

**Audit Report on Financial Statements
issued by an Independent Auditor**

**ENAGÁS, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2022**

AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 5)

To the shareholders of Enagás, S.A.:

Report on the financial statements

Opinion

We have audited the financial statements of Enagás, S.A. (the Company), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 1.2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Recovery of financial assets related to Gasoducto Sur Peruano, S.A.

Description On January 24, 2017, the Directorate General for Hydrocarbons of the Ministry for Energy and Mines terminated the "Improvements to the National Energy Security and Development of the South Peruvian Pipeline" concession agreement and on December 4, 2017, the National Institute for the Defense of Competition and Intellectual Property requested that Gasoducto del Sur Peruano, S.A. file for bankruptcy, as explained in Note 1.5.c to the financial statements.

The Enagás Group holds financial assets amounting to 275.3 million US dollars relating to the investment in Gasoducto Sur Peruano, S.A. and accounts receivable pertaining to executed guarantees totaling 226.8 million US dollars, interest of 1.9 million US dollars, as well as various invoices for professional services rendered amounting to 7.6 million US dollars. These items represent recorded assets at December 31, 2022 of 471.4million euros (Note 1.5.c to the accompanying financial statements).

Due to the termination of the concession contract, the Enagás Group entered into an ongoing dispute with the Peruvian Government related to the recovery of the investment. On July 2, 2018, a request was filed with the ICSID (International Centre for Settlement of Investment Disputes) to initiate arbitration against the Peruvian State regarding its investment in Gasoducto Sur Peruano, S.A. Subsequently, Enagás' claim memorial was submitted to the ICSID, as were the corresponding responses and replies by both the Peruvian government and Enagás. The pre-trial hearing was held in September 2022, and the written conclusions were presented in November 2022. Issuance of the arbitration award is estimated for around June 30, 2023.

Given the significance of the amounts involved and the uncertainty regarding the final outcome of the resolution of complex, long-term processes of this type from a legal and economic standpoint, we have determined this to be a key audit matter since, primarily, the Group's legal advisors believe that the estimates made by Enagás' directors may vary in the future.

Our response

Our audit procedures in this regard included, among other, the following:

- ▶ Understanding the Enagás, S.A. process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- ▶ Evaluating compliance with the terms and conditions of the contracts and agreements between shareholders of Gasoducto Sur Peruano, S.A.
- ▶ Analyzing recent relevant notifications between Peruvian official bodies and Gasoducto Sur Peruano, S.A., as well as the documents included in the claim filed by Enagás with the ICSID and the Peruvian government's and Enagás' various replies, responses, and rejoinders.
- ▶ Holding meetings with external and independent experts in Peruvian and international law engaged by the Enagás, S.A.

- ▶ Reviewing the analysis reports of this matter prepared by various Peruvian and international law experts (bankruptcy, criminal and administrative law, inter alia) and the Enagás Group's internal legal consultants.
- ▶ Reviewing the Enagás Group's accounting estimate processes used to analyze the recovery of the aforementioned financial assets and the basis for the report prepared by an external accounting expert and the report prepared by an independent expert to determine the net carrying amount of these financial assets that have been included in the dispute filed with the ICSID.
- ▶ Assessing the financial asset recovery analysis prepared by the Enagás Management based on various scenarios (sensitivity analysis).
- ▶ Reviewing the disclosures included in the notes to the accompanying financial statements in conformity with the applicable financial reporting framework.

Impairment analysis of group companies (equity instruments)

Description Enagás, S.A. makes significant estimates when testing investments in group companies for impairment (equity instruments) in those companies with indications of impairment loss (determined by analyzing the recoverable amount of the investments).

The principal figures and the criteria and hypotheses used in the related valuation of these assets are described in Note 1.5 to the financial statements.

We have determined these estimates and valuations to be a key audit matter since, given the amount of the assets affected, small changes in the hypotheses could have a material impact on the Enagás S.A. financial statements.

Our response

Our audit procedures consisted, among other, the following:

- ▶ Understanding the Enagás, S.A. process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- ▶ Reviewing, in collaboration with valuation specialists, the reasonableness of the methodology used by Management for preparing the discounted cash flow statements of those investments, focusing particularly on the discount rate.
- ▶ Analyzing the financial information projected in the business plan of each investee company by analyzing historical financial information, current market conditions, and expectations regarding their future performance.
- ▶ Checking the mathematical accuracy of impairment models and reviewing the sensibility analysis performed by the Management.
- ▶ Reviewing the information disclosed by the Entity with respect to these estimates to the accompanying financial statements in accordance with the applicable financial reporting framework.

Other information: Management report

Other information refers exclusively to the 2022 Management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the Management report. Our responsibility for the Management report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the Management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the Management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the Management report is consistent with that provided in the 2022 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 1.2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Enagás, S.A. for the 2022 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of Enagás, S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December, 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). For this reason, the Annual Report on Remuneration of Directors have been included in the consolidated management report for reference.

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 20, 2023.

Term of engagement

The ordinary general shareholders' meeting held on March 31, 2022 appointed us as auditors for 3 years, commencing on December 31, 2022.

Previously, we were appointed as auditors by the shareholders for two periods of 3 years and we have been carrying out the audit of the financial statements continuously since December 31, 2016.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)



José Agustín Rico Horcajo
(Registered in the Official Register of
Auditors under No. 21920)

February 20, 2023

ANNUAL ACCOUNTS

December 31, 2022

“Translation of financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain. In the event of a discrepancy, the Spanish-language version prevails”

ENAGÁS, S.A.

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ENAGÁS, S.A.

BALANCE SHEET AT DECEMBER 31, 2022

(In thousands of euros)

ASSETS	Notes	12.31.2022	12.31.2021
NON-CURRENT ASSETS		5,620,784	5,822,118
Intangible assets	2.5	23,425	18,763
Research and development		110	74
IT applications		23,315	18,689
Property, plant, and equipment	2.4	20,910	27,002
Land and buildings		14,160	14,964
Technical facilities and other PP&E		4,754	4,280
Prepayments and work in progress		1,996	7,758
Property investments	4.1.a	17,410	18,660
Land		17,410	18,660
Long-term investments in group and multigroup companies	1.5	5,078,089	5,314,790
Equity instruments		5,078,089	5,314,790
Long-term financial investments		472,117	431,936
Loans to third parties		11	12
Other financial assets	1.5.c	472,106	431,924
Deferred tax assets	4.2.g	8,833	10,967
CURRENT ASSETS		332,320	823,525
Non-current assets held for sale	2.4	8,882	-
Inventories		1	1
Raw materials and other procurements		1	1
Trade and other receivables		13,242	23,862
Customers, Group companies and associates	2.2	11,143	11,295
Other receivables		579	194
Personnel		87	98
Current tax assets		280	12,272
Other credits with the Public Administrations		1,153	3
Short-term investments in group and multigroup companies	1.5	235,510	653,078
Loans to companies		100,510	523,246
Other financial assets		135,000	129,832
Short-term accruals		2,749	2,086
Cash and cash equivalents	3.6.a	71,936	144,498
Treasury		71,936	144,498
TOTAL		5,953,104	6,645,643

The accompanying Notes 1 to 5 constitute an integral part of the Balance Sheet at December 31, 2022

LIABILITIES	Notes	12.31.2022	12.31.2021
EQUITY		2,698,398	2,691,201
SHAREHOLDERS' EQUITY		2,698,398	2,690,592
Capital	3.1.a	392,985	392,985
Subscribed capital		392,985	392,985
Issue premium	3.1.b	465,116	465,116
Issue premium		465,116	465,116
Reserves	3.1.d	1,571,296	1,558,979
Legal and statutory		78,597	78,597
Other reserves		1,492,699	1,480,382
Treasury shares	3.1.c	(18,366)	(12,464)
Profit /(loss) for the year		463,320	457,259
Interim dividend	1.6.a	(179,684)	(177,812)
Other equity instruments		3,731	6,529
ADJUSTMENTS FOR CHANGES IN VALUE	3.1.e	-	(22)
Hedging transactions		-	(22)
GRANTS, DONATIONS AND BEQUESTS RECEIVED		-	631
Grants, donations and bequests received		-	631
NON-CURRENT LIABILITIES		2,459,923	2,973,807
Long-term provisions	2.8.a	925	663
Obligations for long-term employee benefits		925	663
Long-term debts	3.2.a	5	197,734
Debts with credit institutions		-	197,694
Other financial liabilities		5	40
Long-term debts with group companies and associates	3.2.c	2,457,553	2,771,377
Deferred tax liabilities	4.2.g	1,430	3,226
Long-term accruals		10	807
CURRENT LIABILITIES		794,783	980,635
Other current liabilities		2,291	-
Short-term debts	3.2.b	5,938	8,284
Debts with credit institutions		1,124	94
Other financial liabilities		4,814	8,190
Short-term debts with group companies and associates	3.2.c	734,107	917,716
Trade and other payables	2.3	52,156	54,251
Suppliers		11,511	11,045
Payables to group companies and associates		2,085	733
Other payables		7	618
Personnel		4,954	9,352
Current tax liabilities		-	630
Other debts with the Public Administrations		33,599	31,873
Short-term accruals		291	384
TOTAL		5,953,104	6,645,643

The accompanying Notes 1 to 5 constitute an integral part of the Balance Sheet at December 31, 2022

ENAGÁS, S.A.

INCOME STATEMENT AT DECEMBER 31, 2022

(In thousands of euros)

	Notes	12.31.2022	12.31.2021
CONTINUING OPERATIONS		497,357	501,831
Revenue	2.1.a	612,505	591,596
Rendering of services		73,994	75,222
Dividend income from group and multigroup companies		538,511	516,374
Work done by the company for its assets	2.4	313	364
Other operating income		449	1,113
Accessory income and other current management income		449	1,113
Personnel expenses	2.1.b	(54,423)	(49,773)
Wages, salaries and similar		(42,830)	(37,760)
Social contributions		(11,593)	(12,013)
Other operating expenses	2.1.c	(45,903)	(37,464)
External services		(45,533)	(36,843)
Taxes		(38)	(267)
Other management expenses		(32)	(354)
Amortisation of fixed assets	2.4 and 2.5	(5,999)	(5,755)
Impairment and gains /(losses) on disposal of assets	2.4 and 4.1.a	(1,261)	(360)
Impairment and gains /(losses) on disposals of financial instruments	2.1.d	(8,324)	2,110
OPERATING PROFIT		497,357	501,831
Financial income	3.3	14,307	12,831
From marketable securities and other financial instruments		14,307	12,831
For debts with third parties		14,307	12,831
Financial expenses	3.3	(61,460)	(70,119)
For debts with group companies and associates		(53,544)	(65,467)
For debts with third parties		(7,916)	(4,652)
Exchange differences	3.3 and 4.1.b	(71)	862
FINANCIAL RESULT		(47,224)	(56,426)
PROFIT /(LOSS) BEFORE TAX		450,133	445,405
Income tax	4.2.e	13,187	11,854
PROFIT /(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		463,320	457,259
DISCONTINUED OPERATIONS		-	-
PROFIT /(LOSS) FOR THE YEAR		463,320	457,259

The accompanying Notes 1 to 5 constitute an integral part of the Income Statement at December 31, 2022

ENAGÁS, S.A.

STATEMENT OF RECOGNISED INCOME AND EXPENSES

AT DECEMBER 31, 2022

(In thousands of euros)

	Notes	12.31.2022	12.31.2021
RESULTS TO THE INCOME STATEMENT		463,320	457,259
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		1,496	(27)
From cash flow hedges	3.1.e	2,836	(36)
For grants, donations and bequests received		(841)	-
Tax effect		(499)	9
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		(2,105)	5
From cash flow hedges	3.1.e	(2,807)	7
For grants, donations and bequests received		-	-
Tax effect		702	(2)
TOTAL RECOGNISED INCOME AND EXPENSES		462,711	457,237

The accompanying Notes 1 to 5 constitute an integral part of the Statement of Recognised Income and Expenses at December 31, 2022

ENAGÁS, S.A.

STATEMENT OF TOTAL CHANGES IN EQUITY AT DECEMBER 31, 2022

(In thousands of euros)

	Note	Capital	Issue premium and reserves	Treasury shares	Profit /(loss) for the year	Interim dividend	Other equity instruments	Adjustments for changes in value	Grants, donations and bequests	Total Equity
BALANCE ADJUSTED AT THE BEGINNING OF 2021		392,985	2,022,765	(12,464)	440,630	(175,720)	4,402	-	631	2,673,229
Total recognised income and expenses		-	-	-	457,259	-	-	(22)	-	457,231
Transactions with shareholders		-	-	-	(263,580)	(177,812)	-	-	-	(441,392)
Distribution of dividends	1.6	-	-	-	(263,580)	(177,812)	-	-	-	(441,392)
Other changes in equity		-	1,330	-	(177,050)	175,720	2,127	-	-	2,127
Payments based on equity instruments	3.1.c	-	-	-	-	-	2,127	-	-	2,127
Other changes		-	1,330	-	(177,050)	175,720	-	-	-	-
BALANCE AT DECEMBER 31, 2021		392,985	2,024,095	(12,464)	457,259	(177,812)	6,529	(22)	631	2,691,201
BALANCE ADJUSTED AT THE BEGINNING OF 2021		392,985	2,024,095	(12,464)	457,259	(177,812)	6,529	(22)	631	2,691,201
Total recognised income and expenses		-	-	-	463,320	-	-	22	(631)	462,711
Transactions with shareholders		-	12,217	-	(266,718)	(179,684)	-	-	-	(434,185)
Distribution of dividends	1.6	-	12,217	-	(266,718)	(179,684)	-	-	-	(434,185)
Transactions with treasury shares		-	-	(9,677)	-	-	-	-	-	(9,677)
Other changes in equity		-	100	3,775	(190,541)	177,812	(2,798)	-	-	(11,652)
Payments based on equity instruments	3.1.c	-	100	3,775	-	-	(2,798)	-	-	1,077
Other changes		-	-	-	(190,541)	177,812	-	-	-	(12,729)
BALANCE AT DECEMBER 31, 2022		392,985	2,036,412	(18,366)	463,320	(179,684)	3,731	-	-	2,698,398

The accompanying Notes 1 to 5 constitute an integral part of the Statement of Total Changes in Equity at December 31, 2022.

ENAGÁS, S.A.

CASH FLOW STATEMENT AT DECEMBER 31, 2022

(In thousands of euros)

	Notes	12.31.2022	12.31.2021
CASH FLOWS FROM OPERATING ACTIVITIES (I)		503,344	377,931
Profit /(loss) for the year before taxes		450,133	445,405
Adjustments to profit		(479,529)	(465,540)
Amortisation of fixed assets	2.4 and 2.5	5,999	5,755
Variation of provisions		262	426
Attribution of grants		(17)	(15)
Gains/losses due to decreases and disposals of assets		1,261	360
Gains/losses due to decreases and disposals of assets		(5,740)	-
Financial income and dividends		(555,546)	(539,213)
Financial expenses	3.3	61,460	70,119
Impairment		14,064	(2,110)
Exchange differences		71	(862)
Other income and expenses		(1,343)	-
Changes in working capital		5,477	(7,658)
Trade and other receivables		(1,039)	500
Other current assets		(663)	(1,222)
Trade and other payables		7,052	(7,390)
Other current liabilities		94	454
Other non-current assets and liabilities		33	-
Other cash flows from operating activities		527,263	405,724
Interest paid		(57,700)	(59,426)
Dividends received		533,343	413,642
Interest received		12,738	10,019
Income tax paid (received)		38,882	40,398
Other receipts (payments)		-	1,089
CASH FLOWS FROM INVESTING ACTIVITIES (II)		607,290	(63,548)
Payments for investments		(164,915)	(64,939)
Subsidiaries and associates		(149,145)	(54,548)
Intangible assets and property, plant and equipment	2.4 and 2.5	(15,770)	(10,399)
Other financial assets		-	8
Proceeds from disposals		772,205	1,391
Subsidiaries and associates		772,205	1,391
CASH FLOWS FROM FINANCING ACTIVITIES (III)		(1,183,072)	(423,130)
Proceeds from and payments on equity instruments		(8,425)	359
Grants, donations and bequests received		-	359
Acquisition of equity instruments		(9,679)	-
Disposal of equity instruments		1,254	-
Proceeds from and payments on financial liabilities		(728,245)	17,903
- Issue of debts with credit entities		28,779	406,861
- Issue of debts with group companies and associates		358,856	150,000
- Repayment and amortisation of debts with credit entities		(242,138)	(407,216)
- Repayment and amortisation of debts with group companies and associates		(873,742)	(131,742)
Dividends paid and remuneration on other equity instruments		(446,402)	(441,392)
- Dividends	1.6	(446,402)	(441,392)
EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)		(124)	862
NET INCREASE/DECREASE IN CASH AND EQUIVALENTS (I + II + III + IV)		(72,562)	(107,885)
Cash and cash equivalents at beginning of the year		144,498	252,383
Cash and cash equivalents at year-end		71,936	144,498

The accompanying Notes 1 to 5 constitute an integral part of the Cash Flow Statement at December 31, 2022

1. Company activities and presentation bases

RELEVANT ASPECTS

Results

- Net profit attributed to the Company increased by 1.3% with respect to 2021, amounting to 463.3 million euros.
- Net profit per share amounted to 1.77 euros per share as compared to 1.75 euros per share in 2021.
- The proposed dividend payment per share for 2022 amounts to 1.72 euros per share (1.70 euros per share in 2021) (Note 1.6).
- The Board of Directors proposed the following distribution of net profit corresponding to 2022 for the Parent Company, Enagás, S.A. (Note 1.6):



Negative working capital

- At December 31, 2022 the Balance Sheet shows a negative working capital of 462 million euros as a result of the reclassification to short-term of the debt with Enagás Financiaciones. However, the Company has been granted undrawn financial availability as detailed in Note 3.6 and it therefore does not represent a liquidity risk.

International economic situation

- In 2022, both Enagás and its Group companies have operated normally, ensuring continuity of natural gas supply both in Spain and in the countries where these companies operate. This Group's main activity takes place within a stable regulatory framework.
- As in 2021, in 2022 there were no significant equity effects as a result of the Covid-19 situation, as detailed in Note 1.3.
- Also, there have been no significant effects as a result of the situation caused by the war in Ukraine.

Investments in group and multigroup companies and other financial investments

- At December 31, 2022, Enagás S.A. held financial instruments through which it develops some of its activities, both in current and non-current assets on the attached Balance Sheet, in the total amount of 5,785 million euros. The breakdown of these investments is as follows:
- Equity instruments in the amount of 5,078 million euros (Note 1.5.a).
- Loans to companies in the amount of 100 million euros (Note 1.5).
- Other financial assets in the amount of 607 million euros (Note 1.5).

Guarantees

- At December 31, 2022, Enagás S.A. had granted guarantees amounting to 5,163 million euros (Note 1.7).

1.1 Company activity

Enagás, S.A, a company incorporated in Spain on July 13, 1972 in accordance with the Corporate Enterprises Act, is the parent company of a group of entities including interests in subsidiaries, associated companies, joint operations and joint ventures, which are engaged in various activities and, together with Enagás, S.A., the Enagás Group (hereinafter the Group), with corporate purpose of the transmission, storage and regasification of natural gas, as well as all related functions with the technical management of the gas system.

a. Corporate purpose

- a. Regasification, basic and secondary transmission as well as storage of natural gas, via the corresponding gas infrastructure or facilities, of its own or of third parties, and also the performance of auxiliary activities or others related to the aforementioned activities.
- b. Design, construction, start up, exploitation, operation, and maintenance of all types of complementary gas infrastructure and facilities, including telecommunications networks, remote control and control of any nature, and electricity networks, whether its own or of third parties.
- c. Development of all functions relating to technical management of the gas system.
- d. Transmission and storage activities for carbon dioxide, hydrogen, biogas, and other energy-related fluids, via the corresponding facilities, of its own or of third parties, as well as the design, construction, start up, exploitation, operation, and maintenance of all types of complementary infrastructure and installations necessary for said activities.
- e. Activities for making use of heat, cold, and energies associated with its main activities or arising from them.
- f. Rendering of services of a diverse nature, among them, engineering, construction, advisory, and consultancy services in connection with the activities relating to its corporate purpose as well as participation in natural gas markets management activities to the extent they are compatible with the activities permitted for the Company by law.

The above activities can be carried out by Enagás, S.A. itself or through companies with an identical or analogous corporate purpose in which it holds interest, provided they remain within the scope and limitations established by legislation applicable to the hydrocarbons sector. In accordance with said legislation, the activities related to transmission and technical management of the system which are of a regulated nature must be carried out by two subsidiaries entirely owned by Enagás, S.A. (Enagás Transporte, S.A.U. and Enagás GTS, S.A.U., respectively). Consequently, the corporate purpose includes:

- a. Management of the corporate group comprised of the interest held in share capital of companies belonging to the group.

- b. Rendering of assistance or support services to affiliates, including the provision of appropriate guarantees and reinforcement for them.

b. Other information

Its registered address is located at Paseo de los Olmos, 19, 28005, Madrid. The Articles of Association and other public information about the Company and its Group may be consulted on its web page, www.enagas.es, and at its registered office.

In addition to the operations carried out directly, Enagás, S.A., as the parent company of the Enagás Group and in accordance with current legislation, is obliged to separately prepare consolidated accounts of the Group, which also include interests in subsidiaries, associates, joint operations and joint ventures.

The main figures of the consolidated Annual Accounts of the Enagás Group for 2022 and 2021 are the following:

	12.31.2022	12.31.2021
Total assets	9,398,577	9,873,818
Equity	3,218,302	3,101,650
Revenue	957,100	975,686
Net profit /(loss)	375,774	403,826

1.2 Basis of presentation

These Annual Accounts have been prepared by the Directors in accordance with the financial information regulatory framework applicable to the Company, which is established in:

- i. Commercial Code and remaining mercantile legislation.
- ii. National Chart of Accounts approved by Royal Decree 1514/2007 of November 16, 2007, which since its publication has been amended several times, the latest of which is Royal Decree 1/2021 of January 12, adapting it to the international accounting standards adopted by the European Union as regards accounting for financial instruments and revenue recognition.
- iii. Compulsory regulations approved by the Accounting and Audit Institute, in development of the National Charts of Accounts and its complementary standards.
- iv. The other Spanish accounting regulations to be applied.

In addition, no non-compulsory accounting principles have been applied.

Also, the Directors authorised these Annual Accounts for issue in due consideration of all compulsory accounting principles and standards with a significant effect on the Annual Accounts.

The Annual Accounts of Enagás, S.A. and its Consolidated Group for financial year 2022 were prepared by its Directors at the Board of Directors meeting held on February 20, 2023. The 2022 Annual Accounts of Enagás S.A. and its consolidated Group were approved at the Enagás, S.A. General Shareholders' Meeting held on March 31, 2022 and duly filed at the Madrid Companies Registry.

Following the recommendations of the supervisory bodies in relation to the economic situation caused by Covid-19, it should be noted that, as in previous years, this situation has not led to any change in the accounting policies of Enagás S.A. applied to date.

In order to comply with these recommendations, [Note 1.3](#) below summarises the main aspects of the Covid-19 pandemic situation considered by the Company in relation to the financial statements of December 31, 2022, as well as those relating to the international situation caused by the war in Ukraine.

These Annual Accounts are presented in thousands of euros (unless otherwise stated).

a) Going concern principle

The Annual Accounts of the Company have been prepared on a going concern basis.

At December 31, 2022, the Company has negative working capital in the amount of 462 million euros (157 million euros at December 31, 2021). However, the Company has been granted undrawn financial availability as detailed in [\(Note 3.6\)](#) and it therefore does not represent a liquidity risk.

b) Materiality criteria

The accompanying Annual Accounts do not include the information or disclosures which, not requiring detail due to their qualitative importance, the Group did not consider of material significance or important relative to the concept of materiality as defined in the conceptual framework of the National Charts of Accounts, taking into account the Annual Accounts as a whole.

c) True and fair view

The accompanying Annual Accounts, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and criteria set out therein and, accordingly, provide a true and fair view of the Company's equity, financial position, results of operations, the statement of changes in equity and cash flows during the year.

These Annual Accounts have been prepared by the Directors of the Company and will be submitted for approval by the General Shareholders' Meeting. It is expected that they will be approved without modification.

d) Comparison of information

In compliance with Spanish mercantile law, for comparative purposes for each of the headings presented in the Balance Sheet, the Income Statement, the Statement of Changes in Equity, and the Cash Flow Statement, in addition to the figures for 2022, those of 2021 have been included. The Notes also include quantitative information from the previous year, except when an accounting standard specifically establishes this as unnecessary.

e) Grouping of items

Certain items on the Balance Sheet, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement are grouped together to make them easier to understand, although when individual data is significant, specific information has been included in the respective Notes to these Annual Accounts.

f) Changes in accounting policies

In 2022 there were no significant changes in accounting policies with respect to those applied in 2021.

1.3 International economic situation

Covid-19

During the overall adverse economic situation of the previous year caused by the Covid-19 pandemic, both Enagás and its Group companies implemented contingency plans to ensure normal operation and continuity of natural gas supply both in Spain and in all the countries where these companies operate. Thus, during these years, including 2022, the going concern principle has continued to be fully applied in the preparation of these annual accounts. With regard to the Company's main activity relating to the operation and maintenance of the Spanish gas system, it should be noted that this takes place within a stable regulatory framework and in the 2022 financial year, as in the previous year, no effects or changes have been identified as a result of the situation caused by Covid-19 that could lead to capital losses for the Company. With regard to the liquidity situation, as indicated in [Note 3.6](#), the Company

has a solid liquidity situation and liquid assets of 1,787,625 thousands of euros at December 31, 2022 (1,844,876 thousands of euros at December 31, 2021), thus maintaining the liquidity strategy and the credit and exchange rate risk policies. During the 2022 financial year, as in the 2021 financial year, there have been no impairment of financial assets or non-financial assets, as well as no significant extraordinary expenses corresponding to this situation or provisions or contingent liabilities that have been included in the financial statements of the Company as of December 31, 2022. Based on the Company's analysis, no impact was evidenced by the Covid-19 situation that needed to be recorded at December 31, 2022.

Conflict in Ukraine

On February 24, 2022, Russia started an armed conflict in Ukraine, which continues at the date of authorisation for issue of these Annual Accounts. Also, on March 29, 2022, Royal Decree-Law 6/2022 was published, adopting urgent measures within the framework of the National Response Plan to the economic and social impact of the invasion of Ukraine. As a consequence of this conflict, significant instability, uncertainty and volatility are being generated in world markets, as well as higher inflation and other negative effects on the world economy, with the energy sector being particularly affected. At the date of the Annual Accounts, there have been no negative impacts on the Company's business or financial position as a result of this situation, although the Directors and management of the Company continue to monitor developments on an ongoing basis.

1.4 Estimates and accounting judgements made

The results and determination of assets and liabilities disclosed in the Annual Accounts are sensitive to the accounting principles and policies, measurement bases and estimates used by the Company's Directors.

In the 2022 Annual Accounts, the Company's Senior Management have occasionally used estimates, subsequently ratified by the Directors, in order to quantify certain assets, liabilities, income, expenses and commitments recognised therein. These estimates basically relate to the following:

- a. The useful life of intangible assets and PP&E (Notes 2.4 and 2.5).
- b. The measurement of assets to determine the possible existence of impairment losses (Notes 1.5.a, 2.6 and 4.1.a).
- c. Provisions of invoices pending formalisation (Notes 2.2 and 2.3).
- d. The calculation of provisions and contingencies (Note 2.8).
- e. The calculation of income tax and deferred tax assets (Note 4.2).
- f. Impairment loss on financial assets measured at amortised cost (Note 1.5)
- g. The fair value of equity instruments granted under the Long-Term Incentive Plan ("ILP") (Note 4.4).

Although these estimates were made on the basis of the best information available at December 31, 2022 regarding the facts analysed, it is possible that future events may require these to be modified (upwards or downwards) in the years ahead. This would be carried out prospectively, recognising the effects of the changes to accounting estimates in the Annual Accounts.

During the twelve-month period ended December 31, 2022, there were no significant changes to the estimates made at 2021 year-end, and thus future periods are also not expected to be affected.

1.5 Investments in group and multigroup companies and other financial investments

ACCOUNTING POLICIES

Financial assets

► Financial assets at cost

The Company includes in this category:

- Investments in the equity of group and multigroup companies are classified as financial assets at cost.
- Any other financial asset that initially should be classified in the fair value portfolio with changes in the income statement when it is not possible to obtain a reliable estimate of its fair value.

Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs.

In the case of investments in group entities, if an investment existed before the entity was classified as a group entity, jointly controlled entity or associate, the cost of that investment is measured at the carrying amount that the investment should have had immediately before the entity is classified as such.

Subsequent measurement is also at cost, less any the cumulative amount of the impairment valuation adjustments.

► Financial assets at amortised cost

The Company classifies a financial asset in this category if the following conditions are met:

- The Company holds the investment under a management model whose objective is to collect the cash flows from the performance of the contract.
- The contractual features of the financial asset give rise to cash flows at specified times that consist solely of the collection of principal and interest on the principal outstanding.

Generally, loans and advances to customers and other debtors are included in this category.

In addition, the Company has equity instruments where it holds the investment in order to receive cash flows from the execution of a contract, through carry-forward tax losses and R&D deductions, and the contractual conditions of the financial asset give rise, on specified dates, to cash flows, consisting of principal and interest payments on the outstanding principal amount.

Financial assets classified in this category are initially measured at fair value, which, until proven otherwise, is assumed to be the transaction price, which is the fair value of the consideration given plus capitalised transaction costs.

Trade receivables maturing in no more than one year and not bearing a contractual interest rate, as well as advances and loans to employees, dividends receivable and disbursements on equity instruments, the amount of which is expected to be received in the short-term, may be measured at their face value when the effect of not discounting the cash flows is not significant.

The amortised cost method is used for subsequent measurement. Accrued interest is recognised in the income statement (financial income) using the effective interest rate method.

Receivables with a maturity of less than one year, which are initially measured at face value as described above, continue to be measured at nominal value unless they are impaired.

If the contractual cash flows of a financial asset measured at amortised cost change due to financial difficulties of the issuer, the Company generally assesses whether an impairment loss should be recognised.

► Derecognition of balance of financial assets

The Company derecognises a financial asset from the balance sheet when:

- The contractual rights to the cash flows from the asset expire. A financial asset is derecognised when it expires and the Company has received the related amount.
- The contractual rights to the cash flows from the financial asset have been transferred. In this case, the financial asset is derecognised when the risks and rewards of ownership have been substantially transferred.

Impairment losses on financial assets

► Financial assets at cost

- At the closure of each financial year, or when there are indications of loss of value, the Company analyses the recoverability of the equity investments in group and multigroup companies, in order to verify that the recoverable amount of these investments is greater than the value recognised in the Company's accounting records.
- In order to calculate the recoverable amount of the Group companies, an analysis of the updated cash flows is prepared, based on detailed future projections for these investments.
- The recognition of impairment losses and reversal of impairment losses, if any, are recognised as income or expense in the income statement. The reversal is limited to the carrying amount of the investment that would have been recognised at the reversal date if no impairment loss had been recognised.

► Financial assets at amortised cost

- At least at year-end, the Company analyses whether there is objective evidence that the value of a financial asset is impaired as a result of one or more events that occurred after its initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.
- If such evidence exists, the impairment loss is calculated as the difference between the carrying amount and the present value of future cash flows. This includes, if applicable, those arising from the enforcement of collateral and personal guarantees, which are estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at variable interest rates, the effective interest rate applicable at the closing date of the annual accounts is used in accordance with the contractual conditions.
- Impairment losses, as well as their reversal when the amount of such loss decreases due to causes related to a subsequent event, are recognised as an expense or income, respectively, in the income statement. The reversal is limited to the carrying amount of the asset that would have been recognised at the reversal date if no impairment loss had been recognised.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Impairment of financial assets

► With regard to the impairment test relating to group and multigroup companies, the discount rate applied to Spanish companies in 2022 was between 5.5% and 9.5% according to the business that it is allocated to (between 5% and 9% in 2021). Investments in international companies range from 6.5% to 9.5%, depending on the business and the country in which they operate (5.5% to 8.5% in 2021). The sensitivity analysis of the discount rate of 0.5% and -0.5% carried out at 2022 year-end indicates that the Company shows no sign of significant risks associated with potential reasonable variations. Thus, the Company's Management considers that, within the specified ranges, there would be no changes in the impairment calculation.

► As a substitute for the present value of future cash flows, the Company uses the market value of the instrument, provided that it is sufficiently reliable to be considered representative of the value that could be recovered by the Company.

The breakdown of accounts under the headings "Investments in group and multigroup companies" and "Other financial investments", both short- and long-term at year-end 2022 and 2021 is as follows:

	2022	2021
Long-term investments in group and multigroup companies and other financial investments	5,550,206	5,746,726
Long-term investments in group and multigroup companies (Note 1.5.a)	5,078,089	5,314,790
Equity instruments	5,078,089	5,314,790
Long-term financial investments	472,117	431,936
Loans to third parties	11	12
Other financial assets (Note 1.5.c)	472,106	431,924
Short-term investments in group and multigroup companies and other financial investments	235,510	653,078
Short-term investments in group and multigroup companies (Note 1.5.a)	235,510	653,078
Credits and receivables (Note 1.5.b)	-	407,557
Credits to group companies for tax effect (1)	100,510	115,689
Dividends receivable (2)	135,000	129,832

(1) As mentioned in Note 4.2.b, Enagás S.A. is the parent company of Tax Consolidation Group 493/12 for corporate income tax, and this amount matches the accounts receivable from the different companies belonging to the group in respect of their contribution to the group's taxable income.

(2) This amount relates to the dividends receivable at December 31, 2022 which were distributed by Enagás Transporte. S.A.U in 2022 (Note 2.1.a)

a) Equity instruments

Name / Address / Activity	% Stake			Thousands of euros							
	Direct	Indirect	Capital	Result		Remaining Equity	Total Equity	Dividends Received	Carrying amount		
				Operating income	Net				Cost	Accumulated impairment	Total
2022									5,096,342	(18,251)	5,078,089
Enagás Transporte, S.A.U.	100	-	532,089	376,835	296,327	2,520,752	3,349,168	432,540	3,076,096	-	3,076,096
Enagás GTS, S.A.U.	100	-	5,914	(21)	(1,243)	6,868	11,539	-	33,956	-	33,956
Enagás Financiaciones, S.A.U.	100	-	890	58,408	9,469	6,269	16,628	5,971	8,315	-	8,315
Enagás Internacional, S.L.U.	100	-	162,692	161,467	149,836	1,701,934	2,014,462	100,000	1,855,990	-	1,855,990
Estación de Compresión Soto la Marina, S.A.P.I. de C.V.	48	2	10,553	5,419	2,825	8,293	21,671	-	5,147	-	5,147
Enagás Perú SAC	-	100	4,496	(162)	(223)	(2,707)	1,566	-	1	(1)	-
Enagás México SA de C.V.	1	99	3,779	(840)	(883)	(2,628)	268	-	89	(89)	-
Enagás Emprende, S.L.U.	100	-	22,304	(2,773)	(7,695)	37,593	52,202	-	74,375	(9,946)	64,427
Enagás Services Solutions, S.L.U.	100	-	7,218	(50)	(5,646)	14,242	15,814	-	24,104	(8,215)	15,889
Mibgas Derivatives, S.A.	19	9	500	192	192	(122)	570	-	97	-	97
Enagás Renovable, S.L.	60	-	4,320	(7,536)	(13,059)	14,646	16,218	-	8,719	-	8,719
Enagás Infraestructuras de Hidrógeno, S.L.U.	100	-	2,838	194	(145)	6,906	9,599	-	9,453	-	9,453
2021									5,318,979	(4,189)	5,314,790
Enagás Transporte, S.A.U.	100	-	532,089	438,271	379,174	2,927,681	3,838,944	455,152	3,425,908	-	3,425,908
Enagás GTS, S.A.U.	100	-	5,914	2,513	1,800	5,330	13,044	-	34,231	-	34,231
Enagás Financiaciones, S.A.U.	100	-	890	72,926	10,420	110	11,420	10,424	8,271	-	8,271
Enagás Internacional, S.L.U.	100	-	153,258	50,154	34,322	1,956,004	2,143,584	50,798	1,761,585	-	1,761,585
Estación de Compresión Soto la Marina, S.A.P.I. de C.V.	48	2	9,114	5,291	1,908	3,898	14,920	-	5,147	-	5,147
Enagás Perú SAC	-	100	4,170	(346)	(593)	(2,506)	1,071	-	1	(1)	-
Enagás México SA de C.V.	1	99	2,890	(342)	(342)	(3,233)	225	-	121	(120)	1
Enagás Emprende, S.L.U.	100	-	17,204	(2,974)	(8,186)	32,126	41,144	-	57,347	(1,460)	55,887
Enagás Services Solutions, S.L.U.	100	-	5,882	2,807	-	11,182	17,064	-	19,682	(2,608)	17,074
Mibgas Derivatives, S.A.	19	9	500	120	120	(393)	227	-	97	-	97
Enagás Renovable, S.L.	100	-	2,004	(3,197)	(2,394)	3,602	3,212	-	6,589	-	6,589
Enagás Infraestructuras de Hidrógeno, S.L.U.	-	-	-	-	-	-	-	-	-	-	-

These Group companies are not listed on the Securities Markets.

In 2022, the main following changes were made to the Company's equity instruments:

Enagás Services Solutions

On February 1, 2022, the Company Enagás, S.A. carried out a capital increase in Enagás Services Solutions S.L.U. by issuing 420,000 new shares with a nominal value of one euro each, with a total issue premium of 980 thousands of euros, through a fully disbursed monetary contribution.

On March 23, 2022, the Company Enagás, S.A. carried out a capital increase in Enagás Services Solutions, S.L.U. by issuing 916,060 new shares with a nominal value of one euro each, with a total issue premium of 2,137 thousands of euros, through a fully disbursed monetary contribution.

Enagás Renovable

On February 1, 2022, the Company carried out a capital increase in Enagás Renovable, S.L.U. amounting to 602 thousands of euros with an issue premium of 421 thousands of euros through monetary contribution. This capital increase involved the issue of 180,840 new shares at a nominal value of one euro each.

Concerning Enagás Renovable, on July 20, 2022, the preconditions for the entry of Hy24 (a joint venture between Ardian and FiveT Hydrogen) in the capital of Enagás Renovable were met through a capital increase whereby it became a 30% shareholder of this company, with Enagás holding 70%. This transaction had no effect on the Company's income statement in 2022.

On July 26, 2022, Enagás, S.A. sold a 5% stake in Enagás Renovable to Pontegadea. A capital gain of 2,870 thousands of euros arose from this transaction under "Impairment and gains /(losses) on disposal of financial instruments".

On October 19, 2022, Enagás, S.A. sold a further 5% stake in Enagás Renovable to Navantia, giving rise to a capital gain of 2,870 thousands of euros, which was also recognised under "Impairment and gains /(losses) on disposals of financial instruments".

As a result of the foregoing, at December 31, 2022, Enagás, S.A. holds a 60% stake in Enagás Renovable.

On October 24 the Company carried out a capital increase in Enagás Renovable amounting to 2,400 thousands of euros with an issue premium of 1,680 thousands of euros through monetary contribution. This capital increase involved the issue of 720,000 new shares corresponding to Enagás S.A. at a nominal value of one euro each.

Enagás Infraestructuras de Hidrógeno

On April 21, Enagás, S.A. incorporated the company Enagás Infraestructuras de Hidrógeno, S.L., with an initial contribution of 3 thousands of euros, divided into 3,000 shares, each with a nominal value of one euro, by means of a fully paid-up monetary contribution.

On September 19, 2022, the Company carried out a capital increase by issuing 483,300 new shares with a nominal value of one euro each, with a total issue premium of 1,128 thousands of euros, through a fully disbursed monetary contribution.

On December 20, 2022, the Company carried out a capital increase by issuing 2,352,000 new shares with a nominal value of one euro each, with a total issue premium of 5,487 thousands of euros, through a fully disbursed monetary contribution.

Enagás Internacional

On December 23, 2022, the Company carried out a capital increase in Enagás Internacional, S.L.U. by issuing 9,434,727 new shares with a nominal value of one euro each, with a total issue premium of 84,912 thousands of euros, through a fully disbursed monetary contribution.

Enagás Emprende

On June 6, 2022, Enagás Emprende, S.L.U. carried out a capital increase by issuing 2,400 new shares with a nominal value of one euro each, with a total issue premium of 5,600 thousands of euros, through a fully disbursed monetary contribution.

On December 19, 2022, Enagás Emprende, S.L.U. carried out a capital increase by issuing 2,700 new shares with a nominal value of one euro each, with a total issue premium of 6,298 thousands of euros, through a fully disbursed monetary contribution.

Other transactions

In 2022, the Company recognised impairment provisions for the investment in Enagás Emprende amounting to 8,486 thousands of euros and Enagás Services Solutions amounting to 5,607 thousands of euros, since the estimated recoverable amount recognised for this investment was below the carrying amount at December 31, 2022. The impairment losses were recognised under "Impairment and gains /(losses) on disposals of equity instruments" on the Income Statement.

As a result of the approval of a new cycle of the Long-Term Incentive Plan ("ILP") on March 31, 2022 at the General Shareholders' Meeting of Enagás, S.A. (Note 4.4), in accordance with BOICAC No. 75/2008, query No. 7, the Company increased the value of the equity instruments of each of the subsidiaries with beneficiaries assigned to the Plan, i.e. Enagás Transporte, S.A.U., Enagás Financiaciones, S.A.U., Enagás Internacional, S.L.U., and Enagás Emprende, S.L.U., by a total of 496 thousands of euros in 2022. In addition, the Company has increased the value of the equity instruments of its subsidiaries based on the 2019-2021 ILP by 230 thousands of euros (506 thousands of euros in 2021). The counterparty of these contributions is included under the heading "Other equity instruments" of the net equity of the balance sheet at December 31, 2022, as a result of the cost assumed by the Company in each of the aforementioned subsidiaries.

b) Loans to companies

At December 31, 2022 the Company has no loans granted to other group companies. During 2022 a loan of 20,886 thousands of euros was granted to Enagás Renovable, which was repaid in July of the same year.

At December 31, 2021 loans to group companies recorded by the Company were related in full to a loan granted to Enagás Internacional, S.L.U. amounting to 400,291 thousands of euros and the interest associated with this loan, which was accrued but not paid, amounting to 7,266 thousands of euros. This loan expired during the financial year 2022.

Loans to group companies are subject to the market interest rate, with the average rate for 2022 being 2.4%.

c) Other financial assets

Gasoducto Sur Peruano, S.A.

In relation to the investment in Gasoducto Sur Peruano, S.A. (hereinafter "GSP") on January 24, 2017, the Directorate General of Hydrocarbons of the Peruvian Government's Ministry of Energy and Mines (hereinafter the "State of Peru") sent an official letter to GSP stating "the termination of the concession agreement owing to causes attributable to the concession holder", in accordance with the terms of Clause 6.7 of the "Improvements to the Energy Security of the Country and the Development of the Gasoducto Sur Peruano" (hereinafter "the Project") concession agreement, because the financial close had not been evidenced within the period established in the agreement (January 23, 2017), and proceeded to the immediate enforcement of the totality of the guarantee for full compliance given by GSP (262.5 million dollars), to ensure fulfilment of the obligations relating to the concession, which in the case of Enagás generated a payment of 65.6 million dollars. Also in January 2017, they paid GSP bank financing sureties to Enagás amounting to 162 million dollars, including both principal and interest pending payment. In December 2017, the process for delivering the Concession Assets held by GSP was substantially completed with the Peruvian State assuming control over them.

As a result of the termination of the concession contract, in accordance with the opinion of external and internal legal advisors, the Peruvian State had the obligation to apply Clause 20 of the Concession Contract, calculating the Net Carrying Amount (hereinafter NCA) of the Concession Assets, calling up to a maximum of three auctions to award the Concession, with the auction result being to pay GSP the NCA. With the amount that GSP would have received for the NCA of the Concession Assets, it would have proceeded to settle its obligations to third parties and, if appropriate, reimburse the capital contributions made by its shareholders.

As a result of inaction by the State of Peru in relation to the aforementioned procedure, on December 19, 2017, Enagás notified the Peruvian State about the existence of a dispute relating to the investment in GSP with a view to reaching an amicable agreement on the terms of Article 9.1 of the Agreement for the Reciprocal Promotion and Protection of APPRI in Spanish signed by the Republic of Peru and the Kingdom of Spain. This notification represented the beginning of the six-month period for direct contact prior to initiating international arbitration in which the APPRI acts as the mechanism for recovering the investment in GSP. Once the required six months of direct contact between Enagás and the Peruvian State had elapsed without it being possible to reach an amicable settlement of this dispute, on July 2, 2018, Enagás filed an application for the initiation of arbitration against the Peruvian State regarding its investment in GSP with the ICSID.

Through this arbitration procedure, it is expected that the Peruvian State will reimburse Enagás for its investment in GSP, this being the mechanism by which the financial assets recorded in the balance sheet would be recovered. Thus, it is expected that the Arbitration Court hearing the arbitration procedure in the ICSID will uphold the arguments of Enagás, issuing an award recognising that the Peruvian State has not protected Enagás' investment under the APPRI and, therefore, it must compensate it by paying it the value of that investment.

With respect to this ICSID arbitration procedure, the Arbitration Court was constituted on July 18, 2019, and Legal Resolution No. 1 was issued on September 24, 2019, establishing the procedural rules that govern the arbitration procedure until the award is handed down.

In accordance with this Resolution, Enagás filed its claim on January 20, 2020, and the Peruvian State replied on July 17, 2020. Subsequently, the documentary exhibition phase took place in which the parties requested each other to provide documents that each of them considered relevant. This was followed by the presentation of the reply by Enagás on May 31, 2021 and the rejoinder by the Peruvian State on October 20, 2021, with Enagás finally presenting its rejoinder on preliminary objections on January 17, 2022. The hearing phase continued in September 2022, and briefs were filed in November 2022. Currently, the award is expected to be issued around June 30, 2023.

Also with regard to the ICSID, on January 21, 2020, Odebrecht filed a request to initiate arbitration against the Republic of Peru to recover its investment in GSP.

Regarding the Enagás' statement of claim, the main argument maintained by Enagás is that, if the Peruvian State had complied with its obligation under the Concession Contract, it would have calculated the NCA and organised the three auctions, which it was obliged to do, to award the Concession, and the proceeds of the auction would have been delivered to GSP, which would have applied the amount delivered to pay its creditors and return the capital to its shareholders. Enagás' claim is based on the fact that the Peruvian State must pay 100% of the NCA to GSP, since on January 24, 2018, one year has passed since the end of the concession contract and in that time there have been no calls for auctions. The absence of an auction means that the legal advisors of Enagás believe that it should be considered that GSP would have received 100% of the NCA because it was deprived of the possibility of receiving it when not even the first auction was convened. Therefore, starting from the NCA considered, a certain payments waterfall would have been applied.

Enagás considers that, taking into account the NCA of the Concession Assets determined by an independent expert, and also taking into account the payment waterfall as per the terms of the insolvency legislation, as well as the contracts between Enagás and the members and creditors of GSP relating to subordination and credit agreements, if the State had satisfied its obligations, and thus paid GSP the amount obtained in the auction, Enagás would have recovered its investment.

With respect to the amount of the NCA, there have been no variations other than the evolution of the exchange rate for certain items in Peruvian soles, maintaining at December 31, 2022 the valuation performed by a firm of independent appraisers hired by Enagás for a total updated value of the NCA of 1,953 million dollars (1,943 million dollars at December 31, 2021).

Taking into account this updated NCA, if the payment waterfall were to be applied to it as per the terms of the insolvency laws, the subordination and the assignment of credit agreements entered into by Enagás and its partners in GSP, Enagás would recover the total value of its investment claim with the ICSID in the amount of 511 million dollars.

In relation to the aforementioned contracts for the subordination of rights and assignment of credits, their effectiveness and form of application has been successively called into question by Enagás' partners in GSP through different arbitration proceedings, with the Peruvian legal advisors considering these agreements to be fully valid and enforceable. Likewise, the INDECOPI authority has recognised the full effectiveness of the aforementioned agreements in GSP's bankruptcy process. In relation to the arbitration proceeding still in process filed by Negocios de Gas, subsidiary from Aenza (formerly Graña y Montero) questioning the legitimacy of Enagás to claim its credits against GSP, on July 13, 2021, Negocios de Gas communicated to the Court its withdrawal of the claim, thus requesting the end of the arbitration proceeding without the issuance of an award.

As regards the arbitration proceedings against the State of Peru, based on the conclusions determined by Enagás' external and internal legal advisors, the recoverability of the totality of the Enagás investment in GSP, consisting of receivables in relation to the aforementioned enforced guarantees to the total of 226,8 million dollars, interests of 1,8 million dollars, various invoices for professional services rendered to the amount of 7,6 million dollars and the share capital contributed to GSP for the amount of 275,3 million dollars, is considered likely.

With regard to the recovery periods, assessing the time taken to resolve a dispute of this complexity in an international arbitration as well as the periods considered in the aforementioned ICSID Resolution No. 1, and the review of the planned actions, June 30, 2023 is maintained as the estimated date for obtaining an award favourable to Enagás' interests.

Based on this, the amounts outlined in the preceding paragraph are recorded at their updated value in the Consolidated Balance Sheet dated December 31, 2022 for a total amount of 471,401 thousands of euros (431,277 thousands of euros at December 31, 2021).

Other related matters

On March 12, 2018, Law No. 30737 was published "guaranteeing immediate payment to the Peruvian State to repair civil damage caused by corruption and related crimes". On May 9, 2018, Supreme Decree 096-2018-EF was published, enacting the regulations of the aforementioned law.

In accordance with Article 9 of Law No. 30737, legal persons and legal entities in the form of partnerships, consortiums and joint ventures who may have benefited from the awarding of contracts, or subsequent to it, jointly with persons who have been convicted or who may have acknowledged having committed crimes against the public administration, asset laundering or related crimes, or their equivalents against the State of Peru, in Peru or abroad are classified as Category 2, and therefore fall within its scope of application.

In June 2019, the Peruvian Judiciary approved the Effective Partnership Agreement reached between the Odebrecht Group and the Peruvian Public Prosecutor's Office, and the GSP project was not included as one of the projects affected by corruption-related events. Subsequently, on October 15, 2019, Enagás Internacional received notification from the Peruvian Public Prosecutor's Office informing it of the existence of an extension of this effective partnership agreement with Odebrecht, in which it would be acknowledging that it had made illegal payments - according to the Public Prosecutor's Office - with respect to the GSP project, although there are still no facts known or consistent or proven links between GSP and corruption in the awarding of the project.

With regard to other processes of effective collaboration with other third parties, as of December 31, 2022, there has been no judicial approval of any of them, nor are there any consistent or proven facts that link GSP to corruption in the awarding of the project.

In this sense, the Peruvian State's response to the ICSID claim and rejoinder also failed to provide new evidence that links GSP with corruption in a proven and irrefutable manner.

Notwithstanding the above comments on the extension of the initial Effective Collaboration Agreement signed by Odebrecht and the Public Prosecutor of Peru, there have been no significant developments regarding the actions of the Public Prosecutor of Peru on the investigation of Odebrecht's activities in Peru and other investigations carried out by the Special Team of the Peruvian Prosecutor's Office for alleged crimes that could somehow be related to the awarding of the project. In this regard, two investigations are known to be in progress:

- The first one signed with Folder 321-2014, related to aggravated collusion between a former Odebrecht employee and a public official, whose control and clean-up phase has been resumed on June 28, 2019, after the Supreme Court rejected the request of the Ad Hoc Attorney's Office of Peru to include one of Odebrecht's subsidiaries as a civil third party. At this stage it is expected that a decision on the opening of the oral proceedings will be taken. Based on the opinions of Enagás external legal advisors for the Peruvian criminal code, the possibility of sentencing Odebrecht's former employee is considered to be remote. In this same case, the preparatory investigative court has declared the incorporation of GSP as a liable third party as wrongful.

- In relation to the second investigation opened, sealed with Folder 12-2017, being that those under investigation include two employees of Enagás and Enagás Internacional, S.L.U., on February 27, 2020, it was decided to move to the preliminary investigation stage. Based on the opinion of our external legal advisors in Peruvian criminal law, it is maintained that to date there is no indication that the investigations could be detrimental to Enagás.

In relation to this second file, on December 30, 2020, the Peruvian Public Prosecutor's Office requested its incorporation as a civil plaintiff in the criminal proceedings in order to request the payment of a possible reparation in the aforementioned proceedings once a final judgement has been handed down, as well as in order to request possible precautionary measures that seek to ensure the eventual reparation, amounting to 1,107 million dollars for the GSP project. The two previous initial applications were rejected on formal grounds, and a new application was submitted on October 12, 2022 by the Public Prosecutor.

The inclusion of Enagás Internacional as one of the civilly liable third parties, if applicable, is therefore pending. The amount will be determined in detail by the criminal judge in charge once the final sentence has been handed down. According to both external and internal lawyers, the amount requested has not been duly supported nor does it comply with the possible civil liability that could be claimed on the basis of the offences referred to in the indictment. An objective reference for the calculation is the one established by Law No. 30737, which assures payment of civil compensation to the Peruvian State. Considering the very preliminary stage of the criminal process, taking into account the elements of knowledge available to date and based on the conclusions of the specialist local lawyers, it is considered that the probability of the imposition of this compensation in any case does not exceed 50% (possible), and therefore it is not appropriate to register any provision, as it is considered a contingent liability.

Likewise, in the event that it could eventually be declared well-founded, and the amount of the compensation could not be reliably estimated, the reference amount to be considered would be between 0 and 242 million dollars.

Moreover, with regard to civil compensation, even without evidence of a criminal conviction or a confession of the commission of crimes, as required under Article 9 of Law No. 30737, on June 28, 2018, the State of Peru classified Enagás Internacional on the "List of Contracts and Subjects of Category 2 indicating the legal person or legal entity included under Section II of Law No. 30737" in relation to the concession contract awarded to GSP. The application of the mentioned standard involves different measures to contribute to the payment of potential civil compensation, such as setting up an escrow account, reporting information, limiting transfers to other countries or preparing a compliance programme.

The total amount of the escrow account that would correspond to Enagás, estimated at 50% of the total average net equity, corresponding to its stake in GSP, confirmed with the Ministry of Justice, amounts to 65,5 million dollars. It is currently being determined, if applicable, how this amount would be provided, potentially through the granting of a bank bond letter.

The Peruvian State has also affirmed that the measure prohibiting companies included in Category 2 from making transfers outside of Peru, pursuant to Law No. 30737, is applicable. Based on the conclusions of Enagás' external and internal legal advisors, it is maintained that this measure would be applicable to the investment in GSP and should not restrict the dividends received from TGP (amounting to 345,2 million dollars), also considering that this investment is protected by the Legal Stability Agreements in force in Peru, a regulation whose prevalence and application has been formally requested to the Peruvian state.

In this regard, in order to make effective the application of these Legal Stability Agreements, on February 24, 2021 the Peruvian State was approached directly, followed by a request for international arbitration under the Spain-Peru APPRI by Enagás on December 23, 2021. The ICSID Arbitration Court for the procedure was formed on December 2022. In this regard, on February 9, 2023, Procedural Resolution no. 1 was issued, which establishes the procedural rules governing the arbitration procedure until the award is rendered. In addition, Enagás Internacional has pledged its TGP shares in favour of Enagás Financiaciones, S.A.U. and Enagás, S.A. to guarantee the payment of its present or future obligations and debts.

In view of the above, it is still maintained that these regulations do not have a negative effect on the recovery of accounts receivable through the international arbitration process indicated above recorded on the balance sheet at December 31, 2022.

Based on all of the above, the directors of Enagás, in line with the opinion of their external and internal legal advisors, and of an independent expert and independent expert accountant, consider these facts to have no bearing on the estimation for recovery of the investment in the stake in GSP and the previously mentioned receivables to the amount of 471,401 thousands of euros (431,277 thousands of euros at December 31, 2021).

Laika Research, A.I.E.

During 2022, the Company acquired 50% together with Enagás Infraestructuras de Hidrógeno, S.L.U., which acquired the other 50% of the Economic Interest Grouping Laika Research, A.I.E. (hereinafter "A.I.E."), whose activity is research and development and technological innovation.

This investment is recorded under "Financial assets measured at amortised cost" as the A.I.E.'s activity is directed by another entity not related to the Company, which retains both the majority of the benefits and the risks of the activity, with the Company taking only tax incentives regulated by Spanish legislation. Enagás, S.A. charges the carry-forward tax losses and R&D deductions generated by the A.I.E. against the investments and, as a difference with the debt recorded with the tax authorities, the corresponding income.

At December 31, 2022 the Company has recognised carry-forward tax losses and R&D deductions relating to 2022, derecognising the total investment in the A.I.E. amounting to 2,876 thousands of euros and recognising income of 1,373 thousands of euros (see Notes 4.2 and 2.1).

1.6 Dividends distributed and proposed

a) Proposed distribution of profit attributable to the company

The appropriation of 2022 profit corresponding to the Company proposed by the Board of Directors and which will be submitted for approval by the General Shareholders' Meeting is as follows:

	12.31.2022
Dividend	450,058
Voluntary reserves	13,262
TOTAL	463,320

At a meeting held on November 21, 2022, the Board of Directors of Enagás, S.A. agreed to distribute an interim dividend charged against 2022 profit, based on the necessary liquidity statement, expressed in thousands of euros, amounting to 179,684 thousands of euros (0.688 euros gross per share), in accordance with Article 277 of the Spanish Corporate Enterprises Act.

The provisional accounting records prepared by the Company, in accordance with legal requirements and which presented balances sufficient for the distribution of the interim dividend in 2022, were as follows:

Provisional accounting statement at October 31, 2022

Net accounting result	(29,207)
10% legal reserve	-
Interim dividend received from Group companies	485,539
Profit "available" for distribution	456,332
Forecast payment on account	(179,684)
Forecast cash balance for the period from October 31 to December 31:	
Cash balance	27,850
Projected collection for the period considered	406,723
Credit lines and loans available from financial institutions	1,712,591
Payments projected for the period under consideration (including the payment on account)	(181,896)
Estimated available financing after dividend distribution	1,965,268

The aforementioned interim dividend was paid on December 21, 2022.

The gross complementary dividend proposed (1.032 euros per share) is subject to approval by the ordinary General Shareholders' Meeting and is not included as a liability in these Annual Accounts. This gross complementary dividend will amount to a maximum of 270,374 thousands of euros.

b) Total dividends paid

In addition to the aforementioned interim dividend for 2022, during 2022 Enagás, S.A. distributed the gross complementary dividend for 2021.

This dividend amounted to 266,718 thousands of euros (1.02 euros per share) and was paid on July 7, 2022.

1.7 Commitments and guarantees

ACCOUNTING POLICIES

- A financial guarantee contract is a contract which requires that the issuer makes specific payments to repay the holder for losses incurred when a specific debtor does not fulfil payment obligations at maturity, in accordance with the original or modified conditions of a debt instrument. The rights and obligations associated with a financial guarantee will be considered as financial assets and financial liabilities. For subsequent valuation, a contract will be recognised as the greater amount of a) the amount resulting from standards relating to provisions or b) accumulated amortisation of the initial measurement and possible accrued income.
- An investment commitment corresponds to that obligation contracted with a related party which can give rise to outflows of funds or other resources in the future. The following is included among these: commitments not recognised in connection with contributing funds or resources as a consequence of incorporation agreements, capital intensive projects carried out by a business combination, commitments not recognised in connection with providing loans or other financial support to the joint venture, or commitments not recognised in connection with acquiring a stake, regardless of whether a specific future event occurs or not.

At December 31, 2022 and 2021, the detail of the Company's commitments and guarantees is as follows:

Commitments and guarantees	Group Personnel, Companies or Entities (Note 4.3)	Third parties	Total
2022			
Guarantees for related parties debt	4,992,260	-	4,992,260
Guarantees and sureties granted - Other	71,674	99,239	170,913
Total	5,063,934	99,239	5,163,173
2021			
Guarantees for related parties debt	5,688,752	-	5,688,752
Guarantees and sureties granted - Other	112,267	84,352	196,619
Total	5,801,019	84,352	5,885,371

a) Guarantees for related parties debt

	Thousands of euros	
	2022	2021
E. Financiaciones debt guarantee	3,657,045	4,068,788
Guarantee on the Enagás Internacional debt	384,489	627,402
Guarantee on the TAP debt	557,000	609,205
Guarantee on the Enagás Holding USA/Enagás USA debt	393,726	383,164
Enagás Services debt guarantee	-	193
Total	4,992,260	5,688,752

The guarantees outlined above mainly correspond to:

- The guarantees provided by Enagás, S.A. for all the debt of Enagás Financiaciones for both the bond issues and the loans granted by different entities, amounting to 3,657,045 thousands of euros (4,068,788 thousands of euros at December 31, 2021).
- Guarantees provided by the Company for Enagás International debt amounting to 384,489 thousands of euros (627,402 thousands of euros at December 31, 2021).
- The guarantees provided by Enagás, S.A. for the debt of Enagás Holding USA, S.L.U., which at December 31, 2022 amounts to 393,726 thousands of euros (383,164 thousands of euros at December 31, 2021).
- Furthermore, Enagás, S.A. guarantees the amount drawn down by Enagás Financiaciones, S.A.U. in the Euro Commercial Paper Programme (ECP). At December 31, 2022, Enagás Financiaciones, S.A.U. had not drawn down any amounts.
- The "Guarantees on related party debts" caption includes the corporate guarantee granted by Enagás, S.A. on behalf of the financial entities of Trans Adriatic Pipeline, AG (TAP), in accordance with the Financing Agreement signed by this company on November 30, 2018. This guarantee basically covers the following items:
 - Principal and interest of the Financing Agreement provided by TAP at any time;
 - Market value of the hedging instrument over the interest rate of the Financing Contract.

