December 2021 are as follows:

Millions of euros

| | Leverage | | % Var. |
|---|---------------|------------------|---------------|
| | 31 March 2022 | 31 December 2021 | |
| Net financial debt: | 10,334 | 8,806 | 17.4 |
| Non-current borrowings | 8,823 | 7,211 | 22.4 |
| Current borrowings | 4,661 | 3,167 | 47.2 |
| Debt derivatives recognised as financial assets | 13 | 14 | (7.1) |
| Cash and cash equivalents | (565) | (703) | (19.6) |
| Debt derivatives recognised as assets | (37) | (7) | 428.6 |
| Financial guarantees recognised as assets | (2,561) | (876) | 192.4 |
| Equity: | 4,961 | 5,544 | (10.5) |
| Of the Parent | 4,772 | 5,380 | (11.3) |
| Non-controlling interests | 189 | 164 | 15.2 |
| Leverage (%)⁽¹⁾ | 208.30 | 158.84 | - |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

6.3.3. Financial indicators

| Financial indicators ⁽¹⁾ | 31 March 2022 | 31 December 2021 |
|---|----------------------|----------------------|
| | Liquidity ratio | 0.86 |
| Solvency ratio | 0.90 | 0.85 |
| Debt ratio (%) | 67.56 | 61.37 |
| Debt coverage ratio | 2.83 | 2.06 |
| Net financial debt / Fixed assets (%) | 42.82 | 36.45 |
| Net financial debt / Funds from operations | 4.37 | 2.67 |
| (Funds from operations + Interest expenses) / Interest expenses | 32.11 ⁽²⁾ | 60.56 ⁽³⁾ |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.⁽²⁾ January-March 2022.⁽³⁾ January-March 2021.

6.4. Management of credit ratings

Endesa's credit ratings are as follows:

| | Credit rating | | | | | | | |
|-------------------|------------------------------|---------|---------|---------------------|---------------------------------|------------|---------|--|
| | 31 March 2022 ⁽¹⁾ | | | | 31 December 2021 ⁽¹⁾ | | | |
| | Non-current | Current | Outlook | Date of last report | Long term | Short term | Outlook | |
| Standard & Poor's | BBB+ | A-2 | Stable | 21 December 2021 | BBB+ | A-2 | Stable | |
| Moody's | Baa1 | P-2 | Stable | 11 January 2022 | Baa1 | P-2 | Stable | |
| Fitch | BBB+ | F2 | Stable | 12 April 2022 | BBB+ | F2 | Stable | |

⁽¹⁾ At the respective dates of approval of the Consolidated Management Report.

Endesa's credit rating is influenced by the rating of its Parent Enel, according to the methods employed by rating agencies, and, on the date of approval of this Consolidated Management Report, it has been 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.

6.5. Cash flows

At 31 March 2022 and 31 December 2021, cash and cash equivalents were as follows (see Section 6.2 of this Consolidated Management Report):

| | Cash and cash equivalents | | | |
|---------------------------|---------------------------|------------------|--------------|---------------|
| | 31 March 2022 | 31 December 2021 | Difference | % Var. |
| Cash in hand and at banks | 565 | 703 | (138) | (19.6) |
| Other cash equivalents | - | - | - | N/A |
| Total | 565 | 703 | (138) | (19.6) |

Endesa's net cash flows in the first quarters of 2022 and 2021, classified by activities (operating, investing and financing) were as follows:

| | Statement of cash flows | | | |
|--|-------------------------|----------------------|------------|--------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Net cash flows from operating activities | (476) | 583 | (1,059) | N/A |
| Net cash flows from investing activities | (2,239) | (445) | (1,794) | 403.1 |
| Net cash flows from financing activities | 2,577 | (67) | 2,644 | N/A |

In the first quarter of 2022, cash flows from financing activities (euros 2,577 million) and the reduction of cash and cash equivalents (euros 138 million) have helped to

cover net cash flows used in operating activities (euros 476 million) and the net payments arising from investing activities (euros 2,239 million).

6.5.1. Net cash flows from operating activities

In the first quarter of 2022, net cash flows from operating activities amounted to euros 476 million, negative, (euros 583 million, positive, in the first quarter of 2021), as follows:

| | Statement of cash flows | | | |
|--|-------------------------|----------------------|----------------|---------------|
| | January - March 2022 | January - March 2021 | Difference | % Var. |
| Gross profit before tax | 472 | 653 | (181) | (27.7) |
| Adjustments for: | 252 | 422 | (170) | (40.3) |
| Depreciation and amortisation and impairment losses | 425 | 404 | 21 | 5.2 |
| Other adjustments (net) | (173) | 18 | (191) | N/A |
| Changes in working capital: | (1,120) | (411) | (709) | 172.5 |
| Trade and other receivables | (1,198) | (203) | (995) | 490.1 |
| Inventories | (125) | (177) | 52 | (29.4) |
| Current financial assets | (168) | 27 | (195) | N/A |
| Trade payables and other current liabilities | 371 | (58) | 429 | N/A |
| Other cash flows from operating activities: | (80) | (81) | 1 | (1.2) |
| Interest received | 10 | 5 | 5 | 100.0 |
| Dividends received | - | 1 | (1) | (100.0) |
| Interest paid ⁽¹⁾ | (19) | (16) | (3) | 18.8 |
| Income tax paid | 2 | (2) | 4 | N/A |
| Other receipts from and payments for operating activities ⁽²⁾ | (73) | (69) | (4) | 5.8 |
| Net cash flows from operating activities | (476) | 583 | (1,059) | N/A |

⁽¹⁾ Includes interest payments on borrowings for rights of use amounting to euros 9 million from January-March 2022 and euros 8 million from January-March 2021.⁽²⁾ Relating to payments of provisions.

The variations in the main items determining the net cash flows from operating activities are as follows:

| Headings | Variation | |
|---|-------------------------------|--|
| Gross profit before tax and adjustments to profit and loss | ▼ euros 351 million (-32.7%) | See Section 5.2 of this Consolidated Management Report. |
| Changes in working capital | ▼ euros 709 million (+172.5%) | <p>The decrease in this heading is the result of the combination of the following effects:</p> <ul style="list-style-type: none"> • The increase of trade and other receivables in the amount of euros 995 million. • The decrease in inventory payments of euros 52 million. • The increase of regulatory receivables in the amount of 195 million euros (euros 86 million for tariff deficit, euros 28 million for compensation for the excess costs of generation in the Non-mainland Territories ("TNP"), euros 30 million for limiting the increase in the gas Tariff of Last Resort (LRT) and euros 51 million for the remuneration for investment in renewable energies). • The decrease in payments to trade creditors in the amount of euros 429 million. |

In the first quarter of 2022, Endesa has also continued with its active management policy for current assets and liabilities, focusing, among other aspects, on the improvement of processes, the factoring of receivables and agreements extending payment periods with suppliers.

6.5.2. Net cash flows from investing activities

In the first quarter of 2022, net cash flows used in investing activities totalled euros 2,239 million (euros 445 million in the first quarter of 2021), including, among other aspects:

Cash receipts and payments used to acquire property, plant and equipment and intangible assets:

| Millions of euros | January – March 2022 | January – March 2021 |
|--|----------------------|----------------------|
| Acquisitions of property, plant and equipment and intangible assets | (495) | (392) |
| Acquisitions of property, plant and equipment ⁽¹⁾ | (311) | (217) |
| Acquisitions of intangible assets | (92) | (55) |
| Facilities transferred from customers | 24 | 15 |
| Non-current asset suppliers | (116) | (135) |
| Proceeds from sale of property, plant and equipment and intangible assets | 5 | 2 |
| Other receipts from and payments for investing activities⁽²⁾ | 17 | 18 |
| Total | (473) | (372) |

⁽¹⁾ The period from January-March 2022 does not include additions for rights of use amounting to euros 1 million (euros 4 million in the period from January-March 2021).

⁽²⁾ Relating to collections of subsidies and new facilities requested by customers.

Cash payments for investments and/or receipts from disposals of holdings in Group companies:

| Millions of euros | January – March 2022 | January – March 2021 |
|---|----------------------|----------------------|
| Investments in Group companies | (21) | (20) |
| Companies acquired by Enel Green Power España, S.L.U. (EGPE) ⁽¹⁾ | (21) | (20) |
| Disposals of investments in Group companies | – | – |
| Total | (21) | (20) |

⁽¹⁾ Includes payments totalling euros 6 million, corresponding to Parque Eólico Tico, S.L.U., acquired in 2020, which were still pending at the acquisition date and contingent on compliance with various contractual stipulations.

Cash payments and receipts used in acquisitions and/or disposals of other investments:

| Millions of euros | January – March 2022 | January – March 2021 |
|---|----------------------|----------------------|
| Purchase of other investments | (1,751) | (59) |
| Remuneration of non-current distribution activity | (60) | (50) |
| Financial collateral | (1,685) | (1) |
| Other financial assets | (6) | (8) |
| Proceeds from sale of other investments | 6 | 6 |
| Other financial assets | 6 | 6 |
| Total | (1,745) | (53) |

6.5.3. Net cash flows from financing activities

In the first quarter of 2022, net cash flows from financing activities amounted to euros 2,577 million (euros 67 million, negative, in the first quarter of 2021), mainly including the following aspects:

Cash flows from equity instruments:

| Millions of euros | January – March 2022 | January – March 2021 |
|--|----------------------|----------------------|
| Return of contribution of Endesa Soluciones, S.L. | – | 4 |
| Return of funds from Bosa del Ebro, S.L. | – | (1) |
| Contributions of shareholders Infraestructuras San Serván SET 400 kV, S.L. | (4) | – |
| Total | (4) | 3 |

Drawdowns of non-current borrowings:

| Millions of euros | January – March 2022 | January – March 2021 |
|---|----------------------|----------------------|
| Drawdowns on the CaixaBank, S.A. and Kutxabank, S.A credit lines | 250 | – |
| Drawdowns on credit line with Enel Finance International, N.V. | 900 | – |
| Drawdowns of the green loan arranged with the European Investment Bank (EIB) | 250 | – |
| Drawdowns on the green loan arranged with the Spanish Official Credit Institute ("ICO") | 300 | – |
| Drawdowns on credit lines | – | 32 |
| Other | 10 | – |
| Total | 1,710 | 32 |

Reimbursements of non-current borrowings:

| Millions of euros | January – March 2022 | January – March 2021 |
|-------------------|----------------------|----------------------|
| Other | (4) | (3) |
| Total | (4) | (3) |

Amortisation and drawdowns of current borrowings:

| Millions of euros | January – March 2022 | January – March 2021 |
|---|----------------------|----------------------|
| Drawdowns | | |
| Issues of Euro Commercial Paper (ECP) | 4,824 | 2,416 |
| Drawdowns on the Ibercaja Banco S.A. and Banco de Sabadell, S.A. loans. | 225 | – |
| Other | 341 | 24 |
| Depreciation and amortisation | | |
| Amortisation of Euro Commercial Paper (ECP) | (3,921) | (1,740) |
| Payments of right-of-use contracts | (24) | (17) |
| Amortisation of European Investment Bank (EIB) Green Loan | (33) | (33) |
| Other | (8) | (5) |
| Total | 1,404 | 645 |














Dividends paid:

| Millions of euros | January – March 2022 | January – March 2021 |
|--|----------------------|----------------------|
| Dividends of the Parent paid | (529) | (741) |
| Dividends paid to non-controlling interests ⁽¹⁾ | – | (3) |
| Total | (529) | (744) |

⁽¹⁾ Corresponding to companies of Enel Green Power España, S.L.U. (EGPE).

6.6. Investments

In the first quarter of 2022, gross investments in property, plant and equipment and intangible assets amounted to euros 404 million as follows:

| Millions of euros | Investments ⁽¹⁾ | | |
|--|----------------------------|----------------------|---------------|
| | January – March 2022 | January – March 2021 | % Var. |
| Generation and supply | 133 | 91 | 46.2 |
|  Conventional generation ⁽²⁾ | 25 | 31 | (19.4) |
|  Renewable generation | 104 | 56 | 85.7 |
|  Energy supply | – | – | N/A |
|  Marketing of other products and services | 4 | 4 | – |
|  Distribution | 178 | 128 | 39.1 |
|  Structure, services and others ⁽³⁾ | 1 | 2 | (50.0) |
| TOTAL PP&E ⁽⁴⁾⁽⁵⁾ | 312 | 221 | 41.2 |
| Generation and supply | 85 | 40 | 112.5 |
|  Conventional generation | 3 | 3 | – |
|  Renewable generation | 4 | 2 | 100.0 |
|  Energy supply | 67 | 29 | 131.0 |
|  Marketing of other products and services | 11 | 6 | 83.3 |
|  Distribution | 3 | 14 | (78.6) |
|  Structure, services and others ⁽³⁾ | 4 | 1 | 300.0 |
| TOTAL INTANGIBLE ASSETS ⁽⁵⁾ | 92 | 55 | 67.3 |
| TOTAL GROSS INVESTMENTS | 404 | 276 | 46.4 |
| Capital grants and facilities sold | (41) | (33) | 24.2 |
|  Distribution | (41) | (33) | 24.2 |
| TOTAL NET INVESTMENTS ⁽⁶⁾ | 363 | 243 | 49.4 |

⁽¹⁾ Does not include company acquisitions made in the year (see Section 4.2 of this Consolidated Management Report).

