



Endesa, S.A. and Subsidiaries
Consolidated Management Report

for the nine-month period
ended 30 September 2022

endesa



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

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Endesa, S.A. and Subsidiaries **Consolidated Management Report**

for the nine-month period
ended 30 September 2022

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. Aware of the profound changes that the industry is experiencing, Endesa finds itself in a new era for energy that is more open, participatory and digital.
- "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:** Frain 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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Endesa is Open Power

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Legend

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

Consolidated Management Report



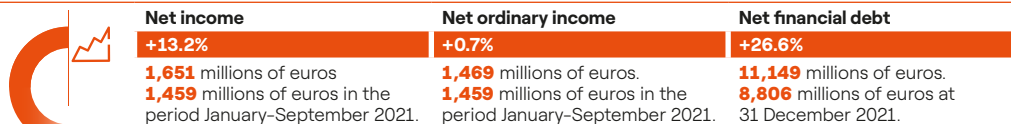


1. Key figures

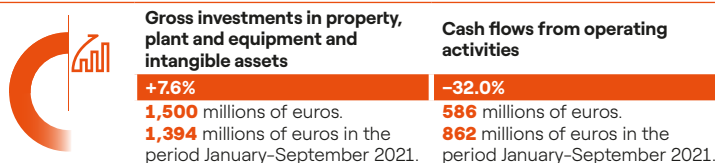
Revenue



Performance



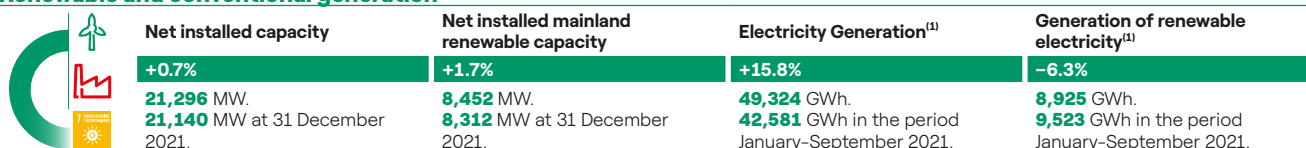
Investments



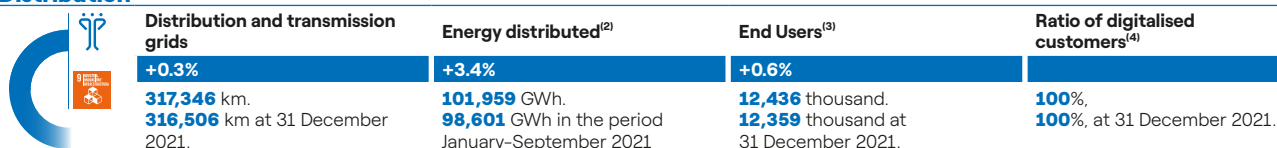
People



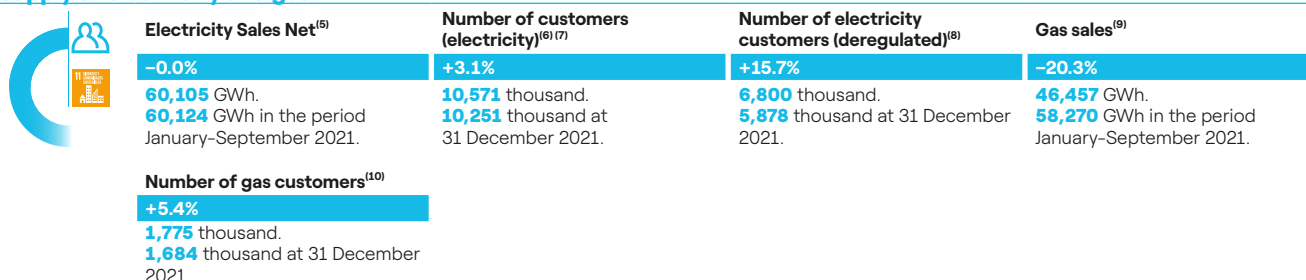
Renewable and conventional generation



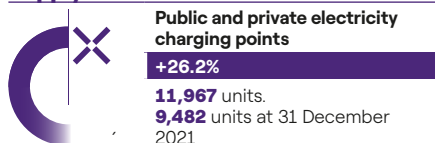
Distribution



Supply of electricity and gas



Supply other Products and Services



⁽¹⁾ At power plant busbars.

⁽²⁾ Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other grids (transmission and distribution).

⁽³⁾ Customers of distributors.

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

⁽⁵⁾ Sales to end customers.

⁽⁶⁾ Supply points.

⁽⁷⁾ Customers of supply companies.

⁽⁸⁾ Customers of deregulated supply companies.

⁽⁹⁾ Excluding own consumption for generation.

⁽¹⁰⁾ Supply points.

2. Basis of presentation of the Consolidated Financial Statements

Endesa's Consolidated Financial Statements for the nine-month period ended 30 September 2022 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the interpretations of the IFRS Interpretations Committee (IFRIC), as adopted by the European Union at the reporting date, pursuant to Regulation (EC) 1606/2002, of 19 July, of the European Parliament and of the Council and other provisions of the financial reporting regulatory framework applicable to Endesa.

The accounting policies, bases of presentation and measurement bases used to prepare Endesa's Consolidated Financial Statements for the nine-month period ended 30 September 2022 are the same as those explained in Notes 2 and 3 to the Consolidated Financial Statements for the year ended 31 December 2021, except for the new International Financial Reporting Standards (IFRS) and IFRIC interpretations published in the Official Journal of the European Union, which were first applied by Endesa in the Consolidated Financial Statements for the nine-month period ended 30 September 2022, following the going-concern principle by applying the cost method, with the exception of the items that, in accordance with the International Financial Reporting Standards (IFRS), are measured at fair value. Items in the Consolidated Income Statement are classified by cost type.

At the date of approval of this Consolidated Management Report, the modifications and reforms adopted by the European Union applicable to the years beginning on 1 January 2022 were as follows:

Standards, amendments and interpretations	Mandatory application: Years beginning on
Amendments to IFRS 3 "Business Combinations"; IAS 16 "Property, Plant and Equipment"; IAS 37 "Provisions, Contingent Assets and Contingent Liabilities" and Annual Improvements to IFRSs 2018-2020.	1 January 2022

The adoption of the previous amendment did not have a significant impact on the Consolidated Financial Statements for the nine months ended 30 September 2022.



3. Description of the entity

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

At 30 September 2022, the Enel Group held 70.1% of the share capital in Endesa, S.A., through Enel Iberia, S.L.U.

At the approval date of this Consolidated Management Report, Endesa's organisational structure had not suffered variations with respect to that described in Section 3 of the Consolidated Management Report for the year ended 31 December 2021.

Senior Management

At the date of approval of this Consolidated Management Report, the Senior Management of Endesa, S.A., which is responsible for implementing the strategies adopted by the Company, has the following composition:

 Staff and service units	Chief Executive Officer	Mr José Damián Bogas Gálvez
	General Manager – Communication	Mr Ignacio Jiménez Soler
	General Manager – People and Organisation	Mr Paolo Bondi
	General Manager – Institutional Relations and Regulation	Mr José Casas Marín
	General Manager – Media	Mr Pablo Azcoitia Lorente
	General Manager – Audit	Ms Patricia Fernández Salís
	General Manager – ICT Digital Solutions	Mr Manuel Fernando Marín Guzmán
	General Manager – Sustainability	Ms María Malaxechevarría Grande
	General Manager – Purchasing	Mr Ignacio Mateo Montoya
	General Manager – Administration, Finance and Control	Mr Luca Passa
 Business Lines	General Secretary and Secretary to the Board of Directors and General Manager of Legal Affairs and Corporate Affairs	Mr Francisco de Borja Acha Besga
	General Manager – Energy Management 	Mr Juan María Moreno Mellado
	General Manager – Generation 	Mr Rafael González Sánchez
	General Manager – Infrastructure and Grids 	Mr José Manuel Revuelta Mediavilla
	General Manager – Supply 	Mr Javier Uriarte Monereo
	General Manager – Endesa X 	Mr Davide Ciciliato
General Manager – Nuclear Power 	Mr Gonzalo Carbó de Haya	

3.2. Business lines and main markets

Endesa'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 relate to the following activities in which Endesa is involved: 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 in an integrated manner – 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 significant companies and holdings to organise the different Business Lines are described in Section 2.4 of the Consolidated Management Report and in Appendix I to the Notes to the Consolidated Financial Statements for the year ended 31 December 2021 and in Section 5.2 of this Consolidated Management Report.



3.3. Sustainable business model

Endesa has developed a sustainable business model, recognising that it must focus its business strategy on meeting the major challenges facing the society in which it performs its activities.

Endesa pursues 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. The objective is to meet the challenge of decarbonisation and so contain the average increase in global temperatures to 2°C,

with the aspiration that it does not exceed 1.5°C compared with the pre-industrial period, creating shared value for all stakeholders and spreading its sustainability principles and commitments throughout the value chain.

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

The description of Endesa's sustainable business model is detailed in Section 2.3.3 of the Consolidated Management Report for the year ended 31 December 2021.

4. Reference scenario

4.1. Performance of the main market indicators

Market indicators	January – September 2022	January – September 2021	% Var.
Arithmetic average price in the wholesale electricity market (€/MWh) ⁽¹⁾	185.8	78.5	136.7
ICE Brent average price (\$/bbl) ⁽²⁾	102.4	68.0	50.6
Average price of carbon dioxide (CO ₂) emission rights (€/t) ⁽³⁾	81.9	45.4	80.4
Average price of coal (€/MWh) ⁽⁴⁾	310.6	102.5	203.0
Average price of gas (€/MWh) ⁽⁵⁾	132.5	30.3	337.3
Estimated year-on-year inflation Spain (%) ⁽⁶⁾	8.9 ⁽⁷⁾	4.0 ⁽⁸⁾	–

⁽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 30 September 2022.

⁽⁸⁾ At 30 September 2021.

Exchange and interest rates ⁽¹⁾	30 September 2022	31 December 2021	Difference
Closing exchange rate (Euro / US Dollar)	0.9797	1.1370	(0.1573)
Closing exchange rate (Euro / Pound Sterling)	0.8776	0.8396	0.0380
Average exchange rate (Euro / US Dollar)	1.0635 ⁽²⁾	1.1961 ⁽³⁾	(0.1326)
6-month Euribor (period average)	(0.14) ⁽²⁾	(0.52) ⁽³⁾	0.38

⁽¹⁾ Source: Bloomberg.

⁽²⁾ January – September 2022.

⁽³⁾ January – September 2021.

4.2. Electricity and gas market

The macroeconomic scenario deteriorated significantly during the period January–September 2022, with significant corrections in the expected growth rates of the main western economies, and inflation exceeded 10% in the eurozone due to the increase in energy prices and a widespread rise in underlying inflation. The high inflation rates are being combated by the central banks through interest rate rises and, also, the euro has depreciated significantly with respect to the US dollar.

During the period January–September 2022, the average arithmetic price on the wholesale electricity market stood at 185.8€/MWh (+136.7%), affected by the unprecedented energy crisis, the rise in gas prices as a result of the prolongation of the conflict between Russia and Ukraine and the uncertainty regarding gas supply. In addition,

the measures proposed to replace the Russian gas supply also require in the short term adjustments in demand, which has led to an unprecedented increase in energy prices.

For such purpose, the performance of the gas market and its repercussions on the electricity market reflect the tension caused, firstly, by the pandemic, but mainly by the situation of war tension suffered by Europe, causing its progression to be inexorably affected by totally exceptional events that have led to unprecedented and disproportionate price levels.

The social and economic impacts of the energy crisis have also led European governments to adopt measures aimed at limiting the influence of gas prices on electricity generation (see sections 9 and 13 of this Consolidated Management Report).

4.2.1. Changes in demand

Percentage (%)

Electricity ⁽¹⁾	Without adjusting effects for working days and temperature		Adjusted for effects of working days and temperature	
	January – September 2022	January – September 2021	January – September 2022	January – September 2021
Mainland	(1.4)	3.4	(2.8)	3.5
Endesa area⁽²⁾	0.5	2.2	(0.8)	2.3
Industrial	(4.0)	1.4		
Services	6.9	7.5		
Residential	(1.3)	(2.3)		
Non-mainland Territories ("TNP")	10.1	4.2	10.8	5.5
Canary Islands	8.2	(0.7)	7.9	(0.5)
Balearic Islands	13.5	12.3	13.6	11.4

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

⁽²⁾ Source: In-house.

Percentage (%)

Gas ⁽¹⁾	January – September 2022	January – September 2021
Domestic market	3.8	0.1
Domestic - conventional	(17.3)	6.9
Electricity sector	80.2	(17.9)

⁽¹⁾ Source: Enagás, S.A.

4.2.2. Market share

Percentage (%)

Market share ⁽¹⁾	30 de septiembre de 2022	31 de diciembre de 2021
Electricity		
Mainland generation ⁽²⁾	18.1	17.5
Distribution	43.7	42.7
Supply	29.6	29.6
Gas		
Deregulated market	18.2	15.1

⁽¹⁾ Source: In-house.

⁽²⁾ Includes renewable energy.



5. Significant events in the period

5.1. 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, on a retroactive basis, the Consolidated Financial Statements for the nine-month period ended 30 September 2021 were adapted; hence,

the comparative figures do not coincide with those published in the Consolidated Management Report for the nine-month period ended 30 September 2021.

In Appendix II to this Consolidated Management Report the main changes made are described below for each financial statement.

5.2. Changes in the consolidation scope

During the period January-September 2022, the following transactions were carried out:

Companies	Transaction	Consolidation method	Date	Activity	Stake at 30 September 2022 (%)		Stake at 31 December 2021 (%)	
					Control	Economic	Control	Economic
Renovables Brovales 400kV, S.L. ⁽¹⁾	Formed	E.M. (A)	31 January 2022	Photovoltaic	64.15	64.15	–	–
Infraestructura de Evacuación Peñaflores 220 KV, S.L. ⁽¹⁾	Formed	E.M. (I.V.)	1 February 2022	Photovoltaic	41.14	41.14	–	–
Infraestructuras San Serván Set 400, S.L. ⁽¹⁾	Acquisition	E.M. (I.V.)	8 February 2022	Photovoltaic	33.33	33.33	–	–
Evacuación Carmona 400-220 KV Renovables, S.L. ⁽¹⁾	Formed	E.M. (A)	9 February 2022	Photovoltaic	9.39	9.39	–	–
Endesa X Way, S.L. ⁽²⁾	Formation and sale	E.M. (A)	9 February 2022 and 29 April 2022	E-mobility	49.00	49.00	–	–
Renovables Manzanares 400 KV, S.L. ⁽¹⁾	Acquisition	E.M. (A)	17 February 2022	Photovoltaic	43.98	43.98	27.86	27.86
Stonewood Desarrollos, S.L.U. ⁽³⁾	Acquisition	F.C.	17 February 2022	Photovoltaic	100.00	100.00	–	–
Energías Limpias de Carmona, S.L. ⁽¹⁾	Formed	E.M. (A)	22 February 2022	Photovoltaic	18.75	18.75	–	–
SET Carmona 400 KV Renovables, S.L. ⁽¹⁾	Formed	E.M. (A)	1 March 2022	Photovoltaic	16.00	16.00	–	–
Promotores Mudéjar 400KV, S.L. ⁽¹⁾	Formed	E.M. (A)	22 March 2022	Photovoltaic	37.19	37.19	–	–
Instalaciones San Serván II 400, S.L. ⁽¹⁾	Acquisition	E.M. (A)	7 April 2022	Photovoltaic	23.81	23.81	–	–
Boiro Energía, S.A. ⁽⁴⁾	Sale	–	2 June 2022	Photovoltaic	–	–	40.00	40.00
Depuración Destilación Reciclaje, S.L. ⁽⁴⁾	Sale	–	2 June 2022	Photovoltaic	–	–	40.00	40.00
Energías Especiales de Careón, S.A. ⁽⁵⁾	Acquisition	F.C.	2 June 2022	Photovoltaic	97.00	97.00	77.00	77.00
Energías Especiales de Peña Armada, S.A.U. ⁽⁵⁾	Acquisition	F.C.	2 June 2022	Photovoltaic	100.00	100.00	80.00	80.00

Companies	Transaction	Consolidation method	Date	Activity	Stake at 30 September 2022 (%)		Stake at 31 December 2021 (%)	
					Control	Economic	Control	Economic
Rebuilding Agente Rehabilitador, S.L. ⁽⁶⁾	Formed	E.M. (J.V.)	6 June 2022	Infrastructures and services	50.00	50.00	–	–
Seccionadora Almodóvar Renovables, S.L. ⁽¹⁾	Formed	E.M. (A)	6 June 2022	Photovoltaic	37.50	37.50	–	–
Arena Green Power 1, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Arena Green Power 2, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Arena Green Power 3, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Arena Green Power 4, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Arena Green Power 5, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Enigma Green Power 1, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power Ren 4, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power Ren 5, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power Ren 6, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power Ren 7, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power Ren 8, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power Ren 9, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Shark Power Ren 10, S.L.U. ⁽³⁾	Acquisition	F.C.	14 June 2022	Photovoltaic	100.00	100.00	–	–
Campos Promotores Renovables, S.L. ⁽¹⁾	Formed	E.M. (J.V.)	20 July 2022	Photovoltaic	25.30	25.30	–	–
Ribina Renovables 400, S.L. ⁽¹⁾	Formed	E.M. (A)	20 July 2022	Photovoltaic	39.24	39.24	–	–

F.C.: Full Consolidation; E.M.: Equity Method; J.V.: Joint Venture; A: Associate.

⁽¹⁾ Companies acquired/formed directly and/or indirectly by Enel Green Power España, S.L.U. (EGPE) for a total of less than Euro 1 million.

⁽²⁾ On 9 February 2022, Endesa Movilidad Eléctrica, S.L.U. was formed (currently known as Endesa X Way, S.L.), in which Endesa X Servicios, S.L.U. has a 100% ownership interest. Subsequently, on 4 April 2022, Endesa X Servicios, S.L.U. was partially unbundled, through which the electric mobility economic management unit was transferred, which includes the provision of the electric vehicle charging station management service and related activities to Endesa X Way, S.L. On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its ownership interest in that Company to Enel X Way, S.r.l. for Euro 122 million, generating a gross gain of Euro 121 million (see Section 6.2.2 of this Consolidated Management Report).

⁽³⁾ Companies acquired by Enel Green Power España, S.L.U. (EGPE) for a total of Euro 26 million, of which Euro 2 million were pending payment at 30 September 2022.

⁽⁴⁾ On 2 June 2022, ENEL Green Power España, S.L.U. (EGPE) had sold the investment in these companies for a total of Euro 14 million. The gross gain on the sale was Euro 1 million, positive.

⁽⁵⁾ Holdings acquired by Enel Green Power España, S.L.U. (EGPE) for Euro 9 million, of which Euro 7 million related to the price of the shareholding in those companies and Euro 2 million to the payment of the debt that the companies assumed with the former shareholders. These transactions do not have an impact on the Consolidated Income Statement and represent an effect on Equity of Euro 7 million, of which Euro 3 million relate to Equity of the Non-controlling Interests and Euro 4 million relate to Equity of the Parent.

⁽⁶⁾ Company formed by Endesa X Servicios, S.L.U. for a non-material amount.

Also, in the period January–September 2022, five merger operations were performed between subsidiaries, with Castiblanco Solar, S.L.U., Coquina Solar, S.L.U., Navalvillar Solar, S.L.U., Valdecaballero Solar, S.L.U. and Parque Eólico Tico, S.L.U. being the absorbed companies and

Enel Green Power España, S.L.U. (EGPE) being the absorbing company.

The total price of the new transactions arranged in the period January–September 2022 was Euro 26 million, of which Euro 2 million were pending payment at 30

September 2022. Likewise, these corporate acquisitions include certain contractual clauses amounting to Euro 17 million, pending execution by the seller at the approval date of this Consolidated Management Report.

At 30 September 2022, the acquisition of these companies led to the recognition of Euro 26 million under "Intangible assets" in the Consolidated Statement of Financial position, relating almost in full to the value of the licences for the development of wind farms and photovoltaic plants.

These companies are currently applying for permits and licences to carry out their projects or in the phase of

commencing construction on the renewable energy facilities, hence no ordinary revenue from contracts with customers has been generated since the acquisition date. Specifically, during the period January–September 2022, the gross investments made by these companies amounted to Euro 45 million.

Through the acquisition of wind farms and 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.

5.3. 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 invasion of Ukraine and the response of the international community to it are having effects in numerous areas, including raw materials markets, financial markets, the system of international sanctions for individuals and legal entities and the security of infrastructures and essential services.

Since months have elapsed since the beginning of the invasion, the conflict does not only continue and its effects deepen, but also, at times, it could escalate or even expand. Everything seems to indicate that it will not be resolved in the short-term and the derivative effects as well the consequences of the embargos imposed on Russia are increasingly felt on the global economy and, particularly, on the European economy.

The recovery of demand following the pandemic and the Ukraine-Russian conflict, with the subsequent restrictions on the marketing of Russian crude and oil products has generated a deficit between the supply and demand of these products in Europe. This has led to a rise in prices and certain difficulties supplying specific products, especially gasoil, in which Russia is the leading source of supply of imports to the European Union. Endesa has sealed its fuel oil and gasoil supply needs for the Non-Mainland Territories ("TNP") plants, with companies of acknowledged solvency with their own refinancing capacity. However, it could be the case that existing market tensions hinder these supplies in the future.

With regard to gas, Endesa does not have any counterparties that are possibly affected by the sanctions, nor has it taken out gas supply contracts with Russia; hence, the Company's gas supply is guaranteed. However, the gradual reduction of Russian gas export volumes towards Europe led to an ongoing rise in gas prices on European markets, particularly the

Title Transfer Facility (TTF). In this regard, Endesa has contracted positions on this index as a result of its strategy of hedging expected revenue from the sale of gas, and the rise on commodities markets has caused Endesa to have greater liquidity needs arising from the net position subject to the margination of financial instruments on Organised Markets (see Section 7.2 of this Consolidated Management Report).

With respect to uranium (UF_6), Endesa has sealed contracts with various uranium suppliers to compensate the possible cessation of supply from a Russian supplier, having guaranteed fuel for 2022, 2023 and 2024. Also, through Enusa Industrias Avanzadas, S.A., S.M.E., it analysed the effects on orders for the supply of nuclear fuel from Russia from 2024, although this company is referring the manufacturing orders to other suppliers.

Also as a result of the rise in raw material prices and the increase in inflation expectations, long-term euro interest rates are going up sharply, which will make the financing of public and corporate debt more expensive.

As a result of the situation described on the energy market, the Government is processing a Draft Law in the Congress of Deputies to establish a temporary tax on energy companies, intended to begin on 1 January 2023. According to the current wording of the regulation, gross revenue of the leading business groups in the energy sector would be taxed at a rate of 1.2% in 2023 and 2024, in relation to the revenue at 31 December 2022 and 31 December 2023, respectively, although the final wording of the regulation may be submitted to amendments during the parliamentary proceedings, especially due to that indicated by the Regulation (EU) 2022/1854 of the Council of 6 October 2022, relating to an emergency intervention to tackle the high energy prices in relation to the imposition of this type of tax by the Member States.

These difficulties have also increased with a higher level of technological risks, to which companies and authorities are exposed, which has likewise led to the adoption of adequate defence measures and maximum internal controls to protect digital infrastructures.

Lastly, a worsening of the crisis caused by the conflict between Russia and Ukraine may cause possible delays in supplies and the breach of contracts at supply chain level.

Considering the scenario in question, and in line with the recommendations of the “European Securities

and Markets Authority” (ESMA) of 14 March 2022 and 13 May 2022, Endesa monitored 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 war on business activities, on the financial position and on economic performance, with special reference to the widespread increase in raw material prices and, if appropriate, the lower availability of material supplies in the areas affected by the conflict:

Matters	Sections	Contents
Going concern	7.2 and 10.3	Impact of the conflict on the activities performed by the Group companies.
Regulatory Framework	9 and 13	Regulatory measures adopted by the community and national authorities in response to the economic and social consequences of the conflict.
Financial instruments	6.2, 7.3 and 10.3	Changes in the measurement and settlement of energy stock derivatives, details of financial instruments and impact on Endesa.
Borrowings	7.2	Details of financial debt.
Energy stock price risk	4.1 and 10.3	Variations in electricity and gas prices in energy markets and other raw materials.
Liquidity risk	7.2 and 10.3	Details of the liquidity position.
Credit risk	6.2 and 10.3	Analysis of the impairment of financial assets
Concentration risk	10.3	Analysis of possible delays in supplies and compliance with contracts at supply chain level.
Monitoring of stock markets	10.1	Impact of the conflict on the fluctuations of Endesa's share price.

In accordance with the foregoing, in the period January–September 2022, the effects of the conflict did not have a significant impact on gross operating income (EBITDA) or on operating income (EBIT), although the net position subject to margination on the organised markets in which Endesa arranges its financial instruments did not suffer the fluctuations of the gas market, particularly during its rise last August 2022, reaching collateralisation needs of Euro 9,300 million at 30 September 2022, which

affected Endesa's liquidity position (see Sections 7.2 and 10.3 of this Consolidated Management Report).

In a scenario of constant change, also characterised by high regulatory uncertainty and a context of high volatile prices, Endesa constantly monitors the macroeconomic and business variables to obtain the best estimate of the potential impacts in real time, also taking into account the various recommendations of the national and supranational supervision bodies.

5.4. COVID-19 health crisis

Endesa is also constantly monitoring the evolution of the COVID-19 pandemic, together with 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 Securities Market Commission (“CNMV”)

and the “European Securities and Markets Authority” (ESMA) of 11 March 2020.

Overall, in the first nine months of 2022 and 2021, the effects of the health crisis did not have a significant impact on the gross operating income (EBITDA) or on operating income (EBIT).

6. Endesa's operating performance and results for the period January–September 2022

6.1. Operating performance

At 30 September 2022	49,324 GWh Generation of electricity⁽¹⁾ in the period January–September 2022 of which the following amount is renewable 8,925 GWh	8,452 MW Net installed mainland renewable capacity of a total of 16,940 MW	317,346 km Distribution and transmission grids	11,967 Units Public and private charging points +26.2% with respect to 31 December 2021
	12,495 Thousand Digitalised customers 100% Ratio of digitalised customers	10,571 Thousand Number of customers (electricity) of which the following 6,800 Thousand were from the deregulated market	1,775 Thousand Number of customers (gas) of which the following 1,538 Thousand were from the deregulated market	46,457 MW Gas sales in the period January–September 2022 –20.3% with respect to the period January–September 2021

⁽¹⁾ At power plant busbars.