TAP reached the "Financial Completion Date" on March 31, 2021, a milestone that allowed the partners to replace the guarantees provided on the company's debt during the construction phase of the infrastructure with a mechanism for shareholder support for the repayment of the TAP loan (Debt Payment Undertaking), which will be in effect until its maturity, and which would be activated in the event of certain extraordinary events.

This support mechanism has been granted jointly by each of TAP's shareholders, so that Enagás would only be liable, in a hypothetical case, for the amount corresponding to it in accordance with its stake in TAP's share capital.

This support mechanism during the operating period is contractually limited by a cap in force throughout the life of the financing arrangement, so that the amounts claimed from Enagás may never exceed a total amount of 903,322 thousands of euros, regardless of the market value of the derivative or any other contingency.

At December 31, 2022 the amount guaranteed by Enagás, S.A. to the creditors of TAP amounted to 557,000 thousands of euros (609,205 thousands of euros at December 31, 2021).

Additionally, on May 27, 2022, Enagás Financiaciones, S.A.U. renewed the Euro Medium Term Note (EMTN) programme for a maximum amount of 4,000 million euros, registered in the Luxembourg Stock Exchange in 2012, with Enagás, S.A. as guarantor.

Finally, on May 27, 2022, Enagás Financiaciones, S.A.U. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of 1,000 million euros, registered in the Irish Stock Exchange on May 4, 2017, with Enagás, S.A. as guarantor.

b) Guarantees and sureties granted - Other

Group employees, companies or entities

This heading includes the following guarantees and sureties granted to group companies at December 31, 2022:

- Technical guarantees granted to third parties by Enagás Transporte, S.A.U. amounting to 3,712 thousands of euros (3,712 thousands of euros at December 31, 2021), all of which are counter-guaranteed by Enagás, S.A.

- Llewo mobility, S.L., for 3,215 thousands of euros (359 thousands of euros at December 31, 2021) and Enagás Renewable, S.L.U. for 5,040 thousands of euros (9,600 thousands of euros at December 31, 2021), and Efficiency for LNG Applications, S.L. for 24,630 thousands of euros related to the projects of these companies, all of which are counter-guaranteed by Enagás, S.A.
- The Company counter-guarantees Enagás Internacional, S.L.U. the bid bond for the port concession in Colombia for the Buenaventura project in the amount of 1,412 thousands of euros (1,319 thousands of euros at December 31, 2021).
- Enagás, S.A. also guarantees the hedging operations contracted by Enagás Internacional, S.L.U., and Enagás Holding USA, S.L.U. which had a fair value at December 31, 2022 of 24,130 thousands of euros (88,317 thousands of euros at December 31, 2021 for the hedging operations contracted by Enagás Internacional S.L.U.).

Other parties with Third Parties

This includes technical guarantees provided to third parties by Enagás, S.A. amounting to 99,239 thousands of euros.

2. Operational performance of the company

RELEVANT ASPECTS

Operating profit

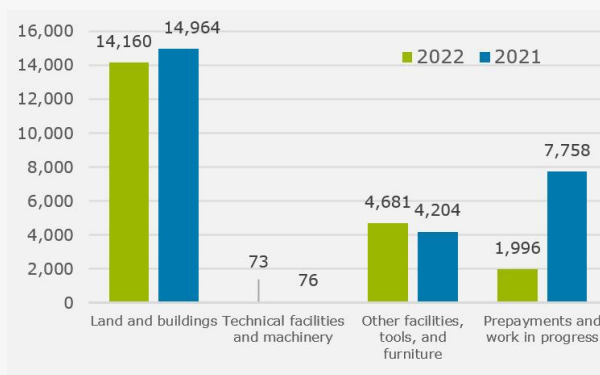
- ▶ Operating profit decreased by 0.8% with respect to 2021, amounting to 497,357 thousands of euros (Note 2.1).
- ▶ The main income that makes up the Revenue is the income for dividends received from Group Companies that has increased with respect to the income received in 2021 under the same item at 4.2%, amounting to 538,511 thousands of euros (Note 2.1).

Trade receivables

- ▶ "Trade debtors and other current accounts receivable" mainly includes accounts receivable from the different Group companies to which the Company provides holding services. (Note 2.2).

Property, plant, and equipment

- ▶ The net carrying amount of the tangible fixed assets at December 31, 2022, is as follows: (Note 2.4):



2.1 Operating profit

ACCOUNTING POLICIES

Recognition of income

- The Company follows a process for the accounting recording of revenues derived from contracts with customers, which consists of the following stages:
 1. Identify the contract with the customer, understood as an agreement between two or more parties that creates enforceable rights and obligations for them.
 2. Identify the obligation or obligations to be fulfilled in the contract, representative of the commitments to transfer goods or provide services to a customer.
 3. Determine the transaction price, or contract consideration to which the company expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.
 4. Assign the transaction price to the obligations to be fulfilled, which must be based on the individual sales prices of each different goods or service committed to in the contract, or, if applicable, following an estimate of the sales price when this is not independently observable.
 5. To recognise revenue from ordinary activities when the company fulfils a committed obligation through the transfer of a good or the rendering of a service; fulfilment that takes place when the customer obtains control of that good or service, so that the amount of revenue recognised will be the amount assigned to the fulfilled contractual obligation.

► Recognition

The Company recognises revenue from a contract when control over the committed goods or services is transferred to the customer. For each identified performance obligation, the company determines at contract inception whether the obligation incurred will be settled over time or at a point in time.

Revenue from obligations that will be settled over time is recognised by reference to the stage of completion, or progress towards completion, of the contractual obligations, provided the company has reliable information to measure the stage of completion.

To determine the point at which the customer obtains control of the asset, the company considers the following indicators:

- a. The customer assumes the significant risks and rewards of ownership of the asset.
- b. The company transfers physical possession of the asset.
- c. The customer receives the asset in accordance with the contractual specifications.

► Valuation

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where applicable, the fair value of the consideration received or expected to be received. The consideration is the agreed price for the assets to be transferred to the customer, less: the amount of any discounts, rebates or similar items that the company may grant; and interest included in the nominal amount of the receivables.

Under the accrual basis of accounting, revenue is recognised when control is transferred, regardless of the timing of collection or payment.

The Company recognises other income that does not relate to contracts with customers:

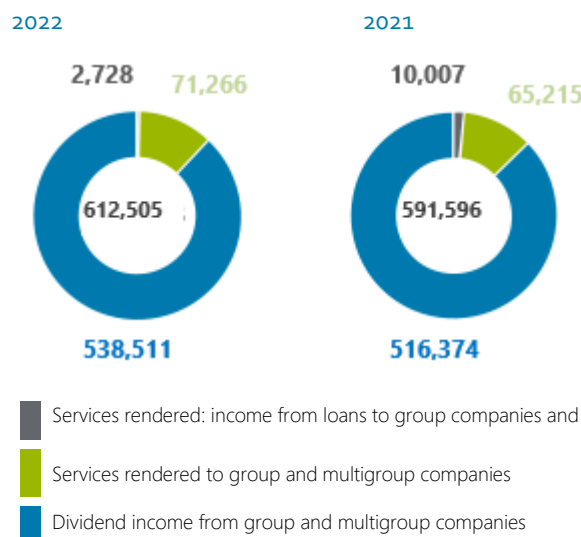
- Dividend income from investments: is recognised when the rights of the shareholders to receive payment have been established. In applying the criteria of the Spanish Accounting and Audit Institute through BOICAC 79, on the classification for accounting purposes in separate financial statements of the income and expenses of holding companies that apply the Spanish National Chart of Accounts, approved by Royal Decree 1514/2007, and on the calculation of the Company's revenue, the dividends and interest on loans received from its affiliates are included as an integral part of the Company's revenue.
- Interest income: is accrued based on a temporary financial criterion, based on the outstanding principal and the applicable effective rate, which is the rate of the estimated future cash flows over the expected life of the asset that is equal to its carrying amount.

Recognition of expenses

- Expenses are recognised in the income statement when there is a decrease in the future economic benefit related to a reduction in an asset or an increase in a liability that can be measured reliably. This means that an expense is recognised simultaneously with the recognition of the increase in the liability or the reduction of the asset.
- An expense is recognised immediately when a payment does not generate future economic benefits or when the prerequisites for capitalisation as an asset are not met.

a) Revenue

The breakdown of revenue by activity is the following:



The breakdown of revenue in 2022 and 2021 by geographical markets is provided below:

	12.31.2022	12.31.2021
Spain	611,753	590,949
Latin America	752	647
Total	612,505	591,596

Dividend income

In relation to the dividend income of Enagás, S.A. as shareholder. The amount of dividends received in financial year 2022 amounting to 538,511 thousands of euros corresponds to the following distribution of dividends in the year 2022:

- Enagás Transporte, S.A.U. distributed a total of 432,540 thousands of euros in 2022:
 - A final dividend amounting to 50,000 thousands of euros.
 - An interim dividend of 247,540 thousands of euros charged to 2022 results
 - An extraordinary dividend charged to reserves in the amount of 135,000 thousands of euros.
- Enagás Internacional, S.L.U. distributed a total of 100,000 thousands of euros in 2022:
 - An interim dividend of 80,000 thousands of euros charged to 2022 results
 - An extraordinary dividend charged to reserves in the amount of 20,000 thousands of euros.
- In 2022 Enagás Financiaciones, S.L.U. distributed an extraordinary dividend charged to reserves in the amount of 2,971 thousands of euros, as well as an interim dividend of 3,000 thousands of euros against 2022 results.

In 2021, the dividend income corresponded mainly to dividends from Enagás Transporte, S.A.U.

Income from loans to group and multigroup companies

The income of 2,728 thousands of euros in 2022 (10,007 thousands of euros in 2021) relates to the loans granted to Enagás International and Enagás Renovable described in [Note 1.5.b](#).

Income for services rendered to group and multigroup companies

The detail of income from services rendered is as follows:

	12.31.2022	12.31.2021
From customer contracts	69,892	65,215
Other Income	1,374	-
Total	71,266	65,215

Income from customer contracts corresponds to services provided by Enagás, S.A. to its group of affiliates for the rendering of corporate services.

Additionally, the "Other income" heading includes income from the investment in A.I.E. Laika Research in the amount of 1,374 thousands of euros (see Note 1.5.c).

b) Personnel expenses and social contributions

	12.31.2022	12.31.2021
Wages and salaries	33,956	37,056
Termination benefits	8,874	704
Social Security	5,329	5,605
Other personnel expenses	5,411	5,516

Contributions to external pension funds (defined contribution plan)	853	892
Total	54,423	49,773

In 2022, 9 employees were terminated by mutual agreement. Seven of these terminations were provisioned for in previous years.

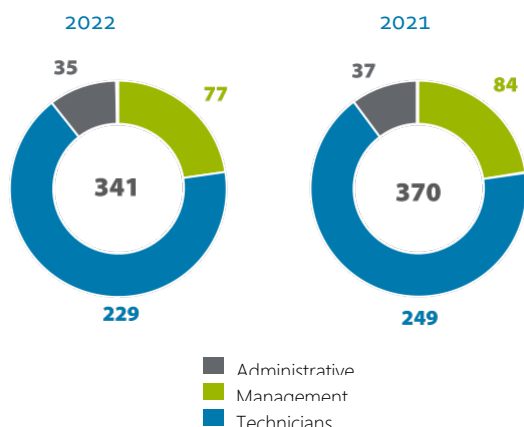
	12.31.2022	12.31.2021
Social contributions:		
- Social Security	5,329	5,605
- Contributions to pension schemes	853	892
- Senior Managers' Savings Plan Contributions	1,667	1,572
- Other social contributions	3,744	3,944
Total	11,593	12,013

Company contributions to the pension plan amounted to 853 thousands of euros in financial year 2022 (892 thousands of euros in 2021) and are recorded under the heading "Social contributions", included under "Personnel Expenses" of the attached Income Statement. Furthermore, it includes the Senior Managers' Savings Plan in the amount of 1,667 thousands of euros (1,572 thousands of euros in 2021).

The Company makes contributions, in accordance with the approved pension plan adapted to the provisions of the Spanish Pension Plans and Funds Act, to a defined contribution plan called "Enagás Fondo de Pensiones", whose fund manager is Gestión de Previsión y Pensiones, S.A. and its custodian Banco Bilbao Vizcaya Argentaria, S.A., and which covers the Company's obligations with respect to serving employees. The aforesaid plan recognises certain vested rights for past service and undertakes to make monthly contributions averaging 4.06% of eligible salary (3.96% in 2021). It is a mixed plan covering retirement benefits, disability and death. The total number of people adhered to the plan at December 31, 2022 totalled 296 participants (319 participants at December 31, 2021).

The contributions made by the Company each year in this connection are recognised under "Personnel Expenses" in the Income Statement. At year-end 2022 and 2021, there were no contributions payable in this connection. In addition, the Company has outsourced its pension commitments with its senior managers by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and employment disability.

The average number of employees at Enagás S.A. by professional category is as follows:



At December 31, 2022, the Company's workforce consisted of 334 employees (368 employees in 2021).

The distribution of the professional categories by gender is as follows:

Categories	2022		2021	
	Men	Women	Men	Women
Management	42	29	54	31
Technicians	107	122	114	133
Administrative staff	3	31	4	32
Total	152	182	172	196

"Management" includes Senior Management of Enagás S.A., comprising seven persons (five men and two women) (Note 4.4). During 2022 and 2021, the average number of staff with disabilities greater than or equal to 33% employed by the Company, broken down by categories, is as follows:

	2022	2021
Technicians	1	1
Administrative staff	2	2
Total	3	3

c) Other operating expenses

	12.31.2022	12.31.2021
External services	45,533	36,843
Taxes	338	267
Other	32	354
Total	45,903	37,464

The most significant expenses under the heading "External services" correspond to repair and maintenance services necessary for the provision of services amounting to 11,973 thousands of euros at December 31, 2022 (10,122 thousands of euros at December 31, 2021) as well as for the services of independent professionals for the amount of 12,296 thousands of euros at December 31, 2022 (9,395 thousands of euros at December 31, 2021).

d) Impairment and results on equity instruments

The balance for 2022 corresponds mainly to impairment losses on Enagás Emprénde in the amount of 8,486 thousands of euros and Enagás Services Solutions in the amount of 5,607 thousands of euros. In addition, the result under this heading is made up of the capital gains on the sale of the 10% stake in Enagás Renovable amounting to 5,740 thousands of euros (Note 1.5.a).

2.2 Trade and other receivables

ACCOUNTING POLICIES

Contract assets

► a) Unconditional right to receive the consideration

When the Company has an unconditional right to the consideration, irrespective of the transfer of control of the assets, a receivable is recognised under "Trade and other receivables" in current or non-current assets, depending on its maturity based on the normal operating cycle.

► b) Entitlement to consideration for transfer of control

When control of a contractual asset is transferred without an unconditional right to revenue, the Company recognises a right to consideration for the transfer of control. This entitlement to consideration for the transfer of control is derecognised when an unconditional right to receive the consideration arises.

These balances, like unconditional rights, are reported under trade receivables. They are classified as current or non-current depending on their maturity.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- At least at each reporting date the Company performs an impairment test on financial assets not measured at fair value (Note 1.5).

The balance recorded under "Customers, Group companies and associates" at December 31, 2022 and 2021 has the following breakdown (Note 4.3):

	12.31.2022	12.31.2021
Enagás Internacional, S.L.U.	84	357
Gasoducto Morelos S.A.P.I. de CV	-	42
Enagás GTS, S.A.U.	1,437	1,961
Enagás Transporte, S.A.U.	7,735	6,634
Enagás Services Solutions, S.L.U.	1,128	193
Enagás Emprende, S.L.U.	105	496
Other	654	1,612
Total	11,143	11,295

These balances relate mainly to the corporate services rendered by Enagás, S.A., which mature after December 31, 2022.

2.3 Trade and other payables

ACCOUNTING POLICIES

- Generally, Financial liabilities at amortised cost generally include trade payables ("trade payables") and non-trade payables ("other payables").

- These payables are initially recognised at the fair value of the consideration received, adjusted by directly attributable transaction costs. These liabilities are subsequently measured at their amortised cost.

- In accordance with the ICAC Resolution of January 29, 2016, the calculation of the average payment period to suppliers takes into consideration the commercial transactions corresponding to the delivery of goods or rendering of services accrued since the date of the entry into force of Law 31/2014, of December 3.

- Suppliers, for the exclusive purposes of providing the information set forth in this Resolution, are considered to be trade payables owed to suppliers of goods and services included in the items "Suppliers", "Suppliers, group companies and associates" and "Other payables" under current liabilities in the balance sheet.

- "Average payment period to suppliers" is understood to be the time that passes between the delivery of the goods or rendering of the services by the supplier and the material payment for the transaction.

- The maximum payment term applicable to the Company in 2022 under Law 3/2004, of December 29, establishing measures to combat late payments in commercial transactions, is 60 days. In order to obtain the foregoing information, payment obligations that have been the object of withholdings as a result of embargoes, enforcement orders, administrative compensation proceedings, or other similar acts handed down by legal or administrative bodies were excluded.

Trade and other payables

Trade and other payables	12.31.2022	12.31.2021
Suppliers	11,511	11,045
Suppliers, group companies and associates	2,085	733
Other payables	7	618
Personnel	4,954	9,352
Current tax	-	630
Other debts with the Public Administrations (Note 4.2)	33,599	31,873
Total	52,156	54,251

The balance of the "Suppliers" heading is mainly the purchases of materials and services provided to Enagás, S.A. whose counterpart is recorded in "external services" and "fixed assets" captions of the income statement and the balance sheet, respectively.

The "Personnel" heading includes the accrual of the variable remuneration corresponding to the current year, as well as the outstanding 50% of the 2019-2021 ILP, which will be paid during the first quarter of 2023.

Information on the average payment period

Below follows the information required by the Additional provision three of Law 15/2010 of July 5 (amended by Final provision two of Law 31/2014 of December 3) prepared in accordance with the Resolution of the ICAC of January 29, 2016, as well as by Law 18/2022, of September 28, on the creation and growth of companies, together with ICAC Consultation 1-132 of October 2022, regarding information to be included in the notes to the Annual Accounts in relation to the average payment period to suppliers in commercial operations.

Days	2022	2021
Average payment period to suppliers	52	44
Ratio of paid operations	53	45
Ratio of operations pending payment	51	33

Amount	2022	2021
Total payments made	57,563	45,115
Total pending payments	5,734	3,527

Suppliers, for the exclusive purposes of providing the information set forth in this Resolution, are considered to be trade payables owed to suppliers of goods and services included in the items "Payable to suppliers", "Payable to suppliers - Group companies and associates" and "Other payables" under current liabilities in the balance sheet.

"Average payment period to suppliers" is understood to be the time that passes between the delivery of the goods or rendering of the services by the supplier and the material payment for the transaction.

The maximum payment term applicable to the Company in 2022 under Law 3/2004, of December 29, establishing measures to combat late payments in commercial transactions, is 60 days. In order to obtain the foregoing information, payment obligations that have been the object of withholdings as a result of embargoes, enforcement orders, administrative compensation proceedings, or other similar acts handed down by legal or administrative bodies were excluded.

The monetary volume of invoices paid within the deadline established by Law 3/2004 of December 29, 2004 amounted to 39,435 thousands of euros, representing 69% of the total monetary volume. In terms of the number of invoices paid, 3,852 invoices were paid within the deadline, representing 70% of the total number of invoices.

2.4 Property, plant, and equipment

ACCOUNTING POLICIES

► The cost model is applied, that is, the corresponding assets are measured at acquisition or production cost less the corresponding accumulated amortisation and any impairment losses.

► Acquisition or production cost includes:

- Finance expenses relating to the financing of infrastructure projects accrued only during the construction period, when the building work lasts for more than one year.

- Personnel expenses directly related to work in progress, lowering personnel expenses (Note 2.1).
- The costs of renovation, extension or improvement are incorporated into the asset as the greatest value of the asset exclusively when they imply an increase in its capacity, productivity or prolongation of its useful life, with deduction of the net carrying amount of the substituted goods, if any. Conversely, the periodic expenses of maintenance, conservation and repair are charged to income for the year in which they are incurred.

► Amortisation entered on a linear basis once the assets are ready for use, in accordance with the following useful lives:

	Annual rate	Useful life (years)
Buildings	3%-2%	33-33-50
Other technical facilities and	12%-5%	8-33-20
Equipment and tools	30%	3-33
Furniture and fixtures	10%	10
Information technology	25%	4
Transport equipment	16%	6-25

SIGNIFICANT ESTIMATES AND JUDGEMENTS

► The amortisation of assets recorded as property, plant and equipment follows the straight-line method, applying annual amortisation percentages calculated based on the years of estimated useful life of the respective goods.

► The Directors consider that the carrying amounts of the assets do not exceed the recoverable amounts which result from calculating discounted future cash flows generated by said assets based on foreseen remuneration under current regulations.

2022	Opening balance	Inputs or provisions	Increases or decreases due	Decreases, disposals or	Balance at year-end
Land and buildings	35,286	143	-	(12)	35,417
Technical facilities and machinery	4,795	21	-	-	4,816
Other facilities, tools, and furniture	35,126	2,043	-	-	37,169
Prepayments and work in progress	7,758	5,428	-	(11,190)	1,996
Total cost	82,965	7,635	-	(11,202)	79,398
Land and buildings	(20,322)	(936)	-	1	(21,257)
Technical facilities and machinery	(4,719)	(24)	-	-	(4,743)
Other facilities, tools, and furniture	(30,922)	(1,566)	-	-	(32,488)
Prepayments and work in progress	-	-	-	-	-
Total amortisation	(55,963)	(2,526)	-	1	(58,488)
Land and buildings	14,964	(793)	-	(11)	14,160
Technical facilities and machinery	76	(3)	-	-	73
Other facilities, tools, and furniture	4,204	477	-	-	4,681
Prepayments and work in progress	7,758	5,428	-	(11,190)	1,996
Net Carrying Amount of Property, plant, and	27,002	5,109	-	(11,201)	20,910

2021	Opening balance	Inputs or provisions	Increases or decreases due	Decreases, disposals or	Balance at year-end
Land and buildings	35,196	90	-	-	35,286
Technical facilities and machinery	4,754	41	-	-	4,795
Other facilities, tools, and furniture	33,681	1,445	-	-	35,126
Prepayments and work in progress	1,063	6,695	-	-	7,758
Total cost	74,694	8,271	-	-	82,965
Land and buildings	(19,365)	(957)	-	-	(20,322)
Technical facilities and machinery	(4,683)	(36)	-	-	(4,719)
Other facilities, tools, and furniture	(29,428)	(1,494)	-	-	(30,922)
Prepayments and work in progress	-	-	-	-	-
Total amortisation	(53,476)	(2,487)	-	-	(55,963)
Land and buildings	15,831	(867)	-	-	14,964
Technical facilities and machinery	71	5	-	-	76
Other facilities, tools, and furniture	4,253	(49)	-	-	4,204
Prepayments and work in progress	1,063	6,695	-	-	7,758
Net Carrying Amount of Property, plant, and	21,218	5,784	-	-	27,002

The additions recorded as at December 31, 2022 relate mainly to the Mallorca photovoltaic plants project for 4,507 thousands of euros. Subsequently this Project has been reclassified as a non-current asset held for sale at year-end 2022.

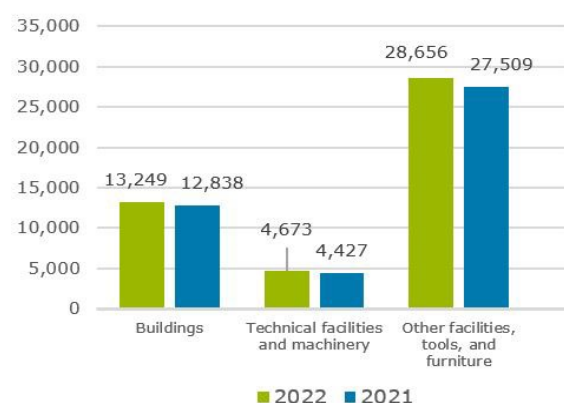
There are no mortgages or encumbrances of any type on assets recorded as property, plant, and equipment.

It is the Company policy to insure its assets to ensure that there is no significant loss of equity, based on best market practices, given the nature and characteristics of the items of Property, Plant and Equipment.

In addition, the Company has contracted the corresponding insurance policies to cover third party civil liabilities.

Fully depreciated PP&E items recognised by Enagás and still in use at 2022 and 2021 year-end are broken down as follows:

Fully amortised elements



2.5 Intangible assets

ACCOUNTING POLICIES

- As a general rule, intangible assets are initially measured at acquisition or production cost. They are subsequently measured at cost less accumulated amortisation and impairment losses, if any.

Research and development expenses

- Research costs are activated, with 95% of the cost amortised in the first year and the rest in the following year, provided that they are specifically identified by project, their amount can be clearly established and there are well-founded reasons for trusting in the technical success and in economic-commercial profitability of the project.
- Development costs are capitalised by amortising on a straight-line basis over the corresponding useful life, provided they are specifically related to projects, their amounts can be clearly established, and technical success and economic feasibility of the project are reasonably assured.

IT applications

- Acquisition and development costs incurred with respect to basic IT systems used for management are recognised with a charge to "Intangible assets" in the balance sheet. Maintenance costs of IT systems are recognised in the income statement for the year in which they are incurred. They are measured at the amount disbursed for ownership or right-of-use of the IT programmes, as well as their production cost if they are developed by the Company. They are amortised over a period of four years.
- Intangible fixed assets amortised based on their defined service life, if any, which is equivalent to the following amortisation percentages:

	Annual rate	Useful life
Development costs	5%-50%	20-2
Other intangible assets	20%	5
IT applications	25%	4

2022	Opening balance	Inputs or provisions	Increases or decreases due to	Decreases, disposals or	Balance at year-end
Research and Development	11,576	198	-	-	11,774
IT applications	132,044	7,937	-	-	139,981
Other intangible assets	6,724	-	-	-	6,724
Total cost	150,344	8,135	-	-	158,479
Research and Development	(11,501)	(163)	-	-	(11,664)
IT applications	(113,356)	(3,310)	-	-	(116,666)
Other intangible assets	(6,724)	-	-	-	(6,724)
Total amortisation	(131,581)	(3,473)	-	-	(135,054)
Research and Development	74	36	-	-	110
IT applications	18,689	4,626	-	-	23,315
Other intangible assets	-	-	-	-	-
Net Carrying Amount Intangible Assets	18,763	4,662	-	-	23,425

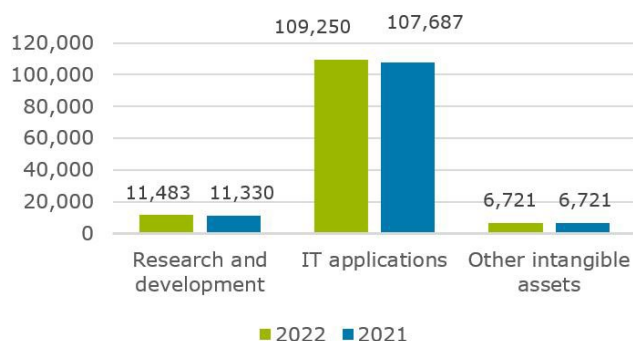
2021	Opening balance	Inputs or provisions	Increases or decreases due to	Decreases, disposals or	Balance at year-end
Research and Development	11,411	165	-	-	11,576
IT applications	124,749	7,295	-	-	132,044
Other intangible assets	6,724	-	-	-	6,724
Total cost	142,884	7,460	-	-	150,344
Research and Development	(11,345)	(156)	-	-	(11,501)
IT applications	(110,244)	(3,112)	-	-	(113,356)
Other intangible assets	(6,724)	-	-	-	(6,724)
Total amortisation	(128,313)	(3,268)	-	-	(131,581)
Research and Development	65	9	-	-	74
IT applications	14,506	4,183	-	-	18,689
Other intangible assets	-	-	-	-	-
Net Carrying Amount Intangible Assets	14,571	4,192	-	-	18,763

The additions to "IT applications" in 2022 refer mainly to the following projects:

- Implementation of the SAP 4 HANA system migration project in the amount of 2,121 thousands of euros.
- Implementation of the Scada Monarch system to monitor and control Enagás' basic gas pipeline network, in the amount of 2,098 thousands of euros.
- Unified Communications Software, evolution of IT Infrastructure, evolution of backup systems, integrated analytical reports, internet browser migration, among others, for a total amount of 863 thousands of euros.

At December 31, 2022 and 2021, the Company had recorded fully amortised intangible assets that remained in use, based on the following detail:

Fully amortised elements



2.6 Impairment of non-financial assets

ACCOUNTING POLICIES

- At each year-end, or when there are indications of impairment, the Group analyses the recoverable amounts to determine the possibility of impairment. This recoverable amount is the greater of the market value minus the cost necessary for its sale and the value in use, understood as the current value of the estimated future cash flows. For the calculation of the recovery value of property, plant, and equipment, the value in use is the criterion used by the Company in most cases.
- In the event that the recoverable amount is lower than the net carrying amount of the asset, the corresponding impairment provision is recorded by the difference, charged to "Impairment and gains /(losses) on disposal of assets" in the attached income statement.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- Determination of impairment losses on non-current assets other than financial assets is based on fulfilment of a series of hypotheses which are described below in this note and are revised annually.
- To estimate value in use, the Company estimates projections regarding future cash flows before taxes based on the most recent budget forecasts approved by the Directors. These budgets use the best available income and costs estimates for each element, using sector forecasts, past experience and future expectations.
- These forecasts cover flows for future years, applying reasonable growth rates that, in any case, from the last year are increasing.
- To calculate the current value, these flows are discounted at a rate, before taxes, which includes the cost of business capital. For its calculation, the current value of money is taken into consideration together with the risk premiums generally used by analysts of the business in question.

During the twelve months of the financial year 2022, there were no movements with respect to the provisions for impairment losses of assets held by the Company in addition to those mentioned in each note of these Annual Accounts.

2.7 Leases

ACCOUNTING POLICIES

- Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance leases

- At December 31, 2022 and 2021 the Company had no finance leases.

Operating leases

- In operating leases in which the Company acts as the lessee, expenses resulting therefrom are charged to income statement for the year in which they are incurred.
- Any proceeds or payments in connection with an operating lease are treated as advance proceeds or payments and recognised in the income statement over the term of the lease as the benefits of the leased asset are received or conceded.

At year-end 2022 and 2021, the Company was committed to the following minimum lease payments, pursuant to ongoing contracts, with no consideration taken of the effects of shared service charges, future CPI increases or future adjustments of contractually agreed rents:

The amount of operating lease payments recognised as an expense in 2022 was 3,534 thousands of euros (3,440 thousands of euros in 2021).

In its position as lessee, the most significant operating leases held by the Company at the end of 2022 and 2021 are the leases on the office buildings held by the Company in Madrid, which expire in 2025 in the case of the Company's head office, for an annual amount of 2,105 thousands of euros, and the rest in 2025 and in 2027 for a total annual amount of 1,116 thousands of euros. In relation to contingent rents, these contracts are referenced to annual increases based on CPI.

Operating leases	Face value	
Minimum fees to pay	2022	2021
Less than a year	3,704	3,459
Between one and five years	9,009	6,467
Total	12,713	9,926

In its position as lessor, at year-end 2022 the company maintains the lease of part of its offices which expires in 2027 and whose annual amount is 242 thousands of euros; this represents an amount of 1,047 thousands of euros to be collected between 1 and 5 years.

2.8 Provisions and contingent liabilities

ACCOUNTING POLICIES

- ▶ While drawing up the Company's Annual Accounts, the Directors made a distinction between the following:
 - Provisions: credit balances covering present obligations arising from past events, the settlement of which is likely to cause an outflow of resources, but which are uncertain as to their amount and/or timing.
 - Contingent liabilities: Potential obligations that arise from past events and whose future settlement is dependent on the occurrence or non-occurrence of one or more future events that are beyond the control of the Company, and present obligations that arise from past events and for which it is not probable that an outflow of resources will be required to settle them or for which the amount of the obligation cannot be measured with sufficient reliability.
- ▶ The annual accounts include all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognised in the Annual Accounts, but are disclosed in the Notes to the Annual Accounts, unless they are considered to be remote.
- ▶ Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences and any adjustments arising from the restatement of these provisions are recognised as finance cost as they are accrued.
- ▶ The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless there is a legal relationship whereby a portion of risk has been externalised as a result of which the Company is not liable, in which case, reimbursement will be taken into consideration in estimating the amount of any provisions.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- ▶ The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless there is a legal relationship whereby a portion of risk has been externalised as a result of which the Company is not liable, in which case, reimbursement will be taken into consideration in estimating the amount of any provisions. The policy followed with respect to the recognition of provisions for risks and expenses is to recognise the estimated amount required to settle probable or certain liabilities arising from litigation underway, pending indemnities or liabilities, sureties and similar guarantees. They are recognised upon emergence of the liability or obligation determining the indemnity or payment.
- ▶ At the end of 2022, in addition to the appeal filed by the Company in relation to the assessments signed in disagreement of the Corporate Income Tax for 2012 to 2015 (Note 4.2), various legal proceedings and claims filed against the Company arising from the normal course of its activities were in progress. Both the legal advisors of the Company and its Directors judge that the conclusion of these procedures and claims will not have a significant effect on the Annual Accounts of the financial years in which they are finalised that have not been recorded or indicated in these Annual Accounts.

a) Provisions

At December 31, 2022, there are no significant contingencies that need to be disclosed in the Company's Annual Accounts.

Non-current provisions	Opening	Provisions	Reversals	Short-term reclassifications	Balance at
2022					
Personnel remuneration	663	1,095	-	(833)	925
Other responsibilities	-	-	-	-	-
Total non-current provisions	663	1,095	-	(833)	925
2021					
Personnel remuneration	2,295	-	-	(1,632)	663
Other responsibilities	466	-	(466)	-	-
Total non-current provisions	2,761	-	(466)	(1,632)	663

The heading "Personnel remuneration" includes the cash portion of the 2022-2024 Long-Term Incentive Plan to be settled ([Note 4.4](#)), which will be paid in 2025 and 2026, as well as the three-year bonus plan for contribution to results aimed at the remaining personnel of the Company, which will be paid in 2025.

The Directors of the Company consider that the provisions recognised in the accompanying Balance Sheet for litigation and arbitration risk as well as other risks described in this note are adequate and, in this respect, they do not expect any additional liabilities to arise other than those already recorded. Given the nature of the risks covered by these provisions, it is not possible to determine a reasonably reliable schedule of payment dates, if any.

b) Contingent liabilities

At December 31, 2022, there are no significant contingencies that need to be disclosed in the Company's Annual Accounts in addition to those indicated in [Note 1.5.c](#) in relation to the GSP project in Peru and in [Note 4.2.f](#).

3. Capital structure, financing and financial result

RELEVANT ASPECTS

Credit rating of the Company

- On September 9, 2022, the credit rating agency Fitch Ratings maintained Enagás' outlook at stable, placing Enagás' rating at BBB. On January 26, 2022, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB, with a stable outlook (Note 3.5).

Equity

At December 31, 2022, net equity increased by 7.2 million euros compared to the previous year-end, to a total of 2,698 million euros.

With respect to the Company's share capital, the following should be mentioned:

- The price of the Enagás, S.A. shares amounted to 15.525 euros per share at December 31, 2022.
- A maximum value of 22.11 euros per share for 2022 was reached on May 25.
- No individual or legal entity can invest directly or indirectly in a proportion in excess of 5% of the share capital of Enagás, S.A., nor exercise political rights in this company above 3% (1% for those subjects who, directly or indirectly, perform activities in the gas sector). These restrictions are not applicable to direct or indirect holdings corresponding to the public business sector (Note 3.1).

Financial debt

The average annual interest rate during 2022 for the Company's gross financial debt (considering both debt with credit institutions and Group companies) amounted to 1.6% (1.7% in 2021).

The main operations for the year were:

- On December 28, 2022, Enagás, S.A. repaid the loan of 225 million dollars (214 million euros) with credit institutions contracted in January 2021 with the loan funds provided by Enagás Internacional.

Available funds

- The Company has available funds in the amount of 1,788 million euros (1,845 million euros in 2021) (Note 3.6).

3.1 Equity

a) Share capital

At 2022 and 2021 year-end, the share capital of Enagás S.A. amounted to 392,985 thousands of euros, represented by 261,990,074 shares with a nominal value of 1.5 euros each, fully subscribed, and paid in.

All shares of the parent company Enagás, S.A. are listed on the four official Spanish Stock Exchanges and are traded on the continuous market. At the closing of December 31, 2022 the quoted share price was 15.525 euros, having reached a maximum of 22.11 euros per share on May 25, 2022.

It is worth noting that, subsequent to publication of Additional Provision 31 of Hydrocarbon Sector Law 34/1998, in force since enactment of Law 12/2011, of May 27, "no natural or legal person can participate directly or indirectly in the shareholder structure of Enagás, S.A with a stake exceeding 5% of share capital, nor exercise political rights in said parent company exceeding 3%. These shares cannot be syndicated under any circumstances." Furthermore, "any party operating within the gas sector, including natural persons or legal entities that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%." These restrictions shall not apply to direct or indirect interests held by public-sector enterprises.

At December 31, 2022 and 2021 the most significant shareholdings in the share capital of Enagás, S.A. were as follows (from the information published by the National Securities Market Commission (CNMV in Spanish) (1) at December 31, 2022):

Company	Investment in share capital (%)	
	12.31.2022	12.31.2021
Sociedad Estatal de Participaciones Industriales	5.000	5.000
Partler 2006 S.L.	5.000	5.000
Bank of America Corporation	3.614	3.614
BlackRock Inc.	4.988	3.383
State Street Corporation	3.008	3.008
Mubadala Investment Company PJSC	3.103	3.103

- (1) The information obtained from the CNMV was based on the last notification that each entity thus obliged must send to said body, in connection with the stipulations of Royal Decree 1362/2007, of October 19 and Circular 2/2007, of December 19.

b) Issue premium

At December 31, 2022 and 2021 the Company's issue premium amounted to 465,116 thousands of euros.

The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the issue premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) Treasury shares

On December 31, 2022, Enagás, S.A. finalised the process of delivering and acquiring treasury shares, which amounted to 821,375 shares, representing 0.31% of the total shares issued by Enagás, S.A. at December 31, 2022, for a total of 9,676 thousands of euros (including associated expenses of 10 thousands of euros). This acquisition took place within the framework of the "Temporary Treasury Shares Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Directors and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2022-2024 Long-Term Incentive Plan (ILP) and Remuneration Policy approved at the General Shareholders' Meeting on March 31, 2022. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 31, 2022. Management of the Temporary Treasury Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process (Note 4.4).

During the period from January 1, 2022 to December 31, 2022, the following movements in treasury shares have taken place:

No. of shares as at January 1, 2022	No. of shares acquired new target	No. of shares implemented for the target	No. of shares as at December 31,
501,946	465,000	(145,571)	821,375

d) Reserves

The Corporate Enterprises Act stipulates that 10% of profit for the year must be transferred to the legal reserve until it represents at least 20% of share capital. During 2022 no legal reserve has been recorded as it has been fully constituted as of December 31, 2022 for a total amount of 78,597 thousands of euros (Note 1.6).

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase. Except for this purpose, until the legal reserve exceeds the limit of 20% of capital, it can only be used to compensate losses provided there are no other reserves available.

e) Adjustments for changes in value

At December 31, 2022, the Company has no cash flow derivatives recorded on its Balance Sheet (Note 3.4).

3.2 Financial debts

ACCOUNTING POLICIES

The Company classifies all financial liabilities in the following category:

Financial liabilities classified in this category are initially measured at fair value, which, until proven otherwise, is assumed to be the transaction price, which is the fair value of the consideration received plus transaction costs.

The amortised cost method is used for subsequent measurement. Accrued interest is recognised in the income statement (financial expenses) using the effective interest rate method.

Derecognition of financial liabilities

The Company derecognises a previously recognised financial liability when any of the following circumstances arise:

- The obligation has been extinguished because payment has been made to the creditor to cancel the debt, or because the debtor is legally released from any responsibility for the liability.

- The Company's own financial liabilities are acquired, even when it is the intention to repositioning them in the future.

- There is an exchange of debt instruments between a lender and a borrower, provided that they have substantially different terms, and the new financial liability that arises is recognised; similarly, a substantial modification of the current terms of a financial liability is recorded, as indicated for debt restructuring.

The accounting for the derecognition of a financial liability is as follows: the difference between the carrying amount of the financial liability (or part thereof that has been derecognised) and the consideration paid, including attributable transaction costs, and which also includes any asset transferred other than cash or liability assumed, is recognised in the income statement for the year in which it occurs.

Categories

Class	Fair value with changes in equity		Amortised cost		Total	
	2022	2021	2022	2021	2022	2021
Financial debts with credit institutions	-	-	-	200,618	-	200,618
<i>Debt arrangement expenses with credit institutions</i>	-	-	-	(2,924)	-	(2,924)
Other financial liabilities	-	-	5	40	5	40
Total long-term debts	-	-	5	197,734	5	197,734
Financial debts with credit institutions	-	-	1,000	-	1,000	-
<i>Debt arrangement expenses and accrued interest payable</i>	-	-	124	94	124	94
Derivatives	-	36	-	-	-	36
Creditors and other financial liabilities	-	-	4,814	8,154	4,814	8,154
Total short-term debts	-	36	5,938	8,248	5,938	8,284
Total debts	-	36	5,943	205,982	5,943	206,017

a) Long-term financial liabilities

At December 31, 2022, the Company had undrawn credit lines granted up to a limit of 1,715,689 thousands of euros (in 2021 there were credit lines granted up to a limit of 1,702,198 thousands of euros, partially provided in the amount of 1,820 thousands of euros) (Note 3.6). Along these lines, a sustainable syndicated credit line amounting to 1,500,000 thousands of euros is included, the price of which is linked to the reduction of CO₂ emissions. This credit line is held by 12 national and international financial institutions.

In the opinion of the Directors, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

One of the most significant events of the year was that on December 28, 2022, Enagás, S.A. repaid the 225 million dollars loan from credit institutions.

The average rate of gross debt (considering debt with credit institutions and group companies) in 2022 was 1.6% (1.7% in 2021).

The Directors of the Company estimate that the fair value of the bank debts contracted at December 31, 2022 and December 31, 2021 does not differ significantly from their carrying amounts.

b) Short-term financial liabilities

The change in 2022 in the caption "Short-term debt" relates mainly to the decrease in accounts payable to suppliers of fixed assets in the amount of 3,340 thousands of euros.

c) Debts with group companies

	Long-term		Short-term	
	2022	2021	2022	2021
Enagás Financiaciones, S.A.U.	2,202,496	2,538,052	508,098	907,037
Enagás Internacional, S.L.U.	255,057	233,325	219,455	8,020
Enagás Empreende, S.L.U.	—	—	744	1,109
Enagás Infraestructuras de Hidrógeno, S.L.U.	—	—	4,112	—
Enagás Services Solutions, S.L.U.	—	—	39	165
Scale Gas Solutions, S.L.	—	—	411	389
Enagás GTS,	—	—	676	—
Other	—	—	572	996
Total	2,457,553	2,771,377	734,107	917,716

The average rate for 2022 for loans with group companies was 1.6% (1.7% for 2021).

The main changes in Debts with Group Companies included the following:

- Credit granted by Enagás Financiaciones, S.A.U. during financial year 2022, amounting to 149,000 thousands of euros.

The breakdown by maturity is as follows:

2022	2023	2024	2025	2026	2027 and later years	Valuation adjustments and/or other	Total
Loans and payables	734,107	306,799	171,019	51,742	1,931,606	(3,613)	3,191,660
Total	734,107	306,799	171,019	51,742	1,931,606	(3,613)	3,191,660

2021	2022	2023	2024	2025	2026 and later years	Valuation adjustments and/or other	Total
Loans and payables	917,716	1,859,077	99,742	390,019	426,819	(4,280)	3,689,093
Total	917,716	1,859,077	99,742	390,019	426,819	(4,280)	3,689,093

- Repayment of a credit granted by Enagás Financiaciones, S.A.U. amounting to 873,742 thousands of euros
- Credit granted by Enagás Internacional, S.L.U. during financial year 2022, amounting to 214,703 thousands of euros.
- With respect to the account payable to Enagás Internacional for the recovery of the value of the share capital invested by it in GSP, since Enagás, S.A. is the holder of the loans assigned by the Odebrecht Group that will enable the recovery of the investment in the share capital of GSP, it represents a liability of 255,057 thousands of euros (233,325 thousands of euros at December 31, 2021) in the balance sheet at December 31, 2022, considering the effect of the financial restatement corresponding to a recovery period estimated at June 30, 2023 (Note 1.5.c).
- The heading "Short-term debts from group companies and multi-group" at year-end 2022 and 2021 mainly includes:
 - The balance of interest and short-term loans granted by Enagás Financiaciones, S.A.U. to Enagás, S.A. for a total of 493,682 thousands of euros.
 - The balance of interest and short-term loans granted by Enagás Internacional S.L.U. to Enagás, S.A. for a total of 214,848 thousands of euros.
 - As the parent company of Tax Consolidation Group 493/12 for corporate income tax, Enagás S.A. has amounts pending payment to some group companies amounting to 25,154 thousands of euros (30,889 thousands of euros in 2021), mainly related to the amounts pending payment to Enagás Financiaciones, S.A.U., Enagás Internacional, S.L.U., Enagás Empreende, S.L.U. and Enagás Infraestructuras de Hidrógeno, S.L.U. in the amounts of 14,416, 4,607, 744 and 4,112 thousands of euros, respectively (20,261, 8,020 and 1,109 thousands of euros, respectively, at December 31, 2021). Once the definitive declaration of the 2021 Corporate Tax has been presented in 2022, Enagás, S.A. paid the Corporate Tax account payable to the corresponding group companies belonging to the Tax Consolidation Group, in the amount of 30,103 thousands of euros (25,617 thousands of euros in 2021 for the 2020 Corporate Tax). (Note 4.2.a).

3.3 Net financial gain /(loss)

	2022	2021
Financial income	14,307	12,831
Financial income	14,307	12,831
Financial expenses and similar	(6,453)	(151)
Loan interest	(55,007)	(69,968)
Financial expenses	(61,460)	(70,119)
Exchange differences	(71)	862
Net financial gain (loss)	(47,224)	(56,426)

It should be noted that expenses for interest on loans were calculated by using the effective interest rate method.

The change in the heading "Interest on loans" during 2022 compared to the previous year mainly relates to:

- Decrease of 11,786 thousands of euros in interest on debts with group companies due to the maturity of a loan with Enagás Financiaciones, S.A.U.
- An increase of 371 thousands of euros in interest receivable from credit institutions due to the increase in interest rates in US dollars and the change in the €/USD exchange rate.

Likewise, the financial income includes the financial update of the guarantees provided by the Company in favour of GSP, by taking June 30, 2023 as the estimated date for obtaining an award favourable to the interests of the Company, as well as the investment and the account payable to Enagás Internacional, S.L.U., the net effect being an income amounting to 5,283 thousands of euros (5,275 thousands of euros in 2021). The breakdown of this effect is as follows:

- The financial update of the loan for the execution of the guarantees provided and the update of the investment involved a total income of 11,500 thousands of euros (11,741 thousands of euros in 2021).
- The financial update of the account payable to Enagás Internacional, S.L.U. for the assignment of the accounts receivable with GSP involved an expense in the amount of 6,216 thousands of euros (6,353 thousands of euros in 2021).

3.4 Derivative financial instruments

The Company does not hold derivative financial instruments. On December 28, 2022, the derivative financial instrument (Interest Swap Rate) contracted by the company in 2021 expired and no similar instruments were arranged in 2022.

3.5 Financial and capital risk management

a) Qualitative information

The Company Enagás S.A. is exposed to certain risks which it manages with a risk control and management model, established at group level, which is directed towards guaranteeing achievement of the Company's objectives in a predictable manner with a medium-moderate risk profile.

This model allows it to adapt to the complexity of its business activity in a globalised competitive environment, in a complex economic context, where the materialisation of a risk is more rapid and with an evident contagion effect.

The model is based on the following:

- The consideration of some standard types of risk to which the Company is exposed.
- The separation and independence of risk control and management functions articulated by the Company in three lines of "defence".
- Governing bodies with responsibilities regarding supervision of the Company's risk level.
- Establishing a risk appetite framework which defines the risk levels considered acceptable and that is in line with established business objectives and the market environment in which the company's activities are carried out.
- The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The integral analysis of all risks allows the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. The Company has established a regulatory framework through its "Risk control and management policy" and "General risk control and management regulations," which define the basic principles to be applied and identify the responsibilities of the different departments of the Company.

The risk control and management function is articulated around three lines of defence, each presenting different responsibilities:

- First line of defence: made up from the organisational units which assume the risks in the ordinary course of their activities. They are the owners of the risks and are responsible for identifying and measuring their respective risk exposure.
- Second line of defence: the Risk Department, in charge mainly of ensuring that the risk control and management system works correctly, defining the regulatory framework and approach, and performing periodic monitoring and overall control of the company's risks.
- Third line of defence: the Internal Audit Department, in charge of supervising the efficiency of the risk controls in place.

The Governing Bodies responsible for risk control and management are the following:

- Board of Directors: responsible for approving the risk control and management policy. Other responsibilities with respect to risks are delegated in the Audit and Compliance Committee.
- Audit and Compliance Committee: the main function is to ensure the independence of the risk control and management function, supervise the efficacy of the risk control and management systems as well as evaluating the Group's risk exposure (identification, measurement, and establishment of management measures).
- Executive committee: responsible for approving the general risk framework, defining the company's strategy and risk appetite, and monitoring the company's risk level.

The main risks of a financial and tax nature to which the Company is exposed are as follows.

Credit risk

Credit risk relates to the possible losses arising from the non-payment of monetary or quantifiable obligations of a counterparty to which the Company has granted net credit which is pending settlement or collection.

The credit risk associated with receivables from its business activity is historically very limited since the Company operates mainly with Group companies (Note 3.2.c).

The Company is also exposed to the risk of its counterparties not complying with obligations in connection with placement of surplus cash balances. To mitigate this risk, these operations are carried out in a diversified way over highly solvent entities.

Interest rate risk

Interest rate fluctuations affect the fair value of those assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities that accrue interest at floating rates.

The objective of interest rate risk management is to create a balanced debt structure that minimises finance costs over a multi-year period while also reducing volatility in the income statement.

In order to carry out this risk management, the exposure of all financial instruments contracted by the Company to interest rate volatility is analysed. The Company considers forecasts of macroeconomic factors as well as historical levels for its analysis. All these factors are regularly assessed and reviewed with a view to achieving the cost of debt and interest expense targets.

Based on the Enagás S.A. estimates and debt structure targets, hedges are put in place using derivatives that reduce these risks.

At December 31, 2022, the Company has no derivative financial instruments.

Exchange rate risk

Changes in exchange rates may affect credit positions denominated in foreign currency. The Company manages exchange rate risk through natural hedges, which consist of contracting financial instruments in the same currency in which the investment is made. (Note 4.1.b).

At December 31, 2022, the Company has no derivative financial instruments.

Liquidity risk

Liquidity risk arises as a consequence of differences in the amounts or payment and collection dates relating to the different assets and liabilities of the Company.

The liquidity policy followed by the Company is oriented towards ensuring that all short-term payment commitments acquired are fully met without having to secure funds under burdensome terms. For this purpose, different management measures are taken such as maintenance of credit facilities ensuring flexibility, sufficient amounts and sufficient maturities, diversified sourcing for financing needs via access to different markets and geographical areas, as well as the diversification of maturities in debt issued.

Although the Company has negative working capital, it has the following available financial facilities (see Note 3.6.b), which are sufficient to meet the Company's current liabilities:

	2022	2021
Cash and cash equivalents	71,936	144,498
Other available funds (Note 3.2)	1,715,689	1,700,378
Total	1,787,625	1,844,876

Tax risk

The Company is exposed to possible modifications in tax regulatory frameworks and uncertainty relating to different possible interpretations of prevailing tax legislation, potentially leading to negative effects on results.

The Company has a Board-approved tax strategy, which includes the action policies governing compliance with its tax obligations, attempting to avoid risks and tax inefficiencies.

Other risks

Enagás is exposed to cross-cutting risks which do not correspond to a single risk category but may be correlated with several of them. These are the risks related to the three pillars of sustainability: Environmental, Social and Governance (ESG). Environmental, Social and Governance - ESG.

In the context of ESG risks, Enagás is exposed to certain risks arising from climate change. These risks are managed and assessed in an integrated manner within the risk management model described in the Management Report. Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO₂ emissions and prices, the use and technological development of renewable gases, and reputational risks (for more details on climate change risks, see chapter 'Climate Action and Energy Efficiency' of the Management Report).

The impact of climate-related risks and how management assesses these risks to incorporate them into the judgements, estimates and uncertainties that affect the financial statements of the Group are described in [Note 4.6.a](#).

Given the dynamic nature of the business and its risks, and despite having a risk control and management system that responds to the best international recommendations and practices, it is not possible to guarantee that some risk is not identified in the risk inventory of the Company.

b) Quantitative information

Interest rate risk

	12.31.2022	12.31.2021
Percentage of financial debt tracking protected rates	40%	49%

Taking into account these percentages of financial debt at fixed rates, and after performing a sensitivity analysis using a range of +0.25/-0.10% percentage points changes in market interest rates, the Company considers that, according to its estimates, the impact on results of such variations on finance costs relating to variable rate debt could change as follows:

	Interest rate change			
	2022		2021	
	25 bps	-10 bps	25 bps	-10 bps
Change in finance costs	4,479	(1,792)	4,880	(1,952)

c) Capital management

The Company carries out capital management at corporate level and its objectives are to ensure financial stability and obtain sufficient financing for investments, optimising the cost of capital in order to maximise the value created for the shareholder while maintaining its commitment to solvency.

The Company uses the level of consolidated leverage as an indicator for monitoring its financial position and managing capital, which is defined as the quotient resulting from dividing net consolidated assets (understood to be the sum of net financial debt and consolidated equity) by net consolidated financial debt.

Financial net debt and leverage of the Enagás Group at December 31, 2022 and 2021 was as follows (consolidated figures):

	2022	2021
Debts with credit institutions	1,690,600	1,777,900
Debentures and other marketable securities	2,736,574	3,481,812
Loans from the General Secretariat of Industry, General Secretariat of Energy and Oman Oil	1,112	1,745
Finance leases (IFRS 16)	399,903	459,550
Gross financial debt	4,828,189	5,721,007
Cash and cash equivalents	(1,359,284)	(1,444,151)
Net financial debt	3,468,905	4,276,856

	2022	2021
Net financial debt	4,828,189	4,276,856
Shareholders' equity	3,076,477	3,158,421
Financial leverage	53 %	57.5 %

In this way, Enagás, S.A. has shown its financial robustness as confirmed by different rating agencies.

On September 9, 2022, the credit rating agency Fitch Ratings maintained Enagás' outlook at stable, placing Enagás' rating at BBB. On January 26, 2022, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB, with a stable outlook.

3.6 Cash flows

ACCOUNTING POLICIES

- Liquid financial assets, deposits and liquid financial investments that may be transformed into a determinable amount of cash in the short-term, and whose risk of changes in value is immaterial, are considered cash equivalents.

a) Cash and cash equivalents

	2022	2021
Treasury	71,936	144,498
Total	71,936	144,498

Generally, the banked cash accrues interest at rates similar to daily market rates. The deposits maturing in the short-term are easily convertible into cash, and accrue interest at the going market rates. There are no significant restrictions on the availability of cash.

b) Available funds

In order to guarantee liquidity, Enagás has arranged loans and credit lines which it has not drawn down. Thus, liquidity available to the Company is broken down as follows:

	2022	2021
Cash and cash equivalents	71,936	144,498
Other available funds (Note 3.2)	1,715,689	1,700,378
Total	1,787,625	1,844,876

In the opinion of the Directors of the Company, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

4. Other information

RELEVANT ASPECTS

Property investments

- Enagás, S.A. has a plot of land located at km. 18 of the A-6 motorway in Las Rozas (Madrid) classified as investment property since it is maintained to obtain a surplus value in its sale.
- The market valuation of this land at December 31, 2022 was 17 million euros. This valuation was made by an independent expert in accordance with the Regulations of the Royal Institution of Chartered Surveyors (Note 4.1.a).

Remuneration for Board of Directors and Senior Management

- Remuneration for the Board of Directors, without taking into account insurance premiums, amounted to 5,116 thousands of euros (Note 4.4).
- Remuneration for Senior Management, without taking into account the pension plans and insurance premiums, amounted to 3,395 thousands of euros (Note 4.4).

4.1 Information on other items on the balance sheet

ACCOUNTING POLICIES

Property investments

- The cost model is applied for measuring investment property, that is, the corresponding assets are measured at acquisition cost less the corresponding accumulated depreciation and any impairment losses. However, as one plot of land is not currently in use, it was measured at its recoverable amount, calculated as the fair value less the necessary costs for its sale.

Items in foreign currency

- The Company's functional currency is the euro. Consequently, transactions in currencies other than the euro are considered to be foreign currency transactions and are recognised by applying the prevailing exchange rates at the dates of the operations.
- At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the prevailing rates. Any gains or losses arising are taken directly to the income statement for the year in which they arise.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- The market appraisal was performed by the independent expert in accordance with the Governing Rules of the Royal Institution of Chartered Surveyors (RICS), set out in the so-called "Red Book" - RICS Valuation - Professional Standards, January 2014. Said market valuations defined

by RICS are internationally recognised by advisors and accountants providing services for investors and corporations that own investment properties, as well as by The European Group of Valuers (TEGoVA) and The International Valuation Standards Committee (IVSC).

a) Property investments

	Balance at December 31, 2020	Impairment allowances 2021	Balance at December 31, 2021	Impairment allowances 2022	Balance at 12/31/22
Cost	47,211	-	47,211	-	47,211
Impairment	(28,191)	(360)	(28,551)	(1,250)	(29,801)
Carrying amount	19,020	(360)	18,660	(1,250)	17,410

- Corresponds entirely to a plot of land located at km 18 of the A-6 motorway in Las Rozas (Madrid), held to obtain a surplus value in its sale as a result of future increases in the market price. At December 31, 2022, Jones Lang LaSalle España, S.A. issued a valuation report, which concluded that the recoverable amount of the plot at that date amounted to 17,410 thousands of euros (18,660 thousands of euros at December 31, 2021).

It is worth noting that the independent expert's report did not include any scope limitations with respect to the conclusions reached.

- There are no mortgages or encumbrances of any type on real estate investments.
- It is Company policy to insure its assets to ensure that there is no significant loss of equity, based on best market practices, given the nature and characteristics of the investment properties. In addition, the Company has contracted the corresponding insurance policies to cover third party Civil Liabilities.

b) Items in foreign currency

The detail of the most significant foreign currency balances valued at the year-end exchange rate is as follows:

	2022	2021
Long-term credits ESG (Note 1.5.c)	471,401	431,227
Debts with Group Companies (Note 3.2.b)	469,760	233,325
Debts with credit institutions (Note 3.2.a)	-	199,303
Other short-term financial liabilities	4,551	4,163

The amount of exchange gains (losses) recognised in profit /(loss) for the year by financial instrument classes is as follows:

	For Transactions Settled in the Year		For Balances Pending Settlement		Total	
	2022	2021	2022	2021	2022	2021
Debts with group companies	-	-	(15,515)	(15,810)	(15,515)	(15,810)
Debts with credit institutions	(12,112)	-	-	(13,424)	(12,112)	(13,424)
Other exchange gains (losses)	(841)	1,159	28,397	28,938	27,556	30,097
Total	(12,953)	1,159	12,882	(296)	(71)	862

As indicated in Note 3.5, the Company has liabilities and assets items in dollars whose variations are netted by a natural hedge, which do not cause a significant difference in the income statement.

4.2 Tax situation

ACCOUNTING POLICIES

- ▶ The income tax payable or receivable comprises the current tax payable or receivable and the deferred tax income or expense.
- ▶ Current tax is the amount paid by the Company in settlement of income tax during a particular year. Tax credits and other tax benefits applied to the taxable profit, excluding withholdings, prepayments and carry forwards tax losses effectively offset during the year, are deducted from the current tax.
- ▶ Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences measured as the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax value, as well carry-forward tax losses pending payment and credits for tax deductions not applied fiscally. These amounts are measured by applying the tax rate to the corresponding temporary differences or tax credits at which they are expected to be recovered or settled.
- ▶ Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of those arising from initial recognition of goodwill or from other assets and liabilities in a transaction that does not affect taxable profit or accounting profit and is not a business combination.
- ▶ Deferred tax assets are only recognised to the extent that it is considered likely the Company will have sufficient taxable profit in the future against which the deferred tax assets can be offset.
- ▶ Deferred tax assets and liabilities arising from items directly charged or credited to equity accounts are also recognised with a charge or credit, respectively, to equity.
- ▶ The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to their future recoverability. Deferred tax assets not recognised on the balance sheet are also reassessed at the end of each reporting period and are recognised where it has become highly probable that they will be recovered through future taxable profits.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- ▶ In accordance with prevailing legislation in Spain, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed.
- ▶ The Directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying Annual Accounts.
- ▶ The deferred tax assets were recognised in the balance sheet as the Directors believe, based on the best estimate of future profits and reversals of deductible temporary differences, that it is probable that these assets will be recovered.

a) Balances with the Public Administrations

	2022	2021
Debit balances		
Current tax assets	280	12,272
Other receivables from the Public Administrations	1,153	3
Accounts payable by the Tax	1,153	3
Credit balances		
Current tax liabilities	-	630
Other debts with the Public Administrations	33,599	31,873
Accounts payable to the Tax Authorities for withholdings	33,194	31,067
Accounts payable to the Tax	-	414
Social Security agencies creditors	405	392

During 2022, Enagás, S.A. paid 57,955 thousands of euros for settling 2022 corporate income tax (72,979 thousands of euros in 2021), corresponding to the Tax Group of which Enagás, S.A. acts as the Parent Company.