⁽²⁾ The first quarter of 2022 includes property, plant and equipment gross investments in the Non-mainland Territories ("TNP") for euros 8 million (euros 6 million in the first quarter of 2021).

⁽³⁾ Structure, services and adjustments.

⁽⁴⁾ The first quarter of 2022 includes additions for rights of use amounting to euros 1 million (euros 4 million in the first quarter of 2021).

⁽⁵⁾ The first quarter of 2022 included euros 397 million (98.4%), relating to gross investments for products, services and technologies low in carbon (euros 262 million (94.9%) in the first quarter of 2021).

⁽⁶⁾ See definition in Section 11 of this Consolidated Management Report.

Information relating to the main investments in Section 7 of this Consolidated Management Report.

7. Segment Information

7.1. Segmentation criteria

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. Hence, segment financial reporting is based on the approach used by the Company's Executive Management Committee to monitor Endesa's results and includes:

- Generation, together with Supply, given the joint management of the integrated margin;
- Distribution;








- Structure, mainly including the balances and transactions of holding companies of the holdings and of the financing and service provision companies; and
- Consolidation Adjustments and Eliminations, including the inter-segment consolidation eliminations and adjustments.

Transactions between Segments form part of normal business activities in terms of their purpose and terms and conditions.

7.2. Segment information

7.2.1. Segment information: Consolidated Income Statements for the periods January–March 2022 and 2021

Millions of euros

| | January - March 2022 | | | | | | | | | Total |
|---|---|---|---|---|---|----------------|---|---|--|----------------|
| | Generation and Supply | | | | | Total | Distribution | Structure and services | Consolidation adjustments and eliminations | |
| | Conventional generation ⁽¹⁾ | Renewable generation | Energy supply | Marketing of other products and services | Generation and supply adjustments and eliminations | | | | | |
| |  |  |  |  |  | |  |  | | |
| REVENUE | 2,689 | 284 | 6,400 | 89 | (2,418) | 7,044 | 593 | 96 | (137) | 7,596 |
| Third-party interest | 713 | 163 | 6,074 | 88 | – | 7,038 | 555 | 3 | – | 7,596 |
| Revenue from transactions between segments | 1,976 | 121 | 326 | 1 | (2,418) | 6 | 38 | 93 | (137) | – |
| PROCUREMENTS AND SERVICES | (1,598) | (53) | (6,719) | (41) | 2,396 | (6,015) | (35) | – | 35 | (6,015) |
| INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES | (407) | (14) | 296 | – | – | (125) | – | – | – | (125) |
| CONTRIBUTION MARGIN⁽³⁾ | 684 | 217 | (23)⁽²⁾ | 48 | (22) | 904 | 558 | 96 | (102) | 1,456 |
| FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES | (206) | (73) | (138) | (24) | 22 | (419) | (126) | (99) | 102 | (542) |
| GROSS PROFIT FROM OPERATIONS (EBITDA)⁽³⁾ | 478 | 144 | (161) | 24 | – | 485 | 432 | (3) | – | 914 |
| Depreciation and amortisation, and impairment losses on non-financial assets | (127) | (53) | (25) | (8) | – | (213) | (164) | (13) | – | (390) |
| Depreciation and amortisation | (127) | (53) | (25) | (8) | – | (213) | (164) | (13) | – | (390) |
| Provision for impairment of non-financial assets | – | – | – | – | – | – | – | – | – | – |
| Reversal of impairment of non-financial assets | – | – | – | – | – | – | – | – | – | – |
| Impairment losses on financial assets. | (3) | (7) | (17) | (2) | – | (29) | (6) | – | – | (35) |
| Provision for impairment of financial assets | (5) | (7) | (61) | (2) | – | (75) | (28) | – | – | (103) |
| Reversal of impairment of financial assets | 2 | – | 44 | – | – | 46 | 22 | – | – | 68 |
| PROFIT FROM OPERATIONS (EBIT)⁽³⁾ | 348 | 84 | (203) | 14 | – | 243 | 262 | (16) | – | 489 |
| Net income of companies accounted for using the equity method | 2 | 5 | (2) | – | – | 5 | – | – | – | 5 |
| INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS⁽⁴⁾ | 28 | 108 | 67 | 15 | – | 218 | 181 | 5 | – | 404 |

⁽¹⁾ Includes the Contribution Margin, Gross Profit from Operations (EBITDA) and Profit from Operations (EBIT) of Generation in Non-mainland Territories ("TNP") of euros 41 million, positive, euros 17 million, negative, and euros 45 million, negative, respectively.







⁽²⁾ Includes the commercialisation gas Contribution Margin of euros 26 million, negative.

⁽³⁾ See definition in Section 11 of this Consolidated Management Report.

⁽⁴⁾ Includes additions of Rights of Use amounting to euros 1 million in Distribution.



Millions of euros

| | January–March 2021 | | | | | | | | | Total |
|--|---|---|---|--|--|---|---|------------------------|--|----------------|
| | Generation and Supply | | | | | Total | Distribution | Structure and services | Consolidation adjustments and eliminations | |
| | Conventional generation ⁽¹⁾ | Renewable generation | Energy supply | Marketing of other products and services | Generation and supply adjustments and eliminations | | | | | |
|  |  |  |  | | |  |  | | | |
| REVENUE | 1,276 | 266 | 3,341 | 59 | (694) | 4,248 | 641 | 105 | (220) | 4,774 |
| Third-party interest | 584 | 96 | 3,440 | 59 | – | 4,179 | 594 | 1 | – | 4,774 |
| Revenue from transactions between segments | 692 | 170 | (99) | – | (694) | 69 | 47 | 104 | (220) | – |
| PROCUREMENTS AND SERVICES | (842) | (53) | (3,000) | (30) | 667 | (3,258) | (44) | (11) | 107 | (3,206) |
| INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES | 28 | – | (66) | – | 2 | (36) | – | – | – | (36) |
| CONTRIBUTION MARGIN ⁽³⁾ | 462 | 213 | 275 ⁽²⁾ | 29 | (25) | 954 | 597 | 94 | (113) | 1,532 |
| FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES | (191) | (58) | (159) | (16) | 25 | (399) | (121) | (103) | 111 | (512) |
| GROSS PROFIT FROM OPERATIONS (EBITDA) ⁽³⁾ | 271 | 155 | 116 | 13 | – | 555 | 476 | (9) | (2) | 1,020 |
| Depreciation and amortisation, and impairment losses on non-financial assets | (112) | (49) | (25) | (7) | – | (193) | (164) | (15) | – | (372) |
| Depreciation and amortisation | (112) | (49) | (25) | (7) | – | (193) | (164) | (15) | – | (372) |
| Provision for impairment of non-financial assets | – | – | – | – | – | – | – | – | – | – |
| Reversal of impairment of non-financial assets | – | – | – | – | – | – | – | – | – | – |
| Impairment losses on financial assets | (2) | 1 | (38) | 5 | – | (34) | 2 | – | – | (32) |
| Provision for impairment of financial assets | (2) | – | (77) | – | – | (79) | (4) | – | – | (83) |
| Reversal of impairment of financial assets | – | 1 | 39 | 5 | – | 45 | 6 | – | – | 51 |
| PROFIT FROM OPERATIONS (EBIT) ⁽³⁾ | 157 | 107 | 53 | 11 | – | 328 | 314 | (24) | (2) | 616 |
| Net income of companies accounted for using the equity method | 4 | – | – | – | – | 4 | 1 | – | – | 5 |
| INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS ⁽⁴⁾ | 34 | 58 | 29 | 10 | – | 131 | 142 | 3 | – | 276 |

⁽¹⁾ Includes the Contribution Margin, Gross Profit from Operations (EBITDA) and Profit from Operations (EBIT) of Generation in Non-mainland Territories ("TNP") of euros 128 million, positive, euros 81 million, positive, and euros 50 million, positive, respectively.







⁽²⁾ Includes the commercialisation gas Contribution Margin for of euros 59 million.

⁽³⁾ See definition in Section 11 of this Consolidated Management Report.







⁽⁴⁾ Includes additions of Rights of Use amounting to euros 4 million (euros 3 million in Generation and Commercialisation and euros 1 million in Structure and Services).

7.2.2. Segment information: Statement of Financial Position at 31 March 2022 and 31 December 2021

Millions of euros

| | 31 March 2022 | | | | | | | | | |
|---|---|---|---|---|--|---------------|---|---|--|---------------|
| | Generation and Supply | | | | | Total | Distribution | Structure and services | Consolidation adjustments and eliminations | Total |
| | Conventional generation | Renewable generation | Energy supply | Marketing of other products and services | Generation and supply adjustments and eliminations | | | | | |
| |  |  |  |  | | |  |  | | |
| Property, plant and equipment | 5,369 | 4,237 | 23 | 55 | – | 9,684 | 12,210 | 164 | – | 22,058 |
| Intangible assets | 96 | 717 | 483 | 34 | – | 1,330 | 169 | 57 | – | 1,556 |
| Goodwill | 3 | 300 | 58 | – | – | 361 | 97 | 4 | – | 462 |
| Investments accounted for using the equity method | 104 | 44 | 2 | 5 | – | 155 | 14 | 3 | – | 172 |
| Non-current assets of contracts with customers | – | – | – | – | – | – | – | – | – | – |
| Trade receivables for sales and services and other receivables | 3,711 | 316 | 7,388 | 103 | (5,770) | 5,748 | 845 | 170 | (499) | 6,264 |
| Current Assets of Contracts with Customers | – | – | – | – | – | – | 8 | – | – | 8 |
| Other | 893 | 54 | 368 | 13 | – | 1,328 | 446 | 9 | – | 1,783 |
| ASSETS SEGMENTS | 10,176 | 5,668 | 8,322 | 210 | (5,770) | 18,606 | 13,789 | 407 | (499) | 32,303 |
| TOTAL ASSETS | | | | | | | | | | 47,966 |
| Non-current liabilities of contracts with customers | – | 10 | – | – | – | 10 | 4,267 | – | – | 4,277 |
| Non-current provisions | 2,373 | 178 | 174 | 15 | – | 2,740 | 793 | 322 | – | 3,855 |
| Provisions for employee benefits | 242 | 7 | 37 | 2 | – | 288 | 299 | 68 | – | 655 |
| Other non-current provisions | 2,131 | 171 | 137 | 13 | – | 2,452 | 494 | 254 | – | 3,200 |
| Current Liability Contracts with Customers | – | – | – | – | – | – | 274 | – | – | 274 |
| Current provisions | 575 | 3 | 32 | 2 | – | 612 | 94 | 95 | – | 801 |
| Provisions for employee benefits | – | – | – | – | – | – | – | – | – | – |
| Other current provisions | 575 | 3 | 32 | 2 | – | 612 | 94 | 95 | – | 801 |
| Suppliers and other payables | 3,946 | 947 | 5,642 | 130 | (5,770) | 4,895 | 1,413 | 204 | (499) | 6,013 |
| Other | 140 | 37 | 7 | 2 | – | 186 | 688 | 4 | – | 878 |
| LIABILITIES SEGMENTS | 7,034 | 1,175 | 5,855 | 149 | (5,770) | 8,443 | 7,529 | 625 | (499) | 16,098 |
| TOTAL LIABILITIES | | | | | | | | | | 47,966 |

Millions of euros

| | 31 December 2021 | | | | | | | | | |
|---|---|---|---|--|--|---|---|------------------------|--|---------------|
| | Generation and Supply | | | | | Total | Distribution | Structure and services | Consolidation adjustments and eliminations | Total |
| | Conventional generation | Renewable generation | Energy supply | Marketing of other products and services | Generation and supply adjustments and eliminations | | | | | |
|  |  |  |  | | |  |  | | | |
| Property, plant and equipment | 5,514 | 4,145 | 24 | 53 | – | 9,736 | 12,191 | 170 | – | 22,097 |
| Intangible assets | 98 | 740 | 440 | 29 | – | 1,307 | 176 | 59 | – | 1,542 |
| Goodwill | 3 | 300 | 58 | – | – | 361 | 97 | 4 | – | 462 |
| Investments accounted for using the equity method | 121 | 33 | 4 | 5 | – | 163 | 13 | 4 | – | 180 |
| Non-current assets of contracts with customers | – | – | – | – | – | – | – | – | – | – |
| Trade receivables for sales and services and other receivables | 2,829 | 80 | 5,909 | 96 | (4,480) | 4,434 | 788 | 287 | (485) | 5,024 |
| Current Assets of Contracts with Customers | – | – | – | – | – | – | 6 | – | – | 6 |
| Other | 904 | 56 | 255 | 12 | – | 1,227 | 429 | 6 | – | 1,662 |
| ASSETS SEGMENTS | 9,469 | 5,354 | 6,690 | 195 | (4,480) | 17,228 | 13,700 | 530 | (485) | 30,973 |
| TOTAL ASSETS | | | | | | | | | | 39,968 |
| Non-current liabilities of contracts with customers | – | 10 | – | – | – | 10 | 4,274 | – | – | 4,284 |
| Non-current provisions | 2,449 | 175 | 177 | 15 | – | 2,816 | 834 | 334 | – | 3,984 |
| Provisions for employee benefits | 248 | 7 | 37 | 2 | – | 294 | 298 | 67 | – | 659 |
| Other non-current provisions | 2,201 | 168 | 140 | 13 | – | 2,522 | 536 | 267 | – | 3,325 |
| Current Liability Contracts with Customers | – | – | – | – | – | – | 270 | – | – | 270 |
| Current provisions | 378 | 1 | 36 | 2 | – | 417 | 95 | 99 | – | 611 |
| Provisions for employee benefits | – | – | – | – | – | – | – | – | – | – |
| Other current provisions | 378 | 1 | 36 | 2 | – | 417 | 95 | 99 | – | 611 |
| Suppliers and other payables | 3,950 | 974 | 4,222 | 118 | (4,480) | 4,784 | 1,007 | 765 | (485) | 6,071 |
| Other | 199 | 43 | 6 | 1 | – | 249 | 692 | 3 | – | 944 |
| LIABILITIES SEGMENTS | 6,976 | 1,203 | 4,441 | 136 | (4,480) | 8,276 | 7,172 | 1,201 | (485) | 16,164 |
| TOTAL LIABILITIES | | | | | | | | | | 39,968 |