Operating figures	SDG ⁽¹⁾	Unit	January–September 2022	January–September 2021	% Var.
Electricity generation ⁽²⁾		GWh	49,324	42,581	15.8
Generation of renewable electricity	7	GWh	8,925	9,523	(6.3)
Gross installed capacity		MW	22,071 ⁽³⁾	21,915 ⁽⁴⁾	0.7
Net installed capacity		MW	21,296 ⁽³⁾	21,140 ⁽⁴⁾	0.7
Net installed mainland renewable capacity	7	MW	8,452 ⁽³⁾	8,312 ⁽⁴⁾	1.7
Net installed Non-mainland Territories ("TNP") renewable energy capacity	7	MW	93 ⁽³⁾	77 ⁽⁴⁾	20.8
Energy distributed ⁽⁵⁾	9	GWh	101,959	98,601	3.4
Digitalised Customers ⁽⁶⁾	9	Thousands	12,495 ⁽³⁾	12,472 ⁽⁴⁾	0.2
Distribution and transmission grids	9	km	317,346 ⁽³⁾	316,506 ⁽⁴⁾	0.3
End Users ⁽⁷⁾		Thousands	12,436 ⁽³⁾	12,359 ⁽⁴⁾	0.6
List of Digitalised Customers ⁽⁸⁾		(%)	100 ⁽³⁾	100,0 ⁽⁴⁾	–
Gross electricity sales ⁽²⁾		GWh	66,673	66,348	0.5
Net electricity sales ⁽⁹⁾		GWh	60,105	60,124	(0.0)
Gas sales ⁽¹⁰⁾		GWh	46,457	58,270	(20.3)
Number of Customers (Electricity) ^{(11) (12)}		Thousands	10,571 ⁽³⁾	10,251 ⁽⁴⁾	3.1
Deregulated market ⁽¹³⁾		Thousands	6,800 ⁽³⁾	5,878 ⁽⁴⁾	15.7
Number of customers (gas) ⁽¹¹⁾		Thousands	1,775 ⁽³⁾	1,684 ⁽⁴⁾	5.4
Public and private electricity charging stations	11	Units	11,967 ⁽³⁾	9,482 ⁽⁴⁾	26.2
Public lighting points	11	Units	104 ⁽³⁾	101 ⁽⁴⁾	3.0
Final headcount		No. of employees	9,228 ⁽³⁾	9,258 ⁽⁴⁾	(0.3)
Average headcount		No. of employees	9,144	9,304	(1.7)

⁽¹⁾ Sustainable Development Goals.

⁽²⁾ At power plant busbars.

⁽³⁾ At 30 September 2022.

⁽⁴⁾ At 31 December 2021.

⁽⁵⁾ Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other grids (transmission or distribution).

⁽⁶⁾ Smart meters activated.

⁽⁷⁾ Customers of distributors.

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

⁽⁹⁾ Sales to end customers.

⁽¹⁰⁾ Excluding own generation consumption.

⁽¹¹⁾ Supply points.

⁽¹²⁾ Customers of the supply companies.

⁽¹³⁾ Customers of deregulated supply companies.

Electricity generation

GWh

Electricity generation ⁽¹⁾	January-September 2022	January-September 2021	% Var.
Mainland	40,024	34,495	16.0
Renewable energy	8,925	9,523	(6.3)
Hydroelectric	3,409	4,864	(29.9)
Wind-powered ⁽²⁾	3,990	3,853	3.6
Photovoltaic ⁽³⁾	1,525	805	89.4
Rest	1	1	—
Nuclear power	20,424	19,895	2.7
Coal	682	415	64.3
Combined cycle (CCGT)	9,993	4,662	114.3
Non-mainland Territories ("TNP")	9,300	8,086	15.0
Coal	86	47	84.0
Fuel-gas	3,339	2,965	12.6
Combined cycle (CCGT)	5,875	5,074	15.8
TOTAL	49,324	42,581	15.8

⁽¹⁾ At power plant busbars.⁽²⁾ The period January-September 2022 includes 86 GWh corresponding to Non-mainland Territories ("TNP") (84 GWh in the period January-September 2021).⁽³⁾ The period January-September 2022 includes 56 GWh corresponding to Non-mainland Territories ("TNP") (38 GWh in the period January-September 2021).

Non-emitting renewable and nuclear technologies accounted for 73.3% of Endesa's mainland generation mix in the period January-September 2022, with respect

to 74.0% for the rest of the sector (85.3% and 85.5%, respectively, in the period January-September 2021).

Gross and net installed capacity

Gross installed capacity	30 September 2022		31 December 2021		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,334	78.5	17,178	78.4	0.9
Renewable energy ⁽¹⁾	8,589	38.9	8,433	38.5	1.8
Hydroelectric	4,790	21.7	4,790	21.9	—
Wind-powered ⁽²⁾	2,602	11.8	2,546	11.6	2.2
Photovoltaic ⁽³⁾	1,197	5.4	1,097	5.0	9.1
Nuclear power	3,453	15.6	3,453	15.8	—
Coal	1,469	6.7	1,469	6.7	—
Combined cycle (CCGT)	3,823	17.3	3,823	17.4	—
Non-mainland Territories ("TNP")	4,737	21.5	4,737	21.6	—
Coal	260	1.2	260	1.2	—
Fuel-gas	2,620	11.9	2,620	12.0	—
Combined cycle (CCGT)	1,857	8.4	1,857	8.4	—
TOTAL	22,071	100.0	21,915	100.0	0.7

⁽¹⁾ Additional capacity at 30 September 2022 and 31 December 2021 was 160 MW and 627 MW, respectively.⁽²⁾ At 30 September 2022, it included 40 MW relating to Non-mainland Territories ("TNP") (40 MW at 31 December 2021).⁽³⁾ At 30 September 2022, it included 53 MW relating to Non-mainland Territories ("TNP") (37 MW at 31 December 2021).

Net installed capacity	30 September 2022		31 December 2021		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,033	80.0	16,877	79.8	0.9
Renewable energy ⁽¹⁾	8,545	40.1	8,389	39.7	1.9
Hydroelectric	4,746	22.3	4,746	22.5	–
Wind-powered ⁽²⁾	2,602	12.2	2,546	12.0	2.2
Photovoltaic ⁽³⁾	1,197	5.6	1,097	5.2	9.1
Nuclear power	3,328	15.6	3,328	15.7	–
Coal	1,403	6.6	1,403	6.6	–
Combined cycle (CCGT)	3,757	17.6	3,757	17.8	–
Non-mainland Territories (“TNP”)	4,263	20.0	4,263	20.2	–
Coal	241	1.1	241	1.1	–
Fuel-gas	2,334	11.0	2,334	11.1	–
Combined cycle (CCGT)	1,688	7.9	1,688	8.0	–
TOTAL	21,296	100.0	21,140	100.0	0.7

⁽¹⁾ Additional capacity at 30 September 2022 and 31 December 2021 was 160 MW and 627 MW, respectively.

⁽²⁾ At 30 September 2022, it included 40 MW relating to Non-mainland Territories (“TNP”) (40 MW at 31 December 2021).

⁽³⁾ At 30 September 2022, it included 53 MW relating to Non-mainland Territories (“TNP”) (37 MW at 31 December 2021).

Electricity and gas sales

Electricity

Thousands

Number of Customers (Electricity) ⁽¹⁾⁽²⁾	30 September 2022	31 December 2021	% Var.
Regulated market	3,771	4,373	(13.8)
Mainland Spain	3,227	3,732	(13.5)
Non-mainland Territories (“TNP”)	544	641	(15.1)
Deregulated market	6,800	5,878	15.7
Mainland Spain	5,253	4,561	15.2
Non-mainland Territories (“TNP”)	962	858	12.1
Outside Spain	585	459	27.5
TOTAL	10,571	10,251	3.1
Revenue / Supply points⁽³⁾	2.3	1.4	–

⁽¹⁾ Supply points.

⁽²⁾ Customers of the supply companies.

⁽³⁾ Relationship between revenue from annualised electricity sales and the number of electricity supply points (Thousands of Euros / Supply points).

GWh

	Gross electricity sales ⁽¹⁾			Net electricity sales ⁽²⁾		
	January-September 2022	January-September 2021	% Var.	January-September 2022	January-September 2021	% Var.
Regulated price	7,647	9,591	(20.3)	6,500	8,151	(20.3)
Deregulated market	59,026	56,757	4.0	53,605	51,973	3.1
Spanish	50,751	48,479	4.7	45,846	44,167	3.8
Outside Spain	8,275	8,278	(0.0)	7,759	7,806	(0.6)
TOTAL	66,673	66,348	0.5	60,105	60,124	(0.0)

⁽¹⁾ At power plant busbars.

⁽²⁾ Sales to end customers.

Gas

Thousands

Number of customers (gas) ⁽¹⁾	30 September 2022	31 December 2021	% Var.
Regulated market	237	232	2.2
Mainland Spain	216	210	2.9
Non-mainland Territories ("TNP")	21	22	(4.5)
Deregulated market	1,538	1,452	5.9
Mainland Spain	1,315	1,250	5.2
Non-mainland Territories ("TNP")	71	70	1.4
Outside Spain	152	132	15.2
TOTAL	1,775	1,684	5.4
Revenue / Supply points⁽²⁾	3.2	1.7	—

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

GWh

Gas sales	January–September 2022	January–September 2021	% Var.
Deregulated market	31,053	29,875	3.9
Regulated market	800	826	(3.1)
International market	11,183	12,792	(12.6)
Wholesale business	3,421	14,777	(76.8)
TOTAL⁽¹⁾	46,457	58,270	(20.3)

⁽¹⁾ Excluding consumption from own power generation.

Electricity distribution

Supply quality measures	January–September 2022	January–September 2021	% Var.
Energy distributed (GWh) ⁽¹⁾	101,959	98,601	3.4
Energy losses (%) ⁽²⁾	6.9	7.1	—
Installed Capacity Equivalent Interruption Time (Average) – ICEIT (Minutes) ⁽³⁾	43.7	47.9	(8.8)
Duration of Interruptions in the Distribution Grid – SAIDI (Minutes) ⁽⁴⁾	65.2	66.1	(1.4)
Number of Interruptions in the Distribution Grid – SAIFI ⁽⁴⁾	1.4	1.4	—




⁽¹⁾ Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other grids (transmission or distribution).⁽²⁾ Input of energy into 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⁾ Spanish Regulator criterion. Includes Own, Programmed and Transport Installed Capacity Equivalent Interruption Time (ICEIT).⁽⁴⁾ Source: In-house. Figures for the last 12 months.

Marketing of other products and services

Business performance	30 September 2022	31 December 2021	% Var.
Public and private electricity charging points (units)	11,967	9,482	26.2




Workforce

Number of employees

	Final headcount						% Var.
	30 September 2022			31 December 2021			
	Male	Female	Total	Male	Female	Total	
Generation and supply 	3,828	1,243	5,071	3,824	1,213	5,037	0.7
Distribution 	2,263	485	2,748	2,358	470	2,828	(2.8)
Structure and others ⁽¹⁾ 	724	685	1,409	712	681	1,393	1.1
TOTAL	6,815	2,413	9,228	6,894	2,364	9,258	(0.3)

⁽¹⁾ Structure and services.

Number of employees

	Average headcount						% Var.
	January-September 2022			January-September 2021			
	Male	Female	Total	Male	Female	Total	
Generation and supply 	3,779	1,219	4,998	3,706	1,094	4,800	4.1
Distribution 	2,289	466	2,755	2,420	447	2,867	(3.9)
Structure and others ⁽¹⁾ 	717	674	1,391	880	757	1,637	(15.0)
TOTAL	6,785	2,359	9,144	7,006	2,298	9,304	(1.7)

⁽¹⁾ Structure and services.

6.2. Analysis of results

Endesa reported net income of Euro 1,651 million in the period January-September 2022, an increase of 13.2% on the Euro 1,459 million reported in the same period of the previous year.

In order to analyse this performance the following effects should be taken into account:

Period	Tax	Variation	
January-September 2022	Sale 51% of Endesa X Way, S.L.	▲ Euro 182 million	<ul style="list-style-type: none"> Net income generated from the sale of 51% of the holding of Endesa X Way, S.L. to Enel X Way, S.r.l. and the recognition of the holding (49%) retained at fair value as a result of the loss of control over such company (see Section 6.2.2 of this Consolidated Management Report).
	Social Bonus	▲ Euro 125 million	<ul style="list-style-type: none"> Through Ruling 202/2022 of 21 February 2022, handed down by the Supreme Court in Appeal Number 687/2017, the right was acknowledged of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa has not passed on the financing cost to customers, hence founded arguments exist to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of the supply activity, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic (see Section 10.6 of this Consolidated Management Report).
	Ministerial Order TED/749/2022	▼ Euro 135 million	<ul style="list-style-type: none"> Recognition of value of the remuneration of the distribution activity for 2017 to 2019, according with Order TED/749/2022, of 27 July (see Section 9 of this Consolidated Management Report).
January-September 2021	Rights of CO₂ emissions	▲ Euro 195 million	<ul style="list-style-type: none"> Recognition of the right to be compensated for the reduced remuneration as a generating company in the amount of the internalisation of carbon dioxide (CO₂) emission rights assigned free of charge under the National Emission Rights Allocation Plan ("PNA"), which it did not have a legal duty to bear (see Section 10.6 of this Consolidated Management Report).

Endesa reported net ordinary income of Euro 1,469 million in the period January–September 2022, an increase of 0.7% on the Euro 1,459 million reported in the same period of the previous year.

January–September 2022	3,710 millions of euros Gross operating income (EBITDA) +18.8% with respect to the period January–September 2021	2,388 millions of euros Operating income (EBIT) +22.8% with respect to the period January–September 2021	1,469 millions of euros Net ordinary income +0.7% with respect to the period January–September 2021
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The table below presents the details of the most relevant figures in Endesa's Consolidated Income Statement in the period January–September 2022 and their fluctuations compared with the same period of the previous year:

Millions of Euros

	Most significant figures			
	January–September 2022	January–September 2021	Difference	% Var.
Revenue	24,620	14,266	10,354	72.6
Procurements and services	(17,999)	(10,247)	(7,752)	75.7
Income and expenses from energy stock derivatives	(1,642)	509	(2,151)	N/A
Contribution margin⁽¹⁾	4,979	4,528	451	10.0
Self-constructed assets	219	182	37	20.3
Personnel expenses	(722)	(681)	(41)	6.0
Other fixed operating expenses	(1,007)	(904)	(103)	11.4
Other gains and losses	241	(3)	244	N/A
Gross operating profit (EBITDA)⁽¹⁾	3,710	3,122	588	18.8
Depreciation and amortisation, and impairment losses on non-financial assets	(1,200)	(1,117)	(83)	7.4
Impairment losses on financial assets	(122)	(60)	(62)	103.3
Operating Income (EBIT)⁽¹⁾	2,388	1,945	443	22.8
Net financial profit/(loss)⁽¹⁾	(131)	(32)	(99)	309.4
Income before tax	2,275	1,926	349	18.1
Net income⁽¹⁾	1,651	1,459	192	13.2
Net ordinary income⁽¹⁾	1,469	1,459	10	0.7

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

Gross operating income (EBITDA) in the period January–September 2022 stood at Euro 3,710 million (+18.8%). Operating income (EBIT) in the period January–September 2022 rose by 22.8% with respect to the same period of the previous year, to Euro 2,388 million.

In order to analyse this performance, the following effects should be taken into account:

Period	Tax	Variation	
January-September 2022	Sale 51% of Endesa X Way, S.L.	▲ Euro 238 million	<ul style="list-style-type: none"> Net income generated from the sale of 51% of the holding of Endesa X Way, S.L. to Enel X Way, S.r.l. and the recognition of the holding (49%) retained at fair value as a result of the loss of control over such company (see Section 6.2.2 of this Consolidated Management Report).
	Social Bonus	▲ Euro 152 million	<ul style="list-style-type: none"> Through Ruling 202/2022 of 21 February 2022, handed down by the Supreme Court in Appeal Number 687/2017, the right was acknowledged of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa has not passed on the financing cost to customers, hence founded arguments exist to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of the supply activity, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic (see Section 10.6 of this Consolidated Management Report).
	Ministerial Order TED/749/2022	▼ Euro 180 million	<ul style="list-style-type: none"> Recognition of value of the remuneration of the distribution activity for 2017 to 2019, according to Order TED/749/2022, of 27 July (see Section 9 of this Consolidated Management Report).
January-September 2021	Rights of CO ₂ emissions	▲ Euro 188 million	<ul style="list-style-type: none"> Recognition of the right to be compensated for the reduced remuneration as a generating company in the amount of the internalisation of carbon dioxide (CO₂) emission rights assigned free of charge under the National Emission Rights Allocation Plan ("PNA"), which it did not have a legal duty to bear (see Section 10.6 of this Consolidated Management Report).

6.2.1. Revenue

In the period January–September 2022, revenue stood at Euro 24,620 million, up Euro 10,354 million (+72.6%) on that obtained in the period January–September 2021.

The table below presents the detail of revenue in the period January–September 2022 and its variations compared with the same period in the previous year:

Millions of Euros

	Ingresos			
	January-September 2022	January-September 2021	Difference	% Var.
Revenue from sales and services rendered	24,388	14,002	10,386	74.2
Other operating income	232	264	(32)	(12.1)
TOTAL	24,620	14,266	10,354	72.6

Revenue from sales and services rendered

The table below presents the details of Revenue from sales and services rendered in the period January–September 2022 and of its variations compared with the same period in the previous year:

Millions of Euros

	Revenue from sales and services rendered			
	January–September 2022	January–September 2021	Difference	% Var.
Electricity sales	18,234	10,062	8,172	81.2
Sales to the deregulated market	11,596	6,571	5,025	76.5
Sales to the Spanish deregulated market	10,320	5,716	4,604	80.5
Sales to customers in deregulated markets outside Spain	1,276	855	421	49.2
Sales at regulated prices	2,553	1,737	816	47.0
Wholesale market sales	3,137	1,083	2,054	189.7
Compensation from Non-mainland Territories ("TNP")	898	653	245	37.5
Remuneration for investment in renewable energies	18	–	18	100.0
Other electricity sales	32	18	14	77.8
Gas sales	4,289	1,817	2,472	136.0
Sales to the deregulated market	4,203	1,770	2,433	137.5
Sales at regulated prices	86	47	39	83.0
Regulated revenue from electricity distribution	1,334	1,537	(203)	(13.2)
Verifications and clips	26	29	(3)	(10.3)
Rendering of services at facilities	19	11	8	72.7
Other sales and services rendered	483	542	(59)	(10.9)
Sales related to Value Added Services	258	229	29	12.7
Proceeds due to capacity	13	13	–	–
Sales of other energy stocks	26	100	(74)	(74.0)
Services rendered and others	186	200	(14)	(7.0)
Lease revenue	3	4	(1)	(25.0)
TOTAL	24,388	14,002	10,386	74.2

Electricity sales to deregulated market customers

In the period January–September 2022, sales on the deregulated market amounted to Euro 11,596 million (+76.5%), in accordance with the following details:

Sales to the deregulated market	Variation	
Spain	▲ Euro 4,604 million (+80.5%)	<ul style="list-style-type: none"> The variation between both periods is due to the increased unitary price, mainly from the indexed "Business to Business" (B2B) customers, together with the increase in the physical units sold (+3.8%) and the rise in the number of customers (+14.7%). At 30 September 2022, this heading included the recognition, at the supply companies, of the effect of the temporary adjustment of the production costs to reduce electricity prices on the wholesale market, pursuant to Royal Decree Law 10/2022, of 13 May, amounting to Euro 1,764 million) (see Section 9 of this Consolidated Management Report).
Outside Spain	▲ Euro 421 million (+49.2%)	<ul style="list-style-type: none"> The increase, in economic terms, in sales revenues is mainly due to the evolution of the unit price in the Portuguese market.

Electricity sales at a regulated price

Despite the reduction of the number of customers on the regulated market (–13.8%) and of the physical units sold (–20.3%), during the period January–September 2022 these sales generated revenue of Euro 2,553 million, up 47.0% on that of the period January–September 2021, as a result, mainly, of the price increase.

Electricity sales in the wholesale market

Revenue from sales of electricity to the wholesale market in the period January–September 2022 amounted to Euro 3,137 million (189.7%), as a result of the increase in the number of physical units sold (+70.8%) and of the changes in electricity prices in the period. This amount also included the recognition, at the generating companies, of the effect of the temporary adjustment of the production costs to reduce electricity prices on the

wholesale market, pursuant to Royal Decree Law 10/2022, of 13 May, amounting to Euro 1,186 million (see Section 9 of this Consolidated Management Report).

In the period January–September 2021, revenue from sales to the wholesale market amounted to Euro 1,083 million and included the recognition by Endesa of Euro 188 million in relation to its right to be compensated for 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 (see Section 10.6 of this Consolidated Management Report).

Remuneration for investment in renewable energies

Remuneration from investment in renewable energy in the period January–September 2022 led to revenue of Euro 18 million. In order to analyse its evolution, the following effects must be taken into consideration:

Remuneration for investment in renewable energies	Variation	
Royal Decree Law 6/2022, of March 29, 2022	▼ Euro 6 million	<ul style="list-style-type: none"> Remuneration for investment for the first nine months of 2022 amounted to Euro 20 million, affected by the impact of the publication of Royal Decree Law 6/2022, of March 29, approving the update of remuneration parameters for electricity production facilities from renewable energy sources as from 1 January 2022, which has led to a reduction in remuneration of Euro 26 million compared to the same period of the previous year (see Section 9 of this Consolidated Management Report).
Adjustment for deviation from market price	▲ Euro 24 million	<ul style="list-style-type: none"> In the period January–September 2022, income of Euro 24 million was recorded as a result of the reversal of the liability for adjustments due to deviation from the market price relating to those standard facilities (IT) which, at 30 September 2022, have recovered their Net Asset Value (NAV) and have ceased to receive Return on Investment (Rinv) as from 1 January 2022. In the period January–September 2021, due to high market prices, the adjustment for deviation from the market price (Euro 68 million) fully offset the investment remuneration to be received for that period.

Gas sales

Revenue from gas sales in the period January–September 2022 rose to Euro 4,289 million, up Euro 2,472 million (+136.0%) on the same period of 2021, as follows:

Gas sales	Variation	
Deregulated market	▲ Euro 2,433 million (+137.5%)	<ul style="list-style-type: none"> The variation between both periods is the result of the increased sales price at “Business to Business” (B2B).
Regulated price	▲ Euro 39 million (+83.0%)	<ul style="list-style-type: none"> Despite the decrease in physical units sold (-3.1%), the evolution of the unit price and the increase in the number of customers (+2.2%) led to an increase in these sales in economic terms.

Compensation from Non-mainland Territories (“TNP”)

In the period January–September 2022, compensation for generation cost overruns in Non-mainland Territories (“TNP”) was Euro 898 million, positive, representing an increase of Euro 245 million compared to the same period of the previous year, mainly due to the fluctuations of commodity prices, which were not offset by the increase in the mainland wholesale market price.

Electricity distribution

During the period January–September 2022, Endesa distributed 101,959 GWh of power in the Spanish market, a year-on-year increase of 3.4% compared with January–September 2021.

Regulated revenue from the distribution activity during the period January–September 2022 amounted to Euro 1,334 million, a reduction of Euro 203 million (-13.2%) with respect to the same period last year as a result mainly of the recognition of the update of the remuneration from the distribution activity relating to 2017, 2018 and 2019, in accordance with Order TED/749/2022, of 27 July, amounting to Euro 180 million (see Section 9 of this Consolidated Management Report).

Other operating income

The table below presents the details of Other operating income of the period January–September 2022 and of its variations compared with the same period in the previous year:

Millions of Euros

	Other operating income			
	January-September 2022	January-September 2021	Difference	% Var.
Charge to results of customer facilities ceded, hookup extension rights and other liabilities from contracts with customers	127	123	4	3.3
Grants released to income ⁽¹⁾	48	33	15	45.5
Third- party compensation	(9) ⁽²⁾	17	(26)	N/A
Other	66	91	(25)	(27.5)
TOTAL	232	264	(32)	(12.1)

⁽¹⁾ In the period January–September 2022, it included Euro 12 million relating to grants related to assets and Euro 36 million of grants related to income (Euro 22 million and Euro 11 million, respectively, in the period January–September 2021).

⁽²⁾ Includes reliquidations of the distribution activity recognised in 2021 amounting to Euro 29 million.

6.2.2. Operating expenses

Operating expenses of the period January–September 2022 amounted to Euro 22,232 million, up 80.4% on the same period of the previous year.

The table below presents the detail of operating expenses of the period January–September 2022 and their variations compared with the same period in the previous year:

Millions of Euros

	Operating expenses			
	January-September 2022	January-September 2021	Difference	% Var.
Procurements and services	17,999	10,247	7,752	75.7
Power purchases	10,436	4,297	6,139	142.9
Fuel consumption	3,187	1,019	2,168	212.8
Transmission costs	2,812	3,665	(853)	(23.3)
Other variable procurements and services	1,564	1,266	298	23.5
Taxes and charges	643	691	(48)	(6.9)
Tax on electricity production	(3)	152	(155)	N/A
Rate for the treatment of radioactive waste	168	164	4	2.4
Street lighting / works licences	243	146	97	66.4
Nuclear charges and taxes	67	90	(23)	(25.6)
Catalonia environmental tax	106	82	24	29.3
Water tax	2	(9)	11	N/A
Other taxes and charges	60	66	(6)	(9.1)
Social Bonus	(60)	44	(104)	N/A
Carbon dioxide (CO ₂) emission rights	673	251	422	168.1
Costs related to Value Added Services	136	133	3	2.3
Other	172	147	25	17.0
Income and expenses from energy stock derivatives	1,642	(509)	2,151	N/A
Self-constructed assets	(219)	(182)	(37)	20.3
Personnel expenses	722	681	41	6.0
Other fixed operating expenses	1,007	904	103	11.4
Other gains and losses	(241)	3	(244)	N/A
Depreciation and amortisation, and impairment losses on non-financial assets	1,200	1,117	83	7.4
Impairment losses on financial assets.	122	60	62	103.3
TOTAL	22,232	12,321	9,911	80.4

Procurements and services (variable costs)

Procurements and services expenses (variable costs) of the period January–September 2022 amounted to Euro

17,999 million, up 75.7% with respect to the same period last year.