At December 31, 2022, the balance of the heading Current tax assets corresponds to the account receivable for the Corporate Income Tax Group for 2022 in the amount of 280 thousands of euros (12,272 thousands of euros at December 31, 2021). The receivable relating to the Tax Group for the final 2020 corporate income tax for an amount of 12,288 thousands of euros, which was collected on January 5, 2022).

Also, at December 31, 2021, the balance of the heading Current tax liabilities corresponded to the account payable for the Corporate Income Tax Group for 2021. On July 22, the final corporate income tax for the year 2021 was paid in the amount of 458 thousands of euros.

Additionally, Enagás, S.A. acts as the Parent Company of the Tax Group as indicated in [Note 4.2.b](#). For these purposes, the Company has debit and credit balances for Corporate Income Tax with the different subsidiaries of the Tax Group. Accordingly, as indicated in [Note 3.2.c](#) during 2022 the Company settled the

respective balances with the rest of the Tax Group companies for Corporate Tax 2021.

Specifically, it has collected the amount of 116,019 thousands of euros, an amount that was mainly part of the balance recorded at year-end 2021 under group companies and multi-group short-term loans ([Note 1.5](#)) and paid the amount of 30,103 thousands of euros, an amount that was mainly part of the balances recorded at year-end 2021 under short-term debt to group companies and multi-group ([Note 3.2.c](#)).

b) Tax returns

Enagás S.A. has been the parent company of the Tax Consolidation Group 493/12 for Corporate Income tax from January 1, 2013, comprising the following subsidiaries at December 31, 2022:

- Enagás Transporte, S.A.U.
- Enagás GTS, S.A.U.
- Enagás Internacional, S.L.U.
- Enagás Financiaciones, S.A.U.
- Enagás Emprende S.L.U.
- Scale Gas Solutions, S.L.
- Efficiency for LNG Applications, S.L.
- Infraestructuras del gas, S.A.
- Enagás Services Solutions, S.L.U.
- Enagás Holding USA, S.L.U.
- Sercomgas Solutions, S.L.
- Infraestructuras de Hidrógeno S.L.U.

This involves the joint calculation of the Group's tax result, as well as the deductions and bonuses from the payment. Furthermore, the corporate income tax is calculated on the basis of the Group's accounting profit/loss determined by application of generally accepted accounting principles, which does not necessarily coincide with the Group's taxable profit/tax loss.

c) Reconciliation of accounting result and taxable income

	Income statement					
	2022			2021		
	Increases	Decreases	Total	Increases	Decreases	Total
Accounting profit before tax	450,133	-	450,133	445,405	-	445,405
Permanent differences:	15,846	(524,094)	(508,248)	574	(492,740)	(492,166)
Donations	604	-	604	360	-	360
Dividend exemption ⁽¹⁾	-	(517,038)	(517,038)	-	(490,555)	(490,555)
Impairment of investments	14,094	(30)	14,064	40	(2,151)	(2,111)
Other	1,148	(7,026)	(5,878)	174	(34)	140
Temporary differences:	11,162	(13,121)	(1,959)	11,672	(8,484)	3,188
With origin in the financial year:						
Provision for personnel remuneration	3,493	-	3,493	4,765	-	4,765
Other	1,406	-	1,406	360	(55)	305
With origin in previous financial years:						
Amortisation deduction limit R.D.L. 16/2012	-	(981)	(981)	-	(981)	(981)
Accelerated amortisation Law 4/2008, 13/2010	47	-	47	47	-	47
Provision for personnel remuneration	-	(5,853)	(5,853)	-	(616)	(616)
Other ⁽²⁾	6,216	(6,287)	(71)	6,500	(6,832)	(332)
Taxable income	477,141	(537,215)	(60,074)	457,651	(501,224)	(43,573)

(1) In accordance with prevailing regulations, from January 1, 2021, the tax exemption for dividends and capital gains related to shareholdings in resident and non-resident companies will be only 95% of the amount of such shareholdings.

(2) This heading mainly includes the financial restatement of accounts receivable from GSP and the financial restatement of accounts payable to Enagás Internacional (Note 3.3).

d) Tax recognised in equity

	2022			2021		
	Increases	Decreases	Total	Increases	Decreases	Total
For deferred tax:						
Originating in the financial year (Note 3.1.e):						
From cash flow hedges	702	(709)	(7)	-	(9)	(9)
Originating in the financial year (Note 3.1.e):						
Grants, donations and bequests received	210	-	210	-	-	-
Total corporate income tax recognised directly in equity	912	(709)	203	-	(9)	(9)

e) Reconciliation between the accounting result and the corporate income tax

	2022	2021
Accounting profit before tax	450,133	445,405
Rate at 25%	112,533	111,351
Impact of permanent differences	(127,062)	(123,042)
Deductions:	(2,663)	(297)
For amortisation deduction limit	(49)	(49)
For double taxation	-	(122)
For investment in R&D&i expenses	(2,403)	-
For donations	(211)	(126)
Adjustments to income tax rate	4,005	134
Total expense for tax recognised in the income statement	(13,187)	(11,854)

f) Years to be audited

In conformity with current legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed.

In 2021, Enagás, S.A. was notified of the rejection of the Central Economic Administrative Court (hereinafter TEAC), in relation to the claims filed in relation to the assessments signed in disagreement of the Corporate Income Tax for 2012 to 2015. During the 2022 financial year, a lawsuit has been filed before the National High Court, against the rulings of the TEAC.

If the contentious-administrative appeal is dismissed, it would entail a payment of around 4.2 million euros (not including any late payment interest that may be applicable), in which case

the corresponding expense would be recorded in the Consolidated Income Statement. The appeal is expected to be resolved in more than one year.

The Directors consider that all taxes mentioned have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied to transactions, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying Annual Accounts.

Likewise, at 2022 year-end, the years 2019 to 2022 are pending audit for the taxes applicable to the company, with the exemption of corporate income tax, which is pending audit for the years 2018 to 2022.

g) Deferred tax assets and liabilities

	2022	2021
Deferred tax assets:		
Temporary differences (prepaid taxes):	8,735	10,820
Provision for remuneration ⁽¹⁾	5,989	6,579
Amortisation deduction limit R.D.L. 16/2012 ⁽²⁾	491	736
Others ⁽³⁾	2,255	3,505
Deductions pending and others (4)	98	147
Total deferred tax assets	8,833	10,967
Deferred tax liabilities:		
Grants	-	(210)
Accelerated amortisation ⁽⁵⁾	(172)	(184)
Engineering services margin	(945)	(965)
Others ⁽³⁾	(313)	(1,867)
Total deferred tax liabilities	(1,430)	(3,226)

- (1) These temporary differences include, inter alia, personnel expenses resulting from the Long-Term Incentive Plan, recorded in these financial years which, pursuant to Article 14 of the Corporate Income Tax Law, will be deductible at the time of their delivery or payment, so in 2022 they gave rise to a deferred tax asset. In addition, during 2022, part of the deferred tax asset associated with the settlement of the 2019-2021 long-term incentive has been reversed.
- (2) Arises from the limitation to tax deductible amortisation with respect to the Corporate Income Tax for the years 2013 and 2014. This amortisation is deductible from financial year 2015 following the straight method over a period of 10 years or optionally during the useful life of the asset. To this end, the Company decided to apply the deferred tax asset using the straight line method over a period of 10 years.
- (3) Other items include timing differences arising from the recognition of the impairment of investment property which generates a deferred tax asset and the effect of the discounting to present value of accounts receivable and payable associated with GSP (Note 4.1) which generates a deferred tax asset and a deferred tax liability, respectively.
- (4) In addition, it includes the deduction to be applied from 2015 in accordance with the thirty-seventh transitory provision of Law 27/2014, by virtue of which those contributors for whom limited amortisation was applicable in 2013 and 2014 will have the right to a 5% deduction of the tax base with respect to the amounts included in the taxable income for the corresponding period.
- (5) Arising from application of accelerated amortisation of certain assets for tax purposes during the period 2009-2012.

The Company does not hold any deferred tax assets that are not recognised in the accompanying Balance Sheet.

4.3 Related party transactions and balances

ACCOUNTING POLICIES

► In addition to subsidiaries, associates, and multigroup companies, the Company's "related parties" are considered to be its "key management personnel" (members of the Board of Directors and senior managers, along with their close relatives), and the entities over which key management personnel may exercise significant influence or control.

► The Company carries out all its transactions with related parties at market values and the corresponding remuneration in kind has been assigned. Transfer prices are adequately supported and consequently the Company's Directors consider that no significant risks exist in this respect from which significant liabilities could arise in the future.

Income and expenses	Directors and Senior Managers	Group Personnel, Companies or Entities	Other related parties	Total
2022				
Expenses:				
Financial expenses	-	53,544	-	53,544
Services received	-	148	-	148
Other expenses	8,642	-	-	8,642
Total Expenses	8,642	53,692	-	62,334
Income:				
Loan income	-	2,728	11,499	14,227
Dividends received	-	538,511	-	538,511
Rendering of services	-	69,892	1,374	71,266
Other income	-	22	-	22
Total income	-	611,153	12,873	624,026
2021				
Expenses:				
Financial expenses	-	65,467	-	65,467
Services received	-	2,830	220	3,050
Other expenses	8,697	-	-	8,697
Total Expenses	8,697	68,297	220	77,214
Income:				
Loan income	-	10,007	-	10,007
Dividends received	-	516,374	-	516,374
Rendering of services	-	65,215	-	65,215
Other income	-	554	-	554
Total income	-	592,150	-	592,150

Other transactions	Significant shareholders	Group Personnel, Companies or Entities	Other related parties	Total
2022				
Guarantees for related parties debt	-	4,992,260	-	4,992,260
Guarantees and sureties granted - Other	-	71,674	-	71,674
Dividends and other earnings distributed	106,321	-	-	106,321
2021				
Guarantees for related parties debt	-	5,688,752	-	5,688,752
Guarantees and sureties granted - Other	-	112,267	-	112,267
Dividends and other earnings distributed	102,192	-	-	102,192

The balances with related-parties on the balance sheet is as follows:

Balance	2022			2021		
	Group Personnel, Companies or parties	Other related parties	Total	Group Personnel, Companies or parties	Other related parties	Total
Long-term equity instruments	5,078,089	-	5,078,089	5,314,790	-	5,314,790
Other financial assets	-	471,401	471,401	-	431,227	431,227
Short-term loans to companies	-	-	-	407,557	-	407,557
Credit for corporate income tax Short-term Tax Consolidation Group	100,510	-	100,510	115,689	-	115,689
Dividends and other short-term earnings	135,000	-	135,000	129,832	-	129,832
Trade receivables	11,143	-	11,143	11,296	-	11,296
Long-term debts	2,457,553	-	2,457,553	2,771,377	-	2,771,377
Short-term debts	708,953	-	708,953	886,777	-	886,777
Debt for corporate income tax Short-term Tax Consolidation Group	25,154	-	25,154	30,889	-	30,889
Trade payables	2,085	-	2,085	559	-	559

4.4 Remuneration for the Board of Directors and Senior Management

ACCOUNTING POLICIES

Share-based payments

- The Company classifies its share-based settlement plan for executive directors and senior management according to the manner of settling the transaction:
 - With Company shares: Personnel expense is determined based on the fair value of the shares to be delivered at the grant date, taking into account the degree to which the objectives relating to said plan have been fulfilled. This expense is recognised over the stipulated period during which employee services are rendered with a credit to "Other equity instruments" in the accompanying balance sheet.
 - In cash: Personnel expense is determined based on the fair value of the liability at the date recognition requirements are met. Personnel expenses are registered as the services rendered in the period stipulated and are entered in "Long-term provisions", until it is estimated that they will be settled within less than one year, at which time the associated provision is reclassified to the Personnel heading under "Trade and other payables" of the liability of the accompanying Balance Sheet. The liability is subsequently measured at fair value at each balance sheet date, up to and including the settlement date, with changes in fair value recognised in the Income Statement.
 - The Company used the Monte-Carlo model to evaluate this programme. The fair value of the equity instruments at the granting date is adjusted to include the market conditions relating to this plan. Likewise, the Company takes into account the fact that the dividends accrued during the plan period are not paid to the beneficiaries as they do not become shareholders of the Company until the plan has effectively been settled.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- The Regulation establishes a period of time required for the consolidation of the remuneration, which has been considered a condition of service, and therefore taken into account together with the target measurement period (January 1, 2022 to December 31, 2024) when estimating the fair value of the equity instruments granted, as well as an additional deferral period. In this regard, the aforementioned service condition is based on the obligation for the beneficiaries to continue providing their services to the Company until the first payment date (set at four months from the end of the target measurement period to receive 50% of the incentive), and an additional period of one year from that last date to receive the remaining 50%).

In the case of the share-based payment plan component, the Company accrues the estimated fair value of the cash-settled amount over the term of the plan (January 1, 2022 to December 31, 2024) and the service conditions established for the period of time required for the consolidation of the remuneration.

Remuneration received	Salaries	Per diems	Other items	Pension plans	Insurance premiums	Termination benefits
2022						
Board of Directors	2,645	2,382	92	-	44	1,630
Senior Management	3,257	-	138	55	32	1,934
Total	5,902	2,382	230	55	76	3,564
2021						
Board of Directors	2,382	2,453	191	-	57	-
Senior Management	3,353	-	158	59	44	-
Total	5,735	2,453	349	59	101	-

The remuneration of the members of the Board of Directors for their Board membership and those corresponding to the Chairman, the former Chief Executive Officer and the Chief Executive Officer for the exercise of their executive functions during the 2022 financial year were approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", approved as Item 10 of the Agenda and modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda.

The Company has outsourced its pension commitments with its Senior Managers by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and employment disability. The Chairman and the former Chief Executive Officer are part of the group covered by this policy and of the total premium paid for this during the year, 345 thousands of euros, corresponded to them. The new Chief Executive Officer (Mr Arturo Gonzalo Aizpiri) does not have a pension commitment instrument, as he does not have an employment relationship with the company, but rather a commercial relationship. The new CEO maintains an assimilated individual savings insurance at a cost of 191 thousands of euros.

The members of the Senior Management also form part of the group insured under the mixed group insurance policy for pension commitments. The total premium paid for the same during the financial year amounts to 522 thousands of euros.

The two former Executive Directors (Mr Marcelino Oreja Arburúa and Mr Antonio Llardén Carratalá) were beneficiaries of the 2019-2021 Long-Term Incentive Plan approved by the General Shareholders' Meeting on March 29, 2019 under Item 8 of the Agenda. During 2022, the aforementioned incentive was paid out under the terms established by the General Shareholders' Meeting. As a result of this settlement, a total of 50,122 gross shares were delivered to the two former executive directors, which they will not be able to sell within two years.

Members of Senior Management (members of the Management Committee) were equally beneficiaries of the 2019-2021 long-term incentive plan. In the terms approved at the General Shareholders' Meeting, in the settlement of this incentive in the first half of 2022, 39,454 gross shares and a cash incentive amount of 243 thousands of euros corresponded to them.

The Chief Executive Officer is beneficiary of the Long-Term Incentive Plan 2022-2024 approved by the General Shareholders' Meeting on March 31, 2022 as Item 9 of the Agenda. In said meeting, a total of 96,970 rights relating to shares were assigned to him. These rights do not entail the acquisition of shares until the programme has finalised, the final bonus depending on the degree to which the programme objectives have been met; it will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025.

Members of Senior Management (members of the Management Committee) are equally beneficiaries of the 2022-2024 Long-Term Incentive Plan. As approved at the General Shareholders' Meeting, the Board has assigned them a total of 122,143 rights relating to shares as well as an incentive in cash amounting to 590 thousands of euros. These rights do not entail the acquisition of shares until the programme has finalised, the final bonus depending on the degree to which the programme objectives have been met; it will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025. The remuneration, broken down for each member of the Board of Directors, without taking into account insurance premiums, is as follows:

Board members	2022	2021
Mr Antonio Llardén Carratalá (Director) ⁽¹⁾	1,594	1,881
Mr Arturo Gonzalo Aizpiri (Chief Executive Officer) ^{(3) (4) (5)}	969	-
Sociedad Estatal de Participaciones Industriales (Proprietary Director) ⁽⁴⁾	160	160
Mr José Blanco López (Independent Director) ⁽⁴⁾	160	160
Ms Ana Palacio Vallelersundi (Independent Leading Director) ⁽⁴⁾	190	190
Mr José Montilla Aguilera (Independent Director) ^{(3) (4)}	175	166
Mr Cristóbal José Gallego Castillo (Independent Director) ⁽⁴⁾	160	160
Ms Eva Patricia Úrbez Sanz (Independent Director) ⁽⁴⁾	160	160
Mr Santiago Ferrer Costa (Proprietary Director) ⁽⁴⁾	160	160
Ms Natalia Fabra Portela (Independent Director) ^{(3) (4)}	160	85
Ms María Teresa Arcos Sánchez (Independent Director) ^{(3) (4)}	170	85
Mr David Sandalow (Independent Director) ^{(3) (4)}	114	-
Ms Clara García Fernández-Muro (Independent Director) ^{(3) (4)}	113	-
Ms María Teresa Costa Campi (Independent Director) ^{(3) (4)}	114	-
Mr Manuel Gabriel González Ramos (Independent Director) ^{(3) (4)}	113	-
Mr Ignacio Grangel Vicente (Independent Director) ^{(3) (4)}	44	160
Mr Gonzalo Solana González (Independent Director) ^{(3) (4)}	44	160
Mr Antonio Hernández Mancha (Independent Director) ^{(3) (4)}	44	160
Ms Isabel Tocino Biscarolasaga (Independent Director) ^{(3) (4)}	44	168
Mr Marcelino Oreja Arburúa (former Chief Executive Officer) ^{(2) (3)}	431	952
Mr Luis García del Río (Independent Director) ^{(3) (4)}	-	73
Mr Martí Parellada Sabata (External Director) ^{(3) (4)}	-	73
Ms Rosa Rodríguez Díaz (Independent Director) ^{(3) (4)}	-	73
Total	5,119	5,026

- (1) The remuneration of the Executive Chairman for the exercise of his executive duties during 2022 was approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" as approved as Item 10 of the Agenda as amended by the General Shareholders' Meeting held on March 31, 2022 under Item 8 of the Agenda to cover his remuneration as non-executive Chairman as from that date. During the 2022 financial year, the Chairman both in his position as Executive Chairman and as of March 31, 2022 in the position of non-executive Chairman received a fixed remuneration of 700 thousands of euros and a variable remuneration of 731 thousands of euros (associated with the Company's 2021 and 2022 targets). In addition, he received remuneration in the amount of 130 thousands of euros for Board membership, as well as other remuneration in kind amounting to 33 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 1,594 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0 thousands of euros for the year. The company has outsourced its pension commitments with its Senior Managers by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and employment disability. The Executive Chairman is one of the beneficiaries covered by this policy, and of the total premium paid during the year, 321 thousands of euros correspond to the Executive Chairman.
- (2) The remuneration for the former Chief Executive Officer in 2022 was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years". During the 2022 financial year, he received a fixed remuneration of 73 thousands of euros and a variable remuneration of 335 thousands of euros (associated with the company's 2021 and 2022 objectives). He also received remuneration for membership of the Board of Directors amounting to 18 thousands of euros, as well as other remuneration in kind amounting to 5 thousands of euros, totalling 431 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0 thousands of euros for the year. The former Chief Executive Officer is also beneficiary of the mixed group insurance policy for pension commitments, and the share of the premium corresponding to the Chief Executive Officer for this policy amounted to 24 thousands of euros for the year.
- (3) On February 21, 2022 the Board of Directors co-opted Mr Arturo Gonzalo Aizpiri as Executive Director to fill the vacancy caused by the resignation of the former Chief Executive Officer, Mr Marcelino Oreja Arburúa, on that date.
- On March 31, 2022, Mr Antonio Hernández Mancha, Mr Gonzalo Solana González, Mr Ignacio Grangel Vicente and Ms Isabel Tocino Biscarolasaga stepped down from their posts, while Mr David Sandalow, Mr Manuel González Ramos, Ms Clara García Fernández-Muro and Ms María Teresa Costa Campi were appointed as new Directors.
- (4) The remuneration for these Directors relating to Board and committee membership was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023, and 2024 financial years".
- (5) The remuneration of the current Chief Executive Officer for the 2022 financial year has been approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", approved as Item 10 of the Agenda and modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda. During 2022, the CEO received fixed remuneration in the amount of 804 thousands of euros; he received 112 thousands of euros for Board membership and other remuneration in kind amounting to 53 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 969 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 46 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2022-2024 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 31, 2022. Item 9 of its

Agenda states that the meeting assigned him a total of 96,970 performance shares or rights relating to shares. These rights do not entail the acquisition of shares for the time being, since the right to accrue the final incentive, which depends on the degree of achievement of the programme's targets will be generated within thirty (30) days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025. In addition, the CEO maintains an individual savings insurance at a cost of 191 thousands of euros.

Share-based payments

As reported in the Annual Accounts since 2019, on March 29, 2019, the General Shareholders' Meeting of the Parent of the group, Enagás S.A., approved a Long-Term Incentive Plan ("ILP") aimed at the then Executive Directors and senior management of the Company and its Group, with a view to maximising motivation and loyalty as well as promoting the good results achieved by the Enagás Group, aligning its interests with the long-term value of shareholders. In this regard, and as previously reported, the aforementioned programme has been 50% settled during the first half of 2022.

On March 31, 2022, the Enagás, S.A. General Shareholders' Meeting approved the 2022-2024 Long-Term Incentive Plan (ILP) aimed at the Executive Director, and at the members of the Executive Committee and the senior management of the Company and its Group. The objective of the Plan is to (i) encourage the sustainable achievement of the objectives of the Company's Strategic Plan, (ii) give the opportunity to share the creation of value with participants, (iii) foster a sense of belonging to the Company and shared destiny, (iv) be competitive, and (v) align with the requirements of institutional investors, proxy advisors, and best Good Corporate Governance practices and, especially, those resulting from the recommendations of the CNMV's new Good Governance Code.

The Plan consists of an extraordinary mixed multi-year incentive which will permit the beneficiaries to receive, after a certain period of time, a bonus payable in (i) Enagás, S.A. shares and (ii) cash, provided that certain strategic objectives of the Company are met.

With respect to the portion payable in shares, a maximum of 679,907 shares are deliverable, all of which will come from the Company's treasury shares. Furthermore, the beneficiaries of the plan are not guaranteed any minimum value for the assigned shares. The cash part of the Plan is limited to an estimated payment of approximately 3.3 million euros should all the objectives be fully met.

This plan is aimed at persons who, due to their level of responsibility on their position in the Enagás Group, contribute decisively to achieving the Company's objectives. The Plan initially designated 53 beneficiaries, notwithstanding the possibility that new recruitments due to mobility or professional level changes may include new beneficiaries during the measurement period.

The objectives determined to evaluate the achievement of the Enagás S.A. Long-Term Incentive Plan are as follows:

- Accumulated results corresponding to the Funds for Operations ("FFO") of the Enagás Group. This metric shows the financial soundness and net profit growth, which are the cornerstones of the Enagás Group Strategic Plan. This takes into account both the EBITDA of the regulated business and the dividends received from the subsidiaries that are not controlled by Enagás. It is a benchmark indicator for investors. Fulfilling this objective will satisfy the Company forecasts for the distribution of Group, investment and debt amortisation dividends. It accounts for 20% of the total objectives.
- Accumulated cash flows received from international affiliates and other businesses ("Dividend"). This shows the focus on international growth and a realistic and profitable investment plan as the cornerstones of the Strategic Plan. It measures the profitability of the international business compared with the annual remuneration objective which measures the year's international investment volume. It accounts for 20% of the total objectives.
- Total shareholder return ("TSR"). To ensure appropriate, competitive shareholder remuneration. It takes into account share performance and the dividend policy. This objective comprises two components, each with a relative importance of 12.5% of the total objectives:
 - a) Absolute TSR: measured as acquisition of a target share price in 2024. The target price has been established by investing estimated share dividends and is based on profitability and market parameters.
 - b) Relative TSR: this is measured with respect to the Peer Group of fifteen companies.
- The Company's commitment to long-term sustainable value creation ("Sustainability"). The target will have five indicators:
 - Decarbonisation
 - Reduction of CO₂ emissions in line with the decarbonisation pathway (emissions 2024 vs. emissions 2021). It accounts for 6% of the total objectives.
 - Investment in renewable gases: 2022-2024 investment associated with the adaptation of infrastructure for the transmission of renewable gases and the development of infrastructure dedicated to the transmission and storage of renewable gases. It accounts for 6% of the total objectives.
 - Diversity and inclusion:
 - Percentage of female members on the Board of Directors. It accounts for 2% of the total objectives.
 - Percentage of women in managerial and pre-managerial positions. It accounts for 3% of the total objectives.

- Percentage of promotions which involve women in managerial and pre-managerial positions. It accounts for 3% of the total objectives.

► Digitalisation of the company.

The target will consist of 2 indicators:

- Implementation of the Digital Transformation Strategy and improvement of the associated indicators.
- Strengthening the positioning of Enagás' digital assets in the company's strategic areas.

It accounts for 15% of the total objectives (7.5% for each indicator respectively).

Regarding the measurement period, although it will occur during the period from January 1, 2022 to December 31, 2024, its settlement will take place on the following dates:

- The beneficiary will receive 50% of the incentive within thirty (30) days following approval of the 2024 annual accounts by the General Shareholders' Meeting. This 50% will apply to the assets part of the incentive as well as the cash part of the incentive;
- The beneficiary will receive the remaining 50% of the incentive once a period of one year has elapsed from the first payment date.

As established in BOICAC No. 75/2008, query No. 7, the part settled through shares of Enagás, S.A. is considered a shares-based payment transaction that can be settled in equity instruments, and, accordingly, the fair value of the services received, as consideration for the equity instruments granted, is included in the Income Statement at December 31, 2022, under the heading "Personnel Expenses", in the amount of 1,023 thousands of euros, with a credit to "Other Equity Instruments" of the Balance Sheet net equity at December 31, 2022.

The breakdown and fair value of the shares at the granting date of the ILP of the Enagás Group are as follows:

ILP 2022-2024	
Total shares at the concession date ⁽¹⁾	679,907
Fair value of the equity instruments at the granting date (EUR)	20.15
Dividend yield	7.94%
Expected volatility	26.15
Discount rate	0.48%

- (1) This number of shares reflects the maximum number of shares to be delivered under the plan, and includes both the possibility of achieving the maximum degree of fulfilment of objectives established in the plan (125%), as well as the possibility that new hiring, staff mobility, or changes in professional levels lead to the inclusion of new beneficiaries during the measurement period.

With respect to that part of the bonus payable in cash, the Company recognised the rendering of services corresponding to this plan as personnel expenses amounting to 317 thousands of euros with a credit to "Provisions" under non-current liabilities in the accompanying Balance Sheet at December 31, 2022. As in the case of the share-settled plan, the Company accrues the estimated fair value of the cash-settled amount over the term of the plan, taking into account the aforementioned service conditions.

4.5 Other information concerning the Board of Directors

In order to comply with the provisions of Article 229 ff. of the Corporate Enterprises Act, this report includes information on the shareholdings and performance of the roles of the members of the Board of Directors of Enagás, S.A. in other companies with activity of a similar or complementary type to that which it constitutes the corporate purpose. This information was prepared considering that they are companies with similar or complementary activities to those carried out by Enagás S.A., that is, natural gas transmission, regasification, distribution, and marketing activities regulated by Law 34/1998 of the Hydrocarbons Sector.

At December 31, 2022 and December 31, 2021, there were no holdings in the share capital of companies with the same, similar or complementary type of activity reported to the Company by the Directors.

The positions or functions of the Company's Board members in other companies with the same, similar or complementary activities, as communicated to Enagás, S.A. at December 31, 2022 and 2021, are the following:

Director	Company	Positions
2022		
Arturo Gonzalo Aizpiri	Enagás Transporte del Norte, S.L.	Chairman

Director	Company	Positions
2021		
Marcelino Oreja Arburúa	Mibgas Derivatives, S.A.	Director
Marcelino Oreja Arburúa	Enagás Emprende, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Services Solutions, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Transporte del Norte, S.L.	Chairman
Marcelino Oreja Arburúa	Enagás Renovable, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Tallgrass Energy G.P.	Director
Antonio Llardén Carratalá	Enagás GTS, S.A.U.	Representative of the Sole Director of Enagás S.A.
Antonio Llardén Carratalá	Enagás Transporte, S.A.U.	Representative of the Sole Director of Enagás S.A.

4.6 Other Information

a) Environmental information

The Company Enagás S.A., as head of the Enagás Group, carries out the activities for protection of the environment and biodiversity, energy efficiency, reduction in emissions, and the responsible consumption of resources as part of its environmental management in order to mitigate the impact of its activities.

The Company has integrated protection of the environment into its policy and strategic programmes by implementing an Environmental Management System developed and certified in accordance with the requisites of standard UNE EN ISO 14001, which guarantees compliance with applicable environmental legislation and continuous improvement of its environmental behaviour.

In 2022, the certifying company AENOR'S issued the corresponding audit report on the environmental management system with favourable results, concluding that the system's maturity and degree of development ensure continuous improvement for the company in this field.

Furthermore, in 2022, as part of Enagás adherence to the Circular Economy Pact, it obtained Zero Waste Certification, issued by AENOR, thus ensuring the organised management of waste generated at the facilities in order to reintroduce these into the value chain.

The Company Enagás S.A. makes ongoing efforts to identify, characterise, and minimise the environmental impact of its activities and facilities, evaluating the related risks and strengthening eco-efficiency, responsible management of waste and discharges, minimising the impact in terms of emissions and climate change.

The Company incorporates environmental criteria in its relationship with suppliers and contractors, as well as in

connection with decision-making with respect to the awarding of contracts for the provision of services and products.

During 2022, Enagás S.A. carried out environmental actions in the amount of 23 thousands of euros, recognised as investments under assets in the balance sheet. During financial year 2021, this amount was 42 thousands of euros. The Company also assumed environmental expenses amounting to 534 thousands of euros in 2022, recognised under "Other operating expenses" (294 thousands of euros in 2021).

The company has arranged sufficient civil liability insurance to meet any possible contingencies, compensation and other risks of an environmental nature which it might incur.

Enagás S.A. did not receive any subsidy or additional income in 2022 or 2021 as a result of its activities relating to the environment.

b) Audit fees

"Other operating expenses" include the fees for audit and non-audit services provided by the auditor of the Company, Ernst & Young, S.L., or by a company belonging to the same group or related to the auditor, broken down as follows:

Categories	2022	2021
	Services rendered by the accounts auditor and related	Services rendered by the accounts auditor and related
Audit services ⁽¹⁾	837	751
Other assurance services ⁽²⁾	153	144
Total audit and related services	990	895
Total professional services	990	895

- (1) Audit services: This heading includes services rendered for the performance of statutory audits of the Enagás, S.A. Annual Accounts and the limited review work performed with respect to the Interim and Quarterly Financial Statements as well as the Certification of the Internal Control over Financial Reporting (ICFR) System.
- (2) Other audit-related assurance services: This heading includes the engagements relating to the Annual Corporate Governance Report, and the review of non-financial information included in the Management Report, and also the report on agreed ICFR procedures.

4.7 Subsequent events

On January 25, 2023, Enagás, S.A. signed with 12 financial institutions an extension of the maturity of its syndicated credit line of 1,550 million euros until 2028, maintaining its commitment to link economic conditions to compliance with environmental indicators, in line with the objective of achieving carbon neutrality by 2040, in accordance with the strategic plan presented by the company in July 2022.

No other events have occurred that significantly affect the results of the Company or its equity.

5. Explanation added for translation to English

These Financial Statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 1.2). Certain accounting practises applied by the Company that conform to other generally accepted accounting principles and rules.

These Financial Statements are a translation of financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain. In the event of a discrepancy, the Spanish-language version prevails.

MANAGEMENT REPORT OF ENAGÁS, S.A.

The wording provided by Law 11/2018, of December 28, to Article 262.5 of the consolidated text of the Corporate Enterprises Act, relating to the management report, indicates that a company dependent on a group will be exempt from the obligation established in this section if the company and its dependents, if any, are included in the consolidated management report of another company, prepared in accordance with the content established in this article.

Based on the above, Enagás, S.A. makes use of this exemption, including non-financial information in the consolidated management report of Enagás, S.A. and Dependent Companies prepared in accordance with said regulations and which will be filed with the Commercial Registry of Madrid.

I. Enagás S.A. situation

Business model

Enagás, S.A., a midstream company with almost 50 years of experience and independent European TSO (Transmission System Operator) through Enagás GTS, S.A.U., is an international reference in the development and maintenance of gas infrastructure and in the operation and management of gas networks.

The company has built the main infrastructure for the Spanish Gas System, turning it into a model of security and diversification of supply.

Through our activities we strengthen and guarantee the security of energy supply, promoting the use of natural gas in preference to other more polluting alternative fuels such as oil or coal. In addition, natural gas is of great importance for improving competitiveness, as it allows for the introduction of efficient industrial technologies which improve the intensity of energy usage and competitiveness in the industry, generating direct and indirect employment.

In addition, Enagás is promoting the development of renewable gases as new key solutions for the energy transition. Non-electric renewable energies (hydrogen and biomethane) are indispensable energy carriers that contribute to the development of a circular economy and to the energy transition process, helping advance towards carbon-neutral economy. These non-electric renewable energies can be transported via the existing gas network infrastructure, maximising their use.

Government Structure

General Shareholders' Meeting

The General Shareholders' Meeting is the highest body representing shareholders.

Enagás S.A. has a free float of 90%, one of the highest on the Spanish continuous market.

Enagás S.A. applies a proprietary separation model, which establishes the maximum limit of ownership by any shareholder at 5%, with a limitation on the voting rights of 1% for agents in the gas sector and 3% for the rest of shareholders. These limitations do not apply to direct or indirect interest held by the public corporate sector.

Board of Directors

The Board of Directors of Enagás, S.A. is made up of 15 members with a percentage of independence of 66.7%.

In 2022, and in line with its commitment to promote gender diversity and the recommendations of the National Securities Market Commission (CNMV), Enagás' Board of Directors was 40% women, thus meeting the target of 40% women on the Board by 2024 included in the 2022-2024 Long-Term Incentive Plan.

Operation and probable evolution

Enagás, S.A., as head of the Enagás Group, will guarantee the proper functioning of the Spanish Gas System, and will ensure security of supply by facilitating competition in a transparent and non-discriminatory manner. Likewise, it will optimise the operation of the Spanish Gas System by coordinating the different agents and proposing measures to improve its operation. It will continue to develop the transmission network and manage its infrastructures in a safe, efficient, profitable way with a commitment to protecting the environment. All this will be achieved in collaboration with the regulators, thus providing service quality to its customers, creating value for its shareholders and contributing to the sustainable development of the Company.

Natural gas is key to achieving a sustainable, safe and efficient energy in a low-carbon economy. It is the most efficient technical-economic solution compared to other conventional fuels, with the lowest cost for citizens and companies. Natural gas helps to make the industry more competitive and reduces the environmental impact. It is an essential energy source for many sectors because of its versatility and high calorific value. In addition, Enagás, S.A. is promoting the development of renewable gases, such as hydrogen and biomethane, as new key solutions for the energy transition. These non-electric renewable energies can be transported via the existing gas infrastructure, maximising their use and contributing to a fair energy transition and to decarbonisation.

In recent years the last pieces of regulation required to establish the new regulatory framework that applies to the Spanish Gas System, a stable and predictable framework developed by an Independent Regulator (National Commission on Markets and Competition (CNMC)) that supports the objectives of the energy transition. In the field of renewable

gases, there are initiatives such as the European Hydrogen Backbone, in which 31 European transmission system operators (TSOs) participate, including Enagás, and which promotes the development of a network of hydrogen corridors in Europe, among which the Iberian corridor stands out. In addition, in December 2022, Spanish TSO Enagás, French TSO Teréga and GRTgaz and Portuguese TSO REN signed a Memorandum of Understanding (MoU) ratifying their commitment to collaborate to develop the H2Med project, the first renewable hydrogen corridor in the European Union.

In 2022, gas demand reached 364.4 TWh, 3.7% lower than in 2021.

II. Evolution and results

Economic dimension

Good Governance

Enagás, S.A. has a Sustainability and Good Governance policy which reflects the importance of good governance for the generation of value by the company. The 2022 General Shareholders' Meeting approved the reappointment of Antonio Llardén as Chairman and the ratification of Arturo Gonzalo as Executive Director.

Financial and operational excellence

Principal Economic Results

The Company's net profit amounted to 463.3 million euros, 1.3% higher than 2021. In 2022, investments worth 164,8 millions were made.

The dividend per share in 2022 increased by 1% over the previous year, reaching 1.72 euros per share. Enagás, S.A. closed 2022 at 15.53 euros per share.

The share capital of Enagás, S.A. at December 31, 2022 was 392.9 million euros, with 261.9 million shares.

On September 9, 2022, the credit rating agency Fitch Ratings maintained Enagás' outlook at stable, placing Enagás' rating at BBB. On January 26, 2022, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB, with a stable outlook (Note 3.5).

Enagás S.A. has been listed on the Dow Jones Sustainability Index since 2008, with a rating of 88 points.

Social dimension

People

Enagás, S.A., as a certified Top Employer company, offers stable and quality employment with high percentages of permanent and full-time employment contracts, totalling (99.4%) and (95.81%), respectively. In addition, the commitments acquired by Enagás, S.A. in its Management of Human Resources policy, together with the measures and actions implemented, translate into high levels of employee satisfaction and motivation, as

reflected in low staff turnover (4.52% voluntary turnover) and the results obtained in the workplace climate survey.

Enagás S.A. has an integrated talent management model to promote the achievement of the Company's strategic objectives and plans through four principles: To attract the best talent to Enagás, to know our internal talent, to continuously train our professionals and to develop and retain internal talent.

The company promotes a culture that ensures a diverse and inclusive environment, and fosters a working environment in which trust and mutual respect prevail and where integration and recognition of individual merit are hallmarks of Enagás, placing its Comprehensive Diversity Plan as the basis for its strategy. To achieve this commitment, Enagás, S.A. has continued to implement different initiatives in 2022 in the different areas of its diversity and inclusion strategy: gender, functional, generational, cultural, thought and LGTB+.

As part of the Global Listening Strategy, Enagás launched a new edition of the Work Climate Survey in 2022. The aim is to obtain the views of Enagás professionals on various topics that will enable the company to improve and move forward overall. The sustainable engagement index stood at 82%, remaining in line with external benchmarks.

Health and safety

The global security approach of Enagás S.A. is based on the integration of the safety and health culture into the environment, people, facilities and information, through the involvement of leaders and the development of a model of health and security behaviours.

The Enagás Occupational Risk Prevention Management System, certified according to ISO 45001 (100% of activities), has procedures and standards for the identification and evaluation of risks, as well as for the notification of accidents.

Enagás, S.A. is also certified as a Healthy Company in accordance with the World Health Organisation protocol and has certified its information security management system in accordance with the ISO 27001 standard.

Ethical compliance and Human Rights

Enagás, S.A. has established a set of policies, standards and procedures which are integral to the company's ethics and integrity system. The Code of Ethics is the framework that sets out the principles of action necessary to promote ethics and integrity, as well as a culture of compliance.

The Enagás S.A. Ethics Channel is a platform for consulting doubts and notifying irregularities or breaches of the Code of Ethics and is managed by the company's Ethical Compliance Committee. In 2022, three communications were received via the Ethics Channel:

- An incident of potential harassment in the workplace was brought to the attention of Ethics Channel mailbox. This matter was given careful consideration and an investigation was launched to gain more data. However, once some time had passed since sending out their communication, the

individual decided they no longer wanted to pursue it further. The ongoing investigation had not reached any relevant conclusions as to the irregularity of the facts.

- A communication made directly to the Compliance area by the Business Development and Affiliates General Management, regarding a breach of the Code of Conduct of one of our affiliates. This was managed by the affiliate itself, having been concluded in accordance with its own whistleblower management procedure, as it is an affiliate without effective control by the Enagás Group, in accordance with the provisions of our Code of Ethics.
- A communication received through the Ethics Channel mailbox regarding a case of possible discrimination and actions contrary to the principle of equal opportunities, as set out in the company's Code of Ethics. After it was verified that the internal rules and procedures have been complied with at all times, without finding any irregularity, the proceedings have been closed.

The Enagás, S.A. Compliance Management System, is the main tool for ensuring ethics and integrity in the performance of Enagás S.A. activities. This Management System is being coordinated around the Compliance Policy and its associated standards and procedures. Furthermore, under the Compliance Management System, Enagás, S.A. has a Crime Prevention Model that is the essential core of the company's criminal compliance. It also has a Corruption Prevention Model and an Antitrust Model.

In 2022, Enagás, S.A. certified its Corruption Prevention Model, based on ISO 37001

Community outreach

The objective of Enagás, S.A.'s social investment is to contribute to security of supply and decarbonisation, promoting a just energy transition through socio-economic development projects and initiatives throughout the country. Through dialogue and collaboration with stakeholders, the positive social impact of the Company's initiatives is maximised, whether through volunteering, sponsorships, patronage or donations. In 2022, the social strategy, which is aligned with the United Nations Sustainable Development Goals (SDG), has been updated.

In 2022, the total amount of this social investment reached 1.9 million euros. The distribution of this investment is mainly between social investment and social action initiatives aligned with the business, limiting one-off contributions.

Supply chain

Supply chain management is an increasingly critical point in the company's management. Adequate management of the supply chain allows us to identify and manage regulatory, operational, and reputational risks, as well as take advantage of opportunities for collaboration and the creation of shared value.

In order to work with Enagás S.A., the suppliers must go through a rigorous approval process. They must meet, among others, the following approval requirements:

- Have the capacity and resources to meet technical, quality, environmental and safety requirements, and upholding thereof over an extended period of time.
- Respect the principles of the United Nations Global Compact and the Universal Declaration of Human Rights.
- Acceptance of the Enagás Code of Ethics.
- Hold certifications relating to quality, environmental matters, and occupational risk prevention for suppliers of certain product or service families.

The Company's average payment period for its suppliers is 52 days.

Environmental aspects

Activities for protection of the environment and biodiversity, energy efficiency, reduction in emissions, and the responsible consumption of resources are essential elements in the Enagás S.A. environmental management to mitigate the impact of its activities.

Natural capital and biodiversity management

Managing natural capital and biodiversity is a key aspect for Enagás. The control and minimisation of our impacts on the environment also produces direct internal benefits by improving the use of resources, ensuring the sustainability of our business and generating confidence in our stakeholders.

Enagás S.A. undertakes its environmental commitments (as reflected in the Health & Safety, Environment and Quality Policy) through the Environmental Management System and 100% of its activity is certified in accordance with ISO 14001 standard.

Climate action and energy efficiency

Improved energy efficiency and reduced greenhouse gas emissions are major factors in reinforcing the vital role that natural gas will play in a low-carbon economy as a key element for achieving sustainable, safe and efficient energy.

Enagás, S.A. is increasing its commitment to the fight against climate change every year through its management and continuous improvement model, based on public commitment and target setting, emission reduction and compensation measures as well as the reporting of our performance and results, following TCFD recommendations (*Task Force on Climate-related Financial Disclosures*).

Enagás S.A. is also committed to the use of gas as the least polluting fossil fuel and, therefore, key to the power generation mix for meeting emission reduction targets and allowing the development of more efficient renewable energies; as well as the integration of renewable gases into the Spanish and European Gas System, and replacing other fossil fuels as we move towards more sustainable mobility in sea, rail and road transport.

Enagás is committed to achieving carbon neutrality by 2040. To this end, it has outlined a decarbonisation pathway with emission reduction targets aligned with the 1.5°C temperature increase scenario:

III. Liquidity and capital resources

The Group's net debt at December 31, 2022 amounted to 3,468,905 thousands of euros.

IV. Risk management

The Company Enagás, S.A. is exposed to various risks intrinsic to the sector, markets in which it operates and the activities it performs, which, should they materialise, could prevent it from achieving its objectives and executing its strategies successfully.

The Company Enagás S.A. has established a risk control and management system model aimed at ensuring the continuity of the business and the achievement of the objectives of the company in a predictable manner and with a medium-moderate profile for all of its risks. This model allows it to adapt to the complexity of its business activity in a globalised competitive environment, in a complex economic context, where the materialisation of a risk is more rapid and with an evident contagion effect.

This model is based on the following aspects:

- The consideration of some standard types of risk to which the Company is exposed.
- The segregation and independence of the functions of risk control and management at the company, in three lines of "defence".
- Governing bodies with responsibilities regarding supervision of the Company's risk level.
- Establishing a risk appetite framework which defines the risk levels considered acceptable and that is in line with established business objectives and the market environment in which the company's activities are carried out.
- The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The integral analysis of all risks allows the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. This is accomplished by taking into account the differences of each type of risk in terms of its nature, handling capacity, risk measurement tools, etc.

The main risks associated with the business activities of Enagás S.A. are classified as follows:

1. Strategic and Business Risks

These are risks which are inherent to the gas sector and are linked to potential losses of value or results derived from external factors, strategic uncertainties, economic cycles, changes to the environment (inflation), changes to patterns of demand, competition and market structure or changes to the regulatory framework, as well as those derived from taking the incorrect decisions in relation to business plans and company strategies.

The activities carried out by the Company are notably affected by current regulations (local, regional, national and supranational). Any change in that legislation could negatively affect profits and the value of the company. Of particular importance in this type of risk is the regulatory risk related to the remuneration framework and thus to the regulated income from operations, as well as other risks related to the change of certain market factors that are not included in the aforementioned regulation.

Similarly, the delay or failure to develop the growth projects envisaged in the company's Strategic Plan for the medium and long term could have a negative impact on the company's results and its obligations to shareholders (mainly hydrogen projects).

The growth in demand may also bring negative effects that will have a different impact in the short-, medium- and long-term. Growth may also depend on meteorological conditions or the competitiveness of natural gas compared to other energy sources, performance of the economy, etc.

In the short-term, the degree to which regasification plants are used may have a negative impact on the forecast operating costs, through greater internal consumption and greenhouse gas emissions.

In the medium- to long-term, the increase in the demand is a factor that creates opportunities for building new projects in transport, regasification and underground storage infrastructure for natural gas and its development may alter or delay decisions taken in dealing with these projects.

The results of the Company may also be affected by the legal risk arising from the uncertainties related with the different interpretation of contracts, laws or regulations which the company and third parties may have, as well as the results of any law suits undertaken.

The Company Enagás S.A. has implemented measures to control and manage its strategic and business risk within acceptable risk levels, consisting in the continuous supervision of risks in connection with regulatory changes, market conditions, competition, business plans, strategic decision-making, etc. as well as management measures to contain risk at acceptable levels.

The Enagás Group is exposed to certain risks arising from climate change. These risks are managed and assessed in an integrated manner within the risk management model described in the management report. Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO₂ emissions and prices, the use and technological development of renewable gases, and reputational risks. The impact of climate-related risks and how management assesses these risks to incorporate them into the judgements, estimates and uncertainties that affect the financial statements of the Group are described in Note 4.6.a.

2. Operational and Technological Risks

Operation of the Enagás S.A. infrastructures may give rise to losses of value or earnings resulting from inadequate processes, failures of physical equipment and computer systems, human error or other external factors. This type of risk can in turn be classified as an industrial infrastructure risk (related to the nature of the fluids under management), risks associated with infrastructure maintenance, logistical and commercial processes, as well as other risks associated with corporate processes. As well as the risks related to the guarantee of supply to the Spanish Gas System due to the unavailability of gas at source.

The main operational and technological risks to which the Company is exposed are:

- Industrial risk, relating to incidents during operation of transmission infrastructure, regasification plants, and underground storage facilities, which potentially involve great damage. They are very often conditioned by the nature of the fluid under management.
- Internal and/or external fraud.
- Cybersecurity, in the different guises it may present itself (economic fraud, espionage, sabotage, activism and terrorism).
- Unavailability of gas at source: Interruption of supply in the Spanish Gas System due to unavailability of gas at source (sabotage, geopolitical decisions, among others).

The Company Enagás S.A. identifies the activities relating to management and control which can provide an adequate and appropriate response to these risks. Among the control activities thus defined there are emergency plans, maintenance plans, control and alerting systems, training and skill upgrading for staff, application of certain internal policies and procedures, defining quality indicators, establishing limits, and quality certifications and audits, prevention and environment, etc. which allow the Group to minimise the probability of these risks occurring. To mitigate the negative economic impact that the materialisation of any of these risks may have on Enagás S.A., a series of insurance policies have been arranged.

Some of these risks could affect the reliability of the financial information prepared and reported by Enagás, S.A. An Internal Control over Financial Reporting (ICFR) system was implemented to control these types of risk, the details of which can be consulted in the Corporate Governance Report.

3. Credit and Counterparty Risks

Credit and counterparty risk relates to the possible losses arising from the non-compliance of monetary or quantifiable obligations of a counterparty to which the Company has granted net credit which is pending settlement or collection.

The counterparty risk includes the potential breach of obligations acquired by a counterparty in commercial agreements that are generally established in the long-term.

Enagás, S.A. monitors in detail this type of risk, which is particularly relevant in the current economic context. The activities carried out include analysing the risk level and monitoring the credit quality of counterparties, regulatory proposals to compensate Enagás S.A. for any possible failure to comply with payment obligations on the part of shippers (an activity that takes place in a regulated environment), request for guarantees, etc.

However, regulations have been developed establishing standards for managing guarantees in the Spanish gas system and which oblige shippers to provide guarantees for: (i) contracting capacity in infrastructure with regulated third-party access and international connections, (ii) settlement of imbalances; and (iii) participation in the organised gas market.

The measures for managing credit risk involving financial assets include the placement of cash at highly-solvent entities, based on the credit ratings provided by the agencies with the highest international prestige. Likewise, interest rate and exchange rate derivatives are contracted with financial entities with the same credit profile.

The regulated nature of Enagás S.A. business activity does not allow an active customer concentration risk management policy to be established.

The Group's expected credit risk loss is provided for in accordance with the requirements of IFRS9.

Information concerning counterparty risk management is disclosed in [Note 3.5](#) of the Annual Accounts.

4. Financial and Fiscal Risks

Enagás S.A. is subject to the risks deriving from the volatility of interest and exchange rates, as well as movements in other financial variables that could affect the Company's liquidity.

Interest rate fluctuations affect the fair value of assets and liabilities that accrue interest at fixed rates, and the future cash flows from assets and liabilities that accrue interest at floating rates. The objective of interest rate risk management is to achieve a balanced debt structure that minimises the cost of debt over a multi-year horizon with low volatility in the income statement. The Enagás Group, of which the Company is the parent company, maintains a fixed or protected debt structure of more than 80% to limit this risk. Changes in exchange rates may affect debt positions denominated in foreign currency. Enagás, S.A.'s exchange rate risk management is designed to balance the cash flows of assets and liabilities denominated in foreign currency in each of its subsidiaries.

Enagás S.A. maintains a liquidity policy that is consistent in terms of contracting credit facilities that are unconditionally available and temporary financial investments in an amount sufficient to cover the projected needs over a given period of time.

It should also be noted that the promotion of sustainable finance by regulators and investors (EU Taxonomy, EIB investment policy, Green Deal, among others) could affect the company's financing conditions in the medium and long term. The company monitors sustainable finance regulations, maintains contact with investment entities, financing and rating agencies, among other measures, to mitigate the possible impact.

With respect to tax risk, the Company is exposed to possible modifications in tax regulatory frameworks and uncertainty relating to different possible interpretations of prevailing tax legislation, potentially leading to negative effects on results.

The financial risk management policy is described in [Note 3.5](#) of the Annual Accounts.

5. Reputational Risks

Reputational risk refers to any action, event or circumstance that could have a harmful effect on the Company's reputation among its stakeholders.

Enagás, S.A. has implemented a self-assessment reputational risk procedure which uses qualitative measurement techniques. This process considers the potential reputational impact of any of the risks listed in the current inventory, as well as those strictly reputational events arising from the action, interest or judgement of a third party.

6. Compliance Risk and Model

The Company is exposed to compliance risks, which includes the cost associated with potential penalties for breaches of laws and legislation, or penalties resulting from the materialisation of operational events, the use of improper business practices or the breach of internal company policies and procedures.

The Company may also be affected by risks of corruption, antitrust and internal and/or external fraud.

The Company may be affected by risks associated with the improper use of assessment models and/or risk measurement, and hypotheses that are outdated or do not have the necessary precisions to be able to correctly evaluate their results.

7. Criminal Liability Risks

Organic Law 5/2010 reformed the Criminal Code, introducing the criminal liability of legal persons in Spain. In 2022, the Criminal Code was again amended to expand the catalogue of offences for which legal persons may be liable. In this context, Enagás, S.A. could be liable in Spain for certain offences that its directors, senior managers or employees may commit in the exercise of their duties and in the interests of the Company.

To prevent this risk from materialising, Enagás, S.A. has approved a Crime Prevention Model, updated in accordance with the above-mentioned latest reform, and has implemented the measures needed to prevent corporate crime and to avoid liability for the Company.

8. Other Risks

The Company is exposed to certain risks arising from climate change. These risks are managed and assessed in an integrated manner within the risk management model described in the management report.

Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO₂ emissions and prices, the use and technological development of renewable gases, and reputational risks.

The impact of climate-related risks and how management assesses these risks to incorporate them into the judgements, estimates and uncertainties that affect the financial statements of the Group are described in [Note 4.6.a](#).

The company is also exposed to cross-cutting risks that do not correspond to a single risk category but may be correlated with several of them, namely risks related to the three pillars of sustainability: environmental, social and governance (ESG). Regarding climate change risk, further details are included in the Group's management report, chapter 'Climate Action and Energy Efficiency'.

Given the dynamic nature of the business and its risks, and despite having a risk control and management system that responds to the best international recommendations and practices, it is not possible to guarantee that some risk is not identified in the risk inventory of the Company.

V. Subsequent events

On January 25, 2023, Enagás, S.A. signed with 12 financial institutions an extension of the maturity of its syndicated credit line of 1,550 million euros until 2028, maintaining its commitment to link economic conditions to compliance with environmental indicators, in line with the objective of achieving carbon neutrality by 2040, in accordance with the strategic plan presented by the company in July 2022.

No other events have occurred that significantly affect the results of the Company or its equity.

VI. Research and Development activities

The actions carried out by Enagás, S.A. in the field of technological innovation in 2022 were mainly aimed at energy transformation towards the use of renewable gases, mainly hydrogen, as well as energy efficiency.

1. Evolution of gas infrastructure

Enagás S.A. is aware of the wide diversity of scenarios and solutions that the energy sector could develop in the future in a broad sense. It thus spearheads and assists with the actions carried out in different areas of the holding company to anticipate events and adapt to the far-reaching changes that are bound to arrive in the future.

In the field of R&D&I, the different complementary and/or alternative technologies to natural gas are analysed, which could also make use of part or all of the gas infrastructure for their potential development and implementation. In this sense, the following are considered: mixtures of hydrogen with natural gas in certain percentages; pure hydrogen; biogas and biomethane, and synthetic natural gas (mix of CO₂ and H₂).

In particular, Enagás, together with 7 other companies and 3 research centres have continued developing the GreenH2Pipes project, whose goals include acquiring first-hand knowledge regarding the suitability of gas transmission infrastructures for use with hydrogen and natural gas mixtures. This includes among other activities the construction of a hydrogen test ring in Zaragoza (HyLoop+). During 2022, the investment for its construction has been approved and the tender for the basic engineering, tests on metrology, materials, simulation of hydrogen injection using computational fluid dynamics (CFD) and a proof of concept of artificial intelligence (Machine Scientist) for power-to-gas facilities.

Enagás has also continued its participation in the international HYREADY consortium (comprising 23 partners, mostly TSOs and DSOs from Europe, Asia, Canada and the United States), whose main purpose is to put into practice the knowledge acquired through R&D projects and activities in the form of recommendations and guidelines for adapting natural gas infrastructures to hydrogen injection.

During 2022, two new investments have been approved to study the transformation of the gas network towards hydrogen. The Next Pangea, a collaboration with a spin-off of Arcelor Mittal, aimed at developing products to improve the operability and safety of transmission, as well as the storage of hydrogen mixtures of different concentrations and pure hydrogen. The HyStoreNew project, a collaboration with 7 other Spanish companies and 6 research entities, aims to analyse all the components of the hydrogen value chain, from strategic analysis to the final use of the molecule.

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2. Measurement and analysis of natural gas and hydrogen

Enagás, S.A. continues to equip itself with the best available techniques to reduce the level of uncertainty in the measurement of the energy contained in natural gas, both in the liquid state (LNG) and in the gaseous state (NG), at the points at which it is received or delivered to third parties. This innovative effort has been translated into different studies and actions during 2022, among which we highlight the following:

Effect of gas quality on measurement differences, which studies how the heterogeneity of the composition of natural gas can affect the losses of the Basic Gas Pipeline Network.

Regarding the measurement of renewable gases, Enagás has made further progress with its partners in the European DECARB project, funded by the EMPIR programme (European Metrology Programme for Innovation and Research). The project proposes the development of metrology for flow measurement, quality analysis, physical properties measurement and leak detection, which are necessary to facilitate the decarbonisation of the gas grid through the transmission of hydrogen mixed with natural gas or pure gas, and biomethane.

Enagás continued to participate until its completion in the NewGasMet project. This has involved precision, durability and comparative tests of gas metres for measuring renewable gases (biogas/biomethane, hydrogen and NG:H₂ mixtures), with the ultimate aim of assessing the compliance of available devices with regulations and developing calibration standards. In the same line of research, within the framework of the APIX project, the performance of its equipment for the determination of main components and impurities in biomethane is being evaluated. APIX technology has been approved for testing at the Enagás Central Laboratory during 2023.

During this year, an analysis of the results of the “GERG Raman for LNG Custody Transfer” project, completed in December 2021, aimed at improving the measurement of the quality of LNG, has been carried out and it has been approved to monitor Raman technology until the model approval certificate is obtained.

3. Operational safety

Throughout 2022, the line of research into the safety of Enagás' gas pipelines and other facilities continued. To this end, participation in different international joint projects has been maintained, which has also confirmed that the level of security of the Enagás facilities is adequate and is in line with that of other foreign companies with similar characteristics.

With this goal in mind, the study “Environmental and Safety Impacts Associated with Hydrogen” was completed in 2022 in collaboration with the UPM, identifying various risks associated with the transmission and storage of hydrogen that need to be taken into account when planning projects to convert natural gas infrastructure and designing new facilities.

It has also continued to update the tools developed to meet the needs of different areas of the Company both in the design of new facilities and in the operation of existing ones.

In addition, in 2022 Enagás has been working on the elaboration of a project proposal for the development of new sensor technologies for leak detection, sensors based on fibre optic technologies, which will lead to an increase in the safety level of hydrogen applications, from production to storage and distribution, both in new infrastructures working with pure H₂ and in reused natural gas facilities and pipelines, contributing to a safe and economically viable implementation of H₂ production, transmission and storage processes. The OPTHYCS project will start in 2023 and has received 100% funding from the Clean Hydrogen Partnership.

4. Materials and equipment

In 2022, Enagás, S.A. carried out the first mechanical characterisation tests on materials, an R&D&I project in collaboration with UPM, which has provided key information to determine the suitability of the existing gas transmission network for conversion to hydrogen transmission. The methodology and acceptance criteria for assessing anomalies detected in gas pipelines running on hydrogen are also being developed and can be used to extend the useful life of infrastructures.

Another area of work was to carry out leakage tests on existing valves and explosive decompression tests and non-metallic elements, making it possible to obtain relevant information to assess the suitability of this type of element already installed that could be used in H₂ transmission and to acquire the necessary knowledge to establish new technical requirements for the future definition and purchase of valves. A finite element determination of tightening torques on flanged joints was also carried out to minimise fugitive emissions.

In collaboration with Bentley (software developer), a stress assessment method for hydrogen services was developed and implemented in one of the most widely used software packages in the world. Based on precise inspection information with ILI identifying the location of each weld, Enagás has analysed the stresses faced by existing gas pipelines and facilities being considered for conversion to hydrogen transmission and confirmed their suitability or identified points where action can be taken. This precise work will also make it possible to determine the maximum operating pressure at each point of the pipeline. This information is critical for its possible conversion. This work also includes revising their standardised ERM/EM, designs, optimising their design and construction to make them technologically and economically optimal while keeping them at the cutting edge of technology.

As a result of the experience and knowledge gained through participation in various technical working groups of European bodies and major research and technology associations (European Technical Committees for Standardisation CEN, GERG, EPRG, MARCOGAZ, H2GAR, etc.), the company has developed and/or updated a number of important specifications and technical requirements applicable to the materials and equipment with which it designs, builds and operates its plants, reflecting at all times the state of the art and ensuring that the best alternatives are chosen to optimise the total cost (CAPEX + OPEX) of these plants for the Company without compromising the level of safety.