At 31 March 2022 and at 31 December 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 euros | 31 March 2022 | 31 December 2021 |
|--|---------------|------------------|
| TOTAL ASSETS | 47,966 | 39,968 |
| Other non-current financial assets | 640 | 580 |
| Non-current derivative financial instruments | 1,546 | 774 |
| Deferred tax assets | 2,609 | 2,362 |
| Current income tax assets | 164 | 76 |
| Other tax assets | 225 | 282 |
| Other current financial assets | 3,556 | 1,817 |
| Current derivative financial instruments | 6,331 | 2,401 |
| Cash and cash equivalents | 565 | 703 |
| Non-current assets held for sale and discontinued operations | 27 | – |
| ASSETS SEGMENTS | 32,303 | 30,973 |
| TOTAL LIABILITIES | 47,966 | 39,968 |
| Equity | 4,961 | 5,544 |
| Non-current borrowings | 8,823 | 7,211 |
| Non-current derivative financial instruments | 2,115 | 573 |
| Other non-current financial liabilities | 72 | 120 |
| Deferred tax liabilities | 1,428 | 1,486 |
| Current borrowings | 4,661 | 3,167 |
| Current derivative financial instruments | 8,619 | 4,884 |
| Other current financial liabilities | 52 | 34 |
| Current income tax liabilities | 520 | 333 |
| Other tax liabilities | 617 | 452 |
| LIABILITIES SEGMENTS | 16,098 | 16,164 |

7.3. Generation and supply





7.3.1. Analysis of results

During the first quarter of 2022, the Electricity Sector has been heavily influenced by the tense situation in the wholesale market since the end of 2021, aggravated by the outbreak of the conflict between Russia and Ukraine. This situation has had an impact on the energy markets, in which the average price of electricity has returned to record highs, and, in turn, these circumstances are also having a strong economic and social impact, forcing, among other aspects, the adoption of measures by EU and national authorities to try to mitigate their effects.

In this context, and in line with Endesa's joint management approach of the integrated margin of electricity generation and supply, a new inter-company contract

has been in place between the two businesses since 1 January 2022, under which Endesa's supply company has access to hydroelectric, nuclear and renewable energy production at a fixed price of euros 65/MWh. However, the high electricity market prices in January-March 2022 have had a negative impact on Endesa's commercialisation as it has had to bear a higher supply cost that has not been passed on to the end customer. In compliance with the established conditions, this fixed price is applicable to all energy transmitted with delivery, in any case, until 30 June 2022.





The main figures in the first quarter of 2022 and their variation compared to the same period of the previous year are detailed below:

| Millions of euros | | January – March 2022 | January – March 2021 | Difference | % Var. | |
|---|--|----------------------|----------------------|------------|--------|---|
| Generation and supply | Figures | | | | | |
|  | Contribution Margin | 904 | 954 | (50) | (5.2) | <ul style="list-style-type: none"> The evolution of the margin is a consequence of the increase in energy costs borne as a result of the increase in the arithmetic average price in the wholesale electricity market (229.4 €/MWh; +407.5%) and the evolution of commodity prices that have not been passed on to the end customer. In the first quarter of 2021 it also included, for the amount of euros 188 million, the recognition by Endesa of the right to be compensated in the amount of the internalisation of the carbon dioxide (CO₂) emission rights allocated free of charge by the National Allocation Plan for Emission Rights (NAP), which it had no legal duty to bear. |
|  | Gross Profit from Operations (EBITDA) | 485 | 555 | (70) | (12.6) | <ul style="list-style-type: none"> Includes the negative evolution of the contribution margin (-5.2%) and the increase in fixed costs relating to repair and maintenance expenses for combined cycle and coal-fuel plants (euros 6 million), penalty proceedings (euros 5 million) and advertising expenses (euros 4 million). |
|  | Profit from Operations (EBIT) | 243 | 328 | (85) | (25.9) | <ul style="list-style-type: none"> It includes, on the one hand, the increase in depreciation and amortisation expense (euros 20 million) mainly as a result of the investment effort in electricity production facilities and, on the other hand, the reversal of the provision for impairment of financial assets (euros 6 million) as a result of the improved payment behaviour of Business to Customer (B2C) and Business to Business (B2B) customers. |
|  | | | | | | |

7.3.2. Investments

In the first quarter of 2022, gross investments in property, plant and equipment and intangible assets amounted to euros 218 million. The detail, by activity, is as follows:

Millions of euros


| Activity | January - March 2022 | January - March 2021 | Difference | % Var. | |
|---|----------------------|----------------------|------------|--------------|---|
|  | 28 | 34 | (6) | (17.6) | • Includes, mainly, investments in maintenance of generation facilities for diverse technologies, mainly nuclear. |
|  | 108 | 58 | 50 | +86.2 | • Includes the construction of electricity generation facilities from renewable sources, for euros 95 million. |
|  | 67 | 29 | 38 | +131.0 | • Includes computer software and ongoing investments in ICT activities, for euros 8 million, as well as the capitalisation of incremental costs from contracts with customers, amounting to euros 59 million. |
|  | 15 | 10 | 5 | +50.0 | • Includes the development of other products and services in the amount of euros 5 million in the e-Mobility, e-City and e-Industries businesses, as well as the capitalisation of incremental costs incurred in winning customer contracts amounting to euros 10 million in the e-Home business. |
| Total | 218 | 131 | 87 | +66.4 | |

7.4. Distribution

7.4.1. Analysis of results

The main figures in the first quarter of 2022 and their variations with respect to the same period of the previous year are as follows:

Millions of euros

| Distribution | Figures | January - March 2022 | January - March 2021 | Difference | % Var. | |
|---|--|----------------------|----------------------|------------|--------|--|
| | Contribution margin | 558 | 597 | (39) | (6.5) | • The margin decreased due to the reduction in regulated revenues from the distribution activity during the first quarter of 2022 as a result of the re-liquidations recorded in 2021 (euros 32 million). |
|  | Gross profit from operations (EBITDA) | 432 | 476 | (44) | (9.2) | • It also includes the increase in repairs and maintenance heading (euros 9 million), which includes, among other aspects, environmental services related to the maintenance of the network, and the updating of provisions for workforce restructuring plans (euros 3 million, positive). |
| | Profit from operations (EBIT) | 262 | 314 | (52) | (16.6) | • Includes a higher impairment charge (euros 9 million) on receivables from customer contracts as a result of the deterioration in the payment behaviour of small energy trading companies. |

7.4.2. Investments

In the first quarter of 2022, gross investments in property, plant and equipment and intangible assets amounted to euros 181 million:

Millions of euros


| Distribution | January - March 2022 | January - March 2021 | Difference | % Var. | |
|---|----------------------|----------------------|------------|--------|---|
|  | 181 | 142 | 39 | +27.5 | • They relate to grid extensions and to expenditure aimed at optimising the functioning of the grid for greater efficiency and service quality. |

7.5. Structure and others

7.5.1. Analysis of results

The main figures in the first quarter of 2022 and their variations with respect to the same period of the previous year are as follows:

Millions of euros

| Structure and others | Figures | January - March 2022 | January - March 2021 | Difference | % Var. | |
|---|--|----------------------|----------------------|------------|--------|---|
| | Contribution margin | (6) | (19) | 13 | +68.4 | • The evolution of the margin includes the recognition, in the first quarter of 2021, of the cost of the Social Bonus (euros 14 million). |
|  | Gross profit from operations (EBITDA) | (3) | (11) | 8 | +72.7 | • Includes the update of provisions for workforce restructuring plans (euros 7 million, negative). |
| | Profit from operations (EBIT) | (16) | (26) | 10 | +38.5 | • Includes a reduction in the depreciation and amortisation charge for computer software (euros 1 million). |

7.5.2. Investments

In the first quarter of 2022, gross investments in property, plant and equipment and intangible assets amounted to euros 5 million:

Millions of euros

| Structure and others | January - March 2022 | January - March 2021 | Difference | % Var. | |
|---|----------------------|----------------------|------------|--------|--|
|  | 5 | 3 | 2 | +66.7 | • Includes, mainly, the sponsorship of the Endesa basketball league. |

8. Regulatory Framework

From a regulatory perspective, the main highlights during the period were as follows:

Regulatory framework in Spain

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.

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) or Last Resort Tariff 3 (LRT3).

On 31 March 2022, the Resolution of the Directorate-General for Energy Policy and Mines of 28 March of 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).

Energy efficiency

On 23 March 2022, Order TED/220/2022, of 16 March, establishing the contribution to the Energy Efficiency National Fund for 2022, was published in the Official State

Gazette, with the amount applicable to Endesa standing at euros 26 million.

Social Bonus

In January 2022, the Ministry of Ecological Transition and Demographic Challenge (MITECO) began to process the draft Order establishing the distribution of financing of the 2022 Social Bonus, with the proposed percentage for Endesa, S.A. being 33.53%.

However, the Supreme Court declared the inapplicability of the Social Bonus financing system and of the cost of supplying electricity to consumers at risk of social exclusion, established in article 45.4 of Law 24/2013, of 26 December, since it was 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. Furthermore, the articles relating to the financing mechanism and the cost of supplying electricity to consumers at risk of social exclusion under Royal Decree 897/2017, of 6 October, enacting article 45.4 of the aforementioned Law were declared to be inapplicable and null and void. Lastly, Royal Decree Law 6/2022, of 29 March, adopting urgent measures within the National Response Plan to the economic and social consequences of the war in Ukraine stipulates, among other measures, a new mechanism to finance the Social Bonus, as a result of the Supreme Court Rulings indicated previously. In accordance with this new mechanism, the Social Bonus will be covered by all

electricity players (generation, transmission, distribution and suppliers and by 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 contributions is 20% lower than 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 sets those unitary contribution values, until the Spanish Markets and Competition Commission (CNMC) proposes the definitive unitary values for 2022. Also, it is established that the amounts that have been borne by the reference suppliers, and recognised in a Ruling, to finance the Social Bonus, will be assumed by the new taxpayers.

Recovery, Transformation and Resilience Plan of the Economy

In 2022, progress continued to be made in the Plan for the Recovery, Transformation and Resilience of the Economy, and the Government's diverse ministries continue to

launch different announcements to grant aid to projects that comply with the requirements and criteria established therein.

Royal Decree 184/2022, of 8 March, which regulates the provision of electric vehicle recharging services

On 19 March 2022, Royal Decree 184/2022, of 8 March, was published in the Official State Gazette, which regulates the provision of electric vehicle recharging services. The main aspects governing this regulation are as follows:

- Two 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.
- Also, both the operators and the suppliers must provide the necessary information to the Ministry of Ecological Transition and Demographic Challenge ("MITECO"), to the autonomous communities and to Ceuta and Melilla, to publish an official map of the recharging stations, which indicates, among other data, the location of such stations, their characteristics and the recharging price.

Royal Decree Law 6/2022, of 29 March, adopting urgent measures in the framework of the National Plan in response to the economic and social consequence of the war in Ukraine

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 National Plan in response to the consequences of the war in Ukraine. Specifically, in the energy sector, this Royal Decree Law includes the following measures:

- The payment obligation enforced by Royal Decree Law 17/2021, of 14 September, was extended until 30 June 2022, for the non-emitting generation facilities in a proportional amount to the supposed increased revenue obtained as a result of the inclusion in wholesale electricity prices of the value of natural gas prices. The

application of the energy mechanism covered by forward fixed price contracts prior to 31 March 2022 will be exempt. Hedging instruments with a coverage period equal to or higher than one year at a fixed price subsequent to 31 March 2022 will be excluded if the fixed price is equal to or less than euros 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 euros 67/MWh in the sector's average supply margin.