The changes in these costs in the period January–September 2022 were as follows:

Procurements and	Variación	
Power purchases	▲ Euro 6,139 million (+142.9%)	<ul style="list-style-type: none"> The evolution includes the increase in the amount corresponding to electricity purchases, due to the increase in the arithmetic average price in the wholesale electricity market (185.8 €/MWh; +136.7%) and of the physical units purchased (+56.4%), and the increase in the amount corresponding to gas purchases due mainly to the increase in the average price of gas (132.5 €/MWh; +337.4%). At 30 September 2022, this heading the effect of the temporary adjustment of the production costs to reduce electricity prices on the wholesale market, pursuant to Royal Decree Law 10/2022, of 13 May, amounting to Euro 1,764 million) (see Section 9 of this Consolidated Management Report).
Fuel consumption	▲ Euro 2,168 million (+212.8%)	<ul style="list-style-type: none"> The increase is due to the performance of commodity prices and to the increased production with combined cycles on the mainland (+114.3%) and in the Non-mainland Territories ("TNP") (+15.8%).
Other Variable Procurements and Services	▲ Euro 298 million (+23.5%)	
Tax on electricity production	▼ Euro 155 million	<ul style="list-style-type: none"> The reduction is the consequence of 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 (see Section 9 of this Consolidated Management Report).
Street lighting / works licences	▲ Euro 97 million (+66.4%)	<ul style="list-style-type: none"> The increase is mainly due to the increase in revenues from electricity sales (+81.2%), which are the basis for calculating this rate.
Nuclear charges and taxes	▼ Euro 23 million (-25.6%)	<ul style="list-style-type: none"> The period January–September 2022 included an expense reversal of Euro 16 million, as a result of the returns signed in compliance by the tax authorities in relation to the tax on the production of nuclear fuel used and radioactive waste from the Almaraz and Trillo nuclear power plants.
Water tax	▲ Euro 11 million	<ul style="list-style-type: none"> In the period January–September 2021, an income of Euro 9 million was recorded for Water Tax, due to the net effect of the expense of Euro 39 million accrued in that period and the income of Euro 48 million corresponding to the declaration of unenforceability of this State Water Tax according to the Supreme Court Ruling of 19 April 2021.
Catalonia environmental tax	▲ Euro 24 million (+29.3%)	<ul style="list-style-type: none"> Under the Decree Law 4/2022, of 5 April, of the Catalonia Government, since 1 April, the expense relating to this tax was increased, calculated pursuant to Law 5/2020, of 29 April, of the Catalonia Government.
Social Bonus	▼ Euro 104 million	<ul style="list-style-type: none"> Includes the recognition of Euro 152 million as a result of the Ruling 202/2022 of 21 February 2022, handed down by the Supreme Court in Appeal Number 687/2017, acknowledging the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa S.A. has not passed on the financing cost to customers, hence founded arguments exist to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of the supply activity, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic (see Section 10.6 of this Consolidated Management Report). This heading includes the recognition of Euro 18 million relating to the reversal of the unpaid amounts accrued relating to Settlement 12 of 2021 ultimately not issued by the Spanish Markets and Competition Commission ("CNMC"), in relation to the financing and cofinancing of the Social Bonus with the public administrations as a result of the Supreme Court Ruling 202/2022, of 21 February 2022, handed down in Appeal 687/2017, declaring the non-applicability of the Social Bonus financing system and the cost of supplying electricity of the consumer at risk of social exclusion set forth in article 45.4 of Law 24/2013, of 26 December, since they are incompatible with Directive 2009/72/EC, of the European Parliament and of the Council, of 13 July 2009, on common rules for the internal electricity market. Also, the period January–September 2022 includes the net accrual of the Social Bonus, pursuant to Royal Decree Law 6/2022, of 29 March, considering the financing percentages established in Order TED 733/2022, of 22 July, amounting to Euro 66 million (see Section 9 of this Consolidated Management Report).
Carbon dioxide (CO ₂) emission rights	▲ Euro 422 million (+168.1%)	<ul style="list-style-type: none"> The variation between both periods is due to the average price performance of carbon dioxide (CO₂) emission rights (+80.4%), together with the increase in tonnes (+39.2%) due to the increase in production.

Income and expenses from energy stock derivatives

Below are details of the revenue and expenses arising from energy stock derivatives in the period January–September 2022 and of their changes with respect to the previous year:

Millions of Euros

	January- September 2022	January- September 2021	Difference	% Var.
Revenue				
Revenue from derivatives designated as hedging instruments	3,609	467	3,142	672.8
Revenue from cash flow hedging derivatives ⁽¹⁾	3,609	467	3,142	672.8
Income from derivatives at fair value with changes in profit/loss	7,671	4,573	3,098	67.7
Revenue from fair value derivatives recognised in the income statement	7,671	4,573	3,098	67.7
Total revenue	11,280	5,040	6,240	123.8
Expenses				
Expenses from derivatives designated as hedging instruments	(4,623)	(373)	(4,250)	1.139.4
Expenses from cash flow hedging derivatives ⁽¹⁾	(4,623)	(373)	(4,250)	1.139.4
Expenses from derivatives at fair value through profit and loss	(8,299)	(4,158)	(4,141)	99.6
Expenses on from fair value derivatives recognised in the income statement	(8,299)	(4,158)	(4,141)	99.6
Total expenses	(12,922)	(4,531)	(8,391)	185.2
TOTAL	(1,642)	509	(2,151)	N/A

⁽¹⁾ At 30 September 2022, this heading included a Euro 139 million (positive) impact on the income statement due to inefficiencies (Euro 14 million (positive) at 30 September 2021).

In accordance with Endesa's General Risk Control and Management Policy, financial instruments (derivatives) are used to hedge the risks to which its activities are exposed. The use of derivatives is essential for Endesa in the planning of its operations, since with them it ensures both the income to be obtained at the time of delivery of the products and the cost of raw materials used in the production processes. This way of acting allows, therefore, to manage risk without the business being exposed to the evolution of prices in the short term ("spot").

In the period January–September 2022, total revenue and expenses arising from energy stocks derivatives amounted to Euro 1,642 million, negative, in comparison with a gain of Euro 509 million in the same period last year, due to

the evolution of the assessment and settlement of electricity derivatives and, mainly, gas derivatives as a result of the current climate of the energy markets, the impact of the conflict between Russia and Ukraine on the main European gas market which, in turn, has highly significantly affected electricity prices (see Section 5.3 of this Consolidated Management Report).

Fixed operating expenses

The table below presents the detail of fixed operating expenses of the period January–September 2022 and their variations compared with the same period of the previous year:

Millions of Euros

	Fixed operating expenses			
	January- September 2022	January- September 2021	Difference	% Var.
Self-constructed assets	(219)	(182)	(37)	20.3
Personnel expenses	722	681	41	6.0
Other fixed operating expenses	1,007	904	103	11.4
TOTAL	1,510	1,403	107	7.6

In the period January–September 2022, the fixed operating costs amounted to Euro 1,510 million, which represents an increase of Euro 107 million (+7.6%), in comparison

with the period January–September 2021, as a result of the following aspects:

Fixed operating expenses	Variation	
Other Personnel Expenses and Social Charges	▲ Euro 9 million (+1.4%)	• Higher personnel costs due to the improvement in the employee productivity ratio and various updates contemplated in the collective bargaining agreement.
Workforce restructuring plans	▲ Euro 6 million (+100.0%)	• The changes are due to the update of provisions for workforce restructuring plans.
Repair, maintenance and upkeep	▲ Euro 44 million (+22.8%)	• The increase is due to the recognition of the increased dismantling costs of power plants (Euro 11 million), to the higher repair and upkeep costs of renewable energy facilities (Euro 5 million) and to the higher costs of maintenance and fault repair work at medium and low voltage electricity distribution facilities (Euro 27 million).
Disciplinary Proceedings	▲ Euro 14 million (+56.0%)	• The increase is due, among others, to the recognition of certain disciplinary proceedings related to the Distribution Business Line (see Section 10.6 of this Consolidated Management Report).
Systems and Telecommunications Services	▲ Euro 4 million (+3.0%)	• Increased expenses of the systems and telecommunications (ICT) activity, in accordance with the digitalisation strategy.

Other gains and losses

The main transactions during the period January–September 2022 and 2021 were as follows:

Millions of Euros

	Other gains and losses			
	January–September 2022	January–September 2021	Difference	% Var.
Disposals of investments in Group companies and other	239	–	239	N/A
Holding of 51% of Endesa X Way, S.L.	121 ⁽¹⁾	–	121	N/A
Results recognised as a consequence of the loss of control of Endesa X Way, S.L.	117 ⁽¹⁾	–	117	N/A
Holding of 40% of Boiro Energía, S.A. and of Depuración Destilación Reciclaje, S.L.	1	–	1	N/A
Non-current asset disposals⁽²⁾	2	(3)	5	(166.7)
TOTAL	241	(3)	244	N/A

⁽¹⁾ Euro 182 million, net of the related tax effect.

⁽²⁾ Relates to capital gains and losses generated by the sale of land and properties.

Endesa X Way, S.L.

On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its holding in Endesa Movilidad Eléctrica, S.L.U., currently known as Endesa X Way, S.L., to Enel X Way, S.r.l. (company of the Enel Group, parent of the electric mobility business), amounting to Euro 122 million, generating a gross capital gain of Euro 121 million.

For Endesa, this sales operation has meant the loss of control over Endesa X Way, S.L., hence a retained holding was recognised at that company for its fair value, leading to the recognition of a gross gain of Euro 117 million.

Depreciation and amortisation and impairment losses on non-financial assets

The table below presents the detail of depreciation and amortisation and impairment losses on non-financial assets of the period January-September 2022 and its variation compared with the same period in the previous year:

Millions of Euros

Depreciation and amortisation and impairment losses				
	January-September 2022	January-September 2021	Difference	% Var.
DEPRECIATION AND AMORTISATION	1,197	1,117	80	7.2
Provision for the depreciation of property, plant and equipment	988	943	45	4.8
Provision for amortisation of intangible assets	209	174	35	20.1
IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS	3	–	3	N/A
Provision for impairment losses	3	–	3	N/A
Provision for impairment losses on property, plant and equipment and investment property	1	–	1	N/A
Investment property	2	–	2	N/A
Provision for impairment losses on intangible assets	–	–	–	N/A
Reversal for impairment losses	1,200	1,117	83	7.4

Depreciation, amortization and impairment losses on non-financial assets in the period January-September 2022 amounted to Euro 1,200 million, with an increase of Euro 83 million (+7.4%), which mainly corresponds to the amortization expense due, on the one hand, to the investment effort made in systems and facilities for the

production of electricity from renewable sources, in line with the Strategic Plan, and, on the other hand, to the commercial effort that has led to a greater activation of the incremental costs incurred in obtaining contracts with customers.

Impairment losses on financial assets

In the period January-September 2022 and 2021, the breakdown of this Consolidated Income Statement heading is as follows:

Millions of Euros

	January-September 2022	January-September 2021	Difference	% Var.
Provision for impairment losses	280	183	97	53.0
Provision for impairment losses on receivables from contracts with customers	280	183	97	53.0
Provision for impairment losses on other financial assets	–	–	–	N/A
Reversal for impairment losses	(158)	(123)	(35)	28.5
Reversal of impairment losses on receivables from contracts with customers	(157)	(123)	(34)	27.6
Reversal of impairment losses on other financial assets	(1)	–	(1)	N/A
TOTAL	122	60	62	103.3

In the January-September 2022 period, net impairment losses on financial assets amounted to Euro 122 million and mainly relate to the impairment charge on receivables

from contracts with customers for a net amount of Euro 123 million.

The changes herein are due mainly to the deterioration in payment behaviour, both among Business to Customer (B2C) customers, especially the most vulnerable customers

operating in the regulated market, and the small energy supply companies, amounting to Euro 38 million and Euro 25 million, respectively.

6.2.3. Net financial profit/(loss)

The Company incurred a net financial loss in the periods January–September 2022 and 2021, in the amounts of Euro 131 million, negative, and Euro 32 million, negative, respectively.

The table below presents the detail of net financial profit/(loss) in the period January–September 2022 and its variation compared with the same period in the previous year:

Millions of Euros

	Net financial profit/(loss) ⁽¹⁾			
	January-September 2022	January-September 2021	Difference	% Var.
Net financial expense	(87)	(28)	(59)	210.7
Financial income	212	113	99	876
Financial expense	(211)	(133)	(78)	58.6
Income and expenses on derivative financial instruments	(88)	(8)	(80)	N/A
Net exchange differences	(44)	(4)	(40)	N/A
TOTAL	(131)	(32)	(99)	309.4

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

Net financial expense

In the period January–September 2022, net financial expense amounted to Euro 87 million, up Euro 59 million on the same period of the previous year.

In analysing changes in net financial expense during the period January–September 2022, the following effects need to be taken into account:

Millions of Euros

	Net financial expense ⁽¹⁾			
	January-September 2022	January-September 2021	Difference	% Var.
Net expense for financial instruments at amortised cost	(137)	(98)	(39)	39.8
Update of provisions for workforce restructuring plans, the dismantling of facilities and the impairment of financial assets in accordance with IFRS 9 "Financial instruments"	55	4	51	1,275.0
Late-payment interests on the compensation of carbon dioxide (CO ₂) emission rights for 2006 and the state water tax	4	84	(80)	(95.2)
Late-payment interests of the Social Bonus Judgment	15	–	15	N/A
Factoring transaction fees	(29)	(20)	(9)	45.0
Other	5	2	3	150.0
TOTAL	(87)	(28)	(59)	210.7

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

The changes in these net costs in the period January–September 2022 were as follows:

Net financial loss	Variation	
Net expense for financial instruments at amortised cost	▲ Euro 39 million (+39.8%)	<ul style="list-style-type: none"> Average gross financial debt rose from Euro 8,911 million in the period January–September 2021 to Euro 15,522 million in the period January–September 2022, due mainly to the rise in financial deposits immobilised as a result of the operation on organised markets of which Endesa avails itself to arrange its derivative financial instruments (see Section 7.2 of this Consolidated Management Report). The average cost of gross financial debt fell from 1.5% in the period January–September 2021 to 1.1% in the period January–September 2022.
Provisions for workforce restructuring plans, dismantling and the impairment of financial assets (IFRS 9)	▼ Euro 51 million (-1,275.0%)	<ul style="list-style-type: none"> The changes are due mainly to the update of provisions for workforce restructuring plans.
Late-payment interests on the compensation of carbon dioxide (CO₂) emission rights in 2006	▲ Euro 68 million (+94.4%)	<ul style="list-style-type: none"> In the periods January–September 2022 and 2021, late-payment interests is included in relation to the entitlement to be compensated for the reduction of its remuneration as a generating company by the amount of the internalisation of the carbon dioxide (CO₂) emission rights allocated free of charge by the National Emissions Allocation Plan (“PNA”), which it does not have a legal duty to bear, amounting to Euro 4 million and Euro 72 million, respectively (see Section 10.6 of this Consolidated Management Report).
State Water Tax	▲ Euro 12 million	<ul style="list-style-type: none"> The period January–September 2021 included an income for late-payment interests corresponding to the declaration of the unenforceability of the State Water Tax under the Supreme Court ruling of 19 April 2021.
Late-payment interests Social Bonus Ruling	▼ Euro 15 million	<ul style="list-style-type: none"> The period January–September 2022 included the recognition of Euro 15 million as late-payment interests as a result of the acknowledgement of the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers (see Section 10.6 of this Consolidated Management Report).

Net exchange differences

In the period January–September 2022, the company recognised net exchange losses of Euro 44 million (net exchange losses of Euro 4 million in the period January–September 2021).

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

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

In the period January–September 2022, the net result of companies accounted for using the equity method was Euro 18 million compared to Euro 13 million in the first nine months of 2021, as follows.

Millions of Euros

	Net income of companies accounted for using the equity method	
	January–September 2022	January–September 2021
Associates	11	(1)
Tecnatom, S.A.	–	(2)
Gorona del Viento El Hierro, S.A.	1	1
Boiro Energía, S.A.	2	(1)
Compañía Eólica Tierras Altas, S.A.	3	1
Endesa X Way, S.L.	(3)	–
Energías Especiales del Bierzo S.A.	4	–
Other	4	–
Joint Ventures	7	14
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	(1)	4
Nuclenor, S.A.	1	–
Énergie Électrique de Tahaddart, S.A.	1	1
Suministradora Eléctrica de Cádiz, S.A.	3	3
Other	3	6
TOTAL	18	13

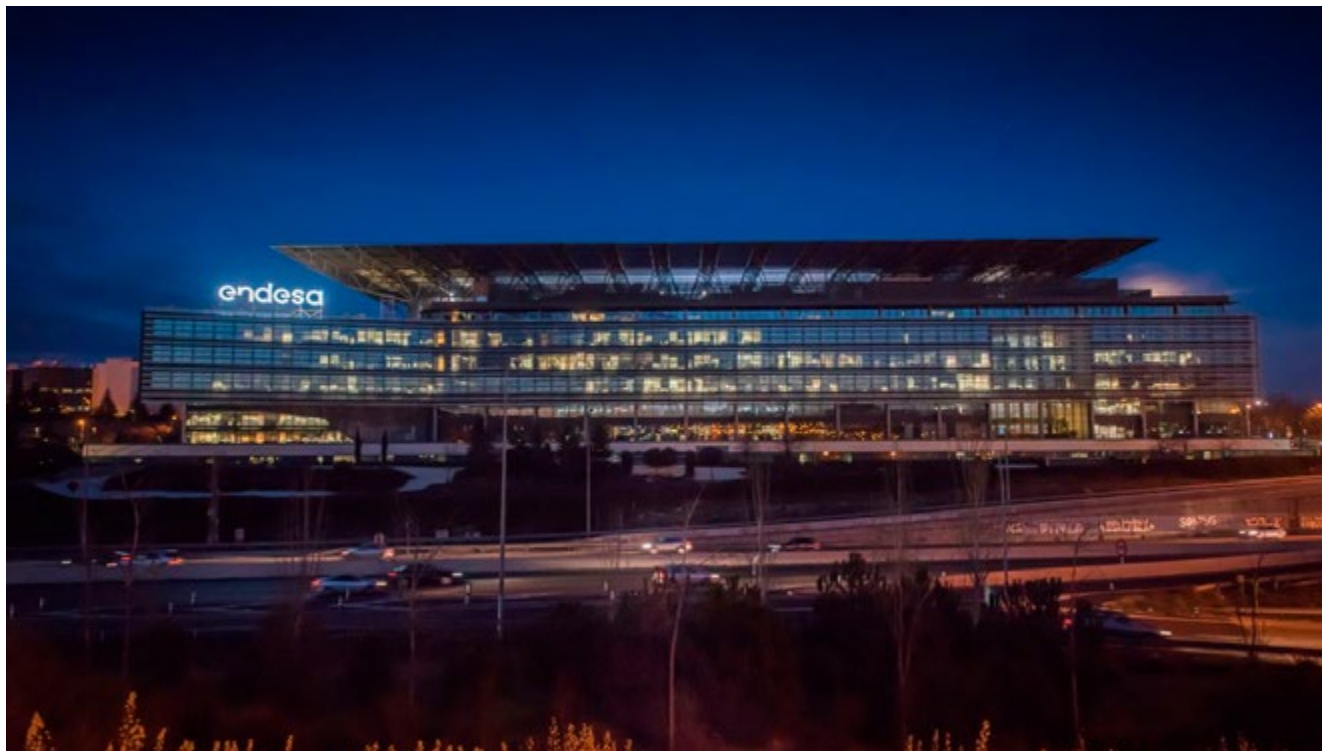
6.2.5. Corporate income tax

In the period January–September 2022, the income tax expense amounted to Euro 582 million, up Euro 121 million (+26.2%) on the amount recognised in the period January–September 2021.

The effective rate for the period January–September 2022 stood at 25.6% (23.9% for the period January–September 2021) due, among other aspects, to the recognition of

provisions not deductible for tax purposes, amounting to Euro 17 million, and to the different income tax rates of Endesa’s branches in Portugal, France, Germany and the Netherlands, amounting to Euro 21 million.

Without considering the effects described in the previous paragraphs, the effective rate for the period January–September 2022 stood at 23.9%.



6.2.6. Net income and net ordinary income

Net income attributable to the Parent in the period January–September 2022 stood at Euro 1,651 million, an increase of Euro 192 million year-on-year (+13.2%).

Net ordinary income attributable to the Parent in the period January–September 2022 amounted to Euro 1,469 million (+0.7%), as follows:

Millions of Euros

	January– September 2022	January– September 2021	Difference	% Var.
Net income⁽¹⁾	1,651	1,459	192	13.2
Net gain/(loss) on disposal of non-financial assets ⁽²⁾	(182)	—	(182)	N/A
Holding of 51% and results recognised as a consequence of the loss of control of Endesa X Way, S.L.	(182)	—	(182)	N/A
Net ordinary income⁽¹⁾	1,469	1,459	10	0.7

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

⁽²⁾ Over Euro 10 million.

7. Equity and financial analysis

7.1. Net invested capital

Below are the details of the breakdown and changes in Endesa's net invested capital at 30 September 2022:

Millions of Euros

	30 September 2022	31 December 2021	Difference
Net non-current assets:			
Property, plant and equipment and intangible assets	23,703	23,639	64
Goodwill	462	462	–
Investments accounted for using the equity method	268	180	88
Other Net Non-Current Assets/(Liabilities)	(7,617)	(4,282)	(3,335)
Total net non-current assets⁽¹⁾	16,816	19,999	(3,183)
Net working capital:			
Trade receivables for sales and services and other receivables	8,326	5,024	3,302
Inventories	1,579	1,343	236
Other Net Current Assets/(Liabilities)	(3,639)	(2,226)	(1,413)
Suppliers and other payables	(8,012)	(6,071)	(1,941)
Total net working capital⁽¹⁾	(1,746)	(1,930)	184
Gross invested capital⁽¹⁾	15,070	18,069	(2,999)
Deferred tax assets and liabilities and provisions:			
Provisions for pensions and other similar obligations	(362)	(659)	297
Other provisions	(3,789)	(3,936)	147
Deferred tax assets and liabilities	2,146	876	1,270
Total deferred tax assets and liabilities and provisions	(2,005)	(3,719)	1,714
Non-current assets classified as held for sale and discontinued operations	27	–	27
Net invested capital⁽¹⁾	13,092	14,350	(1,258)
Equity⁽²⁾	1,943	5,544	(3,601)
Net financial debt^{(1) (3)}	11,149	8,806	2,343

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

⁽²⁾ See Section 7.3 of this Consolidated Management Report.

⁽³⁾ See Section 7.2 of this Consolidated Management Report.

At 30 September 2022, gross invested capital stood at Euro 15,070 million. The changes in the period January-September 2022 include, inter alia, those listed below:

Heading	Variation	
Instrumentos Financieros Derivados de Activo	▲ Euro 5,964 million (+187.8%)	• The variation between both periods is the consequence of the changes in the valuation of electricity derivatives and, mainly, of gas derivatives, as a result of the current climate of energy markets, of the impact of the conflict between Russia and Ukraine on the main European gas market which, in turn, affected electricity prices in a highly significant manner (see Section 5.3 of this Consolidated Management Report).
Instrumentos Financieros Derivados de Pasivo	▲ Euro 11,547 million (+211.6%)	
Clientes por Ventas y Prestación de Servicios y otros Deudores	▲ Euro 3,302 million (+65.7%)	• The variation between both periods is due, inter alia, to the increased unitary price, mainly from the indexed "Business to Business" (B2B) customers.

At 30 September 2022, net invested capital amounted to Euro 13,092 million and its changes in the period January–September 2022 include, firstly, the variation in

gross invested capital, amounting to Euro 2,999 million and, secondly, the aspects detailed below:

Heading	Variation	
Deferred tax assets and liabilities	▲ Euro 1,270 million (+145.0%)	<ul style="list-style-type: none"> The increase is the result mainly of the changes under “Equity-Valuation adjustments” which includes, among others, the fair value of the accounting cash flow hedge derivative transactions arranged by Endesa, that have not yet been reclassified in period results since the envisaged transaction hedged has not occurred (see Section 7.3 of this Consolidated Management Report).
Provisions for employee benefits	▼ Euro 297 million (-45.1%)	<ul style="list-style-type: none"> The variations between both periods are due, mainly, to the update of the valuation of the actuarial liability for defined benefit commitments.
Other provisions	▼ Euro 147 million (-3.7%)	<ul style="list-style-type: none"> The evolution of other provisions is the consequence, mainly of the net effect of: <ul style="list-style-type: none"> – The increase in the provision to cover the cost of carbon dioxide (CO₂) emission rights, amounting to Euro 328 million. – The decrease in the provision for dismantling of Euro 233 million as a result of the update of the estimated costs of dismantling the facilities. – The decrease in provisions for Workforce Restructuring Plans in the amount of Euro 201 million as a result of the payment of provisions (Euro 154 million) and the update of these provisions.

7.2. Financial management

7.2.1. Borrowings

Gross and net financial debt

At 30 September 2022, Endesa had net financial debt of Euro 11,149 million, an increase of Euro 2,343 million (+26.6%) on that existing at 31 December 2021.

The reconciliation of Endesa’s gross and net financial debt at 30 September 2022 and 31 December 2021 is as follows:

Millions of Euros

	Reconciliation of financial debt			
	30 September 2022	31 December 2021	Difference	% Var.
Non-current borrowings	12,950	7,211	5,739	79.6
Current financial debt	8,093	3,167	4,926	155.5
Gross financial debt	21,043	10,378	10,665	102.8
Debt derivatives recognised as financial assets	82	14	68	485.7
Cash and cash equivalents	(563)	(703)	140	(19.9)
Debt derivatives recognised as assets	(113)	(7)	(106)	1,514.3
Financial guarantees recognised as assets	(9,300)	(876)	(8,424)	961.6
Net financial debt	11,149	8,806	2,343	26.6

When analysing the changes in gross financial debt, the following factors should be taken into account:

Gross financial debt	Variation	
Financial guarantees recognised as assets	▲ Euro 8,424 million	<ul style="list-style-type: none"> During the first nine months of 2022, there was an increase in financial deposits immobilised as a result of the operations on organised markets in which Endesa has a presence to take out its derivative financial instruments.
Dividends	▲ Euro 1,521 million	<ul style="list-style-type: none"> During the period January–September 2022, Endesa, S.A. paid its shareholders dividends amounting to Euro 1,4372 gross per share, which meant a payment of Euro 1,521 million.
Investments	▲ Euro 917 million	<ul style="list-style-type: none"> In the period January–September 2022, payments derived from investments in property, plant and equipment and intangible assets have been partially obtained from financing activities. These investments correspond mainly to electricity production facilities from renewable sources and the development and operation of more efficient networks in line with the Strategic Plan.

Structure

The detail of the structure of Endesa's gross financial debt at 30 September 2022 and 31 December 2021 was as follows:

Millions of Euros

	Structure of gross financial debt			
	30 September 2022	31 December 2021	Difference	% Var.
Euro	20,837	10,177	10,660	104.7
US dollar (USD)	206	201	5	2.5
TOTAL	21,043	10,378	10,665	102.8
Fixed interest rate	8,023	5,476	2,547	46.5
Floating interest rate	13,020	4,902	8,118	165.6
TOTAL	21,043	10,378	10,665	102.8
Sustainable financing (%) ⁽¹⁾	60	60	—	—
Average life (years) ⁽¹⁾	3.1	4.4	—	—
Average cost (%) ⁽¹⁾	1.1	1.5	—	—

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

At 30 September 2022, 38% of gross financial debt earned fixed interest while 62% earned floating interest. At this date, 99% of the company's gross financial debt was denominated in euros.

Maturity

At 30 September 2022, the breakdown of the nominal value of gross financial debt, by maturity, was as follows:

Millions of Euros

	Carrying amount 30 September 2022	Nominal value			Total maturity				
		Current	Non-current	2022	2023	2024	2025	2026	Subsequent years
Bonds and other negotiable securities	4,620	4,609	12	4,606	3	—	—	—	12
Bank borrowings	7,783	2,165	5,701	1,600	573	2,339	238	450	2,666
Other financial liabilities	8,640	1,322	7,318	50	1,293	3,084	1,787	186	2,240
Borrowings associated with rights of use	927	89	838	22	88	83	78	79	577
Other	7,713	1,233	6,480	28	1,205	3,001	1,709	107	1,663
TOTAL	21,043	8,096	13,031	6,256	1,869	5,423	2,025	636	4,918

7.2.2. Other matters

Main financial transactions

During the current year, the main financial transactions carried out as of the date of approval of this Consolidated Management Report were as follows:

- Endesa recognised a new SDG7 Euro Commercial Paper (ECP) issue programme, whose outstanding nominal

balance was Euro 4,609 million at 30 September 2022. This Programme incorporates sustainability objectives, in line with the Strategic Plan.