5. Efficiency

Energy efficiency:

During 2022 Enagás, S.A. has continued its efforts, on the one hand, to reduce the energy consumption of its facilities and, on the other hand, to raise the level of energy it produces for self-consumption or export.

The objectives of reducing energy consumption and emissions have been achieved through the PEERE (Energy Efficiency and Emissions Reduction Plan). Firstly, through the reduction of primary energy consumption for the company's own operations, secondly, the reduction of emissions derived from the operation and, finally, the improvement in the management of fugitive emissions.

With the aim of reducing primary energy consumption and greenhouse gas emissions, in 2022 the projects to replace two natural gas-powered turbo compressors with electrically-powered motor compressors continued, one at the Almendralejo compressor station and the other at the Coreses compressor station, after reaching the milestone of placing the motor compressors in their respective locations. Work has also continued on the replacement of turbocompressors with motor compressors in the wells of the Aurín field of the Serrablo underground storage. In compliance with the Enagás Transporte S.A.U. Electrification Plan, the design and engineering for the replacement of six turbo-compressors has begun, with the aim of being commissioned between 2026 and 2028.

With regard to consumption reduction in its facilities, it is mainly focused on the optimisation of its processes, to minimise the energy needs of these processes, and in the modification or replacement of their equipment, to improve their unit performance.

In 2022, the project to install a compressor vent gas at Lumbier compressor station was completed, resulting in reduced greenhouse gas emissions by eliminating methane emission from compressor vents. In addition to the above, the Cartagena Plant has continued with the project to replace the pilot flare and the installation of electrolyzers to replace the use of natural gas with hydrogen in this safety device.

In the area of fugitive methane emissions detection and mitigation, Enagás has led an innovation project to use several novel technologies and implement them to improve the accuracy of quantifying methane emissions at its facilities. The project has been developed in the framework of the European partnership GERG (European Gas Research Group) and the results of this project will contribute to achieving the objective of the Global Methane Pledge and obtaining the "Gold standard" of OGMP 2.0, a voluntary initiative coordinated by the United Nations Environment Programme. The project is coordinated by Enagás, with the participation of 13 other European gas infrastructure operators and gas associations. With this aim in mind, the fugitive emissions bank of the Metrology and Innovation Centre of Zaragoza has been adapted for hydrogen experimentation.

Another strategic project is the collaboration with SATLANTIS, a subsidiary of Enagás Emprende SLU, for technological support in the development of innovative technology for the detection and quantification of methane emissions by satellite.

Finally, we must complement discussion on energy efficiency with the mention of E4efficiency. This company was founded in 2017 through an intrapreneurship programme and has achieved success with the introduction of a unique technology capable of harnessing the ecological cold of the natural gas regasification process. This startup establishes Enagás as an industry leader for energy efficiency and environmental stewardship in its facilities. In 2022, E4efficiency was granted the patent "System and method for recovering cold from LNG in regasification plants", of which E4efficiency is the owner. In addition, an agreement was signed with Veolia to start construction of the Barcelona plant to provide Ecoenergies and Veolia with ecological cooling. Finally, they were awarded a public financing project from the IDAE to carry out a hydrogen generation project at the Huelva plant with a 300kW electrolyser.

Technical efficiency

The development of the "Simulation Hub" project was completed in 2022. This project has enabled the development of a tool to trace the concentrations of hydrogen mixtures and to accurately predict potential concentrations under varied operating conditions. This ability is essential to ensure that the maximum allowable hydrogen concentrations are respected.

6. Renewable gases

In the field of renewable gases, Enagás has worked on 3 projects aimed at developing innovative technology for the production of hydrogen, other than water electrolysis technology. Through these projects, it will be possible to recover waste or take advantage of the direct source of solar energy with the potential to reduce the production costs expected to be obtained in large-scale projects.

At the end of 2022, Enagás obtained the results of a project that was kickstarted in 2021 with Nantek, a company dedicated to the pyrolysis of plastics for the production of biofuels. The innovation lies in the use of Nantek's proprietary nanocomposites, which allow working at controlled temperatures and obtain a higher quality end product thanks to the carbon-rich input. The result of the project has been the obtaining of a synthetic gas rich in biomethane and hydrogen, which will be studied in subsequent phases for possible upgrading to hydrogen to maximise its concentration or the incorporation of a methanisation process.

The HacDos project started in 2022 and is a Spanish consortium to develop a photocatalytic technology to produce H₂ from wastewater. The pilot project aims to demonstrate both the technical feasibility of photocatalysis for the production of hydrogen from wastewater and solar energy and the maximum H₂ production through a techno-economic and market analysis aimed at the possible establishment of a spin-off.

Sunrgyze was set up in 2021 with the aim of scaling up photoelectrocatalysis technology for H₂ production and building an industrial-scale plant (200Tn H₂/year) at the Repsol Puertollano refinery. On a technical level, this is an R&D project initiated by Repsol in 2012. In 2018, it was successfully tested on a laboratory scale and in 2020, operational tests began at Repsol's Techlab. Some leakage and crossover issues (H₂ and O₂ mixing) were identified and are being addressed to reach TRL 6 (prototype in relevant environment). Enagás Emprrende has joined the management of Sunrgyze in September 2022 and has entered into a partnership agreement with the CIDAUT technology centre for the development of the third generation of photocatalytic cells. In line with the energy transition towards renewable gases, the first hydrogen refuelling station in Spain for long-range electric fuel cell vehicles was inaugurated in 2022 through Scale Gas, a company promoted by Enagás Emprrende. This has been an important first milestone for the deployment of future multi-molecule refuelling stations. With a supply capacity of 700 bar pressure, the hydrogen station at the San Antonio filling station at 34 Avenida de Manoteras in Madrid enables the refuelling of a fleet of 12 Toyota Mirai vehicles used by the companies behind this pioneering project. This promotes the use of hydrogen as a clean and sustainable energy source and drives innovation in the automotive sector.

7. Digitalización

Sercomgas, a subsidiary of Enagás Emprrende, was created in 2018 with the aim of providing operational back-office services to shippers, traders and qualified gas consumers, facilitating access to new customers and the development of the Spanish gas hub concept in accordance with Enagás' strategy. In 2022, it launched its back-office logistics management software that will help automate and improve the control of the daily operations of gas shippers, thus promoting the digitisation of operations in the sector.

VII. Acquisition and sale of treasury shares

On December 31, 2022, Enagás, S.A. finalised the process of delivering and acquiring treasury shares, which amounted to 821,375 shares, representing 0.31% of the total shares issued by Enagás, S.A. at December 31, 2022, for a total of 9,676 thousands of euros (including associated expenses of 10 thousands of euros). This acquisition took place within the framework of the "Temporary Treasury Shares Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Directors and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2022-2024 Long-Term Incentive Plan (ILP) and Remuneration Policy approved at the General Shareholders' Meeting on March 31, 2022. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 31, 2022. Management of the Temporary Treasury Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process (Note 4.4).

VIII. Annual Corporate Governance Report

The Consolidated Management Report includes the Company's Annual Corporate Governance Report in accordance with the provisions of article 49.4 of the Code of Commerce. This report will also be available from the publication of these accounts both on the corporate website www.enagas.es and on the CNMV website www.cnmv.es.

On February 20, 2023, the Board of Directors of Enagás, S.A. prepared the Annual Accounts and Management Report for the year ended December 31, 2022, consisting of the accompanying documents attached hereto, in accordance with the provisions of Article 253 of the Corporate Enterprises Act and Article 37 of the Code of Commerce, and remaining applicable standards.

In accordance with the provisions of article 262.5 of the Consolidated Text of the Corporate Enterprises Act and the reference contained in the Management Report of the individual company Enagás, S.A. corresponding to the year ended December 31, 2022, Enagás, S.A., as the parent of the Enagás Group, includes the Non-Financial Information Statement in the Consolidated Management report of Enagás, pursuant to the provisions of Law 11/2018 governing non-financial and diversity reporting.

DECLARATION OF RESPONSIBILITY: For the purposes of Article 118.2 of the consolidated text of the Securities Market Act and Article 8.1.b) of Royal Decree 1362/2007, of October 19, the directors state that, to the best of their knowledge the Annual Accounts, prepared in accordance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of the Company and that the Management Report includes a fair analysis of the performance and results of the businesses and the situation of the Company, together with the description of the main risks and uncertainties faced. They additionally state that, to the best of their knowledge, the directors not signing below did not express dissent with respect to the Annual Accounts or the Management Report.

Chairman:

Mr Antonio Llardén Carratalá

(Signed the original in Spanish)

Directors:

Sociedad Estatal de Participaciones Industriales-SEPI

(Represented by Mr Bartolomé Lora Toro)

(Signed the original in Spanish)

Ms Ana Palacio Vallelersundi

(Signed the original in Spanish)

Ms Eva Patricia Úrbez Sanz

(Signed the original in Spanish)

Mr Santiago Ferrer Costa

(Signed the original in Spanish)

Mr David Sandalow

(Signed the original in Spanish)

Ms María Teresa Costa Campi

(Signed the original in Spanish)

Mr Cristóbal José Gallego Castillo

(Signed the original in Spanish)

Chief Executive Officer:

Mr Arturo Gonzalo Aizpiri

(Signed the original in Spanish)

Mr José Montilla Aguilera

(Signed the original in Spanish)

Ms María Teresa Arcos Sánchez

(Signed the original in Spanish)

Ms Natalia Fabra Portela.

(Signed the original in Spanish)

Ms Clara Belén García Fernández-Muro.

(Signed the original in Spanish)

Mr José Blanco Lopez

(Signed the original in Spanish)

Mr Manuel Gabriel González Ramos

(Signed the original in Spanish)

DILIGENCE to record that, in accordance with the call of the Board of Directors, having been held at the registered office, allowing the directors to participate telematically, the individual Annual Accounts and Management Report of Enagás, S. A. for the 2022 financial year have been drawn up with the agreement of all members of the Board of Directors, which is certified by the Secretary of the Board with his signature below, and with the signatures of those Directors who have physically participated in the Board of Directors.

Electronic signature of the Secretary to the Board:

Mr Rafael Piqueras Bautista

(Signed the original in Spanish)

**Audit Report on Financial Statements
issued by an Independent Auditor**

**ENAGÁS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2022**

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 5)

To the shareholders of ENAGÁS, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of ENAGÁS, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2022, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

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

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Recovery of financial assets related to Gasoducto Sur Peruano, S.A.

Description On January 24, 2017, the Directorate General for Hydrocarbons of the Ministry for Energy and Mines terminated the "Improvements to the National Energy Security and Development of the South Peruvian Pipeline" concession agreement and on December 4, 2017, the National Institute for the Defense of Competition and Intellectual Property requested that Gasoducto del Sur Peruano, S.A. file for bankruptcy, as explained in Note 3.3.a to the consolidated financial statements.

The Enagás Group holds financial assets amounting to 275.3 million US dollars relating to the investment in Gasoducto Sur Peruano, S.A. and accounts receivable pertaining to executed guarantees totaling 226.8 million US dollars, interest of 1.9 million US dollars, as well as various invoices for professional services rendered amounting to 7.6 million US dollars. These items represent recorded assets at December 31, 2022 of 474 million euros (Note 3.3.a to the accompanying consolidated financial statements).

Due to the termination of the concession contract, the Enagás Group entered into an ongoing dispute with the Peruvian Government related to the recovery of the investment. On July 2, 2018, a request was filed with the ICSID (International Centre for Settlement of Investment Disputes) to initiate arbitration against the Peruvian State regarding its investment in Gasoducto Sur Peruano, S.A. Subsequently, Enagás' claim memorial was submitted to the ICSID, as were the corresponding responses and replies by both the Peruvian government and Enagás. The pre-trial hearing was held in September 2022, and the written conclusions were presented in November 2022. Issuance of the arbitration award is estimated for around June 30, 2023.

Given the significance of the amounts involved and the uncertainty regarding the final outcome of the resolution of complex, long-term processes of this type from a legal and economic standpoint, we have determined this to be a key audit matter since, primarily, the Group's legal advisors believe that the estimates made by Enagás' directors may vary in the future.

Our response

Our audit procedures in this regard included, among other, the following:

- ▶ Understanding the Enagás Group's process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- ▶ Evaluating compliance with the terms and conditions of the contracts and agreements between shareholders of Gasoducto Sur Peruano, S.A.
- ▶ Analyzing recent relevant notifications between Peruvian official bodies and Gasoducto Sur Peruano, S.A., as well as the documents included in the claim filed by Enagás with the ICSID and the Peruvian government's and Enagás' various replies, responses, and rejoinders.
- ▶ Holding meetings with external and independent experts in Peruvian and international law engaged by the Enagás Group.

- ▶ Reviewing the analysis reports of this matter prepared by various Peruvian and international law experts (bankruptcy, criminal and administrative law, inter alia) and the Enagás Group's internal legal consultants.
- ▶ Reviewing the Enagás Group's accounting estimate processes used to analyze the recovery of the aforementioned financial assets and the basis for the report prepared by an external accounting expert and the report prepared by an independent expert to determine the net carrying amount of these financial assets that have been included in the dispute filed with the ICSID.
- ▶ Assessing the financial asset recovery analysis prepared by Enagás Group Management based on various scenarios (sensitivity analysis).
- ▶ Reviewing the disclosures included in the notes to the accompanying consolidated financial statements in conformity with the applicable financial reporting framework.

Regulatory framework including recognition of income and amounts receivables from the gas system

Description The Enagás Group's main revenues as explained on note 2.1 of the Consolidated Financial Statements, are derived from regasification, storage, and transportation of natural gas that are regulated under the framework that started as of January 1, 2021 until 2026 (as explained on Appendix III of the accompanying consolidated financial statements). Consequently, the Group's activities are notably affected by the current regulation (local, regional, national, and European).

The abovementioned factors have caused us to consider this issue a key audit matter.

Our response

Our audit procedures in this regard included, among other, the following:

- ▶ Understanding the Enagás Group's process for recognizing revenue from regulated activities and receivable balances, as well as reviewing the design and operating effectiveness and implementation of key controls.
- ▶ Reviewing the regulations from January 1, 2021 and evaluating the degree of compliance therewith.
- ▶ Testing revenue recognition, verifying its reasonableness in terms of each year's regulatory developments.
- ▶ Verifying the gas system's accounts payable and receivable by examining conclusions and final settlements with the CNMC during the year.
- ▶ Reviewing the disclosures included in notes 2.1, 2.2, and Appendix III to the accompanying consolidated financial statements in conformity with the applicable financial reporting framework.

Impairment analysis of equity method investments

Description The Enagás Group makes significant estimates when analyzing the impairment of investments accounted for using the equity method, the balance of which at December 31, 2022 amounts to 2,552.6 million euros and contain significant implicit goodwill. The possible loss of value is determined by analyzing the recoverable value of the investment accounted for using the equity method.

The principal figures and the criteria and hypotheses used in the related valuation of these assets are described in Note 1.6 and 2.7 to the consolidated financial statements.

We have determined these estimates and valuations to be a key audit matter since, given the amount of the assets affected, small changes in the hypotheses could have a material impact on the Enagás Group's consolidated financial statements.

**Our
response**

Our audit procedures consisted, among others, the following:

- ▶ Understanding the Enagás Group's process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- ▶ Reviewing, in collaboration with valuation specialists, the reasonableness of the methodology used by Management for preparing the discounted cash flow statements of each investment accounted for using the equity method, focusing particularly on the discount rate and long-term growth rate applied.
- ▶ Analyzing the financial information projected in the business plan of each investment accounted for using the equity method by analyzing historical financial information, current conditions, and expectations regarding their future performance.
- ▶ Checking the mathematical accuracy of impairment models and reviewing the sensibility analysis performed by the Management.
- ▶ Reviewing the information disclosed by the Group with respect to these estimates to the accompanying consolidated financial statements in accordance with the applicable financial reporting framework.

Other information: consolidated Management report

Other information refers exclusively to the 2022 consolidated Management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated Management report. Our responsibility for the consolidated Management report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the consolidated Management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated Management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated Management report is consistent with that provided in the 2022 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company's directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of ENAGÁS, S.A. and subsidiaries for the 2022 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of ENAGÁS S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). For this reason, the Annual Report on Remuneration of Directors have been included in the consolidated management report for reference.

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 20, 2023.

Term of engagement

The ordinary general shareholders' meeting held on March 31, 2022 appointed us as auditors for three years, commencing on December 31, 2022.

Previously, we were appointed as auditors by the shareholders for two periods of 3 years and we have been carrying out the audit of the financial statements continuously since December 31, 2016

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)



José Agustín Rico Horcajo
(Registered in the Official Register of
Auditors under No. 21920)

February 20, 2023



CONSOLIDATED ANNUAL ACCOUNTS 2022

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the EU, in conformity with Regulation (EC) No. 1606/ 2002. In the event of a discrepancy, the Spanish-language version prevails.



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ENAGÁS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2022

(In thousands of euros)

ASSETS	Notes	12.31.2022	12.31.2021
NON-CURRENT ASSETS		7,412,967	7,957,452
Intangible assets	2.5	83,169	86,624
Goodwill		17,521	23,203
Other intangible assets		65,648	63,421
Investment properties	4.1	17,410	18,660
Property, plant, and equipment	2.4	4,164,912	4,428,552
Investments accounted for using the equity method	1.6	2,552,584	2,789,684
Other non-current financial assets	3.3.a	593,198	632,621
Deferred tax assets	4.2.f	1,694	1,311
CURRENT ASSETS		1,985,610	1,916,266
Non-current assets held for sale	2.6	40,460	29,669
Inventories	4.8	35,200	26,359
Trade and other receivables	2.2.b	513,031	382,709
Current tax assets	4.2.a	453	12,357
Other current financial assets	3.3.a	29,180	13,466
Short-term accruals		8,002	7,555
Cash and cash equivalents	3.8.a	1,359,284	1,444,151
TOTAL ASSETS		9,398,577	9,873,718
EQUITY AND LIABILITIES			
EQUITY		3,218,302	3,101,650
SHAREHOLDERS' EQUITY		3,076,477	3,158,421
Sharecapital	3.1.a	392,985	392,985
Issue premium	3.1.b	465,116	465,116
Reserves	3.1.d	2,036,921	2,080,241
Treasury shares	3.1.c	(18,366)	(12,464)
Profit /(loss) for the year		375,774	403,826
Interim dividend	1.8.a	(179,684)	(177,812)
Other equity instruments	4.4	3,731	6,529
ADJUSTMENTS FOR CHANGES IN VALUE	3.1.e	125,804	(72,991)
MINORITY INTERESTS (EXTERNAL PARTNERS)	3.2	16,021	16,220
NON-CURRENT LIABILITIES		4,417,833	5,299,828
Non-current provisions	2.9.a	295,893	292,356
Financial debt and non-current derivatives	3.3.b	3,935,797	4,808,928
Deferred tax liabilities	4.2.f	150,445	160,317
Other non-current liabilities	2.8	35,698	38,227
CURRENT LIABILITIES		1,762,442	1,472,240
Current provisions	2.9.a	11,564	717
Financial debt and current derivatives	3.3.b	970,440	1,056,128
Trade and other payables	2.3	710,234	412,790
Current tax liabilities	4.2.a	70,204	2,605
TOTAL EQUITY AND LIABILITIES		9,398,577	9,873,718

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Balance Sheet at December 31, 2022

ENAGÁS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2022

(In thousands of euros)

	Notes	12.31.2022	12.31.2021
Revenue	2.1.a	957,100	975,686
Income from regulated activities		950,440	967,607
Income from non-regulated activities		6,660	8,079
Other operating income	2.1.a	13,209	15,487
Personnel expenses	2.1.b	(140,414)	(129,747)
Other operating expenses	2.1.c	(233,746)	(183,672)
Depreciation and amortisation	2.4 and 2.5	(264,122)	(262,837)
Impairment losses on disposal of fixed assets	2.4, 2.5 and 4.1	(607)	5,201
Result of investments accounted for using the equity method	1.6	146,820	163,251
OPERATING PROFIT		478,240	583,369
Financial income and similar	3.5	37,525	19,524
Financial expenses and similar	3.5	(100,348)	(103,009)
Impairment and gains (losses) on disposals of financial instruments	3.5	110,891	—
Exchange differences (net)	3.5	70	144
Change in fair value of financial instruments	3.5	20	(71)
FINANCIAL RESULT		48,158	(83,412)
PROFIT /(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		526,398	499,957
Income tax	4.2.c	(149,984)	(95,318)
PROFIT /(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		376,414	404,639
Profit attributable to minority interests	3.2	(640)	(813)
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY		375,774	403,826
BASIC EARNINGS PER SHARE (in euros)	1.7	1.4379	1.5443
DILUTED EARNINGS PER SHARE (in euros)	1.7	1.4379	1.5443

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Income Statement at December 31, 2022.

ENAGÁS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2022

(In thousands of euros)

	Notes	12.31.2022	12.31.2021
CONSOLIDATED PROFIT FOR THE YEAR		376,414	404,639
Attributed to the parent company		375,774	403,826
Attributable to minority interests		640	813
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		199,817	118,024
From companies accounted for using the full consolidation		(51,223)	(67,098)
From cash flow hedges	3.1.e	(414)	(6,924)
From translation differences	3.1.e	(50,913)	(61,905)
Tax effect	3.1.e	104	1,731
From companies accounted for using the equity method		218,391	184,588
From cash flow hedges	3.1.e	81,172	23,741
From translation differences	3.1.e	148,901	164,597
Tax effect	3.1.e	(11,682)	(3,750)
Non-current assets held for sale		30,397	—
From translation differences		30,397	—
Of equity instruments at fair value, net	3.1.e	2,252	534
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		(1,022)	11,705
From companies accounted for using the full consolidation		33,509	9,432
From cash flow hedges	3.1.e	3,627	12,576
From translation differences	3.1.e	30,789	—
Tax effect	3.1.e	(907)	(3,144)
From companies accounted for using the equity method		2,890	2,273
From cash flow hedges	3.1.e	3,715	3,219
Tax effect	3.1.e	(825)	(946)
Non-current assets held for sale		(37,421)	—
From translation differences		(37,421)	—
TOTAL OTHER COMPREHENSIVE INCOME		198,795	129,729
TOTAL RECOGNISED INCOME AND EXPENSES		575,209	534,368
Attributed to minority interests		640	813
From attributable to results	3.2	640	813
Attributed to the parent company		574,569	533,555

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Statement of Comprehensive Income at December 31, 2022

IAS 1 requires that items to be reclassified in the Consolidated Income Statement are broken down separately from those that will not be reclassified. All of the aforementioned cases are considered susceptible to reclassification in the income statement.

ENAGÁS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY AT DECEMBER 31, 2022

(In thousands of euros)

	Share capital (Note 3.1.a)	Issue premium and reserves (Note 3.1.b and Note 3.1.c)	Other equity instruments (Note 4.4)	Treasury shares (Note 3.1.c)	Profit /(loss) for the year	Interim dividend (Note 1.8.a)	Adjustments for changes in value (Note 3.1.e)	Equity attributable to the Parent Company	Minority interests (Note 3.2)	Total Equity
BALANCE AT DECEMBER 2020 AND AT THE BEGINNING OF 2021	392,985	2,539,540	4,402	(12,464)	444,002	(175,720)	(202,720)	2,990,025	16,959	3,006,984
Total recognised income and expenses					403,826		129,729	533,555	813	534,368
Transactions with shareholders	—	—			(263,580)	(177,812)		(441,392)	(3,559)	(444,951)
- Distribution of dividends		—	—	—	(263,580)	(177,812)		(441,392)	(3,559)	(444,951)
Other changes in equity		5,817	2,127	—	(180,422)	175,720		3,242	2,007	5,249
- Payments based on equity instruments		—	2,127	—	—	—	—	2,127	—	2,127
- Transfers between equity items		4,702	—	—	(180,422)	175,720	—	—	—	—
- Differences due to changes in consolidation		(56)	—	—	—	—	—	(56)	(223)	(279)
- Other changes		1,171	—	—	—	—	—	1,171	2,230	3,401
BALANCE AT DECEMBER 2021 AND AT THE BEGINNING OF 2022	392,985	2,545,357	6,529	(12,464)	403,826	(177,812)	(72,991)	3,085,430	16,220	3,101,650
Total recognised income and expenses	—	—	—	—	375,774	—	198,795	574,569	640	575,209
Transactions with shareholders	—	—	—	—	(266,718)	(179,684)	—	(446,402)	(820)	(447,222)
- Distribution of dividends	—	—	—	—	(266,718)	(179,684)	—	(446,402)	(820)	(447,222)
Transactions with treasury shares	—	—	—	(9,677)	—	—	—	(9,677)	—	(9,677)
Other changes in equity	—	(43,320)	(2,798)	3,775	(137,108)	177,812	—	(1,639)	(19)	(1,658)
- Payments based on equity instruments	—	—	(2,798)	3,775	—	—	—	977	—	977
- Transfers between equity items	—	(40,704)	—	—	(137,108)	177,812	—	—	—	—
- Differences due to changes in consolidation	—	—	—	—	—	—	—	—	268	268
- Other changes	—	(2,616)	—	—	—	—	—	(2,616)	(287)	(2,903)
BALANCE AT DECEMBER 31, 2022	392,985	2,502,037	3,731	(18,366)	375,774	(179,684)	125,804	3,202,281	16,021	3,218,302

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Statement of Total Changes in Equity at December 31, 2022

ENAGÁS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31, 2022

(In thousands of euros)

	Notes	12.31.2022	12.31.2021
CONSOLIDATED PROFIT BEFORE TAX		526,398	499,957
Adjustments to consolidated profit		71,270	173,809
Amortisation of fixed assets	2.4 and 2.5	264,122	262,837
Other adjustments to profit		(192,852)	(89,028)
Change in operating working capital		235,342	39,474
Inventories		(9,037)	(4,990)
Trade and other receivables		(67,285)	(85,714)
Other current assets and liabilities		—	(1,596)
Other non-current assets and liabilities		(3,188)	(620)
Trade and other payables		314,852	132,394
Other cash flows from operating activities		(106,979)	(133,306)
Interest paid		(70,923)	(82,473)
Interest received		12,138	13,291
Income tax receipts (payments)	4.2.c	(48,194)	(64,124)
NET CASH FLOWS FROM OPERATING ACTIVITIES		726,031	579,934
Payments for investments		(150,238)	(114,011)
Subsidiaries and associates	1.6	(23,012)	(10,641)
Fixed assets and real estate investments	2.4 and 2.5	(90,786)	(69,854)
Other financial assets		(36,440)	(33,516)
Proceeds from disposals		698,810	54,327
Subsidiaries and associates		38,618	52,093
Non-current assets held for sale		659,629	2,234
Other financial assets		563	—
Other cash flows from investing activities		121,268	160,268
Other receipts (payments) from investing activities	1.6	121,268	160,268
NET CASH FLOWS FROM INVESTING ACTIVITIES		669,840	100,584
Proceeds from and (payments) on equity instruments		(8,423)	—
Acquisition of equity instruments		(9,677)	—
Sales of equity instruments		1,254	—
Proceeds from and payments on financial liabilities		(1,031,499)	377,572
Issues	3.8.c	2,247,980	3,892,937
Repayment and amortisation	3.8.c	(3,279,479)	(3,515,365)
Other cash flows from investing activities		(38,175)	(36,481)
Other receipts (payments) from financing activities	3.4	(38,175)	(36,481)
Dividends paid	1.8.a	(446,686)	(444,040)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,524,783)	(102,949)
EFFECT OF CHANGES IN CONSOLIDATION METHOD		2,273	—
Effect of exchange rate fluctuations		41,772	2,927
TOTAL NET CASH FLOWS		(84,867)	580,496
Cash and cash equivalents at beginning of period		1,444,151	863,655
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3.8.a	1,359,284	1,444,151

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Cash Flow Statement at December 31, 2022.

1. Group activities and presentation bases

RELEVANT ASPECTS

Results

- The net profit attributed to the parent company amounted to 375,774 thousands of euros ([Note 1.7](#)).

This amount includes several non-recurring events, such as the closing of the transfer of the stake in GNL Quintero, for which the Enagás Group recorded a net profit of 135 million euros, the impairment of the stake in Tallgrass Energy for 134 million euros, and the change of control to joint control of the Enagás Renewable subgroup and consequent recognition as investments accounted for using the equity method at fair value, generating a profit of 50 million euros.

- Basic earnings per share and diluted earnings per share at December 31, 2022 were the same and amounted to 1.4379 euros per share. At December 31, 2021, basic earnings per share amounted to 1.5443 euros, which coincided with diluted earnings per share ([Note 1.7](#)).
- The proposed dividend payment for 2022 amounts to 1.72 euros per share (1.70 euros per share in 2021) ([Note 1.8](#)).
- The Board of Directors has proposed the following distribution of net profit corresponding to 2022 for the Parent company, Enagás, S.A. ([Note 1.8.a](#)):



International economic situation

- In 2022, both Enagás and its Group companies have operated normally, ensuring continuity of natural gas supply both in Spain and in the countries where these companies operate. This Group's main activity takes place within a stable regulatory framework.
- As in 2021, in 2022 there were no significant equity effects as a result of the Covid-19 situation, as detailed in [Note 1.11](#). Also, there have been no significant effects as a result of the international situation caused by the war in Ukraine.

Working capital

At December 31, 2022 the Consolidated Balance Sheet presents a positive working capital of 223,168 thousands of euros (positive working capital of 444,026 thousands of euros at December 31, 2021).

Other information

The Enagás Group has made a net divestment of 548,572 thousands of euros in 2022, as reflected in the Cash Flow Statement. The most noteworthy transactions are the following:

- In July 2022, the conditions precedent were fulfilled and the Enagás Group completed the transfer of the GNL Quintero interest, for which it received 655 million dollars (638.8 million euros) ([Note 1.5](#)).
- Investments were made in regasification, transmission and storage facilities, with the aim of expanding and improving them to adapt to future demand forecasts amounting to 90,786 thousands of euros in relation to the investment additions indicated in [Note 2.4](#).

1.1 Group activity

Enagás, S.A. (hereinafter the Company or the Parent Company), a company incorporated in Spain on July 13, 1972 in accordance with the Spanish Corporate Enterprises Act, is the head of a group of companies ([Appendix I and II](#)) that form the Enagás Group (hereinafter the Group or the Enagás Group) and which are engaged in the transmission, storage and regasification of natural gas, as well as the development of all functions related to the technical management of the gas system.

a) Corporate purpose

- i. Regasification, basic and secondary transmission as well as storage of natural gas, via the corresponding gas infrastructure or facilities, of its own or of third parties, and also the performance of auxiliary activities or others related to the aforementioned activities.
- ii. Design, construction, start up, exploitation, operation, and maintenance of all types of complementary gas infrastructure and facilities, including telecommunications networks, remote control and control of any nature, and electricity networks, whether its own or of third parties.
- iii. Development of all functions relating to technical management of the gas system.
- iv. Transmission and storage activities for carbon dioxide, hydrogen, biogas, and other energy-related fluids, via the corresponding facilities, of its own or of third parties, as well as the design, construction, start up, exploitation, operation, and maintenance of all types of complementary infrastructure and installations necessary for said activities.
- v. Activities for making use of heat, cold, and energies associated with its main activities or arising from them.
- vi. Rendering of services of a diverse nature, among them, engineering, construction, advisory, and consultancy services in connection with the activities relating to its corporate purpose as well as participation in natural gas markets management activities to the extent they are compatible with the activities permitted for the Company by law.

The above activities can be carried out by Enagás, S.A. itself or through companies with an identical or analogous corporate purpose in which it holds interest, provided they remain within the scope and limitations established by legislation applicable to the hydrocarbons sector. In accordance with said legislation, the activities related to transmission and technical management of the system which are of a regulated nature must be carried out by two subsidiaries entirely owned by Enagás, S.A. (Enagás Transporte, S.A.U. and Enagás GTS, S.A.U., respectively). Consequently, the corporate purpose includes:

- i. Management of the corporate group comprised of the interest held in share capital of companies belonging to the group.

- ii. Rendering of assistance or support services to affiliates, including the provision of appropriate guarantees and reinforcement for them.

b) Other information

Its registered address is located at Paseo de los Olmos, 19, 28005, Madrid. The Articles of Association and other public information about the Company and its Group may be consulted on its web page, www.enagas.es, and at its registered office. The name of the Parent Company has not changed with respect to the previous year.

1.2 Basis of presentation

The Consolidated Annual Accounts of the Enagás Group for 2022 were prepared based on the accounting records of the Parent Company and remaining entities comprising the Group, in accordance with International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council.

The Consolidated Annual Accounts have been prepared applying all mandatory accounting principles, standards, and measurement criteria in order to give a true and fair view of the equity and financial position of the Group at December 31, 2022, as well as of the results of its operations, changes in equity, cash flows, and changes in recognised income and expenses, which have arisen in the Group for the year then ended.

The Consolidated Annual Accounts of the Enagás Group for 2022 were authorised for issue by the Directors at their Board meeting held on February 20, 2023. The Consolidated Annual Accounts for 2021 were approved at the General Shareholders' Meeting of Enagás, S.A. held on March 31, 2022 and were subsequently filed at the Madrid Companies Registry. The Group's Consolidated Annual Accounts and those of each entity belonging to the Group, corresponding to financial year 2022, are pending approval at their respective Ordinary General Shareholders' Meeting. It is expected that they will be approved without modification.

These Consolidated Annual Accounts are presented in thousands of euros (unless otherwise stated).

International economic situation

Continuing with the application of the recommendations of the European Securities and Markets Authorities (ESMA) provided in 2020 and 2021 regarding the economic situation generated by COVID-19, we provide in [Note 1.11](#) below a summary of the main aspects of this situation considered by the Enagás Group in relation to the consolidated annual accounts at December 31, 2022.

[Note 1.11](#) below also includes a reference to the armed conflict in Ukraine, which began on February 24, 2022, and indicates that it did not have a negative impact on the consolidated financial statements as of December 31, 2022.

a) Materiality criteria

The accompanying Consolidated Annual Accounts do not include the information or disclosures which the Group did not consider of material significance or important relative to the concept of materiality as defined in the conceptual framework of IFRS, taking into account the Consolidated Annual Accounts as a whole.

b) Comparison of information

The information included in these consolidated notes relating to 2021 is presented solely and exclusively for purposes of comparison with the information relating to 2022.

1.3 Consolidation principles

The Consolidated Financial Statements include the Financial Statements of the Parent Company, Enagás, S.A., and its subsidiaries, associates, jointly controlled operations and joint ventures at December 31, 2022.

Subsidiaries are considered to be those entities with respect to which the Enagás Group fulfils the following criteria:

- The capacity to use its interest to influence the amount of revenue to be obtained from said subsidiary.
- The Group has power over the affiliate, in so far as a company has rights which permit it to direct relevant activities, understood as those which significantly affect the revenue generated by the subsidiary.
- It maintains exposure or the right to variable revenue arising from its involvement in the subsidiary.

Subsidiaries are consolidated using the full consolidation method.

The share of minority shareholders in the equity and profit of consolidated subsidiaries of the Enagás Group is recognised in "Minority interests (External partners)" under "Equity" in the Consolidated Balance Sheet and "Profit/(loss) attributable to minority interests" in the Consolidated Income Statement, respectively. Subsidiaries are consolidated starting on the acquisition date, i.e., the date on which the Group obtains control, and they continue to be consolidated until such control is lost.

The financial statements of subsidiaries are prepared for the same reporting period as those of the Parent. With respect to the joint agreements, that is, those by virtue of which the Enagás Group maintains joint control with one or more other partners, a distinction is made between joint operations and joint ventures. Joint control is understood as control shared by virtue of a contractual agreement which requires unanimous consent from all involved parties for decision-making regarding relevant activities.

Thus, joint operations are considered to be those in which, based on a contractual arrangement, a company enjoys the rights to assets and assumes obligations with respect to liabilities. The interest held in joint operations is consolidated using the proportionate consolidation method.

In addition, joint ventures are considered to be those in which, based on a contractual arrangement, a company exercises rights with respect to the net assets of the joint venture. Shareholdings in joint ventures are consolidated using the equity method. In those cases in which the Enagás Group acquires control over companies previously considered as joint ventures, a new estimate is made for the fair value of the interest held previously in equity at the acquisition date, recognising income or losses in the Consolidated Income Statement for the reporting period. Furthermore, associates are considered to be those entities over which the Enagás Group holds significant influence, that is, the power to intervene in decision-making regarding financial policies and operational matters, without attaining full control or joint control. The interest held in associates is consolidated using the equity method.

If appropriate, adjustments are made to the financial statements of subsidiaries, affiliates, joint ventures, and joint operations in order to unify their accounting policies with those of the Enagás Group.

a) Consolidation methods

Consolidation method/Company	Functional currency
Full consolidation	
Enagás Transporte, S.A.U.	Euro
Enagás GTS, S.A.U.	Euro
Enagás Internacional, S.L.U.	US dollar
Enagás Financiaciones, S.A.U.	Euro
Enagás U.S.A., L.L.C.	US dollar
Enagás Perú, S.A.C.	US dollar
Enagás México, S.A. de C.V.	US dollar
Enagás Emprende, S.L.U.	Euro
Enagás Chile, SpA	US dollar
Enagás Transporte del Norte, S.L. (1)	Euro
Infraestructuras del Gas, S.A. (1)	Euro
Enagás Holding USA, S.L.U.	US dollar
Enagás Infraestructuras de Hidrógeno, S.A.U.	Euro
Efficiency for LNG Applications, S.L.	Euro
Enagás Services Solutions, S.L.	Euro
Sercomgas Solutions, S.L. (1)	Euro
Scale Gas Solutions, S.L.	Euro
Equity method	
Gasoducto de Morelos, S.A.P.I. de C.V. (2)	US dollar
Morelos O&M, S.A.P.I. de C.V. (2)	US dollar
Estación de Compresión Soto La Marina, S.A.P.I. de C.V.	US dollar
Soto de la Marina O&M, S.A.P.I. de	US dollar
Bahía de Bizkaia Gas, S.L.	Euro
Trans Adriatic Pipeline AG	Euro
Terminal de LNG de Altamira, S. de R.L. de C.V.	US dollar

Consolidation method/Company	Functional currency
Transportadora de Gas del Perú, S.A.	US dollar
Planta de Regasificación de Sagunto, S.A.	Euro
Iniciativas del Gas, S.L.	Euro
Mibgas, S.A.	Euro
Tallgrass Energy L.P.	US dollar
Llewo Mobility, S.L (previously "Gas to Move, S.L.")	Euro
Tecgas, Inc.	US dollar
Mibgas Derivatives, S.A.	Euro
Senfluga Energy Infraestructure	Euro
Hellenic Gas Transmission System Operator, S.A.	Euro
Seab Power Ltd.	Sterling pound
Vira Gas Imaging, S.L.	Euro
Alantra Energy Transition, S.A.	Euro
Knutsen Scale Gas, S.L.	Euro
Green Ports Project, S.L.	Euro
Enagás Renewable, S.L. (Subgrupo)	Euro
Solatom CSP, S.L.	Euro
Sunryze, S.L. (formerly "SUN2HY, S.L.")	Euro
Scale Gas Med Shipping, S.L.U.	Euro
Trovant Technology, S.L.	Euro
Basquevolt, S.A.	Euro
H2Greem Global Solutions, S.L.	Euro
Axent Infraestructuras de Telecomunicaciones, S.A.	Euro

- (1) For these companies the Enagás Group recognises interest corresponding to minority interests under "Minority interests (External partners)" in Equity in the Consolidated Balance Sheet at December 31, 2022.
- (2) The shareholdings of Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. remain classified as "Non-Current Assets Held for Sale" as of December 31, 2022 (Note 2.6).

b) Consolidation process

Consolidation of the Enagás Group was carried out in accordance with the following process:

- i. Transactions between companies included in the consolidation scope. All balances, transactions, and results between companies consolidated under the full consolidation method were eliminated upon consolidation. For joint operations, the balances, transactions and results of operations with other Group companies were eliminated in the proportion at which they were consolidated. With respect to gains and losses generated through operations among Group companies and companies consolidated under the equity method, the percentage of interest held by the Group in the latter was eliminated.

- ii. Harmonisation of criteria. For affiliates which apply different accounting and measurement criteria to those of the Group, the consolidation process included the corresponding adjustments, provided the effect was significant, with a view to presenting the Consolidated Financial Statements based on harmonised measurement standards.
- iii. Translation of Financial Statements denominated in foreign currency. The translation to euros of the Financial Statements of the aforementioned companies in the Enagás Group consolidation process was carried out in accordance with the following procedures:
 - Assets and liabilities of each corresponding balance sheet denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date.
 - Income and expense items making up each income statement heading are translated at the average exchange rate for the year in which the related transactions are carried out.
 - The historical exchange rate for Equity is maintained.
 - Exchange gains (losses) arising as a result of net assets are recognised as a separate component of equity under "Adjustments for changes in value" and in the income statement under "Translation differences."

When disposing of a company whose functional currency is not the euro; or when disposals are carried out as a result of losing control; or result from business combinations with respect to previously held interest, translation differences recognised as a component of equity relating to said investment are recognised in the Consolidated Income Statement as soon as the effect arising from said disposal is recognised.

The exchange rates with respect to the euro of the main currencies used by the Group during 2022 and 2021 were as follows:

Currency	Average exchange rate applicable to the headings of the income statement	Exchange rate applicable to the balance sheet headings (1)
2022		
US dollar	1.05361	1.06635
Peruvian Nuevo Sol	4.03416	4.04623
Sterling pound	0.85261	0.88455
2021		
US dollar	1.18439	1.1375
Peruvian Nuevo Sol	4.57224	4.5474
Sterling pound	0.86091	0.83964

(1) Equity excluded.

The effect on the main headings of the Group's Consolidated Financial Statements of applying the translation process to the net assets of companies consolidated using the full consolidation method and whose functional currency is the US dollar is as follows:

2022	Consolidated total	Contribution of companies using the euro as functional	Contribution of companies using the US dollar as	Amount in US dollars
Fixed assets and investment	4,265,491	4,264,865	626	668
Other non-current financial	593,198	590,717	2,481	2,646
Trade and other receivables	513,031	512,352	679	724
Other current financial assets	29,180	8,110	21,070	22,468
Cash and cash equivalents	1,359,284	830,400	528,884	563,975
Financial debt and non-current derivatives	3,935,797	3,521,784	414,013	441,483
Financial debt and current derivatives	970,440	574,113	396,327	422,623
Trade and other payables	710,234	605,967	104,267	111,185

iv. Elimination of dividends. Internal dividends are considered to be those a Group company recognises as income for the year and that have been distributed by another Group company.

During the consolidation process, dividends received by subsidiaries and joint operations are eliminated by considering them to be reserves of the recipient company, which consequently recognises them under "Reserves". In the case of minority interests in companies consolidated using the full consolidation method, the amount of the dividend corresponding to said minority interests is eliminated from the consolidated equity heading "Minority interests (External partners)".

v. Equity method. The investment is initially recognised at cost and subsequently adjusted by the share corresponding to the investor of the changes in net assets of the affiliate. In addition, dividends received are accounted for as a lower amount under "Investments accounted for using the equity method".

Also, when the associate or joint venture is acquired, any difference between the cost of the investment and the share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is accounted for as follows:

- The capital gain related to these companies or joint ventures is included in the carrying amount of the investment. This capital gain cannot be amortised.
- Any excess of the share of the net fair value of the identifiable assets and liabilities over the cost of the investment is included as income to determine the share

of profit or loss of the associate or joint venture in the period in which the investment is acquired.

The consolidated profit for the year includes participation in the results of the affiliates under "Results of investments accounted for using the equity method" in the accompanying Consolidated Income Statement. If the participation in losses of an associate or joint venture equals or exceeds participation in said entities, the loss will no longer be recognised under additional losses. Once interest in an entity is reduced to zero, the additional losses will be maintained and a liability will only be recognised to the extent the corresponding entity incurred legal or implicit obligations or made a payment on behalf of an associate or joint venture. If the associate or joint venture subsequently reports profits, the entity will once again recognise its interest only after its participation in said profits equals its participation in unrecognised losses.

1.4 Estimates and accounting judgements made

In the Group's Consolidated Annual Accounts for 2022, estimates and judgements were occasionally made by the Senior Management of the Group and of the consolidated companies, subsequently ratified by the Directors, in order to quantify certain assets, liabilities, income, expenses, and commitments reported herein. Basically:

Estimates

- The useful life of PP&E assets (Note 2.4).
- Provisions for dismantling/abandonment costs, other provisions and contingent liabilities (Note 2.9).
- The measurement of investments accounted for using the equity method, and non-financial assets to determine the

possible existence of impairment losses (Notes 1.6 and 2.7).

- The fair value of financial instruments (Notes 3.3 and 3.6).
- Impairment losses on financial assets measured at amortised cost (Notes 2.2 and 3.3).
- The calculation of income tax and deferred tax assets (Note 4.2).
- The fair value of equity instruments granted under the Long-Term Incentive Plan (ILP) (Note 3.1.c).
- Assumptions on the calculation of the term of lease contracts in application of IFRS 16 (Note 2.4.b).
- Determination of the expected loss associated with receivables (Note 2.2).

Judgements

- The recognition of investments accounted for using the equity method (Note 1.6).
- Compliance with conditions for classifying assets and liabilities as non-current assets and liabilities held for sale (Note 2.6).

Although these estimates were made on the basis of the best information available at December 31, 2022, future events may require these estimates to be modified prospectively in the coming years (upwards or downwards). In accordance with IAS 8, this would be done prospectively, recognising the effects of any change of estimate in the Consolidated Income Statement.

1.5 Changes in the consolidation scope

The following changes in the consolidation scope of the Enagás Group occurred during 2022:

Entity	Amount (thousands)		Stake percentage		Description / Type of control
	In local currency	In euros	At 12.31.2022	At 12.31.2021	
Entries into the scope					
Enagás Infraestructuras de Hidrógeno, S.L.	9,451	9,451	100.0 %	— %	Admission to the scope by incorporation of the company, which Enagás consolidates globally.
Basquevolt, S.A.	1,500	1,500	14.6 %	— %	Capital increase subscribed by the Enagás Group. With the shareholding structure and how decision-making is articulated, the Enagás Group integrates this investment through the equity method.
Enagás Renovable Chile, SpA	25	24	60.0 %	— %	Incorporation of this company, in which the Enagás Group held a 100% stake through Enagás Renovable. As a result, control was subsequently lost, as it belongs to the Enagás Renovable, S.L.U. subgroup (see below).
Changes in the method					
Enagás Renovable, S.L. (subgroup)	—	—	60.0 %	100.0 %	Capital increase subscribed by another shareholder which becomes a shareholder. With the new shareholders' agreement, the Enagás Group now accounts for this investment using the equity method, with a positive impact of 50 million euros on the income statement at the time the fair value was first recognised. Subsequently, Enagás transferred two shareholdings of 5% each to bring in two new shareholders, and these transfers had no material impact on the income statement.
H2Greem Global Solutions, S.L.	—	—	34.0 %	79.8 %	Capital increase subscribed by another shareholder, and with the new shareholders' agreement, the Enagás Group is now integrating this investment using the equity method, with a non significant effect on the Income Statement.
Trovant Technology, S.L.	—	—	12.5 %	4.0 %	Capital increase and entry of new shareholders. With the change in the shareholders' agreement and the way the decisions are articulated, the Enagás Group is now integrated into this company using the equity method.
Exits from the perimeter					
GNL Quintero, S.A.	—	—	— %	45.4 %	Once the conditions precedent had been met, the transaction was effectively completed, with a positive impact of 135 million euros on the net profit of the Enagás Group.
Compañía Operadora de Gas del Amazonas ("COGA")	—	—	— %	51.0 %	At the end of December 2022, the transaction was effectively closed, which had a non-significant positive effect on the Enagás Group's income statement.

Enagás Infraestructuras de Hidrógeno, S.L.

On April 21, 2022, Enagás Infraestructuras de Hidrógeno, S.L., a company wholly owned by Enagás, S.A., was incorporated. Its corporate purpose is to carry out transmission and storage activities for green hydrogen and other renewable gases related to hydrogen, as well as to carry out ancillary or related activities, including logistics systems for the transmission and temporary storage of green hydrogen.

GNL Quintero, S.A.

On July 20, 2022, Enagás Internacional, S.L.U. (from its affiliate Enagás Chile) and OMERS Infrastructure jointly sold their stakes in the Chilean company GNL Quintero, S.A. to the consortium formed by EIG and Fluxys, S.A. for a total of 655 million dollars, (amount attributable to Enagás Group) approximately 638.8 million euros (adjusted for dividends received between the signing and the aforementioned final closing) (Note 1.6). This transaction is part of Enagás' ongoing divestment in Chile.

The closing of this transaction resulted in an after-tax gain of approximately 135 million euros, including a non-recurring income tax effect of 70 million euros (Note 4.2).

Enagás Renovable, S.L.

On July 20, 2022, the preconditions for the entry of Hy24 (a joint venture between Ardian and FiveT Hydrogen) in the capital of Enagás Renovable were met through a capital increase whereby it became a 30% shareholder of this company, with Enagás holding 70%. By virtue of this agreement and the decision-making regime established in the corporate resolutions, Enagás now has joint control of Enagás Renovable subgroup, which is accounted for using the equity method. As a result of the transaction and the initial recognition of the fair value as a consequence of the loss of control in Enagás Renovable, a capital gain of 50 million euros has arisen (Note 1.6).

Subsequently, the Enagás Group sold an additional 10% of the share capital it held in Enagás Renovable, with no impact on the income statement.

Compañía Operadora de Gas del Amazonas ("COGA")

At the end of December 2022, Enagás finalised the sale of its stake in Compañía Operadora de Gas del Amazonas ("COGA") (Note 1.6). This transaction has had an insignificant positive impact on the group's net profit.

1.6 Investments accounted for using the equity method

ACCOUNTING POLICIES

- The Group assesses the existence of joint agreements as well as significant influence with respect to associates, taking into account the shareholder agreements which require a scheme of increased majorities for taking relevant decisions.
- In order to classify the joint agreements among joint ventures and joint operations, the Group assesses the rights and obligations of the involved parties as well as the remaining circumstances stipulated in said agreements.
- The Group presents the profit for the period of the companies accounted for using the equity method as part of the Group's operating profit, since these companies carry out the same activity as the corporate purpose of the Enagás Group described in

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- At year-end, or when there are indications of impairment, the Group analyses the recoverable amounts of investments accounted for under the equity method to determine the possibility of impairment.

Opening balance	New acquisitions / Increases (1)	Dividends	Profit /(loss) for the year	Translation differences	Hedging transactions	Changes into the scope/ Decreases (2)	Valuation adjustments (3)	Other adjustments	Balance at year-end
2022									
2,789,684	23,012	(129,454)	146,820	148,901	72,382	(359,598)	(138,808)	(355)	2,552,584
2021									
2,658,396	10,301	(162,881)	163,251	164,597	22,264	(64,127)	—	(2,117)	2,789,684

(1) "New acquisitions/increases" in 2022 mainly includes increases in the investments in Power to Green in the amount of 13,043 thousands of euros, Sunrgyze in the amount of 4,456 thousands of euros, in Axent in the amount of 2,205 thousands of euros and in Basquevolt in the amount of 1,500 thousands of euros (Note 1.5).

- (2) "Changes into the scope/Decreases" in 2022 mainly includes the reclassifications of the shareholdings in the companies GNL Quintero and COGA to non-current assets held for sale and their subsequent sale before December 31, 2022 (Note 1.5). In addition, there is an increase due to a change in the scope of consolidation of the Enagás Renovable, S.L. subgroup (Note 1.5).
- (3) "Valuation adjustments" includes the amount corresponding to the valuation adjustment of the investments in Tallgrass Energy (see below) and Sunrgyze.

Dividends

The dividends approved during the 2022 and 2021 financial years were as follows:

	2022	2021
TgP	72,591	64,148
Saggas	2,538	20,010
GNL Quintero	—	26,383
BBG	7,000	17,500
Grupo Altamira	20,626	2,621
Senfluga	3,654	7,578
Tallgrass Energy	21,506	22,645
Other entities	1,539	1,996
Total	129,454	162,881

Appendix II to these consolidated annual accounts provides disclosure on data relating to joint ventures, joint operations, and associates of the Enagás Group at December 31, 2022 and December 31, 2021.

The recoverable amount of investments in associates or business combinations is evaluated for each associate or business combination, unless the associate or business combination does not generate cash flows for continuous use which are largely independent of the cash flows arising from other Group assets. Note 2.7 details how the recoverable amount is estimated.

With respect to the impairment analysis for affiliates, the discount rate applied (cost of equity) in 2022 ranged from 5.5%-9.5%, depending on the country (5%-9% in 2021). Considering that all the affiliates have been operating normally during 2022 (see Note 1.11), the sensitivity analysis of the discount rate has been performed using a range of +0.5% and -0.5%. From this analysis, no significant associated risks other than those explained below have been identified in respect of Tallgrass Energy. Thus, the Group management considers that, within the specified ranges, there would be no changes in the impairment calculation.

Tallgrass Energy ("TGE")

In relation to investment in TGE, in 2022 the Company has adopted a strategy focused on energy decarbonisation, promoting projects for the production and transmission of hydrogen and ammonia, both for consumption in the United States and for export.

This strategy involves significant short and medium-term investment in various projects, with the Company's priority being to use the cash flows generated to finance the new

investment projects, and therefore no more dividend distribution is expected in the 2023-2025 period.

In 2022, interest rates in the United States have risen, which has led to an increase in the risk-free component of the discount rate used, to between 8.3% and 8.7%.

As a result of the aforementioned elements that entail a delay in the dividend schedule as well as a higher discount to be applied to dividends, the negative impact on the recoverable value of the investment accounted for using the equity method in TGE has been analysed, resulting in a valuation adjustment of 133.8 million euros; the net value of said investment amounts to 1,414 million euros. This result has been recorded as Financial Result in the 2022 Consolidated Income Statement, and is presented separately from the equity-accounted result, which corresponds to the contribution to the result of this investment. In addition, and considering the key elements of the energy decarbonisation strategy, a sensitivity analysis has been conducted for possible variations in the key assumptions (new investments, timing and profitability of these investments, as well as availability of returns and discount rate), considering an improved performance scenario and a worsened performance scenario. As a result, a range would be determined between a higher recoverable amount of 123 million euros and a lower recoverable amount of 104 million euros compared to the equity method at December 31, 2022.

1.7 Earnings per share

	2022	2021	Change
Net result of the financial year attributed to the parent company (thousands of euros)	375,774	403,826	(6.9) %
Weighted average number of shares outstanding (thousands of shares)	261,344	261,488	(0.1) %
Basic earnings per share (in euros)	1.4379	1.5443	(6.9) %
Diluted earnings per share (in euros)	1.4379	1.5443	(6.9) %

As there are no potential ordinary shares at December 31, 2022 and December 31, 2021, the basic earnings and the diluted earnings per share are the same.

For the calculation of the weighted average number of shares outstanding, both the shares delivered under the previous 2019-2021 ILP and the shares acquired in connection with the

new 2022-2024 ILP were taken into account for the days on which they were actually outstanding in 2022.

1.8 Dividends distributed and proposed

a) Proposed distribution of profit attributable to the parent

The appropriation of 2022 profit corresponding to the parent Enagás, S.A. proposed by the Board of Directors and which will be submitted for approval by the General Shareholders' Meeting is as follows (in thousands of euros):

	2022
Dividends	450,058
Voluntary reserves	13,262
TOTAL	463,320

The dividend is subject to approval by the ordinary General Shareholders' Meeting and is not included as a liability in these Annual Accounts. This gross complementary dividend will amount to a maximum of 270,374 thousands of euros.

At a meeting held on November 21, 2022, the Board of Directors of Enagás, S.A. agreed to distribute an interim dividend charged against 2022 profit, based on the necessary liquidity statement, expressed in thousands of euros, amounting to 179,684 thousands of euros (0.688 euros gross per share), in accordance with Article 277 of the Spanish Corporate Enterprises Act.

The aforementioned interim dividend was paid on December 21, 2022.

The provisional accounting records prepared by the parent of the Group, in accordance with legal requirements and which presented balances sufficient for the distribution of the interim dividend in 2022, were as follows:

Interim accounting statement formulated on October 31, 2022	
Net accounting result	(29,207)
10% legal reserve	—
Interim dividend received from Group companies	485,539
Profit "available" for distribution	456,332
Forecast interim dividend	(179,684)
Forecast cash balance for the period from October 31 to December 31:	
Cash balance	27,850
Projected collection for the period considered	406,723
Credit lines and loans available from financial institutions	1,712,591
Payments projected for the period under consideration (including the interim dividend)	(181,896)
Estimated available financing after dividend distribution	1,965,268

b) Total dividends paid

In addition to the aforementioned interim dividend for 2022, during 2022 Enagás, S.A. distributed the gross complementary dividend for 2021.

This dividend amounted to 266,718 thousands of euros (1.02 euros per share) and was paid on July 7, 2022.

1.9 Commitments and guarantees

ACCOUNTING POLICIES

► A financial guarantee contract is a contract which requires that the issuer makes specific payments to repay the holder for losses incurred when a specific debtor does not fulfil payment obligations at maturity, in accordance with the original or modified conditions of a debt instrument. The rights and obligations associated with a financial guarantee will be considered as financial assets and financial liabilities. For subsequent valuation, a contract will be recognised as the greater amount of a) the amount resulting from standards relating to provisions (IAS 37) or b) accumulated amortisation of the initial measurement and possible accrued income.

► An investment commitment corresponds to that obligation contracted with a related party which can give rise to outflows of funds or other resources in the future. The following is included among these: commitments not recognised in connection with contributing funds or resources as a consequence of incorporation agreements, capital intensive projects carried out by a joint venture, commitments not recognised in connection with providing loans or other financial support to the joint venture, or commitments not recognised in connection with acquiring a stake, regardless of whether a specific future event occurs or not.

Commitments and guarantees	Group Personnel, Companies or Entities (Note 4.3)	Third parties	Total
2022			
Guarantees for related parties debt	557,000	—	557,000
Guarantees and sureties granted - Other	17,754	142,869	160,623
Investment commitments	—	89,725	89,725
2021			
Guarantees for related parties debt	609,205	—	609,205
Guarantees and sureties granted - Other	9,263	345,896	355,159
Investment commitments	—	97,529	97,529

a) Guarantees for related parties debt

The "Guarantees on debt of related parties" heading includes the corporate guarantee granted by Enagás S.A. for financial institutions acquired in the Financing Agreement of November 30, 2018 in the company TAP, through which the following items are basically guaranteed:

- Principal and interest of the Financing Agreement provided by TAP at any time;
- Market value of the hedging instrument over the interest rate of the Financing Contract.

TAP reached the "Financial Completion Date" on March 31, 2021, a milestone that allowed the partners to replace the guarantees provided on the company's debt during the construction phase of the infrastructure with a mechanism for shareholder support for the repayment of the TAP loan (Debt Payment Undertaking), which will be in effect until its maturity, and which would be activated in the event of certain extraordinary events.

This support mechanism has been granted jointly by each of TAP's shareholders, so that Enagás would only be liable, in a hypothetical case, for the amount corresponding to it in accordance with its stake in TAP's share capital.

This support mechanism during the operating period is contractually limited by a cap in force throughout the life of the financing arrangement, so that the amounts claimed from Enagás may never exceed a total amount of 903,322 thousands of euros, regardless of the market value of the derivative or any other contingency.

At December 31, 2022 the amount guaranteed by Enagás, S.A. to the creditors of TAP amounted to 557,000 thousands of euros (609,205 thousands of euros at December 31, 2021).

b) Guarantees and sureties granted - Others

The following items are mainly included:

Group Personnel, Companies or Entities

- Guarantees and sureties granted to Group companies at December 31, 2022 include financial guarantees granted to third parties by Llewo Mobility, S.L., in the amount of 172 thousands of euros, counter-guaranteed by Enagás, S.A. (359 thousands of euros at December 31, 2021), and a corporate guarantee granted to a financial institution to support a credit facility arranged by the same company in February 2022, in the amount of 3,043 thousands of euros at December 31, 2022.
- Guarantees granted before the Federal Electricity Commission ("FEC") in connection with the service contracts relating to the Gasoducto de Morelos and Estación de Compresión Soto La Marina projects in the amount of 9,378 thousands of euros and 121 thousands of euros, respectively (8,791 thousands of euros and 105 thousands of euros respectively at December 31, 2021 within the heading "Other related parties", see [Note 4.3](#)).
- Guarantee of access to the electricity transmission grid, granted by Enagás Renovable, S.L.U. amounting to 5,040 thousands of euros (9,360 thousands of euros in 2021).

Third parties

The following items, mainly, are included:

- Technical guarantees granted by financial entities to third parties in the amount of 116,158 thousands of euros (100,802 thousands of euros in 2021) to cover certain responsibilities which may arise during the execution of the contracts constituting the activity of the Enagás Group.
- Guarantees and sureties granted by Enagás, S.A. totalling 23,900 thousands of euros to cover technical and operational risks related to the projects of the affiliate Efficiency for LNG Applications, S.L.
- Guarantee granted by Enagás Internacional S.L.U. covering its obligations in the contract with Sound Energy Morocco for the development of a project in Morocco, amounting to 633 thousands of euros (593 thousands of euros at December 31, 2021).
- In addition, there is an insurance policy with a bid bond for the port concession in Colombia for the Buenaventura project amounting to 1,412 thousands of euros (1,319 thousands of euros at December 31, 2021).
- A guarantee granted by a financial institution to third parties in the amount of 730 thousands of euros to support the application for an advance payment due to a subsidy granted by the Institute for Energy Diversification and Saving (IDAE).

