OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

Endesa, S.A. and Subsidiaries

Consolidated Management Report for the three-month period ended 31 March 2023

endesa

endesa

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Endesa is Open Power

VISION

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

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

MISSION

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

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

VALUES

Values are the pillars of Endesa's behaviour and reflect the focus on people.

- **Responsibility:** All of our employees are responsible for Endesa's success, at all levels, always acting within the framework of our social responsibility strategy and complying with tax regulations.
- **Innovation:** Endesa works to open energy to new uses, technologies and people, learning from its successes and its failures.
- **Trust:** Endesa acts competently, honestly and transparently to earn the trust of its employees, customers and external partners, valuing individual differences.
- **Proactiveness:** Endesa continuously analyses global scenarios and challenges to stay ahead of change, redefining its priorities as the context requires.

Contents

2.

Legend

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

1.

Consolidated Management Report

1. Key figures

Revenue

Revenue	Gross operating income (EBITDA)[1]
–1.2%	+60.0%
7,504 million Euro. **7,596** million Euro in the period January-March 2022.	**1,462** million Euro. **914** million Euro in the period January-March 2022.

Performance

Net income[1] Net ordinary income[1]	Net financial debt[1]
+75.7%	+6.6%
594 million Euro. **338** million Euro in the period January-March 2022.	**11,591** million Euro. **10,869** million Euro at 31 December 2022.

Investment

People

Gross investments in property, plant and equipment and intangible assets	Cash flows from operating activities	Final headcount
+1.5%	–79.6%	–0.6%
410 million Euro. **404** million Euro in the period January-March 2022.	**(97)** million Euro. **(476)** million Euro in the period January-March 2022.	**9,206** employees. **9,258** employees at 31 December 2022.

Renewable and Conventional Generation

Net installed capacity	Net installed mainland renewable capacity	Electricity generation[2]	Generation of renewable electricity[2]
–%	–%	+1.4%	+32.2%
22,044 MW. **22,044** MW at 31 December 2022.	**9,196** MW. **9,196** MW at 31 December 2022.	**15,680** GWh. **15,462** GWh in the period January-March 2022.	**3,940** GWh. **2,980** GWh in the period January-March 2022.

Distribution

Distribution and transmission grids	Energy distributed[3]	End users[4]	List of digitalised customers[5]
+0.1%	+2.5%	+0.2%	
318,172 km. **317,829** km at 31 December 2022.	**33,327** GWh. **32,507** GWh in the period January-March 2022.	**12,479** thousand **12,459** thousand at 31 December 2022.	**100**%. **100**% at 31 December 2022.

Supply of electricity and gas

Marketing of other Products and services

Net Electricity Sales[6]	Number of customers (electricity)[7] [8]	Number of electricity customers (deregulated)[9]	Public and private electricity charging stations
–0.5%	–0.1%	+0.0%	+10.4%
19,493 GWh. **19,593** GWh in the period January-March 2022.	**10,530** thousand. **10,545** thousand at 31 December 2022.	**6,831** thousand. **6,829** thousand at 31 December 2022.	**15,350** units. **13,898** units at 31 December 2022.

Gas sales[10]	Number of gas customers[11]
+7.8%	+0.4%
22,122 GWh. **20,514** GWh in the period January-March 2022.	**1,807** thousand. **1,799** thousand at 31 December 2022.

(1) See definition in Section 12 of this Consolidated Management Report.
(2) At power plant busbars.
(3) Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other networks (transport and distribution).
(4) Customers of distributors.
(5) Number of digitalised customers / End users (%).
(6) Sales to end customers.
(7) Supply points.
(8) Customers of suppliers.
(9) Customers of deregulated supply companies.
(10) Excluding own consumption for electricity generation.
(11) Supply points.