- Financial operations that incorporate, for the most part, sustainability objectives:

Millions of Euros

Transactions	Counterparty	Signature date	Maturity date	Amount
Loan ^{(1) (2)}	Official Credit Institute	20 December 2021	20 December 2033	300
Loan ^{(1) (2)}	European Investment Bank	21 December 2021	28 March 2037	250
Loan ⁽³⁾	CaixaBank, S.A.	25 March 2022	13 May 2027	500
Loan ⁽³⁾	Bankinter, S.A.	31 March 2022	1 April 2027	75
Loan	BBVA, S.A.	31 March 2022	8 April 2023	100
Loan ⁽³⁾	Banco Cooperativo Español, S.A.	8 April 2022	13 May 2027	50
Loan	Intesa San Paolo, S.P.A.	19 April 2022	19 April 2023	100
Loan ⁽³⁾	ING Bank NV Sucursal in Spain	29 April 2022	13 May 2027	50
Loan ⁽³⁾	Enel Finance International N.V.	13 May 2022	13 May 2027	1,650
Loan	Banco Santander, S.A. – Milán	29 July 2022	19 December 2022	500
Loan	Banco Santander, S.A. – Milán	1 September 2022	19 December 2022	500
Loan ⁽⁴⁾	Bankinter, S.A.	28 September 2022	31 July 2024	25
Loan ⁽⁴⁾	Ibercaja, S.A.	29 September 2022	31 July 2024	50
Loan ⁽⁴⁾	Credit Agricole	29 September 2022	31 July 2024	100
Loan ⁽⁴⁾	Banco Santander, S.A.	29 September 2022	31 July 2024	275
Loan ⁽⁴⁾	Banco de Sabadell, S.A.	30 September 2022	31 July 2024	250
Loan ⁽⁴⁾	CaixaBank, S.A.	30 September 2022	31 July 2024	400
Loan ⁽⁴⁾	BBVA, S.A.	19 October 2022	31 July 2024	200
Line of credit ^{(1) (5)}	CaixaBank, S.A.	25 March 2022	25 March 2025	50
Line of credit ^{(5) (6)}	Ibercaja, S.A.	30 March 2022	25 March 2025	20
Line of credit ^{(5) (6)}	Banco de Sabadell, S.A.	31 March 2022	25 March 2025	25
Line of Credit ⁽¹⁾	Banco Santander, S.A.	31 March 2022	31 March 2025	25
Line of credit ^{(5) (6)}	Kutxabank, S.A.	31 March 2022	25 March 2025	50
Line of Credit ⁽¹⁾	Intesa San Paolo, S.P.A.	19 April 2022	19 April 2025	100
Line of Credit ⁽¹⁾	Enel Finance International N.V.	13 May 2022	13 May 2025	700
TOTAL				6,345

⁽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) emissions, equivalent to 150g CO₂eq/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) emissions, equivalent to 145 gCO₂eq/kWh in 2024.

⁽⁴⁾ Renewal of existing loans.

⁽⁵⁾ Extension of existing credit facilities.

⁽⁶⁾ Transactions described as sustainable on including the performance indicator (KPI) in relation to Endesa's commitment to ensure that its net installed mainland capacity from renewable sources is 55% of the total net installed mainland capacity at 31 December 2022.

Liquidity

At 30 September 2022, Endesa's liquidity rose to Euro 4,392 million (Euro 5,520 million at 31 December 2021), as detailed below:

Millions of Euros

	Liquidity			
	30 September 2022	31 December 2021	Difference	% Var.
Cash and cash equivalents	563	703	(140)	(19.9)
Freely available on credit facilities ⁽¹⁾	3,829	4,817	(988)	(20.5)
TOTAL	4,392	5,520	(1,128)	(20.4)
Coverage of debt maturities (number of months) ⁽²⁾	0	33	–	N/A

⁽¹⁾ At 30 September 2022, Euro 700 million corresponded to the credit facility available with Enel Finance International, N.V. (Euro 1,700 million at 31 December 2021).

⁽²⁾ See definition in Section 12 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 30 September 2022, Endesa has a negative working capital of Euro 1,303 million. The projected liquidity statements, together with the amount available in long-term credit lines, ensure that Endesa has sufficient financial resources to continue its operations, realize its assets and settle its liabilities for the amounts shown in the Consolidated Statement of Financial Position.

The liquidity position projected was affected by the rapid increase in the needs originating from energy markets. Specifically, since the invasion of Ukraine in 24 February 2022, which led to a reduction of exports through gas pipelines towards Europe, the Title Transfer Facility (TTF) gas price index in Europe as well as the general price levels of the electricity markets experienced an extreme rise, marking unprecedented highs. It is common practice in the industry to execute strategies to hedge the risks of market volatility, so as to ensure stability in the results, in order to guarantee a predictable and adequate return for shareholders (see Section 10.3 of this Consolidated Management Report). The price rise led to a very significant increase in the needs for the provision of cash collateral to continue operating on Organised Markets, which was mainly financed with short-term instruments.

The European Commission and certain European governments have launched initiatives to moderate the rise in prices, limit the impact of their transfer to the economy and review the operation of energy markets (see Sections 9 and 13 of this Consolidated Management Report).

Pending a normalization of the situation, the Company has adopted a series of financial measures, including the renegotiation of bank debt maturities from March 2022 to July 2024 in the amount of Euro 1,300 million, of which Euro 200 million have been formalized after 30 September 2022. On the other hand, it has been agreed to contract a twelve-month credit line with Enel Finance International N.V. (a subsidiary of the Group headed by Enel, S.p.A.) to Endesa, S.A. for a maximum amount of up to Euro 3,000 million, the formalization of which is pending approval at the Extraordinary General Shareholders' Meeting to be held on 17 November 2022 (see Sections 11 of this Consolidated Management Report). Taking into consideration the formalization of this financial transaction, the debt maturity coverage ratio would be 11 months.

At the date of approval of this Consolidated Management Report, the Company is evaluating other measures in view of the possibility of the situation extending over time, although the settlement of the hedges over the next few months will gradually reduce the financial guarantees associated with them.

Financial stipulations

Certain Endesa subsidiaries are subject to compliance with certain obligations stipulated in their financing agreements (covenants) that are standard in contracts of this nature.

At 30 September 2022, neither Endesa, S.A. nor any of its subsidiaries were in breach of their financial obligations

or of any obligations that could require the early repayment of their financial commitments.

Endesa's Directors do not consider that these clauses change the current/non-current classification of debt in the Consolidated Statement of Financial Position at 30 September 2022.

7.3. Capital management

During the period January–September 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.

7.3.1. Equity

At 30 September 2022 and 31 December 2021, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euros	30 September 2022	31 December 2021
Total equity of the Parent	1,753	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)	(4)	(3)
Retained earnings	5,925	5,798
Interim dividend	–	(529)
Other equity instruments	3	2
Reserve for actuarial gains and losses	(237)	(455)
Adjustments due to changes in value	(6,058)	(1,557)
Translation differences	–	–
Reserve for the restatement of unrealised assets and liabilities	(6,058)	(1,557)
Hedging transactions	(6,045)	(1,520)
Other	(13)	(37)
Total equity of non-controlling interests	190	164
TOTAL EQUITY	1,943	5,544

“Equity-Valuation adjustments” includes, among others, the fair value of the cash flow accounting hedge derivative transactions arranged by Endesa, which have still not been reclassified under period results because the envisaged hedged transaction has not materialised.

At 30 September 2022, the amount under the “Value adjustments - Hedging transactions” heading came to Euro 6,045 million, negative, (Euro 1,520 million, negative, at 31 December 2021) and included mainly gas financial derivatives arranged for the 2022–2025 period, as a result of the company's hedging strategy.

7.3.2. Leverage

The consolidated leverage level is defined as an indicator to monitor financial position, whose details at 30 September 2022 and at 31 December 2021 are as follows:

Millions of Euros

	Leverage		% Var.
	30 September 2022	31 December 2021	
Net financial debt:	11,149	8,806	26.6
Non-current borrowings	12,950	7,211	79.6
Current financial debt	8,093	3,167	155.5
Debt derivatives recognised as financial assets	82	14	485.7
Cash and cash equivalents	(563)	(703)	(19.9)
Debt derivatives recognised as assets	(113)	(7)	1,514.3
Financial guarantees recognised as assets	(9,300)	(876)	961.6
Equity:	1,943	5,544	(65.0)
Of the Parent	1,753	5,380	(67.4)
Non-controlling interests	190	164	15.9
Leverage (%)⁽¹⁾	573.80	158.84	N/A

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

At 30 September 2022, the changes in Endesa's leverage ratio are the result of:

Leverage level	Variation	
Equity	▼ Euro 3,601 million (-65.0%)	<ul style="list-style-type: none"> Endesa's reduction in Equity is due to the amount of the valuation adjustments as a result of the cash flow accounting hedge transactions arranged.
Net financial debt	▲ Euro 2,343 million (+26.6%)	<ul style="list-style-type: none"> The increase in Endesa's Net Financial Debt is due, among other aspects, to the payment of dividends by Endesa S.A. to its shareholders and the investment effort made during the period (see Section 7.6 of this Consolidated Management Report).

7.3.3. Financial indicators

Financial indicators ⁽¹⁾	30 de septiembre de 2022	31 de diciembre de 2021
Liquidity ratio	0.96	0.74
Solvency ratio	0.96	0.85
Debt ratio (%)	85.16	61.37
Debt coverage ratio	2.29	2.06
Net financial debt / Fixed assets (%)	46.03	36.45
Net Financial Debt / Funds from Operations	3.66	2.67
(Funds from Operations + Interest Expenses) / Interest Expenses ⁽²⁾	29.19	22.83

⁽¹⁾ See definition in Section 12 of this Consolidated Management Report.

⁽²⁾ Corresponds to the periods January-September 2022 and January-September 2021, respectively.

7.4. Management of credit rating

Endesa's credit ratings are as follows:

	Credit rating						
	30 September 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	Negative	21 September 2022	Baa1	P-2	Stable
Fitch	BBB+	F2	Stable	12 April 2022	BBB+	F2	Stable

⁽¹⁾ At the respective dates of authorisation for issue 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.

7.5. Cash flows

At 30 September 2022 and 31 December 2021, cash and cash equivalents were as follows (see Section 7.2 of this Consolidated Management Report):

Millions of Euros

	Cash and cash equivalents			
	30 September 2022	31 December 2021	Difference	% Var.
Cash in hand and at banks	563	703	(140)	(19.9)
Other cash equivalents	–	–	–	N/A
TOTAL	563	703	(140)	(19.9)

Endesa's net cash flows in the periods January–September 2022 and 2021, classified by activity (operating, investing and financing) were as follows:

Millions of Euros

	Statement of cash flows			
	January–September 2022	January–September 2021	Difference	% Var.
Net cash flows from operating activities	586	862	(276)	(32.0)
Net cash flows from investing activities	(9,872)	(1,670)	(8,202)	491.1
Net cash flows from financing activities	9,146	973	8,173	840.0

In the period January–September 2022, cash flows generated from operating activities (Euro 586 million) and those obtained from financing activities (Euro 9,146

million) have enabled net payments to be met arising from investing activities (Euro 9,872 million).

7.5.1. Net cash flows from operating activities

In the period January–September 2022, net cash flows from operating activities amounted to Euro 586 million

(Euro 862 million in the period January–September 2021), as follows:

Millions of Euros				
	January– September 2022	January– September 2021	Difference	% Var.
Gross profit before tax	2,275	1,926	349	18.1
Adjustments for:	1,635	722	913	126.5
Depreciation and amortisation and impairment losses	1,322	1,177	145	12.3
Other adjustments (net)	313	(455)	768	Na
Changes in working capital:	(2,677)	(1,285)	(1,392)	108.3
Trade and other receivables	(3,167)	(2,173)	(994)	45.7
Inventories	(730)	(392)	(338)	86.2
Current financial assets	(1,178)	14	(1,192)	N/A
Trade payables and other current liabilities	2,398	1,266	1,132	89.4
Other cash flows from operating activities:	(647)	(501)	(146)	29.1
Interest received	25	19	6	31.6
Dividends received	35	30	5	16.7
Interest paid ⁽¹⁾	(108)	(90)	(18)	20.0
Corporate income tax paid	(306)	(215)	(91)	42.3
Other receipts from and payments for operating activities ⁽²⁾	(293)	(245)	(48)	19.6
NET CASH FLOWS FROM OPERATING ACTIVITIES	586	862	(276)	(32.0)

⁽¹⁾ Includes interest paid on borrowings for rights of use amounting to Euro 25 million in both periods.

⁽²⁾ Corresponding to payments of provisions.

The variations in the main items determining the changes in working capital are as follows:

Headings	Variation	
Changes in working capital	▼ Euro 1,392 million (+108.3%)	<ul style="list-style-type: none"> • Increase in trade and other receivables amounting to Euro 994 million. • Increase in inventory payments amounting to Euro 338 million. • Increase in regulatory items receivable, amounting to Euro 1,192 million, which includes, firstly, an increase of Euro 1,170 million for compensation for generation cost overruns in Non-mainland Territories ("TNP"), since the provisional settlements of the 2022 and 2021 System Operator are partly made with provisional prices that do not yet include a complete rise in prices on commodities markets in these years and, secondly, an increase of Euro 75 million for the remuneration of investment in renewable energies, Euro 28 million due to the limitation of the increase of the Last Resort Gas Tariff and a reduction of Euro 81 million due to the rate shortfall. • Decrease in trade payables (Euro 1,132 million).

During the period January–September 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.

7.5.2. Net cash flows from investing activities

In the period January–September 2022, net cash flows used in investing activities amounted to Euro 9,872 million

(Euro 1,670 million in the period January–September 2021) and include, inter alia:

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

Millions of Euros

	January–September 2022	January–September 2021
Acquisitions of property, plant and equipment and intangible assets	(1,503)	(1,309)
Acquisitions of property, plant and equipment ⁽¹⁾	(1,137)	(1,018)
Acquisitions of intangible assets	(343)	(212)
Facilities transferred from customers	64	71
Non-current asset suppliers	(87)	(150)
Proceeds from sale of property, plant and equipment and intangible assets	5	5
Other receipts from and payments for investing activities⁽²⁾	60	71
TOTAL	(1,438)	(1,233)

⁽¹⁾ It does not include rights of use amounting to Euro 20 million in the period January–September 2022 and Euro 164 million in the period January–September 2021.

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

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

Millions of Euros

	Sections	January–September 2022	January–September 2021
Investments in Group companies		–	(89)
Companies acquired by Enel Green Power España, S.L.U. (EGPE)		–	(89)
Disposals of investments in Group companies		136	–
Sale of 51% of Endesa X Way, S.L. to Enel Way, S.r.l.	5.2 and 6.2.2	122	–
Sale of the 40% of Boiro Energía, S.A. and of Depuración Destilación Reciclaje, S.L.	5.2	14	–
TOTAL		136	(89)

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

Millions of Euros

	January–September 2022	January–September 2021
Purchase of other investments	(8,591)	(367)
Remuneration of non-current distribution activity	(148)	(158)
Net financial collateral	(8,424)	(161)
Other financial assets	(19)	(48)
Proceeds from sale of other investments	21	19
Other financial assets	21	19
TOTAL	(8,570)	(348)

7.5.3. Net cash flows from financing activities

In the period January–September 2022, net cash flows from financing activities amounted to Euro 9,146 million

(Euro 973 million in the period January–September 2021) and mainly include the following aspects:

Cash flows from equity instruments:

Millions of Euros

	January–September 2022	January–September 2021
Acquisition of the non-controlling interests in Energías Especiales de Peña Armada, S.A.U. and Energías Especiales de Careón, S.A.	(7)	–
Contribution of shareholders in Explotaciones Eólicas Santo Domingo de Luna S.A.	4	–
Return of contribution of Cogenio Iberia, S.L.	–	4
Contributions of shareholders in San Serván SET 400 kV, S.L.	(5)	–
Contribution of shareholders in Endesa X Way, S.L.	(8)	–
Acquisition of non-controlling interest in Planta Eólica Europea, S.A.U.	–	(1)
Return of funds from Bosa del Ebro, S.L.	(2)	(3)
TOTAL	(18)	–

Drawdowns and refunds of non-current borrowings:

Millions of Euros

	Sections	January–September 2022	January–September 2021
Drawdowns of bank loans and credit facilities		1,033	382
Drawdowns of loans and credit facilities Enel Finance International N.V.		3,350	–
Drawdowns of loans from the European Investment Bank (EIB) and Official Credit Institute (ICO)	7.2	550	–
Other		84	(3)
TOTAL		5,017	379

Amortisation and drawdowns of current borrowings:

Millions of Euros

	January–September 2022	January–September 2021
Drawdowns		
Issues of Euro Commercial Paper (ECP)	23,957	10,784
Drawdowns of loans and credit facilities	3,000	–
Other financial liabilities	1,231	461
Depreciation and amortisation		
Amortisation of Euro Commercial Paper (ECP)	(22,268)	(8,247)
Payments of right-of-use contracts	(66)	(56)
Repayments of loans from the European Investment Bank (EIB) and the Official Credit Institute (ICO)	(132)	(174)
Other Financial Liabilities	(44)	(33)
TOTAL	5,678	2,735

Dividends paid:

Millions of Euros

	Sections	January-September 2022	January-September 2021
Dividends of the Parent paid	7.2.1 and 10.2	(1,521)	(2,132)
Dividends paid to non-controlling interests ⁽¹⁾		(10)	(9)
TOTAL		(1,531)	(2,141)

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

7.6. Investments

In the period January-September 2022, gross investments in property, plant and equipment and intangible assets amounted to Euro 1,500 million, as follows:

Millions of Euros

	Investments		
	January-September 2022	January-September 2021	% Var.
Generation and supply	606	670	(9.6)
Conventional generation ⁽¹⁾	126	162	(22.2)
Renewable generation	468	370	26.5
Energy supply	–	127	(100.0)
Marketing of other products and services	12	11	9.1
Distribution	546	506	7.9
Structure, services and others ⁽²⁾	5	6	(16.7)
TOTAL PP&E ^{(3) (4)}	1,157	1,182	(2.1)
Generation and supply	281	161	74.5
Conventional generation	12	6	100.0
Renewable Generation	46	12	283.3
Energy supply	191	120	59.2
Marketing of other products and services	32	23	39.1
Distribution	48	31	54.8
Structure, services and others ⁽²⁾	14	20	(30.0)
TOTAL INTANGIBLE ASSETS ⁽⁴⁾	343	212	61.8
TOTAL GROSS INVESTMENTS	1,500	1,394	7.6
Capital grants and facilities sold	(124)	(142)	(12.7)
Generation and supply	–	(2)	(100.0)
Renewable Generation	–	(2)	(100.0)
Distribution	(124)	(140)	(11.4)
TOTAL NET INVESTMENTS ⁽⁵⁾	1,376	1,252	9.9

⁽¹⁾ In the period January-September 2022, it includes material gross investments in the Non-mainland Territories ("TNP"), amounting to Euro 33 million (Euros 40 million in the period January-September 2021).

⁽²⁾ Structure, services and adjustments.

⁽³⁾ In the period January-September 2022, this heading included additions for rights of use amounting to Euro 20 million (Euro 164 million in the period January-September 2021).

⁽⁴⁾ In the period January-September 2022, this heading included Euro 1,461 million, 97.4% relating to gross investments for products, services and technologies low in carbon (Euro 1,316 million, 94.4%, in the period January-September 2021).

⁽⁵⁾ See definition in Section 12 of this Consolidated Management Report.

Information relating to the main investments in Section 8 of this Consolidated Management Report.

8. Segment information

8.1. Basis of segmentation

In carrying out its business activities, Endesa's organisation prioritises its core business of electricity and gas generation, distribution, and sale, as well as related services. 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, as the integrated margin of both segments is managed jointly;
- Distribution;
- Structure, mainly including the balances and transactions of investment holding companies and of the financing and service provider 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.



8.2. Segment information

8.2.1. Segment information: consolidated income statement for the periods January–September 2022 and 2021

Millions of Euros

	January – September 2022		
	Generation and Supply		
	Conventional Generation ⁽¹⁾	Renewable generation	Energy supply
			
REVENUE	12,971⁽²⁾	614	22,181
Revenue with third parties	3,877	223	18,736
Revenue from transactions between segments	9,094	391	3,445
PROCUREMENTS AND SERVICES	(7,670)	(61)	(23,207)
INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES	(2,999)	(32)	1,389
CONTRIBUTION MARGIN ⁽⁵⁾	2,302	521	363⁽³⁾
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	(568)	(172)	(334)
GROSS OPERATING INCOME (EBITDA) ^{(4) (5)}	1,734	349	29
Depreciation and amortisation, and impairment losses on non-financial assets	(382)	(170)	(93)
Depreciation and amortisation	(381)	(168)	(93)
Provision for impairment of non-financial assets	(1)	(2)	–
Reversal of impairment of non-financial assets	–	–	–
Impairment losses on financial assets	(4)	(13)	(73)
Provision for impairment of financial assets	(6)	(13)	(165)
Reversal of impairment of financial assets	2	–	92
OPERATING INCOME (EBIT) ⁽⁵⁾	1,348	166	(137)
Net income of companies accounted for using the equity method	7	14	(3)
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS ⁽⁶⁾	138	514	191

⁽¹⁾ Includes the contribution margin, gross operating income (EBITDA) and operating income (EBIT) of Non-mainland Territories (“TNP”) generation, amounting to Euro 317 million, Euro 146 million, and Euro 82 million, respectively.

⁽²⁾ Includes Euro 6,370 million (25.9% of total revenue) corresponding to generation from emitting technologies and Euro 1,228 million (5.0% of total revenue) corresponding to nuclear generation.





⁽³⁾ Includes the contribution margin for the supply of gas amounting to Euro 16 million, negative.

⁽⁴⁾ Gross operating income (EBITDA) from low-carbon products, services and technologies came to Euro 2,582 million.

⁽⁵⁾ See the definition provided in Section 12 of this Consolidated Management Report.




⁽⁶⁾ Includes additions of rights of use amounting to Euro 20 million (Euro 18 million in Generation and Supply, Euro 1 million in Distribution and Euro 1 million in Structures and Services).

January – September 2022

January – September 2022							
Generation and Supply			Total	Distribution	Structure and Services	Adjustments and eliminations on consolidation	Total
Marketing of other products and services	Generation and supply adjustments and eliminations						
							
230	(12,903)	23,093	1,659	337	(469)	24,620	
229	–	23,065	1,549	6	–	24,620	
1	(12,903)	28	110	331	(469)	–	
(113)	12,883	(18,168)	(104)	171	102	(17,999)	
–	–	(1,642)	–	–	–	(1,642)	
117	(20)	3,283	1,555	508	(367)	4,979	
172	20	(882)	(423)	(331)	367	(1,269)	
289	–	2,401	1,132	177	–	3,710	
(27)	–	(672)	(489)	(39)	–	(1,200)	
(27)	–	(669)	(489)	(39)	–	(1,197)	
–	–	(3)	–	–	–	(3)	
–	–	–	–	–	–	–	
(13)	–	(103)	(19)	–	–	(122)	
(15)	–	(199)	(81)	–	–	(280)	
2	–	96	62	–	–	158	
249	–	1,626	624	138	–	2,388	
(3)	–	15	3	–	–	18	
44	–	887	593	20	–	1,500	

January – September 2021

Generation and Supply

	Conventional Generation ⁽¹⁾	Renewable Generation	Energy supply
			
REVENUE	4,460⁽²⁾	537	9,765
Revenue with third parties	1,678	168	10,439
Revenue from transactions between segments	2,782	369	(674)
PROCUREMENTS AND SERVICES	(3,036)	(102)	(9,389)
INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES	106	–	403
CONTRIBUTION MARGIN ⁽⁵⁾	1,530	435	779⁽³⁾
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	(538)	(149)	(387)
GROSS OPERATING INCOME (EBITDA) ⁽⁴⁾⁽⁵⁾	992	286	392
Depreciation and amortisation, and impairment losses on non-financial assets	(331)	(152)	(84)
Depreciation and amortisation	(331)	(152)	(84)
Provision for impairment of non-financial assets	–	–	–
Reversal of impairment of non-financial assets	–	–	–
Impairment losses on financial assets	(4)	(6)	(49)
Provision for impairment of financial assets	(4)	(7)	(154)
Reversal of impairment of financial assets	–	1	105
OPERATING INCOME (EBIT) ⁽⁵⁾	657	128	259
Net income of companies accounted for using the equity method	10	–	–
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS ⁽⁶⁾	168	382	247

⁽¹⁾ Includes the contribution margin, gross operating income (EBITDA) and operating income (EBIT) from Non-mainland Territories (“TNP”) generation, amounting to Euro 450 million, Euro 287 million, and Euro 209 million, respectively.

⁽²⁾ Includes Euro 2,173 million (15.2% of total revenue) in generation from emitting technologies and Euro 1,679 million (11.8% of total revenue) in nuclear generation.

⁽³⁾ Includes the contribution margin for gas for supply amounting to Euro 97 million.

⁽⁴⁾ Gross operating income (EBITDA) from low-carbon products, services and technologies came to Euro 2,612 million.

⁽⁵⁾ See the definition provided in Section 12 of this Consolidated Management Report.




⁽⁶⁾ Includes additions of rights of use amounting to Euro 164 million (Euro 162 million in Generation and Supply and Euro 2 million in Structures and Services).