- In 2022, the financial guarantees granted by financial institutions to secure loans granted by the European Investment Bank to Enagás Financiaciones, S.A.U. were cancelled, as was the financial guarantee to secure a loan granted by CDTI to Enagás Services Solutions, which amounted to 233,333 thousands of euros and 193 thousands of euros, respectively, at December 31, 2021.

No guarantees had been granted with respect to tender processes at December 31, 2022 and at December 31, 2021.

c) Investment commitments

The following items are included:

- The Enagás Group has firm investment commitments in Economic Interest Groupings (EIG) amounting to 10,345 thousands of euros, to be disbursed during 2022 and later years (36,529 thousands of euros at December 31, 2021).
- The Enagás Group has investment commitments for its shareholdings in two investment funds amounting to approximately 57,974 thousands of euros: (61,000 thousands of euros in 2021): (i) KLIMA Energy Transition Fund, which seeks investment opportunities through the acquisition of minority stakes in companies with high growth potential in energy transition sectors such as green hydrogen, biogas, energy efficiency, batteries, sustainable transport or digitalisation of electricity grids; and (ii) Clean H2 Infra Fund, which aims to develop the green hydrogen infrastructure sector and have a positive impact on the use and development of hydrogen transmission networks.
- The Enagás Group has investment commitments in other projects amounting to approximately 21,406 thousands of euros.

The Directors consider that no additional significant liabilities will arise in connection with the transactions disclosed in this note other than those already recognised in the accompanying Consolidated Balance Sheet.

1.10 New accounting standards

a) Standards and interpretations adopted by the European Union in force for the current financial year

The accounting policies used to prepare these Consolidated Annual Accounts are the same as those used to prepare the Consolidated Annual Accounts for the year ended December 31, 2021, as none of the rules, interpretations or amendments applicable for the first time this financial year have had a significant impact on the Group's accounting policies.

b) Standards and interpretations issued by the IASB but not effective for the current year

The Group has not applied in advance the standards, interpretations and amendments to the standards approved by the European Union that have not entered into force at the date of these Consolidated Annual Accounts. Although the Group is currently analysing its impact, based on the analyses carried out to date, the Group does not expect the initial application to have a material impact on its Consolidated Annual Accounts.

1.11 Aspects relating to the international situation

Covid-19

During the overall adverse economic situation of the previous year caused by the Covid-19 pandemic, both Enagás and its Group companies implemented contingency plans to ensure normal operation and continuity of natural gas supply both in Spain and in all the countries where these companies operate. Thus, during these years, including 2022, the going concern principle has continued to be fully applied in the preparation of these consolidated annual accounts.

With regard to the Enagás Group's main activity relating to the operation and maintenance of the Spanish gas system, it should be noted that this takes place within a stable regulatory framework and in the 2022 financial year, as in the previous year, no effects or changes have been identified as a result of the situation caused by Covid-19 that could lead to capital losses for the Group.

With regard to the liquidity situation, as indicated in [Note 3.8](#), the Group has a solid liquidity situation and liquid assets of 3,793,773 thousands of euros at December 31, 2022 (3,299,544 thousands of euros at December 31, 2021), thus maintaining the liquidity strategy and the credit and exchange rate risk policies. During the 2022 financial year, as in the 2021 financial year, there have been no impairment of financial assets or non-financial assets, as well as no significant extraordinary expenses corresponding to this situation or provisions or contingent liabilities that have been included in the consolidated financial statements of the Enagás Group as of December 31, 2022.

Based on the Group's analysis, no impact was evidenced by the Covid-19 situation that needed to be recorded at December 31, 2022.

War in Ukraine

On February 24, 2022, Russia started an armed conflict in Ukraine, which continues at the date of authorisation for issue of these Consolidated Annual Accounts. Also, on March 29, 2022, Royal Decree-Law 6/2022 was published, adopting urgent measures within the framework of the National Response Plan to the economic and social impact of the invasion of Ukraine. As a consequence of this conflict, significant instability, uncertainty and volatility are being generated in world markets, as well as higher inflation and other negative effects on the world economy, with the energy sector being particularly affected. At the date of the Consolidated Annual Accounts, there have been no negative impacts on the Group's business or financial position as a result of this situation, although the Directors and management of the Group continue to monitor developments on an ongoing basis.

2. Operational performance of the group

RELEVANT ASPECTS

Operating profit

- Operating profit amounted to 478 million euros.

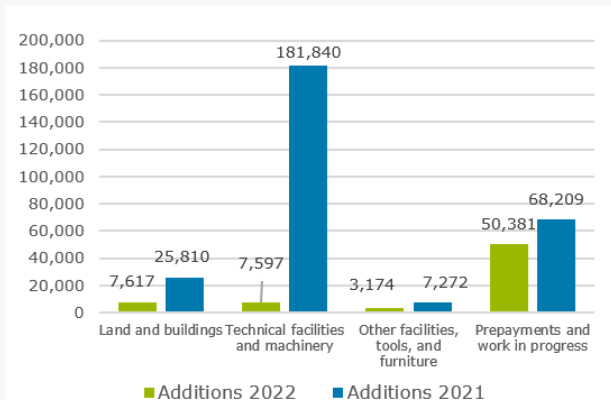
Trade receivables

- "Other receivables - Current" includes the balance pending settlement corresponding to the remuneration of regulated regasification, transmission and underground storage activities for 453 million euros corresponding to the 2022 financial year (284 million euros at December 31, 2021). (Note 2.2).

Property, plant, and equipment

This heading involves, at December 31, 2022, 44% of total assets (45% of total assets at December 31, 2021) (Note 2.4). The change is mainly due to:

- Additions of 69 million euros, corresponding mainly to the renewal of equipment and complementary measures at the Barcelona, Cartagena and Huelva plants and the construction of a motor-compressor unit for the Coreses and Almendralejo Compressor Stations.
- The provision for amortisation for the period, in the amount of 249 million euros (250 million euros in 2021).



Current status of the Castor storage collection rights

- Regarding the Castor storage facility, on November 8, 2019, the Council of Ministers Agreement was published, ending the hibernation of the Castor underground storage facility and agreeing on its dismantling in phases, assigning the work to Enagás Transporte. This Agreement confirmed the Group's obligation to continue to carry out all operations necessary for maintenance and operation of the facilities referred to in article 3.2 of Royal Decree-Law 13/2014 until the final phase of dismantling has been completed, obligations that have been fulfilled up to the date of preparation of these Annual Accounts.

- As a result of the 2018 Supreme Court rulings that annulled various regulations establishing the terms of remuneration for the obligations related to the management of infrastructures, and in view of the need to establish an alternative mechanism to obtain the corresponding remuneration for the aforementioned tasks with which the Group is legally entrusted and which it still currently performs, on December 18, 2018, the Group, through Enagás Transporte, filed a claim for property liability with the Ministry for the Ecological Transition, which, after being rejected due to the administrative silence, has been pursued before the National High Court through the filing of the corresponding contentious administrative claim on October 3, 2019 (in the second half of 2022, the contentious administrative chamber of the National High Court filed a question of jurisdiction in the Supreme Court, a date for the voting and decision not having been set at the time of the preparation of this document).
- Thus, the damages lawsuit consists of continuing in the jurisdiction of the claim that has already been filed by the Company to recover the amounts deducted, in accordance with the legal conclusions of the external and internal advisors. Based on the above, the account receivable for the right of Enagás Transporte, S.A.U., to be paid for the Castor underground storage administration, is maintained in the balance sheet, the conclusion being that there is no negative impact on the Group's financial statements for the financial year (Note 2.2 and 4.9).

Current status of the El Musel Port regasification plant (Gijón)

- Regarding the situation of the regasification plant in the Port of El Musel (Gijón), on July 1, 2022, the decision of the Directorate General of Energy Policy and Mines was published on June 28, 2022, granting Enagás Transporte, SAU, the administrative authorisation and approval of the project for the execution of the facilities for the reception, storage and regasification of liquefied natural gas in the Port of El Musel, Gijón (Asturias). The Group continues to make progress in the process of obtaining the commissioning and specification of the corresponding remuneration model, so that the infrastructure can enter into operation in the gas system in accordance with the regulatory framework established in Royal Decree 335/2018 (Note 2.4 and 4.9).
- Article 19 of Circular 9/2019, as well as the CNMC Resolutions of February 11, 2021 and May 20, 2021 regulate the remuneration of the facility for the 2021-2026 regulatory period.

2.1 Operating profit

ACCOUNTING POLICIES

Recognition of income

- The Enagás Group measures revenue at the fair value of the consideration received or receivable and represents balances receivable for goods delivered and services provided in the normal course of business, net of discounts and amounts received from third parties such as VAT reimbursements.
- Ordinary revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the result of the transaction can be estimated reliably.
- Specifically, income relating to Technical Management of the System (GTS) is regulated by a public body (Appendix III). They are calculated annually on the basis of Enagás GTS, S.A.U.'s remuneration methodology, currently in force for the 2021-2023 and 2024-2026 regulatory periods. Only the revenues from the regulatory account and guarantees of origin are calculated on the basis of the substantiated cost. The monthly attribution of this income to the Income Statement is almost entirely carried out on a straight-line basis.
- Income arising from regasification, storage, and transmission activities in Spain is calculated based on a regulated remuneration system (Appendix III). Remuneration is made up of several terms that aim to remunerate investment, operation and maintenance costs and other items related to improved productivity and efficiency. The return on investment is the sum of amortisation and financial remuneration, calculated by applying the annual net value of the investment and the financial remuneration rate set for each regulatory period.

The remuneration for productivity and efficiency gains includes the term of the continuity of supply remuneration set in the 2014 regulatory reform. As of 2021, this term will be calculated on the basis of the value established for 2020, adjusted by coefficients that no longer depend on fluctuations in demand.

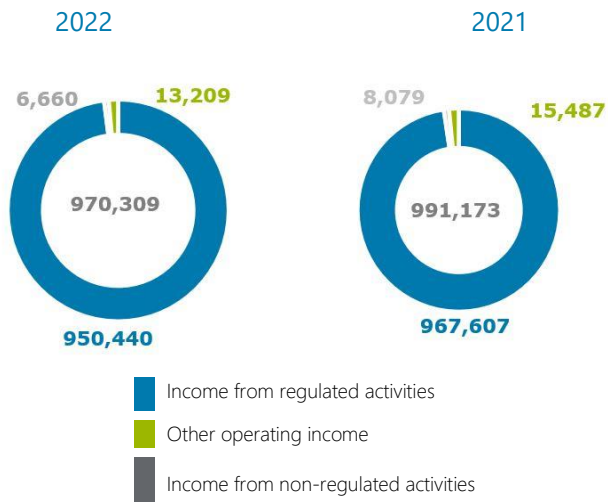
Once the regulatory useful life of the facilities has elapsed, and in those cases in which the asset remains operational, the operating and maintenance costs are established as fixed remuneration, increased by a coefficient based on the number of years by which the facility exceeds the regulatory useful life, not accruing any amounts as investment remuneration.

- On January 1, 2021, the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020. The main items of this regulatory reform are set out in Appendix III.
- The Group's deferred income mainly corresponds to the accrual of amounts received for connecting the basic network infrastructure of Enagás Transporte, S.A.U. and Enagás Transporte del Norte, S.L. with networks of distribution companies, secondary transmission companies, gas shippers, and qualified customers. Said income is recognised based on the useful life of the assigned facilities.

Based on the types of contractual agreements supporting this type of income, it has been determined that there is an implicit financing component which, under the new regulatory requirements, must be recognised as a liability in the Consolidated Balance Sheet.

a) Income

The breakdown of Revenue is as follows:



The details of revenues with the breakdown of revenues from customer contracts at December 31, 2022 and December 31, 2021 is as follows:

Revenue	2022	2021
Regulated activities:	950,440	967,607
Other	950,440	967,607
Non-regulated activities:	6,660	8,079
From customer contracts	4,390	6,215
Others	2,270	1,864
Total revenue	957,100	975,686

Other operating income	2022	2021
From customer contracts	8,850	8,601
Others	4,359	6,886
Total Other operating income	13,209	15,487

The distribution of the Revenue based on the Group Companies from which it comes for 2022 and 2021 is as follows:

Revenue	2022	2021
Regulated activities:	950,440	967,607
Enagás Transporte, S.A.U.	900,194	917,024
Enagás Transporte del Norte,	21,008	24,051
Enagás GTS, S.A.U.	29,238	26,532
Non-regulated activities:	6,660	8,079
Enagás Transporte, S.A.U.	2,007	2,889
Enagás Internacional, S.L.U.	235	525
Enagás México	1	128
Enagás Transporte del Norte,	447	447
Enagás Perú	3	831
Remaining companies	3,967	3,259
Total	957,100	975,686

The Management of the Enagás Group considers that there is no collection uncertainty relating to the income indicated above and therefore has not ceased to recognise any type of income for this reason.

b) Personnel expenses

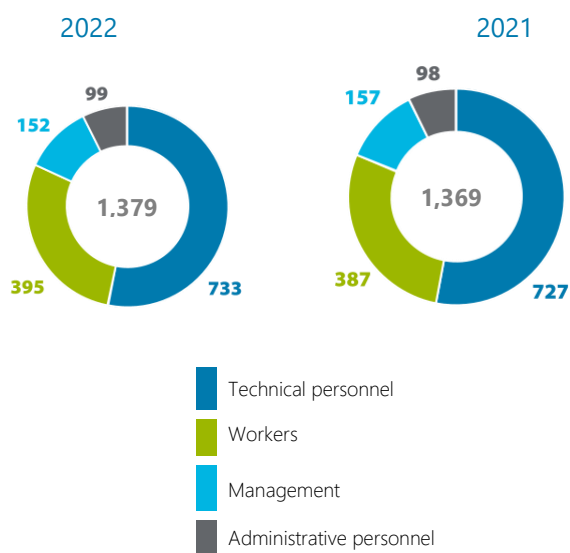
Personnel expenses	2022	2021
Wages and salaries	98,646	97,382
Termination benefits	11,267	3,644
Social Security	21,625	20,866
Other personnel expenses	10,384	10,510
Contributions to external pension funds (defined contribution plan)	2,939	2,025
Works for fixed assets (Note 2.4)	(4,447)	(4,680)
Total	140,414	129,747

In 2022, wages and salaries include the fair value of services received as consideration for equity instruments granted, in the amount of 1,279 thousands of euros at December 31, 2022 corresponding to the portion of the Long-Term Incentive Plan payable in Enagás, S.A. shares and approved on March 31, 2022 for the Executive Director and senior management, thus representing a share-based transaction. At December 31, 2021, it included 2,127 thousands of euros corresponding to the portion of the Long-Term Incentive Plan payable in Enagás, S.A. shares (2019-2021) approved on March 29, 2019. Services rendered corresponding to the portion of the incentive plan payable in cash were also recognised with a credit to "Provisions" under non-current liabilities, in the amount of 573 thousands of euros at December 31, 2022, corresponding to the Long-Term Incentive Plan (2022-2024). The amount recognised at December 31, 2021 amounted to 747 thousands of euros and corresponded to the same item regarding the Long-Term Incentive Plan in force at that time, i.e. for the period 2019-2021. In addition, the employee benefits expense arising from the bonus payable every three years for contribution to results for the 2022-2024 period and corresponding to the remaining personnel of the Group was also included in the amount of 1,740 thousands of euros. The amount of 2,011 thousands of euros was included in 2021, derived from the bonus payable every three years corresponding to the previous period, 2019-2021.

The Enagás Group contributes, in accordance with the Pension Plan signed and adapted to the Law on Pension Plans and Funds, to an "Enagás Pension Fund" defined contribution plan, managed by Gestión de Previsión y Pensiones, S.A. with Banco Bilbao Vizcaya Argentaria, S.A. as custodian, which covers the Group's commitments to the workforce in question. The aforesaid plan recognises certain vested rights for past service and undertakes to make monthly contributions averaging 4.24% of eligible salary (4.18% in 2021). It is a mixed plan covering retirement benefits, disability and death. The total number of people adhered to the plan at December 31, 2022 totalled 1,219 participants (1,192 participants at December 31, 2021). The contributions made by the Group in this heading each year are recorded under "Personnel expenses" of the Consolidated Income Statement. At 2022 year-end there were no amounts pending payment with respect to this item.

In addition, the Group has outsourced its pension commitments with respect to its senior managers through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability.

The average number of Group employees broken down by professional category is as follows:



As at December 31, 2022, the Group's workforce consists of 1,396 employees (1,376 employees in 2021) whose distribution by professional group and gender is as follows:

Categories	2022		2021	
	Women	Men	Women	Men
Management	47	91	45	112
Technical personnel	236	498	242	491
Administrative personnel	90	9	89	9
Workers	48	377	23	365
Total	421	975	399	977

"Management" includes senior executive management of the Group, comprising ten persons (seven men and three women).

The average number of staff during 2022 and 2021 employed by Group companies with disabilities greater than or equal to 33%, broken down by categories, is as follows:

Categories	2022	2021
Technical personnel	1	1
Administrative personnel	2	2
Workers	4	3
Total	7	6

c) Other operating expenses

Other operating expenses	2022	2021
General and Administrative Expenses:		
R+D expenses	549	585
Leases and royalties (1)	3,844	3,319
Repairs and conservation	51,650	49,054
Freelance professional services	22,155	29,654
Transport	545	284
Insurance premiums	8,878	8,025
Banking and similar services	352	304
Advertising, publicity and public relations	4,340	3,271
Supplies	57,480	33,688
Other services	38,624	19,675

General and Administrative Expenses	188,417	147,859
Taxes	13,050	16,124
Other current management expenses	20,255	9,258
Other external expenses	11,924	10,304
Change in traffic provisions	100	127
Total	233,746	183,672

(1) This account includes expenses for leases, which are excluded from IFRS 16 as they relate to assets of low value or with a term of less than one year, amounting to 2,768 thousands of euros at December 31, 2022. (2,954 thousands of euros at December 31, 2021).

2.2 Trade and other non-current and current receivables

ACCOUNTING POLICIES

- Financial assets are recognised in the Consolidated Balance Sheet at the transaction date when the Group becomes party to the contractual terms of the instrument.

Financial assets measured at amortised cost

- This heading comprises financial assets arising from the sale of goods or the rendering of services in the course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives with fixed or determinable payments and are not traded in an active market.
- The said financial assets are initially recognised at fair value of the consideration paid, plus transaction costs directly attributable to the acquisition. They are subsequently measured at amortised cost and related interest accrued at the corresponding effective interest rate is recognised in the Consolidated Income Statement.
- Receivables which do not bear explicit interest are recognised at their face value whenever the effect of not discounting the related cash flows is not significant. Subsequent measurement in this instance is still carried out at face value.

- The Group derecognises financial assets when the contractual rights to the cash flows from the financial asset expire or are transferred, which implies transferring substantially all the risks and rewards inherent in ownership of the financial asset; this is the case in firm asset sales, trade receivable factoring transactions in which the Group retains neither credit risk nor interest rate risk, sales of financial assets with an agreement to repurchase them at their fair value, and securitisations in which the Group neither retains subordinated financing, grants any form of guarantee nor assumes any other type of risk.

- In contrast, the Group does not derecognise financial assets, but rather recognises a financial liability at an amount equal to the consideration received, in the transfer of financial assets in which it retains substantially all the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sales price plus interest, and securitisations of financial assets in which the Group retains subordinate liability or grants other types of guarantees which would substantially absorb all possible losses.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- An impairment loss on financial assets measured at amortised cost arises when there is objective evidence that the Group will not be able to recover all the corresponding amounts in accordance with the original terms established. The impairment loss is recognised as an expense in the Consolidated Income Statement and is determined as the difference between the carrying amount and the present value of future cash flows discounted at the effective interest rate.
- If, in subsequent periods, the value of the financial asset measured at amortised cost recovers, then the impairment loss is reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds the carrying amount had the impairment not been recognised. The reversal is recognised in the Consolidated Income Statement.
- From January 1, 2018, with the application of IFRS 9, the Group recognises an impairment loss for expected credit losses on financial assets.
- The Group assess the expected credit losses of a financial instrument in a way that reflects:
 - a) an amount weighted based on probability and not biased, determined by evaluating a series of possible outcomes;
 - b) the temporal value of money; and

c) reasonable and well-founded information available on the date of information, without cost or disproportionate effort, on past events, current conditions and forecasts of future economic conditions.

Under the new standard, an entity will measure the value correction for losses of a financial instrument in an amount equal to the expected credit losses during the life of the asset, if the risk of that financial instrument has increased significantly since its initial recognition.

Conversely, that is, if the credit risk of a financial instrument has not increased significantly since the initial recognition, an entity will measure the value correction for losses at an amount equal to the expected credit losses in the next 12 months.

The gain or loss resulting from impairment of value, the amount of the expected credit losses (or reversals) by which it is required that the value adjustment for losses be adjusted on the posting date to reflect the amount to be recognised under this standard will be recorded in the profit for the period.

In the case of the Enagás Group, practically all financial assets present a low credit risk at the date of posting, and their exposure to events that generate credit losses during the next 12 months is therefore calculated.

	12.31.2022	12.31.2021
Customer receivables for sales and services rendered	16,271	49,608
Accounts receivable from contracts with customers	2,600	1,842
Accounts receivable from contracts with customers and associates	3,660	2,073
Associate Companies	9,345	10,153
Other receivables	456,917	302,468
Subtotal	488,793	366,144
Value added tax	24,238	16,565
Trade and other current receivables	513,031	382,709
Trade and other non-current receivables (Note 3.3.a)	54,197	150,833

a) Trade and other non-current receivables

This section includes, inter alia, information on:

- Account receivable related to the claim of asset liability presented before the Council of Ministers to recover the costs incurred in the project of the LNG Regasification Plant of the Port of Granadilla (GASCAN) for an amount of 18,929 thousands of euros (see detail below).

- The year 2021 included receivables related to the administration and operations tasks necessary for the maintenance and operation of the Castor Storage Facility. These receivables have been reclassified to short-term during 2022, as it is estimated that a judgement will be passed and enforced in less than 12 months (see Note 2.2.b).
- The amount corresponding to facilities pending recognition is recorded in the long term as the Directors estimate that they will be recognised in a time horizon of more than one year and will result in a higher future collection of 6,923 thousands of euros (at December 31, 2021 the amount of facilities pending recognition in the long term represented a lower collection of 2,270 thousands of euros).

Financial investment in the Gascan project

In relation to the situation of the regasification assets of the Gascan project in the Canary Islands, on February 21, 2022, the High Court of Justice was notified of the ruling rejecting the contentious-administrative appeal against the rejection by silence of the application for new administrative authorisation of the LNG regasification plant project.

Once the aforementioned ruling became final, on July 6, 2022, a claim for asset liability was submitted to the Council of Ministers, with the aim of implementing an alternative mechanism to recover the costs incurred in said project, considering, based on the legal conclusions, that the recovery of the assets associated with the project is highly probable.

Since the filing of this claim, the assets and liabilities associated with the project have been reclassified as long-term receivables, for an initial amount of 18,655 thousands of euros, as well as late-payment interest, with no impact on the Enagás Group's income statement.

b) Trade and other current receivables

In the "Other receivables" heading, under current assets, the Enagás Group mainly records the outstanding balance corresponding to the remuneration of regulated regasification, transmission and underground storage activities at the end of financial years 2022 and 2021, in the amount of 452,695 thousands of euros and 284,329 thousands of euros, respectively. It should be noted that, in accordance with the regulations described in Appendix III, the "2023 gas year" began in October, and the amount pending collection for that year is 238,941 thousands of euros. At December 31, 2021, the balance pending settlement for the 2022 gas year amounted to 184,490 thousands of euros.

In relation to the balance pending settlement of the 2022 gas year, the best estimate of the surplus for that year amounting to 239,461 thousands of euros has been reclassified to short-term liabilities, leaving only an amount of 109,032 thousands of euros corresponding to facilities pending recognition under the heading of other receivables for the "2022 gas year".

The heading "Other receivables" also includes accounts receivable related to the administration and operations tasks necessary for the maintenance and operation of the Castor Storage Facility, reclassified under this heading during the 2022 financial year, amounting to 94,253 thousands of euros at December 31, 2022 (83,269 thousands of euros at December 31, 2021), the specific circumstances of which are set out in the following heading.

"Accounts receivable from contracts with customers" include the following items, broken down in accordance with IFRS 15:

	12.31.2022	12.31.2021
Accounts receivable from contracts with customers	2,565	1,812
Accounts receivable from contracts with customers and associates	2,119	665
Accounts receivable invoices to be issued from contracts with customers	35	30
Outstanding accounts receivable invoices to be issued from customer contracts, group companies and	1,541	1,408

The Company has not registered assets under contracts at December 31, 2022 or December 31, 2021.

At December 31, 2022, the Company did not have significant impairment losses on balances receivable from contracts with customers, either registered as accounts receivable or as unissued invoices.

Situation of Castor Storage Facility

As explained in Note 9.1 to the 2014 Annual Accounts of Enagás Transporte S.A.U. on October 4, 2014 the Official State Gazette published Royal Decree-Law 13/2014 of October 3, by virtue of which urgent measures were adopted in connection with the gas system and title to the nuclear power plants, with a view to guaranteeing the security of people, goods, and the environment with respect to the Castor natural gas underground storage facility, which establishes, among other matters, the following:

- The termination of the operating concession for the Castor underground storage facility, granted by Royal Decree-Law 855/2008, of May 16.
- The hibernation of the facilities associated with said concession.
- The appointment of Enagás Transporte, S.A.U. for administration of said facilities, for the sole purpose of carrying out the necessary measures for maintenance and operability during the hibernation period, prioritising the goal of guaranteeing the security of the facilities for persons, goods, and the environment, while ensuring compliance with applicable regulations. Likewise, the decision included the stipulation that the maintenance and operational costs be paid to Enagás Transporte, S.A.U. with a charge to income from tolls and royalties of the gas system.
- The recognition of the investment made for the storage facility by the titleholder of the concession which was extinguished with 1,350,729 thousands of euros, and the establishment of a payment obligation for said amount by Enagás Transporte, S.A.U. to the titleholder of the extinguished concession. As a result of assuming the payment obligation, Enagás Transporte, S.A.U. enjoys the right to collect access tolls and royalties from the gas system's monthly invoicing for 30 years, for the amount paid to the titleholder of the extinguished concession plus the financial remuneration which the Royal Decree-Law expressly recognises. Likewise, this Royal Decree-Law contains the necessary measures to guarantee full effectiveness of this collection right, that said right could be freely available to Enagás Transporte, S.A.U. or its third party titleholders, and could consequently be totally or partially ceded, transferred, discounted, pledged, or taxed in favour of any third parties, including securitisation funds or other special purpose vehicles or companies, either domestic or international. The cession of the collection right will be effective with respect to the gas system, which will pay the new titleholder the corresponding amounts.

In light of the above, on October 4, 2014, Enagás Transporte, S.A.U. signed an agreement with various financial entities by virtue of which it ceded the collection right charged to the gas system awarded by the aforementioned Royal Decree-Law, with said entities assuming the payment obligation imposed on Enagás Transporte, S.A.U. In this manner, on November 11, 2014, said financial entities made a payment of 1,350,729 thousands of euros to the titleholder of the extinguished concession.

Furthermore, Enagás Transporte, S.A.U. transferred the aforementioned contractual obligations and rights inherent to ownership of the financial asset to said financial entities, thus derecognising it from the balance sheet as the Sole Director of the Company considers that all associated risks and benefits have been transferred.

On December 21, 2017 the Constitutional Court handed down sentence No. 152/2017 declaring various provisions of Royal Decree-Law 13/2014 as unconstitutional and null and void due to formal errors. Specifically, (i) acknowledgement of the investment made by the renouncing concessionaire and costs accrued up to the date of said norm becoming effective, and thus the consideration in the amount of 1,350,729 thousands of euros, as well as (ii) recognition of the correlated collection right of Enagás Transporte, S.A.U. with respect to the gas system for the amount of consideration cited, considering that in both cases the reasons given for the urgency were not justified and therefore said measures should be excluded from the ordinary legislative procedure.

Notwithstanding the foregoing, the Constitutional Court did declare the following as constitutional and valid: (i) adoption of the decision to hibernate the underground storage facility; (ii) the declaration of the extinction of the concession; and (iii) the appointment of Enagás Transporte, S.A.U. for administration of the facilities to the extent the hibernation is prolonged; as well as (iv) recognition of the right to obtain remuneration for the maintenance and operability costs for Enagás Transporte, S.A.U., including any costs incurred for the administration and other related work which said Royal Decree-Law established as a requirement.

In accordance with the analysis carried out by the Company's external legal advisors, the purchase-sale contract for the collection rights signed by Enagás Transporte, S.A.U. with the financial entities represents the transfer of rights and obligations to the financial entities and in no case does it enable the buyers (or their possible transferees) the possibility of claiming reimbursement for the price received or payment of any other amounts from the seller. Thus, in no case can adverse effects arise in connection with the financing of the operation for the Company due to the sentence of the Constitutional Court, as Enagás Transporte, S.A.U. is not titleholder to the collection right which was annulled nor is it obliged to pay the titleholder of the extinguished concession.

In addition, in relation to the above, the Supreme Court issued a ruling on October 27, 2020 partially upholding the contentious-administrative appeal filed by the financial institutions against the alleged rejection by the Council of Ministers of the claim for liability of the Legislature for the partial unconstitutionality of Royal Decree-Law 13/2014, recognising the right of these appellant banks to compensation, by way of liability of the Legislature, of the total debt recognised in their favour, in the amount of 1,350,729,000 euros plus the corresponding legal interest accrued.

Likewise, in accordance with the analysis carried out and the conclusions drawn by the Company's legal advisors and external legal advisors, the aforementioned sentence of the Constitutional Court does not give rise to any negative effect

on the right of Enagás Transporte, S.A.U. to obtain remuneration for the administration and operations necessary for maintenance and operability of the infrastructure, as the Royal Decree-Law was not affected in such a manner by the declaration of unconstitutionality. Similarly, on the basis of these same conclusions, it is not believed that there has been any negative effect from the process that targets the liability of the Legislator State to financial institutions, since all the risks and benefits of the financial asset have been contractually transferred to the latter and the Supreme Court has also issued a final ruling in their favour.

During 2022, no judicial or regulatory pronouncements have taken place in relation to the various rulings of previous years referring to the declaration of unconstitutionality of certain articles of Royal Decree-Law 13/2014, beyond those associated with the ordinary procedural actions of the proceedings that remain in progress.

Notwithstanding the above, it should be noted that since 2014 Enagás Transporte, S.A.U. has been performing the functions of administrator of the Castor storage facility, which it was legally obliged to do in accordance with the provisions of sections 1 and 2 of Article 3 of Royal Decree-Law 13/2014, which imposed on it the assumption of the administration of the facilities and of the ownership of all the rights and obligations associated with them during the entire period up to the end of the hibernation period through an agreement of the Council of Ministers referred to in Article 1.2 of the aforementioned Royal Decree-Law 13/2014.

In relation to the Castor storage facility, on November 8, 2019, the Council of Ministers published an agreement ending the hibernation of the Castor underground storage facilities and agreeing to dismantle them in phases, assigning the work to Enagás Transporte and including all the operations required for the maintenance and operation of the facilities referred to in Article 3.2 of Royal Decree-Law 13/2014 until the last phase of dismantling is completed.

With all of the above, in practice, the adoption of the aforementioned Agreement has not meant that Enagás Transporte has ceased to attend to the tasks it had been carrying out to guarantee the safety of people, property and the environment but, on the contrary, it has confirmed its obligation to continue to carry out all of the operations required for the maintenance and operation of the facilities referred to in Article 3.2 of Royal Decree-Law 13/2014 until the last phase of dismantling is completed.

And given that, due to carrying out these tasks, formerly as a storage administrator, and now as a dismantling manager, Enagás Transporte, S.A.U., has so far been assuming the costs derived from the operations maintenance and operations imposed, as well as those for the full assumption of the administration and dismantling of the storage; and given that, in addition, the right of this company to obtain remuneration for the functions entrusted by Royal Decree-Law 13/2014 and developed in relation to Castor storage remains in force, since it does not derive from Article 6, annulled by the Constitutional Court, but is expressly recognised in Article 3.2 of the former, which subsists, it is considered that the right of Enagás

Transporte, S.A.U. to receive the remuneration for the costs incurred is beyond any doubt, with only the specific terms in which this right is specified remaining in doubt, since Article 6 has been annulled.

In view of the foregoing and as it is necessary to implement an alternative mechanism to receive the remuneration for said tasks, legally entrusted to Enagás Transporte and which the company is still currently carrying out, on December 21, 2018, Enagás Transporte, S.A.U. filed a claim for damages with the Ministry for Ecological Transition, requesting (i) the right of Enagás Transporte, S.A.U. to obtain compensation, for the damages sustained as a result of the administration tasks of the facilities, plus the pertinent interests, (ii) payment of the amounts corresponding to the remuneration for the costs assumed by Enagás Transporte, S.A.U., up to the moment when the resolution is issued, plus the pertinent interests, and (iii) the right of Enagás Transporte, S.A.U. to obtain compensation for the damages that may be caused to it as a consequence of the tasks of administering the facilities until such time as the Council of Ministers adopted an agreement that would put an end to the storage hibernation situation.

The aforementioned claim for liability filed on December 21, 2018 was rejected by a presumptive resolution of the Ministry for Ecological Transition. On October 3, 2019 action was pursued before the National High Court through the filing of the corresponding contentious-administrative appeal against the aforementioned presumptive resolution in order to recover all amounts corresponding to the tasks entrusted, which Enagás has continued to provide to date. With regard to this contentious-administrative appeal, in the second half of 2022, the Administrative Chamber of the National High Court filed a question of jurisdiction with the Supreme Court, which, at the date of drafting these accounts, is pending a date for voting and ruling.

According to the legal conclusions of the external and internal advisors, it is considered that this damages lawsuit is the mechanism initiated by the Company for recovering both the amounts deducted from the remuneration corresponding to financial year 2017, the amounts not paid referring to financial years 2018 and the following, and the amounts that have been refunded as a result of the review actions by the CNMC in relation to the settlements corresponding to 2014, 2015 and 2016, included in the final approved settlements of the 2015 and 2016 years, as well as their possible interests. Based on the above, the account receivable for the right of Enagás Transporte, S.A.U. to be paid for the performance of the works and for the administration of the Castor underground storage is maintained in the balance sheet, the conclusion being upheld that there is no negative impact on the Company's financial statements as a result of the judgements of the Constitutional Court or the Supreme Court mentioned above.

Based on the above, the account receivable for the right of Enagás Transporte, S.A.U. to be paid for the performance of the works and for the administration of the Castor underground storage is maintained in the balance sheet, the conclusion being upheld that there is no negative impact on the Group's financial statements as a result of the judgements

of the Constitutional Court or the Supreme Court applied in previous years ([Note 2.2](#)).

At December 31, 2022, the amount recognised as Group revenue during 2014 to 2022 relating to the activities and work associated with the Castor storage facility infrastructure by the Enagás Group that are pending collection amounts to 94,283 thousands of euros

2.3 Trade and other payables

ACCOUNTING POLICIES

Trade and other payables are financial liabilities that do not accrue explicit interest and are recognised at their face value provided the effect of financial discounting is not significant.

The heading "Trade and other payables" includes balances payable to suppliers under reverse factoring arrangements where the financial terms are not materially different from those of other suppliers or creditors. In this regard, it should be noted that payments corresponding to reverse factoring payments to suppliers are presented as part of operating activities in the Cash Flow Statement.

The breakdown of the heading "Trade and Other Payables" for 2022 and 2021 is as follows:

Trade and other payables	12.31.2022	12.31.2021
Debts with related companies	1,800	658
Rest of suppliers	615,272	358,319
Other creditors	12,668	18,535
Subtotal (Note 3.3.b)	629,740	377,512
Value added tax (Note 4.2.)	670	768
Public Treasury, payable for withholdings and other (Note 4.2.)	79,824	34,510
Total	710,234	412,790

Information on the average payment period

Below follows the information required by the Additional provision three of Law 15/2010 of July 5 (amended by Final provision two of Law 31/2014 of December 3) prepared in accordance with the Resolution of the ICAC of January 29,

2016, as well as by Law 18/2022, of September 28, on the creation and growth of companies, together with ICAC Consultation 1-132 of October 2022, regarding information to be included in the notes to the Annual Accounts in relation to the average payment period to suppliers in commercial operations.

The maximum payment term applicable to Group companies in 2022 under Law 3/2004, of December 29, establishing measures to combat late payments in commercial transactions, is 60 days. In order to obtain the foregoing information, payment obligations that have been the object of withholdings as a result of embargoes, enforcement orders, administrative compensation proceedings, or other similar acts handed down by legal or administrative bodies were excluded.

Days	2022
Average payment period to suppliers (1)	14

Amount	2022
Total payments made in a period shorter than the maximum period (2) (3)	1,665,008

Number of invoices paid in a period shorter than maximum period	49,607
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Percentage	2022
% Volume of payments in a period shorter than	91 %
% Invoices paid in a period shorter than the	70 %

- (1) The Enagás Group's average payment period in 2021 was 25 days.
- (2) Total volume of payments in 2021 amounted to 553,556 thousand of euros
- (3) This amount includes payments related with the transactions that Enagás Group performs as a Technical Management of the System (GTS).

2.4 Property, plant, and equipment

ACCOUNTING POLICIES

- ▶ The cost model is applied, that is, the corresponding assets are measured at acquisition or production cost less the corresponding accumulated amortisation and any impairment losses.
- ▶ Acquisition or production cost includes:
 - ▶ Finance expenses relating to the financing of infrastructure projects accrued only during the construction period, when the building work lasts for more than one year. In 2022 and 2021, no financial expenses were capitalised for this item.
 - ▶ Personnel expenses directly related to work in progress, lowering personnel expenses in the amount of 4,447 thousands of euros at December 31, 2022 (4,680 thousands of euros at December 31, 2021) (Note 2.1.b).
 - ▶ The book value of these assets includes an estimate of the current value of the costs to the Group for the dismantling tasks, credited to the "Long-term provisions" heading (Note 2.9.a) of the accompanying Consolidated Balance Sheet. This provision is subject to periodic review, in order to monitor possible changes in any of the hypotheses used to estimate decommissioning costs, in this case assuming the corresponding change in book value, which would be made prospectively, as has been previously indicated in Note 2.9.a to the Consolidated Annual Accounts.
- ▶ Non-extractable gas required for exploitation of underground natural gas storage (cushion gas) is recognised under PP&E, depreciated over the specific prevailing useful life (20 years) or over the leasing period if less.
- ▶ Natural gas required for minimum levels in gas pipelines and minimum operating levels for regasification plants, (also called "heel gas") is recognised as PP&E that cannot be amortised given that it is not available for sale as indicated under current regulations. It is measured at the purchase price as indicated in Order ITC/3993/2006 and Order IET/2736/2015.
- ▶ The restatement of assets recognised under PP&E in accordance with Royal Decree-Law 7/1996 of June 7, on balance sheet restatements, has an effect of 3,271 thousands of euros on amortisation charges in 2022 (3,276 thousands of euros in 2021).
- ▶ On January 1, 2021, the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020. (Appendix III).

Grants

- ▶ The official grants relating to the assets recognised under PP&E lower the acquisition cost of said assets and are taken to the income statement over the foreseen useful lives of the corresponding assets, decreasing the related amortisation.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- PP&E items are amortised using the straight-line method, applying annual amortisation rates that reflect the estimated useful lives of the corresponding assets.
- The Directors consider that the carrying amounts of the assets do not exceed the recoverable amounts which result from calculating discounted future cash flows generated by said assets based on foreseen remuneration under current regulations.
- For lease assets arising from the application of IFRS 16 as of January 1, 2019, the average term considered in each of the leases has been determined on the basis of both the economic substance and the contractually agreed duration as well as the assumptions on the extension/early termination of the contracts.
- Depreciation is carried out on a straight-line basis in accordance with the following useful lives:

	Annual rate	Useful life (years)
Buildings	2%-5%	50 – 20
Technical facilities (transmission network)	2.5%-5%	40–20
Tanks	5%	20
Underground Storage Facilities	5%-10%	20–10
Cushion gas	5%	20
Other technical facilities and machinery	2.5%-12%	40 – 8.33
Equipment and tools	30%	3.33
Furniture and fixtures	10%	10
Information technology equipment	25%	4
Transport equipment	16%	6.25

2022	Opening	Inputs or	Increases or	Decreases,	Balance at
Land and buildings	496,537	7,617	—	(40)	504,114
Technical facilities and machinery	9,388,489	7,597	39,222	(60,313)	9,374,995
Other facilities, tools, and furniture	194,304	3,174	—	(145)	197,333
Prepayments and work in progress	610,024	50,381	(39,222)	(41,257)	579,926
Capital grants	(605,776)	(156)	—	4,140	(601,792)
Total cost	10,083,578	68,613	—	(97,615)	10,054,576
Land and buildings	(238,193)	(15,324)	—	14	(253,503)
Technical facilities and machinery	(5,672,778)	(231,808)	—	9,480	(5,895,106)
Other facilities, tools, and furniture	(83,392)	(10,893)	—	87	(94,198)
Capital grants	450,936	9,181	—	(3)	460,114
Total amortisation	(5,543,427)	(248,844)	—	9,578	(5,782,693)
Technical facilities and machinery	(14,962)	(367)	—	—	(15,329)
Prepayments and work in progress	(96,637)	(812)	—	5,807	(91,642)
Total impairment	(111,599)	(1,179)	—	5,807	(106,971)
Land and buildings	258,344	(7,707)	—	(26)	250,611
Technical facilities and machinery	3,700,749	(224,578)	39,222	(50,833)	3,464,560
Other facilities, tools, and furniture	110,912	(7,719)	—	(58)	103,135
Prepayments and work in progress	513,387	49,569	(39,222)	(35,450)	488,284
Capital grants	(154,840)	9,025	—	4,137	(141,678)
Net carrying amount of property, plant, and equipment	4,428,552	(181,410)	—	(82,230)	4,164,912

2021	Opening	Inputs or	Increases or	Decreases,	Balance at
Land and buildings	477,181	25,810	—	(6,454)	496,537
Technical facilities and machinery	9,213,934	181,840	19,628	(26,913)	9,388,489
Other facilities, tools, and furniture	187,859	7,272	—	(827)	194,304
Prepayments and work in progress	563,978	68,209	(19,628)	(2,535)	610,024
Capital grants	(602,268)	(3,508)	—	—	(605,776)
Total cost	9,840,684	279,623	—	(36,729)	10,083,578
Land and buildings	(222,545)	(15,654)	—	6	(238,193)
Technical facilities and machinery	(5,440,849)	(234,809)	—	2,880	(5,672,778)
Other facilities, tools, and furniture	(76,116)	(10,267)	—	2,991	(83,392)
Capital grants	440,561	10,375	—	—	450,936
Total amortisation	(5,298,949)	(250,355)	—	5,877	(5,543,427)
Technical facilities and machinery	(14,962)	—	—	—	(14,962)
Prepayments and work in progress	(96,362)	(1,047)	-	772	(96,637)
Total impairment	(111,324)	(1,047)	—	772	(111,599)
Land and buildings	254,636	10,156	—	(6,448)	258,344
Technical facilities and machinery	3,758,123	(52,969)	19,628	(24,033)	3,700,749
Other facilities, tools, and furniture	111,743	(2,995)	—	2,164	110,912
Prepayments and work in progress	467,616	67,162	(19,628)	(1,763)	513,387
Capital grants	(161,707)	6,867	—	—	(154,840)
Net carrying amount of property, plant, and equipment	4,430,411	28,221	—	(30,080)	4,428,552

The increase in the year in the “Technical facilities and machinery” heading is mainly due to the Valencia - Alicante and Pos. 31 Villar de Arnedo CS - Haro CS twin-tube pipeline laying for an amount of 1,640 thousands of euros, the renewal of equipment for an amount of 1,047 thousands of euros and the modification in position 15.03A BVV gas pipeline (La Galera) for an amount of 283 thousands of euros.

The increases in “Prepayments and work in progress” are mainly due to the renewal of equipment and complementary measures in the Barcelona, Cartagena and Huelva plants for the optimal use of infrastructure in the amount of 13,666 thousands of euros, the construction of a motorcompressor unit for the Coreses and Almendralejo compressor stations in the amount of 8,551 thousands of euros, the Selva and Top Network twin-tube pipeline projects in the amount of 5,014 thousands of euros, the regasification facilities at the El Musel plant in the amount of 3,764 thousands of euros, the projects to reduce self-consumption at the Barcelona and Cartagena plants in the amount of 3,571 thousands of euros and the route at position 62 of the León Oviedo gas pipeline in the amount of 1,359 thousands of euros.

The most significant disposals relate to the “Technical facilities and machinery” heading, mainly for the twin-tube pipelines of the Selva and Top Network projects, amounting to 12,044 thousands of euros, and obsolete equipment at the Serrablo facilities amounting to 7,821 thousands of euros.

The most significant disposals under Prepayments and work in progress relate to the sale of pipelines.

In the 2022 financial year, Enagás Renewable changed control to joint control (Note 1.5), entailing the derecognition of the different fixed asset items.

In addition, the investment associated with the regasification plant project in the Port of Granadilla (GASCAN), following the presentation of the request for a Patrimonial Claim filed in July 2022, has been classified as a non-current financial asset, and the tangible assets have been derecognised in the amount of 15,297 thousands of euros (Note 2.2).

The main transfers in property, plant and equipment correspond to the Technical facilities and machinery heading, the most representative being the projects to reduce self-consumption at the Barcelona and Cartagena regasification plants, and in the Serrablo, Gaviota and Yela underground storage facilities in the amount of 14,560 thousands of euros, the Selva and Top Network projects for twin-tube pipelines in the amount of 10,403 thousands of euros and the renewal of equipment and complementary actions at the Barcelona, Cartagena and Huelva plants, in the amount of 5,568 thousands of euros.

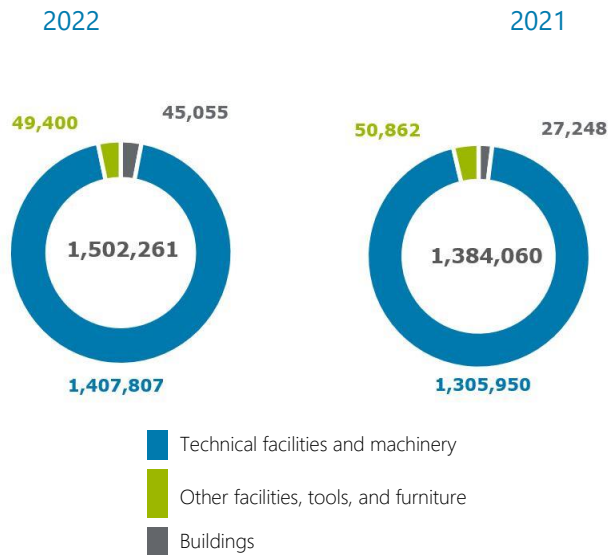
In addition, during 2022, the effect of the signing of new addenda to the fibre optic contract (Lyntia), which temporarily reduce the scope of the contract, has been recorded, and its fees have been updated to the CPI. This resulted in a net reduction of the right-of-use asset of 40,758 thousands of euros. In addition, the lease contract for the Titán offices has been renewed and several sea-land occupancy fees have been revised, resulting in an increase in the right of use asset of 4,172 thousands of euros and 2,732 thousands of euros respectively.

There are no mortgages or encumbrances of any type on assets recorded as property, plant, and equipment.

The Group's policy is to provide sufficient insurance coverage for its assets so as to avoid any significant losses. In addition,

the Group has contracted the corresponding insurance policies to cover third party civil liabilities.

Fully amortised PP&E assets recognised by the Enagás Group and still in use at 2022 and 2021 year-end are broken down as follows:



a) Capital Grants

Accumulated capital grants received at year-end which correspond to investments in gas infrastructure are broken down as follows:

	Grants received	Released to income	Balance at year-end
Regasification plants	80,987	(78,316)	2,671
Gas transmission infrastructure	483,079	(344,188)	138,891
Underground storage facilities	37,726	(37,610)	116
2022	601,792	(460,114)	141,678
Regasification plants	84,511	(80,555)	3,956
Gas transmission infrastructure	500,215	(352,873)	147,342
Underground storage facilities	17,508	(17,508)	—
Other items of property, plant and equipment	3,542	—	3,542
2021	605,776	(450,936)	154,840

The breakdown at year-end of said capital grants by public body which grants them is as follows:

	Grants received	Released to income	Balance at year-end
Structural funds of the European Union	436,038	(319,726)	116,312
Official bodies of the Spanish Autonomous Regions	51,905	(36,388)	15,517
Spanish Government	113,849	(104,000)	9,849
2022	601,792	(460,114)	141,678
Structural funds of the European Union	440,022	(312,547)	127,475
Official bodies of the Spanish Autonomous Regions	51,906	(35,320)	16,586
Spanish Government	113,848	(103,069)	10,779
2021	605,776	(450,936)	154,840

The breakdown by timing criteria of the balance pending application at December 31, 2022 is as follows:

	years		
	< 1	2 to 5	> 5
Government grants	1,058	3,866	4,925
Autonomous Regions grants	943	3,686	10,888
FEDER grants	6,895	27,112	82,305
Total grants	8,896	34,664	98,118

b) Supplementary information on IFRS 16

The activity during the 2022 and 2021 financial years in rights of use by category included under "Property, plant and equipment" was as follows:

	Balance at 12.31.2021	Additions (1)	Disposals (1)	Amortisation	Write-offs	Balance at 12.31.2022
Land and natural assets	161,241	2,732	(667)	(8,580)	601	155,327
Buildings	12,466	5,442	(1,270)	(3,815)	—	12,823
Technical facilities	239,639	12,949	(53,707)	(9,598)	—	189,283
Machinery	101	293	(119)	(123)	336	488
Furniture	98	161	(26)	(40)	83	276
Transport equipment	20,483	1,656	(609)	(6,823)	631	15,338
Total	434,028	23,233	(56,398)	(28,979)	1,651	373,535

- (1) The main reason behind additions and disposals during 2022 is the effect of the signing of new addenda to the fibre optic contract (Lyntia), which temporarily reduce the scope of the contract, has been recorded, and its fees have been updated to the CPI. This resulted in a net reduction of the right-of-use asset of 40,758 thousands of euros. In addition, the lease contract for the Titán offices has been renewed and several sea-land occupancy fees have been revised, resulting in an increase in the right of use asset of 4,172 thousands of euros and 2,732 thousands of euros respectively.

	Balance at 12.31.2020	Additions	Disposals	Amortisation	Write-offs	Balance at 12.31.2021
Land and natural assets	150,595	25,376	(6,545)	(8,190)	5	161,241
Buildings	16,001	30	—	(3,565)	—	12,466
Technical facilities	119,792	138,669	(7,682)	(11,140)	—	239,639
Machinery	275	22	(35)	(196)	35	101
Furniture	60	63	(81)	(25)	81	98
Transport equipment	19,627	13,422	(9,233)	(6,086)	2,753	20,483
Total	306,350	177,582	(23,576)	(29,202)	2,874	434,028

Likewise, the maturity of financial liabilities for IFRS 16 leases is as follows:

Maturity	12.31.2022	12.31.2021
Up to 3 months	9,222	9,107
Between 3 and 12 months	28,261	27,683
Between 12 months and 5 years	121,901	122,775
More than 5 years	354,375	366,685
Total without deduction	513,759	526,250
<i>Updating effect</i>	(113,856)	(66,700)
Total Debt IFRS 16 Leases (Note 3.4b)	399,903	459,550

Regasification plant - Port of El Musel (Gijón)

Regarding the situation of the regasification plant in the Port of El Musel (Gijón), on July 1, 2022, the decision of June 28, 2022 of the Directorate General of Energy Policy and Mines was published, granting Enagás Transporte, SAU, the administrative authorisation and approval of the project for the execution of the facilities for the reception, storage and regasification of liquefied natural gas in the Port of El Musel, Gijón (Asturias).

The Group continues to make progress in the process of obtaining the commissioning and the specification of the corresponding remuneration model, in order for the infrastructure to enter into operation in the gas system in accordance with the regulatory framework established in Royal Decree 335/2018. In this regard, on February 3rd, 2023 a resolution has been received from CNMC in which a singular and temporary economic regime has been established for this infrastructure (Note 4.9).

At December 31, 2022 the carrying amount of said investment totalled 382,896 thousands of euros (378,981 thousands of euros at 2021).

Likewise, in accordance with Royal Decree-Law 13/2012, said regasification plant received both financial remuneration as well as remuneration for operating and maintenance costs in connection with the actions carried out by the Group to maintain the plant ready for service. Both remunerations have been recognised annually by the successive Ministerial Orders of the Directorate General for Energy Policy and Mines on remuneration and tolls until 2020. In addition, Article 19 of Circular 9/2019 of December 12 of the National Commission on Markets and Competition, which establishes the methodology for determining the remuneration of natural gas transmission facilities and liquefied natural gas plants, continues to explicitly contemplate the remuneration methodology applicable to the

El Musel plant for the 2021-2026 regulatory period. Thus, the recognition of this remuneration for the El Musel plant has been explicitly included by the CNMC in its Resolutions of February 11, 2021 and May 20, 2021, and May 19, 2022, establishing the remuneration of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution for the "2021 gas year", "2022 gas year" and "2023 gas year", respectively.

Thus, the Directors of the Group, based on the legal opinions of internal advisors, do not consider it necessary to recognise any valuation adjustments.

2.5 Intangible assets

ACCOUNTING POLICIES

Goodwill and business combinations

- The acquisition of control of a subsidiary by the parent constitutes a business combination, which is recognised using the acquisition method.
- Goodwill or negative goodwill arising on the combination is calculated as the difference between the fair value of the assets acquired and liabilities assumed which meet the relevant recognition criteria and the cost of the business combination, all measured at the acquisition date.
- Goodwill that arises upon acquisition of companies whose functional currency is not the euro is recognised in the functional currency of the acquired company, translating to euros at the exchange rate prevailing at the balance sheet date.
- Goodwill is not amortised and is subsequently measured at cost less any impairment losses. Goodwill impairment losses are not reversed in subsequent periods.

Other intangible assets

- The cost model is applied, that is, the corresponding assets are measured at acquisition or production cost less the corresponding accumulated amortisation and any impairment losses.
- Development costs are capitalised by amortising on a straight-line basis over the corresponding useful life, provided they are specifically itemised by project, their amounts can be clearly established, and technical success and economic and commercial feasibility of the project are reasonably assured.

The Group recognises all research expenses in the Consolidated Income Statement, including those development costs for which technical and commercial viability cannot be established. The amount recognised in the accompanying Consolidated Income Statement in connection with research expenses totals 549 thousands of euros in 2022 (585 thousands of euros in 2021).

- Concessions can only be included under assets when acquired for consideration separately by the Company and corresponding to concessions that can be transferred, or in the amount of expenses incurred to acquire them directly from the corresponding State or Public Authority. Should circumstances involving non-compliance with stipulated conditions arise which lead to the loss of rights related to a concession, the corresponding carrying amount for the concession will be written down in order to cancel the net value. These concessions are amortised on the basis of their useful lives.
- Acquisition and development costs incurred with respect to basic IT systems used for management are recognised with a charge to "Intangible assets" in the Consolidated Balance Sheet. Maintenance costs of IT systems are recognised in the Consolidated Income Statement for the year in which they are incurred. They are measured at the amount disbursed for ownership or right-of-use of the IT programs, as well as their production cost if they are developed by the Group.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

► Amortisation of intangible assets is carried out on a straight-line basis in accordance with the following useful lives:

	Annual rate	Useful life (years)
IT applications	10%-25%	10-4
Development costs	5%-50%	20 – 2
Port concessions	1.28%-7.6%	78 – 13

2022	Opening balance	Additions or allocations (2)	Increases or decreases due to	Decreases, disposals or	Balance at year-end
Goodwill (1)	25,812	—	—	(8,291)	17,521
Other intangible assets					
Development	12,818	500	—	(4,161)	9,157
Concessions	5,871	—	—	—	5,871
IT applications	276,461	21,717	—	—	298,178
Other intangible assets	9,815	—	—	(1,562)	8,253
Total cost	330,777	22,217	—	(14,014)	338,980
Other intangible assets					
Development	(6,404)	(502)	—	—	(6,906)
Concessions	(4,159)	(48)	—	—	(4,207)
IT applications	(222,134)	(14,728)	—	—	(236,862)
Other intangible assets	(7,836)	—	—	—	(7,836)
Total amortisation	(240,533)	(15,278)	—	—	(255,811)
Goodwill (1)	(2,609)	—	—	2,609	—
Other intangible assets	(1,011)	—	—	1,011	—
Total impairment	(3,620)	—	—	3,620	—
Total Goodwill	23,203	—	—	(5,682)	17,521
Total Other intangible assets	63,421	6,939	—	(4,712)	65,648
Net carrying amount of intangible assets	86,624	6,939	—	(10,394)	83,169

(1) Corresponds to the goodwill arising on the acquisition of ETN.

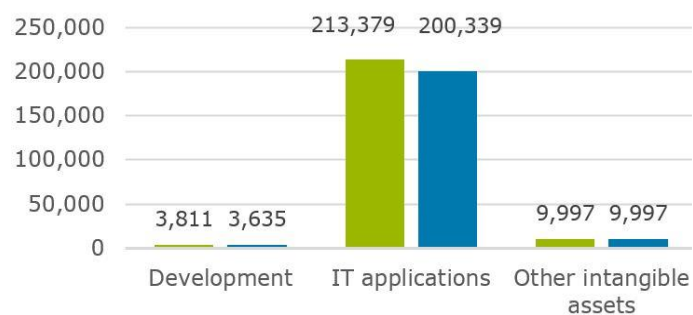
(2) Among the additions in the year, the most important are the computer applications for the implementation of Sap4Hana (2,121 thousands of euros), the implementation of the Scada Monarch system (2,098 thousands of euros), the implementation of the Purchase-to-pay tool (342 thousands of euros), the Platiom- ISA tanks application (775 thousands of euros), the adaptation to the regulatory developments in billing (480 thousands of euros) and the improvement in the control of the measurement process (399 thousands of euros).

(3) Disposals in the year relate mainly to goodwill of GASCAN (5,682 thousands of euros). The investment associated with the regasification plant project in the Port of Granadilla (GASCAN), following the presentation of the request for a claim for asset liability filed in July 2022, has been classified as a non-current financial asset, and goodwill amounting to 5,682 thousands of euros have been derecognised (Note 2.2).

2021	Opening	Additions or	Increases or	Decreases,	Balance at
Goodwill	25,812	—	—		25,812
Other intangible assets					
Development	8,686	967	3,165	-	12,818
Concessions	5,871	—	—	-	5,871
IT applications	254,362	11,462	10,637		276,461
Other intangible assets	14,050	10,647	(13,802)	(1,080)	9,815
Total cost	308,781	23,076	-	(1,080)	330,777
Other intangible assets					
Development	(5,715)	(689)	-	-	(6,404)
Concessions	(4,111)	(48)	-	-	(4,159)
IT applications	(210,389)	(11,745)	-	-	(222,134)
Other intangible assets	(7,836)	—	-	-	(7,836)
Total amortisation	(228,051)	(12,482)	-	-	(240,533)
Goodwill	(2,609)	—		—	(2,609)
Other intangible assets	(3,530)	(1,011)		3,530	(1,011)
Total impairment	(6,139)	(1,011)		3,530	(3,620)
Total Goodwill	23,203	—	-	—	23,203
Total Other intangible assets	51,388	9,583	-	2,450	63,421
Net carrying amount of intangible assets	74,591	9,583	-	(2,450)	86,624

Fully amortised elements

Fully amortised intangible assets recognised by the Enagás Group and still in use at 2022 and 2021 year-end are detailed as follows:



2.6 Non-current assets held for sale

ACCOUNTING POLICIES

- ▶ An entity classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered through a sale transaction rather than through continuing use.
- ▶ For the above classification, the asset (or disposal group) must be available, in its present condition, for immediate sale, subject only to current terms customary for the sale of such assets (or disposal groups), and its sale must be highly probable.
- ▶ An entity shall measure non-current assets (or disposal groups) classified as held for sale at the lower of their carrying amount and fair value less costs to sell.

Enagás Internacional, S.L.U. and Elecnor, S.A. reached an agreement dated December 17, 2021 to jointly and equally sell to MIP V International AIV, L.P. (a wholly-owned subsidiary, indirectly, of the Macquarie Infrastructure Partners V, L.P. fund managed by Macquarie Asset Management ("MAM")) the total shareholding they hold in the Mexican nationality companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. for a total of 173.8 million dollars (approximately 163 million euros at current exchange rates). Both holdings are included in the "Other activities" segment of the Enagás Group.

The transaction is subject to compliance with the conditions precedent for this type of operation. Enagás estimates that the closure will occur during the first half of the 2023 financial year, due to the extension in the fulfilment of these conditions precedent.

As a result of the foregoing, the Group classified the investments accounted for using the equity method in these companies and the loan granted to Gasoducto de Morelos, S.A.P.I. de C.V. which form part of the transaction, for a total amount of 30,452 thousands of euros (28,547 thousands of euros at 2021 year-end), corresponding to their carrying amount, under "Non-Current Assets Held for Sale". For the purpose of determining the fair value, the information relating to the bids received has been used. These bids exceed the carrying amount. Therefore, no valuation adjustments have been recorded as a result of the above.