- The reduction from 21% to 10% of value added tax (VAT), the reduction in the special tax on electricity to 0.5% and the temporary suspension of the tax on the value of electricity production were extended until 30 June 2022.
- In relation to the Social Bonus, the increase in the discounts of the electricity Social Bonus from 25% to 60% for vulnerable consumers, and from 40% to 70% for severely vulnerable consumers, was extended until 30 June 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 two years. Likewise, new criteria are set to determine the category of vulnerable consumer, becoming based on the concept of cohabitation unit, formed by those people that live in the same home as a married couple, cohabiting partnership, second degree of consanguinity, affinity, adoption or a 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 (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 euros 75 million was granted in 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, in a two-month period from the entry into force of this Royal Decree Law, under a Ministerial Order, the remuneration parameters of the renewable, cogeneration and waste facilities will be updated, taking into account for the market prices and the prices of carbon dioxide (CO₂), the forward prices for the second semester of 2021. Also, from 2023 inclusive, the mechanism will be eliminated to adjust market price variations, to promote forward energy sales by said facilities.
- Specific procedures are set that encourage the expedition of the handling procedures for new renewable plants or plants under way, for wind-powered projects of up to 75 MW and photovoltaic projects of up to 150 MW, with connection lines of less than 15 kW, through simplified procedures.
- With respect to the access tenders, among other aspects, during two 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 three-year period 2023-2025, the electricity distributors must include in their duly identified investment plans, 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 31 December 2022. Also, certain aids are granted to 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 the second and third quarters of 2022.
- Strategic natural gas reserves will pass from 20 days' consumption to 27.5 days, with greater flexibility.
- Extraordinary bonuses of euros 0.20/kg (euros 0.20/l) are being introduced for the second quarter of 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.

Public consultation on the draft Royal Decree establishing the general framework of the regulatory test bank to promote research and innovation in the electricity sector

On 23 March 2022, the draft Royal Decree began to be processed, establishing the general framework of the regulatory test bank to promote research and innovation in the electricity sector. The objective is to set controlled spaces in which to test potential regulatory improvements to facilitate the regulatory changes and to help the modifications to adapt better to Sector needs. 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 ("CNMC"), which will establish the specific rules and condition for each pilot projects.

Regulatory framework in Europe

Measures to combat high energy prices

Increased energy prices in the second semester 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 be able to adopt to meet the increased prices without breaching existing European legislation.

However, the worsening of the situation due to the crisis caused by the conflict between Russia and Ukraine has led the European Commission to issue two new Communications:

- On 8 March 2022, it published the communication entitled "REPowerEU: Joint European Action for more Affordable, Safe and Sustainable Energy", which especially affects the

need to have sufficient gas reserves with respect to the following winter and to reduce the dependence on Russian gas supplies through the diversification of European Union supply and the promotion of renewable energy; it also indicates the measures that may be applied by the member States to tackle 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 the communication entitled "Security of supply and affordable energy prices: Options for immediate measures and preparing for next winter", which details the different options possible for the member States to manage increased energy prices.

Sustainable financing

In March 2022, the European Commission approved the complementary Taxonomy Climate Delegated Act on the mitigation of Climate Change and the adaptation thereto, which envisages a series of activities related to gas and nuclear energy. The wording is pending from the European Parliament and the Council and, if there is no opposition, the complementary Delegated Act will enter into force and will be applied on 1 January 2023.

Also 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 four 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 aids

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.

9. Other information

9.1. Stock market information

Share price performance

The changes in Endesa, S.A.'s share prices and the major benchmark indexes in the first quarter of 2022 and 2021 were as follows:

| Percentage (%) | | |
|--|----------------------|----------------------|
| Share price performance ⁽¹⁾ | January – March 2022 | January – March 2021 |
| Endesa, S.A. | (2.1) | 0.9 |
| Ibex-35 | (3.1) | 6.3 |
| Euro Stoxx 50 | (9.2) | 10.3 |
| Euro Stoxx Utilities | (7.6) | (0.3) |

⁽¹⁾ Source: Madrid Stock Exchange.

The main global stock markets ended the first quarter of the year with fallbacks, affected by the war between Russia and Ukraine, the increased inflation, the reflection of the significant rises in raw materials prices and the situating of electricity prices at historical highs, as well as the different tax and interest rates measures adopted to try and control the situation.

The Spanish IBEX-35 index ended the period with one of the most moderate drops, of 3.1%, above the Eurostoxx 50 panEuropean index, which fell off by 9.2%, or the US indexes, such as the Dow Jones Industrial Avg. or the Standard & Poor's 500, which ended with falls of nearly 5%.

Following a quarter characterised by high volatility, the IBEX-35 stood at 8,445.10 points, with half of the 35 securities comprising it in positive figures. The shares that performed the best were those of the banking sector, pharmaceutical companies and renewable energy companies, which benefited from the expectations of the leading investments in the sector as a response to the need for greater energy independence in Europe as a result of the conflict Russia-Ukraine. On the negative side, they highlighted the industrial companies and those with commercial activities in Russia, since they are more affected by the economic sanctions imposed on the region.

Electricity sector shares also ended the quarter with drops, affected by the uncertainty associated with this context of market tension, which forced significant regulatory interventions by the Spanish Government and the European Union (see Section 8 of this Consolidated Management Report).

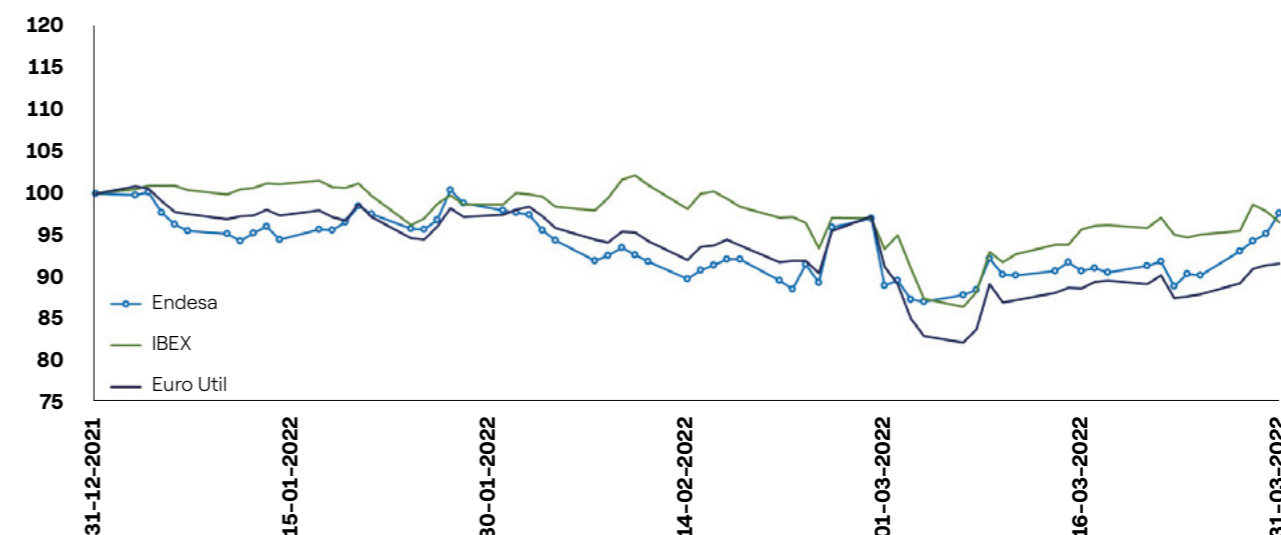
Endesa's shares, after marking the annual minimum of euros 17,835 per share on 4 March 2022, managed to recover positions in the final part of the month to end the first quarter of 2022 at euros 19,775, almost euros 2 above said reference. In the quarter, securities fell by 2.1%, slightly lower than that of the remaining companies in the Sector. This performance situated Endesa in fifth position of a total of 20 companies that comprised the European sector EURO STOXX Utilities, which reported a fall of 7.6%.

| Euros | | | |
|-------------------------------------|----------------------|----------------------|--------|
| Endesa's share price ⁽¹⁾ | January – March 2022 | January – March 2021 | % Var. |
| Maximum | 20,280 | 22,850 | (11.2) |
| Minimum | 17,835 | 20,320 | (12.2) |
| Period average | 19,006 | 21,781 | (12.7) |
| Period close | 19,775 | 22,560 | (12.3) |

⁽¹⁾ Source: Madrid Stock Exchange.



Performance of Endesa shares, the IBEX-35 and the EURO STOXX Utilities index during the period from January–March 2022



Source: Bloomberg.

Stock market information

At the end of the first quarter of 2022, Endesa's market cap stood at euros 20,937 million.

| Stock market information | | 31 March 2022 | 31 December 2021 | % Var. |
|--|-------------------|---------------|------------------|--------|
| Market cap ⁽¹⁾ | Millions of euros | 20,937 | 21,387 | (2.1) |
| Number of shares outstanding | | 1,058,752,117 | 1,058,752,117 | – |
| Nominal share value | Euros | 1.2 | 1.2 | – |
| Cash ⁽²⁾ | Millions of euros | 1,862 | 8,501 | (78.1) |
| Continuous market | Shares | | | |
| Trading volume ⁽³⁾ | | 97,870,160 | 406,350,969 | (75.9) |
| Average daily trading volume ⁽⁴⁾ | | 1,529,221 | 1,587,308 | (3.7) |
| Price to earnings ratio (P.E.R.) ordinary ⁽¹⁾ | | 15.49 | 11.24 | – |
| Price to earnings ratio (PER) ⁽¹⁾ | | 15.49 | 14.91 | – |
| Price / Carrying amount ⁽¹⁾ | | 4.39 | 3.98 | – |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

⁽²⁾ Cash = Sum of all the transactions performed on the shares during the reference period (Source: Madrid Stock Exchange).

⁽³⁾ Trading Volume = Total volume of Endesa, S.A. securities traded in the period (Source: Madrid Stock Exchange).

⁽⁴⁾ Average Daily Trading Volume = Arithmetic mean of stock in Endesa, S.A. traded per session during the period (Source: Madrid Stock Exchange).

9.2. Dividends

Shareholders' remuneration policy

The Board of Directors of Endesa, S.A. operates an economic-financial strategy to generate a significant amount of cash to maintain Company debt levels and maximise shareholder remuneration. This also achieves the objective of ensuring the sustainability of the business project undertaken.

As a result of this economic-financial strategy, at a meeting on 24 November 2021 the Board of Directors of Endesa, S.A. approved the following shareholder remuneration policy for 2021–2024, unless any exceptional circumstances arise, which will be duly reported:

| Period 2021-2024 | Shareholders' remuneration policy |
|---------------------|--|
| 2021 | <ul style="list-style-type: none"> 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 80% of the ordinary net profit attributable to the Parent as per the Group's Consolidated Financial Statements. |
| 2022, 2023 and 2024 | <ul style="list-style-type: none"> For the 2022, 2023 and 2024 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 income attributable to the Parent as per the Group's Consolidated Financial Statements. |

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.

Without prejudice to the foregoing, Endesa's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit and the availability of unrestricted reserves. 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.

Approval was given at Endesa, S.A.'s General Shareholders' Meeting on 29 April 2022 to pay shareholders a total gross dividend of euros 1.4372, for a total amount of euros 1,522 million. In consideration of the gross interim dividend of euros 0.50 per share (euros 529 million) paid out on 3 January 2022, the final dividend stood at euros 0.9372 gross per share (euros 992 million), which will be paid out on 1 July 2022.

Dividend per share

In accordance with the foregoing, details of Endesa, S.A.'s dividends per share in 2021 and 2020 were as follows:

| | | 2021 | 2020 | % Var. |
|--|-------------------|-----------------------|-----------------------|--------|
| Share capital | Millions of euros | 1,270.5 | 1,270.5 | – |
| Number of shares | | 1,058,752,117 | 1,058,752,117 | – |
| Consolidated net ordinary income | Millions of euros | 1,902 | 2,132 | (10.8) |
| Consolidated net income | Millions of euros | 1,435 | 1,394 | 2.9 |
| Individual net income | Millions of euros | 581 | 2,330 | (75.1) |
| Ordinary net earnings per share ⁽¹⁾ | Euros | 1.7965 | 2.0136 | (10.8) |
| Net earnings per share ⁽¹⁾ | Euros | 1.355 | 1.317 | 2.9 |
| Gross dividend per share | Euros | 1.4372 ⁽²⁾ | 2.0136 ⁽³⁾ | – |
| Consolidated ordinary pay-out ⁽¹⁾ | % | 80.0 | 100.0 | – |
| Consolidated pay-out ⁽¹⁾ | % | 106.0 | 152.9 | – |
| Individual pay-out ⁽¹⁾ | % | 261.9 | 91.5 | – |

⁽¹⁾ See definition in Section 11 of this Consolidated Management Report.

⁽²⁾ Interim dividend of euros 0.5 gross per share paid on 3 January 2022, plus the final dividend of euros 0.9372 gross per share approved by the General Shareholders' Meeting of Endesa, S.A., which will be paid on 1 July 2022.