2. Basis of presentation of the Consolidated Financial Statements

Endesa's Consolidated Financial Statements for the three-month period ended 31 March 2023 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the interpretations of the IFRS Interpretations Committee (IFRIC), as adopted by the European Union at the reporting date pursuant to Regulation (EC) 1606/2002, of 19 July, of the European Parliament and of the Council and other provisions of the financial reporting regulatory framework applicable to Endesa.

The accounting policies, basis of presentation and measurement bases used to prepare Endesa's Consolidated Financial Statements for the three-month period ended 31 March 2023 are the same as those explained in Notes 2 and 3 to the Consolidated Financial Statements for the year ended 31 December 2022, except for the new International Financial Reporting Standards (IFRS) and IFRIC interpretations published in the Official Journal of the European Union and which were first applied by Endesa in the Consolidated Financial Statements for the three-month period ended 31 March 2023, and following the going-concern principle by applying the cost method, with the exception of the items that, in accordance with the International Financial Reporting Standards (IFRS), are measured at fair value. Items in the Consolidated Income Statement are classified by cost type.

At the date of approval of this Consolidated Management Report, the modifications and reforms adopted by the European Union applicable to the years beginning on 1 January 2023 were as follows:

Standards, amendments and interpretations	Mandatory application: Years beginning on
Amendments to IAS 1 *"Presentation of Financial Statements"* and to the IFRS 2 Practice Statement: Making Materiality Judgements.	1 January, 2023
Amendments to IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*": Definition of Accounting Estimates.	1 January, 2023
IFRS 17 *"Insurance Contracts"* including amendments.	1 January, 2023
Amendments to IAS 12 *"Income Taxes"*: Deferred tax related to Assets and Liabilities arising from a Single Transaction.	1 January, 2023
Amendments to IFRS 17 *"Insurance Contracts"*: Initial Application of IFRS 17 and IFRS 9 - Comparative Information.	1 January, 2023

The adoption of these amendments did not have a significant impact on the Consolidated Financial Statements for the three-month period ended 31 March 2023.

3. Description of the entity

3.1. Organisational structure

Endesa, S.A. and its Subsidiaries operate in the electricity and gas business, mainly in the Spanish and Portuguese markets. To a lesser extent, Endesa also supplies electricity and gas in other European markets, and other products and services related to its main business.
Endesa, S.A. and its Subsidiaries are part of the Enel Group, the parent of which is Enel Iberia, S.L.U. in Spain.

At 31 March 2023, the Enel Group held 70.1% of the share capital in Endesa, S.A., through Enel Iberia, S.L.U.
At the approval date of this Consolidated Management Report, Endesa's organisational structure had not suffered variations with respect to that described in Section 3 of the Consolidated Management Report for the year ended 31 December 2022.

Senior Management

At the date of approval of this consolidated management report, the functions of Endesa S.A.'s Senior Management include the implementation of Company strategies, as follows:

Chief Executive Officer | Mr. José Damián Bogas Gálvez

Staff and service Units

General Manager – Communication
Mr. Ignacio Jiménez Soler

General Manager – People and Organisation
Mr. Paolo Bondi

General Manager – Institutional Relations and Regulation
Mr. José Casas Marín

General Manager – Media
Mr. Pablo Azcoitia Lorente

General Manager – Audit
Ms. Patricia Fernández Salís

General Manager – ICT Digital Solutions
Mr. Manuel Fernando Marín Guzmán

General Manager – Sustainability
Ms. María Malaxechevarría Grande

General Manager – Purchasing
Mr. Ignacio Mateo Montoya

General Manager – Administration, Finance and Control
Mr. Marco Palermo

General Secretary and Secretary to the Board of Directors and General Manager of Legal Affairs and Corporate Affairs
Mr. Francisco de Borja Acha Besga

Business Lines

General Manager – Energy Management
Mr. Juan María Moreno Mellado

General Manager – Generation
Mr. Rafael González Sánchez

General Manager – Infrastructure and Grids
Mr. José Manuel Revuelta Mediavilla

General Manager – Supply
Mr. Javier Uriarte Monereo

General Manager – Endesa X
Mr. Davide Ciciliato

General Manager – Nuclear Power
Mr. Gonzalo Carbó de Haya

3.2. Business lines and main markets

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

These Business Lines relate to the following activities in which Endesa is involved: generation, distribution and marketing of electricity and gas, mainly, in Spain and Portugal, and, to a lesser extent, marketing of electricity and gas in other European markets, particularly Germany, France and the Netherlands, from its platform in Spain, and marketing of other products and services related to its main business.