January – September 2021

Generation and Supply							
Marketing of other products and services	Generation and supply adjustments and eliminations	Total	Distribution	Structure and services	Adjustments and eliminations on consolidation	Total	
186	(2,548)	12,400	1,930	397	(461)	14,266	
185	–	12,470	1,793	3	–	14,266	
1	(2,548)	(70)	137	394	(461)	–	
(96)	2,498	(10,125)	(132)	(37)	47	(10,247)	
–	–	509	–	–	–	509	
90	(50)	2,784	1,798	360	(414)	4,528	
(58)	50	(1,082)	(367)	(371)	414	(1,406)	
32	–	1,702	1,431	(11)	–	3,122	
(26)	–	(593)	(476)	(48)	–	(1,117)	
(26)	–	(593)	(476)	(48)	–	(1,117)	
–	–	–	–	–	–	–	
–	–	–	–	–	–	–	
(6)	–	(65)	5	–	–	(60)	
(10)	–	(175)	(8)	–	–	(183)	
4	–	110	13	–	–	123	
–	–	1,044	960	(59)	–	1,945	
–	–	10	3	–	–	13	
34	–	831	537	26	–	1,394	

8.2.2. Segment information: Statement of financial position at 30 September 2022 and 31 December 2021

Millions of Euros

	30 September 2022		
	Generation and Supply		
	Conventional Generation	Renewable generation	Energy supply
			
Property, plant and equipment	5,037	4,542	21
Intangible assets	93	696	541
Goodwill	3	300	58
Investments accounted for using the equity method	89	38	–
Non-current assets under contracts with customers	–	–	–
Trade receivables for sales and services and other receivables	4,517	451	9,198
Current assets under contracts with customers	–	–	–
Other	601	58	732
ASSETS SEGMENTS	10,340	6,085	10,550
TOTAL ASSETS			
Non-current liabilities under contracts with customers	–	13	–
Non-current provisions	1,980	187	134
Provisions for employee benefits	123	6	21
Other non-current provisions	1,857	181	113
Current Liability Contracts with Customers	–	–	–
Current provisions	663	2	60
Provisions for employee benefits	–	–	–
Other current provisions	663	2	60
Suppliers and other payables	5,607	981	6,839
Other	133	21	7
LIABILITIES SEGMENTS	8,383	1,204	7,040
TOTAL LIABILITIES			




30 September 2022

Generation and Supply		Total	Distribution	Structure and Services	Adjustments and eliminations on consolidation	Total
Marketing of other products and services	Generation and supply adjustments and eliminations					
59	–	9,659	12,272	155	–	22,086
40	–	1,370	193	54	–	1,617
–	–	361	97	4	–	462
127	–	254	11	3	–	268
–	–	–	–	–	–	–
68	(6,644)	7,590	785	409	(458)	8,326
–	–	–	–	–	–	–
17	–	1,408	487	8	–	1,903
311	(6,644)	20,642	13,845	633	(458)	34,662
						60,660
–	–	13	4,264	–	–	4,277
14	–	2,315	656	275	–	3,246
1	–	151	168	43	–	362
13	–	2,164	488	232	–	2,884
–	–	–	283	–	–	283
2	–	727	90	88	–	905
–	–	–	–	–	–	–
2	–	727	90	88	–	905
116	(6,644)	6,899	1,372	199	(458)	8,012
1	–	162	685	4	–	851
133	(6,644)	10,116	7,350	566	(458)	17,574
						60,660





Millions of Euros

31 December 2021

Generation and Supply

	Conventional Generation	Renewable Generation	Energy supply
			
Property, plant and equipment	5,514	4,145	24
Intangible assets	98	740	440
Goodwill	3	300	58
Investments accounted for using the equity method	121	33	4
Non-current assets under contracts with customers	–	–	–
Trade receivables for sales and services and other receivables	2,829	80	5,909
Current assets under contracts with customers	–	–	–
Other	904	56	255
ASSETS SEGMENTS	9,469	5,354	6,690
TOTAL ASSETS			
Non-current liabilities under contracts with customers	–	10	–
Non-current provisions	2,449	175	177
Provisions for employee benefits	248	7	37
Other non-current provisions	2,201	168	140
Current liabilities under contracts with customers	–	–	–
Current provisions	378	1	36
Provisions for employee benefits	–	–	–
Other current provisions	378	1	36
Suppliers and other payables	3,950	974	4,222
Other	199	43	6
LIABILITIES SEGMENTS	6,976	1,203	4,441
TOTAL LIABILITIES			

31 December 2021

Generation and Supply		Total	Distribution	Structure and services	Adjustments and eliminations on consolidation	Total
Marketing of other products and services	Generation and supply adjustments and eliminations					
						
53	–	9,736	12,191	170	–	22,097
29	–	1,307	176	59	–	1,542
–	–	361	97	4	–	462
5	–	163	13	4	–	180
–	–	–	–	–	–	–
96	(4,480)	4,434	788	287	(485)	5,024
–	–	–	6	–	–	6
12	–	1,227	429	6	–	1,662
195	(4,480)	17,228	13,700	530	(485)	30,973
						39,968
–	–	10	4,274	–	–	4,284
15	–	2,816	834	334	–	3,984
2	–	294	298	67	–	659
13	–	2,522	536	267	–	3,325
–	–	–	270	–	–	270
2	–	417	95	99	–	611
–	–	–	–	–	–	–
2	–	417	95	99	–	611
118	(4,480)	4,784	1,007	765	(485)	6,071
1	–	249	692	3	–	944
136	(4,480)	8,276	7,172	1,201	(485)	16,164
						39,968

At 30 September 2022 and 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

	30 September 2022	31 December 2021
TOTAL ASSETS	60,660	39,968
Other non-current financial assets	988	580
Non-current derivative financial instruments	2,845	774
Deferred tax assets	3,956	2,362
Current income tax assets	157	76
Other tax assets	164	282
Other current financial assets	11,004	1,817
Current derivative financial instruments	6,294	2,401
Cash and cash equivalents	563	703
Non-current assets held for sale and discontinued operations	27	–
ASSETS SEGMENTS	34,662	30,973
TOTAL LIABILITIES	60,660	39,968
Equity	1,943	5,544
Non-current borrowings	12,950	7,211
Non-current derivative financial instruments	6,037	573
Other non-current financial liabilities	129	120
Deferred tax liabilities	1,810	1,486
Current financial debt	8,093	3,167
Current derivative financial instruments	10,967	4,884
Other current financial liabilities	68	34
Current income tax liabilities	509	333
Other tax liabilities	580	452
LIABILITIES SEGMENTS	17,574	16,164

8.3. Generation and supply

8.3.1. Analysis of results

During the period January and September 2022, the electricity sector was heavily affected by the tensions within the wholesale electricity market that emerged in late 2021 and have since been exacerbated by Russia's invasion of Ukraine and the resulting uncertainty surrounding the supply of gas. This situation has had an impact on the energy

markets, where the ensuring gas shortages have pushed up prices within the European gas market. This unfortunate situation has also led to high levels of volatility across the market, with knock-on effects on electricity prices. This context, coupled with rampant inflation, is also taking a heavy economic and social toll and has prompted EU and

national authorities alike to adopt measures in a bid to mitigate the effects (see Sections 9 and 13 of this Consolidated Management Report).

Amid this environment, and in line with Endesa's joint management approach to the integrated margin of electricity generation and supply, it is worth noting that a new inter-company contract has been in effect between the two businesses since 1 January 2022, whereby Endesa's supply company will have access to hydroelectric, nuclear and renewable energy production at a fixed price of 65 €/MWh. Under the terms of the agreement, this fixed

price applies to all energy transmitted with delivery up to the date of issue of this Consolidated Management Report and will extend throughout all of 2022 and 2023, insofar as the regulatory measures provided for in Royal Decree Law 17/2021, of 14 September, are likewise extended. Meanwhile, the energy needs of the supply company not covered under this agreement are supplied at market prices.

The main figures in the period January to September 2022 and the change with respect to the same period of the previous year are as follows:

Millions of Euros





Figures	January – September 2022	January – September 2021	Difference	Chg. (%)	
Contribution margin	3,283	2,784	499	+17.9	<ul style="list-style-type: none"> • This includes the increase of Euro 5,025 million (+76.5%) in electricity sales and Euro 2,433 million (+137.5%) in gas sales, both in the deregulated market, as a result of the evolution of the arithmetic average price in the wholesale electricity market (185.8 €/MWh; +136.7%) and the evolution of commodity prices. This evolution have also led to an increase of Euro 6,139 million (+142.9%) in the cost of energy purchases for the period January-September 2022. This evolution includes the impacts derived from Royal Decree Law 10/2022, of May 13, which has led to an adjustment of the production cost of marginal fossil fuel technologies (Euro 1,186 million) in order to reduce the wholesale market matching price, as well as its repercussion among the beneficiaries of the same (Euro 1,764 million) (see Section 9 of this Consolidated Management Report). – It includes the increase of Euro 422 million (+168.1%) in the cost of carbon dioxide (CO₂) emission rights as a result of the increase in the number of tons and the increase in the average price. – It incorporates the effect of the extension of the temporary suspension of the tax on the value of electricity production in accordance with Royal Decree Law 17/2021, of September 14 (see Section 9 of this Consolidated Management Report). • It included, in the period January-September 2021, the recognition of the right to be compensated in the amount of the internalization of the carbon dioxide (CO₂) emission rights allocated free of charge by the National Allocation Plan for Emission Rights ("PNA"), which it did not have the legal duty to bear (Euro 188 million) (see Section 10.6 of this Consolidated Management Report).
Gross operating income (EBITDA)	2,401	1,702	699	+41.1	<ul style="list-style-type: none"> • Includes the gross profit generated by the sale of the 51% stake in Endesa X Way, S.L. and the loss of control over this company for a total of Euro 238 million (see Section 6.2.2 of this Consolidated Management Report). • Includes higher decommissioning costs for thermal power plants (Euro 11 million), and higher repair and maintenance costs for renewable energy installations (Euro 5 million). • Includes the update of provisions for workforce restructuring plans (Euro 2 million, positive).
Operating income (EBIT)	1,626	1,044	582	+55.7	<ul style="list-style-type: none"> • Includes the increase in depreciation and amortisation expense (Euro 76 million), mainly as a result of the investment effort in electricity generation facilities from renewable sources and the commercial drive to sign more contracts with customers. • Includes the higher impairment charge on receivables from customer contracts (Euro 38 million) due, among other things, to the deterioration in payment behaviour among Business to Customer (B2C) customers, especially the most vulnerable customers operating in the regulated market.



8.3.2. Investment

In the period January and September 2022, gross investments in property, plant and equipment and intangible assets amounted to Euro 887 million. The breakdown, by activity, is as follows:

Millions of Euros


Investments	January–September 2022	January–September 2021	Difference	Chg. (%)	
	138	168	(30)	(17.9)	<ul style="list-style-type: none"> Includes investments in generation facilities of various technologies, mainly nuclear, and investments in the systems and telecommunications activity (ICT).
	514	382	132	+34.6	<ul style="list-style-type: none"> In line with the Paris Agreement on the reduction of carbon dioxide (CO₂) emissions and in accordance with the energy efficiency and energy transition objectives envisioned in the 2022–2024 Strategic Plan, this includes the investment in the construction of electricity generation facilities from renewable sources amounting to Euro 441 million, of which Euro 45 million correspond to the companies acquired and/or incorporated between January and September 2022. Include the recognition of a right-of-use asset amounting to Euro 18 million over the land on which certain renewable generation facilities are located.
	191	247	(56)	(22.7)	<ul style="list-style-type: none"> Relate, mainly, to capitalisation of incremental costs incurred in obtaining customer contracts in the amount of Euro 144 million and investments in the systems and telecommunications business (ICT), in accordance with the digitalisation strategy and the strategic objective of electrification of demand in the amount of Euro 47 million.
	44	34	10	+29.4	<ul style="list-style-type: none"> Includes investments in charging stations in the e-Mobility business amounting to Euro 12 million, as well as the capitalisation of incremental costs incurred in obtaining contracts with customers in the e-Home and e-Industries businesses amounting to Euro 31 million.
TOTAL	887	831	56	+6.7	

8.4. Distribution

8.4.1. Analysis of results

The main figures in the period January to September 2022 and the change with respect to the same period of the previous year are as follows:


Millions of Euros

Figures	January–September 2022	January–September 2021	Difference	Chg. (%)	
Contribution margin	1,555	1,798	(243)	(13.5)	<ul style="list-style-type: none"> Includes the drop in regulated revenue from distribution activity, largely following the registration of the updated remuneration for distribution activity pertaining to the years 2017, 2018 and 2019 under the terms of Order TED/749/2022 of 27 July, amounting to Euro 180 million (see Section 9 of this Consolidated Management Report).
 Gross operating income (EBITDA)	1,132	1,431	(299)	(20.9)	<ul style="list-style-type: none"> Includes the increase in repair and maintenance expenses (Euro 27 million) due to higher costs for maintenance and fault repair work at medium and low voltage electricity distribution facilities. Includes the recognition of various sanctioning processes (see Section 10.6 of this Consolidated Management Report). Includes the update of provisions for workforce restructuring plans (Euro 1 million, negative).
Operating income (EBIT)	624	960	(336)	(35.0)	<ul style="list-style-type: none"> Includes a higher provision for impairment losses on receivables from contracts with customers (Euro 25 million), due to the worsening payment behaviour of small energy supply companies.

8.4.2. Investment

Between January and September 2022, gross investments in property, plant and equipment and intangible assets amounted to Euro 594 million, broken down as follows:

Millions of Euros


Investments	January–September 2022	January–September 2021	Difference	Chg. (%)	
	594	537	57	+10.6	<ul style="list-style-type: none"> Investments in property, plant and equipment amounted to Euro 546 million, relating mainly to grid extensions, as well as investments aimed at optimising the operation of the grid in order to improve efficiency and quality of service. Investments in intangible assets amounted to Euro 48 million and include the investment relating to the licence to use the Grid Blue Sky platform with Enel Global Infrastructure and Networks S.r.l (EGIN) in the amount of Euro 29 million, as well as investments in systems and telecommunications (ICT) activity, in accordance with the digitalisation strategy and the strategic objective of achieving more efficient grids.

8.5. Structure and Others

8.5.1. Analysis of results

The main figures in the period January–September 2022 and the change with respect to the same period of the previous year are as follows:


Millions of Euros

Main figures	January–September 2022	January – September 2021	Difference	Chg. (%)	
Contribution margin	141	(54)	195	N/A	• Includes the registration of the income derived from the Supreme Court ruling on the inapplicability of the Social Bonus (Bono Social) financing scheme (Euro 152 million) (see Section 10.6 of this Consolidated Management Report).
 Gross operating income (EBITDA)	177	(11)	188	N/A	• Includes the update of provisions for workforce restructuring plans (Euro 7 million, negative).
Operating Income (EBIT)	138	(59)	197	N/A	—

8.5.2. Investment

In the period January–September 2022, gross investments in property, plant and equipment and intangible assets amounted to Euro 19 million, broken down as follows:

Millones de Euros

Investments	January–September 2022	January – September 2021	Difference	Chg. (%)	
	19	26	(7)	(26.9)	• This mainly includes Endesa's sponsorship of the Liga Endesa basketball league and investments in systems and telecommunications (ICT) activity amounting to Euro 8 million and Euro 6 million, respectively.

9. Regulatory framework

The main regulatory changes to have taken place between January and September 2022 are 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) and Last Resort Tariff 3 (LRT3). On 31 March 2022, the Resolution of the Directorate-General for Energy Policy and Mines of 28 March 2022 was published, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 April 2022, with increases of approximately 5.9%, 7.2% and 7.9%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3).

On 29 June 2022, the Resolution of the Directorate-General for Energy Policy and Mines of 27 June 2022 was published, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 July 2022, with increases of approximately 6.4%, 7.8% and 8.4%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3).

On 29 September 2022, the Resolution of the Directorate-General for Energy Policy and Mines of 28 September 2022 was published, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 October 2022, with increases of approximately 5.9%, 7.2% and 7.9%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3).

Likewise, on 25 May 2022, the National Markets and Competition Commission ("CNMC") published a Resolution dated 19 May 2022, establishing the access tariffs for the transmission networks, local networks and regasification for the so-called gas year 2023 (running from 1 October 2022 to 30 September 2023), which represents an average reduction of approximately 13.2%.

Likewise, on 29 September 2022, Order TED/929/2022 of 27 September was published, establishing the gas system charges and the remuneration and tariffs for basic underground storage facilities for the so-called gas year 2023 (running from 1 October 2022 to 30 September 2023).

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 amounting to Euro 26 million.

Social Bonus (*Bono Social*)

Royal Decree Law 6/2022, of 29 March, adopting urgent measures under the National Response Plan to address the economic and social impacts of the war in Ukraine, stipulates, among other measures, a new mechanism to finance the Social Bonus, as a result of the Supreme Court rulings mentioned earlier. In accordance with this new mechanism, the Social Bonus will be covered by all electricity sector players (generation, transmission, distribution and supply, as well as direct consumers), in line with the tax-free aggregated billings of each activity, based on which a unitary contribution value will be set for each activity. If the degree of coverage of the contributions is 20% or more below the real

financing needs, the Spanish Markets and Competition Commission ("CNMC") may propose new contribution values. Royal Decree Law 6/2022, of 29 March, temporarily fixes these unitary contribution values until the Spanish Markets and Competition Commission ("CNMC") proposes the definitive unitary values for 2022, which have since been approved through order TED/733/2022, of 22 July. Lastly, it establishes that the amounts that have been borne by the reference suppliers, and recognised in the ruling, to finance the Social Bonus, will be assumed by the new parties obligated to meet such costs (see Section 6.2 of this Consolidated Management Report).

Plan for the Recovery, Transformation and Resilience of the Economy

In 2022, further progress has been made towards the Plan for the Recovery, Transformation and Resilience of the Economy, and various government ministries have

continued to invite applications for public funding of projects that comply with the requirements and criteria established therein.

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

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

- 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.
- In addition, both operators and suppliers must deliver the necessary information to the Ministry of Ecological Transition and Demographic Challenge ("MITECO"), to the autonomous communities of Spain and to Ceuta and Melilla, with the aim of publishing an official map of charging stations, showing, among other information, the location of such stations, their characteristics and charging prices.

Royal Decree Law 6/2022 of 29 March, adopting urgent measures within the framework of the National Plan to respond to the economic and social consequences of the war in Ukraine, Royal Decree Law 11/2022 of 25 June, adopting and extending certain measures to respond to the economic and social impacts of the war in Ukraine, to address situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma

On 30 March 2022, Royal Decree Law 6/2022, of 29 March, was published in the Official State Gazette, approving certain measures that form part of the wider National Plan to respond to the impacts of the war in Ukraine. More precisely, this Royal Decree Law envisages various measures in the energy sector, some of which have been extended until 31 December 2022 by Royal Decree Law 11/2022 of 25 June (see Sections 6.2 and 13 of this Consolidated Management Report), and until 31 December 2023 by Royal Decree Law 18/2022, of 19 October 2023. The most relevant measures of both Decrees in the energy sector are as follows:

- The payment obligation ushered in by Royal Decree Law 17/2021, of 14 September, was extended until 31 December 2022, for non-emitting generation facilities in an amount proportional to the increased revenue they are expected to have obtained following the inclusion, in wholesale electricity prices, of the value of natural gas prices. Energy covered by forward fixed price contracts prior to 31 March 2022 will be exempt from the mechanism. Hedging instruments with a coverage period of one year or more and arranged at a fixed price subsequent to 31 March 2022 will be excluded if the fixed price is equal to or less than 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 67 €/MWh in the sector's average supply margin.
- The reduction of Value Added Tax (VAT) for consumers whose contracted power is 10 kW or less or who are recipients of the Social Bonus (from 21% to 10%), is extended until 30 June 2022, whereupon it falls to 5% until 31 December 2022.
- Meanwhile, the reduction of the special electricity tax to 0.5% and the temporary suspension of the tax on the value of electricity production are extended until 31 December 2022.
- In relation to the Social Bonus, the increase in the discounts under the electricity Social Bonus from 25% to 60% for vulnerable consumers, and from 40% to 70% for severely vulnerable consumers, has been extended until 31 December 2022. Other aspects of the criteria to gain entitlement to the Social Bonus were also modified. Specifically, the automatic renewal of the Social Bonus is set for every two years. In addition, new criteria have been put in place to determine the category of vulnerable consumer. It is now based on the concept of cohabitation unit, formed by those people that live in the same household as a married couple, cohabiting partnership, second degree of consanguinity, affinity, adoption or similar relationship. A value of 1.5 times the Public Index of Multiple Purpose Income ("IPREM"), divided into 14 payments, is set as the base threshold, which will increase by 0.3 for each additional member of legal age and by 0.5 for each minor forming the cohabitation unit. Those receiving the minimum vital income will also form part of the group that benefits from the Social Bonus. The foregoing thresholds will be increased by 1 in certain cases (significant dependence, gender violence, terrorism, etc.), and they will be reduced by 50% for severely vulnerable consumers.
- A new mechanism is established to finance the Social Bonus, to which contributions will be made by all electricity sector players (generation, transmission, distribution, suppliers and direct consumers), in line with the tax-free aggregated billings of each activity (energy acquired for direct consumers).
- A loan of Euro 75 million was granted under the 2022 General State Budgets to finance the increased coverage of the thermal Social Bonus.

- A reduction in System charges of 36% was established with respect to the prices in force from 1 January 2022.
- On an extraordinary basis, a Ministerial Order will be issued within two months of the entry into force of this Royal Decree Law to update the remuneration parameters for renewable, cogeneration and waste facilities. The market prices and carbon dioxide (CO₂) prices will be based on the forward prices for the second half of 2021. In addition, and effective as of 2023, the mechanism for adjusting market price deviations was discontinued in order to promote forward energy sales by such facilities. However, Royal Decree Law 10/2022, of 13 May, has since reinstated the adjustment mechanism for deviations from the market price, incorporating references to forward prices in relation to the expected price.
- Specific fast-track procedures have been set up in place to expedite handling procedures for new renewable plants, for wind-powered facilities of up to 75 MW and photovoltaic facilities of up to 150 MW, with connection lines of less than 15 kW.
- With respect to the access tenders, among other aspects, during 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 2023–2025 three-year period, the electricity distributors must include, in their investment plans, duly identified procedures to increase the capacity of their grid to enable the evacuation of renewable energy and self-consumption, which must represent a minimum of 10% of the investment with entitlement to remuneration with a charge to the System each year, and it must be allocated on a priority basis to areas in which there is a lack of ability to access renewable energies.
- The transmission and distribution tariffs are reduced by 80% for electro-intensive customers certified between 1 January and 31 December 2022. Moreover, certain aid is granted to the gas-intensive industry.
- In relation to the Last Resort Tariff (LRT) for natural gas, the maximum increase requirement of 15% of the raw materials cost is extended for the Last Resort Tariff (LRT) gas reviews for 2022, through to the first quarter of 2023.
- Strategic natural gas reserves will pass from 20 days' consumption to 27.5 days, with greater flexibility.
- Extraordinary bonuses of Euro 0.20/kg (Euro 0.20/l) have been introduced and will run until 31 December 2022 for certain energy products, such as petrol, diesel fuel, liquefied petroleum gas (LPG), liquefied natural gas (LNG), compressed natural gas (CNG), biomethane or biodiesel.

Royal Decree 568/2022, of 11 July, establishing the general framework of the regulatory test bank to promote research and innovation in the electricity sector

This degree was published in the Official State Gazette (BOE) on 12 July 2022 and aims to establish controlled spaces in which to test potential regulatory improvements with a view to expediting regulatory changes and helping to ensure that any adjustments made are better aligned with the actual needs of the sector. Hence, the regulation enables the start-up of pilot projects to boost research

and innovation, limited in volume, duration and geographical area, and which may require exemptions of the sectoral regulation. The project's developers must subscribe a test protocol with the Secretary of State for Energy, in cooperation with the Spanish Markets and Competition Commission, which will establish the specific rules and condition for each pilot projects.

Royal Decree Law 10/2022, of 13 May, establishing a temporary production cost adjustment mechanism to reduce the price of electricity on the wholesale market

On 14 May 2022, Royal Decree Law 10/2022, of 13 May, was published in the Official State Gazette (BOE), establishing a temporary production cost adjustment mechanism to reduce the price of electricity in the

wholesale market. More precisely, this mechanism will adjust the production cost of marginal fossil fuel technologies, with the aim of achieving an equivalent reduction in the wholesale market matching price, and

will run until 31 May 2023 (see Sections 6.2 and 13 of this Consolidated Management Report).

The mechanism makes its adjustments on the basis of the difference between a reference price for gas consumed by thermal power plants (40 €/MWh for six months, increasing by 5 €/MWh per month thereafter, ending at 70 €/MWh) and the spot price of gas on the Spanish Organised Gas Market (MIBGAS). This mechanism will apply to combined cycle, coal-fired and cogeneration plants not covered by any regulated remuneration framework. The amount of the adjustment will be distributed among the component of the Iberian demand that benefits directly from it, either because it purchases power at a price directly referenced to the wholesale market value, or because it has signed or renewed a contract that already reflects the beneficial effect of the mechanism on wholesale prices. In relation to this last aspect, storage supply units – both batteries and pumping consumption – as well as auxiliary service providers for power generators, are exempt from payment of the adjustment cost.

The effectiveness of this mechanism was conditional on the authorisation of the European Commission, which was granted on 8 June 2022, whereupon the Spanish Ministry

for Ecological Transition and the Demographic Challenge (“MITECO”) enacted Order TED/517/2022, of 8 June, which set 14 June 2022 as the start date for the mechanism (for matching on 15 June 2022). This Royal Decree Law also addresses the following aspects:

- A mandate is established to introduce a reference to forward market prices by incorporating a price component based on a basket of products (annual, quarterly and monthly) and a daily and intraday market price component so that the new formula for setting the cost of energy for the Voluntary Price for Small Consumers (“PVPC”) can be applied from early 2023 onwards. Along these lines, the Ministry for Ecological Transition and the Demographic Challenge (“MITECO”) has initiated the consultation process for a proposal for a Royal Decree that would modify, among other aspects, the formula used to calculate the cost of energy in relation to the “PVPC” by incorporating, together with the daily and intraday market price, a basket of forward products. It is also envisaged that the “PVPC” will include the cost of financing the Social Bonus by the reference suppliers. The proposal for a Royal Decree



also modifies the scope of the Voluntary Price for Small Consumers ("PVPC"), which would apply in the case of domestic customers and micro-enterprises with a contracted power of up to 10 kW. Lastly, the Decree includes certain amendments to the regulations governing Non-mainland Territories ("TNP").

- The framework for renewable energy, cogeneration and waste facilities is modified, thus reinstating the adjustment for market price deviations and incorporating a basket of prices in the forward price that includes both the daily market and forward references (annual, quarterly and monthly), with different weightings.

Proposal for an Order regulating auctions for the supply of fuel in the Non-mainland Territories ("TNP")

On 27 May 2022, the Ministry for Ecological Transition and the Demographic Challenge ("MITECO"), further to Supreme Court Judgment 1337/2021 of 16 November 2021, began to process a proposal for an Order regulating auctions for the supply of fuel in Non-mainland Territories ("TNP"), as well as various other technical aspects.

The proposal for an Order describes the procedure for conducting the fuel auctions, which will be downward

auctions based on starting prices obtained by increasing the reference prices by 5%, which will be those prices prevailing until the auctions are held and in the event that the auctions are abandoned or cancelled.

The proposal for an Order also incorporates the use of natural gas in the Canary Islands and Melilla.

Access capacity tenders at certain nodes of the transmission network

On 10 June 2022, the Ministry for Ecological Transition and the Demographic Challenge ("MITECO") initiated the processing of a proposal for an Order to call a tender for access capacity at certain nodes of the transmission grid, in accordance with the provisions of Royal Decree 1183/2020, of 29 December, on access and connection

to the electricity transmission and distribution grids, for a total capacity of 5,844 MW.

Meanwhile, the Resolution of the Secretary of State for Energy dated 3 August 2022 was published on 9 August 2022, resolving to hold another tender for access capacity at certain nodes of the transmission grid.

Royal Decree 376/2022 of 17 May, regulating the criteria for sustainability and for achieving a reduction in greenhouse gas emissions from biofuels, bioliquids and biomass fuels, as well as the system of renewable gas guarantees of origin

Royal Decree 376/2022, of 17 May, regulating sustainability criteria and the means of achieving a reduction in greenhouse gas emissions from biofuels, bioliquids and

biomass fuels, as well as the system of renewable gas guarantees of origin, was published in the Official State Gazette on 18 May 2022.

Updating of the 2021–2030 Integrated National Energy and Climate Plan (“PNIEC”)

On 2 August 2022, the government launched the public consultation process for the proposed updates to the Integrated National Energy and Climate Plan (“PNIEC”) in order to incorporate new developments at both national and European level. This updating process will allow Spain to meet the new EU objectives and will address prevailing

circumstances and needs, especially the impact of the measures and objectives included in the Recovery, Transition and Resilience Plan (“PRTR”), which plans to use more than 40% of the funds to push forward with ecological transition.

Remuneration on distribution activity for 2017 to 2019

On 3 August 2022, Order TED/749/2022 of 27 July 2022 was published, approving the incentive or penalty for achieving a reduction in losses within the electricity distribution network for 2016, modifying the base remuneration for 2016 for several distribution companies, and approving the remuneration of electricity distribution companies for 2017, 2018 and 2019.

The Ministerial Order sets the value of the remuneration for the years 2017 to 2019, taking into account the previous reports of the Spanish Markets and Competition Commission (“CNMC”) (see Section 6.2 of this Consolidated Management Report).

Renewable energy auctions

Based on Order TED/1161/2020, of 4 December, regulating the first auction mechanism for the granting of the economic renewable energy regime and establishing the indicative timetable for the 2020–2025 period, the Resolution of 18 July 2022 of the Secretary of State for Energy was published on 28 July 2022, announcing the third auction for the granting of the renewable energy

economic regime under the above-mentioned Order. This auction, which contemplated a quota of 380 MW, took place on 25 October 2022. Likewise, on 5 August 2022, the Resolution of 2 August 2022 was published, announcing a fourth auction, with a quota of 3,300 MW and scheduled to take place on 22 November 2022.