⁽³⁾ Interim dividend of euros 0.7 gross per share, paid out on 4 January 2021, plus the final dividend of euros 1.3136 gross per share paid out on 1 July 2021.





9.3. Main risks and uncertainties

During the first quarter of 2022, Endesa followed the same general risk management policy described in its Consolidated Financial Statements for the year ended 31 December 2021. The information regarding the main risks and uncertainties associated with Endesa's activity is described in Section 6.5 of the Consolidated Management Report for the year ended 31 December 2021.

As a consequence of the conflict between Russia and Ukraine (see Section 4.3 of this Consolidated Management

Report), Endesa faces greater uncertainty and its business could be affected by the regulatory context and adverse economic conditions in Spain, Portugal, the Eurozone and international markets.

The main risks to which Endesa has been affected by the Russia-Ukraine conflict are detailed below, although they have not had a significant impact on Endesa's Consolidated Financial Statements at 31 March 2022:

| Risk | Description | Relevance ⁽¹⁾ |
|---|---|--------------------------|
| Strategic risks |  Regulatory risk that could affect the functioning of the electricity and gas market in Spain and Portugal. | High |
| Financial risks |  Significant dependence on the constant supply of large amounts of fuels to generate electricity, from the natural gas supply used for own consumption and supply. Endesa's business depends on its ability to obtain the funds necessary to refinance its debt and finance its capital expenses. | High |
| Risks associated with digital technologies |  Endesa faces cybersecurity risks. | ⁽²⁾ |
| Operational risks |  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. | Low |

⁽¹⁾ The significance of the risks is measured based on the expected potential loss: High (exceeding euros 75 million), Average (between euros 10 million and euros 75 million) and Low (less than euros 10 million).

⁽²⁾ 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).

9.4. Related parties

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, direct and control Endesa's business either directly or indirectly, including any member of the Board.

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.

For the purposes of the information included in this Section, all companies comprising the Enel Group not included in Endesa's Consolidated Financial Statements were considered to be significant shareholders of the Company.

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.

9.4.1. Expenses and income and other transactions with significant shareholders

Expenses and income with significant shareholders

| Millions of euros | January - March 2022 | January - March 2021 |
|---|----------------------|----------------------|
| Financial expenses | 28 | 28 |
| Leases | – | – |
| Services received | 13 | 9 |
| Purchases of inventories | – | 10 |
| Other expenses | 1,265 | 267 |
| Expenses on energy stock derivative financial instruments | 1,232 | 218 |
| Energy purchases | 16 | 33 |
| Management or cooperation agreements | 17 | 16 |
| TOTAL EXPENSES | 1,306 | 314 |
| Financial income | 5 | – |
| Dividends received | – | – |
| Rendering of services | 1 | 3 |
| Sales of inventories | 91 | 15 |
| Other income ⁽¹⁾ | 9 | 197 |
| Revenue on energy stock derivative financial instruments | 5 | 197 |
| Power sales | 3 | – |
| Management or cooperation agreements | 1 | – |
| Leases | – | – |
| TOTAL REVENUE | 106 | 215 |

⁽¹⁾ The periods from January-March 2022 and 2021 included euros 5 million and euros 65 million, respectively, recognised in the Consolidated Statement of Other Comprehensive Income.

Other transactions with significant shareholders

| Millions of euros | January - March 2022 | January - March 2021 |
|---|----------------------|----------------------|
| Financing agreements: Loans and capital contributions (lender) | – | – |
| Financing agreements: Loans and capital contributions (borrower) ⁽¹⁾ | 4,700 | 4,700 |
| Guarantees provided | – | – |
| Guarantees received ⁽²⁾ | 123 | 118 |
| Commitments acquired | – | 97 |
| Dividends and other distributed profit ⁽³⁾ | 1,067 | 1,495 |
| Other transactions ⁽⁴⁾ | 3 | 17 |

⁽¹⁾ This corresponds to the outstanding balance of the intercompany loan arranged with Enel Finance International N.V. Enesa has also arranged a committed and irrevocable credit line with Enel Finance International N.V. for euros 1,700 million, of which euros 900 million had been drawn down at 31 March 2022.

⁽²⁾ Includes the guarantee received from Enel, S.p.A. for compliance with the contract for the purchase of liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC.

⁽³⁾ Dividends approved by the General Shareholders' Meeting of Enesa, S.A.

⁽⁴⁾ Includes purchases of property, plant and equipment, intangible assets or other assets.

Balances at year-end with significant shareholders

At 31 March 2022 and 31 December 2021, the balances with related parties were as follows:

| Millions of euros | 31 March 2022 | | |
|--|---------------------|--------------------------------|---------------|
| | Enel Iberia, S.L.U. | Other significant shareholders | Total |
| Customers and trade receivables | 52 | 2,609 | 2,661 |
| Loans and credits granted | – | – | – |
| Other collection rights ⁽¹⁾ | 161 | 411 | 572 |
| TOTAL RECEIVABLES | 213 | 3,020 | 3,233 |
| Suppliers and trade payables | 96 | 6,664 | 6,760 |
| Loans and credits received | 2 | 3,900 | 3,902 |
| Other payment obligations ⁽¹⁾ | 348 | 326 | 674 |
| TOTAL PAYABLES | 446 | 10,890 | 11,336 |

⁽¹⁾ Include the receivables and payables, respectively, of the Enesa 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.

| Millions of euros | 31 December 2021 | | |
|--|---------------------|--------------------------------|--------------|
| | Enel Iberia, S.L.U. | Other significant shareholders | Total |
| Customers and trade receivables | 117 | 2,203 | 2,320 |
| Loans and credits granted | – | – | – |
| Other collection rights ⁽¹⁾ | 69 | 344 | 413 |
| TOTAL RECEIVABLES | 186 | 2,547 | 2,733 |
| Suppliers and trade payables | 485 | 5,745 | 6,230 |
| Loans and credits received | 3 | 3,000 | 3,003 |
| Other payment obligations ⁽¹⁾ | 212 | 328 | 540 |
| TOTAL PAYABLES | 700 | 9,073 | 9,773 |

⁽¹⁾ Include the receivables and payables, respectively, of the Enesa 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.

9.4.2. Associates, joint ventures and jointly-controlled entities

At 31 March 2022 and 31 December 2021, the details of customer receivables for sales and services, loans and guarantees to associates, joint ventures and jointly-controlled entities were as follows:

| Millions of euros | Associates | | Joint Ventures | | Joint Operation | |
|--|---------------|------------------|----------------|------------------|-----------------|------------------|
| | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
| Trade receivables for sales and services | 11 | 2 | 1 | 2 | – | – |
| Loans | 59 | 59 | – | – | 3 | 4 |
| Guarantees issued | – | – | – | – | – | – |

In the period from January–March 2022 and 2021, transactions with associates, joint ventures and jointly-controlled entities not eliminated on consolidation were as follows:

| | Associates | | Joint Ventures | | Joint Operation | |
|----------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | January – March 2022 | January – March 2021 | January – March 2022 | January – March 2021 | January – March 2022 | January – March 2021 |
| Revenue | 1 | 1 | – | 1 | – | – |
| Expenses | – | (2) | (10) | (6) | (9) | (9) |

9.5. Future purchase commitments

As at 31 March 2022 and 31 December 2021 there are guarantees provided to third parties for the following items and amounts and information relating to future purchase commitments as follows:

| | 31 March 2022 | 31 December 2021 |
|--|---------------|------------------|
| Guarantees provided to third parties: | | |
| Tangible Fixed Assets as Collateral for Financing Received | 82 | 84 |
| Short and Long-Term Gas Contracts | 174 | 175 |
| Energy Contracts | 54 | 61 |
| LNG Carrier Vessel Lease Agreement | 155 | 152 |
| Contracts to operate in Financial Markets | 40 | 40 |
| Associates, Joint Ventures and Joint Operating Companies | – | – |
| TOTAL ⁽¹⁾ | 505 | 512 |
| Future Purchase Commitments: | | |
| Property, plant and equipment | 1,089 | 1,064 |
| Intangible assets | 49 | 19 |
| Provision of services | 25 | 25 |
| Purchases of energy stocks and others | 22,231 | 19,766 |
| Energy stocks | 21,822 | 19,487 |
| Electricity | 350 | 251 |
| CO ₂ emission rights | 59 | 28 |
| TOTAL | 23,394 | 20,874 |

⁽¹⁾ Does not include bank guarantees to third parties.

9.6. Contingent assets and liabilities

In the quarterly period ended 31 March 2022, significant changes took place in litigation and arbitration proceedings involving Endesa companies, described in Note 53 to the Consolidated Financial Statements for the year ended 31 December 2021:

- The administrative authorisations of the “Peña del Gato” and “Valdesamario” wind farms held by Energías Especiales del Alto Ulla, S.A.U. (100% owned by Enel Green Power España, S.L.U. (EGPE)), were invalidated through Supreme Court Decisions 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. (100% owned by 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. The application for a new administrative authorisation is currently being processed. 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 Castile and Leon Municipal Council opposed this request, which was dismissed under an Order of the Castile and Leon High Court on 10 February 2022.

- The Supreme Court issued a Ruling in the appeal filed by Endesa, S.A., Endesa Energía, S.A.U. and Energía XXI Comercializadora de Referencia, S.L.U. (Ruling number 212/2022, of 21 February 2022), and in the appeals filed by other electricity sector companies against the obligation, envisaged 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 with the public administrations the supply of severely vulnerable consumers that avail themselves of the last resort tariffs and which 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 complainant to be compensated for the amounts paid to finance the Social Bonus and for cofinancing with the public administrations, so that all amounts paid in this regard are refunded discounting the amounts that, where appropriate, had 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. Lastly, under the Order of 24 March 2022, the Supreme Court dismissed the request to rectify or complement the Ruling envisaged by the State Legal Service, so that the administration can continue to charge the taxpayers for the corresponding financing cost, insofar as the financing system has been expelled from the order. 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".

- 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 filing of disciplinary proceedings for the alleged abuse of a position of dominance by Enel Green Power España, S.L.U. (EGPE) on the market to access and connect to the transmission network in 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) has submitted pleadings indicating that it does not have 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 market closure, and that the alleged abusive practice should be fully excluded. In December 2021, the Competition Directorate of the Spanish Markets and Competition Commission (CNMC) issued a statement of facts by which it considers Enel Green Power España, S.L.U. (EGPE) has committed two very serious infringements for abuse of a dominant position in the market for

access to the transmission grid at the nodes located at the Tajo de la Encantada and Lastras substations. Enel Green Power España, S.L.U. (EGPE) has once again made submissions as it considers that it has neither a dominant position on this market, nor, much less, has it abused said position, or that it has generated an exclusion effect to the detriment of other rivals. Subsequently, on 24 February 2022, the Spanish Markets and Competition Commission (CNMC) sent a Resolution Proposal, once again requesting that the existence of an abuse of dominant position be declared, since it considered that Enel Green Power España, S.L.U. (EGPE), in its status of Single Hub Partner (IUN), favoured access to the transmission grid of its own projects to the detriment of third-party rivals in the market to access and connect to the transmission grid. For such purpose, the rival authority proposed total fines amounting to euros 5 million, requesting that Enel Green Power España, S.L.U. (EGPE) and its Parent, Endesa Generación, S.A.U. be declared jointly and severally liable. Finally, Enel Green Power España, S.L.U. (EGPE) and Endesa Generación, S.A.U. filed new pleadings on 17 March 2022, requesting that the case be shelved since, among other matters, the standard criteria envisaged in article 2 of the Law on the Defence of Competition (LDC) was not complied with, nor did it consider that the Spanish Markets and Competition Commission was competent to resolve the matter. The matter is in the resolution phase before the Spanish Markets and Competition Commission Board.

- On 31 May 2016, Endesa Generación S.A.U. initiated an estate claim against the General Administration of the State for having applied an illegal rule, Order ITC/3315/2007, of 15 November, annulled by the Ruling of the Supreme Court, which had caused it damage, the reduction of its remuneration as a generating company, in the amount of the internalisation of the CO₂ emission rights allocated free of charge by the National Emissions Allocation Plan (PNA), which it does not have a legal duty to bear.

Endesa requested the payment of euros 285 million, of which euros 188 million corresponds to physical bilateral contracts and euros 97 million to assimilated physical bilateral contracts. The administrative appeal against the alleged dismissal was brought before the National High Court on 3 March 2017, and on 12 February 2020, it handed down a ruling upholding the concurrence of unlimited liability, although it restricted the estimate to the amount corresponding only to physical bilateral contracts, taking the view that the Supreme Court Ruling that overturned Order ITC/3315/2007 of 15 November, from which unlimited liability derived, related exclusively to those agreements. This ruling stipulated that the determination of the amounts subject to compensation

and their updating shall be determined by the Spanish Markets and Competition Commission (CNMC).

On 4 September 2020, the State lawyer filed a cassation appeal and on 30 October 2020, Endesa submitted a document opposing its admission. On 12 February 2021, the Order of the previous day was notified, whereby the Supreme Court rejected the cassation appeal prepared by the General Administration of the State.