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

The description of Endesa's markets and activities is detailed in Section 2.3.4 of the Consolidated Management Report for the year ended 31 December 2022.

Endesa's significant companies and holdings to organise the different Business Lines are described in Section 2.4 of the Consolidated Management Report and in Appendix I to the Notes to the Consolidated Financial Statements for the year ended 31 December 2022 and in Section 5.1 of this Consolidated Management Report.

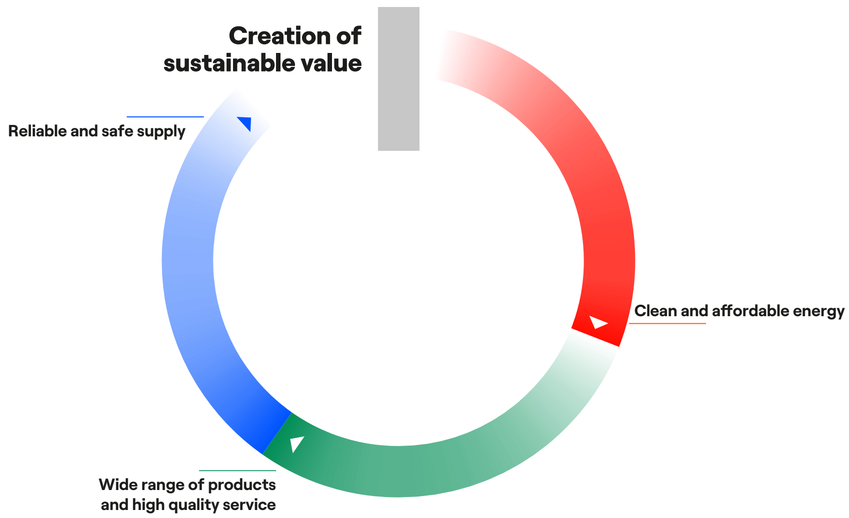
3.3. Sustainable business model

Endesa has developed a sustainable business model, recognising that it must focus its business strategy on meeting the major challenges facing the society in which it performs its activities. The shift towards a decarbonised economy has encouraged and required a transformation of the current business model, while at the same time generating a great economic, environmental and social opportunity, contributing to the creation of wealth and employment, as well as to the improvement of the planet.

In this sense, Climate change is the main challenge for all of Endesa's stakeholders, and Endesa is aware of the important role it can play in the fight against it. Endesa therefore pursues a business model that aims to lead the energy transition, in line with the United Nations Sustainable Development Goals (SDG) and the objectives of the Paris Agreement to achieve the goal of decarbonisation.

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

This strategic approach of the business model reflects Endesa's Vision, Mission and Values.