2.7 Impairment of non-financial assets

ACCOUNTING POLICIES

- ▶ With respect to goodwill, at the closing of each year, or more frequently if certain circumstances or changes arise which indicate that the net value of said goodwill may not be entirely recoverable, and when there are indications of impairment losses on the remaining non-current assets, the Company analyses the corresponding recoverable amounts to determine the possibility of impairment.
- ▶ The potential impairment loss is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates at the time it arises.
- ▶ The period used by the Enagás Group to determine the projected cash flows of the cash-generating units corresponds to the period in which the asset accrues revenue associated with the investment (Appendix III). At the closing of this period, the Enagás Group considers residual values based on the cash flows of the last period with a growth rate equal to zero.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Determination of impairment losses on non-current assets other than financial assets is based on fulfilment of a series of hypotheses which are described below in this note and are revised annually. The Group identifies its operating segments based on internal reports relating to the companies comprising the Group which are regularly reviewed, discussed, and evaluated in the decision-making process, as indicated in [Note 4.7](#).

To the extent that assets grouped within a segment are at the lowest level at which independent cash flows can be identified, the segment is identified as a cash generating unit (CGU).

The CGUs identified by the Enagás Group in 2022 are shown below:

- Infrastructure activity in Spain (includes transmission, regasification, and storage).
- Technical Management of the System.

In addition, as explained in [Note 1.6](#), for investments accounted for by the equity method, each associate or joint venture is considered as a CGU.

The goodwill presented in the balance sheet is allocated to the Infrastructure Activity CGU in Spain.

To estimate value in use, the Enagás Group prepares forecasts regarding future cash flows after taxes based on the most recent budget approved by the Directors. The best estimates available for income, costs, investment and dividends (in the case of investments accounted for using the equity method) relating to CGUs are used for said forecasts, making use of past experience, sector forecasts, and future expectations, in accordance with the prevailing regulatory framework and corresponding contracts.

With regard to infrastructure activities, once the current regulatory period has expired (2026), from the time at which the regulatory useful life of the facilities comes to an end, and in those cases where the asset remains in operation, the fixed remuneration for O&M and remuneration for the extension of useful life, calculated as a financial remuneration based on the replacement value of the assets, which is shared 50/50 with the Spanish Gas System, with no amount accruing as remuneration for investment, depreciation or financial remuneration. This criterion is in line with that used in the economic and financial projections included in the update of the Group's Strategic Plan. In addition, the remuneration for continuity of supply ("RCS") has been ruled out as fixed remuneration, as from the next regulatory period this concept of income will not continue, in line with what the Ministry has already indicated for the activity of Underground Storage in the Royal Decree on Underground Storage and Charges. Despite the fact that, to date, the CNMC has not issued a statement regarding the RCS after 2027 for Regasification and Natural Gas Transmission activities, the Directors understand that, based on a prudent criterion, the evolution of Regasification and Natural Gas Transmission activities will be aligned with that of Underground Storage.

Thus, when determining residual value, the following is taken into consideration:

- The projection of remuneration for operating and maintenance costs for the last financial year as well as the forecast remuneration for extension of useful life, applying the aforementioned criterion (which was financially applicable during the period 2002-2008, calculated on the replacement value of the assets).
- Financial remuneration, as a component to be received in the long term, associated with: i) the existence of a large number of assets that are still in useful life; and ii) additionally, the existence of an incremental investment plan to be developed as part of the update of the strategic plan..

The last period considered for projections is the one corresponding to the year in which the regulatory useful life ends, based on the age of the facilities at the time.

With respect to the activities corresponding to Technical Management of the System, residual values were calculated based on the cash flows of the last financial year, using a zero growth rate and no normalisation adjustments. This is due to the fact that, as indicated in **Appendix III**, revenue corresponding to this activity is meant to settle the obligations of Enagás GTS, S.A.U. as Technical Manager of the System. This is calculated according to the applicable remuneration methodology for the 2021-2023 and 2024-2026 regulatory periods (see Note 2.1) For the last period, the same criteria were applied as those used for infrastructure activity, under the understanding that while the gas infrastructure is operational and there is demand for gas, technical management of the gas system will continue.

As mentioned in Note 2.1 and developed in **Appendix III**, on January 1, 2021, the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020.

The modifications in the remuneration model incorporated in these have been taken into account in the calculation of the projected flows from January 1, 2021.

The Directors consider that their projections are reliable and that past experience, taken together with the nature of the business, make it possible to predict cash flows for the periods under consideration.

The most representative hypotheses used in the projections, based on business forecasts and past experience, are the following:

- ▶ Regulated remuneration was estimated in accordance with the remuneration approved by CNMC Circulars and RD 1184/2020 for the years in which it is available, while for subsequent years the same updating mechanisms established by law have been used and a better estimate has been made for the costs paid based on audited costs.
- ▶ Investment: the best available information on investment plans for assets and maintenance of infrastructures and systems has been used, based on the one hand on the history of investment in maintenance and systems and, on the other, in new projects that are highly likely to be executed in accordance with the work in progress being developed with the Ministry and the CNMC.
- ▶ Operating and maintenance costs were estimated considering the prevailing operation and maintenance contracts, as well as remaining estimated costs based on sector knowledge and past experience. The projections made were consistent with the growth expected as a result of the investment plan.
- ▶ Other revenue and costs were projected based on sector knowledge, past experience, consistent with the growth expected as a result of the investment plan.
- ▶ Future dividends have been projected based on the company's knowledge, past experience and activity in free cash flows.
- ▶ In addition, lease liabilities have not been taken into account in the value in use of the CGU or in its carrying amount.
- ▶ In order to calculate present value, projected future cash flows are discounted at an after-tax rate which reflects the weighted average cost of capital (WACC) corresponding to the business and the geographical area in which the business is carried out. For its calculation, the time value of money is taken into consideration together with the risk-free rate and risk premiums generally used by analysts of the business and geographic area in question. The risk-free rate corresponds to the sovereign bonds issued by each country in the corresponding market, with sufficient depth and solvency. However, associated country risk is also taken into consideration for each geographical area. The risk premium of the asset corresponds to the risks specific to the asset, calculated taking into consideration the estimated betas in accordance with the selection of comparable businesses dedicating themselves to a similar main activity.
- ▶ In addition, lease liabilities have not been taken into account in the value in use of the CGU or in its carrying amount. The after-tax discount rate for regulated activities in Spain will be between 3.8% and 5.8% in 2022 (between 2.87% and 4.85% in 2021), while the pre-tax rate will be between 4.6% and 6.5% in 2022 (between 4.1% and 6% in 2021).
- ▶ Considering that all the CGUs have been operating normally during 2022 (**Note 1.11**), the sensitivity analysis of the discount rate has been performed using a range of +0.5% and -0.5%. No significant associated risks have arisen from this analysis. Thus, the Group management considers that, within the specified ranges, there would be no changes in the impairment calculation.

2.8 Other non-current liabilities

The heading "Other current liabilities" includes mainly liabilities under contracts with customers, in accordance with IFRS 15, the breakdown and changes of which are shown below:

Other non-current liabilities	Connections to basic network	Other	Total
Balance at December 31, 2020	39,075	796	39,871
Additions	1,058	10	1,068
Recognised in profit and loss	(676)	—	(676)
Reclassifications	(1,057)	—	(1,057)
Recognised in profit and loss	(1,010)	—	(1,010)
Effect of financial restatement IFRS 15	31	—	31
Balance at December 31, 2021	37,421	806	38,227
Additions	761	203	964
Disposals	(999)	—	(999)
Reclassifications	(675)	(796)	(1,471)
Recognised in profit and loss	(1,023)	—	(1,023)
Balance at December 31, 2022	35,485	213	35,698
Of which: Liabilities from short-term customer contracts			
Liabilities from long-term customer contracts	35,485	—	35,485
Other non-current liabilities	—	213	213

At December 31, 2022, the heading "Customer contract liabilities" includes performance obligations pending execution with an estimated term of more than one year, amounting to

1,743 thousands of euros (1,059 thousands of euros at December 31, 2021).

At December 31, 2022, the Enagás Group had no refund or reimbursement rights associated with contracts with customers.

2.9 Provisions and contingent liabilities

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- The Consolidated Annual Accounts include all significant provisions when the Group considers that it will more likely than not have to settle the related obligations. Contingent liabilities are not recognised in the Consolidated Annual Accounts, but rather are disclosed, unless the possibility of an outflow of resources embodying economic benefits is considered remote.
- Provisions, which are quantified taking into consideration the best available evidence on implications of obligating events and that are re-estimated at each balance sheet date, are used to cover the specific obligations for which they were originally recognised and are partially or fully reversed when said obligations decrease or cease to exist.
- The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless there is a legal relationship whereby a portion of risk has been externalised as a result of which the Group is not liable, in which case, reimbursement will be taken into consideration in estimating the amount of any provisions.

The policy followed with respect to the recognition of provisions for risks and expenses is to recognise the estimated amount required to settle probable or certain liabilities arising from litigation underway, pending indemnities or liabilities, sureties and similar guarantees. They are recognised upon emergence of the liability or obligation determining the indemnity or payment.

- At year-end 2022 and 2021, several legal proceedings were underway against business groups in connection with matters relating to the normal course of their activities. The Group's legal advisors and Directors consider that the final outcome of these proceedings and claims will not have a significant effect on its future Consolidated Annual Accounts.
- Decommissioning provisions are subject to periodic review, in order to monitor possible changes in any of the assumptions used, assuming in that case the corresponding change in book value, applied prospectively.

a) Provisions

The movements during the period under the heading "Non-current provisions" and "Current provisions" were as follows:

	Opening balance	Additions and provisions	Updates	Reclassifications	Amounts used	Balance at year-end
Current and non-current provisions						
Personnel remuneration	1,029	2,231	6	15	(944)	2,337
Other long-term provisions	401	199	—	—	(172)	428
Dismantling	290,926	—	2,202	—	—	293,128
Total non-current provisions	292,356	2,430	2,208	15	(1,116)	295,893
Other short-term provisions	717	6,669	—	4,178	—	11,564
Total current provisions	717	6,669	—	4,178	—	11,564
Total current and non-current provisions	293,073	9,099	2,208	4,193	(1,116)	307,457

Decommissioning provisions correspond to the underground storage facilities of Gaviota, Yela, and Serrablo, as well as the regasification plants of Barcelona, Cartagena, Huelva, and El Musel (Gijón) in accordance with the prevailing regulatory framework (Note 2.4 and Appendix III).

Decommissioning provisions are subject to periodic review, in order to monitor possible changes in any of the assumptions used, assuming in that case the corresponding change in book value, applied prospectively.

As part of this periodic review, at December 31, 2021, the value of decommissioning was re-estimated, resulting in an increase in the amount of 39,615 thousands of euros.

Additionally, this provision has been updated in the periods following its incorporation, applying a discount rate before taxes that reflects the current assessments that the market is making of the temporal value of money, and those specific risks related to the actual obligation subject provision. The discount rate used during 2022 ranges from 0.4% to 1% depending on the remaining time period in which the dismantling work is expected to be carried out.

As a result of the effect of this financial restatement, at December 31, 2022 an increase of 2,202 thousands of euros was registered in the dismantling provision.

Lastly, the Group has proceeded to perform the corresponding sensitivity analyses, showing that a change in the discount rate of 5 basis points and a variation in estimated dismantling costs of 2.5%, would result in a change in the value of this provision in the range of (3.30%)-3.40%.

"Personnel remuneration" includes the cash portion of the Long-Term Incentive Plan ("ILP") for the executive directors and senior management ([Note 4.4](#)) as well as the bonus payable every three years for contribution to results aimed at the remaining personnel of the Group, payable on 2025.

The Directors of the Company consider that the provisions recognised in the accompanying Consolidated Balance Sheet for litigation and arbitration risk as well as other risks described in this note are adequate and, in this respect, they do not expect any additional liabilities to arise other than those already recorded. Given the nature of the risks covered by these provisions, it is not possible to determine a reasonably reliable schedule of payment dates, if any.

b) Contingent liabilities

At December 31, 2022, there are no events in the Enagás Group that could be considered as contingent liabilities further to those indicated in [Note 3.3.a](#) in relation to the GSP project in Peru, as well as in [Note 4.2](#).

3. Capital structure, financing and financial result

RELEVANT ASPECTS

Financial leverage

- Financial leverage at December 31, 2022 amounted to 53.0% (57.5% in 2021) (Note 3.7).
- On September 9, 2022, the credit rating agency Fitch Ratings maintained Enagás' outlook at stable, and placed Enagás' rating at BBB. On January 26, 2022, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB, with a stable outlook (Note 3.7).

Equity

- At December 31, 2022, equity has increased by 4% compared to the previous year, to a total of 3,218 million euros.
- The share price of the parent company, Enagás, S.A. recognised at December 31, 2022 amounted to 15.525 euros.
- No individual or legal entity can invest directly or indirectly in a proportion in excess of 5% of the share capital of Enagás, S.A., nor exercise political rights in this company above 3% (1% for those subjects who, directly or indirectly, perform activities in the gas sector). These restrictions are not applicable to direct or indirect holdings corresponding to the public business sector (Note 3.1.a).

Net financial debt

- Net financial debt is the main indicator used by Management to measure the Group's debt level. At December 31, 2022 net financial debt amounted to 3,469 million euros (4,277 million euros in 2021) (Note 3.4.a).
- The average annual interest rate during 2022 for the Group's gross financial debt amounted to 1.8% (1.7% in 2021). (Note 3.4.a).
- The percentage of fixed rate net financial debt at December 31, 2022 and December 31, 2021 amounted to more than 80%, with the average maturity period of the debt at December 31, 2022 being 4.4 years (4.5 years at December 31, 2021) (Note 3.4.a).

Available funds

- The Group has available funds in the amount of 3,794 million euros at December 31, 2022 (3,300 million euros in 2021) (Note 3.8.b).

Financial result

- Financial expenses and similar decreased from 103 million euros in 2021 to 100 million euros in 2022 (Note 3.5).
- Finance income and similar increased from 20 million euros in 2021 to 38 million euros in 2022. (Note 3.5).

Derivative financial instruments

- At December 31, 2022, the net fair value of the Group's derivatives, including assets and liabilities derivatives, was 21 million euros of liabilities (88 million euros of liabilities at December 31, 2021) (Note 3.6). During 2022, the Group maintains cash-flow hedges and net investment hedges.

Gasoducto Sur Peruano, S.A. ("GSP")

- In relation to the situation of the investment in GSP, as a result of the termination of the concession contract on January 24, 2017, the dispute between the Peruvian State and Enagás regarding the application of the investment recovery mechanism established in the GSP Concession contract continues. In this regard, an international arbitration was initiated in 2018 under the Reciprocal Investment Promotion and Protection Agreement (hereinafter, APPRI) Spain-Peru, as detailed in Note 3.3.a submitted to the International Centre for Settlement of Investment Disputes (hereinafter ICSID). This proceeding continues to take its regular course, and once hearings have been held and briefs filed in the second half of 2022, the award is expected. The anticipated date of June 30, 2023 for an arbitration award that is fair to Enagás' interests will be maintained.
- In order to enforce the application of TGP's Legal Stability Agreements against the prohibitions on the transfer abroad of the dividends collected on said investment, after initiating direct treatment on February 24, 2021 with the Peruvian State, on December 23, 2021 the request for arbitration proceedings was submitted to the ICSID under the Spain-Peru APPRI (Reciprocal Promotion and Protection Agreement) (Note 3.3.a). This procedure continues its regular course.
- At December 31, 2022, the total amount to be recovered by GSP amounted to 473,999 thousands of euros (433,604 thousands of euros at December 31, 2021) relating to both the recovery of the financial investment in this company and the credit rights associated with the recovery of the ..

3.1 Equity

a) Share capital

At both 2022 and 2021 year-end the share capital of Enagás S.A. amounted to 392,985 thousands of euros, represented by 261,990,074 shares with a face value of 1.5 euros each, fully subscribed, and paid in.

All shares of the parent company Enagás, S.A. are listed on the four official Spanish Stock Exchanges and are traded on the continuous market. At the closing of December 31, 2022 the quoted share price was 15.525 euros, having reached a maximum of 22.11 euros per share on May 25, 2022.

It is worth noting that, subsequent to publication of Additional Provision 31 of Hydrocarbon Sector Law 34/1998, in force since enactment of Law 12/2011, of May 27, "no natural or legal person can participate directly or indirectly in the shareholder structure of Enagás, S.A with a stake exceeding 5% of share capital, nor exercise political rights in said parent company exceeding 3%. These shares cannot be syndicated under any circumstances." Furthermore, "any party operating within the gas sector, including natural persons or legal entities that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. Said limitations shall not be applicable to direct or indirect interest held by the public corporate sector."

At December 31, 2022 and 2021 the most significant shareholdings in the share capital of Enagás, S.A. were as follows (from the information published by the National Securities Market Commission (CNMV in Spanish) ⁽¹⁾ at December 31, 2022):

Company	Investment in share capital (%)	
	12.31.2022	12.31.2021
Sociedad Estatal de Participaciones Industriales	5.000	5.000
Partler 2006 S.L.	5.000	5.000
Bank of America Corporation	3.614	3.614
BlackRock Inc.	4.988	3.383
State Street Corporation	3.008	3.008
Mubadala Investment Company PJSC	3.103	3.103

(1) The information obtained from the CNMV was based on the last notification that each entity thus obliged must send to said body, in connection with the stipulations of Royal Decree 1362/2007, of October 19 and Circular 2/2007, of December 19.

b) Issue premium

At December 31, 2021 and 2022 the Parent Company's issue premium amounted to 465,116 thousands of euros.

The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the issue premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) Treasury shares

At December 31, 2022, Enagás, S.A. has finalised the process for delivering and acquiring treasury shares, which amounted to 821,375 shares, representing 0.31% of the total shares issued by Enagás, S.A. at December 31, 2022, for a total of 9,676 thousands of euros (including associated expenses of 10 thousands of euros). This acquisition took place within the framework of the "Temporary Treasury Share Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Director and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2022-2024 Long-Term Incentive Plan (ILP) and the Remuneration Policy approved at the General Shareholders' Meeting held on March 31, 2022. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 31, 2022. Management of the Temporary Treasury Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process (Note 4.4).

During the period from January 1, 2022 to December 31, 2022, the following movements in treasury shares have taken place:

No. of shares as at January 1, 2022	No. of shares acquired new target	No. of shares implemented for the target	No. of shares as at December 31,
501,946	465,000	(145,571)	821,375

d) Reserves

The Corporate Enterprises Act stipulates that 10% of profit for the year must be transferred to the legal reserve until it represents at least 20% of share capital. At 2022 and 2021 year-end, the legal reserve was fully allocated and totalled 78,597 thousands of euros.

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase. Except for this purpose, until the legal reserve exceeds the limit of 20% of capital, it can only be used to compensate losses provided there are no other reserves available.

e) Income and expenses recognised directly in equity

	Opening balance	Change in value	Recognised in profit and loss	Balance at year-end
2022				
Cash flow hedges	(11,531)	(414)	3,627	(8,318)
Tax recognised in equity	2,890	104	(907)	2,087
Translation differences	(110,119)	(50,913)	30,789	(130,243)
Fully-consolidated companies	(118,760)	(51,223)	33,509	(136,474)
Cash flow hedges	(11,667)	81,172	3,715	73,220
Tax recognised in equity	2,157	(11,682)	(825)	(10,350)
Translation differences	54,745	148,901	—	203,646
Companies accounted for using the equity method	45,235	218,391	2,890	266,516
Translation differences	—	30,397	(37,421)	(7,024)
Non-current Assets Held for Sale	—	30,397	(37,421)	(7,024)
Assets at fair value with changes in Other Comprehensive	534	2,252	—	2,786
Total	(72,991)	199,817	(1,022)	125,804
2021				
Cash flow hedges	(17,183)	(6,924)	12,576	(11,531)
Tax recognised in equity	4,303	1,731	(3,144)	2,890
Translation differences	(48,214)	(61,905)	—	(110,119)
Fully-consolidated companies	(61,094)	(67,098)	9,432	(118,760)
Cash flow hedges	(38,627)	23,741	3,219	(11,667)
Tax recognised in equity	6,853	(3,750)	(946)	2,157
Translation differences	(109,852)	164,597	—	54,745
Companies accounted for using the equity method	(141,626)	184,588	2,273	45,235
Assets at fair value with changes in Other Comprehensive	—	534	—	534
Total	(202,720)	118,024	11,705	(72,991)

3.2 Result and variation in minority interests

ACCOUNTING POLICIES

- ▶ Minority interests are those that can be attributed to shareholders who have no control over the subsidiary.
- ▶ They are recognised under equity as a line item separate from the equity attributable to the parent.
- ▶ In business combinations, minority interests are measured at fair value or the proportional part of net assets acquired.
- ▶ The amount corresponding to minority interests relating to the change in equity of the subsidiary is attributed based on the percentage of interest held in the subsidiary.
- ▶ Changes in the percentage of ownership interest held by the parent in the subsidiary which do not represent a loss of control are recognised as equity transactions.
- ▶ The amount corresponding to minority interests is calculated for the whole Enagás Group based on the carrying amounts of the companies in which minority interests is held.

	Minority interests holding	Opening balance	Changes in the consolidation	Dividends distributed	Other adjustments ⁽¹⁾	Distribution of results	Balance at year-end
2022							
ETN, S.L.	10.0%	15,660	—	(568)	—	616	15,708
Remaining		560	(306)	(252)	287	24	313
Total 2022		16,220	(306)	(820)	287	640	16,021
2021							
ETN, S.L.	10.0%	15,583	—	(746)	—	823	15,660
Remaining		1,376	(223)	(2,813)	2,230	(10)	560
Total 2021		16,959	(223)	(3,559)	2,230	813	16,220

(1) In 2022 and 2021, "Other adjustments" includes mainly the amounts recorded in Gas Infrastructure Reserves for dividends from Group companies received and not distributed.

The summarised financial information of these affiliates is shown below. This information is based on the amounts recognised before eliminations among Group companies:

	2022	2021
Condensed income statement	ETN, S.L.	ETN, S.L.
Ordinary revenue	21,461	24,507
Cost of sales	(7,656)	(7,647)
Administrative expenses	(4,123)	(4,191)
Financial expenses	(2,066)	(2,332)
Profit /(loss) before tax	7,616	10,337
Income tax expense	(1,456)	(2,109)
Profit /(loss) for the year from continuing operations	6,160	8,228
Total results	6,160	8,228
Attributable to minority interests	616	823
Dividends paid to minority interests	568	746

	12.31.2022	12.31.2021
Condensed balance sheet	ETN, S.L.	ETN, S.L.
Inventories, treasury, and current accounts (current)	14,980	20,178
PP&E and other assets (non-current)	219,625	226,420
Suppliers and payables (current)	14,039	12,570
Loans, credits, and deferred tax liabilities (non-current)	63,459	77,381
Total equity	157,108	156,647
Attributable to:		
Shareholders of the Parent	141,400	140,987
Minority interests	15,708	15,660

	2022	2021
Cash flow statement	ETN, S.L.	ETN, S.L.
Operating income	26,679	13,121
Investment	(137)	(400)
Financing	(18,679)	(14,256)
Total net cash flows	7,863	(1,535)

3.3 Financial assets and liabilities

ACCOUNTING POLICIES

Financial assets

- Financial assets are recognised in the Consolidated Balance Sheet at the transaction date when the Group becomes party to the contractual terms of the instrument.
- Financial assets are classified under "Financial assets measured at amortised cost" except for the investments accounted for using the equity method (Note 1.6) and derivative financial instruments (Note 3.6) and financial assets measured at fair value through other comprehensive income.

Financial assets measured at amortised cost

- Items recognised under this heading are initially recognised at fair value of the consideration paid, plus transaction costs directly attributable to the acquisition. Subsequently, they are measured at amortised cost.
- Receivables which do not bear explicit interest are recognised at their face value whenever the effect of not discounting the related cash flows is not significant. Subsequent measurement in this instance is still carried out at face value.

Financial assets measured at fair value with changes in other comprehensive income

- Equity instruments are measured by default at fair value through profit or loss, but there is an option at initial recognition to present changes in fair value in profit/loss. This decision is irrevocable and is made for each asset individually.

Fair value measurement

- In accordance with IFRS 13, for purposes of financial disclosure, the measurement of fair value is classified as Level 1, 2, or 3, based on the degree that the inputs applied are observable and their importance in measuring fair value in its totality, as described below:
 - Level 1 – Inputs are based on quoted prices (unadjusted) for instruments of an identical nature traded in active markets.
 - Level 2 – Inputs are based on valuation models for which all significant inputs are observable in the market or can be corroborated by observable market data.
 - Level 3 – Inputs are not generally observable and generally reflect estimates regarding market movements for determining the price of the asset or liability.

Trade and other payables

- Trade and other payables that do not accrue explicit interest are measured at their face value when the effect of financial discounting is not significant.

SIGNIFICANT ESTIMATES AND

- In accordance with the requirements established under IFRS 9, the Group regularly calculates the effect of the expected loss on financial assets. This has had an effect on the Consolidated Income Statement for the current year of 152 thousands of euros

(44 thousands of euros at December 31, 2021), with the cumulative effect on the Consolidated Balance Sheet amounting to 657 thousands of euros at December 31, 2022 (505 thousands of euros at December 31, 2021).

a) Financial assets

Categories	Class							
	Amortised cost		Fair Value with changes in the income statement (*)		Fair value through profit / loss		Total	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Equity instruments	—	—	—	—	22,147	16,249	22,147	16,249
Loans	20,822	18,175	—	—	—	—	20,822	18,175
Trade and other receivables (Note	54,197	150,833	—	—	—	—	54,197	150,833
Other	496,032	447,364	—	—	—	—	496,032	447,364
Total non-current financial assets	571,051	616,372	—	—	22,147	16,249	593,198	632,621
Loans	198	1,925	—	—	—	—	198	1,925
Derivatives (Note 3.6)	—	—	3,166	—	—	—	3,166	—
Other	25,816	11,541	—	—	—	—	25,816	11,541
Total current financial assets	26,014	13,466	3,166	—	—	—	29,180	13,466
Total financial assets	597,065	629,838	3,166	—	22,147	16,249	622,378	646,087

(*) In the specific case of those derivatives to which cash flow hedges or net investment are attributed, the accumulated amounts in equity are transferred to the Consolidated Income Statement in the periods when the covered items affect the Consolidated Income Statement.

The Directors estimate that the fair value of the financial assets at December 31, 2022 does not differ significantly with respect to their carrying amount.

Equity instruments

This heading includes the Enagás Group's investments in companies over which it does not have control, joint control or significant influence on the basis of the way in which the relevant decision-making is established.

At December 31, 2022, this mainly includes the Enagás Group's investments in 19% of the company Depositi Italiani GNL and the investments in the company Satlantis Microsats, S.L. (7.59%) and the funds Klima Energy Transition Fund, F.C.R. and Clean H2 Infra Fund. The change compared to 2021 is mainly due to the change in the fair value of these investments, as well as additional investments made by the Enagás Group during 2022.

Loans

This mainly includes loans granted to group companies consolidated using the equity method and therefore not eliminated in the consolidation process.

The detail of current and non-current loans to Group companies is detailed in [Note 4.3](#).

Other

"Other non-current financial assets" include an amount of 6,505 thousands of euros (3,847 thousands of euros at December 31, 2021) corresponding to the investment made by the Group in Economic Interest Groupings (EIG) whose activity is the leasing of assets managed by another entity unrelated to the Group and which retains both the majority of profits as well as the risks related to the activities, with the Group only availing itself of the regulated tax incentives in Spanish legislation. The

Group attributes the carry-forward tax losses generated by these EIGs against shares and taking into account the debt registered with the Tax Authorities, recognising the corresponding financial income.

Dividends approved for distribution from affiliates, but not yet received at December 31, 2022, are also included under the current heading.

In addition, receivables from the termination of the GSP concession contract are included. At December 31, 2022, the total amount to be recovered by GSP amounted to 473,999 thousands of euros (433,604 thousands of euros at December 31, 2021) relating to both the recovery of the financial investment and the credit rights associated with the recovery of the guarantees executed against the Enagás Group as a result of the termination of the concession contract in GSP, the amount being updated and considering June 30, 2023 as the date of recognition of the award that allows such recovery.

Gasoducto Sur Peruano ("GSP")

In relation to the investment in Gasoducto Sur Peruano, S.A. (hereinafter "GSP") as indicated in the Consolidated Annual Accounts of the Enagás Group for 2016, on January 24, 2017 the Directorate General of Hydrocarbons of the Peruvian Government's Ministry of Energy and Mines (hereinafter the "State of Peru") sent an official letter to GSP stating "the termination of the concession agreement owing to causes attributable to the concession holder", in accordance with the terms of Clause 6.7 of the "Improvements to the Energy Security of the Country and the Development of the Gasoducto Sur Peruano" (hereinafter "the Project") concession agreement, because the financial close had not been evidenced within the period established in the agreement (January 23, 2017), and proceeded to the immediate enforcement of the totality of the guarantee for full compliance given by GSP (262.5 million dollars), to ensure fulfilment of the

obligations relating to the concession, which in the case of Enagás generated a payment of 65.6 million dollars. Also in January 2017, they paid GSP bank financing sureties to Enagás amounting to 162 million dollars, including both principal and interest pending payment. In December 2017, the process for delivering the Concession Assets held by GSP was substantially completed with the Peruvian State assuming control over them.

As a result of the termination of the concession contract, in accordance with the opinion of external and internal legal advisors, the Peruvian State had the obligation to apply Clause 20 of the Concession Contract, calculating the Net Carrying Amount (hereinafter NCA) of the Concession Assets, calling up to a maximum of three auctions to award the Concession, with the auction result being to pay GSP the NCA. With the amount that GSP would have received for the NCA of the Concession Assets, it would have proceeded to settle its obligations to third parties and, if appropriate, reimburse the capital contributions made by its shareholders.

As a result of inaction by the State of Peru in relation to the aforementioned procedure, on December 19, 2017, Enagás notified the Peruvian State about the existence of a dispute relating to the investment in GSP with a view to reaching an amicable agreement on the terms of Article 9.1 of the Agreement for the Reciprocal Promotion and Protection of APPRI in Spanish signed by the Republic of Peru and the Kingdom of Spain. This notification represented the beginning of the six-month period for direct contact prior to initiating international arbitration in which the APPRI acts as the mechanism for recovering the investment in GSP. Once the required six months of direct contact between Enagás and the Peruvian State had elapsed without it being possible to reach an amicable settlement of this dispute, on July 2, 2018, Enagás filed an application for the initiation of arbitration against the Peruvian State regarding its investment in GSP with the ICSID.

Through this arbitration procedure, it is expected that the Peruvian State will reimburse Enagás for its investment in GSP, this being the mechanism by which the financial assets recorded in the balance sheet would be recovered. Thus, it is expected that the Arbitration Court hearing the arbitration procedure in the ICSID will uphold the arguments of Enagás, issuing an award recognising that the Peruvian State has not protected Enagás' investment under the APPRI and, therefore, it must compensate it by paying it the value of that investment.

With respect to this ICSID arbitration procedure, the Arbitration Court was constituted on July 18, 2019, and Legal Resolution No. 1 was issued on September 24, 2019, establishing the procedural rules that govern the arbitration procedure until the award is handed down.

In accordance with this Resolution, Enagás filed its claim on January 20, 2020, and the Peruvian State replied on July 17, 2020. Subsequently, the documentary exhibition phase took place in which the parties requested each other to provide documents that each of them considered relevant. This was followed by the presentation of the reply by Enagás on May 31, 2021 and the rejoinder by the Peruvian State on October 20, 2021, with Enagás finally presenting its rejoinder on preliminary objections on January 17, 2022. The hearing phase continued

in September 2022, and briefs were filed in November 2022. Currently, the award is expected to be issued around June 30, 2023.

Also with regard to the ICSID, on January 21, 2020, Odebrecht filed a request to initiate arbitration against the Republic of Peru to recover its investment in GSP.

Regarding the Enagás' statement of claim, the main argument maintained by Enagás is that, if the Peruvian State had complied with its obligation under the Concession Contract, it would have calculated the NCA and organised the three auctions, which it was obliged to do, to award the Concession, and the proceeds of the auction would have been delivered to GSP, which would have applied the amount delivered to pay its creditors and return the capital to its shareholders. Enagás' claim is based on the fact that the Peruvian State must pay 100% of the NCA to GSP, since on January 24, 2018, one year has passed since the end of the concession contract and in that time there have been no calls for auctions. The absence of an auction means that the legal advisors of Enagás believe that it should be considered that GSP would have received 100% of the NCA because it was deprived of the possibility of receiving it when not even the first auction was convened. Therefore, starting from the NCA considered, a certain payments waterfall would have been applied.

Enagás considers that, taking into account the NCA of the Concession Assets determined by an independent expert, and also taking into account the payment waterfall as per the terms of the insolvency legislation, as well as the contracts between Enagás and the members and creditors of GSP relating to subordination and credit agreements, if the State had satisfied its obligations, and thus paid GSP the amount obtained in the auction, Enagás would have recovered its investment.

With respect to the amount of the NCA, there have been no variations other than the evolution of the exchange rate for certain items in Peruvian soles, maintaining at December 31, 2022 the valuation performed by a firm of independent appraisers hired by Enagás for a total updated value of the NCA of 1,953 million dollars (1,943 million dollars at December 31, 2021).

Taking into account this updated NCA, if the payment waterfall were to be applied to it as per the terms of the insolvency laws, the subordination and the assignment of credit agreements entered into by Enagás and its partners in GSP, Enagás would recover the total value of its investment claim with the ICSID in the amount of 511 million dollars.

In relation to the aforementioned contracts for the subordination of rights and assignment of credits, their effectiveness and form of application has been successively called into question by Enagás' partners in GSP through different arbitration proceedings, with the Peruvian legal advisors considering these agreements to be fully valid and enforceable. Likewise, the INDECOPI authority has recognised the full effectiveness of the aforementioned agreements in GSP's bankruptcy process. In relation to the arbitration proceeding still in process filed by Negocios de Gas, subsidiary from Aenza (formerly Graña y Montero) questioning the

legitimacy of Enagás to claim its credits against GSP, on July 13, 2021, Negocios de Gas communicated to the Court its withdrawal of the claim, thus requesting the end of the arbitration proceeding without the issuance of an award.

As regards the arbitration proceedings against the State of Peru, based on the conclusions determined by Enagás' external and internal legal advisors, the recoverability of the totality of the Enagás investment in GSP, consisting of receivables in relation to the aforementioned enforced guarantees to the total of 226.8 million dollars, interests of 1.8 million dollars, various invoices for professional services rendered to the amount of 7.6 million dollars and the share capital contributed to GSP for the amount of 275.3 million dollars, is considered likely.

With regard to the recovery periods, assessing the time taken to resolve a dispute of this complexity in an international arbitration as well as the periods considered in the aforementioned ICSID Resolution No. 1, and the review of the planned actions, June 30, 2023 is maintained as the estimated date for obtaining an award favourable to Enagás' interests.

Based on this, the amounts outlined in the preceding paragraph are recorded at their updated value in the Consolidated Balance Sheet at December 31, 2022 for a total amount of 473,999 thousands of euros (433,604 thousands of euros at December 31, 2021).

Other related matters

On March 12, 2018, Law No. 30737 was published "guaranteeing immediate payment to the Peruvian State to repair civil damage caused by corruption and related crimes". On May 9, 2018, Supreme Decree 096-2018-EF was published, enacting the regulations of the aforementioned Law.

In accordance with Article 9 of Law No. 30737, legal persons and legal entities in the form of partnerships, consortiums and joint ventures who may have benefited from the awarding of contracts, or subsequent to it, jointly with persons who have been convicted or who may have acknowledged having committed crimes against the public administration, asset laundering or related crimes, or their equivalents against the State of Peru, in Peru or abroad are classified as Category 2, and therefore fall within its scope of application.

In June 2019, the Peruvian Judiciary approved the Effective Partnership Agreement reached between the Odebrecht Group and the Peruvian Public Prosecutor's Office, and the GSP project was not included as one of the projects affected by corruption-related events. Subsequently, on October 15, 2019, Enagás Internacional received notification from the Peruvian Public Prosecutor's Office informing it of the existence of an extension of this effective partnership agreement with Odebrecht, in which it would be acknowledging that it had made illegal payments - according to the Public Prosecutor's Office - with respect to the GSP project, although there are still no facts known or consistent or proven links between GSP and corruption in the awarding of the project.

With regard to other processes of effective collaboration with other third parties, in the second quarter of 2022, the judicial

approval of those relating to José and Hernando Graña took place, with the remaining ones pending approval. From the information contained in the tax record, there is no consistent or proven element linking GSP to corruption in the awarding of the project.

In this regard, no new facts were presented in the arbitration before ICSID, neither in the statement of defence nor in the rejoinder, nor in the hearings held, which demonstrably and irrefutably link the GSP to corruption.

Notwithstanding the above comments on the extension of the initial Effective Collaboration Agreement signed by Odebrecht and the Public Prosecutor of Peru, there have been no significant developments regarding the actions of the Public Prosecutor of Peru on the investigation of Odebrecht's activities in Peru and other investigations carried out by the Special Team of the Peruvian Prosecutor's Office for alleged crimes that could somehow be related to the awarding of the project. In this regard, two investigations are known to be in progress:

- The first one signed with Folder 321-2014, related to aggravated collusion between a former Odebrecht employee and a public official, whose control and clean-up phase has been resumed on June 28, 2019, after the Supreme Court rejected the request of the Ad Hoc Attorney's Office of Peru to include one of Odebrecht's subsidiaries as a civil third party. At this stage it is expected that a decision on the opening of the oral proceedings will be taken. Based on the opinions of Enagás external legal advisors for the Peruvian criminal code, the possibility of sentencing Odebrecht's former employee is considered to be remote. In this same case, the preparatory investigative court has declared the incorporation of GSP as a liable third party as wrongful.
- In relation to the second investigation opened, sealed with Folder 12-2017, being that those under investigation include two employees of Enagás and Enagás Internacional, S.L.U., on February 27, 2020, it was decided to move to the preliminary investigation stage. Based on the opinion of our external legal advisors in Peruvian criminal law, it is maintained that to date there is no indication that the investigations could be detrimental to Enagás.

In relation to this second file, on December 30, 2020, the Peruvian Public Prosecutor's Office requested its incorporation as a civil plaintiff in the criminal proceedings in order to request the payment of a possible reparation in the aforementioned proceedings once a final judgement has been handed down, as well as in order to request possible precautionary measures that seek to ensure the eventual reparation. The initial request was rejected on formal grounds on June 4, 2021. On November 23, 2021, the Attorney's Office submitted a new request for 1,107 million dollars for the GSP project, which was formally admitted on January 26, 2022.

The inclusion of Enagás Internacional as one of the civilly liable third parties, if applicable, is therefore pending. The amount will be determined in detail by the criminal judge in charge once the final sentence has been handed down. According to both external and internal lawyers, the amount requested has

not been duly supported nor does it comply with the possible civil liability that could be claimed on the basis of the offences referred to in the indictment. An objective reference for the calculation is the one established by Law No. 30737, which assures payment of civil compensation to the Peruvian State. Considering the very preliminary stage of the criminal process, taking into account the elements of knowledge available to date and based on the conclusions of the specialist local lawyers, it is considered that the probability of the imposition of this compensation in any case does not exceed 50% (possible), and therefore it is not appropriate to register any provision, as it is considered a contingent liability. Likewise, in the event that it could eventually be declared well-founded, and the amount of the compensation could not be reliably estimated, the reference amount to be considered would be between 0 and 242 million dollars.

Moreover, with regard to civil compensation, even without evidence of a criminal conviction or a confession of the commission of crimes, as required under Article 9 of Law No. 30737, on June 28, 2018, the State of Peru classified Enagás Internacional on the "List of Contracts and Subjects of Category 2 indicating the legal person or legal entity included under Section II of Law No. 30737" in relation to the concession contract awarded to GSP. The application of the mentioned standard involves different measures to contribute to the payment of potential civil compensation, such as setting up an escrow account, reporting information, limiting transfers to other countries or preparing a compliance programme.

The total amount of the escrow account that would correspond to Enagás, estimated at 50% of the total average net equity, corresponding to its stake in GSP, confirmed with the Ministry of Justice, amounts to 65.5 million dollars. It is currently being determined, if applicable, how this amount would be provided, potentially through the granting of a bank bond letter.

In addition, the Peruvian State has also affirmed that the measure prohibiting companies included in Category 2 from making transfers outside of Peru, pursuant to Law No. 30737, is applicable. Based on the conclusions of Enagás' external and internal legal advisors, it is maintained that this measure would be applicable to the investment in GSP and should not restrict

the dividends received from TGP (amounting to 345.2 million dollars), also considering that this investment is protected by the Legal Stability Agreements in force in Peru, a regulation whose prevalence and application has been formally requested to the Peruvian state.

In order to put into practice the application of these Legal Stability Agreements, direct negotiations with the Peruvian State were initiated on February 24, 2021, followed by the submission by Enagás of a request for international arbitration under the Spanish-Peruvian APPRI on December 23, 2021, with the ICSID arbitral tribunal for these proceedings being established in December 2022. In this regard, on February 9, 2023, Procedural Resolution no. 1 was issued, which establishes the procedural rules governing the arbitration procedure until the award is rendered. In addition, Enagás Internacional has pledged its TGP shares in favour of Enagás Financiaciones, S.A.U. and Enagás, S.A. to guarantee the payment of its present or future obligations and debts.

In view of the above, it is still maintained that these regulations do not have a negative effect on the recovery of accounts receivable through the international arbitration process indicated above recorded on the balance sheet at December 31, 2022.

Based on all of the above, the directors of Enagás, in line with the opinion of their external and internal legal advisors, and of an independent expert and independent expert accountant, consider these facts to have no bearing on the estimation for recovery of the investment in the stake in GSP and the previously mentioned receivables to the amount of 473,999 thousands of euros (433,604 thousands of euros at December 31, 2021).

Impairment losses on assets

At December 31, 2022, the impact resulting from analysis of the expected loss in accordance with IFRS 9 for the financial assets of the Enagás Group explained in previous paragraphs amounts to 433 thousands of euros (217 thousands of euros at December 31, 2021).

b) Financial liabilities

Details of current and non-current "Financial Liabilities" of the Enagás Group at December 31, 2022 and December 31, 2021 are as follows:

Categories	Class							
	Fair Value with changes in Profit and Loss		Amortised cost		Derivatives designated as hedging instruments		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Debts with credit institutions (Note 3.4)	—	—	1,224,172	1,668,541	—	—	1,224,172	1,668,541
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	(4,080)	(3,701)	—	—	(4,080)	(3,701)
Debentures and other marketable securities (Note 3.4)	—	—	2,350,000	2,750,000	—	—	2,350,000	2,750,000
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	(34,014)	(49,970)	—	—	(34,014)	(49,970)
Derivatives (Note 3.6)	—	—	—	—	19,340	2,178	19,340	2,178
Trade payables	—	—	14	376	—	—	14	376
Other financial liabilities (Note 3.4)	15,600	15,600	364,765	425,904	—	—	380,365	441,504
Total non-current financial liabilities	15,600	15,600	3,900,857	4,791,150	19,340	2,178	3,935,797	4,808,928
Debts with credit institutions (Note 3.4)	—	—	462,284	111,742	—	—	462,284	111,742
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	8,224	1,318	—	—	8,224	1,318
Debentures and other marketable securities (Note 3.4)	—	—	400,000	750,000	—	—	400,000	750,000
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	20,588	31,782	—	—	20,588	31,782
Derivatives (Note 3.6)	—	—	—	—	4,790	86,086	4,790	86,086
Trade payables (*) (Note 2.3)	—	—	617,672	377,512	—	—	617,672	377,512
Other financial liabilities (Note 3.4)	—	—	73,855	75,200	—	—	73,855	75,200
Total current financial liabilities	—	—	1,582,623	1,347,554	4,790	86,086	1,587,413	1,433,640
Total financial liabilities	15,600	15,600	5,483,480	6,138,704	24,130	88,264	5,523,210	6,242,568

(*) The amount of "Trade payables" does not include the balance with the Public Administrations as it is not a financial liability.

The detail by maturity of non-current financial debt for 2022 and 2021, respectively, is as follows:

Maturities at the end of 2022	2024	2025	2026	2027 and later years	Total
Debentures and other marketable securities	—	600,000	500,000	1,250,000	2,350,000
Debts with credit institutions	51,742	895,468	51,886	225,076	1,224,172
Total	51,742	1,495,468	551,886	1,475,076	3,574,172

Maturities at the end of 2021	2023	2024	2025	2026 and later years	Total
Debentures and other marketable securities	400,000	—	600,000	1,750,000	2,750,000
Debts with credit institutions	899,724	56,984	434,907	276,926	1,668,541
Total	1,299,724	56,984	1,034,907	2,026,926	4,418,541

The amounts and characteristics of the main instruments included under the headings “Debentures and other marketable securities” and “Debts with credit institutions” at December 31, 2022 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	210,000
	Loan	Fixed rate	EUR	2031	112,500
	Loan	EURIBOR + Margin	EUR	2027	29,545
	Loan	Fixed rate	EUR	2030	80,000
	Loan	EURIBOR + Margin	EUR	2023	25,000
	Loan	EURIBOR + Margin	EUR	2023	1,000
	Loan	Fixed rate	EUR	2026	193
Banking debt	Loan	EURIBOR + Margin	EUR	2025	450,000
	Loan	LIBOR + Margin	USD	2025	393,729
	Loan	TSOFR + Margin	USD	2023	384,489
Nominal outstanding					1,686,456
Debt settlement expenses					(4,080)
Accrued interest payable					8,224
Total financial debts with credit institutions					1,690,600

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	1.25%	EUR	2025	600,000
	EMTN bonus	1.00%	EUR	2023	400,000
	EMTN bonus	1.38%	EUR	2028	750,000
	EMTN bonus	0.75%	EUR	2026	500,000
	EMTN bonus	0.38%	EUR	2032	500,000
Nominal outstanding					2,750,000
IFRS 9 and others					(31,057)
Accrued interest payable					17,631
Total debentures and other marketable securities					2,736,574

The amounts and characteristics of the main instruments included under the headings “Debentures and other marketable securities” and “Debts with credit institutions” at December 31, 2021 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	233,333
	Loan	Fixed rate	EUR	2031	125,000
	Loan	EURIBOR + Margin	EUR	2027	35,455
	Loan	Fixed rate	EUR	2030	90,000
	Loan	EURIBOR + Margin	EUR	2022	10,000
	Loan	EURIBOR + Margin	EUR	2023	75,000
	Loan	EURIBOR + Margin	EUR	2023	1,000
	Loan	Fixed rate	EUR	2026	200
Banking debt	Credit line	LIBOR + Margin	USD	2024	1,820
	Credit line	LIBOR + Margin	USD	2024	3,226
	Loan	LIBOR + Margin	USD	2023	197,802
	Loan	LIBOR + Margin	USD	2023	140,659
	Loan	LIBOR + Margin	USD	2024	383,164
	Loan	LIBOR + Margin	USD	2024	483,516
	Loan	Fixed rate	EUR	2031	108
Nominal outstanding					1,780,283
Debt settlement expenses					(3,701)
Accrued interest payable					1,318
Total financial debts with credit institutions					1,777,900

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	2.50%	EUR	2022	750,000
	EMTN bonus	1.25%	EUR	2025	600,000
	EMTN bonus	1.00%	EUR	2023	400,000
	EMTN bonus	1.38%	EUR	2028	750,000
	EMTN bonus	0.75%	EUR	2026	500,000
	EMTN bonus	0.38%	EUR	2032	500,000
Nominal outstanding					3,500,000
IFRS 9 and others					(49,432)
Accrued interest payable					31,244
Total debentures and other marketable securities					3,481,812

3.4 Financial debts

ACCOUNTING POLICIES

- Financial liabilities are initially measured at the fair value of the consideration received less directly attributable transaction costs.
- Subsequently, financial liabilities are recognised at amortised cost, except for derivative financial instruments, which are recognised at fair value.
- Financial liabilities are derecognised when the related contractual obligations are cancelled or expired. The Group also derecognises financial liabilities when there is a material change in cash flows or debt terms and conditions.
- Options on interest held by minority shareholders are accounted for by recognising the minority interests arising in a business combination and recognising a financial liability against equity. The changes in fair value of the financial liability are accounted for in the Consolidated Income Statement.

	2022	2021
Debentures and other marketable securities	2,736,574	3,481,812
Debts with credit institutions	1,690,600	1,777,900
Other receivables	454,220	516,704
Total financial debts	4,881,394	5,776,416
Non-current financial debts (Note 3.3)	3,916,443	4,806,374
Current financial debts (Note 3.3)	964,951	970,042

The fair value of debts owed to credit entities as well as debentures and other marketable securities at December 31, 2022 and 2021 is as follows:

	2022	2021
Debts with credit institutions	1,745,420	1,790,482
Debentures and other marketable securities	2,472,921	3,621,028
Fair value total	4,218,341	5,411,510
Carrying amount total	4,427,174	5,259,712

a) Net financial debt

Net financial debt is the main indicator used by Management to measure the Group's debt level. It is comprised of gross debt less cash in hand:

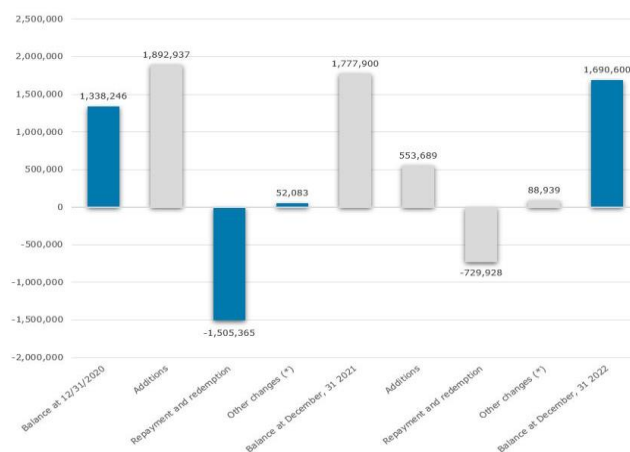
	2022	2021
Debts with credit institutions (Note 3.3)	1,690,600	1,777,900
Debentures and other marketable securities (Note 3.3)	2,736,574	3,481,812
Loans from the General Secretariat of Industry, the General Secretariat of Energy, Oman Oil and ERDF E4E	1,112	1,745
Leases (IFRS 16)	399,903	459,550
Gross financial debt	4,828,189	5,721,007
Cash and other cash equivalents (Note 3.8)	(1,359,284)	(1,444,151)
Net financial debt	3,468,905	4,276,856

The gross financial cost during 2022 for the Group's financial debt amounted to 1.8% (1.7% in 2021). The percentage of financial debt at fixed interest rate at December 31, 2022 amounted to more than 80%, while the average maturity period at that date amounted to 4.4 years (4.5 years at December 31, 2021). The gross financial costs are determined by dividing gross financial expenses by the average gross debt multiplied by the number of effective days in the year (360 days) divided by the natural days of the period (365 days),

where gross financial expenses correspond to interest on financial debt and hedges. Further, average gross debt is calculated as the daily average of nominal amounts of financial debt.

b) Debentures and other marketable securities

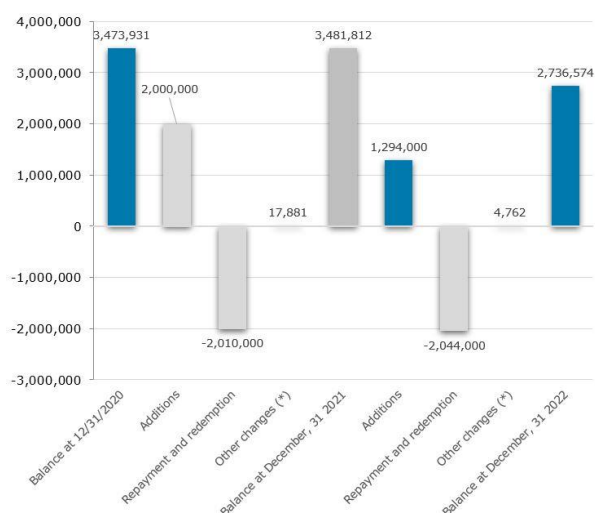
The most significant events of the 2022 financial year include:



(*) Includes interest paid, accrued interest, valuations, and other.

- On April 11, 2022, the 750 million euros bond held by Enagás Financiaciones, S.A.U. matured.
- On April 7, 2022, the Cross Currency Swap derivative associated with the previous bond matured.
- On May 27, 2022, Enagás Financiaciones, S.A.U. renewed the Euro Medium Term Note (EMTN) programme for a maximum amount of 4,000 million euros, registered in the Luxembourg Stock Exchange in 2012, with Enagás, S.A. as guarantor.
- In addition, on May 27, 2022, Enagás Financiaciones, S.A.U. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of 1,000 million euros, registered in the Irish Stock Exchange on May 4, 2017, with Enagás, S.A. as guarantor.

c) Debts with credit institutions



(*) Includes interest paid, accrued interest, valuations, and other.

The most significant events of the 2022 financial year include:

- On December 28, 2022, Enagás Financiaciones SA extended the maturity of the Revolving Credit Facility from April 2023 to October 2024, and increased its amount from 250 million euros to 550 million euros.
- On December 22, Enagás Internacional repaid 140 million dollars (132 million euros) on the loan contracted in December 2021 and maturing in January 2023.
- On December 27, Enagás Internacional repaid the 160 million dollars (150 million euros) loan contracted in December 2021 and maturing in January 2023.
- On December 28, Enagás, S.A. repaid the 225 million dollars (211 million euros) loan contracted in January 2021 and maturing in January 2023.

- On December 28, Enagás Financiaciones has taken out a new loan in the amount of 450 million euros, maturing in January 2025.

At December 31, 2022, the Group had access to credit lines in the amount of 2,434,489 thousands of euros (1,860,440 thousands of euros in 2021), of which 2,434,489 thousands of euros had not been drawn down (1,855,393 thousands of euros in 2021) (Note 3.8). Along these lines, a sustainable syndicated credit line amounting to 1,500,000 thousands of euros is included, the price of which is linked to the reduction of CO₂ emissions. This credit line is held by 12 national and international financial institutions.

In the opinion of the Directors of the Company, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

d) Other financial liabilities

	2022	2021
Loans from the General Secretariat of Industry, the General Secretariat of Energy, Oman Oil and ERDF E4E	1,112	1,745
Fair value of sales option on interest held by EVE	15,600	15,600
Leases (NIIF 16) (Note 2.4)	399,903	459,550
Others	37,605	39,809
Total other financial liabilities	454,220	516,704

At December 31, 2022 and December 31, 2021, "Other receivables" mainly includes the financial liability associated with IFRS 16 on leases. Payments for this item amounted to 38,175 thousands of euros in 2022 (36,481 thousands of euros in 2021). "Other" includes accounts payable to suppliers of fixed assets amounting to 33,123 thousands of euros at the end of 2022.

3.5 Financial results

	2022	2021
Income from associates	252	893
Finance revenue from third parties	24,394	19,548
Income/expenses in cash and other cash equivalents	12,879	(942)
Others	—	25
Financial income	37,525	19,524
Financial expenses and similar	(2,354)	(2,134)
Loan interest	(95,096)	(95,363)
Capitalised interest	(16)	(9)
Others	(2,882)	(5,503)
Financial expenses	(100,348)	(103,009)
Gains (losses) on hedging instruments	20	(71)
Exchange differences	70	144
Impairment and result from disposal of financial instruments (Notes 1.5 and 1.6)	110,891	—
Financial result	48,158	(83,412)

3.6 Derivative financial instruments

ACCOUNTING POLICIES

- ▶ The Enagás Group contracts derivative financial instruments to cover its exposure to financial risk arising from fluctuations of interest rates and/or exchange rates, and does not use derivative financial instruments for speculative purposes. All derivative financial instruments are measured, both initially and subsequently, at fair value. The differences in fair value are recognised in the Consolidated Income Statement except in the case of specific treatment under hedge accounting.
 - ▶ The measurement and recognition criteria for derivative financial instruments in keeping with the different types of hedge accounting are as follows:
 - Cash flow hedges

Hedges for exposure to changes in cash flows that: (i) are attributed to a specific risk associated with an asset or liability recognised for accounting purposes, with a highly likely expected transaction or with a firm commitment if the hedged risk is an exchange rate and (ii) may affect profit for the period. The effective portion of the changes in fair value of the hedging instrument are recognised under Equity, and the gains and losses relating to the ineffective portion are recognised in the Consolidated Income Statement. The accumulated amounts under Equity are transferred to the Consolidated Income Statement in the periods in which the hedged items affect the Consolidated Income Statement.
 - Net investment hedging in a foreign operation

These instruments hedge the foreign currency risk arising from net investments in foreign operations.

The hedges for net investments in transactions carried out abroad are accounted for in a similar manner to cash flow hedges, though the valuation changes in these transactions are accounted for as translation differences under "Adjustments for changes in value" in the accompanying Consolidated Balance Sheet.

These translation differences are taken to the Consolidated Income Statement when the gain or loss on disposal of the hedged item occurs.
 - ▶ In order for these derivative financial instruments to be classified as hedges they are initially designated as such, and the relationship between the hedging instrument and the hedged items is documented, together with the risk management objective and the hedge strategy for the various hedged transactions. In addition, the Group verifies initially and then periodically throughout the life of the hedge (and at least at the end of each reporting period) that the hedging relationship is effective, i.e., that it is prospectively foreseeable that the changes in fair value or in the cash flows from the hedged item (attributable to hedged risk) are almost entirely offset by those of hedging instrument.
- Any remaining loss or gain from the hedging instrument will represent an ineffectiveness of the hedge to be recognised in income of the period.
- ▶ Hedge accounting is discontinued when the hedging instrument expires, or when it is sold, or exercised, or when it no longer qualifies for hedge accounting (after taking into account any rebalancing of the hedging relationship, if applicable). At that time, any accumulated gain or loss on the hedging instrument recognised in equity is retained in equity until the hedged transaction occurs.
 - ▶ In accordance with IFRS 13, for purposes of presenting financial information, the measurements of fair value are classified as Level 1, 2, or 3, as indicated in Note 3.3.

SIGNIFICANT ESTIMATES

► The Group has determined that most of the inputs employed to determine the fair value of the derivative financial instruments are in Level 2 of the hierarchy, but that the adjustments for credit risk use Level 3 inputs such as credit estimates based on a credit rating or comparable companies to evaluate the likelihood of the bankruptcy of the company or of the company's counterparties.

► The Group evaluated the relevancy of the inputs and recognised the corresponding adjustments to credit risk in the total valuation of derivative financial instruments, which were not significant.

► Thus, the entire portfolio of derivative financial instruments is classified under Level 2 of the hierarchy.

Category	Type	Maturity	Notional contracted	Fair value 12.31.2021	Income and expenses recognised directly in equity		Amounts transferred to the income statement		Other changes (*)	Fair value 12.31.2022
					Hedging transactions	Translation differences	Changes in results	Counterparty risks and other		
Cash flow hedges										
Interest rate swap	Floating to fixed	Dec-22	141,268	(14)	(13)	(7)	6	—	—	—
Interest rate swap	Floating to fixed	Dec-22	198,658	(36)	(34)	(18)	16	—	—	—
Interest rate swap	Floating to fixed	Dec-22	198,658	(36)	2,807	—	(2,807)	—	36	—
Interest rate swap (**)	Floating to fixed	Jan-23	25,000	—	6	—	—	—	—	6
Interest rate swap (**)	Floating to fixed	Dec-23	955,111	—	2,671	—	(200)	—	—	2,471
Interest rate swap (**)	Floating to fixed	July-24	281,334	—	234	(3)	—	—	—	231
Net investment hedging										
Cross Currency Swap (***)	Fixed to fixed	Apr-22	400,291	(81,728)	2,605	76,952	2,171	—	—	—
Cross Currency Swap	Fixed to fixed	May-28	237,499	(6,450)	(10,515)	(11,626)	4,919	—	—	(23,672)
Total			2,437,819	(88,264)	(2,239)	65,298	4,105	—	36	(20,964)

(*) Includes interest accrued and not paid, other commissions relating to derivative financial instruments, as well as changes in the fair value of the hedging derivative.

(**) Derivative financial instruments arranged in the year 2022. (See [Note 3.6 a](#)).

(***) This financial instrument matures in 2022. (See [Note 3.6 a](#)).

a) Cash flow hedges

The following rate hedges were arranged in 2022:

- In the company Enagás Financiaciones, S.A.U. hedges amounting to 580 million euros maturing in December 2023.
- In Enagás Internacional, S.L.U. hedges for 400 million dollars (375 million euros) maturing in December 2023.
- In Enagás Holding USA, S.L.U. hedges for 300 million dollars (281 million euros) maturing in July 2024.

With respect to cash flow hedges, the breakdown by period in which the related cash flows will arise is as follows:

Contracted amount (thousands of)	Total	2023	2024	2025 and later years
375,111	257	257	—	—
25,000	6	6	—	—
605,000	2,215	2,215	—	—
281,334	231	689	(458)	—
1,286,445	2,709	3,167	(458)	—

b) Net investment hedging in foreign operations

Upon maturity of one of the financial instruments of this type during 2022 (Note 3.4), the main characteristics of the derivative financial instrument contracted as a hedge of the net investment are as follows:

Category	Contracted amount in Euros	Contracted amount in USD	Type	Maturity
Cross Currency Swap	237,499	270,000	Fixed to fixed	May 2028
Total	237,499	270,000		

The investment considered as a hedged item in the aforementioned hedging relationship is as follows:

Project	Investments hedged in USD
TqP	270,000
Total	270,000

As explained in Note 3.7 below, the Enagás Group directly finances part of the foreign investments with foreign currency, which is then designated as a net foreign investment.