As the State Lawyer did not file for a review or appeal, Endesa has asked the Spanish Markets and Competition Commission directly to obey the ruling providing the National High Court with the calculated financial amount of the compensation to be paid to Endesa.

On 10 June 2021, Endesa requested the enforcement of this Ruling before the Spanish High Court. On 27 October 2021 and, subsequently, on 23 December 2021, Endesa filed new pleadings before the Spanish High Court urging the enforcement of the Ruling. In turn, a report of the Spanish Markets and Competition Commission (CNMC) dated 30 November 2021 was provided, quantifying the compensatory amount owed in this regard. On 22 April 2022, the Secretary of State for Energy notified a Resolution by which it was agreed to execute the aforementioned Judgment of the National High Court and ordered the payment of the compensation in accordance with the following terms: "Order the payment to Endesa, S.A. and Endesa Generación,

S.A.U. of the amount of euros 259 million (euros 186 million in respect of financial liability and euros 73 million in respect of interest) in accordance with the provisions of the Judgment of 12 February 2020 handed down by the National High Court in proceeding number 115/2017 and the Enforcement Order of 5 January and 21 February 2022".

- 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 Economic-Administrative Court. 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 will also be 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 euros 60 million. A guarantee is available to ensure debt suspension.

10. Events after the reporting period

On 7 April 2022, the acquisition of a 23.81% stake in Instalaciones San Serván II 400, S.L. by Enel Green Power España, S.L.U. (EGPE) was formalised. This company engages in the construction, start-up, operation and maintenance of common electricity feed-in infrastructures for the renewable energy projects connected thereto.

The magnitudes of this transaction are not significant at the date of approval of this Consolidated management Report.

In addition, on 4 April 2022, the partial spin-off of Endesa X Servicios, S.L.U. was formalised, whereby the electric mobility management business unit, which includes the provision of the electric vehicle charging point management service and related activities, was transferred to Endesa Movilidad Eléctrica, S.L.U., incorporated on 9 February 2022.

Subsequently, on 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its stake in Endesa Movilidad Eléctrica, S.L.U. to Enel X Way, S.r.l. (the Enel Group company that is the parent company of the electric mobility business) for euros 122 million. On the same date, the Shareholders' Meeting of Endesa Movilidad Eléctrica, S.L. agreed to change its name to Endesa X Way S.L.

Enel and Endesa, in line with the guidelines 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.

Except as mentioned in the preceding paragraphs, there have been no subsequent significant events between 31 March 2022 and the date of approval of this Consolidated Management Report that have not been reflected therein.



11. Alternative Performance Measures (APMs)

| Alternative Performance Measures (APMs) | Unit | Definition | Reconciliation of Alternative Performance Measures (APMs) | | Relevance of use |
|---|------|---|---|---|--|
| | | | January - March 2022 | January - March 2021 | |
| Gross profit from operations (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 | €914 M = €7,596 M - €6,015 M - €125 M + €53 M - €243 M - €355 M + €3 M | €1,020 M = €4,774 M - €3,206 M - €36 M + €41 M - €235 M - €319 M + €1 M | Measure of operating return excluding interest, taxes, provisions and amortisation |
| Profit from operations (EBIT) | €M | EBITDA - Depreciation and amortisation, and impairment losses. | €489 M = €914 M - €425 M | €616 M = €1,020 M - €404 M | Measure of operating return excluding interest and taxes |
| Net income | €M | Net Income of the Parent | €338 M | €491 M | Measure of profit for the period |
| Net ordinary income | €M | Net ordinary income = Net income of the Parent - Net income on disposal of non-financial assets (exceeding euros 10 million) - Net impairment losses on non-financial assets (exceeding euros 10 million) | €338 M = €338 M - €0 M - €0 M | €491 M = €491 M - €0 M - €0 M | Measure of profit for the period stripping out extraordinary items in excess of €10 million. |
| Contribution margin | €M | Revenue - Procurements and Services + Income and Expenses for Energy Stocks Derivatives | €1,456 M = €7,596 M - €6,015 M - €125 M | €1,532 M = €4,774 M - €3,206 M - €36 M | Measure of operating returns considering direct variable production costs |
| Procurements and services | €M | Energy purchases + Fuel consumption + Transmission expenses + Other variable procurements and services | €6,015 M = €3,544 M + €806 M + €1,142 M + €523 M | €3,206 M = €1,132 M + €273 M + €1,347 M + €454 M | Goods and services for production |
| Net financial result | €M | Financial Income - Financial Expense + Income and Expenses on Derivative Financial Instruments + Net Exchange Differences | €(22) M = €49 M - €50 M - €15 M - €6 M | €32 M = €82 M - €45 M - €3 M - €2 M | Measure of financial cost |
| Net financial expense | €M | Financial Income - Financial Expense + Income and Expenses on Derivative Financial Instruments | €(16) M = €49 M - €50 M - €15 M | €34 M = €82 M - €45 M - €3 M | Measure of financial cost |
| Net Investments | €M | Gross Investments - Grants related to Assets and Transferred Facilities | €428 M = €469 M - €41 M | €250 M = €283 M - €33 M | Measure of investing activity |
| Ordinary return on equity | % | Net Ordinary Income attributable to the Parent / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2) | 26.64% = (€(338 * 12 months / 3 months) M / (€(4,772 + 5,380) / 2) M) | 18.10% = (€((491 - 194) * 12 months / 3 months) M + €194 M) / (€((7,954 + 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) | 3.08% = (€(338 * 12 months / 3 months) M / (€((47,966 + 39,968) / 2) M) | 4.27% = (€((491 - 194) * 12 months / 3 months) M + €194 M) / (€((32,627 + 32,062) / 2) M) | Measure of business profitability |
| Economic profitability | % | Profit from operations (EBIT) / ((PP&E (n) + PP&E (n-1)) / 2) | 8.86% = (€(489 * 12 months / 3 months) M / (€((22,058 + 22,097) / 2) M) | 8.93% = (€((616 - 188) * 12 months / 3 months) M + €188 M) / (€((21,216 + 21,354) / 2) M) | Measure of the capacity to generate income from invested assets or capital |
| Return on capital employed (ROCE) | % | Profit from operations after tax / (((Non-current Assets (n) + Non-current Assets (n-1)) / 2) + ((Current Assets (n) + Current Assets (n-1)) / 2)) | 3.42% = (€(376 * 12 months / 3 months) M / (€((29,365 + 28,316) / 2) + (€(18,601 + 11,652) / 2)) M) | 4.46% = (€((466 - 141) * 12 months / 3 months) M + €141 M) / (€((25,807 + 25,828) / 2) + (€(6,820 + 6,234) / 2)) M) | Measure of the return on capital employed |

| Alternative Performance Measures (APMs) | Unit | Definition | Reconciliation of Alternative Performance Measures (APMs) | | Relevance of use |
|---|------|---|--|---|--|
| | | | January – March 2022 | January – March 2021 | |
| Return on Invested Capital (ROIC) | % | Profit from operations after tax / (Equity of the Parent + Net financial debt) | 9.96% = €(376 * 12 months / 3 months) M / (€4,772 M + €10,334 M) | 9.36% = (€(466 - 141) * 12 months / 3 months) M + €141 M ⁽¹⁾ / (€7,954 M + €7,449 M) | Measure of the return on invested capital |
| Funds from Operations | €M | Cash Flows from Operating Activities – Changes in Working Capital – Self-constructed Assets | €591 M = €-476 M + €1,120 M – €53 M | €953 M = €583 M + €411 M – €41 M | Measure of the cash generated by the company's business available to make investments, repay debt and distribute dividends to shareholders |
| Interest Expenses | €M | Interest paid | €19 M | €16 M | Measure of interest paid |
| Ordinary net earnings per share | € | Net Ordinary Income of the Parent / Number of Shares at the end of the Reporting Period | €0.319 = €338 M / 1,058,752,117 shares | €0.464 = €491 M / 1,058,752,117 shares | Measure of the portion of net ordinary income corresponding to each share outstanding |
| Net earnings per share | € | Net Income of the Parent / Number of Shares at the end of the Reporting Period | €0.319 = €338 M / 1,058,752,117 shares | €0.464 = €491 M / 1,058,752,117 shares | Measure of the portion of net income corresponding to each share outstanding |
| Cash flow per share | € | Net cash flow from operating activities / Number of shares at the close of the period | €(0.450) = €-476 M / 1,058,752,117 shares | €0.551 = €583 M / 1,058,752,117 shares | Measure of the portion of funds corresponding to each share outstanding |

€M = millions of euros; € = euros.

n = 31 March of the year being calculated.

n-1 = 31 December of the year before the year being calculated.

⁽¹⁾ Annualised income, discounting the effects, net of the tax effect, amounting to euros 194 million, described in Section 5.2. of this Consolidated Management Report.

⁽²⁾ Annualised income, discounting the effects, amounting to euros 188 million, described in Section 5.2.1. of this Consolidated Management Report.

⁽³⁾ Annualised income, discounting the effects, net of the tax effect, amounting to euros 141 million, described in Section 5.2.1. of this Consolidated Management Report.

| Alternative Performance Measures (APMs) | Unit | Definition | Reconciliation of Alternative Performance Measures (APMs) | | Relevance of use |
|---|-----------------|--|---|---|--|
| | | | 31 March 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 not recognised in assets | €10,334 M = €8,823 M + €4,661 M + €13 M – €565 M – €37 M – €2,561 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 investment cash equivalents |
| Sustainable financing | % | Sustainable gross financial debt / Gross financial debt | 65% = €8,828 M / €13,484 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 | 208.30% = €10,334 M / €4,961 M | 158.84% = €8,806 M / €5,544 M | Measure of the weighting of external funds in the financing of business activities |
| Debt ratio | % | Net financial debt / (Equity + Net financial debt) | 67.56% = €10,334 M / (€4,961 M + €10,334 M) | 61.37% = €8,806 M / (€5,544 M + €8,806 M) | Measure of the weighting of external funds in the financing of business activities |
| Average life of gross financial debt | Number of Years | (Principal * Number of Valid Days) / (Valid Principal at the end of the Reporting Period * Number of Days in the Period) | 4 years = 54,155 / 13,491 | 4.4 years = 45,718 / 10,373 | Measure of the duration of borrowings to maturity |

| Alternative Performance Measures (APMs) | Unit | Definition | Reconciliation of Alternative Performance Measures (APMs) | | Relevance of use |
|---|------------------|--|--|---|---|
| | | | 31 March 2022 | 31 December 2021 | |
| Average gross financial debt | €M | (Total Drawdowns or Debt Positions * Number of Days in force of each Provision or Position) / (Cumulative Number of Days in Force) | €12,616 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 | 1.0% = (€31 M * (12 months / 3 months) + €3 M) / €12,616 M | 1.5% = (€136 M / €9,375 M) | Measure of the effective rate of borrowings |
| Debt Coverage Ratio | Number of Months | Maturity period (no. of months) for vegetative debt that could be covered with the liquidity available | 23 months | 33 months | Measure of the capacity to meet debt maturities |
| Liquidity ratio | N/A | Current assets / Current liabilities. | 0.86 = €18,601 M / €21,557 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 | 0.90 = (€4,961 M + €21,448 M) / €29,365 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 profit from operations (EBITDA) | 2.83 = €10,334 M / (€914 M * 12 months / 3 months) | 2.06 = €8,806 M / €4,278 M | Measure of the amount of available cash flow to meet payments of principal on borrowings |
| Fixed assets | €M | Property, Plant and Equipment + Investment Property + Intangible Assets + Goodwill | €24,131 M = €22,058 M + €55 M + €1,556 M + €462 M | €24,156 M = €22,097 M + €55 M + €1,542 M + €462 M | Tangible or intangible assets of the Company, not convertible into liquid assets at short term, necessary for the functioning of the Company and not earmarked 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 | €16,928 M = €22,058 M + €1,556 M + €462 M + €172 M + €55 M + €640 M + €1,546 M + €267 M – €250 M – €4,277 M – €2,115 M – €72 M – €628 M – €2,462 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. |
| Total net working capital | €M | Trade receivables for sales and services and other receivables + Inventories + Other current financial assets + Current derivative financial instruments + Current income tax assets + Other tax assets + Current assets from contracts with customers – Current income 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 | €1,815 M = €6,264 M + €1,461 M + €3,556 M + €6,331 M + €164 M + €225 M + €8 M – €520 M – €617 M – €8,619 M – €52 M – €274 M – €99 M + €0 M – €6,013 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 income tax liabilities |