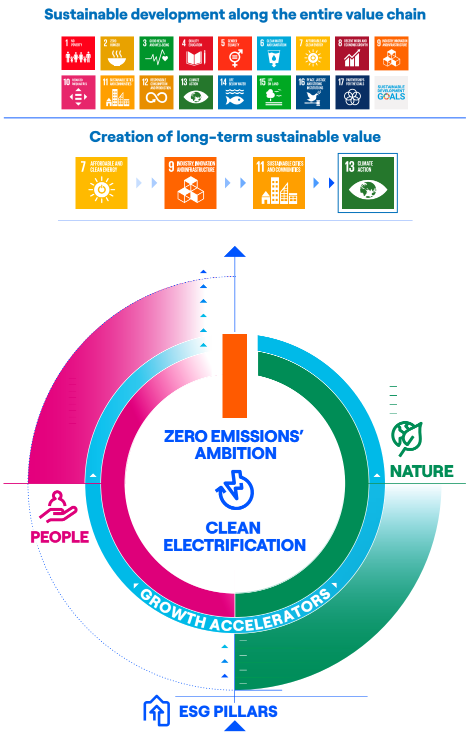
2023-2025 Sustainability Plan

On 22 February 2023, Endesa approved the 2023-2025 Sustainability Plan, in which it shows that it is committed to a business model in which sustainability is integrated into the industrial and business plan itself, with the addition of ethical, social and environmental commitments.

Endesa's 2023-2025 Strategic Plan, which focusses its activity on a business model that responds to the major challenges facing society. These include decarbonisation and electrification to combat Climate Change and progress towards energy sovereignty and they are complemented by a Sustainability Plan that is based on the priorities shown in the table below:

PEOPLE

- Empowering our people
- Commitment to local and global communities
- Responsible supply chain



NATURE

- Protection of biodiversity
- Waste management
- Responsible use of water
- Reduction of pollution

GROWTH ACCELERATORS

- Innovation
- Digitalisation
- Circular economy
- Sustainable finance

ESG PILLARS

- Occupational health and safety
- Corporate governance
- Human Rights

ZERO EMISSIONS AMBITION AND CLEAN ELECTRIFICATION

- Renewable energy
- Networks
- Customer's electrification

The Plan includes more than 130 measures in line with the goal set by the Paris Agreement to avoid a 1.5 °C increase in global temperature compared to pre-industrial levels. These include greater ambition in existing targets as well as new targets to guarantee the decarbonisation and emissions reduction path, continued commitment to customer electrification, improving diversity in Endesa's workforce and protecting biodiversity and the communities in which the company operates.

The description of Endesa's sustainable business model is detailed in Section 2.3.3 of the Consolidated Management Report for the year ended 31 December 2022.

4. Reference scenario

The macroeconomic environment in the first 3 months of 2023 has been characterised by the maintenance of the restrictive monetary policy initiated by central banks in 2022 to fight inflation and by the resilience of growth and employment data, triggering an episode of panic in the markets in March as a result of the collapse of Silicon Valley Bank (SVB) in the United States and the bailout of Credit Suisse in Europe, which had to be absorbed by UBS. The global spike in risk aversion unleashed high volatility in interest rate expectations, although central banks have stuck to their fixed path.

The European Central Bank (ECB) raised interest rates by 100 basis points in the first 3 months of the year 2023, 50 basis points in February and 50 basis points in March, bringing the main refinancing rate to 3.50% and the deposit rate to 3.00%.

As a consequence of the European Central Bank (ECB) rate hike and the fall in energy and fuel prices, Spanish headline inflation fell sharply in March 2023 to 3.3% (9.8% in March 2022). Core inflation (which excludes energy and unprocessed food) remains high at 7.5% in March 2023.

With regard to the foreign exchange market, the Euro appreciated by 1.8% against the US dollar during the first three months of the year, with the EUR/USD exchange rate at the end of the quarter at 1.0865. The Euro depreciated by 1.0% against the pound sterling, with the EUR/GBP exchange rate standing at 0.8787 at the end of March 2023.

During the first quarter of 2023 the energy context has been characterised by a reduction in the prices of the European electricity markets compared to the previous quarter and the same period of 2022, as a result, fundamentally, of the decrease in gas prices and the increase in renewable energy production.