	2022	2023	2024	2025	2026	2027 and later years	Total
Derivatives		(4,790)	(4,396)	(4,198)	(4,026)	(6,262)	(23,672)

	2021	2021	2022	2023	2024	2025 and later years	Total
Derivatives		(86,086)	(4,210)	(4,093)	(3,975)	10,186	(88,178)

3.7 Financial and capital risk management

The Enagás Group is exposed to certain risks which it manages with a risk control and management model which is directed towards guaranteeing achievement of the Company's objectives in a predictable manner with a medium-moderate risk profile. This model allows to adapt to the complexity of the business activity in a competitive environment globalised, in a complex economic context, where the materialisation of risks is faster and with an evident contagion effect.

The model is based on the following:

- The consideration of some standard types of risk to which the Company is exposed.
- Separation and independence of risk control and management functions articulated in three lines of "defence".
- The existence of Governing Bodies responsible for matters relating to risk exposure.
- Establishing a risk-prone framework which defines the risk levels considered acceptable and that are in line with established business objectives and the market environment in which the Group carries out its activities.

By this means, the Enagás Group tries to designate exchange rate hedges to cover fluctuations in the exchange rates of its investments in foreign currency. As required by IFRS 9, an eligible hedged item and hedging instrument have to be designated. By this means, the exchange fluctuations of the investment in foreign currency are associated with the fluctuations due to the debt obtained to finance the acquisition, which is also in that currency (Note 3.7), in such a way that there is no impact on the income statement.

With respect to net investment hedging in foreign operations, the breakdown by period in which the related cash flows will arise is as follows:

- The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The integral analysis of all risks allows the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. Enagás has established a regulatory framework through its "Risk control and management policy" and "General risk control and management standard," which define the basic principles governing the risk function and identify the responsibilities of the company's various governing bodies.

The risk control and management function is articulated around three lines of defence, each presenting different responsibilities:

- First line of defence: organisational units which assume risks in the normal course of their activities. They are the owners of the risks and are responsible for identifying and measuring their respective risk exposure.
- Second line of defence: the Risk Unit, in charge mainly of ensuring that the risk control and management system works correctly, defining the regulatory framework and approach, and performing periodic monitoring and overall control of the company's risks.

- Third line of defence: the Internal Audit Department, in charge of supervising the efficiency of the risk controls in place.

The Governing Bodies responsible for risk control and management are the following:

- The Board of Directors is responsible for approving the risk control and management policy. Other responsibilities with respect to risks are delegated in the Audit and Compliance Committee.
- Audit and Compliance Committee: the main function is to ensure the independence of the risk control and management function, supervise the efficacy of the risk control and management systems as well as evaluating the Group's risk exposure (identification, measurement, and establishment of management measures).
- Executive Committee: responsible for approving the general risk framework, defining the Group's strategy and risk appetite, and monitoring risk levels.

The main risks of a financial and tax nature to which the Group is exposed are as follows:

Credit risk

Credit risk relates to the possible losses arising from the non-payment of monetary or quantifiable obligations of a counterparty to which the Enagás Group has granted net credit which is pending settlement or collection.

Credit risk in connection with trade receivables arising from its commercial activity is historically very limited as the Group operates in a regulated environment (Note 1.1). However, regulations have been developed establishing standards for managing guarantees in the Spanish gas system and which oblige shippers to provide guarantees for: (i) contracting capacity in infrastructure with regulated third-party access and international connections; (ii) settlement of imbalances; and (iii) participation in the organised gas market.

The Enagás Group is also exposed to the risk of its counterparties not complying with obligations in connection with financial derivatives and placement of surplus cash balances. In order to mitigate this risk, these transactions are carried out in a diversified manner with highly solvent entities.

Interest rate risk

Interest rate fluctuations affect the fair value of those assets and liabilities that accrue interest at fixed rates, and the future cash flows from assets and liabilities that accrue interest at floating rates.

The objective of interest rate risk management is to create a balanced debt structure that minimises financial costs over a multi-year period while also reducing volatility in the Consolidated Income Statement.

Based on the Enagás Group's estimates and debt structure targets, hedges are put in place using derivatives that reduce these risks (Note 3.6).

Exchange rate risk

Exchange rate fluctuations may affect positions held with regard to debt denominated in foreign currency, certain payments for services and the purchase of capital goods in foreign currency, income and expenses relating to companies whose functional currency is not the euro and the effect of converting the financial statements of those companies whose currency is not the euro during the consolidation process. With a view to mitigating said risk, the Group can avail itself of financing obtained in US dollars, as well as contracting derivative financial instruments which are subsequently designated as hedging instruments (Note 3.6). In addition, the Enagás Group tries to balance the cash flows of assets and liabilities denominated in foreign currency in each of its companies.

Liquidity risk

Liquidity risk arises as a consequence of differences in the amounts or payment and collection dates relating to the different assets and liabilities held by the Group.

The liquidity policy followed by the Enagás Group is oriented towards ensuring that all short-term payment commitments acquired are fully met without having to secure funds under burdensome terms. For this purpose, different management measures are taken such as maintenance of credit facilities ensuring flexibility, sufficient amounts and sufficient maturities, diversified sourcing for financing needs via access to different markets and geographical areas, as well as the diversification of maturities in debt issued.

The financial debt of the Group at December 31, 2022 has an average maturity of 4.4 years (4.5 years at December 31, 2021) (Note 3.4).

Tax risk

The Enagás Group is exposed to possible modifications in tax regulatory frameworks and uncertainty relating to different possible interpretations of prevailing tax legislation, potentially leading to negative effects on results.

The Enagás Group has a Board-approved tax strategy, which includes the policies governing compliance with its tax obligations, attempting to avoid risks and tax inefficiencies

Climate change risk

The Enagás Group is exposed to certain risks arising from climate change. These risks are managed and assessed in an integrated manner within the risk management model described in the management report.

Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO₂ emissions and prices, the use and technological development of renewable gases, and reputational risks.

The impact of climate-related risks and how management assesses these risks to incorporate them into the judgements, estimates and uncertainties that affect the consolidated financial statements are described in [Note 4.6.a](#).

Other risks

Given the dynamic nature of the business and its risks, and despite having a risk control and management system that responds to the best international recommendations and practices, it is not possible to guarantee that some risk may exist that is not identified in the risk inventory of the Enagás Group.

In addition, the internationalisation process carried out by the Enagás Group in recent years means that a part of its operations are carried out by companies over which it does not exercise control and which perform their activities within different regulatory frameworks and with different business dynamics, so that potential risks may arise relating to financial investment.

Also, there are uncertainties related to the deployment of renewable gases in the company and its future role in the energy sector.

The Enagás Group is also exposed to the cross-cutting risks that do not correspond to a single category but may be correlated with several; these are risks related to the three pillars of sustainability: environmental, social and governance, ESG (for more detail on climate change risks, see the 'Climate action and energy efficiency' chapter).

a) Quantitative information

Interest rate risk

The percentage of debt at fixed interest rates at December 31, 2022 and December 31, 2021, amounted to more than 80%. Taking into account these percentages of financial debt at fixed rates, and after performing a sensitivity analysis to changes in market interest rates, the Group considers that, according to its estimates, the impact on results of such variations on financial costs relating to variable rate debt could be as follows:

	Interest rate change			
	2022		2021	
	25 bps	-10 bps	25 bps	-10 bps
Change in financial costs	591	(236)	2,612	(1,045)

In addition, the aforementioned changes would not produce any significant changes in the Company's equity position in connection with contracted derivatives.

Exchange rate risk

The Enagás Group obtains financing fundamentally in euros, although it maintains certain financing in US dollars. The currency that generates the greatest exposure to exchange rate changes is the US dollar.

The exposure of the Group to changes in the US dollar/ euro exchange rate is mainly determined by the effect of translating the financial statements of the companies whose functional currency is the US dollar. In addition, there are Group companies whose functional currency is the Peruvian nuevo sol and pound sterling.

Further, the Group also holds loans denominated in US dollars granted by Enagás Internacional, S.L.U. to companies in which it does not control a majority stake.

The sensitivity of profit /(loss) for the year and equity to exchange rate risk, via appreciation or depreciation of exchange rates and based on the financial instruments held by the Enagás Group at December 31, 2022, is shown below:

	Thousands of euros			
	Appreciation / (Depreciation) of the euro against the dollar			
	2022		2021	
	5.00%	-5.00%	5.00%	-5.00%
Effect on net profit	3,028	(3,028)	3,407	(3,407)
Effect on equity	11,422	(11,422)	7,000	(7,000)

b) Capital management

The Enagás Group carries out capital management at corporate level and its objectives are to ensure financial stability and obtain sufficient financing for investments, optimising the cost of capital in order to maximise the value created for the shareholder while maintaining its commitment to solvency.

The Enagás Group uses its leverage ratio as an indicator for monitoring its financial situation and capital management. The ratio is defined as the result of dividing consolidated net financial debt by net consolidated assets (understood as the sum of net financial debt and consolidated own funds).

The Group's financial leverage, calculated as the ratio of net financial debt and total financial net debt plus own funds at December 31, 2022 and 2021, is as follows:

	2022	2021
Net financial debt (Note 3.4)	3,468,905	4,276,856
Shareholders' equity	3,076,477	3,158,421
Financial leverage	53.0 %	57.5 %

On September 9, 2022, the credit rating agency Fitch Ratings maintained Enagás' rating outlook at stable, and placed Enagás' rating at "BBB". On January 26, 2022, the credit rating agency Standard & Poor's placed Enagás' credit rating at "BBB", with a stable outlook.

3.8 Cash flows

ACCOUNTING POLICIES

- Under the Cash and other cash equivalents heading of the Consolidated Balance Sheet the Group recognises cash in hand, sight deposits, and other highly liquid short-term investments that can be readily converted into cash and are not exposed to the risk of changes in value.

a) Cash and cash equivalents

	12.31.2022	12.31.2021
Treasury	562,474	1,294,105
Other cash and cash equivalents	796,810	150,046
Total	1,359,284	1,444,151

"Other liquid assets" includes those deposits that have a maturity of less than three months.

Generally, the banked cash accrues interest at rates similar to daily market rates. The deposits maturing in the short-term are easily convertible into cash, and accrue interest at the going market rates. There are no significant restrictions on cash drawdown other than those indicated in [Note 3.3.a](#) in relation to the GSP project in Peru.

b) Available funds

In order to guarantee liquidity, the Enagás Group has arranged loans and credit lines which it has not drawn down. Thus, liquidity available to the Enagás Group is broken down as follows:

Available funds	12.31.2022	12.31.2021
Cash and cash equivalents	1,359,284	1,444,151
Other available funds (Note 3.4)	2,434,489	1,855,393
Total available funds	3,793,773	3,299,544

In the opinion of the Directors of the Company, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

c) Reconciliation of movements in liabilities arising from financing activities and cash flows

		Debts with credit institutions	Debentures and marketable securities	Total
12.31.2021		1,777,900	3,481,812	5,259,712
	Issues	553,689	1,294,000	1,847,689
Cash flows	Repayment and redemption	(729,928)	(2,044,000)	(2,773,928)
	Interest paid	25,134	(45,900)	(20,766)
Without an impact on cash flows	Interest expense	34,422	50,695	85,117
	Changes due to exchange rates and other	29,383	(33)	29,350
12.31.2022		1,690,600	2,736,574	4,427,174

The information for the 2021 financial year is detailed below:

		Debts with credit institutions	Debentures and marketable securities	Total
<u>12.31.2020</u>		<u>1,338,246</u>	<u>3,473,931</u>	<u>4,812,177</u>
	Issues	1,892,937	2,000,000	3,892,937
Cash flows	Repayment and redemption	(1,505,365)	(2,010,000)	(3,515,365)
	Interest paid	(11,290)	(45,981)	(57,271)
	Interest expense	11,416	63,918	75,334
Without an impact on cash flows	Changes due to exchange rates and other	51,956	(56)	51,900
<u>12.31.2021</u>		<u>1,777,900</u>	<u>3,481,812</u>	<u>5,259,712</u>

4. Other information

RELEVANT ASPECTS

Remuneration for Board of Directors and Senior Management

- Remuneration to the Board of Directors, without taking into account insurance premiums and termination benefits, amounted to 5,119 thousands of euros (5,026 thousands of euros in 2021) (Note 4.4).

- Remuneration to the Senior Managers, without taking account of pension plans, insurance premiums and termination benefits, amounted to 4,593 thousands of euros (4,485 thousands of euros in 2021) (Note 4.4).

4.1 Investment properties

ACCOUNTING POLICIES

Investment properties

- The cost model is applied for measuring investment property, that is, the corresponding assets are measured at acquisition cost less the corresponding accumulated amortisation and any impairment losses. However, as one plot of land is not currently in use, it was measured at its recoverable amount, calculated as the fair value less the necessary costs for its sale.

- The market appraisal was performed by the independent expert in accordance with the Governing Rules of the Royal Institution of Chartered Surveyors (RICS), set out in the so-called "Red Book" - RICS Valuation - Professional Standards, January 2014. Said market valuations defined by RICS are internationally recognised by advisors and accountants providing services for investors and corporations that own investment properties, as well as by The European Group of Valuers (TEGoVA) and The International Valuation Standards Committee (IVSC).

	Balance at December 31, 2020	Impairment allowances 2021	Balance at December 31, 2021	Impairment allowances 2022	Balance at December 31, 2022
Cost (1)	47,211	—	47,211	—	47,211
Impairment	(28,191)	(360)	(28,551)	(1,250)	(29,801)
Net value	19,020	(360)	18,660	(1,250)	17,410

- (1) Corresponds entirely to a plot of land located at km 18 of the A-6 motorway in Las Rozas (Madrid). The independent company Jones Lang LaSalle España, S.A. issued a valuation report dated December 31, 2022, which concluded that the recoverable amount of the plot at that date amounted to 17,410 thousands of euros (18,660 thousands of euros at December 31, 2021). It is worth noting that the aforementioned independent expert's report did not include any scope limitations with respect to the conclusions reached. There are no mortgages or encumbrances of any type on said property. In addition, the Group has contracted the corresponding insurance policies to cover third party civil liabilities.

4.2 Tax situation

ACCOUNTING POLICIES

- Income tax expense for the year is calculated as the sum of current tax, resulting from applying the corresponding tax rate to taxable income for the year (after applying any possible deductions) and any changes in deferred tax assets and liabilities.
- Corporate income tax is recognised in the Consolidated Income Statement or in equity accounts in the Consolidated Balance Sheet depending on where the related profits or losses were recognised.
- Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences, identified as those amounts expected to be payable or recoverable, arising from the difference between the book value of assets and liabilities and their tax bases, as well as any unused tax credits. These amounts are measured by applying the tax rate to the corresponding temporary differences or tax credits at which they are expected to be recovered or settled.
- Deferred tax assets are only recognised when the Group expects sufficient future taxable profits to recover the deductible temporary differences. Deferred tax liabilities are recognised for all taxable temporary differences except for those arising from the initial recognition of goodwill.
- Recognised deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made when there are doubts as to their future recoverability.
- The Group offsets deferred tax assets and deferred tax liabilities corresponding to one and the same tax authority, as established in IAS 12.74.

SIGNIFICANT ESTIMATES AND

- In accordance with prevailing legislation in Spain, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. However, the four-year period can vary in the case of Group companies subject to other fiscal regulations. The Directors consider that the income tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on these Consolidated Annual Accounts.
- The deferred tax assets were recognised in the balance sheet as the Directors believe, based on the best estimate of future profits and reversals of deductible temporary differences, that it is probable that these assets will be recovered.

a) Balances with Tax Authorities

	2022	2021
Debit balances		
Deferred tax assets (Note 4.2.f)	72,969	78,547
Income tax and other taxes (1)	453	12,357
Value added tax	24,238	16,565
Total current assets	24,691	28,922
Credit balances		
Deferred tax liabilities (Note 4.2.f)	221,720	237,553
Income tax (1)	70,204	2,605
Value added tax	670	768
Tax Authorities creditor for withholdings and other (2)	79,824	34,510
Total current liabilities	150,698	37,883

- (1) Corresponds mainly to the Corporate Income Tax of the 2022 Tax Group, amounting to 453 thousands of euros of balances receivable (12,327 thousands of euros at December 31, 2021 for the 2020 financial year). Corporate income tax of the Tax Group for the year 2021 amounted to 630 thousands of euros in current tax liabilities. The remaining amount is for the capital gains tax payable, mainly for the GNL Quintero, S.A. transaction (Note 1.5).
- (2) The variation is due mainly to the retention pending payment and derived from the divestment process in Chile following the sale of GNL Quintero, S.A.

b) Tax returns

Enagás S.A. has been the parent company of the Tax Consolidation Group 493/12 for Corporate Income tax from January 1, 2013, comprising the following subsidiaries at December 31, 2022:

- Enagás Transporte, S.A.U.
- Enagás GTS, S.A.U.
- Enagás Internacional, S.L.U.
- Enagás Financiaciones, S.A.U.
- Enagás Emprende S.L.U.
- Infraestructuras del Gas, S.A.
- Scale Gas Solutions, S.L.
- Efficiency for LNG Applications, S.L.
- Enagás Services Solutions, S.L.
- Sercomgas Gas Solutions, S.L.
- Enagás Holding USA, S.L.U.
- Enagás Infraestructuras de Hidrógeno, S.L.

The Group's remaining companies file individual income tax returns in accordance with the applicable tax laws.

c) Corporate income tax

	2022	2021
Before-tax consolidated accounting results	526,398	499,957
Permanent differences and consolidation adjustments (1)	10,654	(149,061)
Consolidated tax base	537,052	350,896
Tax rate	25 %	25 %
Adjusted result by tax rate (2)	(134,263)	(87,724)
Effect of applying different rates to tax base	(10,672)	805
Tax base	(144,935)	(86,919)
Effect of deductions	6,137	1,027
Other adjustments to corporate income tax (3)	(11,186)	(9,426)
Corporate income tax for the period	(149,984)	(95,318)
Current income tax (4)	(131,2755)	(76,394)
Deferred income tax	7,953	2,597
Adjustments to income tax rate	(26,682)	(21,521)

- (1) The permanent differences mainly correspond to the elimination of the results of companies consolidated under the equity method, as well as other consolidation adjustments relating to, among others, the reconciliation of local regulations and IFRS, as well as the impairment losses recognised.
- (2) In order to determine income tax, a 25% rate was applied to all Spanish companies, except for those that file tax returns under the special regime of Vizcaya (Enagás Transporte del Norte, S.L) where a 24% rate is applied. For both 2021 and 2022, the tax rates applicable to the foreign companies Enagás Perú, S.A.C.; Enagás Chile S.P.A.; Enagás México, S.A. de C.V. and Enagás USA, L.L.C. were 29.5%, 27%, 30% and 24%, respectively.
- (3) "Other Corporate Income Tax Adjustments" includes, among others, the effect of the limitation on the deductibility of dividends (as from January 1, 2021, in accordance with prevailing Spanish legislation, the exemption on dividends and capital gains associated with holdings in both resident and non-resident entities is 95% of the amount thereof).
- (4) In 2022, 58,432 thousands of euros were paid (73,562 thousands of euros in 2021) in connection with the amount to be disbursed for settling 2022 Corporate Income Tax, of which 57,955 thousands of euros correspond to the Tax Consolidation Group (72,979 thousands of euros in 2021). 12,288 thousands of euros corresponding to the 2020 corporate income tax of the Tax Consolidation Group have been received. In addition, a one-off impact of 70 million Euro due to the taxation of the gain in Chile after divestment in GNL Quintero.

d) Tax recognised in equity

	2022			2021		
	Increases	Decreases	Total	Increases	Decreases	Total
Income and expenses recognised directly in equity						
Tax effect on cash flow hedges	—	(11,578)	(11,578)	—	(2,019)	(2,019)
Amounts transferred to the income statement						
Tax effect on cash flow hedges	—	(1,732)	(1,732)	—	(4,090)	(4,090)
Total income tax recognised in equity	—	(13,310)	(13,310)	—	(6,109)	(6,109)

e) Periods open for inspection and tax audits

In accordance with prevailing legislation in Spain, tax returns cannot be considered final until they have been inspected by

the tax authorities or until the four-year inspection period has elapsed. However, the four-year period can vary in the case of Group companies subject to other fiscal regulations.

During financial year 2021, Enagás S.A. and Enagás Transporte S.A.U. were notified that the Central Economic Administrative Court (hereinafter TEAC) had rejected the claims filed in relation to the assessments signed challenging the Corporate Income Tax for the years 2012 to 2015. During the 2022 financial year, a lawsuit has been filed before the National High Court, against the rulings of the TEAC. In the event that this appeal were ultimately contrary to the interests of the Group, it would result in a disbursement of approximately 11.7 million euros (not including any late payment interest that may be applicable), giving rise to the recognition of a deferred tax asset of 7.5 million euros and a negative effect on net profit /(loss) of approximately 4.2 million euros.

The appeal is expected to be resolved in more than one year.

Likewise, at the end of 2022, the years 2019 to 2022 are pending review for the applicable taxes, with the exception of income tax, which is pending review for the years 2018 to 2022.

The Directors consider that all taxes mentioned have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied to transactions, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying Consolidated Annual Accounts.

f) Deferred tax assets and liabilities

	Initial measurement	Recognised on profit and loss	Recognised in equity	Translation differences	Final value
Deductible temporary differences					
Capital grants and others	872	(107)	—	—	765
Amortisation deduction limit R.D.L. 16/2012 (1)	12,553	(4,184)	—	—	8,369
Provisions for personnel remuneration	5,395	(1,350)	—	21	4,066
Fixed assets provision	34,674	(970)	—	85	33,789
Provisions for litigation and other	19,340	1,730	—	192	21,262
Derivatives	1,471	(383)	—	103	1,191
Carry-forward tax losses	1,730	—	—	115	1,845
Deductions pending and others (2)	2,512	(830)	—	—	1,682
Total deferred tax assets	78,547	(6,094)	—	322	72,969
Accelerated amortisation (3)	(216,485)	12,058	—	—	(204,427)
Derivatives	(117)	—	—	1	(652)
Deferred expenses	(4,857)	2,287	—	—	(2,570)
Other	(16,094)	(581)	2,564	—	(14,111)
Total deferred tax liabilities	(237,553)	13,764	2,564	1	(221,760)
Net value	(159,006)	7,670	2,564	323	(148,791)

(1) Arises from the limitation to tax deductible amortisation with respect to the corporate income tax for the years 2013 and 2014. Said amortisation is recoverable from a tax point of view from 2015 on a straight line basis over 10 years.

(2) In addition, it includes the deduction to be applied from 2015 in accordance with the thirty-seventh transitory provision of Law 27/2014, by virtue of which those contributors for whom limited amortisation was applicable in 2013 and 2014 will have the right to a 5% deduction of the tax base with respect to the amounts included in the taxable income for the corresponding period.

(3) Arising from application of accelerated amortisation of certain assets for tax purposes during the period 2009-2014.

The Enagás Group offset deferred tax assets in the amount of 71,275 thousands of euros from the Tax Consolidation Group in Spain (77,236 thousands of euros in 2021) against deferred tax liabilities in its consolidated statement of financial position in accordance with IAS 12.

	Final value of assets and deferred tax liabilities by nature	Offset of deferred tax assets and liabilities - Tax Group	Final value
Deferred tax assets	78,547	(77,236)	1,311
Deferred tax liabilities	(237,553)	77,236	(160,317)
Net value 2021	(159,006)	—	(159,006)
Deferred tax assets	72,969	(71,275)	1,694
Deferred tax liabilities	(221,720)	71,275	(150,445)
Net value 2022	(148,751)	—	(148,751)

The Enagás Group has unregistered deferred tax assets and liabilities amounting to 33,387 thousands of euros and 35,010 thousands of euros, respectively, at the end of 2022 (27,583 thousands of euros and 41,978 thousands of euros, respectively, at the end of 2021). These correspond mainly to taxable temporary differences associated with investments in companies that are accounted for using the equity method and that meet the requirements established in IFRS to apply the accounting exception.

4.3 Related party transactions and balances

ACCOUNTING POLICIES

► In addition to subsidiaries, associates, and multigroup companies, the Group's "related parties" are considered to be its "key management personnel" (members of the Board of Directors and Senior Managers, along with their close relatives), and the entities over which key management personnel may exercise significant influence or control, considering the definitions indicated in the commercial and reference regulations for listed companies.

► The terms of transactions with related parties are equivalent to those made on an arm's length basis and the corresponding remuneration in kind has been recorded.

Income and expenses	Directors and Senior Managers	Group Personnel, Companies or Entities	Other related parties	Total (1)
2022				
Expenses:				
Services received (2)	—	133,085	—	133,085
Other expenses	13,959	—	—	13,959
Total Expenses	13,959	133,085	—	147,044
Income:				
Financial income	—	195	—	195
Rendering of services	—	4,039	—	4,039
Total income	—	4,234	—	4,234
2021				
Expenses:				
Services received	—	60,421	351	60,772
Other expenses	9,701	—	—	9,701
Total Expenses	9,701	60,421	351	70,473
Income:				
Financial income	—	893	—	893
Rendering of services	—	4,097	—	4,097
Other income	—	58	—	58
Total income	—	5,048	—	5,048

(1) No transactions were carried out during 2022 and 2021 with significant shareholders.

(2) Includes the operations that Enagás GTS has carried out with Mibgas.

Other transactions	Significant shareholders	Group Personnel, Companies or Entities	Total
2022			
Guarantees for related parties debt (Note 1.9)	-	557,000	557,000
Guarantees and sureties granted - Other (Note 1.9)	-	17,754	17,754
Dividends and other earnings distributed	106,321	-	106,321
2021			
Guarantees for related parties debt (Note 1.9)	-	609,205	609,205
Guarantees and sureties granted - Other (Note 1.9)	-	9,263	9,263
Dividends and other earnings distributed	102,193	-	102,193

The detail of current and non-current loans to related parties is as follows:

	Interest rate	Maturity	12.31.2022	12.31.2021
Non-current credits to related parties (*)			20,217	18,392
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	June-2025	7,876	16,392
Knutsen Scale Gas, SL	7.00%	Aug.-2027	2,000	2,000
Scale Gas Med Shipping	3.00%	June-2028	7,784	—
Scale Gas Med Shipping	4.9% (revisable in 2024)	June-2028	2,557	—
Current loans to related parties			198	1,925
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	June-2025	14	6
Llewo Mobility, S.L (previously "Gas to Move, S.L.")	2.34%	July-2022	4	1,860
Seab Power Ltd.	4.00%	Dec.-2021	—	10
Scale Gas Med Shipping	3.00%	June-2028	50	—
Scale Gas Med Shipping	4.9% (revisable in 2024)	June-2028	81	—
Knutsen Scale Gas, SL	7.00%	Aug.-2027	49	49
Total			20,415	20,317

(*) Unaffected by the expected loss.

4.4 Remuneration for the Board of Directors and Senior Management

ACCOUNTING POLICIES

Share-based payments

- The Group classifies its share-based settlement plan for the Executive Director and senior management according to the manner of settling the transaction:
 - With Company shares: Personnel expense is determined based on the fair value of the shares to be delivered at the grant date, taking into account the degree to which the objectives relating to said plan have been fulfilled. This expense is recognised over the stipulated period during which employee services are rendered with a credit to "Other equity instruments" in the accompanying balance sheet.
 - In cash: personnel expenses are determined based on the fair value of the liability at the date recognition requirements are met. Personnel expenses are recognised over the stipulated period during which services are rendered in the stipulated period (Note 2.9) and are entered in "Long-term provisions" in the accompanying Balance Sheet, until it is estimated that they will be settled within less than one year, at which time the associated provision is reclassified to the Personnel line under "Trade and other payables" on the liability side of the accompanying Balance Sheet. The liability is subsequently measured at fair value at each balance sheet date, up to and including the settlement date, with changes in fair value recognised in the Income Statement.
 - The Enagás Group used the Monte Carlo model to evaluate this programme. The fair value of the equity instruments at the granting date is adjusted to include the market conditions relating to this plan. Likewise, the Company takes into account the fact that the dividends accrued during the plan period are not paid to the beneficiaries as they do not become shareholders of the

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- The Enagás Group estimates fair value of the equity instruments granted on an accrual basis over the corresponding plan period, plus the deferral and loyalty periods of approximately four months for full disbursement. In the 2022 financial year, both the 2019-2021 ILP Plan and the 2022-2024 ILP Plan are considered.
- As for that part of the plans payable in shares, the Enagás Group estimates the fair value of the amount payable in cash on an accrual basis over the plan period (January 1, 2019 to December 31, 2021 for the 2019-2021 ILP and January 1, 2022 to December 31, 2024 for the 2022-2024 ILP), plus the deferral and loyalty periods of approximately four months for full disbursement.
- On September 29, 2022, the National Commission on Markets and Competition (CNMC) approved its supervisory report on the application of the measures to separate the activities of Enagás GTS, S.A.U., with the following requirements:
 - The multi-year variable remuneration that may be assigned to Enagás GTS managers must be independent of parameters associated with transmission and other incompatible activities.
 - The Executive Director of Enagás GTS and other persons responsible for the management of this company who are beneficiaries of long-term variable remuneration shall not receive shares in the share capital of Enagás as payment for such remuneration.
- In view of the above, it has been necessary to align the 2022-2024 Long-Term Incentive Plan with the requirements of the CNMC, developing two Plans and their respective Regulations, one for the Enagás Group (with the exception of Enagás GTS, S.A.U. senior managers), and another specific Regulation for Enagás GTS so that senior managers belonging to Enagás GTS will receive their variable remuneration in cash instead of receiving it in Enagás S.A. shares.

Remuneration received	Salaries	Per diems	Other items	Pension plans	Insurance premiums	Termination benefits
2022						
Board of Directors	2,645	2,382	92	—	44	1,630
Senior Management	4,412	—	181	82	37	2,454
Total	7,057	2,382	273	82	81	4,084
2021						
Board of Directors	2,382	2,453	191	—	57	—
Senior Management	4,289	—	196	75	58	—
Total	6,671	2,453	387	75	115	—

The remuneration of the members of the Board of Directors for their Board membership and those corresponding to the Chairman, the former Chief Executive Officer and the current Chief Executive Officer for the exercise of their executive functions during the 2022 financial year were approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", approved as Item 10 of the Agenda and modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda.

The Group has outsourced its pension commitments with respect to its Senior Managers through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability. The Executive Chairman and the former Chief Executive Officer are part of the group covered by this policy and of the total premium paid for this during the year, 345 thousands of euros corresponded to them. The new Chief Executive Officer (Mr Arturo Gonzalo Aizpiri) does not have a pension commitment instrument, as he does not have an employment relationship with the company, but rather a commercial relationship. The new CEO maintains an assimilated individual savings insurance at a cost of 191,000 euros.

The members of the Senior Management also form part of the group insured under the mixed group insurance policy for pension commitments. The total premium paid for the same during the financial year amounts to 747 thousands of euros.

The two former Executive Directors (Mr Antonio Llardén Carratalá and Mr Marcelino Oreja Arburúa) were beneficiaries of the 2019-2021 Long-Term Incentive Plan approved by the General Shareholders' Meeting on March 29, 2019 under Item 8 of the Agenda. During 2022, the aforementioned incentive was paid out under the terms established by the General Shareholders' Meeting. As a result of this settlement, a total of 50,122 gross shares were delivered to the two former executive directors, which they will not be able to sell within two years.

Members of Senior Management (members of the Management Committee) were equally beneficiaries of the 2019-2021 Long-Term Incentive Plan. In the terms approved at the General Shareholders' Meeting, in the settlement of this incentive in the 2022 financial year, 39,454 gross shares and a cash incentive amount of 243 thousands of euros corresponded to them.

The current Chief Executive Officer is beneficiary of the 2022-2024 Long-Term Incentive Plan approved by the General Shareholders' Meeting on March 31, 2022 as Item 9 of the Agenda. In said meeting, a total of 96,970 rights relating to shares were assigned to him. These rights do not entail the acquisition of shares for the time being, since the termination of the programme and the right to accrue the final incentive, which depends on the degree of achievement of the programme's objectives, will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025.

Members of Senior Management (members of the Executive Committee) are equally beneficiaries of the 2022-2024 Long-Term Incentive Plan. As approved at the General Shareholders' Meeting, the Board has assigned them a total of 145,764 rights relating to shares as well as an incentive in cash amounting to approximately 1,000 thousands of euros. These rights do not entail the acquisition of shares for the time being, since the termination of the programme and the right to accrue the final incentive, which depends on the degree of achievement of the programme's objectives, will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025.

The aforementioned remuneration, broken down for each member of the Board of Directors, without taking into account insurance premiums, is as follows:

	2022	2021
Mr Antonio Llardén Carratalá (Executive Chairman) (1)	1,594	1,881
Mr Arturo Gonzalo Aizpiri (Chief Executive Officer) (3) (4) (5)	969	—
Sociedad Estatal de Participaciones Industriales (Proprietary Director) (4)	160	160
Mr José Blanco López (Independent Director) (4)	160	160
Ms Ana Palacio Vallelersundi (Independent Leading Director) (4)	190	190
Mr José Montilla Aguilera (Independent Director) (3) (4)	175	166
Mr Cristóbal José Gallego Castillo (Independent Director) (4)	160	160
Ms Eva Patricia Úrbez Sanz (Independent Director) (4)	160	160
Mr Santiago Ferrer Costa (Proprietary Director) (4)	160	160
Ms Natalia Fabra Portela (Independent Director) (3) (4)	160	85
Ms María Teresa Arcos Sánchez (Independent Director) (3) (4)	170	85
Mr David Sandalow (Independent Director) (3) (4)	114	—
Ms Clara García Fernández-Muro (Independent Director) (3) (4)	113	—
Ms María Teresa Costa Campi (Independent Director) (3) (4)	114	—
Mr Manuel Gabriel González Ramos (Independent Director) (3) (4)	113	—
Mr Ignacio Grangel Vicente (Independent Director) (3) (4)	44	160
Mr Gonzalo Solana González (Independent Director) (3) (4)	44	160
Mr Antonio Hernández Mancha (Independent Director) (3) (4)	44	160
Ms Isabel Tocino Biscarolasaga (Independent Director) (3) (4)	44	168
Mr Marcelino Oreja Arburúa (former Chief Executive Officer) (2) (3)	431	952
Mr Luis García del Río (Independent Director)	—	73
Mr Martí Parellada Sabata (External Director)	—	73
Ms Rosa Rodríguez Díaz (Independent Director)	—	73
Total	5,119	5,026

- (1) The remuneration of the Executive Chairman for the exercise of his executive duties during 2022 was that approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" as approved as Item 10 of the Agenda as amended by the General Shareholders' Meeting held on March 31, 2022 under Item 8 of the Agenda to cover his remuneration as non-executive Chairman as from that date. During the 2022 financial year, the Chairman, both in his position as Executive Chairman and, as of March 31, 2022, in the position of non-executive Chairman, received a fixed remuneration of 700 thousands of euros and a variable remuneration of 731 thousands of euros (associated with the Company's 2021 and 2022 targets). He also received 130 thousands of euros for Board membership and other remuneration in kind amounting to 33 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 1,594 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0 thousands of euros for the year. The Group has outsourced its pension commitments with respect to its Senior Managers through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability. The Executive Chairman is one of the beneficiaries covered by this policy, and of the total premium paid during the year, 321 thousands of euros correspond to the Executive Chairman.
- (2) The remuneration for the former Chief Executive Officer in 2022 was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years". During the 2022 financial year, he received a fixed remuneration of 73 thousands of euros and a variable remuneration of 335 thousands of euros (associated with the Company's 2021 and 2022 objectives). He also received 18 thousands of euros for Board membership and other remuneration in kind amounting to 5 thousands of euros. Thus, the combined amounts totalled 431 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0 thousands of euros for the year. The former Chief Executive Officer is also beneficiary of the mixed group insurance policy for pension commitments, and the share of the premium corresponding to the Chief Executive Officer for this policy amounted to 24 thousands of euros for the year.
- (3) On February 21, 2022 the Board of Directors co-opted Mr Arturo Gonzalo Aizpiri as Executive Director to fill the vacancy caused by the resignation of the former Chief Executive Officer, Mr Marcelino Oreja Arburúa, on that date.
On March 31, 2022, Mr Antonio Hernández Mancha, Mr Gonzalo Solana González, Mr Ignacio Grangel Vicente and Ms Isabel Tocino Biscarolasaga stepped down from their posts, while Mr David Sandalow, Mr Manuel González Ramos, Ms Clara García Fernández-Muro and Ms María Teresa Costa Campi were appointed as new Directors.
- (4) The remuneration for these Directors relating to Board and committee membership was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023, and 2024 financial years".
- (5) The remuneration of the current Chief Executive Officer for the 2022 financial year has been approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", approved as Item 10 of the Agenda and modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda. During 2022, the CEO received fixed remuneration in the amount of 804 thousands of euros; he received 112 thousands of euros for Board membership and other remuneration in kind amounting to 53 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 969 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 46 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2022-2024 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 31, 2022. Item 9 of its Agenda states that the meeting assigned him a total of 96,970 performance shares or rights relating to shares. These rights do not entail the acquisition of shares for the time being, since the right to accrue the final incentive, which depends on the degree of achievement of the programme's targets will be generated within thirty (30) days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025. Also, the CEO maintains an individual savings insurance at a cost of 191 thousands of euros.

Share-based payments

As reported in the Annual Accounts since 2019, on March 29, 2019, the General Shareholders' Meeting of the Parent of the group, Enagás S.A., approved a Long-Term Incentive Plan ("ILP") aimed at the then Executive Directors and senior management of the Company and its Group, with a view to maximising motivation and loyalty as well as promoting the good results achieved by the Enagás Group, aligning its interests with the long-term value of shareholders. In this regard, and as previously reported, the aforementioned programme has been 50% settled during the first half of 2022.

On March 31, 2022, the Enagás, S.A. General Shareholders' Meeting approved the 2022-2024 Long-Term Incentive Plan (ILP) aimed at the Executive Director, the members of the Executive Committee and the senior management of the Parent Company and its Group. The objective of the Plan is to (i) encourage the sustainable achievement of the objectives of the Company's Strategic Plan, (ii) give the opportunity to share the creation of value with participants, (iii) foster a sense of belonging to the Company and shared destiny, (iv) be competitive, and (v) align with the requirements of institutional investors, proxy advisors, and best Good Corporate Governance practices and, especially, those resulting from the recommendations of the CNMV's new Good Governance Code.

The plan consists of an extraordinary mixed multi-year incentive which will permit the beneficiaries to receive, after a certain period of time, a bonus payable in (i) Enagás, S.A. shares and (ii) cash; provided that certain strategic objectives of the Enagás Group are met.

On September 29, 2022, the National Commission on Markets and Competition (CNMC) approved its supervisory report on the application of the measures to separate the activities of Enagás GTS, S.A.U., with the following requirements:

- The multi-year variable remuneration that may be assigned to Enagás GTS managers must be independent of parameters associated with transmission and other incompatible activities.
- The Executive Director of Enagás GTS and other persons responsible for the management of this company who are beneficiaries of long-term variable remuneration shall not receive shares in the share capital of Enagás as payment for such remuneration.

In view of the above, it has been necessary to align the 2022-2024 Long-Term Incentive Plan with the requirements of the CNMC, developing two Incentive Plans and their respective Regulations, one for the Enagás Group (with the exception of Enagás GTS, S.A.U. senior managers), and another specific Regulation for Enagás GTS so that senior managers belonging to Enagás GTS will receive their variable remuneration in cash instead of receiving it in Enagás S.A. shares.

With respect to the portion payable in shares, a maximum of 679,907 shares are deliverable, all of which will come from the Company's treasury shares. Furthermore, the beneficiaries of the plan are not guaranteed any minimum value for the assigned shares. The cash part of the Plan is limited to an

estimated payment of approximately 3.3 million euros should all the objectives be fully met.

This plan is aimed at persons who, due to their level of responsibility on their position in the Enagás Group, contribute decisively to achieving the Company's objectives. The Plan initially designated 53 beneficiaries, notwithstanding the possibility that new recruitments due to mobility or professional level changes may include new beneficiaries during the measurement period.

The objectives determined to evaluate the achievement of the Enagás S.A. Long-Term Incentive Plan are as follows:

- Accumulated results corresponding to the Funds for Operations ("FFO") of the Enagás Group. This metric shows the financial soundness and net profit growth, which are the cornerstones of the Strategic Plan. This takes into account both the EBITDA of the regulated business and the dividends received from the subsidiaries that are not controlled by Enagás. It is a benchmark indicator for investors. Fulfilling this objective will satisfy the Company forecasts for the distribution of Group, investment and debt amortisation dividends. It accounts for 20% of the total objectives.
- Accumulated cash flows received from international affiliates and other businesses ("Dividend"). This shows the focus on international growth and a realistic and profitable investment plan as the cornerstones of the Strategic Plan. It measures the profitability of the international business compared with the annual remuneration objective which measures the year's international investment volume. It accounts for 20% of the total objectives.
- Total shareholder return ("TSR"). To ensure appropriate, competitive shareholder remuneration. It takes into account share performance and the dividend policy. This objective comprises two components, each with a relative importance of 12.5% of the total objectives:
 - a) Absolute TSR: this is measured as the acquisition of a target share price in 2024. The target price has been established by investing estimated share dividends and is based on profitability and market parameters.
 - b) Relative TSR: this is measured with respect to the Peer Group of fifteen companies.
- The Company's commitment to long-term sustainable value creation ("Sustainability"). The target will have five indicators:
 - Decarbonisation:
 - Reduction of CO₂ emissions in line with the decarbonisation pathway (emissions 2024 vs. emissions 2021). It accounts for 6% of the total objectives.
 - Investment in renewable gases: 2022-2024 investment associated with the adaptation of infrastructure for the transmission of renewable gases and the development of infrastructure dedicated to the transmission and storage of renewable gases. It accounts for 6% of the total objectives.

► Diversity and inclusion:

- Percentage of female members on the Board of Directors. It accounts for 2% of the total objectives.
- Percentage of women in managerial and pre-managerial positions. It accounts for 3% of the total objectives.
- Percentage of promotions that are women in managerial and pre-managerial positions. It accounts for 3% of the total objectives.
- Digitalisation of the company. The target will consist of 2 indicators:
- Implementation of the Digital Transformation Strategy and improvement of the associated indicators.
- Strengthening the positioning of Enagás' digital assets in the company's strategic areas.

It accounts for 15% of the total objectives (7.5% for each indicator respectively).

Regarding the measurement period, although it will occur during the period from January 1, 2022 to December 31, 2024, its settlement will take place on the following dates:

- The beneficiary will receive 50% of the incentive within thirty (30) days following approval of the 2024 Annual Accounts by the General Shareholders' Meeting. This 50% will apply to the assets part of the incentive as well as the cash part of the incentive;
- The beneficiary will receive the remaining 50% of the incentive once a period of one year has elapsed from the first payment date.

In this regard, and since the Enagás S.A. ILP Regulation establishes the obligation for the beneficiaries to continue to provide their services to the Enagás Group until the first payment date in order to receive 50% of the incentive, and until the second payment date in order to receive the remaining 50%, the Enagás Group accrues the estimated fair value of the equity instruments granted taking account both of the target measurement period (January 1, 2022 to December 31, 2024) and the service conditions established for the period required to consolidate the remuneration.

The portion of said plan to be settled in Enagás, S.A. shares is considered a share-based transaction payable in equity instruments in accordance with IFRS 2 and, in keeping with said standard, the fair value of services received, as consideration for the equity instruments granted, is included in the Consolidated Income Statement at December 31, 2022, under "Personnel expenses" in the amount of 1,279 thousands of euros and a credit to "Other equity instruments" in the consolidated balance sheet at December 31, 2022 (2,127 thousands of euros at December 31, 2021).

For the valuation of this programme, the Enagás Group used the Monte-Carlo model, widely used in financial practice for the valuation of options, in order to include the effect of market

conditions in the valuation of the equity instruments granted. The fair value of the equity instruments at the granting date is adjusted to include the market conditions relating to this plan. Likewise, the Company takes into account the fact that the dividends accrued during the plan period are not paid to the beneficiaries as they do not become shareholders of the Company until the effective delivery of the Company's shares. The breakdown and fair value of the shares at the granting date of the ILP of the Enagás Group are as follows:

	ILP 2022- 2024
Total shares at the concession date (1)	679,907
Fair value of the equity instruments at the granting date (EUR)	20.15
Dividend yield	7.94%
Expected volatility	26.15%
Discount rate	0.48%

(1) This number of shares reflects the maximum number of shares to be delivered under the plan, and includes both the possibility of achieving the maximum degree of fulfilment of objectives established in the plan (125%), as well as the possibility that new hiring, staff mobility, or changes in professional levels, lead to the inclusion of new beneficiaries during the measurement period.

In addition, in respect of the cash incentive, the Enagás Group has recognised the provision of services corresponding to this incentive as a personnel expense amounting to 573 thousands of euros with a credit to "Provisions" under "Non-current liabilities" in the consolidated balance sheet at December 31, 2022, as well as to "Personnel" under "Current Liabilities" in accordance with the payment schedule established in the Plan (50% of which will be paid in 2023) (747 thousands of euros at December 31, 2021). As in the case of the share-based payment plan component, the Enagás Group accrues the estimated fair value of the cash-settled amount over the term of the plan (from January 1, 2022 to December 31, 2024) and the service conditions established for the period of time required for the consolidation of the remuneration.

The objectives set to assess the achievement of the Enagás GTS, S.A.U. Long-Term Incentive Plan are as follows:

- The Company's commitment to long-term sustainable value creation. It accounts for 25% of the total objectives.
- Digitalisation of the Company. It accounts for 30% of the total objectives.
- Improvement of the GTS income statement. It accounts for 25% of the total objectives.
- Security of supply. It accounts for 20% of the total objectives.

As for the measurement period, although it will take place during the period from January 1, 2022 to December 31, 2024, it will be settled on the basis of the payment dates set out in the Regulation.

4.5 Other information concerning the Board of Directors

The information included below as required by Article 229 and subsequent of the Spanish Corporate Enterprises Act was prepared considering that they are companies with similar or complementary activities to those carried out by Enagás, that is, natural gas transmission, regasification, distribution, and commercialisation activities regulated by Law 31/1198 of the Hydrocarbons Sector.

At December 31, 2022 and December 31, 2021, there were no holdings in the share capital of companies with the same, similar or complementary type of activity reported to the Company by the Directors.

Positions held or duties performed by Group Directors at companies whose corporate purpose is the same, similar or complementary disclosed to Enagás, S.A. at December 31, 2022 and 2021, are as follows:

DIRECTOR	COMPANY	POSITIONS
2022		
Arturo Gonzalo Aizpiri	Enagás Transporte del Norte, S.L.	Chairman
Arturo Gonzalo Aizpiri	Tallgrass Energy G.P.	Director

DIRECTOR	COMPANY	POSITIONS
2021		
Marcelino Oreja Arburúa	Mibgas Derivatives, S.A.	Director
Marcelino Oreja Arburúa	Enagás Emprende, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Services Solutions, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Transporte del Norte, S.L.	Chairman
Marcelino Oreja Arburúa	Enagás Renovable, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Tallgrass Energy G.P.	Director
Antonio Llardén Carratalá	Enagás GTS, S.A.U.	Representative of the Sole Director of Enagás, S.A.
Antonio Llardén Carratalá	Enagás Transporte, S.A.U.	Representative of the Sole Director of Enagás, S.A.

There are no activities of the same, similar or complementary nature to those carried out by Enagás which are performed by its Board members, on their own behalf or on behalf of third parties, not included in the above section.

At 2022 year-end, neither the members of the Board of Directors of the Company nor any parties related to them, as defined in Article 229 of the Corporate Enterprises Act, had notified the remaining Board members of any conflicts of interest, direct or indirect, with those of the Company.

4.6 Other information

a) Information on the impact and management of climate change

Activities for protection of the environment and biodiversity, energy efficiency, reduction in emissions, and the responsible consumption of resources are essential elements in the Enagás Group's environmental management to mitigate the impact of its activities.

The Enagás Group remains firmly committed to energy transition and has set a target to be carbon neutral by 2040. To achieve this, the following milestones have been set out in the roadmap presented in the Strategic Plan:

- Decarbonisation of infrastructures by defining a plan to replace natural gas turbocompressors with electric compressors; the reduction of methane emissions and the use of biomethane for own consumption instead of fossil fuels.
- Decarbonisation of the gas sector by adapting our infrastructure to transport renewable gases and by promoting hydrogen and biomethane projects that encourage their use through Enagás Renovable.

Management has considered the impact of these measures together with the Risks and Opportunities identified in the context of climate change, which are described in more detail in the "Management of risks and opportunities arising from climate change" section of the Non-Financial Information Statement, both in the preparation of these Consolidated Annual Accounts and in the disclosures in the Management Report.

The main aspects that the Group has considered when incorporating them are described below:

- Impairment of non-financial assets: In the short and medium term (horizon up to 2030) a limited impact is estimated. Revenues for regasification, storage and transportation assets in Spain are calculated on the basis of a regulated remuneration system, which is made up of different terms aimed at remunerating the investment for the indicated useful lives, operating and maintenance costs, and other items associated with improving productivity and efficiency. As of today, the flows considered for the impairment test are calculated on the basis of this stable regulatory framework and are not affected by demand risk. Nor do forecasts include flows from European projects promoting the use of renewable gases. The possible uses of hydrogen arising from these projects for the development and use of new infrastructures as well as the adaptation of existing infrastructures will be taken into account from the definition and approval of the regulatory framework for investment and remuneration, including, if applicable, the utilisation factor to

be applied to existing infrastructures. The Group is monitoring the regulatory developments being undertaken at European level in this respect.

- **Property, plant and equipment:** With regard to possible new investments derived from the natural gas turbocompressors replacement plan, no significant impact is expected considering that the different replacements will be progressive until 2030 and the acquisition cost is between 10 and 20 million euros for each turbocompressor, depending on the power.
- **Provisions and contingencies:** Physical risks caused by natural disasters or adverse weather conditions (floods, landslides, etc.) may cause damage to our infrastructures in Spain and in other countries in which Enagás participates. The need for additional provisions for these items or regulatory changes associated with the remuneration of decommissioning costs is reviewed at regular intervals in order to monitor possible changes in the assumptions used.
- **Impairment of investments accounted for using the equity method** No significant impacts have been identified in the calculation of the recoverable value associated with the risk of a possible fall in demand for natural gas resulting from compliance with the targets set out in the Paris Agreement. As far as non-financial assets are concerned, revenue projections for each of the investments have been taken into account for their infrastructure, most of which correspond to long-term stable contracts with off-takers, concessions, regulated revenues, etc.

Other measures related to the energy transition include: the inclusion of sustainability as an objective in the variable remuneration of all the Group's professionals, the weight of which has increased in recent years; the Enagás Group incorporates environmental criteria in its relationships with suppliers and contractors, as well as in decision-making when awarding contracts for the provision of services and products. As indicated in **Note 3.4**, the Group has entered into a sustainable credit line with an interest rate linked to the reduction of CO₂ emissions.

During 2022, environmental actions were carried out in the amount of 8,012 thousands of euros, recognised as investments under assets in the Balance Sheet (3,117 thousands of euros in 2021). The Company also assumed environmental expenses amounting to 20,459 thousands of euros in 2022, recognised under "Other operating expenses" (10,993 thousands of euros in 2021).

The Group has arranged sufficient civil liability insurance to meet any possible contingencies, compensation and other risks of an environmental nature which it might incur.

The Group did not benefit from any tax incentives during 2022 as a consequence of activities relating to the environment.

b) Greenhouse gas emission rights

Some of the Enagás Group's facilities are included within the scope of Law 1/2005 of March 9, which regulates the commercial regime for greenhouse gas emission rights.

Directive 2018/410 of the European Parliament and of the Council of March 14, 2018, reformed the scheme with a view to the 2021-2030 period, dividing it into two periods of free allocation of emission allowances for fixed facilities: 2021-2025 period and 2026-2030 period. The calculation of the allocations subject to public consultation has been carried out by applying the allocation methodology set out in Delegated Regulation (EU) 2019/331.

On July 13, 2021, the Council of Ministers approved the final assignation of free greenhouse gas emission rights to institutions subject to the greenhouse gas emission allowance trading regime for the period 2021-2025, among which certain facilities of the Enagás Group are included.

The rights assigned for 2022 and 2021 were measured at 83.52 euros/right and 33.55 euros/right, respectively, the spot price on the first working day of 2022 and 2021 of SENDECO₂, Sistema Europeo de Negociación de CO₂, a company engaged in the purchase and sale of emission rights on its own account and in providing technical and administrative advice on industrial facilities subject to the Trade Directive (EU ETS). The rights consumed at the end of the year are taken to income, resulting in additions for the year of 2,650 thousands of euros (1,099 thousands of euros at 2021).

In addition, in 2022, 204,150 emission allowances were acquired for consideration for a total of 16,170 thousands of euros, distributed as follows: 31,500 emission allowances in the amount of 2,840 thousands of euros for emissions in 2021 and 172,650 allowances in the amount of 13,330 thousands of euros for emissions in 2022 (in 2021, 78,000 allowances were acquired for consideration in the amount of 5,609 thousands of euros).

The Enagás Group consumed 283,402 greenhouse gas emission rights during 2022 (168,297 rights during 2021).

During the first quarter of 2022, the Enagás Group presented the verified emissions reports of 2021 by the accredited entity (SGS) to the corresponding Autonomous Communities, which validated the emissions. In the second quarter of 2022, the Enagás Group delivered greenhouse gas emission allowances equivalent to the verified emissions in 2021 for all the facilities referred to.

During 2021 and 2022, the Enagás Group did not engage in any negotiations for future contracts relating to greenhouse gas emission rights, nor were there any contingencies relating to penalties or provisional cautionary measures in the terms established by Law 1/2005.

c) Audit fees

"Other operating expenses" includes the fees for audit and non-audit services provided by the auditor of the Group, Ernst & Young, S.L., or by a company belonging to the same group or related to the auditor, broken down as follows:

Categories	2022		2021	
	Services rendered by the accounts auditor and related	Services provided by other auditors of the Group	Services rendered by the accounts auditor and related	Services provided by other auditors of the Group
Audit services (1)	1,090	253	1,031	316
Other assurance services (2)	336	—	345	—
Total audit and related services	1,426	253	1,376	316
Total professional services (3)	1,426	253	1,376	316

- (1) Audit services: This heading includes services rendered for the performance of statutory audits of the Group's annual accounts and the limited review work performed with respect to the Interim and Quarterly Consolidated Financial Statements as well as the Certification of the Internal Control over Financial Reporting (ICFR) System.
- (2) Other audit-related assurance services: This heading includes the work relating to the Annual Corporate Governance Report, the review of non-financial information included in the Management Report, the agreed-upon procedures report on the ICFR, the Audit Report for the Renewal of the Comfort letter, as well as the issuing of Agreed-Upon Procedures in relation to the regulatory costs information sent to the CNMC on June 30, 2022.
- (3) Law 22/2015 on the Audit of Accounts establishes that non-audit services provided by the auditor must be less than 70% of the average fees paid for audit services for three consecutive years. The amount of non-audit services rendered by the accounts auditors (Ernst & Young, S.L.) amounts to 31% of the audit service fees invoiced (25% for the Group).

4.7 Information by segments

ACCOUNTING POLICIES

Basis of segmentation

- ▶ Segment reporting is structured based on the Group's various business lines as described in Note 1.1.
 - The Group identifies its operating segments based on internal reports relating to the companies comprising the Group which are regularly reviewed, discussed and evaluated in the decision-making process.

a) Main business segments

Regulated activities - Infrastructure Activity

Gas transmission: Represents the main activity, consisting in the delivery of gas via its transmission network, comprised of primary transmission pipelines (with maximum design pressure equal to or greater than 60 bars) and secondary transmission pipelines (with maximum design pressure ranging from 16 to 60 bars) up to the distribution points, as owner of most of the gas transmission network in Spain.

Regasification: The gas is transported from the producing countries in methane tankers at 160°C below zero in its liquid state (LNG) and is unloaded at the regasification plants where it is stored in cryogenic tanks. At these facilities, via a physical process which normally makes use of seawater vaporisers, the temperature of the liquefied gas is increased until it is transformed into its gaseous state. The natural gas is injected into the gas pipelines for transmission to the whole peninsula.

Storage of gas: The Enagás Group operates the following underground storage facilities: Serrablo (located between Jaca

and Sabiñánigo - Huesca), Gaviota (offshore storage, located close to Bermeo - Vizcaya), and Yela (Guadalajara). Likewise, the Company carries out all the operations necessary for the maintenance and operation of the facilities until the last phase of the decommissioning of the Castor storage facility is completed.

Regulated activities - Activity of the Technical Manager of the System

The Enagás Group continued carrying out its functions as Technical Manager of the System in 2022 in compliance with Royal Decree 6/2000 of June 23 and Royal Decree 949/2001 of August 3, with a view to guaranteeing supply continuity and safety, as well as the correct coordination among the access points, storage, transmission, and distribution points.

Non-regulated activities

Includes all non-regulated activities, as well as transactions related to investments in associates and joint ventures, except those corresponding to BBG, Saggas, MIBGAS and Iniciativas del Gas, S.L.

The above activities can be carried out by Enagás, S.A. itself or through companies with an identical or analogous corporate purpose in which it holds interest, provided they remain within the scope and limitations established by legislation applicable to the hydrocarbons sector. In accordance with said legislation, the activities related to transmission and technical management of the system which are of a regulated nature must be carried out by two subsidiaries entirely owned by Enagás, S.A. (Enagás Transporte, S.A.U. and Enagás GTS, S.A.U., respectively).

The structure of this information is designed as if each business line were an independent business, with its own resources, distributed on the basis of the assets assigned to each line in accordance with an internal system of cost allocation by percentages.

INCOME STATEMENT	Infrastructures		Technical Management of the System		Other activities		Adjustments		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating income	930,360	958,249	29,353	28,918	58,882	61,882	(48,286)	(57,876)	970,309	991,173
· Third parties	930,111	955,018	29,352	26,545	6,383	5,414	-	215	965,846	987,192
· Group	249	3,231	1	2,373	52,499	56,468	(48,286)	(58,091)	4,463	3,981
Provisions for amortisation of fixed assets	(245,967)	(247,540)	(8,732)	(6,468)	(9,608)	(9,020)	185	191	(264,122)	(262,837)
Return on investments accounted for using the equity method	14,457	17,295	132	134	132,231	145,822	-	-	146,820	163,251
Operating profit	405,287	483,351	140	2,687	70,844	97,191	1,969	140	478,240	583,369
Financial income	7,150	1,929	8	263	554,114	481,174	(523,747)	(463,842)	37,525	19,524
Financial expenses	(19,207)	(20,408)	(1,680)	(128)	(86,487)	(91,143)	7,026	8,670	(100,348)	(103,009)
Income tax	(95,533)	(113,767)	439	(866)	(54,814)	19,344	(76)	(29)	(149,984)	(95,318)
Net profit	297,018	350,239	(1,096)	1,956	300,344	506,692	(220,492)	(455,061)	375,774	403,826

(1) "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credits granted).

BALANCE SHEET	Infrastructures		Technical Management of the System		Other activities		Adjustments		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total assets	5,105,631	5,515,885	261,696	224,538	7,348,602	8,324,574	(3,317,352)	(4,191,279)	9,398,577	9,873,718
Acquisition of fixed assets	61,941	263,403	9,210	9,222	19,679	30,074	-	—	90,830	302,699
Investments accounted for using the equity method	158,060	148,388	761	613	2,393,763	2,640,683	-	—	2,552,584	2,789,684
Non-current liabilities (2)	487,616	495,348	(434)	(877)	(5,194)	(3,082)	48	(489)	482,036	490,900
- Deferred tax liabilities	157,560	166,471	(712)	(969)	(6,451)	(4,696)	48	(489)	150,445	160,317
- Provisions	294,568	291,457	278	92	1,047	807	-	—	295,893	292,356
- Other non- current	35,488	37,420	0	—	210	807	-	—	35,698	38,227
Current liabilities (2)	503,101	411,465	240,034	208,559	327,474	63,837	(360,375)	(271,071)	710,234	412,790
- Trade and other payables	503,101	411,465	240,034	208,559	327,474	63,837	(360,375)	(271,071)	710,234	412,790

(1) "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credit granted) as well as the elimination of Investments-Shareholders equity.

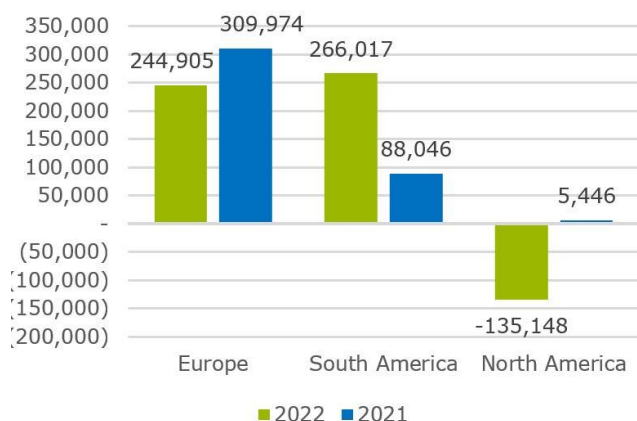
(2) Financial liabilities are not included.

b) Segments by geographical information

The majority of companies in the Enagás Group operating outside Europe are consolidated under the equity method, with the corresponding expenses and income thus recognised

under "Profit/(loss) from investments consolidated under the equity method" in the Consolidated Income Statement. In view of this, the information relating to geographical markets is based on net revenue.