| Alternative Performance Measures (APMs) | Unit | Definition | Reconciliation of Alternative Performance Measures (APMs) | | Relevance of use |
|--|------|--|---|---|--|
| | | | 31 March 2022 | 31 December 2021 | |
| Gross invested capital | €M | Total net non-current assets + Total net working capital | €18,743 M = €16,928 M + €1,815 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 | €(3,475) M = - €655 M - €3,200 M - €801 M + €2,609 M - €1,428 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 invested capital - Total deferred tax assets and liabilities and provisions + Net non-current assets held for sale and discontinued operations | €15,295 M = €18,743 M - €3,475 M + €27 M | €14,350 M = €18,069 M - €3,719 M + €0 M | Measure of gross invested capital plus total provisions and deferred tax assets and liabilities and non-current assets held for sale and discontinued operations |
| Book value per share | € | Equity of the Parent / Number of shares at the end of the reporting period | €4.507 = €4,772 M / 1,058,752,117 shares | €5.081 = €5,380 M / 1,058,752,117 shares | Measure of the portion of own funds corresponding to each share outstanding |
| Market cap | €M | Number of Shares at the end of the Reporting Period * Price at the end of the Reporting Period | €20,937 M = 1,058,752,117 shares * €19.775 | €21,387 M = 1,058,752,117 shares * €20.200 | Measure of the Company's market value according to the share price |
| Price to Earnings Ratio (P.E.R.) Ordinary | N/A | Price at the end of the Reporting Period / Net Earnings per Share | 15.49 = €19.775 / (0.32 * 12 months / 3 months) € | 11.24 = €20.200 / €1.7965 | Measure indicating the number of times net earnings ordinary per share can be divided into the market price of the shares |
| Price to Earnings Ratio (P.E.R.) | N/A | Share price at the end of the reporting period / Net earnings per share | 15.49 = €19.775 / (0.32 * 12 months / 3 months) € | 14.91 = €20.200 / €1.355 | Measure indicating the number of times net earnings per share can be divided into the market price of the shares |
| Price / Carrying amount | N/A | Market cap / Equity of the Parent | 4.39 = €20,937 M / €4,772 M | 3.98 = €21,387 M / €5,380 M | Measure comparing the Company's market value according to the share price with the carrying amount. |
| | | | 2021 | 2020 | |
| Consolidated ordinary pay-out | % | (Gross Dividend per Share * Number of Shares at the end of the Reporting Period) / Net Ordinary Income of the Parent. | 80.0% = (€1.4372 * 1,058,752,117 shares) / €1,902 M | 100.0% = (€2.0136 * 1,058,752,117 shares) / €2,132 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 Reporting Period / Profit for the Year of the Parent | 106.0% = (€1.4372 * 1,058,752,117 shares) / €1,435 M | 152.9% = (€2.0136 * 1,058,752,117 shares) / €1,394 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 for the Year of the Endesa, S.A. | 261.9% = (€1.4372 * 1,058,752,117 shares) / €581 M | 91.5% = (€2.0136 * 1,058,752,117 shares) / €2,330 M | Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company) |

€M = millions of euros; € = euros.

12. Foreseeable management performance

The first quarter of 2022 was characterised by high inflation as a result of the escalation of electricity and raw material prices and by the war conflict between Russia and Ukraine and its impact on the European economies, provoking certain concern from investors as a result of the increased perception of political and regulatory risk, leading to high stock market volatility.

To limit the effect of the rising electricity prices and the European dependence on Russian gas, on 8 March 2022, the European Commission launched an action plan known as "REPowerEU", consisting of:

- Gas supply diversification programme;
- Minimum gas storage of 80% for the coming winter, subsequently extendable to 90%;
- Promotion of existing gas infrastructures so that in the future they can be taken advantage of to transport hydrogen; and
- Measures to help consumers to mitigate high energy prices.

On 23 March 2022, the European Commission also published the Communication "Security of supply and affordable energy prices: Options for immediate measures and preparing for next winter", detailing possible options for Member States to manage energy price increases.

Under this premise, on 29 March 2022, the Spanish Government approved Royal Decree Law 6/2022, of 29 March, adopting urgent measures within the National Response Plan to the economic and social consequences of the war in Ukraine, including a series of measures aimed at reducing the energy cost of Spanish consumers, with a special focus on the most vulnerable.

In this area, Endesa demonstrated its resilience thanks to a business model integrated into the value chain, together with a solid financial structure. Hence, Endesa plans to continue developing the 2022-2024 Strategic Plan and the strategy until 2030, which were presented to investors on last 25 November 2021.



Appendix



Appendix I. Consolidated Financial Statements for the three-month ended at 31 March 2022

Endesa, S.A. and subsidiaries Consolidated income statements for the periods January - March 2022 and 2021

Millions of euros

| | January - March 2022 ⁽¹⁾ | January - March 2021 ^{(1) (2)} |
|--|-------------------------------------|---|
| REVENUE | 7,596 | 4,774 |
| Revenue from sales and services | 7,508 | 4,712 |
| Other operating income | 88 | 62 |
| PROCUREMENTS AND SERVICES | (6,015) | (3,206) |
| Energy purchases | (3,544) | (1,132) |
| Fuel consumption | (806) | (273) |
| Transmission expenses | (1,142) | (1,347) |
| Other variable procurements and services | (523) | (454) |
| INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES | (125) | (36) |
| CONTRIBUTION MARGIN | 1,456 | 1,532 |
| Self-constructed assets | 53 | 41 |
| Personnel expenses | (243) | (235) |
| Other fixed operating expenses | (355) | (319) |
| Other gains and losses | 3 | 1 |
| GROSS PROFIT FROM OPERATIONS (EBITDA) | 914 | 1,020 |
| Depreciation and amortisation, and impairment losses on non-financial assets | (390) | (372) |
| Impairment losses on financial assets | (35) | (32) |
| PROFIT FROM OPERATIONS (EBIT) | 489 | 616 |
| FINANCIAL PROFIT/(LOSS) | (22) | 32 |
| Financial income | 49 | 82 |
| Financial expense | (50) | (45) |
| Income and expenses on derivative financial instruments | (15) | (3) |
| Net exchange differences | (6) | (2) |
| Net income of companies accounted for using the equity method | 5 | 5 |
| PROFIT BEFORE TAX | 472 | 653 |
| Income tax | (109) | (159) |
| PROFIT AFTER TAX FROM CONTINUING OPERATIONS | 363 | 494 |
| PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS | - | - |
| PROFIT FOR THE PERIOD | 363 | 494 |
| Parent | 338 | 491 |
| Non-controlling interests | 25 | 3 |
| BASIC NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (euros) | 0.32 | 0.46 |
| DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (euros) | 0.32 | 0.46 |
| BASIC NET EARNINGS PER SHARE (euros) | 0.32 | 0.46 |
| DILUTED NET EARNINGS PER SHARE (euros) | 0.32 | 0.46 |

⁽¹⁾ Unaudited.⁽²⁾ See Appendix II of this Consolidated Management Report.

Endesa, S.A. and subsidiaries Consolidated statements of other comprehensive income for the periods January - March 2022 and 2021

Millions of euros

| | January - March 2022 ⁽¹⁾ | January - March 2021 ^{(1) (2)} |
|---|-------------------------------------|---|
| CONSOLIDATED PROFIT FOR THE PERIOD | 363 | 494 |
| OTHER COMPREHENSIVE INCOME: | | |
| ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS | - | - |
| From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets | - | - |
| Actuarial gains and losses | - | - |
| 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 | - | - |
| ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS | (946) | 148 |
| Hedging transactions | (1,273) | 193 |
| Valuation gains/(losses) | (1,405) | 160 |
| Amounts Transferred to Income Statement | 132 | 33 |
| Other Reclassifications | - | - |
| Translation differences | - | - |
| Valuation gains/(losses) | - | - |
| Amounts Transferred to Income Statement | - | - |
| Other Reclassifications | - | - |
| Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates | 8 | 4 |
| Valuation gains/(losses) | 8 | 4 |
| Amounts Transferred to Income Statement | - | - |
| Other Reclassifications | - | - |
| Equity Instruments at Fair Value through Other Comprehensive Income | - | - |
| Valuation gains/(losses) | - | - |
| Amounts Transferred to Income Statement | - | - |
| Other Reclassifications | - | - |
| Other Income and Expenses that May Be Reclassified to Profit for the Period | - | - |
| Valuation gains/(losses) | - | - |
| Amounts Transferred to Income Statement | - | - |
| Other Reclassifications | - | - |
| Tax effect | 319 | (49) |
| TOTAL COMPREHENSIVE INCOME | (583) | 642 |
| Of the Parent | (608) | 639 |
| Of the non-controlling interests | 25 | 3 |

⁽¹⁾ Unaudited.⁽²⁾ See Appendix II of this Consolidated Management Report.

Endesa, S.A. and subsidiaries

Consolidated statements of financial position at 31 March 2022 and 31 December 2021

Millions of euros

| | 31 March 2022 ⁽¹⁾ | 31 December 2021 ⁽²⁾ |
|--|------------------------------|---------------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | 29,365 | 28,316 |
| Property, plant and equipment | 22,058 | 22,097 |
| Investment property | 55 | 55 |
| Intangible assets | 1,556 | 1,542 |
| Goodwill | 462 | 462 |
| Investments accounted for using the equity method | 172 | 180 |
| Non-current assets of contracts with customers | – | – |
| Other non-current financial assets | 640 | 580 |
| Non-current derivative financial instruments | 1,546 | 774 |
| Other non-current assets | 267 | 264 |
| Deferred tax assets | 2,609 | 2,362 |
| CURRENT ASSETS | 18,601 | 11,652 |
| Inventories | 1,461 | 1,343 |
| Trade and other receivables | 6,653 | 5,382 |
| Trade receivables for sales and services and other receivables | 6,264 | 5,024 |
| Current income tax assets | 164 | 76 |
| Other tax assets | 225 | 282 |
| Current Assets of Contracts with Customers | 8 | 6 |
| Other current financial assets | 3,556 | 1,817 |
| Current derivative financial instruments | 6,331 | 2,401 |
| Cash and cash equivalents | 565 | 703 |
| Non-current assets held for sale and discontinued operations | 27 | – |
| TOTAL ASSETS | 47,966 | 39,968 |
| EQUITY AND LIABILITIES | | |
| EQUITY | 4,961 | 5,544 |
| Of the Parent | 4,772 | 5,380 |
| Non-controlling interests | 189 | 164 |
| NON-CURRENT LIABILITIES | 21,448 | 18,602 |
| Grants | 250 | 254 |
| Non-current liabilities of contracts with customers | 4,277 | 4,284 |
| Non-current provisions | 3,855 | 3,984 |
| Provisions for employee benefits | 655 | 659 |
| Other non-current provisions | 3,200 | 3,325 |
| Non-current borrowings | 8,823 | 7,211 |
| Non-current derivative financial instruments | 2,115 | 573 |
| Other non-current financial liabilities | 72 | 120 |
| Other non-current liabilities | 628 | 690 |
| Deferred tax liabilities | 1,428 | 1,486 |
| CURRENT LIABILITIES | 21,557 | 15,822 |
| Current Liability Contracts with Customers | 274 | 270 |
| Current provisions | 801 | 611 |
| Provisions for employee benefits | – | – |
| Other current provisions | 801 | 611 |
| Current borrowings | 4,661 | 3,167 |
| Current derivative financial instruments | 8,619 | 4,884 |
| Other current financial liabilities | 52 | 34 |
| Trade and other payables | 7,150 | 6,856 |
| Suppliers and other payables | 6,013 | 6,071 |
| Current income tax liabilities | 520 | 333 |
| Other tax liabilities | 617 | 452 |
| Liabilities associated with non-current assets classified as held for sale and discontinued operations | – | – |
| TOTAL EQUITY AND LIABILITIES | 47,966 | 39,968 |

⁽¹⁾ Unaudited.⁽²⁾ Audited.

Endesa, S.A. and subsidiaries

Consolidated statement of changes in equity for the period January – March 2022

Millions of euros

| | Equity attributable to the Parent ⁽¹⁾ | | | | | | | Total Equity |
|--|--|--|----------------------------------|-----------------------|--------------------------|-------------------------------------|---------------------------|--------------|
| | Capital and reserves | | | | | Adjustments due to changes in value | Non-controlling interests | |
| | Capital | Share premium, reserves and interim dividend | Shares in own equity instruments | Profit for the period | Other equity instruments | | | |
| Beginning balance at 1 January 2022 | 1,271 | 4,232 | (3) | 1,435 | 2 | (1,557) | 164 | 5,544 |
| Adjustments due to changes in accounting policies | – | – | – | – | – | – | – | – |
| Corrections of errors | – | – | – | – | – | – | – | – |
| Adjusted beginning balance | 1,271 | 4,232 | (3) | 1,435 | 2 | (1,557) | 164 | 5,544 |
| Total comprehensive income | – | – | – | 338 | – | (946) | 25 | (583) |
| Transactions with shareholders or owners | – | – | – | – | – | – | – | – |
| Capital increases/(decreases) | – | – | – | – | – | – | – | – |
| Conversion of liabilities into equity | – | – | – | – | – | – | – | – |
| Dividends paid | – | – | – | – | – | – | – | – |
| Transactions with Own Equity Instruments (net) | – | – | – | – | – | – | – | – |
| Increases/(decreases) due to business combinations | – | – | – | – | – | – | – | – |
| Other transactions with shareholders or owners | – | – | – | – | – | – | – | – |
| Other changes in equity | – | 1,435 | – | (1,435) | – | – | – | – |
| Share-based payments | – | – | – | – | – | – | – | – |
| Transfers between equity items | – | 1,435 | – | (1,435) | – | – | – | – |
| Other changes | – | – | – | – | – | – | – | – |
| End Balance at 31 March 2022 | 1,271 | 5,667 | (3) | 338 | 2 | (2,503) | 189 | 4,961 |

⁽¹⁾ Unaudited.