In the second half of 2022, the price of natural gas in the European markets and in the Spanish market began to take a downward path, which continued into the early months of 2023, the price of natural gas is now at levels that are similar, or even lower, to pre-conflict Russia-Ukraine prices due to the reduction in demand, brought on by mild temperatures and the measures adopted to discourage consumption, and the diversification of sources of supply. All of this has meant that gas reserves in Europe are exceeding the usual levels for this time of year, which has removed the risk of supply cuts and fuelled a recovery in the confidence of economic actors and greater dynamism of activity.

In addition, the reopening of the Chinese economy following the lifting of its "zero COVID" policy has contributed to an improvement in the outlook for activity on a global scale. The effects of this reopening on inflation dynamics worldwide are, in any case, of an uncertain magnitude and even of an uncertain direction. Hence, in a context of reduced health restrictions in China, the greater dynamism of activity in the Chinese economy will likely lead to greater demand for goods produced in the rest of the world and for raw materials, which will put some upward pressure on prices on a global scale and could require a more contractionary stance in the monetary policy of some of the main world central banks. In addition, however, this reopening of the Chinese economy could favour a quicker clearing of the bottlenecks that still exist in global production and logistics chains.

In the first quarter of 2023, Spain recorded electricity demand of 62,715 GWh, 2.6% lower than in 2022 (-3% taking into account the effects of the calendar and temperatures), mainly as a result of weak growth in the industrial sector due to the evolution in recent months of the price of raw materials and other inputs and the energy efficiency measures applied both in this sector and in the residential sector, partially offset by the strengthening of activity in the services sector.

On a mainland level and without correcting for the effects of labour and temperatures, in the first quarter of the year, peninsular demand was 59,224 GWh, 2.7% lower than that recorded in 2022. After correcting for the effects of working hours and temperatures, demand fell by 3.1%. In the first three months of 2023, gross demand in the Balearic Islands is estimated at 1,298 GWh, 0.5% less than in the same period in 2022. Meanwhile, in the Canary Islands, electricity demand is estimated at 2,097 GWh, 1% more than in the same period in 2022.

In the first quarter of 2023, photovoltaic solar energy production reached record values in Spain (+43%) and Portugal (+5%) according to data from Red Eléctrica de España and Redes Energéticas Nacionais, SGPS, S.A., respectively, and, additionally, gas and Brent registered the lowest closing prices since 2021. Meanwhile, the price of carbon dioxide (CO_2) reached an all-time high during the period.

In this context, the simple average price in the wholesale electricity market stood at 96.4 €/MWh (-58.0%).

On the gas demand side, Spain has reduced its demand for natural gas by 17.1% in the first quarter of 2023.

4.1. Macroeconomic environment

Inflation[1]	31 March 2023	31 March 2022
Year-on-year inflation Spain (%)	3.3	9.8
Underlying year-on-year inflation Spain (%)	7.5	3.4

[1] Source: Instituto Nacional de Estadística ("INE").

Closing exchange rates[1]	31 March 2023	31 December 2022	Difference
Closing exchange rate (Euro / US Dollar)	1.0865	1.0673	0.0192
Closing exchange rate (Euro / Sterling Pound)	0.8787	0.8873	(0.0086)

[1] Source: Bloomberg.

Average exchange and interest rates[1]	January - March 2023	January - March 2022	Difference
Average exchange rate (Euro / US Dollar)	1.0731	1.1122	(0.0391)
6-month Euribor (period average)	3.09	(0.47)	3.56

[1] Source: Bloomberg.

4.2. Electricity and gas market

4.2.1. Performance of the main market indicators

Market indicators	January - March 2023	January - March 2022	% Var.
Arithmetic average price in the wholesale electricity market (€/MWh)[1]	96.4	229.4	(58.0)
ICE Brent average price ($/bbl)[2]	82.2	97.9	(16.0)
Average price of carbon dioxide (CO_2) emission rights (€/t)[3]	86.9	82.8	5.0
Average Price of Guarantees of Origin (€/MWh)[4]	7.9	2.0	295.0
Average price of coal (€/MWh)[5]	147.3	229.0	(35.7)
Average price of gas (€/MWh)[6]	54.2	99.2	(45.4)

[1] Source: Operador del Mercado Ibérico de Energía – Polo Español (OMIE).
[2] Source: ICE: Brent Crude Futures.
[3] Source: ICE: ECX Carbon Financial Futures Daily.
[4] Source: In house.
[5] Source: Api2 index.
[6] Source: TTF index.