Royal Decree Law 14/2022, of 1 August, on economic sustainability measures in the field of transport, grants and study aids, as well as energy saving and efficiency measures and further action to reduce energy reliance on natural gas

Royal Decree Law 14/2022 of 1 August, adopted within the framework of the National Plan to respond to the economic and social impacts of the war in Ukraine, was published on 2 August 2022.

Among other aspects, the Royal Decree-Law includes a series of measures there to promote energy saving and efficiency, electrification and the deployment of renewable

energies and self-consumption. One of the key measures is the so-called energy saving and management shock plan for air conditioning, which will run until 1 November 2023. This regulation mainly affects government bodies, public transport, the workplaces of all companies, stores and other public-facing businesses.

Royal Decree Law 17/2022 of 20 September, on urgent measures in the field of energy, applying the remuneration system to cogeneration facilities and temporarily reducing the rate of value added tax (VAT) charged on deliveries, imports and intra-Community acquisitions of certain fuels

On 21 September 2022, Royal Decree Law 17/2022 was published, ushering in urgent measures in relation to energy, notably:

- Option for cogeneration plants to temporarily waive their regulated remuneration to take part in the production cost adjustment mechanism defined in Royal Decree Law 10/2022 of 13 May.
- Creation of a new active demand response service through auctions managed by the System Operator.
- Increased flexibility in determining the capacity of transmission grids and streamlining and simplifying procedures for renewable projects.
- Value added tax (VAT) reduced from 21% to 5% on supplies of natural gas, pellets, briquettes and firewood until 31 December 2022.
- Applying the entire surplus resulting from financial year 2021 to cover temporary mismatches and transitory deviations between revenues and costs in financial year 2022.

Proposal for an Act establishing temporary energy charges and levies on credit institutions and financial credit establishments

On 30 August 2022, the socialist parliamentary groups and various parties of the coalition government presented a bill to establish temporary levies on the energy and banking sectors. With regard to the energy tax, the main aspects of the draft law are as follows:

- A temporary levy of 1.2% of net turnover is introduced, to take effect during 2023 and 2024.
- It applies to companies with principal operator status in the energy sectors, either with a net turnover in 2019 exceeding Euro 1 billion, or where the net turnover in 2017, 2018 and 2019 from the activity qualifying the business as a principal operator exceeds 50% of the total net turnover for the respective year.
- Where the companies form part of a tax group that is taxed under the consolidated tax regime, net turnover shall be determined by reference to that group.
- This tax shall not be deductible and may not be passed on to third parties.

The bill is currently making its way through the Congress of Deputies.

Preliminary public consultation process to modify the statute regulating electro-intensive consumers

On 28 July 2022, the Ministry for Ecological Transition and the Demographic Challenge ("MITECO") launched a preliminary public consultation process in relation to the proposal for a Royal Decree amending Royal Decree 1106/2020, of 15 December, regulating the statute of electricity-intensive consumers. Among other aspects, the list of sectors eligible for compensation is updated, based

on energy intensity and exposure to international trade. A distinction is drawn between sectors at significant risk, for which a maximum aid intensity of 85% of eligible costs is envisaged, and sectors at risk, for which a maximum aid intensity of 75% of eligible costs is envisaged (or 85% if they also comply with certain obligations). The draft law also clarifies and modifies the obligations of aid beneficiaries.

+Energy Security Plan

On 11 October 2022, the Government presented a Contingency Plan, called the +Energy Security Plan, to increase the protection of the population against the price crisis caused by the war in Ukraine, reduce gas consumption, improve energy autonomy, increase competitiveness and increase energy exports as a measure of solidarity with the rest of the partners of the European Union. The Government estimates that the Plan will make it possible to reduce the primary consumption of natural gas by between 5.1% and 13.5% during the coming winter, which, together with other measures implemented or in progress, will make it possible to comply with the European

Union's commitments. This Plan consists of 73 measures (some already approved or launched and others not yet implemented, for which the legislation will be reviewed), structured in six large blocks:

- Energy saving and efficiency.
- Promotion of the energy transition.
- Protection of vulnerable consumers, households and companies.
- Fiscal measures.
- Strategic autonomy.
- Solidarity with the rest of the European partners.

Royal Decree Law 18/2022, of 18 October, which approves measures to reinforce the protection of energy consumers and to contribute to the reduction of natural gas consumption in application of the "Plan + Seguridad para tu energía (+SE)", as well as measures regarding the remuneration of public sector personnel and the protection of temporary agricultural workers affected by the drought

On 19 October 2022, this Royal Decree Law was published, which complies with some of the measures envisaged in the +Energy Security Plan. Among the most relevant aspects are the following:

- Information requirements are established in the electricity bill, in order to facilitate the knowledge by customers of different concepts deriving from the regulatory modifications that have been approved, among others.
- In relation to the Social Bonus, the discounts for beneficiaries are increased until 31 December 2023, from 60 % to 65 % in the case of vulnerable consumers, and from 70% to 80% for severe vulnerable consumers. Likewise, and with the same time horizon, the energy limit to which the discounts are applicable is increased by 15%.
- In the same way, and with the same time horizon, a new discount of 40% is created for working households under the Voluntary Price for Small Consumers ("PVPC") with income between 1.5 and 2 times the Public Multiple Effect Income Indicator ("IPREM"), increased by 0.3 for each additional adult member and 0.5 for each additional minor member.
- The mechanism for reducing the excess remuneration of the electricity market caused by the high price of natural gas on international markets, introduced by Royal Decree Law 17/2021, of 14 September, is extended until 31 December 2023.
- The thermal Social Bonus is reinforced, doubling the contribution of the General State Budget.
- In the Non-mainland Territories ("TNP"), and until the Order that develops the fuel auction mechanism is approved, a new fuel dispatch price system is introduced, more dynamic, based on a monthly calculation, to improve the efficiency of the dispatch and the reduction of the cost overrun.
- In the field of natural gas, the temporary limitation to the 15% quarterly increase in the cost of the raw material is extended until 31 December 2023. Likewise, a new Tariff

of Last Resort ("TUR") is created, until 31 December 2023, for communities of owners (or groups of them) with consumption over 50,000 kWh/year and energy service companies, in order to reduce the cost. The cost of these gas measures will be covered by the General State Budget.

- Certain measures to make electricity and gas contracts more flexible are included.

Finally, in the fiscal area, incentives for the improvement of energy efficiency and renewable investment are introduced or extended.

Regulatory framework in Europe

Measures to combat high energy prices

Rising energy prices in the second semester of 2021, due to the post-COVID economic recovery and the concomitant increase in demand, prompted the European Commission to publish a communication in October 2021 with the procedures that the Member States may adopt in order to meet the increased prices without breaching existing European legislation (see Sections 5.3 and 13 of this Consolidated Management Report).

The worsening situation due to the crisis caused by the conflict between Russia and Ukraine led the European Commission to issue two communications:

- On 8 March 2022, it published the communication titled "REPowerEU: Joint European Action for more affordable, secure and sustainable energy", which focuses on the need to ensure sufficient gas reserves looking ahead to the coming winter and to reduce reliance on the supply of Russian gas by diversifying European Union supply and championing renewable energy; it also indicates the measures that may be applied by the Member States to respond to the high energy market prices and the conditions under which certain procedures must be carried out by Member States.
- On 23 March 2022, it published its Communication titled "Security of supply and affordable energy prices: Options for immediate measures and preparing the next winter", which sets out the various options that would allow the Member States to manage the rising energy prices.

These two communications took shape through various initiatives and plans:

- On 18 May 2022, the European Commission presented the "REPowerEU Plan" in response to the difficulties and disruptions in the world energy market caused by Russia's invasion of Ukraine. This plan sets out various measures to reduce the region's reliance on Russian fossil fuels in the short run, advance the ecological transition and save energy, while increasing clean energy

production and ensuring the resilience of the EU-wide energy system. It is backed by financial and legal measures to build the new energy infrastructure and energy system that Europe needs.

- Meanwhile, on 18 May 2022, the Communication from the Commission titled "Short-term energy market interventions and long-term improvements in the electricity market design – a course for action" was published. The document sets out a number of additional short-term measures to address high energy prices and to respond to possible supply disruptions from Russia. It also addresses various areas in which the design of the electricity market can be optimised to accommodate the transition away from fossil fuels and to increase resilience to price shocks, as well as consumer protection and affordable electricity supply.

Notwithstanding the above, further increases in energy prices have prompted the European Council to publish, on 6 October 2022, a Regulation with time-bound measures for emergency intervention to mitigate the effects of these high prices. The main measures are as follows:

- Reducing 10% of gross monthly consumption and at least 5% of consumption in 10% of peak hours, or 3% of peak hour consumption, from December 2022 to March 2023.
- Introducing a cap of 180 €/MWh on the market revenues of certain infra-marginal electricity producers and re-appportion the surplus among end customers.
- Enabling Member States to apply public intervention measures when setting supply prices for households and SMEs.
- Establishing a solidarity contribution from EU companies primarily active in the oil, natural gas, coal and refining sector, calculated on the basis of "excess" profits earned above and beyond previous years, to be applied in the tax year 2022 and/or 2023.

In parallel, further discussions will be held on a new price cap mechanism for the wholesale gas market and the new design of the electricity market.

The Regulation also addresses the liquidity difficulties that energy companies are experiencing as a result of rising prices and volatility and states that the Council is

assessing, together with European regulators (European Securities and Markets Authority (ESMA) and European Banking Authority (EBA)) issues related to collateral and guarantees, as well as possible ways to limit excessive intraday volatility.

Sustainable financing

In March 2022, the European Commission approved the Taxonomy Climate Complementary Delegated Act on climate change mitigation and adaptation, which envisages a raft of activities related to gas and nuclear energy. The text was passed by the European Parliament on 6 July 2022. The Council had already confirmed that it would not object, so the timetable has been met and the accompanying Delegated Act will enter into force and apply as of 1 January 2023.

Meanwhile, in March 2022, the sustainable finance platform presented the European Commission with a report with recommendations, which will act as a base for the Commission to draft a delegated regulation on the technical criteria of the 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 aid

On 23 March 2022, the European Commission issued a notification on the Temporary Framework relating to state aid measures aimed at supporting the economy following Russia's invasion of Ukraine. In this Temporary Framework, the European Commission specifies the criteria that will guide the assessment of compatibility

with the internal market of the state aid measures that may be adopted by the Member States to alleviate the economic effects arising from the war and the subsequent sanctions adopted by the European Union and its international partners, as well as the countermeasures adopted by Russia.

Wholesale market

From 10 May 2022, and following the review criteria established set out Decision 4/2017 of the Agency for the Cooperation of Energy Regulators (ACER) of the European Union, the harmonised maximum limit price of the daily market increased from 3,000 €/MWh to 4,000 €/MWh. Decision 4/2017 stipulates that the upper limit must be increased by 1,000 €/MWh five weeks after 60% of the limit has been reached. Although the value of 6,000 €/MWh was reached in August 2022, which should lead to a new increase, this has yet to be completed

and in September 2022 the Agency for the Cooperation of Energy Regulators (ACER) initiated a review of the criteria for modifying the price limits.

Moreover, since 24 May 2022, in order to make further progress within Spain in implementing the European Regulation 2017/2195 (the Balancing Regulation), the operation scheduling processes carried out by Red Eléctrica (Spanish electricity system operator) have been changed to 15 minutes, affecting the adjustment services.

10. Other information

10.1. Stock market information

Share price performance

The changes in the share price of Endesa, S.A. and the major benchmark indexes in the period January–September 2022 were as follows:

Percentage (%)		
Share price performance ⁽¹⁾	January–September 2022	January – September 2021
Endesa, S.A.	(23.7)	(22.1)
Ibex-35	(15.5)	9.0
Euro Stoxx 50	(22.8)	13.9
Euro Stoxx Utilities	(20.8)	(8.0)

⁽¹⁾ Source: Madrid Stock Exchange.

The world's main stock markets ended the first nine months of 2022 with losses and near yearly lows, as investors had already priced in a likely scenario of a global economic recession caused by soaring inflation and regular interest rate hikes.

The Spanish stock market, despite posting losses, performed slightly better than its European counterparts, which fell by more than 20% on average during the period. The Spanish IBEX 35 index stood at 7,366.8 points, down 15.5% in the first nine months of the year, while the main continental benchmark, the EuroStoxx 50, ended the period with a cumulative decline of 22.8%.

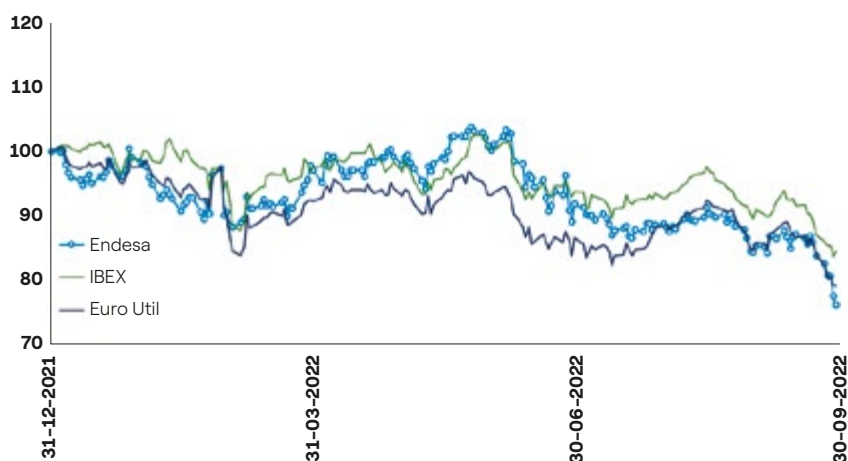
The share prices of companies operating in the electricity sector were affected by investor uncertainty amid the energy crisis caused by the war in Ukraine. The lingering threat of Russia cutting the supply of gas to Europe caused energy prices to reach record highs, and the impact of the emergency measures rushed out by both the European Union and the Spanish government a bid to protect consumers from this situation did little to help share prices.

In this context of rampant regulatory uncertainty, the share price of Endesa, S.A. was down 23.7% by the end of the third quarter to Euro 15.42 per share, marking an annual low. With this result, Endesa, S.A. was ranked fifteenth out of the 21 companies listed on the European EURO STOXX Utilities index, which fell 20.8% in the same period.

Euros			
Endesa share price ⁽¹⁾	January–September 2022	January–September 2021	Chg. (%)
High	20.960	23.650	(11.4)
Low	15.420	17.420	(11.5)
Period average	18.820	21.438	(12.2)
Period close	15.420	17.420	(11.5)

⁽¹⁾ Source: Madrid Stock Exchange.

Performance of the Endesa share, the IBEX 35 and the EURO STOXX Utilities index between January and September 2022



Source: Bloomberg.

Stock market information

Stock market information		30 September 2022	31 December 2021	Chg. (%)
Market cap ⁽¹⁾	Millions of Euros	16,326	21,387	(23.7)
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	4,585	8,501	(46.1)
Continuous Market	Shares			
Trading volume ⁽³⁾		243,152,125	406,350,969	(40.2)
Average daily trading volume ⁽⁴⁾		1,259,856	1,587,308	(20.6)
Price to Earnings Ratio (P.E.R.) – Ordinary ⁽¹⁾		8.34	11.24	–
Price to earnings ratio (PER) ⁽¹⁾		7.42	14.91	–
Price / Carrying amount ⁽¹⁾		9.31	3.98	–

⁽¹⁾ See the definition provided in Section 12 of this Consolidated Management Report.

⁽²⁾ Cash = Sum of all trading activity in the share carried out during the reference period (source: Madrid Stock Exchange).

⁽³⁾ Trading Volume = Total volume of Endesa, S.A. shares traded during the period (source: Madrid Stock Exchange).

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

10.2. Dividends

The information regarding the shareholder remuneration policy is described in Section 19.2 of the Consolidated Management Report for the year ended 31 December 2021.

The breakdown of dividends per share of Endesa, S.A. in 2021 and 2020 is as follows:

		2021	2020	Chg. (%)
Share capital	Millions of Euro	1,270.5	1,270.5	–
Number of shares		1,058,752,117	1,058,752,117	–
Consolidated ordinary net income	Millions of Euro	1,902	2,132	(10.8)
Consolidated net income	Millions of Euro	1,435	1,394	2.9
Individual net income	Millions of Euro	581	2,330	(75.1)
Ordinary net earnings per share ⁽¹⁾	Euro	1.7965	2.0136	(10.8)
Net earnings per share ⁽¹⁾	Euro	1.355	1.317	2.9
Gross dividend per share	Euro	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 the definition provided in Section 12 of this Consolidated Management Report.

⁽²⁾ Gross interim dividend of Euro 0.5 per share, paid out on 3 January 2022, plus the gross final dividend of Euro 0.9372 per share, paid out on 1 July 2022.

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

10.3. Main risks and uncertainties

During the first nine months of 2022, Endesa followed the same general risk management policy described in its consolidated financial statements for the year ended 31 December 2021.

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



The information regarding the main risks and uncertainties associated with Endesa’s activity is described in section 6.5 – Main risks and uncertainties of the Consolidated Management Report for the year ended 31 December 2021.




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







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





As a result, certain risks are now more of a concern and others have become more volatile (see Sections 5.3 and 5.4 of this Consolidated Management Report).

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

Given this situation, the main risks and uncertainties now facing Endesa are summarised below:

Category	Risk	Definition	Description	Relevance ⁽¹⁾
 Strategic risks	 Legislative and regulatory developments	Endesa’s activities are heavily regulated, and regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows.	Information on the regulatory framework can be found in Note 6 to the consolidated financial statements for the year ended 31 December 2021 and in Section 9 of this Consolidated Management Report.	High
	 Macroeconomic and geopolitical trends	Endesa’s business could be affected by adverse economic or political conditions in Spain, Portugal, the Eurozone and in international markets.	A worsening of the economic and social situation within the economies of Europe, aggravated by the conflict between Russia and Ukraine, could have a negative impact on the energy markets and, as a result, these circumstances could adversely affect Endesa’s business, results, financial position and cash flows (see Section 5.3 of this Consolidated Management Report).	

Category	Risk	Definition	Description	Relevance ⁽¹⁾
 Financial risks	 Commodities	<p>Endesa's business is largely dependent on the constant supply of large amounts of fuel to generate electricity; on the supply of electricity and natural gas used for its own consumption and supply; and on the supply of other commodities, the prices of which are subject to market forces that may affect the price and the amount of energy sold by Endesa.</p>	<p>Electricity and fuel prices in the wholesale market, specifically gas, CO₂ emission rights and coal will impact business costs and selling prices. To mitigate this impact, Endesa pursues a policy of hedging commodity price risk by arranging financial instruments on organised and over-the-counter (OTC) European markets. Transactions traded on Organised Markets, with clearing houses and daily financial collateral requirements associated with changes in the mark-to-market (MtM) could have a direct impact on Endesa's liquidity risk (see Notes 44.3 and 44.4 of the notes to the consolidated financial statements for the year ended 31 December 2021 and Section 7.2 of this Consolidated Management Report).</p>	
	 Interest rates	<p>Endesa is exposed to interest rate risk.</p>	<p>The rising prices have led to a considerable increase in long-term interest rates for the euro. In order to cushion this impact, Endesa pursues a policy of hedging interest rate risk through derivatives (see Note 44.1 to the consolidated financial statements for the year ended 31 December 2021 and Section 7.2 of this Consolidated Management Report).</p>	
	 Capital adequacy and access to finance		<p>The general uncertainty is also affecting the credit markets by pushing up risk premiums, both for sovereign and corporate debt. Additionally, the execution of strategies to hedge market volatility risks, in order to ensure stability in results, may imply a considerable increase in the requirements to provide financial guarantees ("cash collaterals") to continue operating in the Organized Markets, in the event of commodity price increases, such as those seen in August 2022 in the gas market. Financing with short-term instruments would drain the company's liquidity.</p>	High
	 Liquidity	<p>Endesa may encounter difficulties in securing sufficient funding for its ordinary course of business.</p>	<p>Endesa's financial and capital management policy is described in Notes 35.1.12, 43.3 and 43.4 to the consolidated financial statements for the year ended 31 December 2021. In the short term, liquidity risk is mitigated by Endesa by maintaining an adequate level of unconditionally available resources, including cash and short-term deposits, available credit lines and a portfolio of highly liquid assets. Endesa maintains a liquidity policy consisting of contracting long-term credit facilities with banks and Enel Group companies and temporary financial investments for an amount sufficient to support the expected needs for a period that depends on the situation and expectations of the debt and capital markets (see Section 7.2 of this Consolidated Management Report).</p>	
	 Credit and Counterparty	<p>Credit risk is generated when a counterparty fails to meet its obligations under a financial or commercial contract, resulting in a financial loss.</p>	<p>Endesa closely monitors the credit risk of its commodity, financial and commercial counterparties. In a context of sharp increases in commodity prices and interest rates, the exposure to default has risen considerably with counterparties, although the Company's collection management has made it possible to moderate the evolution of overdue debt (see Sections 5.3 and 5.4 of this Consolidated Management Report).</p>	

Category	Risk	Definition	Description	Relevance ⁽¹⁾
Operational risks	 Procurement, logistics and supply chain	Endesa's business could be adversely affected if it is ultimately unable to hold on to its existing suppliers or if the products or services offered by its existing suppliers are insufficient in terms of quantity and/or quality. There is also the risk that its suppliers may be unable to honour the agreed conditions for the services they provide, thus threatening operations and business continuity.	A further deterioration in the ongoing conflict between Russia and Ukraine and ensuing crisis may cause delays in supplies and breach of contracts at supply chain level. In addition, Endesa is exposed to risks of technical faults and accidents that could temporarily interrupt the operation of its plants and service to customers. The occurrence of any of these events could adversely affect Endesa's businesses, results, financial position and cash flows.	Moderate
	 Business interruption			
Risks associated with digital technologies	 Cybersecurity	Endesa is exposed to cybersecurity risks.	The Cybersecurity Unit is keeping close track of the situation to identify any cyber event or anomaly at Endesa.	⁽²⁾
Compliance risks	 Compliance with other laws and regulations	Endesa is involved in various court and arbitration proceedings.	Endesa is involved in certain legal proceedings the outcome of which could have an impact on the consolidated financial statements (see Note 53 to the consolidated financial statements for the year ended 31 December 2021 and Section 10.6 of this Consolidated Management Report).	⁽²⁾

⁽¹⁾ The significance of the risks is measured on the basis of the expected potential loss: High (exceeding Euro 75 million), Moderate (between Euro 10 million and Euro 75 million) and Low (below Euro 10 million).

⁽²⁾ They relate to risks whose impact may be difficult to quantify economically (in general, high impact and probability that is either very low or very difficult to determine, following the mitigation mechanisms put in place).

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

Transactions between the Company and its subsidiaries and jointly operated 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 are 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.

10.4.1. Expenses and income and other transactions with significant shareholders

Expenses and income with significant shareholders

Millions of Euros	January–September 2022	January–September 2021
Financial expenses	106	73
Leases	–	–
Services received	40	34
Purchases of inventories	212	290
Other expenses	10,722	4,640
Expenses on energy stock derivative financial instruments ⁽¹⁾	10,626	4,420
Power purchases	47	180
Management or cooperation agreements	49	40
TOTAL EXPENSES	11,080	5,037
Financial income	41	3
Dividends received	–	–
Rendering of services	7	9
Sales of inventories	288	314
Other revenue	8,860	2,870
Revenue on energy stock derivative financial instruments ⁽¹⁾	8,729	2,868
Power sales	7	–
Management or cooperation agreements	2	1
Leases	1	1
Other ⁽²⁾	121	–
TOTAL REVENUE	9,196	3,196

⁽¹⁾ In the periods January–September 2022 and 2021 include Euro 1,686 million positive and Euro 1,864 million negative, respectively, recorded in the Consolidated Statement of Other Comprehensive Income.

⁽²⁾ Includes Euro 121 million corresponding to the gross capital gain generated on the sale of the 51% stake in Endesa X Way, S.L. to Enel X Way, S.r.l.

Other transactions with significant shareholders

Millions of Euros	January–September 2022	January–September 2021
Financing agreements: Loans and capital contributions (lender)	–	–
Financing agreements: Loans and capital contributions (borrower) ⁽¹⁾	8,254	4,700
Guarantees provided	–	–
Guarantees received ⁽²⁾	140	118
Commitments acquired ⁽³⁾	114	–
Dividends and other distributions	1,067	1,495
Other transactions ⁽⁴⁾	163	43

⁽¹⁾ Corresponds to the outstanding balance of the intercompany transactions entered into with Enel Finance International N.V., for a total amount of Euro 7,050 million at 30 September 2022. It also includes the Credit Support Annex entered into with Enel Global Trading S.p.A. for derivative financial instrument transactions on the energy markets for a total amount of Euro 1,204 million.

⁽²⁾ Includes the guarantee received from Enel, S.p.A. to comply with the agreement to purchase liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC.

⁽³⁾ Relates to the commitment acquired with Enel Global Infrastructure and Networks S.r.l. (EGIN) regarding the licence to use the Grid Blue Sky Platform.

⁽⁴⁾ Includes Euro 122 million corresponding to the price paid for the sale of the 51% stake in Endesa X Way, S.L. to Enel X Way, S.r.l. and Euro 29 million relating to the investment made in the period for the licence to use the Grid Blue Sky platform with Enel Global Infrastructure and Networks S.r.l. (EGIN).

Balances at the end of the reporting period with significant shareholders

At 30 September 2022 and at 31 December 2021, balances with related parties were as follows:

Millions of Euros

	30 September 2022		
	Enel Iberia, S.L.U.	Other significant shareholders	Total
Customers and trade receivables	126	3,087	3,213
Loans and credits granted	—	—	—
Other receivables ⁽¹⁾	140	450	590
TOTAL RECEIVABLES	266	3,537	3,803
Suppliers and trade payables	74	6,871	6,945
Loans and credits received	103	7,554	7,657
Other payables ⁽¹⁾	265	423	688
TOTAL PAYABLES	442	14,848	15,290

⁽¹⁾ Include the receivables and payables, respectively, of the Endesa companies that make up the consolidated tax group number 572/10, whose Parent is Enel, S.p.A. and its representative in Spain is Enel Iberia, S.L.U.

Millions of Euros

	31 de diciembre de 2021		
	Enel Iberia, S.L.U.	Other significant shareholders	Total
Customers and trade receivables	117	2,203	2,320
Loans and credits granted	—	—	—
Other receivables ⁽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 payables ⁽¹⁾	212	328	540
TOTAL PAYABLES	700	9,073	9,773

⁽¹⁾ Include the receivables and payables, respectively, of the Endesa companies that make up the consolidated tax group number 572/10, whose Parent is Enel, S.p.A. and its representative in Spain is Enel Iberia, S.L.U.