The distribution of consolidated results for 2022 and 2021, broken down by geographical markets, is as follows:



North America includes the impairment recorded related to TGE (Note 1.6).

4.8 Stocks

As established in Order IET/2736/2015 of December 17: "From October 1, 2016, the quantity of working gas is zero." At December 31, 2015, the Enagás Group, as Technical Manager of the System, maintained control of approximately 755 GWh of working gas necessary for enabling operation of the gas system as established in the fifth additional provision to Order ITC/3863/2007 of December 28. This gas is not reflected in the financial statements as it is gas available for the System and therefore not owned by the Enagás Group.

4.9 Subsequent events

On January 26, 2023, the Enagás Group, through Enagás Internacional S.L.U., agreed with the Swiss company Axpo to purchase 4% of Trans Adriatic Pipeline (TAP) for 168 million euros, in addition to the 16% previously held. After the closing of the transaction, TAP's shareholding will be 20% owned by Enagás, the same percentage as the British BP, the Azeri SOCAR, the Italian Snam and the Belgian Fluxys. The purchase transaction is subject to compliance with the conditions precedent for this type of operation.

On January 25, 2023, Enagás, S.A. signed with 12 financial institutions an extension of the maturity of its syndicated credit line of 1,550 million euros until 2028, maintaining its commitment to link economic conditions to compliance with environmental indicators, in line with the objective of achieving carbon neutrality by 2040, in accordance with the strategic plan presented by the company in July 2022.

On February 3, 2023, the CNMC notified the Resolution establishing a special temporary economic regime for the El Musel regasification plant.

Since January 1, 2023, until the date on which these Consolidated Annual Accounts were drawn up, no events have occurred that would significantly affect the profit (loss) of the Group or its equity, in addition to those described in these Annual Accounts.

5. Explanation added for translation to English

- These Consolidated Annual Accounts are a translation of financial statements originally issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the EU, in conformity with Regulation (EC) No. 1606/ 2002. In the event of a discrepancy, the Spanish-language version prevails.
- These Consolidated Annual Accounts are presented on the basis of the regulatory financial reporting framework applicable to Enagás Group (**Note 1.2**). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules.

Appendix I. Subsidiaries at December 31, 2022

Subsidiaries	Country	Activity	% stake and Voting Rights controlled by the Enagás Group	Amount of Share Capital in functional currency
Enagás Transporte, S.A.U.	Spain	Regasification, storage, and transmission of gas	100.00%	532,089,120 euros
Enagás GTS, S.A.U.	Spain	Technical Management of the Gas System	100.00%	5,914,451 euros
Enagás Internacional, S.L.U.	Spain	Holding	100.00%	196,258,077 dollars
Enagás Financiaciones, S.A.U.	Spain	Financial management	100.00%	890,000 euros
Enagás Transporte del Norte,	Spain	Gas transmission	90.00%	38,501,045 euros
Enagás Chile, S.P.A.	Chile	Holding	100.00%	383,531,442 dollars
Enagás México, S.A.	Mexico	Holding	100.00%	4,473,133 dollars
Enagás Perú, S.A.C.	Peru	Holding	100.00%	4,794,417 dollars
Enagás USA, LLC	USA	Holding	100.00%	253,412,959 dollars
Enagás Intern. USA, S.L.U.	Spain	Holding	100.00%	121,530,445 euros
Infraestructuras de Gas, S.A.	Spain	Holding	85.00%	340,000 euros
Enagás Emprende, S.L.U.	Spain	Holding	100.00%	22,303,953 euros
Efficiency for LNG Applications, S.L.	Spain	Development of industrial projects and activities relating to LNG terminals.	98.27%	416,556 euros
Scale Gas Solutions, S.L.	Spain	Development and implementation of facilities for the supply of natural gas as fuel for vehicles, including its design, construction and maintenance.	100.00%	5,944,944 euros
Enagás Services Solutions, S.L.	Spain	Holding	100.00%	7,217,560 euros
Sercomgas Gas Solutions, S.L.	Spain	Provision of commercial services for the purpose of improving the daily operational management of gas shippers.	84.00%	88,536.00 euros
Enagás Infraestructuras de Hidrógeno, S.L.	Spain	Design, construction, operation and maintenance of hydrogen and other gas production facilities	100%	2,838,300 euros

Appendix II. Joint ventures and associates

Company	Country	Activity	%	% of voting rights controlled by the Enagás Group	Thousands of euros (1)		Net carrying amount in functional currency	
					Net carrying amount	Dividends received	Thousands of euros	Thousands of dollars
Joint ventures								
Bahía de Bizkaia Gas, S.L.	Spain	Storage and regasification	50.00%	50.00%	54,884	7,000	54,884	—
Subgrupo Altamira LNG, C.V. (3)	Netherlands /Mexico	Holding/Regasification	40.00%	40.00%	46,878	20,626	—	52,423
Morelos EPC, S.A.P.I. de C.V.	Mexico	Engineering and construction	50.00%	50.00%		—	—	
Tecgas, Inc.	Canada	Holding	51.00%	51.00%	1,251	—	—	1,344
EC Soto la Marina O&M SAPI de CV	Mexico	Operation and maintenance	50.00%	50.00%	—	—	—	—
Iniciativas de Gas, S.L. (4)	Spain	Holding	60.00%	60.00%	46,648	—	46,648	—
Planta de Regasificación de Sagunto, S.A. (4)	Spain	Storage and regasification	72.50%	72.50%	1,500	2,538	1,500	—
Grupo Senfluga Energy Infrastructure, S.A.	Greece	Holding	18.00%	18.00%	29,794	3,654	34,157	—
Axent Inf. Tel., S.A.	Spain	Construction, maintenance and operation of a telecommunications network.	49.00%	49.00%	13,923	—	13,923	—
Vira Gas Imaging, S.L.	Spain	Development and commercialisation of technological activities	40.00%	40.00%	—	—	—	—
Sunrgyze, S.L. (formerly Sun2Hy, S.L.)	Spain	Development and scale-up of artificial photosynthesis technology for hydrogen production	50.00%	50.00%	—	—	—	—
Scale Gas Med Shipping, S.L.U.	Spain	Construction, design, commissioning, start-up and O&M of energy structures	50.00%	50.00%	2	—	2	—
Green Ports Project, S.L.	Spain	Small scale in ports	50.00%	50.00%	30	—	30	—
Llewo Mobility, S.L. (previously "Gas to Move, S.L.")	Spain	Development of industrial projects related to LNG	68.42%	68.42%	—	—	—	—
H2Groom Global Solutions, S.L.	Spain	Development of industrial projects and activities to promote hydrogen production and transmission infrastructures.	34%	34%	216	—	216	—
Knutsen Scale Gas, SL	Spain	Bunkering	50.00%	50.00%	502	—	502	—
Associates								
Transportadora de gas del Perú, S.A.	Peru	Gas transmission	28.94%	28.94%	441,166	72,591	—	577,257
Tallgrass Energy LP.	USA	Oil & Gas transmission and extraction	28.42%	28.42%	1,335,898	21,506	—	1,491,433
Trans Adriatic Pipeline, A.G. (3)	Switzerland (2) and (3)	Gas transmission	16.00%	16.00%	174,417	—	200,440	—
Mibgas Derivatives, S.A.	Spain	Operation of the (organised) gas market	28.34%	28.34%	268	—	268	—
Seab Power Ltd.	United Kingdom	Development of systems to transform waste into energy	10.39%	10.39%	—	—	—	—
Enagás Renewable, S.L. (Subgrupo)	Spain	Development of projects to promote the role of renewable gases in the energy transition.	60%	60%	8,717	—	8,717	—
Alantra Energy Transition, S.A.	Spain	Promotion of projects in the field of energy transition	25%	25%	185	175	185	—
Solatom CSP, S.L.	Spain	Use of heat as an energy source	8.48%	8.48%	317	—	317	—
Mibgas, S.A.	Spain	Operation of the (organised) gas market	13.34%	13.34%	417	—	417	—
Trovant Technology, S.L.	Spain	Upgrading from biogas to biomethane for bioenergy production	12.47%	12.47%	487	—	487	—

(1) For those companies whose local currency is different to that of the Group, the euro (Note 1.3), the "net carrying amount" of the financial investment is shown in historic euros and includes the capitalised acquisition costs.

The euros corresponding to "dividends received" are translated at the exchange rate corresponding to the transaction date.

(2) This company has three permanent establishments in Greece, Italy, and Albania.

(3) Both companies are owned together with other international industrial partners. Their activity consists in the development and operation of infrastructure projects, such as the regasification plant already operational in Altamira and the TAP project (declared Project of Common Interest by the European Union).

(4) Iniciativas de Gas, S.L. and Infraestructuras de Gas, S.L. each hold a 50% stake in Planta de Regasificación de Sagunto Gas, S.A. Both companies are in turn affiliates of the Enagás Group, which holds a 60% stake and an 85% stake in them, respectively. Thus, the indirect interest held by the Enagás Group in Planta de Regasificación de Sagunto Gas, S.A. amounts to 72.5%. The dividend distribution is carried out by Planta de Regasificación de Sagunto Gas, S.A.

Balance sheet figures 2022

Company	Thousands of euros								
	Figures for affiliate (1)(2)								
	Assets			Equity		Liabilities			
	Long-term	Short-term		Other results	Remaining equity	Long-term		Short-term	
		Cash and cash equivalents	Remaining short-term assets			Financial liabilities	Remaining liabilities	Financial liabilities	Remaining liabilities
Bahía de Bizkaia Gas, S.L.	162,411	48,715	17,480	1,225	60,162	90,260	26,417	21,611	28,932
Subgrupo Altamira LNG, C.V.	294,205	12,512	31,106	-	222,571	25,597	77,960	1,740	9,955
EC Soto La Marina SAPI de CV	64,065	8,878	2,059	0	20,323	46,824	865	4,100	2,889
Transportadora de gas del Perú, S.A.	2,623,680	216,419	99,686	-	1,589,308	795,713	416,774	48,770	89,219
Trans Adriatic Pipeline, A.G.	5,141,493	477,697	412,655	336,452	1,962,614	3,039,701	146,258	6,304	540,517
Tecgas, Inc.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Iniciativas de Gas, S.L.	843	1,004	—	—	1,841	—	—	—	7
Planta de Regasificación de Sagunto, S.A.	304,689	48,661	42,453	(330)	174,874	112,344	43,104	65,044	768
Mibgas, S.A.	413	507,753	5,269	—	4,379	—	451	508,557	48
Llewo Mobility, S.L (previously "Gas to Move, S.L.")	5,455	247	608	—	(692)	766	—	5,245	990
Axent Inf. Tel., S.A.	52,578	1,143	2,423	—	21,962	1,594	22,815	1,799	7,974
Senfluga Energy Infrastructure S.A. Group	9032,785	208,219	149,630	15,604	55,4874	415,432	19,481	244,419	11,824
Tallgrass Energy LP Group	8,940,935	27,051	610,927	—	4,672,851	4,184,085	62,343	—	659,635
SEAB Power Ltd.	1,649	17	568	—	1,646	277	—	241	70
Mibgas Derivatives, S.A.	1	562	9,992	—	570	—	1	60	9,924
Solatom CSP	165	212	122	—	112	349	3	35	—
Knutsen Scale Gas	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sunrgyze, S.L. (formerly Sun2Hy, S.L.)	8,228	1,326	476	—	9,714	—	—	301	15
Scale Gas Med Shipping, S.L.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Green Ports Projects, S.L.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Enagás Renewable S. L. (Subgroup)	62,267	3,050	2,337	(7)	65,713	—	11	—	1,937
Alantra Enagás Energy Transition, S.A.	9	78	2,696	—	1,868	—	—	111	804
Trovant Technology, S.L.	—	1,464	52	—	1,464	—	—	2	14

(1) Data provided as though companies were 100% invested, in accordance with IFRS.

(2) For those companies whose functional currency is different to the Group's functional currency, the euro (Note 1.3), the balance sheet figures were translated at the exchange rate prevailing at year-end.

Income Statement figures 2022

Thousands of euros							
Figures for affiliate (1)(2)							
Income statement							
Company	Revenue	Amortisation	Interest income	Interest expense	Income tax	Other expenses and income	Net profit /(loss)
Bahía de Bizkaia Gas, S.L.	58,866	(14,874)	156	(7,275)	(3,239)	(24,453)	9,181
Subgrupo Altamira LNG, C.V.	52,179	(1,315)	56	(3,650)	(8,074)	(15,449)	23,747
EC Soto La Marina S.A.P.I. de C.V.	13,100	(5,066)	377	(3,262)	423	(2,889)	2,683
Transportadora de gas del Perú, S.A.	704,742	(146,620)	2,289	(56,729)	(105,276)	(208,748)	189,658
Trans Adriatic Pipeline, A.G.	874,323	(193,888)	5,006	(111,026)	(60,971)	(221,298)	292,146
Tecgas, Inc.	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Senfluga Energy Infrastructure S.A. Group	278,776	(54,834)	95	(15,611)	(26,024)	(97,745)	84,657
Tallgrass Energy LP Group	664,952	(179,158)	21,735	(261,472)	7,295	(222,902)	30,450
Iniciativas de Gas, S.L.	1,750	—	—	—	(13)	(80)	1,657
Planta de Regasificación de Sagunto, S.A.	81,686	(27,585)	—	(7,283)	(6,632)	(27,213)	12,973
Mibgas, S.A.	5,385	—	183	—	(262)	(4,598)	708
(Llewo Mobility, S.L (previously "Gas to Move Transport Solutions, S.L.")	9,677	(718)	—	(95)	1,054	(13,081)	(3,163)
Vira Gas Imaging, S.L.	394	(42)	—	—	—	(318)	34
Axent Inf. Tel., S.A.	4,968	(2,538)	—	(569)	—	(3,916)	(2,055)
SEAB Power Ltd.	577	—	—	—	—	(997)	(420)
Solatom CSP, S.L.	70	(28)	—	—	—	(213)	(171)
Green Ports Project, S.L.	N.A.	N.A	N.A	N.A	N.A	N.A	N.A
Mibgas Derivatives	407	—	24	—	(24)	(209)	198
Knutsen Scale Gas, S.L.	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Scale Gas Med Shipping, S.L.U.	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Sunrgyze, S.L. (formerly Sun2Hy, S.L.)	—	(777)	—	(5)	284	(717)	(1,215)
Enagás Renewable S. L. (Subgroup)	907	—	202	(102)	119	(14,018)	(12,892)
Alantra Enagás Energy Transition, S.A.	3,261	(1)	—	—	(376)	(1,529)	1,355
Trovant Technology, S.L.	—	(6)	—	—	—	(235)	(241)

(1) Data provided as though companies were 100% invested, in accordance with IFRS.

(2) For those companies whose local currency is different to the Group's functional currency, the euro (Note 1.3), the income statement figures were translated at the average exchange rate for the reporting period.

Balance sheet figures 2021

Company	Thousands of euros								
	Figures for affiliate (1)(2)								
	Assets			Equity		Liabilities			
	Long-term	Short-term		Other results	Remaining equity	Long-term		Short-term	
		Cash and cash equivalents	Remaining short-term assets			Financial liabilities	Remaining liabilities	Financial liabilities	Remaining liabilities
Bahía de Bizkaia Gas, S.L.	178,500	25,377	13,122	(4,725)	63,813	103,683	32,466	14,230	7,532
Subgrupo Altamira LNG, C.V.	296,698	21,206	26,660	—	235,169	21,035	80,188	304	7,868
Gasoducto de Morelos, S.A.P.I. de C.V.	226,678	10,023	6,442	(4,028)	51,402	113,731	67,979	294	13,765
	1,652,38								
GNL Quintero, S.A.	7	418,975	40,395	16,004	764,090	794,545	369,455	131,297	36,366
EC Soto La Marina SAPI de CV	60,584	5,500	1,707	—	13,116	47,383	3,374	3,003	916
Transportadora de gas del Perú, S.A.	2,561,673	150,864	88,817	—	1,546,480	848,906	307,345	9,287	89,335
Trans Adriatic Pipeline, A.G.	4,624,662	231,957	319,058	(62,289)	1,333,332	3,270,114	219,682	254,360	160,478
Compañía Operadora de Gas del Amazonas, S.A.C.	42,439	11,296	22,560	—	27,762	—	2,374	—	46,159
Tecgas, Inc.	—	40	—	—	40	—	—	—	—
Morelos O&M, S.A.P.I de CV	94	25	288	—	398	—	—	—	10
Iniciativas de Gas, S.L.	976	491	5,000	—	6,461	—	—	—	6
Planta de Regasificación de Sagunto, S.A.	330,140	32,594	23,792	(3,618)	165,861	125,574	57,720	22,867	17,981
Mibgas, S.A.	179	1,855	53,417	—	2,973	—	—	—	52,478
Gas to Move Transport Solutions, S.L.	5,926	487	1,128	—	1,602	2,615	5	332	3,320
Axent Inf. Tel., S.A.	38,853	959	2,648	—	19,615	16,524	—	—	6,321
Senfluga Energy Infrastructure S.A. Group	815,968	114,227	86,420	(3,163)	513,450	349,606	26,975	31,580	98,167
Tallgrass Energy LP Group	9,886,915	139,669	571,046	—	4,823,202	4,131,981	1,036,658	—	605,788
SEAB Power Ltd.	1,649	17	568	—	1,646	277	—	241	70
UNUE Gas Renewable, S.L.	2,088	166	327		2,136	—	—	93	353
Mibgas Derivatives, S.A.	—	380	2,575	—	358	—	—	—	2,597
Solatom CSP	72	360	111	—	216	—	289	—	38
Knutsen Scale Gas	54,059	1,065	1,706	—	908	20,000	35,747	170	4
SUN2HY, S.L.	147	793	22	—	828	—	—	—	134
Scale Gas Med Shipping, S.L.	—	2	1	—	3	—	—	—	—
The Green Vector, S.L.	9	11	—	—	17	—	—	—	3

(1) Data provided as though companies were 100% invested, in accordance with IFRS.

(2) For those companies whose functional currency is different to the Group's functional currency, the euro (Note 1.3), the balance sheet figures were translated at the exchange rate prevailing at year-end.

Income Statement figures 2021

Thousands of euros							
Income statement							
Company	Revenue	Amortisation	Interest income	Interest expense	Income tax	Other expenses and income	Net profit /(loss)
Bahía de Bizkaia Gas, S.L.	61,668	(15,307)	69	(6,522)	(4,568)	(17,414)	17,926
Subgrupo Altamira LNG, C.V.	51,817	(10,518)	5,355	(417)	(36,054)	19,327	29,511
Gasoducto de Morelos, S.A.P.I. de C.V.	10,835	(11,580)	24	(8,837)	-	20,392	10,835
EC Soto La Marina S.A.P.I. de C.V.	11,668	(4,485)	21	(1,487)	(402)	(3,705)	1,611
Transportadora de gas del Perú, S.A.	570,584	(147,303)	438	(51,066)	(64,474)	(159,533)	148,647
Trans Adriatic Pipeline, A.G.	761,870	(195,048)	162	(110,689)	(49,330)	(121,965)	285,000
Compañía Operadora de Gas del Amazonas, S.A.C.	108,033	(4,079)	14	(557)	(939)	(100,755)	1,716
Tecgas, Inc.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Morelos O&M, S.A.P.I. de C.V.	1,485	(27)	-	-	1	(1,399)	60
GNL Quintero, S.A.	199,373	(52,380)	608	(42,846)	(15,425)	(36,017)	53,314
Senfluga Energy Infrastructure S.A. Group	203,069	(52,599)	68	(6,788)	(20,725)	(56,202)	66,823
Tallgrass Energy LP Group	591,212	(181,789)	16,474	(242,425)	11,802	(153,232)	42,042
Iniciativas de Gas, S.L.	-	-	-	-	-	(72)	(72)
Planta de Regasificación de Sagunto, S.A.	72,781	(29,492)	254	(8,056)	(4,243)	(19,743)	11,501
Mibgas, S.A.	5,129	(10)	-	-	(22)	(4,876)	221
Gas to Move Transport Solutions, S.L.	11,456	(920)	-	(135)	879	(13,918)	(2,638)
Vira Gas Imaging, S.L.	232	(12)	-	-	-	(270)	(50)
Axent Inf. Tel., S.A.	2,884	(969)	-	(76)	-	(3,018)	(1,179)
SEAB Power Ltd.	709	165	-	23	-	(1,022)	(126)
Solatom CSP, S.L.	122	(26)	-	-	-	(448)	(352)
Green Ports Project, S.L.	-	-	-	-	-	(1)	(1)
Mibgas Derivatives	401	-	-	-	-	(270)	131
UNUE Gas Renovable, S.L.	294	(29)	-	(5)	1	(266)	(4)
Knutsen Scale Gas, S.L.	-	-	-	(4)	-	(91)	(95)
Bioenergía Els Vents, S.L.	-	-	-	-	1	(2)	(2)
Bioenergía Gas Renovable IV, S.L.	-	-	-	-	1	(2)	(2)
Bioenergía Gas Renovable V, S.L.	-	-	-	-	-	(1)	(1)
Sun2Hy, S.L.	-	-	-	-	31	(123)	(92)
The Green Vector, S.L.	-	-	-	-	1	(3)	(2)

(1) Data provided as though companies were 100% invested, in accordance with IFRS.

(2) For those companies whose functional currency is different to the Group's functional currency, the euro (Note 1.3), the income statement figures were translated at the average exchange rate for the year.

Appendix III. Regulatory framework

a) Adequacy of powers between the Government and the Regulator: Second regulatory period (2021-2026)

In 2019, the basis for determining the framework of the gas system applicable during the 2021-2026 regulatory period were established. The process began with the publication in the Official State Gazette (BOE) of Royal Decree-Law 1/2019 on urgent measures to adapt the CNMC's powers, where the basic legislation of the electricity and gas sectors is modified in order to perform a distribution of powers between the Government and the CNMC to adapt them to the requirements of EU law.

In this distribution of powers, the CNMC receives the transfer of all powers related to:

- ▶ Toll and remuneration methodologies in transmission, distribution and LNG plants, as well as the establishment of their values.
- ▶ Remuneration parameters and asset bases.
- ▶ Methodology and remuneration of the Technical Manager of the System, i.e., Enagás GTS, S.A.U.
- ▶ Methodology on the conditions of access and connection to gas infrastructures.
- ▶ Approving the Technical Management of the Gas System Regulations (NGTS) in relation to the balance system, programming, international connections and shrinkage.

On the other hand, the Ministry for the Ecological Transition (MITECO) will be in charge of:

- ▶ Establishing energy policy guidelines (Order TEC/406/2019).
- ▶ Methodology for calculating royalties and remuneration of basic services for access to Underground Storage Facilities and approval of their values.
- ▶ Determining the last resort tariffs (TUR).
- ▶ Structure and methodology of the charges for costs of facilities not associated with the use of these facilities (CNMC rate, deficit annuities, regulated remuneration of Mibgas, S.A., etc.).
- ▶ Approving the Technical Management of the Gas System Regulations related to security of supply, emergency, gas quality and input/output control.

In order to guarantee the proper functioning of both institutions, a Cooperation Committee is created between the Ministry and the CNMC, a transitional regime is established to ensure an orderly transfer of functions and to avoid affecting the legal security of the parties operating in the sectors, and

the bases for the next gas and electricity remuneration period are developed.

The CNMC, within the scope of its regulatory powers, must take into account the strategic priorities established by the Government, which are embodied in energy policy guidelines adopted by order of the head of MITECO.

In these energy policy guidelines the government:

- ▶ Is committed to regasification plants, promoting their competitiveness with respect to other international plants, favouring international connections and committing to a deep and liquid LNG market.
- ▶ Is positioned in favour of biomethane and other renewable gases, with special mention of the injection of hydrogen generated from renewable electricity.
- ▶ Encourages the extension of the operation of those facilities that have exceeded their useful life in terms of remuneration.
- ▶ Discourages investment in new infrastructure except for assets that are necessary to ensure the supply of the whole system or that are strategic for meeting energy policy objectives.

As regards remuneration, the CNMC published the following circulars to update, for the second regulatory period, the current remuneration model, as well as the system of access tolls for each of the services provided by the facility, taking into account the infrastructures involved in the provision of each service:

- ▶ Circular 2/2019, of November 12, establishing the methodology for calculating the financial remuneration rate for power transmission and distribution, and natural gas regasification, transmission and distribution.
- ▶ Circular 9/2019, of December 12, establishing the methodology for the remuneration of regulated natural gas transmission and regasification activities.
- ▶ Circular 6/2020 of July 22, establishing the methodology for the calculation of tolls for the regasification, transmission and distribution of natural gas.
- ▶ Circular 8/2020, of December 2, establishing the unitary benchmark values for investment and operation and maintenance for the 2021-2026 regulatory period and the minimum requirements for audits of investments and costs in natural gas transmission facilities and liquefied natural gas plants.

In the operational field, it published the following circulars with the aim of encouraging and facilitating competition, promoting greater use of gas infrastructure, harmonising, simplifying and establishing a transparent and competitive mechanism for the allocation and use of capacity, making the operations of agents more flexible and resolving situations of congestion at regasification plants, as well as contemplating measures to

regularise the physical imbalance of LNG at regasification plants and in underground storage:

- ▶ Circular 8/2019, of December 12, establishing the access and capacity allocation mechanisms to be applied in the natural gas system.
- ▶ Circular 2/2020, of January 9, setting out the natural gas balance rules.
- ▶ Circular 7/2021 of July 28, of the National Commission on Markets and Competition, establishing the methodology for the calculation, supervision, valuation and settlement of shrinkage in the gas system.
- ▶ Circular 9/2021, of December 15, of the National Commission on Markets and Competition, amending Circular 8/2019, of December 12, establishing the methodology and conditions for access and capacity allocation in the natural gas system.

b) Remuneration of LNG transmission, regasification and storage activities in the second regulatory period 2021-2026

In accordance with the aforementioned adequacy of powers between the Government and the Regulator, the CNMC published, at the end of 2019, Circular 9/2019 establishing the remuneration system for transmission and regasification activities. The methodology opts to maintain the principles established in the current regulatory framework, defined in Law 18/2014, adapting them to current gas market conditions, while establishing an orderly and progressive transition between the two remuneration frameworks.

The review of the remuneration framework established by this Circular was completed with the approval by the CNMC, on December 2, 2020, of Circular 8/2020, establishing the unit reference values for investment and operation and maintenance for the period 2021-2026, as well as the minimum criteria for audits of investments and costs at natural gas transmission facilities and LNG plants.

The basic principles maintained in the new remuneration framework are as follows:

- ▶ Establish remuneration appropriate to a low-risk activity.
- ▶ Ensure the recovery of the investments made by the titleholders during their useful life.
- ▶ Allow a reasonable return on financial resources invested.
- ▶ Determine the operating costs remuneration system in a way that encourages effective management and improvement of productivity that should be partly passed on to users and consumers.
- ▶ Contribute to the economic and financial sustainability of the natural gas system.

- ▶ Consider the costs necessary for performing the activity by an efficient and well-managed company in accordance with the principle of performing the activity at the lowest cost to the gas system with homogeneous criteria throughout Spain, notwithstanding the specific arrangement provided for island and extra-peninsular territories.

From a methodological perspective, the following aspects are maintained in the new framework:

- ▶ The regulatory periods run consecutively for a period of six years.
- ▶ The remuneration parameters for the regulated activities are set for the entire 6-year regulatory period, taking into account the cyclical nature of the economy, gas demand, the development of costs, efficiency improvements, the economic and financial balance of the system, and the reasonable profitability of these activities.
- ▶ Remuneration continues to be calculated individually for each facility.
- ▶ The net value of the asset is maintained as the basis for calculating the return on investment.
- ▶ Any procedure for automatic adjustment of values and remuneration parameters according to price indices is removed.
- ▶ Depreciation continues to be calculated on a straight-line basis and the useful lives of the assets are maintained.
- ▶ The operating and maintenance costs of facilities that are individually remunerated continue to be calculated on the basis of the unit costs in force established in Circular 8/2020 for the facilities to which these unit reference values apply and on the basis of the audited costs for the individual facilities.

One of the most significant novelties, although it has practically no material impact, is that in order to allow the temporary coordination of remuneration with the methodology of tolls and royalties, in accordance with the European Commission Regulation the remuneration is now calculated per gas year. The gas year for which the remuneration of the facilities is determined runs from October 1 of year "n-1" to September 30 of year "n", both inclusive, with the exception of 2021 which started on January 1, 2021.

The remuneration accrued in one year for gas by each company that owns natural gas transmission facilities and liquefied natural gas plants will be the result of adding up the following remuneration components for each of its facilities:

- ▶ Return on investment (RINV) which aims to recover the investments made and to obtain a reasonable return.
- ▶ Remuneration for operation and maintenance of the facility (RO&M).
- ▶ Productivity and efficiency remuneration adjustments (ARPE).
- ▶ Remuneration for facilities in special administrative situations (RSAE).

- Return on investment in facilities with cross-border impacts resulting from the application of Article 12 of Regulation (EU) No. 347/2013, (RIIT).

Each of these components is presented below:

b.1) Return on investment (RINV).

It is determined for each of the assets in production entitled to individual remuneration and is intended to provide return on investment costs incurred. The return on investment includes remuneration for depreciation and financial remuneration for assets and minimum fill level, which remain practically the same as in the current framework, and, if applicable, remuneration based on the gas transported.

Remuneration for investment costs is comprised of the following:

- Value of assets recognised. The values recognised in the current framework for assets brought into operation are maintained. For facilities commissioned before 2002, the corresponding amounts are calculated based on the carrying amounts of the assets once the accounting restatement of 1996 is taken into account (Royal Decree-Law 7/1996), less grants received for the purpose of financing said assets, applying a restatement coefficient comprised of the adjusted average Consumer Price Index (CPI) and Industrial Price Index (IPRI) to this difference.

For the new facilities commissioned from 2002, the standard value of each investment as established by the regulator is used, while for those which require expansion, the real cost is used.

Transmission facilities commissioned from 2008 are measured by taking the average of the standard value and real cost.

Regasification facilities commissioned from 2006 are measured at real cost plus 50% of the difference between the standard value and said real cost, up to a maximum of the standard value.

The new framework does present a novelty for the regasification facilities to be launched from 2020 as they will be valued as transmission facilities. That is, at the average cost between the standard value and the actual cost, without limiting it to the standard cost.

The resulting value is reduced by the amounts transferred and financed by third parties, 90% of the amounts obtained from the sale of dismantled equipment and the subsidies received (90% if they come from the European Union).

Another aspect of the new framework, applicable to transmission and regasification facilities, is that the unit investment reference values in force at the time of obtaining authorisation for the facilities will be applicable to new facilities that come into operation from 2021 onwards. Previously, these were the unit values in force when the commissioning certificate was obtained.

- Remuneration for amortisation of system assets (A). The value of the resulting amount recognised for the investment

is amortised applying a rate corresponding to its useful life, obtaining the related income in this manner.

In the new framework, the useful lives of the assets in the current framework are maintained, except for the secondary pumps of the regasification plants (which go from 20 to 10 years). In addition, for new facilities, the remuneration for amortisation starts to accrue from the date of commissioning of the facility. This is different from the current framework, as the accrual for transmission facilities started on January 1 of the year following the commissioning. The remuneration is accrued until the facility is depreciated.

Depreciation is calculated for the facilities of the trunk network and regasification plants commissioned prior to January 1, 2021 and for primary transmission pipelines of local influence with administrative authorisation prior to January 1, 2021.

- Financial remuneration of the amount invested (FR). It is calculated by applying a financial remuneration rate to the net values of the assets without restatement and accrues until the net value is zero.

For the second regulatory period, the remuneration rate on the transmission and regasification assets is no longer indexed to the government bonds, and it is calculated on the basis of the average WACC capital cost of the transmission and regasification activity. For the second period (2021-2026), the rate was established in Circular 2/2019 and was set at 5.44%.

The financial remuneration is calculated for facilities with individualised remuneration with the right to remuneration by amortisation and begins to accrue from the same date as the latter.

- Financial remuneration for heel gas and minimum fill (RFNMLL). The calculation method of the current framework is maintained. The remuneration is calculated by applying the financial remuneration rate to the purchase value of the gas and has no amortisation. It starts to accrue from the later of the date of purchase of the gas and the date of commissioning of the facility until the closure of the facility or the delivery of the gas to the GTS for use as operating gas.
- Remuneration based on the gas transmitted or processed (RGV). This remuneration is applied to the primary transmission facilities in the local area of influence awarded by competition and to new regasification plants and primary gas pipelines in the area of influence directly authorised after December 31, 2020. The annual remuneration is that which results from multiplying a unit remuneration coefficient by the gas transmitted or processed annually and is accrued from the date of commissioning. In no case may the RGV remuneration, in each gas year, be greater than the amounts invoiced for tolls and royalties.

For facilities awarded by competition, the unit remuneration (ROC) is that offered by the company awarded the contract, while for facilities awarded directly (RUM), the unit remuneration is the average remuneration calculated as the sum of the amortisation and financial remuneration during

the useful life of the project divided by the sum of the annual gas volumes forecasted by the owner of the facility when the economic justification of the project was presented for award. For these facilities, given that the remuneration risk is greater than for the trunk facilities, the financial remuneration rate is increased by a differential provisionally set at 0.39%, resulting in a rate of 5.83%.

The RGV remuneration is accrued until the present value of the sum of the recognised annual remuneration, discounted at the previous remuneration rate, is equal to the present value of the recognised investment.

b.2) Remuneration for operation and maintenance of the facilities (RO&M).

For transmission and regasification assets to which the standard unit costs apply, the remuneration for operation and maintenance is calculated by applying the reference unit costs of operation and maintenance in force, regardless of the date of commissioning of the fixed asset (COM_{VU}).

For the second regulatory period 2021-2026, the standard unit costs are those published in Circular 8/2020.

For one-off assets, costs are calculated on the basis of actual audited costs (COM_{sing}).

Apart from the above costs, other costs not included in the unit reference values (OCOM) are also recognised and will be recognised on the basis of their audited cost. These costs include:

- ▶ Direct and indirect capitalised operating expenses. When the capitalised expenses exceed 250,000 euros, they will be recognised with amortisation and financial remuneration based on their audited investment value, considering a useful life of 2 years. In these cases, the accrual will occur from January 1 of the year following their commissioning. Capitalised expenses below this limit will be recognised as an expense for the year up to the limit established by the CNMC.
- ▶ The acquisition cost of the operating gas for transmission and of the odorant.
- ▶ The cost of electricity supply for LNG plants and for electric motors in compressor stations. In the case of the regasification plants this audited cost replaces the variable remuneration existing in the current framework.
- ▶ The cost increases from January 1, 2021 for municipal fees for public domain occupancy and for port fees for port domain occupancy.

b.3) Remuneration for adjustments to productivity and efficiency (ARPE).

Under this item, facilities that are at the end of their useful life (REVU) are remunerated, as are the transitional remuneration for continuity of supply (RCS), the remuneration for efficiency in operating and maintenance costs (RMP) and the remuneration for incentives to shrinkage reduction (IM) and promote gas in

maritime and land transport. The items included are the following:

- ▶ Remuneration for extension of useful life for fully depreciated assets (REVU). Once the regulatory useful life of each fixed asset finalises, if the asset is still in use, the remuneration accrued for said facility corresponding to remuneration for investment, amortisation, and financial remuneration will be nil. In contrast, remuneration for operation and maintenance of the asset "i" each year "n" will be increased. In this manner, the value recognised will be the amount corresponding to it multiplied by a coefficient for increasing its useful life, μ_{in} . This coefficient is gradually increasing, the starting value being higher than the current remuneration framework, from 0.15 to 0.3.
- ▶ Remuneration for continuity of supply (RCS). A transitional remuneration is established for the RCS during the 2021-2026 regulatory period. The RCS is no longer indexed to the variation in demand or regasification but is calculated on the basis of the RCS recognised in the year 2020, adjusted by the following coefficients for the different gas years of the second regulatory period. $\frac{3}{4}$ of 95% for 2021, 80% for 2022, 65% for 2023, 50% for 2024, 35% for 2025 and 20% for 2026.
- ▶ Remuneration for productivity improvements in operating and maintenance costs in regulatory periods (RMP). This item intends to allow the carrier to retain part of the operating and maintenance cost efficiencies achieved over the previous regulatory period and is calculated per company, which is currently set at 50%. Under this item, the company is attributed 50% of the reduction in costs in the current regulatory period with respect to the unit costs of the previous regulatory period.
- ▶ Shrinkage reduction incentive (IM). Until September 30, 2021, the same methodology is applied as at present, while as from October 1, 2021, the new methodology established in Circular 7/2021 of July 28 comes into force.
- ▶ Incentive remuneration for the development of natural gas in maritime and land transport (IDS). This incentive aims to promote the use of natural gas as a fuel in maritime and land transport and is calculated by multiplying the gas invoiced for service stations connected to the transmission network and the LNG invoiced in regasification plants for use as maritime fuel by unit coefficients, which in both cases is 0.50 euros/MWh.

b.4) Remuneration for facilities in special administrative situations (RSAE).

This remuneration is applicable to the El Musel regasification plant, whose authorisation processing is currently suspended and corresponds to a transitional remuneration sum of the financial remuneration calculated on the standard investment value and the actual audited operation and maintenance costs.

It also applies to regasification plants with a unique and temporary financial regime such as the provision of LNG logistics services, in accordance with Article 60.7 of Law 18/2014, which will be defined by the CNMC in due course.

b.5) Remuneration for investments with cross-border impacts (RIIT).

This item is aimed at remunerating any costs that a carrier may incur as a result of the cross-border distribution of investment costs for a project of common European interest, as established in Article 12 of Regulation (EU) 347/2013 of the European Parliament and of the Council, of April 17, 2013.

Pipelines which affect reverse flow capacities or change the capacity to transport gas across the borders of the Member States concerned by at least 10% compared to the situation prior to the project is put into service may, in the case of natural gas, be considered as a project of common interest as set out in Appendix II to this Regulation. In the case of storage of natural gas, liquefied natural gas (LNG) or compressed natural gas (CNG), they will be considered as a project of common interest when the project is intended for the direct or indirect supply of at least two Member States or for compliance with the infrastructure standard (n-1) at regional level, in accordance with European Regulation 2017/1938 on Security of Supply.

b.6) Introduction of the principle of financial prudence

For the purpose of incorporating a principle of financial prudence required of the holders of transmission assets and liquefied natural gas plants, a penalty is established for companies whose ratios are outside the recommended value ranges set forth in the CNMC Communication 1/2019.

Accordingly, a company's annual remuneration in calendar year n could be reduced by up to 1% if the overall ratio defined in that communication, calculated on the basis of the financial statements for year n-2, is less than 0.9. However, this penalty would not be applicable until 2024, based on the 2022 financial statements.

c) Remuneration for underground storage activity

In accordance with Royal Decree 1184/2020, of December 29, which establishes the methodologies for calculating charges in the gas system, the regulated remuneration of basic underground storage facilities and the royalties applied for their use, the remuneration of the owners of basic underground storage facilities shall be determined per gas year, prior to the start of the gas year and in accordance with the methodology established in this Royal Decree 1184/2020, of December 29, following a report by the National Commission on Markets and Competition and the agreement of the Government's Delegated Commission for Economic Affairs.

In general, the remuneration methodology for underground storage is consistent with that established by the CNMC for transmission activities and LNG plants, although there are some differences due to the specific nature of underground storage facilities.

Other differences include the absence of unit reference values for investment and operation and maintenance, as well as the

fact that the starting coefficient established for calculating the remuneration for the extension of useful life remains at 15%, compared to 30% for other activities. This difference is justified precisely because the operation and maintenance costs of each underground storage facility are established on the basis of their real audited costs and not on the basis of a reference unit value.

The annual remuneration of each company will be obtained as the sum of the individual remunerations of all the storage facilities it owns. The titleholders of basic underground storage facilities shall be entitled to the following remuneration:

- ▶ Remuneration for investment in facilities with individualised remuneration and in the purchase of gas for use as cushion gas.
- ▶ Provisional remuneration for operation and maintenance costs.
- ▶ Remuneration for life extension.
- ▶ Remuneration for productivity improvements.
- ▶ Transitional remuneration for continuity of supply, in accordance with the second transitional provision.
- ▶ Review, if applicable, of the provisional operation and maintenance remuneration.

Another novelty of the new remuneration framework is that it establishes a greater level of detail in the definition of the useful life of investments in underground storage facilities. Thus, previously a useful life of 20 years was established for all investments, but now a distinction is made between useful lives of 10 years for research and vehicles, 20 years for facilities, off-shore platforms, vessels, helicopters and cushion gas, 40 years for gas pipelines and 50 years for onshore civil works.

The remuneration of each holder will be reduced according to the related income obtained, and by application of the penalty for insufficient financial prudence, calculated in accordance with Article 27 of Circular 9/2019, of December 12, of the National Commission on Markets and Competition, which establishes the methodology for determining the remuneration of natural gas transmission facilities and liquefied natural gas plants.

d) Income corresponding to Technical Management of the System (GTS)

Remuneration recognised in the 2021-2023 and 2024-2026 regulatory periods

In accordance with the adequacy of powers between the Government and the Regulator, the CNMC published, at the beginning of 2020, Circular 1/2020, establishing the methodology for the remuneration of the Technical Manager of the System.

This establishes a methodology that allows the remuneration of the GTS to be set on the basis of known criteria and parameters, thus giving the remuneration framework the

transparency, security and visibility in the medium-term that it lacked.

The Circular establishes regulatory periods of 3 years for the GTS, as opposed to 6 years for transmission and regasification activities.

The new remuneration methodology is based on the following principles:

- ▶ Obtaining a reasonable return for a low-risk activity.
- ▶ Consideration of the costs incurred by an efficient and well-managed company.

The methodology takes into account that the activity of the GTS requires few assets, basically in software and applications, that its costs correspond mainly to personnel and external services costs, and that its activity is strongly conditioned by European regulations and projects, in a changing and evolving environment, to which it must continuously adapt.

The remuneration is the sum of a basic remuneration (Bret), an incentive remuneration (RxInc), a remuneration for new obligations (CR and Guarantees of Origin) and a remuneration (D) for the difference, positive or negative, between the amounts received by the technical manager of the system for the application of the quota for the financing of the remuneration and the annual remuneration to be established for year n and for the difference between the estimate of the incentive remuneration term and the amount resulting from the level of compliance with it (the National Commission on Markets and Competition will determine by resolution the level of compliance with the incentives for year n).

The basic remuneration is made up of:

- ▶ Remuneration for OPEX, (BOpex): based on financial and regulatory accounting.
- ▶ Margin on recognised OPEX, (BMarg_Opex), set at 5%.
- ▶ Remuneration for depreciation, (BAmort), based on the depreciation of financial and regulatory accounting.
- ▶ Financial remuneration, (BRF) by applying a remuneration rate to the net asset value. The rate is the same as for transmission and regasification activity, 5.44% for the period 2021-2026.

Remuneration for incentives that can be up to +- 5% of the basic remuneration, depending on the incentive mechanism established by the CNMC for each regulatory period. However, for the regulatory period 2021-2023 the limits are set at +/-2%. At the end of 2020, the Circular establishing these incentives was being processed, and was published in the Official State Gazette in July 2021, effective as of October 1, 2021.

The remuneration for new obligations is established on the basis of a regulatory account, the balance of which is established for each regulatory period, divided by 3, for each of the years of the regulatory period. For the regulatory period 2021-2023, the regulatory account is 5 million euros.

Thus, for the regulatory period 2021-2023, the basic remuneration is set at 25.007 million euros and the remuneration of the regulatory account at 1.667 million euros.

For 2022, the remuneration of the GTS amounts to 27.943 million euros.

As in the current framework, the remuneration of the GTS will be recovered through the application of a fee, calculated as a percentage of the turnover from tolls and royalties.

e) Tolls and royalties relating to third party access to the gas system

The revenues collected from the application of tolls for third party access to gas facilities are exclusively used to support the remuneration of regulated activities for gas supply. As gas system revenues are used to finance all gas system costs, they must be sufficient to meet the full costs of the gas system.

The tolls and royalties are established so that their setting responds as a whole to the following principles:

- ▶ Ensure the recovery of the investments made by the titleholders during their useful life.
- ▶ Allow a reasonable return on financial resources invested.
- ▶ Determine the operating costs remuneration system in a way that encourages effective management and improvement of productivity that should be partly passed on to users and consumers.

In addition, tolls and royalties will take into account the costs incurred by the use of the network in a way that optimises the use of infrastructures and can be differentiated by pressure levels, consumption characteristics and duration of contracts.

The values applicable from October 1, 2022 to September 30, 2023 have been published in the Resolution of May 19, 2022, of the National Commission on Markets and Competition, which establishes the access tolls to the transmission networks, local networks and regasification for the 2023 gas year.

Similarly, the Ministry of Ecological Transition and Demographic Challenge is responsible for setting the remuneration and fees for access to underground storage facilities. From October 1, 2022 to September 30, 2023, the values of the access charges published in the Order TED/929/2022 of September 27, which establishes the gas network charges and the remuneration and charges for underground base storage for the gas year 2023, shall apply.

f) System of settlement of costs and regulated revenues

Until September 30, 2021, the billing and collection of the remuneration of regulated activities were subject to the settlement procedure established in Ministerial Order ECO 2692/2002, of October 28, regulating the settlement

procedures for the remuneration of regulated activities, charges and fees with specific destinations in the gas sector.

From October 1, 2021, the settlement procedures established in Ministerial Order TED/1022/2021, of September 27, regulating the settlement procedures of the regulated activities remunerations, charges and fees with specific destinations of the gas sector, are applicable.

The update of the settlement procedure was motivated to adapt it to the European Commission Regulation 2017/460 of March 16, 2017, establishing a network code on harmonised transmission tariff structures for gas. This Regulation determines the need for a regulatory account for the transmission activity that reflects the difference between the recognised remuneration and the revenues actually obtained in the tariff period, a principle that, in order to avoid discrimination, must also be applied to other activities.

It is also necessary to incorporate changes to adjust the calendar for sending information and approving settlements to adapt it to the gas year (from October 1 to September 30 of the following year).

Thus, 5 separate settlement procedures are established for the following activities:

- a. Trunk transmission.
- b. Local networks, which will include distribution, secondary transmission and primary transmission activities of local influence and any other facility determined by the regulations in force.
- c. Liquefied natural gas plants.
- d. Basic underground storage facilities.
- e. Gas system charges. It will include the revenues from application of the unit charges defined in Royal Decree 1184/2020, of December 29, establishing the methodologies for calculating the gas system charges, the regulated remuneration of basic underground storage facilities and the fees applied for their use, and the costs listed in Article 59.4.b) of Law 18/2014, of October 15. Basically, the costs to be recovered through charges are: CNMC fee, differential cost of supply of liquefied or manufactured natural gas in island territories, annuity of the deficit for 2014 and subsequent years (until 2020), demand management measures that are recognised by regulation, the approved remuneration of the natural gas Market Operator and any other cost that is legally established.

It is understood that annual mismatches between revenues and costs of the gas system occur if the difference between revenues and settlement costs in each of the settlement procedures of a gas year results in a negative amount.

As from October 1, 2021, with the entry into force of Order TED/1022/2021, the provisional annual mismatches between revenues and costs for the year for each settlement procedure are determined in the provisional settlement 14 of each year. The provisional annual mismatch of each subject, whether

positive or negative, will be recognised in the form of a lump sum payment in the first available settlement of the gas year following the provisional settlement 14.

The final settlement will determine the final annual mismatch between revenues and costs for each obligated party. The difference between the final and provisional deviation, whether positive or negative, will be settled as a one-time payment in the first available settlement of the following gas year.

Additionally, in accordance with the provisions of Article 61.3 of Law 18/2014 of October 15, 2014, as long as there is an accumulated deficit as of December 31, 2014 or mismatches between revenues and expenses of subsequent years pending amortisation, any surplus or deficit in collection under charges shall be applied in accordance with the provisions of the aforementioned article, without being able to reduce the amount thereof. Once there are no outstanding deficits and mismatches to be amortised, any deficit/surplus in the collection of charges will be applied in the calculation of charges for the following year.

Law 18/2014, of October 15, establishes the principle of economic and financial sustainability in the gas system. In accordance with this principle, revenues from the system will be used exclusively to sustain own remuneration of the regulated activities concerning the supply of gas and, furthermore, the revenues must be sufficient to satisfy all of the costs incurred by the gas system. In addition, in order to ensure economic sufficiency and avoid the appearance of new deficits ex ante, all regulatory measures relating to the gas system which involve an increase in costs for the system or a reduction of income must incorporate an equivalent reduction in other cost items or an equivalent increase in income which ensures equilibrium for the system.

Also, the previous remuneration framework established a specific methodology for resolving temporary imbalances between revenues and costs of the system, with a series of measures aimed at definitively ending the deficit of the gas system, such as:

- ▶ As long as there are annual amounts pending payment from previous years, tolls and royalties cannot be revised downwards, but will be increased if there are negative mismatches that exceed a set limit.
- ▶ A period of several years is established for the recovery of imbalances, also recognising financial costs to the companies regulated by the financing of these imbalances, in such a way that the subjects shall recover:
 - The accumulated deficit of the gas system at December 31, 2014 during the fifteen years following the date of approval of the final settlement of that financial year, recognising an interest rate in conditions equivalent to those of the market.
 - And the temporary imbalances between income and expenses resulting for 2015 during the following five years, also recognising an interest rate in conditions equivalent to those of the market.

If the annual mismatch between revenues and recognised remuneration is positive, the amount will be used to settle the

outstanding annual payments relating to mismatches from previous years. This amount will be applied first to the temporary imbalances between revenues and costs of the system and then to those annual payments relating to the accumulated deficit of the gas system at December 31, 2014.

Since 2018, positive annual mismatches between income and remuneration have been generated (surplus), so that the 2015 and 2017 financial years were amortised on an accelerated basis against the surplus of this 2018 financial year. Similarly, in 2019, the annual mismatch between income and remuneration resulted in a surplus of 353,859 thousands of euros, with the collection right pending receipt for the 2016 (33,475 thousands of euros) mismatch being fully amortised, and the 2014 mismatch being partially amortised (320,384 thousands of euros).

From that date, the annual mismatch between revenues and remuneration is used to cover the negative mismatch pending from 2014, partially amortising 186,691 thousands of euros against the surplus for 2020 and 81,127 thousands of euros against the surplus for 2021, whose resolution was approved by the CNMC on July 28, 2022.

Thus, the 2014 mismatch remaining to be amortised at January 1, 2023 amounts to 58,832 thousands of euros, which is much lower than the 1,025,053 thousands of euros accumulated at December 31, 2014.

With regard to the Company's share of the deficit generated by the system during 2014, it should be noted that, as reported in the 2017 annual accounts, on December 1, 2017 the receivables from the accumulated deficit rights at December 31, 2014 were assigned. Said rights represented an amount of 354,751 thousands of euros, corresponding to the nominal amount plus accrued interest pending collection at the date of cession. Through the above operation Enagás Transporte, S.A.U. transferred the obligations and contractual rights involved in the ownership of the transferred financial asset to the Santander Group, and proceeded to derecognise that financial asset from the Balance Sheet, as the Sole Director of Enagás Transporte, S.A.U. deemed that all the risks and benefits associated with it had been substantially transferred, together with control of the aforementioned financial asset.

g) Development of the regulatory framework in 2022

The main regulatory developments applicable to the gas sector, approved in the course of 2022, were the following:

1. Supranational regulations

Gas regulation

TEN-E

Regulation (EU) 2022/869 of the European Parliament and of the Council of May 30, 2022 on guidelines for trans-European energy infrastructures and amending Regulations

(EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944 and repealing Regulation (EU) No 347/2013

Commission Delegated Regulation (EU) 2022/564 of November 19, 2021 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council with regard to the Union's list of projects of common interest

REPowerEU

Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. REPowerEU: Joint action for more affordable, secure and sustainable energy

Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. REPowerEU Plan

Commission Staff Working Document Implementing the Repower EU Action Plan: investment needs, hydrogen accelerator and Achieving the bio-methane targets.

Renewable energies

Commission Delegated Regulation (EU) 2022/342 of December 21, 2021 supplementing Regulation (EU) 2021/1153 of the European Parliament and of the Council with regard to the specific selection criteria and the details of the process for selecting cross-border projects in the field of renewable energy

Commission Recommendation of May 18, 2022 on speeding up permit-granting procedures for renewable energy projects and facilitating Power Purchase Agreements

Commission Delegated Regulation (EU) 2022/2202 of August 29, 2022 supplementing Regulation (EU) 2021/1153 of the European Parliament and of the Council by establishing a list of selected cross-border renewable energy projects

Commission Notice. Guidance on Cost-Benefit Sharing in Cross-border Renewable Energy Cooperation Projects

Council Regulation (EU) 2022/2577 of December 22, 2022 laying down a framework to accelerate the deployment of renewable energy

Intervention measures energy markets

Council Regulation (EU) 2022/428 of March 15, 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Short-Term Energy Market Interventions and Long Term Improvements to the Electricity Market Design – a course for action

Communication from the Commission to the European Parliament, the European Council, the Council, the European

Economic and Social Committee and the Committee of the Regions. Security of supply and affordable energy prices: options for immediate measures and preparing for next winter

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Energy emergency: united in preparedness, procurement and EU protection

Council Regulation (EU) 2022/1854 of October 6, 2022 on an emergency intervention to address high energy prices

Council Regulation (EU) 2022/2576 of December 19, 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders

Council Regulation (EU) 2022/2578 of December 22, 2022 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices

Security of Supply and Storage

Regulation (EU) 2022/1032 of the European Parliament and of the Council of June 29, 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage

Commission Implementing Regulation (EU) 2022/2301 of November 23, 2022 setting the filling trajectory with intermediary targets for 2023 for each Member State with underground gas storage facilities on its territory and directly interconnected to its market area

Reduction of gas demand

Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions. EU energy commitment in a changing world

Communication from the Commission to the European Parliament, the European Economic and Social Committee and the EU Committee of the Regions. Saving energy

Council Regulation (EU) 2022/1369 of August 5, 2022 on coordinated demand-reduction measures for gas

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Save gas for a safe winter

Sustainable Financing

Commission Delegated Regulation (EU) 2022/1214 of March 9, 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive

2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

National Energy and Climate Plans

Communication from the Commission on guidance to Member States for the update of national energy and climate plans for the period 2021-2030

Commission Implementing Regulation (EU) 2022/2299 of November 15, 2022 laying down rules for the application of Regulation (EU) 2018/1999 of the European Parliament and of the Council as regards the structure, format, technical details and process for the integrated national energy and climate progress reports

Digitisation and Cybersecurity

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Digitising the energy system: the EU action plan

Directive (EU) 2022/2555 of the European Parliament and of the Council of December 14, 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive)

Resilience of critical entities

Directive (EU) 2022/2557 of the European Parliament and of the Council of December 14, 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC

2. Spanish Regulation

In relation to the general framework of the gas system and its facilities

Energy policy

Resolution of January 27, 2022 from the Board of Directors of E.P.E. Institute for the Diversification and Saving of Energy (IDAE), M.P. establishing the first call for the programme of incentives for pioneering and unique renewable hydrogen projects (H2 PIONEROS Programme).

Informative Circular 1/2022, of January 25, of the National Commission on Markets and Competition, on supply prices for natural gas and renewable energy.

Order TED/132/2022, of February 21, adopting the First Work Programme of the National Climate Change Adaptation Plan 2021-2030.

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

Resolution of May 5, 2022, of the National Commission on Markets and Competition, which establishes the value of the Global Ratios Index for 2022 of the companies that carry out the activities of transmission and distribution of electrical energy and the activities of transmission,

regasification, underground storage and distribution of natural gas.

Royal Decree 376/2022 of May 17, which regulates the criteria for sustainability and reduction of greenhouse gas emissions from biofuels, bioliquids and biomass fuels, as well as the system of guarantees of origin of renewable gases.

Royal Decree-Law 10/2022 of May 13, which temporarily establishes a production cost adjustment mechanism to reduce the price of electricity on the wholesale market.

Resolution of June 16, 2022, of the CNMC, on the certification of Enagás Transporte, SAU, with respect to participation in a biogas enrichment project for the subsequent injection of biomethane into the natural gas distribution network.

Royal Decree-Law 11/2022, of June 25, adopting and extending certain measures to respond to the economic and social consequences 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.

Order TED/706/2022 of July 21, approving the regulatory bases and incentive programmes for the granting of aid to singular projects for biogas installations, within the framework of the Recovery, Transformation and Resilience Plan.

Order TED/707/2022 of July 21, establishing the regulatory bases for the calls for the incentive programmes for heating and cooling network projects using renewable energy sources, within the framework of the Recovery, Transformation and Resilience Plan.

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

Royal Decree-Law 17/2022 of September 20, adopting urgent measures in the field of energy, in the application of the remuneration system for cogeneration facilities and temporarily reducing the rate of Value Added Tax applicable to deliveries, imports and intra-Community acquisitions of certain fuels.

Royal Decree-Law 18/2022 of October 18, approving 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 staff and the protection of temporary agricultural workers affected by the drought.

Order TED/1026/2022 of October 28, approving the procedure for the management of the system of guarantees of origin of gas from renewable sources.

Resolution of November 10, 2022 of the CNMC, on the certification of Enagás Transporte, SAU, with respect to the participation of Enagás, SA, in a project to develop a green hydrogen generation plant.

Order TED/1211/2022 of December 1, which establishes the regulatory bases for the promotion of the circular economy and calls for the granting of aid for the year 2022.

Royal Decree-Law 20/2022 of December 27, on measures in response to the economic and social consequences of the war in Ukraine and support for the reconstruction of the island of La Palma and other situations of vulnerability

Remuneration framework, tolls, charges and settlement system

Resolution of May 19, 2022, of the National Commission on Markets and Competition, establishing remuneration for the 2023 gas year of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution.

Resolution of May 19, 2022, of the National Commission on Markets and Competition, establishing the access tolls to the transmission networks, local networks and regasification for the gas year 2023.

Order TED/929/2022, of September 27, establishing the gas system charges and the remuneration and fees for basic underground storage facilities for gas year 2023.

Resolution of December 22, 2022, of the National Commission for Markets and Competition, which provisionally establishes for the financial year 2023 the remuneration and the quota destined to the financing of the technical manager of the gas system.

Resolution of December 22, 2022 of the Directorate General of Energy Policy and Mines, publishing the last resort natural gas tariff applicable during the first quarter of 2023.

Spanish gas system operation

Resolution of January 12, 2022, approving the reference prices for calculating the value of gas, oil and condensate extraction for 2021.

Resolution of January 19, 2022, publishing the assigned and available capacity in basic underground natural gas storage facilities for the period April 1, 2022 to March 31, 2023.

Resolution of March 24, 2022, of the National Commission on Markets and Competition, establishing the detailed procedure for the development of congestion management mechanisms and mechanisms to avoid the hoarding of capacity in the gas system.

Resolution of March 28, 2022, of the Directorate General of Energy Policy and Mines, publishing the last resort natural gas tariff.

Resolution of May 5, 2022, from the Directorate General of Energy Policy and Mines, determining the incentive for the reduction of transmission shrinkage in 2019.

Resolution of July 28, 2022, of the National Commission for Markets and Competition, which establishes the destination of natural gas stocks in the gas system shrinkage balance account.

Resolution of November 10, 2022 of the National Markets and Competition Commission, which establishes the technical management regulations of the gas system on scheduling, nominations, allocations, balances, the management and use of international connections and self-consumption.

Order TED/1295/2022, of December 22, establishing the values of the remuneration for the operation corresponding to the second calendar semester of the year 2022, applicable to certain facilities for the production of electricity from renewable energy sources, cogeneration and waste.

On February 20, 2023, the Board of Directors of Enagás, S.A. prepared the Consolidated Annual Accounts for the year ended December 31, 2022, consisting of the accompanying documents attached hereto, in accordance with the provisions of Article 253 of the Corporate Enterprise Act and Article 37 of the Code of Commerce, and remaining applicable standards.

DECLARATION OF RESPONSIBILITY: For the purposes of article 118.2 of the Consolidated text of the Securities Market Act and article 8.1 b) of Spanish Royal Decree 1362/2007, of October 19, 2007, the directors state that, to the best of their knowledge, the Consolidated Annual Accounts, prepared in accordance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of the Group. They additionally state that, to the best of their knowledge, the directors not signing below did not express dissent with respect to the Consolidated Annual Accounts.

Chairman: (Signed the original in Spanish)

Mr Antonio Llardén Carratalá

Chief Executive Officer: (Signed the original in Spanish)

Mr Arturo Gonzalo Aizpiri

Directors: (Signed the original in Spanish)

Sociedad Estatal de Participaciones Industriales-SEPI
(Represented by Mr Bartolomé Lora Toro)

Mr José Montilla Aguilera

Ms Ana Palacio Vallelersundi

Ms María Teresa Arcos Sánchez

Ms Eva Patricia Úrbez Sanz

Ms Natalia Fabra Portela

Mr Santiago Ferrer Costa

Ms Clara Belén García Fernández-Muro

Mr David Sandalow

Mr José Blanco Lopez

Ms María Teresa Costa Campi

Mr Manuel Gabriel González Ramos

Mr Cristóbal José Gallego Castillo

DILIGENCE to record that, in accordance with the call of the Board of Directors, having been held at the registered office, allowing the directors to participate telematically, the Consolidated Annual Accounts have been drawn up with the agreement of all members of the Board of Directors, which is certified by the Secretary of the Board with his signature below, and with the signatures of those Directors who have physically participated in the Board of Directors.

Electronic signature of the Secretary to the Board:

(Signed the original in Spanish)

Mr Rafael Piqueras Bautista