Endesa, S.A. and subsidiaries

Consolidated statement of changes in equity for the period January – March 2021

Millions of euros

| | Equity attributable to the Parent ⁽¹⁾ | | | | | | | Total equity |
|--|--|--|----------------------------------|-----------------------|--------------------------|-------------------------------------|---------------------------|--------------|
| | Capital and reserves | | | | | Adjustments due to changes in value | Non-controlling interests | |
| | Capital | Share premium, reserves and interim dividend | Shares in own equity instruments | Profit for the period | Other equity instruments | | | |
| Beginning balance at 1 January 2021 | 1,271 | 4,726 | (2) | 1,394 | – | (74) | 150 | 7,465 |
| Adjustments due to changes in accounting policies | – | – | – | – | – | – | – | – |
| Corrections of errors | – | – | – | – | – | – | – | – |
| Adjusted beginning balance | 1,271 | 4,726 | (2) | 1,394 | – | (74) | 150 | 7,465 |
| Total comprehensive income | – | – | – | 491 | – | 148 | 3 | 642 |
| Transactions with shareholders or owners | – | – | – | – | – | – | (1) | (1) |
| Capital increases/(decreases) | – | – | – | – | – | – | (1) | (1) |
| Conversion of liabilities into equity | – | – | – | – | – | – | – | – |
| Dividends paid | – | – | – | – | – | – | – | – |
| Transactions with Own Equity Instruments (net) | – | – | – | – | – | – | – | – |
| Increases/(decreases) due to business combinations | – | – | – | – | – | – | – | – |
| Other transactions with shareholders or owners | – | – | – | – | – | – | – | – |
| Other changes in equity | – | 1,394 | – | (1,394) | – | – | – | – |
| Share-based payments | – | – | – | – | – | – | – | – |
| Transfers between equity items | – | 1,394 | – | (1,394) | – | – | – | – |
| Other changes | – | – | – | – | – | – | – | – |
| End Balance at 31 March 2021 | 1,271 | 6,120 | (2) | 491 | – | 74 | 152 | 8,106 |

⁽¹⁾ Unaudited.

Endesa, S.A. and subsidiaries

Consolidated statements of cash flows for the periods January – March 2022 and 2021

Millions of euros

| | January – March 2022 ⁽¹⁾ | January – March 2021 ⁽¹⁾⁽²⁾ |
|---|-------------------------------------|--|
| Gross profit before tax | 472 | 653 |
| Adjustments for: | 252 | 422 |
| Depreciation and amortisation and impairment losses | 425 | 404 |
| Other adjustments (net) | (173) | 18 |
| Changes in working capital: | (1,120) | (411) |
| Trade and other receivables | (1,198) | (203) |
| Inventories | (125) | (177) |
| Current financial assets | (168) | 27 |
| Trade payables and other current liabilities | 371 | (58) |
| Other cash flows from operating activities: | (80) | (81) |
| Interest received | 10 | 5 |
| Dividends received | – | 1 |
| Interest paid | (19) | (16) |
| Income tax paid | 2 | (2) |
| Other receipts from and payments for operating activities | (73) | (69) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | (476) | 583 |
| Payments for investments | (2,267) | (471) |
| Acquisitions of property, plant and equipment and intangible assets | (495) | (392) |
| Investments in Group companies | (21) | (20) |
| Purchase of other investments | (1,751) | (59) |
| Proceeds from sale of investments | 11 | 8 |
| Proceeds from sale of property, plant and equipment and intangible assets | 5 | 2 |
| Disposals of investments in Group companies | – | – |
| Proceeds from sale of other investments | 6 | 6 |
| Other cash flows from investing activities | 17 | 18 |
| Other receipts from and payments for investing activities | 17 | 18 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | (2,239) | (445) |
| Cash flows from equity instruments | (4) | 3 |
| Drawdowns of non-current borrowings | 1,710 | 32 |
| Repayment of borrowings, non-current | (4) | (3) |
| Net cash flows from current borrowings | 1,404 | 645 |
| Dividends of the Parent paid | (529) | (741) |
| Dividends paid to non-controlling interests | – | (3) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 2,577 | (67) |
| TOTAL NET CASH FLOWS | (138) | 71 |
| Effect of exchange rate fluctuations on cash and cash equivalents | – | – |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (138) | 71 |
| BEGINNING CASH AND CASH EQUIVALENTS | 703 | 403 |
| Cash in hand and at banks | 703 | 403 |
| Other cash equivalents | – | – |
| ENDING CASH AND CASH EQUIVALENTS | 565 | 474 |
| Cash in hand and at banks | 565 | 474 |
| Other cash equivalents | – | – |

⁽¹⁾ Unaudited.⁽²⁾ See Appendix II of this Consolidated Management Report.

Appendix II. Comparability of Information for the three-month period ended at 31 March 2021

Consolidated income statement

Millions of euros

| | January-March 2021 | Reclassification Gains or Losses sale financial and non-financial assets ⁽¹⁾ | Reclassification income and expenses from energy stocks derivatives ⁽²⁾ | Breakdown | | January-March 2021 Restated | |
|---|-----------------------|--|---|--|-------------------------------------|--|----------------|
| | | | | Depreciation and amortisation, and impairment losses | Derivative financial instruments | | |
| REVENUE | 4,993 | – | (219) | – | – | REVENUE | 4,774 |
| Sales | 4,658 | – | 54 | – | – | Revenue from sales and services | 4,712 |
| Other operating income | 335 | – | (273) | – | – | Other operating income | 62 |
| PROCUREMENTS AND SERVICES | (3,461) | – | 255 | – | – | PROCUREMENTS AND SERVICES | (3,206) |
| Energy purchases | (1,144) | – | 12 | – | – | Energy purchases | (1,132) |
| Other variable procurements and services | (697) | – | 243 | – | – | Other variable procurements and services | (454) |
| – | – | – | (36) | – | – | INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES | (36) |
| CONTRIBUTION MARGIN | 1,532 | – | – | – | – | CONTRIBUTION MARGIN | 1,532 |
| – | – | 1 | – | – | – | Other gains and losses | 1 |
| GROSS PROFIT FROM OPERATIONS (EBITDA) | 1,019 | 1 | – | – | – | GROSS PROFIT FROM OPERATIONS (EBITDA) | 1,020 |
| Depreciation and amortisation, and impairment losses | (404) | – | – | 32 | – | Depreciation and amortisation, and impairment losses on non-financial assets (2) | (372) |
| – | – | – | – | (32) | – | Impairment losses on financial assets. | (32) |
| PROFIT FROM OPERATIONS (EBIT) | 615 | 1 | – | – | – | PROFIT FROM OPERATIONS (EBIT) | 616 |
| FINANCIAL RESULT | 39 | (7) | – | – | – | FINANCIAL PROFIT/(LOSS) | 32 |
| Financial income | 83 | – | – | – | – | (1) Financial income | 82 |
| Financial expense | (42) | (7) | – | – | – | 4 Financial expense | (45) |
| – | – | – | – | – | – | (3) Income and expenses on derivative financial instruments | (3) |
| Net exchange differences | (2) | – | – | – | – | Net exchange differences | (2) |
| Net income of companies accounted for using the equity method | 5 | – | – | – | – | Net income of companies accounted for using the equity method | 5 |
| Gains/(losses) on other investments | – | – | – | – | – | – | – |
| Gains/(losses) on disposal of assets | (6) | 6 | – | – | – | – | – |
| PROFIT BEFORE TAX | 653 | – | – | – | – | PROFIT BEFORE TAX | 653 |

⁽¹⁾ The heading "Gains/(losses) on disposal of assets" was eliminated, which mainly included gross capital gains or losses from the sale of financial or non-financial assets. The items that made up this heading are now classified under "Other gains/losses" forming part of "Gross Profit from Operations (EBITDA)", under "Financial result", according to their type.

⁽²⁾ The changes in fair value and the settlement of derivative financial instruments on commodities not designated as accounting hedges, whose settlement is made at the net amount, previously recognised in "Other operating income" and "Other variable procurements and services", together with the cumulative gain or loss on the cash flow hedges, are reclassified to "Income and expenses on energy stock derivatives" as the underlying has an impact on the Consolidated Income Statement for the risk hedged, also including the ineffective portion of these hedges, previously recognised under "Sales" and "Energy purchases".

Consolidated Statement of Other Comprehensive Income

Millions of euros

| | January- March 2021 | Reclassifications ⁽¹⁾ | | January-March 2021 Restated |
|---|------------------------|----------------------------------|-------------|---|
| | | Gross | Current | |
| Items that can be reclassified to profit or loss: | 123 | – | – | – |
| Cash flow hedges | 160 | (160) | – | – |
| Companies accounted for using the equity method | 4 | (4) | – | – |
| Tax effect | (41) | – | 41 | – |
| AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS | 25 | – | – | – |
| Cash flow hedges | 33 | (33) | – | – |
| Tax effect | (8) | – | 8 | – |
| – | – | – | – | ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS 148 |
| – | – | – | – | Hedging transactions 193 |
| – | – | 160 | – | Valuation gains/(losses) 160 |
| – | – | 33 | – | Amounts Transferred to Income Statement 33 |
| – | – | – | – | Hedging transactions 4 |
| – | – | 4 | – | Valuation gains/(losses) 4 |
| – | – | – | – | Amounts Transferred to Income Statement – |
| – | – | – | (49) | Tax effect (49) |

⁽¹⁾ The presentation of these items in the Consolidated Statement of Other Comprehensive Income has been adapted to the Periodic Public Information disclosure models, in accordance with CNMV Circular 3/2018, of 28 June.

Consolidated statement of cash flows

Millions of euros

| | January- March 2021 | Reclassifications ⁽¹⁾ | | January- March 2021 Restated |
|---|------------------------|----------------------------------|--------------------------------|---|
| | | Payments for investments | Proceeds due to Divestments | |
| Acquisitions of property, plant and equipment and intangible assets | (392) | 392 | – | – |
| Proceeds from sale of property, plant and equipment and intangible assets | 2 | – | (2) | – |
| Investments in Group companies | (20) | 20 | – | – |
| Disposals of investments in Group companies | – | – | – | – |
| Purchase of other investments | (59) | 59 | – | – |
| Proceeds from sale of other investments | 6 | – | (6) | – |
| Cash flows from changes in the consolidation scope | – | – | – | – |
| – | – | – | – | Payments for investments (471) |
| – | – | (392) | – | Acquisitions of property, plant and equipment and intangible assets (392) |
| – | – | (20) | – | Investments in Group companies (20) |
| – | – | (59) | – | Purchase of other investments (59) |
| – | – | – | – | Proceeds from sale of investments 8 |
| – | – | – | 2 | Proceeds from sale of property, plant and equipment and intangible assets 2 |
| – | – | – | – | Disposals of investments in Group companies – |
| – | – | – | 6 | Proceeds from sale of other investments 6 |
| Cash flows from changes in the consolidation scope | – | – | – | – |
| – | – | – | – | Other cash flows from investing activities 18 |
| Grants and other deferred income | 18 | – | – | Other receipts from and payments for investing activities 18 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | (445) | – | – | NET CASH FLOWS FROM INVESTING ACTIVITIES (445) |

⁽¹⁾ The presentation of these items in the Consolidated Statement of Cash Flows has been adapted to the Periodic Public Information disclosure models, in accordance with CNMV Circular 3/2018, of 28 June 2018.

Legal Notice

This document contains certain “forward-looking” statements regarding anticipated financial and operating results and statistics and other future events. These statements are not guarantees of future performance and they are subject to material risks, uncertainties, changes and other factors that may be beyond Endesa’s control or may be difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; anticipated changes in generation and market share; expected changes in demand for gas and gas sourcing; management strategy and goals; estimated cost reductions; tariffs and pricing structure; estimated capital expenditures; estimated asset disposals; estimated changes in capacity and capacity mix; repowering of capacity and macroeconomic conditions. The main assumptions on which these expectations and targets are related to the regulatory framework, exchange rates, commodities, counterparties, divestments, increases in production and installed capacity in markets where Endesa operates, increases in demand in these markets, allocation of production amongst different technologies, increases in costs associated with higher activity that do not exceed certain limits, electricity prices not below certain levels, the cost of CCGT plants, and the availability and cost of the gas, coal, fuel oil and emission rights necessary to run our business at the desired levels.

In these statements, Endesa avails itself 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 important factors, in addition to those discussed elsewhere in this document, could cause financial and operating results and statistics to differ materially from those expressed in our forward-looking statements: economic and industry conditions; factors related to liquidity and financing; operating factors; strategic and regulatory, legal, fiscal, environmental, political and governmental factors; reputational factors and transaction and commercial factors.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained in this document are given in the Risk Factors section of the current Endesa regulated information filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the “CNMV” for its initials in Spanish).

No assurance can be given that the forward-looking statements in this document will be realised. Except as may be required by applicable law, neither Endesa nor any of its affiliates intends to update these forward-looking statements.



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