10.4.2. Associates, joint ventures and jointly-controlled entities

At 30 September 2022 and at 31 December 2021, the breakdown of customer receivables for sales and services, loans and guarantees to associates, joint ventures and jointly-controlled entities was as follows:

Millions of Euros

	Associates		Joint Ventures		Joint Operation	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Trade receivables for sales and services	8	2	9	2	—	—
Loans	60	59	—	—	6	4
Guarantees issued	—	—	—	—	—	—

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

Millions of Euros

	Associates		Joint Ventures		Joint Operation	
	January– September 2022	January– September 2021	January– September 2022	January– September 2021	January– September 2022	January– September 2021
Revenue	3	9	1	1	–	–
Expenses	(16)	(16)	(19)	(17)	(19)	(25)

10.5. Acquisition commitments, committed guarantees to third parties and other commitments

At 30 September 2022 and 31 December 2021, there were guarantees provided to third parties for the following items and amounts and information on future purchase commitments as follows:

Millions of Euros

	30 September 2022	31 December 2021
Guarantees provided to third parties:		
Property, plant and equipment as a guarantee for financing received	75	84
Short- and long-term gas contracts	271	175
Energy contracts	56	61
Lease agreement for methane tanker	176	152
Contracts to trade in financial markets	40	40
Contracts for the supply of other inventories	23	–
Associates, joint ventures and jointly controlled entities	–	–
TOTAL ⁽¹⁾	641	512
Future electricity purchase commitments:		
Property, plant and equipment	1,351	1,064
Intangible assets	149	19
Financial investments	–	–
Rendering of services	22	25
Purchases of energy stocks and others	23,732	19,766
Energy stocks	22,772	19,487
Electricity	614	251
Carbon dioxide (CO ₂) emission rights	257	28
Other inventories	89	–
TOTAL	25,254	20,874

⁽¹⁾ Does not include bank guarantees vis-à-vis third parties.

10.6. Contingent assets and liabilities

In the quarterly period ended 30 September 2022, significant changes took place in the following litigation and arbitration proceedings involving Endesa companies, as described in Note 53 to the consolidated financial statements for the year ended 31 December 2021:

- On 11 May 2009, the Ministry for Energy, Tourism and Digital Agenda (currently the Ministry of Ecological Transition and Demographic Challenge) ("MITECO") issued an order imposing distinct fines for a combined value of Euro 15 million, on Endesa Generación, S.A.U., as the operator of the nuclear plant Ascó I, in connection with the leak of radioactive particles that took place at

that facility in December 2007, on the grounds that the company had committed four serious violations contrary to the Nuclear Energy Act 1964 (Ley 25/1964) of 29 April. On 1 December 2009, following an appeal against the Ministerial Order by Endesa, the Spanish National Court (Audiencia Nacional) stayed execution of the disputed ruling and the defendant posted a bank guarantee to the court covering the value of the fine. Section 1 of the Contentious-Administrative Division of the National Court handed down a Ruling on 18 March 2022 rejecting the appeal lodged by Endesa Generación, S.A.U. against the Order of the then Minister of Industry, Tourism and Trade of 11 May 2009, sanctioning Endesa Generación,

S.A.U., as the operator responsible for the Ascó I nuclear power plant, for four serious infringements, three of them set out in Article 86.b).1 of the Nuclear Energy Act Law of 29 April 1964, for amounts of Euro 7.5 million, Euro 3 million and Euro 3 million, respectively, and the other as set out in Article 86.b).3 of that same Act, for an amount of Euro 1.8 million, declaring the aforementioned Ministerial Order to be in accordance with the law. A notice of appeal in cassation to the Supreme Court has been lodged.

- The administrative authorisations of the “Peña del Gato” and “Valdesamario” wind farms held by Energías Especiales del Alto Ulla, S.A.U. (company wholly owned Enel Green Power España, S.L.U. (EGPE)), were annulled through Supreme Court judgments of 13 July 2015 and 5 May 2017 respectively, on the grounds that the Environmental Impact Statement had not been processed correctly. For the same reasons, the licences granted by the Municipal Councils of Valdesamario and Riello for the Valdesamario wind farm were also invalidated (Ruling of the Castile and Leon High Court of 26 June 2017 and Ruling of the Administrative Appeal Court of Leon of 30 May 2017, both final), in addition to the permits for the farm’s feed-in infrastructures (Rulings of the Castile and Leon High Court of 13 and 19 March 2018, which were contested before the Supreme Court by its owner, Promociones Energéticas del Bierzo, S.L.U. (company wholly owned Enel Green Power España, S.L.U. (EGPE)), and the Supreme Court dismissed the three cassation appeals filed under the Orders of 20 December 2018 and 31 January 2019), and the approval of the Ponjos electrical substation transformation project (Ruling of the Administrative Appeal Court 1 of Leon of 31 May 2017, contested by Promociones Energéticas del Bierzo, S.L.U., which was appealed against); said appeal was upheld by the Ruling of the Castile and Leon High Court of Justice on 1 July 2021. Turning to the Peña del Gato wind farm, a new administrative authorisation was secured on 8 May 2017 (after re-processing the project, rectifying the defects of its environmental assessment). The facilities were commissioned on 3 January 2018 (14 machines), and the remaining 11 machines on 4 April 2018, after receiving the permit for the occupation of public forests, modified to adapt it to the new administrative authorisation. In the ruling on the enforcement, the Castile and Leon High Court of Justice annulled the new administrative authorisation granted by the Order of 30 July 2018, understanding that it was issued to avoid the ruling of the High Court of 13 July 2015. An appeal for reconsideration was filed against said Order by the Regional Government of Castile and Leon and Energías Especiales del Alto Ulla, S.A.U., which was dismissed by the Order of 21 December 2018. Energías Especiales

del Alto Ulla, S.A.U. filed a cassation appeal before the Supreme Court, which was not granted leave to proceed under a Decision of 3 July 2019.

The Peña del Gato wind farm was forced to shut down again in May 2019 as a result of the shutdown of the evacuation infrastructure. On 26 October 2021, Energías Especiales del Alto Ulla, S.A.U. was notified of the document filed before the Castile and Leon High Court of Justice by the “Platform for the Defence of the Cantabrian Mountain Range” association, which requested the halting of the processing of the new administrative authorisation and the performance of an environmental expert test, all within the framework of the enforcement of the Ruling that cancelled the administrative authorisation for the Peña del Gato wind farm. Both Energías Especiales del Alto Ulla, S.A.U. and the Regional Government of Castile and León opposed the application, which was rejected by order of the High Court of Justice of Castile and León on 10 February 2022. On 24 May 2022, a new administrative authorisation and environmental impact statement was obtained for the Peña del Gato and Valdesamario wind farms, as well as for the power evacuation infrastructure. Appeals have been lodged against these authorisations by several environmental associations. As yet, no decisions have been delivered.

- The Supreme Court delivered its judgment 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 (“TUR”) 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 to

cofinance with the public administrations, so that all amounts paid in this regard are refunded by discounting the amounts that, where appropriate, had been passed on to customers. Lastly, the following is declared: (iv) the right of the claimant to be compensated for the amounts invested to implement the procedure to request, check and manage the Social Bonus, together with the amounts paid to apply this procedure, discounting those amounts that, where appropriate, would have been passed on to the customers. The Supreme Court issued a ruling on 24 March 2022 dismissing the request to rectify or complement the judgment proposed by the State Legal Service, so that the government can continue to charge the relevant parties for the corresponding financing cost, as the financing system has been removed from the system. However, the Supreme Court confirms that: "despite the declaration of inapplicability and annulment of the legal rules and regulations governing the system to finance the Social Bonus, the subsistence of the discount obligation in the price of electricity supplied to vulnerable consumers will continue to generate for certain companies, even after the ruling, payments whose processing and compensation must be addressed under the new legal system set up to finance the Social Bonus, to replace the one currently declared inapplicable, or a specific rule approved for that purpose." By Order of 24 May 2022, the judgment was deemed to have been received by the responsible body, indicating that the ruling must be honoured by the Subdirector General for Electricity.

- On 14 December 2020, the Competition Directorate of the Spanish Markets and Competition Commission ("CNMC") notified Enel Green Power España, S.L.U. (EGPE) and its parent, Endesa Generación, S.A.U., of the initiation of sanctioning proceedings for an alleged abuse of a position of dominance by Enel Green Power España, S.L.U. (EGPE) in the market to access and connect to the transmission grid at certain hubs with effects on the related electricity generation market. According to the Spanish Markets and Competition Commission ("CNMC"), Enel Green Power España, S.L.U. (EGPE) allegedly used its status as a Single Hub Partner (IUN) to favour companies in its own group to the detriment of third-party generators.

Enel Green Power España, S.L.U. (EGPE) 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 Spanish Markets and Competition Commission ("CNMC") issued a statement of facts whereby it considers Enel Green Power España, S.L.U. (EGPE) to have 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 Proposal for a Resolution, 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 as 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 competition authority proposed total fines amounting to Euro 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. Lastly, 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 closed since, among other matters, no abuse of market position, as envisaged in Article 2 of the Law on the Defence of Competition (LDC), had taken place, and nor did it consider that the Spanish Markets and Competition Commission was competent to hear the case. On 10 June 2022, the Spanish Markets and Competition Commission ("CNMC") issued a decision, ordering Enel Green Power España, S.L.U. (EGPE) and, jointly and severally, its parent company Endesa Generación, S.A.U., to pay a total of Euro 5 million in fine for committing two very serious infringements contrary to Article 2 of Law 15/2007, of 3 July, on the Defence of Competition (LDC). On 29 July 2022, Enel Green Power España S.L.U. (EGPE) and Endesa Generación S.A.U. filed an appeal with the National Court (Audiencia Nacional) against the aforementioned sanctioning resolution of 10 June 2022 and, in turn, requested the precautionary suspension of section three of the ruling relating to payment of the fines imposed.

- On 31 May 2016, Endesa, S.A. and Endesa Generación, S.A.U. initiated a claim arguing that the central government should be held liable for having applied an illegal rule, namely Order ITC/3315/2007, of 15 November, which had been annulled by the judgment of the Supreme Court and which had caused it damage by reducing its remuneration as a generating company, in the amount of the internalisation of the CO₂ emission rights allocated free of charge under the National Emission Rights Allocation Plan ("PNA"), which the company was under no legal duty to bear.

Endesa, S.A. and Endesa Generación, S.A.U. requested the payment of Euro 285 million, of which Euro 188 million corresponds to physical bilateral contracts and Euro 97 million to related 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, S.A. and Endesa Generación, S.A.U. 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 lodged by the General Administration of the State.

As the State Lawyer did not file for a review or appeal, Endesa, S.A. and Endesa Generación, S.A.U. have asked the Spanish Markets and Competition Commission ("CNMC") directly to honour the ruling, providing the National Court with the calculation of the amount of the compensation payable to Endesa, S.A. and Endesa Generación, S.A.U.

On 10 June 2021, Endesa, S.A. and Endesa Generación, S.A.U. sought the enforcement of this Ruling before the Spanish National Court. On 27 October 2021 and, subsequently, on 23 December 2021, Endesa, S.A. and Endesa Generación, S.A.U. filed new pleadings before the Spanish National Court seeking 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 Resolution of the Secretary of State for Energy was notified, whereby it is agreed to execute

the aforementioned National High Court Ruling and it was ordered to pay the indemnity in line with the following terms: *"Order the payment to Endesa, S.A. and Endesa Generación, S.A.U. of the amount of Euro 259 million (Euro 186 million in pecuniary liability and Euro 73 million as interest), in accordance with the Judgment of 12 February 2020, as handed down by the National Court under proceedings 115/2017, and the enforcement order of 5 January and 21 February 2022"*. On 20 May 2022, Endesa, S.A. and Endesa Generación, S.A.U. filed a new document reiterating their request for enforcement of the judgment as they had not received the corresponding compensation payment by that date. On 1 July 2022, a further document was filed reiterating the request for enforcement of the judgment. On 27 September 2022, the National Court issued an order requiring the Ministry of Finance to inform the Court of the status of the case in relation to the outstanding payment of the judgment delivered on 12 February 2020. On 18 October 2022, the Agreement of the Council of Ministers was approved authorizing the application of the Contingency Fund to finance a credit modification to enable the Ministry for Ecological Transition and the Demographic Challenge to comply with the aforementioned Ruling. On 19 October 2022, the Minister of Finance and Public Function approved the credit increase in the Ministry for Ecological Transition and the Demographic Challenge to comply with the Ruling, in the amount of Euro 264 million. Such agreements have been transferred to the parties by the National Court on 26 October 2022.

- On 6 October 2021, the Directorate General for Energy of the Government of the Canary Islands served notice on Edistribución Redes Digitales, S.L.U. of three decisions to initiate the three corresponding disciplinary proceedings – ES.AE.LP 006/2019, ES.AE.LP 007/2019 and ES.AE.LP 008/2019 – amounting to Euro 11 million, Euro 19 million and Euro 28 million, respectively, for alleged infringements consisting of the unjustified refusal or alteration of the connection permit to a network point and failure to comply with the obligations to maintain and operate a proper complaints, claims and incidents service. These decisions presented serious errors in setting out the facts upon which the accusation was based, thus violating the right of the defendant to mount a defence. Therefore, on 29 October 2021, Edistribución Redes Digitales, S.L.U. presented written pleadings in each proceeding highlighting this circumstance, arguing that it was impossible to mount the necessary defence as the facts on which the charges had been brought were unclear. On 28 January 2022, a communication was received from the competent body in the first of these proceedings (ES.AE.LP 006/2019), and on 7 February 2022 communications were received

in relation to the other two (ES.AE.LP 007/2019 and ES.AE.LP 008/2019), in which, in response to the allegations, copies were attached of the original case files on which the decisions to initiate the disciplinary proceedings had been based. This is highly indicative of the improper processing of the cases.

In relation to sanctioning proceeding ES.AE.LP 006/2019, the first allegations were submitted on 18 February 2022 and on 17 June 2022 the Directorate General for Energy of the Government of the Canary Islands resolved to terminate and close the sanctioning proceeding, on the grounds that EDistribución Redes Digitales, S.L.U. was not in breach of applicable law and regulations relating to the electricity sector.

In relation to sanctioning proceedings ES.AE.LP 007/2019 and ES.AE.LP 008/2019, the first allegations were submitted on 28 February 2022.

On 24 January 2022, EDistribución Redes Digitales, S.L.U. received notice of a new Resolution of the Directorate General for Energy of the Government of the Canary Islands, dated 18 November 2021, resolving to initiate another disciplinary proceeding – ES.AE.LP 06/2020 – on the grounds that the company had committed a further five infringements classified as continuous and serious and two infringements classified as very serious and non-continuous, and noting that a fine of Euro 94 million may be imposed. The alleged infringements once again refer to requests for access and connection to the grid, completion of connections, processing of customer requests, information provided, systems put in place and delays in execution, as well as complaints and claims services. These infringements relate to 50 non-sanctioning administrative proceedings. Allegations were submitted on 18 March 2022. On 28 September 2022, a Proposal for a Resolution dated 26 September 2022 was notified, with the proposal being to impose a fine on EDistribución Redes Digitales, S.L.U. of Euro 31 million on the grounds that it had committed five serious and two very serious infringements of Law 24/2013, of 26 December, on the Electricity Sector.

- In the course of an arbitration to review the price of a long-term liquefied natural gas supply contract initiated by Endesa Generación S.A.U., the respondent, a liquefied natural gas producer, has filed a counterclaim requesting a payment of approximately USD 1,000 million. This amount could be subject to revision depending on market developments in the coming months and until the conclusion of the arbitration, which is expected to occur in the second quarter of 2023. The Company considers this counterclaim to be unfounded and untimely, and its external legal advisors are of the

opinion that the likelihood of the counterclaim being upheld is remote.

- On 9 July 2018, Endesa, S.A. was notified of the definitive income tax and VAT settlement agreements of the income tax and VAT tax consolidation groups to which Endesa, S.A. belongs, relating to the inspection process for 2011–2014, which were appealed against on 27 July 2018 before the Central Tax Appeals Board. On 28 January 2022, a partial settlement was upheld for Value Added Tax (VAT), which the company decided to pursue further by lodging an appeal with the Spanish National Court.

The income tax decisions were received on 4 April 2022 and will also be appealed before the Spanish National 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 for Endesa, S.A. and subsidiaries is Euro 56 million. A guarantee is available to ensure debt suspension.

- In relation to the inspection process for 2015–2018, definitive income tax and VAT settlement agreements were received in relation to the income tax and VAT tax consolidation groups to which Endesa, S.A. belongs and for personal income tax withholdings at each of the companies inspected. The resolutions were appealed against before the Central Economic-Administrative Court.

The items under dispute originate mainly from the differing criteria regarding the deductibility of certain financial expenses during the inspected period and in the rejection of part of the documented deduction for research, development and technology innovation. The contingency associated with the process for Endesa, S.A. and subsidiaries is Euro 59 million. A guarantee is available to ensure debt suspension.

The Directors of Endesa consider that the provisions recognised in the consolidated financial statements for the nine-month period ended 30 September 2022 adequately cover the risks relating to litigation, arbitration and claims, and do not expect these issues to give rise to any liability not already provided for.

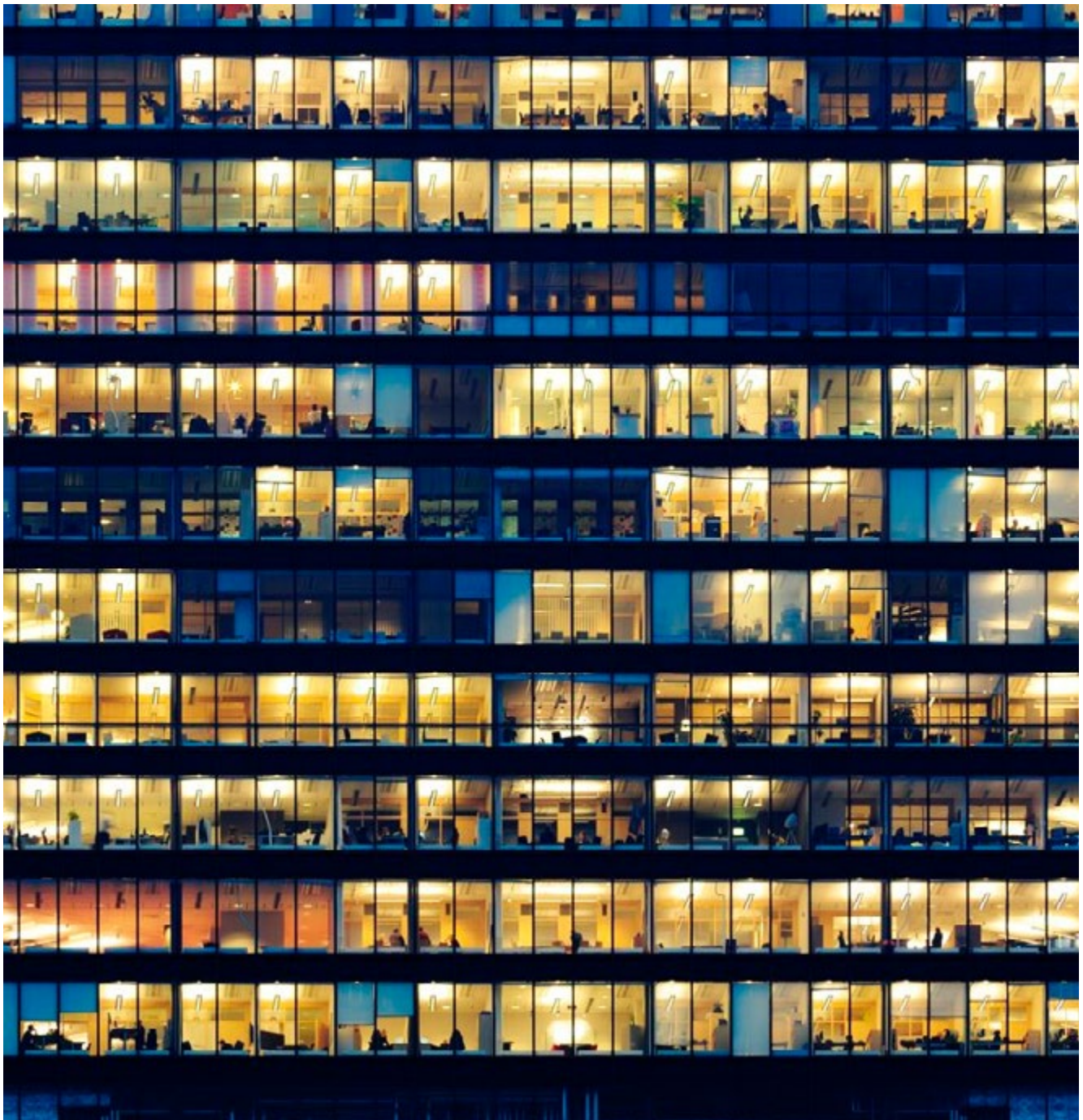
Given the nature of the risks covered by these provisions, it is impracticable to determine a reasonable timetable of payment or collection dates, if any.

The amounts paid to resolve lawsuits in the nine-month period ended 30 September 2022 totalled Euro 40 million.

11. Events after the reporting period

On 14 October 2022, the Board of Directors of Endesa, S.A. resolved to call an Extraordinary General Shareholders' Meeting to be held on 17 November 2022, the agenda being the examination and approval of transactions between related parties in compliance with articles 529 duovicies and 529 tercivies of the Capital Companies Act.

Except as mentioned in the preceding paragraph, no significant events have occurred between 30 September 2022 and the date of approval of this Consolidated Management Report that have not been reflected in it.



12. Alternative Performance Measures (APMs)

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of use
			January–September 2022	January–September 2021	
Gross operating income (EBITDA)	€M	Income - Procurements and Services +- Income and Expenses for Energy Stocks Derivatives + Self-constructed Assets - Personnel Expenses - Other Fixed Operating Expenses + Other Gains and Losses	€3,710 M = €24,620 M - €17,999 M - €1,642 M + €219 M - €722 M - €1,007 M + €241 M	€3,122 M = €14,266 M - €10,247 M + €509 M + €182 M - €681 M - €904 M - €3 M	Measure of operating return excluding interest, taxes, provisions and amortisation
Operating Income (EBIT)	€M	EBITDA - Depreciation and amortisation, and impairment losses.	€2,388 M = €3,710 M - €1,322 M	€1,945 M = €3,122 M - €1,177 M	Measure of operating profit excluding interest and taxes
Net income	€M	Net income of the Parent	€1,651 M	€1,459 M	Measure of profit for the period
Ordinary net income	€M	Ordinary net income = Net income of the Parent - Net gain/ (loss) on disposal of non-financial assets (greater than Euro 10 million) - Net impairment losses on non-financial assets (greater than Euro 10 million) - Initial net allowance for personnel expenses under workforce restructuring plans relating to the Decarbonisation and Process Digitalisation Plan - Net expenses corresponding to the Public Responsibility Plan relating to the COVID-19 health crisis	€1,469 M = €1,651 M - €182 M - €0 M - €0 M - €0 M	€1,459 M = €1,459 M - €0 M - €0 M - €0 M - €0 M	Measure of profit for the period stripping out extraordinary items in excess of Euro 10 million
Contribution margin	€M	Revenue - Procurements and Services +- Income and Expenses for Energy Stocks Derivatives	€4,979 M = €24,620 M - €17,999 M - €1,642 M	€4,528 M = €14,266 M - €10,247 M + €509 M	Measure of operating profit considering direct variable production costs
Procurements and services	€M	Power purchases + Fuel consumption + Transmission costs + Other variable procurements and services	€17,999 M = €10,436 M + €3,187 M + €2,812 M + €1,564 M	€10,247 M = €4,297 M + €1,019 M + €3,665 M + €1,266 M	Goods and services for production
Net financial profit/ (loss)	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments+- Net Exchange Differences	€(131) M = €212 M - €211 M - €88 M - €44 M	€(32) M = €113 M - €133 M - €8 M - €4 M	Measure of financial cost
Net financial loss	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments	€(87) M = €212 M - €211 M - €88 M	€(28) M = €113 M - €133 M - €8 M	Measure of financial cost
Net Investments	€M	Gross Investments - Capital Grants and Facilities Transferred	€1,376 M = €1,500 M - €124 M	€1,252 M = €1,394 M - €142 M	Measure of investing activity
Ordinary Return on Equity	%	Ordinary net income attributable to the Parent / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2)	53.31% = €M ((1,469 - 172) * 12 months / 9 months) + €172 M ⁽¹⁾ / €M ((1,753 + 5,380) / 2)	26.54% = €M ((1,459 - 195) * 12 months / 9 months) + €195 M) / €M ((6,854 + 7,315) / 2)	Measure of the capacity to generate profits on shareholder investments

€M = Millions of Euros; € = Euro.

n = 30 September of the year being calculated.

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

⁽¹⁾ Annualised result, excluding the effects, net of the tax effect, of Euro 172 million, described in Section 6.2 of this Consolidated Management Report.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of use
			January–September 2022	January–September 2021	
Ordinary return on assets	%	Ordinary net income of the Parent / Total Assets (n) + Total Assets (n-1) / 2)	3.78% = €M (((1,469 - 172) * 12 months / 9 months) + €172 M) ⁽¹⁾ / €M ((60,660 + 39,968) / 2)	5.10% = €M (((1,459 - 195) * 12 months / 9 months) + €195 M) / €M ((41,647 + 32,062) / 2)	Measure of business profitability
Economic profitability	%	Operating Income (EBIT) / ((PP&E (n) + PP&E (n-1)) / 2)	14.10% = €M (((2,388 - 210) * 12 months / 9 months) + €210 M) ⁽²⁾ / €M ((22,086 + 22,097) / 2)	11.77% = (((1,945 - 188) * 12 months / 9 months) €M + 188 €M) / ((21,634 + 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)	4.60 % = €M (((1,777 - 161) * 12 months / 9 months) + € 161 M) ⁽³⁾ / €M ((32,546 + 28,316) / 2 + €M (28,114 + 11,652) / 2)	5.22% = € (((1,479 - 141) * 12 months / 9 months) M + €141 M) / €((27,499 + 25,828) / 2 + (14,148 + 6,234) / 2) M	Measure of the return on capital employed
Return on invested capital (ROIC)	%	Profit from operations after tax / (Equity of the Parent + Net financial debt)	17.95% = €(((1,777 - 161) * 12 months / 9 months) M + €161 M) ⁽³⁾ / (€1,753 M + €11,149 M)	11.56% = €M (((1,479 - 141) * 12 months / 9 months) + €141 M) / (€6,854 M + €9,793 M)	Measure of the return on invested capital
Funds from operations	€M	Cash Flows from Operating Activities - Changes in Working Capital - Self-constructed Assets	€3,044 M = €586 M + €2,677 M - €219 M	€1,965 M = €862 M + €1,285 M - €182 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	€108 M	€90 M	Measure of interest paid
Ordinary net earnings per share	€	Ordinary net income of the Parent / Number of Shares at the end of the Reporting Period	€1,3875 = €1,469 M / 1,058,752,117 shares	€1,3780 = €1,459 M / 1,058,752,117 shares	Measure of the portion of ordinary net 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	€1,5594 = €1,651 M / 1,058,752,117 shares	€1,3780 = €1,459 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	€0,553 = €586 M / 1,058,752,117 shares	€0,814 = €862 M / 1,058,752,117 shares	Measure of the portion of funds corresponding to each share outstanding

€M = Millions of Euros; € = Euro.

n = 30 September of the year being calculated.

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

⁽¹⁾ Annualised result, excluding the effects, net of the tax effect, of Euro 172 million, described in Section 6.2 of this Consolidated Management Report.

⁽²⁾ Annualised result, excluding the effects, of Euro 210 million, described in Section 6.2 of this Consolidated Management Report.

⁽³⁾ Annualised result, excluding the effects, net of the tax effect, of Euro 161 million, described in Section 6.2 of this Consolidated Management Report.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of use
			30 September 2022	31 December 2021	
Net financial debt	€M	Non-current borrowings + Current borrowings + Debt derivatives recognised in liabilities - Cash and cash equivalents - Debt derivatives recognised in assets - Financial guarantees recognised in assets	€11,149 M = €12,950 M + €8,093 M + €82 M - €563 M - €113 M - €9,300 M	€8,806 M = €7,211 M + €3,167 M + €14 M + €703 M - €7 M - €876 M	Deuda financiera, a corto y largo plazo, menos el valor de la caja y de las inversiones financieras equivalentes a efectivo y de las garantías financieras de activo
Sustainable financing	%	Sustainable gross financial debt / Gross financial debt	60% = €12,678 M / €21,043 M	60% = €6,268 M / €10,378 M	Medida del peso de la deuda financiera bruta con cláusulas de sostenibilidad sobre el total de la deuda financiera bruta
Leverage	%	Net financial debt / Equity	573.80% = €11,149 M / €1,943 M	158.84% = €8,806 M / €5,544 M	Medida del peso de los recursos ajenos en la financiación de la actividad empresarial
Debt ratio	%	Net financial debt / (Equity + Net financial debt)	85.16% = €11,149 M / (€1,943 + 11,149) M	61.37% = €8,806 M / (€5,544 M + €8,806 M)	Medida del peso de los recursos ajenos en la financiación de la actividad empresarial
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)	3.1 years = 64,615 / 21,127	4.4 years = 45,718 / 10,373	Medida de la duración de la deuda financiera hasta su vencimiento
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)	€15,522 M	€9,375 M	Medida de la deuda financiera media bruta en el periodo, para el cálculo del coste medio de la deuda financiera bruta
Average cost of gross financial debt	%	Cost of gross financial debt / average gross financial debt	1.1% = (€129 M * (12 months / 9 months) + €4 M) / €15,522 M	1.5% = €136 M / €9,375 M	Medida de la tasa efectiva de la deuda financiera
Debt Coverage Ratio	Number of Months	Maturity period (no. of months) for vegetative debt that could be covered with the liquidity available	0 months	33 months	Medida de la capacidad para afrontar los vencimientos de deuda
Liquidity ratio	N/A	Current assets / Current liabilities.	0.96 = €28,114 M / €29,417 M	0.74 = €11,652 M / €15,822 M	Medida de la capacidad para afrontar los compromisos a corto plazo
Solvency ratio	N/A	(Equity + Non-Current liabilities) / Non-current assets	0.96 = (€1,943 M + €29,300 M) / €32,546 M	0.85 = (€5,544 M + €18,602 M) / €28,316 M	Medida de la capacidad para hacer frente a las obligaciones
Debt coverage ratio	N/A	Net financial debt / gross operating income (EBITDA)	2.29 = €11,149 M / €M (((3,710 - 210) * 12 months / 9 months) + €210 M) ⁽¹⁾	2.06 = €8,806 M / €4,278 M	Medida del importe de flujo de efectivo disponible para atender los pagos del principal de la deuda financiera
Fixed assets	€M	Property, Plant and Equipment + Investment Property + Intangible Assets + Goodwill	€24,220 M = €22,086 M - €55 M + €1,617 M - €462 M	€24,156 M = €22,097 M + €55 M + €1,542 M + €462 M	Bienes de la Sociedad, ya sean tangibles o intangibles, no convertibles en liquidez a corto plazo, necesarios para el funcionamiento de la Sociedad y no destinados para la venta

€M = Millions of Euros; € = Euro.

⁽¹⁾ Annualised result, excluding the effects, of Euro 210 million, described in Section 6.2 of this Consolidated Management Report.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of use
			30 September 2022	31 December 2021	
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 non-current assets +- Debt derivatives recognised under non-current financial assets and liabilities	€16,816 M = €22,086 M + €1,617 M + €462 M + €268 M + €55 M + €988 M + €2,845 M + €269 M - €241 M - €4,277 M - €6,037 M - €129 M - €610 M - €449 M - €-31 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	Medida del activo no corriente sin tener en consideración los activos por impuesto diferido menos el valor de los ingresos diferidos y de los otros pasivos no corrientes
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 Current assets +- Debt derivatives recognised under current financial assets and liabilities - Suppliers and other payables	€(1,746) M = €8,326 M + €1,579 M + €11,004 M + €6,294 M + €157 M + €164 M + €0 M + €509 M - €580 M - €10,967 M - €68 M - €283 M - €8,851 M - €0 M - €8,012 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	Medida del activo corriente sin tener en consideración el valor de la caja y de las inversiones financieras equivalentes a efectivo menos el valor de los proveedores y otros acreedores y de los pasivos por impuesto de sociedades corriente
Gross invested capital	€M	Total net non-current assets + Total net working capital	€15,070 M = €16,816 M - €1,746 M	€18,069 M = €19,999 M - €1,930 M	Total activo no corriente neto más total capital circulante neto
Total deferred tax assets and liabilities and provisions	€M	- Provisions for pensions and similar obligations - Other non-current provisions - Current provisions + Deferred tax assets - Deferred tax liabilities	€(2,005) M = - €362 M - €2,884 M - €905 M + €3,956 M - €1,810 M	€(3,719) M = - €659 M - €3,325 M - €611 M + €2,362 M - €1,486 M	Medida de las provisiones y los activos y pasivos por impuesto diferido
Net Invested Capital	€M	Gross capital invested - Total deferred tax assets and liabilities and provisions + Net non-current assets held for sale and discontinued operations	€13,092 M = €15,070 M - €2,005 M + €27 M	€14,350 M = €18,069 M - €3,719 M + €0 M	Medida del capital invertido bruto más el total provisiones y activos y pasivos por impuestos diferidos y activos no corrientes mantenidos para la venta y de actividades interrumpidas
Book value per share	€	Equity of the Parent / Number of shares at the end of the reporting period	€1,656 = €1,753 M / 1,058,752,117 shares	€5,081 = €5,380 M / 1,058,752,117 shares	Medida de la porción de los fondos propios que corresponde a cada una de las acciones en circulación

€M = Millions of Euros; € = Euro.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of use
			30 September 2022	31 December 2021	
			2021	2020	
Market cap	€M	Number of Shares at the end of the Reporting Period * Price at the end of the Reporting Period	€16,326 M = 1,058,752,117 shares * €15,420	€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	8.34 = €15,420 / (€1.3875 * 12 months / 9 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	7.42 = €15,420 / (€1.5594 * 12 months / 9 months)	14.91 = €20,200 / €1.3550	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	9.31 = €16,326 M / €1,753 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.
Consolidated ordinary pay-out	%	(Gross Dividend per Share * Number of Shares at the end of the Reporting Period) / Ordinary net 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 of Endesa, S.A. for the year	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; € = Euro.

13. Foreseeable management performance

The energy crisis caused by the war between Russia and Ukraine has worsened in recent months, following Russia's decision to cut the supply of gas to Europe in response to EU sanctions. This situation has pushed up energy prices to all-time highs, compelling all governments to intervene in the market in a bid to protect their populations from rampant energy prices.

Since September, the European Commission has been deploying emergency intervention measures alongside all the Member States of the European Union, while discussing the structural reform of the European electricity market. In this regard, the European Commission has recognised that the design of the current marginal pricing system is no longer valid as the pricing process was created under very different circumstances and is no longer suitable given the current market dynamics.

As a complement to the various packages of measures approved to date – the Toolbox for Action and Support of October 2021, the Repower EU plan and the new Repower EU –, the energy Ministers of the Member States agreed at the extraordinary Council meeting held on 30 September 2022 to immediately implement the following package of emergency measures to intervene in the energy market, which will apply from 1 December of this year and will run until 31 December 2023:

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

Aside from the raft of measures rolled out at European level, the Spanish government, following its regulatory approach since June 2021, has adopted further extraordinary measures to protect consumers from rising energy prices. The Royal Decrees enacted in the first half of the year (Royal Decree Law 6/2022 of 29 March, Royal Decree Law 10/2022 of 13 May and Royal Decree Law 11/2022 of 25 June) were later joined by Royal Decree Law 14/2022 of 1 August, on economic sustainability measures in the transport sector, on grants and study aids, and on energy saving and efficiency measures and further action to reduce energy dependence on natural gas, which will remain in force until 1 November 2023 (see Section 9 of this Consolidated Management Report).

The latter Royal Decree includes a shock plan to achieve energy savings in air conditioning systems in order to rapidly reduce energy consumption in administrative, commercial and public buildings, together with measures to promote the electrification of the economy, with the aim of expediting grid and infrastructure processes and boosting storage and self-consumption.

Main measures

- Reduction of electricity consumption, with a voluntary target of a 10% reduction in total gross consumption and a mandatory 5% reduction at peak times, with each country to introduce appropriate measures to achieve both targets. This measure will remain in force until 31 March 2023.
 - Market revenue for inframarginal technologies capped at 180 €/MWh, including renewables, nuclear and lignite until 30 June 2023. The cap has been designed to protect operator profitability and not discourage investments in renewable energies.
 - Temporary solidarity contribution from the fossil fuel sector through an extraordinary tax on companies operating in the crude oil, natural gas, coal and refinery sectors. The measure will tax windfall profits earned until 31 December 2023 that exceed a 20% increase above and beyond the average profit for the 2018–2021 period, with a percentage of at least 33%. The tax takes the form of a temporary contribution and the amount collected will go to vulnerable households, the most affected businesses and electro-intensive industries to mitigate the effects of high retail electricity prices.
 - Retail measures for small and medium-sized enterprises (SMEs): the Member States of the European Union may temporarily fix a price for the supply of electricity to small- and medium-sized enterprises in order to provide further support for SMEs struggling to cope with the high energy prices. Member States have also agreed that they may exceptionally and temporarily set a price for the supply of electricity that is below cost.
-

**Extraordinary Energy Council
of the European Union
30 September 2022**



During the period January–September 2022, Endesa continued to run its business in line with the objectives set out in the 2022–2024 Strategic Plan.

Looking ahead to the coming years, Endesa is set to present an update of its 2023–2025 Strategic Plan to the market on 23 November 2022, in which the

main market, regulatory and financial assumptions will be updated to reflect the prevailing context. It will also make further progress towards the 2030 strategy, which is focused on the three basic pillars for the Company: decarbonisation, electrification and digitalisation.

Appendixes





Appendix I. Consolidated Financial Statements for the nine-month period ended 30 September 2022

Endesa, S.A. and Subsidiaries

Consolidated Income Statements for the nine-month periods ended 30 September 2022 and 2021

Millions of Euros

	January–September 2022 ⁽¹⁾	January–September 2021 ⁽¹⁾⁽²⁾
REVENUE	24,620	14,266
Revenue from sales and services	24,388	14,002
Other operating income	232	264
APROVISIONAMIENTOS Y SERVICIOS	(17,999)	(10,247)
Compras de Energía	(10,436)	(4,297)
Consumo de Combustibles	(3,187)	(1,019)
Gastos de Transporte	(2,812)	(3,665)
Otros Aprovevisionamientos Variables y Servicios	(1,564)	(1,266)
INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES	(1,642)	509
CONTRIBUTION MARGIN	4,979	4,528
Self-constructed assets	219	182
Personnel expenses	(722)	(681)
Other fixed operating expenses	(1,007)	(904)
Other gains and losses	241	(3)
GROSS OPERATING INCOME (EBITDA)	3,710	3,122
Depreciation and amortisation, and impairment losses on non-financial assets	(1,200)	(1,117)
Impairment losses on financial assets.	(122)	(60)
OPERATING INCOME (EBIT)	2,388	1,945
FINANCIAL PROFIT/(LOSS)	(131)	(32)
Financial income	212	113
Financial expense	(211)	(133)
Income and expenses on derivative financial instruments	(88)	(8)
Net exchange differences	(44)	(4)
Net income of companies accounted for using the equity method	18	13
PROFIT BEFORE TAX	2,275	1,926
Income tax	(582)	(461)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	1,693	1,465
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	–	–
PROFIT FOR THE PERIOD	1,693	1,465
Parent	1,651	1,459
Non-controlling interests	42	6
BASIC NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euros)	1.56	1.38
DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euros)	1.56	1.38
BASIC NET EARNINGS PER SHARE (Euros)	1.56	1.38
DILUTED NET EARNINGS PER SHARE (Euros)	1.56	1.38

⁽¹⁾ Unaudited figures.

⁽²⁾ See Appendix II to this Consolidated Management Report.

Endesa, S.A. and Subsidiaries

Consolidated Statements of Other Comprehensive Income for the nine-month periods ended 30 September 2022 and 2021

Millions of Euros

	January–September 2022 ⁽¹⁾	January–September 2021 ^{(1) (2)}
CONSOLIDATED PROFIT FOR THE PERIOD	1,693	1,465
OTHER COMPREHENSIVE INCOME:		
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS	219	44
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	–	–
Actuarial gains and losses	273	55
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	(54)	(11)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	(4,501)	(574)
Hedging transactions	(6,032)	(772)
Valuation gains/(losses)	(7,174)	(698)
Amounts Transferred to Income Statement	1,142	(74)
Other Reclassifications	–	–
Translation differences	(1)	–
Valuation gains/(losses)	–	–
Amounts Transferred to Income Statement	–	–
Other Reclassifications	(1)	–
Share in Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates	24	5
Valuation gains/(losses)	24	5
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	1,508	193
TOTAL COMPREHENSIVE INCOME	(2,589)	935
Of the Parent	(2,631)	929
Non-controlling interests	42	6

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

Endesa, S.A. and Subsidiaries

Consolidated Statements of Financial Position

at 30 September 2022 at 31 December 2021

Millions of Euros

	30 de septiembre de 2022 ⁽¹⁾	31 de diciembre de 2021 ⁽²⁾
ASSETS		
NON-CURRENT ASSETS	32,546	28,316
Property, plant and equipment	22,086	22,097
Investment property	55	55
Intangible assets	1,617	1,542
Goodwill	462	462
Investments accounted for using the equity method	268	180
Non-current assets under contracts with customers	–	–
Other non-current financial assets	988	580
Non-current derivative financial instruments	2,845	774
Other non-current assets	269	264
Deferred tax assets	3,956	2,362
CURRENT ASSETS	28,114	11,652
Inventories	1,579	1,343
Trade and other receivables	8,647	5,382
Trade receivables for sales and services and other receivables	8,326	5,024
Current income tax assets	157	76
Other tax assets	164	282
Current assets under contracts with customers	–	6
Other current financial assets	11,004	1,817
Current derivative financial instruments	6,294	2,401
Cash and cash equivalents	563	703
Non-current assets held for sale and discontinued operations	27	–
TOTAL ASSETS	60,660	39,968
EQUITY AND LIABILITIES		
EQUITY	1,943	5,544
Of the Parent	1,753	5,380
Non-controlling interests	190	164
NON-CURRENT LIABILITIES	29,300	18,602
Grants	241	254
Non-current liabilities under contracts with customers	4,277	4,284
Non-current provisions	3,246	3,984
Provisions for employee benefits	362	659
Other non-current provisions	2,884	3,325
Non-current borrowings	12,950	7,211
Non-current derivative financial instruments	6,037	573
Other non-current financial liabilities	129	120
Other non-current liabilities	610	690
Deferred tax liabilities	1,810	1,486
CURRENT LIABILITIES	29,417	15,822
Current Liability Contracts with Customers	283	270
Current provisions	905	611
Provisions for employee benefits	–	–
Other current provisions	905	611
Current borrowings	8,093	3,167
Current derivative financial instruments	10,967	4,884
Other current financial liabilities	68	34
Trade and other payables	9,101	6,856
Suppliers and other payables	8,012	6,071
Current income tax liabilities	509	333
Other tax liabilities	580	452
Liabilities associated with non-current assets classified as held for sale and discontinued operations	–	–
TOTAL EQUITY AND LIABILITIES	60,660	39,968

⁽¹⁾ Unaudited.

⁽²⁾ Audited.

Endesa, S.A. and Subsidiaries

Consolidated Statements of Changes in Equity

for the nine-month period ended 30 September 2022

Millions of Euros

	Equity attributable to the Parent ⁽¹⁾							Total Equity
	Capital and reserves						Non-controlling interests	
	Capital	Share premium, reserves and interim dividend	Shares in own equity instruments	Profit for the period	Other equity instruments	Adjustments due to changes in value		
Opening 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 opening balance	1,271	4,232	(3)	1,435	2	(1,557)	164	5,544
Total comprehensive income	–	219	–	1,651	–	(4,501)	42	(2,589)
Transactions with shareholders or owners	–	(996)	(1)	–	–	–	(16)	(1,013)
Capital increases/(decreases)	–	–	–	–	–	–	2	2
Conversion of liabilities into equity	–	–	–	–	–	–	–	–
Dividends paid	–	(992)	–	–	–	–	(15)	(1,007)
Transactions with own equity instruments (net)	–	–	(1)	–	–	–	–	(1)
Increases/(decreases) due to business combinations	–	(4)	–	–	–	–	(3)	(7)
Other transactions with shareholders or owners	–	–	–	–	–	–	–	–
Other changes in equity	–	1,435	–	(1,435)	1	–	–	1
Share-based payments	–	–	–	–	1	–	–	1
Transfers between equity items	–	1,435	–	(1,435)	–	–	–	–
Other changes	–	–	–	–	–	–	–	–
Closing balance at 30 September 2022	1,271	4,890	(4)	1,651	3	(6,058)	190	1,943

⁽¹⁾ Unaudited.

Endesa, S.A. and Subsidiaries

Consolidated Statements of Changes in Equity

for the nine-month period ended 30 September 2021

Millions of Euros

	Equity attributable to the Parent ⁽¹⁾							Non-controlling interests	Total equity
	Capital and reserves					Adjustments due to changes in value			
	Capital	Share premium, reserves and interim dividend	Shares in own equity instruments	Profit for the period	Other equity instruments				
Opening 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 opening balance	1,271	4,726	(2)	1,394	–	(74)	150	7,465	
Total comprehensive income	–	44	–	1,459	–	(574)	6	935	
Transactions with shareholders or owners	–	(1,391)	–	–	–	–	(5)	(1,396)	
Capital increases/(decreases)	–	–	–	–	–	–	(2)	(2)	
Conversion of liabilities into equity	–	–	–	–	–	–	–	–	
Dividends paid	–	(1,391)	–	–	–	–	(2)	(1,393)	
Transactions with own equity instruments (net)	–	–	–	–	–	–	–	–	
Increases/(decreases) due to business combinations	–	–	–	–	–	–	–	–	
Other transactions with shareholders or owners	–	–	–	–	–	–	(1)	(1)	
Other changes in equity	–	1,394	–	(1,394)	1	–	–	1	
Share-based payments	–	–	–	–	1	–	–	1	
Transfers between equity items	–	1,394	–	(1,394)	–	–	–	–	
Other changes	–	–	–	–	–	–	–	–	
Closing balance at 30 September 2021	1,271	4,773	(2)	1,459	1	(648)	151	7,005	

⁽¹⁾ Unaudited.

Endesa, S.A. and Subsidiaries

Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2022 and 2021

Millions of Euros

	January–September 2022 ⁽¹⁾	January–September 2021 ⁽¹⁾⁽²⁾
Gross profit before tax	2,275	1,926
Adjustments for:	1,635	722
Depreciation and amortisation and impairment losses	1,322	1,177
Other adjustments (net)	313	(455)
Changes in working capital:	(2,677)	(1,285)
Trade and other receivables	(3,167)	(2,173)
Inventories	(730)	(392)
Current financial assets	(1,178)	14
Trade payables and other current liabilities	2,398	1,266
Other cash flows from operating activities:	(647)	(501)
Interest received	25	19
Dividends received	35	30
Interest paid	(108)	(90)
Income tax paid	(306)	(215)
Other receipts from and payments for operating activities	(293)	(245)
NET CASH FLOWS FROM OPERATING ACTIVITIES	586	862
Payments for investments	(10,094)	(1,765)
Acquisitions of property, plant and equipment and intangible assets	(1,503)	(1,309)
Investments in Group companies	–	(89)
Purchase of other investments	(8,591)	(367)
Proceeds from sale of investments	162	24
Proceeds from sale of property, plant and equipment and intangible assets	5	5
Disposals of investments in Group companies	136	–
Proceeds from sale of other investments	21	19
Other cash flows from investing activities	60	71
Other receipts from and payments for investing activities	60	71
NET CASH FLOWS FROM INVESTING ACTIVITIES	(9,872)	(1,670)
Cash flows from equity instruments	(18)	–
Drawdowns of non-current borrowings	5,021	384
Repayment of borrowings, non-current	(4)	(5)
Net cash flows from current borrowings	5,678	2,735
Dividends of the Parent paid	(1,521)	(2,132)
Dividends paid to non-controlling interests	(10)	(9)
NET CASH FLOWS FROM FINANCING ACTIVITIES	9,146	973
TOTAL NET CASH FLOWS	(140)	165
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
VARIACIÓN DE EFECTIVO Y OTROS MEDIOS LÍQUIDOS EQUIVALENTES	(140)	165
BEGINNING CASH AND CASH EQUIVALENTS	703	403
Cash in hand and at banks	703	403
Other cash equivalents	–	–
ENDING CASH AND CASH EQUIVALENTS	563	568
Cash in hand and at banks	563	568
Other cash equivalents	–	–

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

Appendix II. Comparability of Information for the nine-month period ended 30 September 2021

Consolidated Income Statement

Millions of Euros

	January– September 2021	Reclassification Gains or Capital losses on sale of financial and non-financial assets ⁽¹⁾	Reclassification of income and expenses from energy stocks derivatives ⁽²⁾
REVENUE	18,603	–	(4,337)
Sales	13,535	–	467
Other operating income	5,068	–	(4,804)
PROCUREMENTS AND SERVICES	(14,075)	–	3,828
Power purchases	(3,844)	–	(453)
Other variable procurements and services	(5,547)	–	4,281
–	–	–	509
CONTRIBUTION MARGIN	4,528	–	–
–	–	(3)	–
GROSS OPERATING INCOME (EBITDA)	3,125	(3)	–
Depreciation and amortisation, and impairment losses	(1,177)	–	–
–	–	–	–
OPERATING INCOME	1,948	(3)	–
FINANCIAL PROFIT/(LOSS)	(12)	(20)	–
Financial income	114	–	–
Financial expense	(122)	(20)	–
–	–	–	–
Net exchange differences	(4)	–	–
Net income of companies accounted for using the equity method	13	–	–
Gains/(losses) on other investments	–	–	–
Gains/(losses) on disposal of assets	(23)	23	–
PROFIT BEFORE TAX	1,926	–	–

⁽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 operating income (EBITDA)", under "Financial profit", 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 "Power purchases".

Breakdown			January- September 2021 Re-expressed
Depreciation and amortisation, and impairment losses	Derivative financial instruments		
–	–	REVENUE	14,266
–	–	Revenue from sales and services	14,002
–	–	Other operating income	264
–	–	PROCUREMENTS AND SERVICES	(10,247)
–	–	Power purchases	(4,297)
–	–	Other variable procurements and services	(1,266)
–	–	INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES	509
–	–	CONTRIBUTION MARGIN	4,528
–	–	Other gains and losses	(3)
–	–	GROSS OPERATING INCOME (EBITDA)	3,122
60	–	Depreciation and amortisation, and impairment losses on non-financial assets	(1,117)
(60)	–	Impairment losses on financial assets	(60)
–	–	OPERATING INCOME	1,945
–	–	FINANCIAL PROFIT/(LOSS)	(32)
–	(1)	Financial income	113
–	9	Financial expense	(133)
–	(8)	Income and expenses on derivative financial instruments	(8)
–	–	Net exchange differences	(4)
–	–	Net income of companies accounted for using the equity method	13
–	–	–	–
–	–	–	–
–	–	PROFIT BEFORE TAX	1,926

Consolidated Statement of Other Comprehensive Income

Millions of Euros

	January- September 2021	Reclassifications ⁽¹⁾		January- September 2021 Re-expressed
		Gross	Current	
Items that can be reclassified to profit or loss:	(520)	–	–	–
Cash flow hedges	(698)	698	–	–
Companies accounted for using the equity method	5	(5)	–	–
Tax effect	173	–	(173)	–
AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS	(54)	–	–	–
Cash flow hedges	(74)	74	–	–
Efecto Impositivo	20	–	(20)	–
–	–	–	–	ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (574)
–	–	–	–	Hedging transactions (772)
–	–	(698)	–	Valuation gains/(losses) (698)
–	–	(74)	–	Amounts Transferred to Income Statement (74)
–	–	–	–	Share in Other Comprehensive Income Recognized on Investments in Joint Ventures and Associates 5
–	–	5	–	Valuation gains/(losses) 5
–	–	–	–	Amounts Transferred to Income Statement –
–	–	–	193	Tax effect 193

⁽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- September 2021	Reclassifications ⁽¹⁾		January- September 2021 Re-expressed
		Payments for investments	Proceeds due to divestments	
Acquisitions of property, plant and equipment and intangible assets	(1,309)	1,309	– –	–
Proceeds from sale of property, plant and equipment and intangible assets	5	–	(5) –	–
Investments in Group companies	(89)	89	– –	–
Disposals of investments in Group companies	–	–	– –	–
Purchase of other investments	(367)	367	– –	–
Proceeds from sale of other investments	19	–	(19) –	–
–	–	–	–	–
			– Payments for investments	(1,765)
–	–	(1,309)	–	Acquisitions of property, plant and equipment and intangible assets
–	–	(89)	–	Investments in Group companies
–	–	(367)	–	Purchase of other investments
–	–	–	–	Proceeds from sale of investments
–	–	–	5	Proceeds from sale of property, plant and equipment and intangible assets
–	–	–	–	Disposals of investments in Group companies
–	–	–	19	Proceeds from sale of other investments
Cash flows from changes in the consolidation scope	–	–	– –	–
–	–	–	–	–
			– Other cash flows from investing activities	71
Grants and other deferred income	71	–	–	Other receipts from and payments for investing activities
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,670)	–	–	NET CASH FLOWS FROM INVESTING ACTIVITIES
				(1,670)

⁽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.

Endesa's Directors consider that the above modifications provide information that is consistent with market practice.

Legal Notice

This document contains certain forward-looking statements regarding anticipated financial and operating results and statistics and other future events. These statements constitute no guarantee on any future performance and are subject to material risks, uncertainties, changes and other factors that may be beyond Endesa's control or difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; electricity production variations of the different technologies; market share; expected variations in the gas demand and supply; management strategy and objectives; estimated cost reductions; tariffs and pricing structure; expected investments; estimated asset disposals; expected variations in generation capacity and changes in capacity mix; repowering of capacity and macroeconomic conditions. The outlooks and objectives included in this document are based on assumptions drawn from an examination of the regulatory environment, exchange rates, commodities, divestments, increases in production and installed capacity in markets where Endesa operates, increased demand in these markets, assignment of production across different technologies, increased costs associated with higher activity yet not exceeding certain limits, electricity prices no less than certain levels, costs of combined cycle plants, availability and cost of

raw materials and emission rights necessary to run our business at the desired levels.

In these statements, Endesa is availed of the protection provided by the Private Securities Litigation Reform Act of 1995 of the United States of America with respect to forward-looking statements.

The following factors, in addition to those discussed elsewhere herein, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements: economic and industry conditions; liquidity and finance-related factors; operational factors; strategic, regulatory, legal, taxation, environmental, governmental and political factors; reputational factors; commercial or transactional factors.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained herein are given in the Risk Factors chapter of Endesa's regulated information filed with the Spanish Securities Market Commission ("CNMV").

Endesa offers no assurance that the forward-looking statements herein will be fulfilled. Except as may be required by applicable law, neither Endesa nor any of its subsidiaries intends to update these forward-looking statements.



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