4.2.2. Evolution of demand

Percentage (%)

Electricity[(1)]	Without adjusting effects for working days and temperature		Adjusted for effects of working days and temperature	
	January - March 2023	January - March 2022	January - March 2023	January - March 2022
Mainland	**(2.7)**	**(2.9)**	**(3.1)**	**(2.8)**
Endesa area[(2)]	**(2.0)**	**(1.7)**	**(2.4)**	**(1.1)**
Industrial	(0.1)	(5.6)		
Services	(3.9)	8.4		
Residential	(2.1)	(7.9)		
Non-mainland Territories ("TNP")	**0.4**	**8.6**	**(0.2)**	**7.9**
Canary Islands	1.0	11.6	0.8	(11.5)
Balearic Islands	(0.5)	4.8	(1.1)	4.3

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

Percentage (%)

Gas[(1)]	January – March 2023	January - March 2022
Spain market	(17.1)	11.5
Spain conventional	(13.9)	(4.8)
Electricity sector	(26.5)	118.1

[(1)] Source: Enagás, S.A.

4.2.3. Market Share

Percentage (%)

Market share[(1)]	31 March 2023	31 December 2022
Electricity		
Mainland generation[(2)]	18.6	18.2
Distribution	43.2	43.7
Supply	28.9	29.6
Gas		
Deregulated market	15.7	18.4

[(1)] Source: In-house.
[(2)] Includes renewable energies.

5. Significant events in the period

5.1. Changes in the consolidation scope

In the first quarter of 2023, the following transactions were carried out:

Companies	Transaction	Consolidation method	Date	Activity	Stake at 31 March 2023 (%)		Stake at 31 December 2022 (%)	
					Control	Economic	Control	Economic
Endesa Mobility, S.L.U.[1]	Formed	FC	26 January 2023	Electric mobility	100.00	100.00	—	—
Renovables Brovales Segura de León 400 KV, S.L.[2]	Formed	EM (A)	31 January 2023	Photovoltaic	64.05	64.05	—	—
María Renovables, S.L.[2]	Formed	EM (A)	9 March 2023	Photovoltaic	45.36	45.36	—	—
Xaloc Solar, S.L.U.[3]	Sale	FC	23 March 2023	Photovoltaic	—	—	100.00	100.00

FC: Full consolidation; EM: Equity method; A: Associate.

[1] On 24 January 2023, the Board of Directors of Endesa, S.A. authorised the start of a corporate restructuring process consisting of the spin-off of the electric mobility business owned by Endesa X Servicios S.L.U., including the 49% stake in the share capital of Endesa X Way, S.L. to the company Endesa Mobility, S.L.U. Subsequently, on 26 January 2023, the company Endesa Mobility, S.L.U. was incorporated, under the sole ownership of Endesa, S.A. Lastly, on 3 April, the deed of the aforementioned spin-off was signed (see Section 11 of this Consolidated Management Report).

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

[3] On 23 March 2023, Enel Green Power España, S.L.U. (EGPE) formalised the sale of the stake in this company for an amount of Euro 2 million that were paid through the set-off of receivables with the buyer. The gross result on the sale is less than Euro 1 million, negative.

5.2. Russia-Ukraine conflict and COVID-19 health crisis

Russia-Ukraine conflict

The macroeconomic and geopolitical landscape in the first three months of 2023 has been characterised by uncertainty and volatility as a result of:

- The continued conflict between Russia and Ukraine, which shows no signs of resolution in the short term; and its implications for the supply and prices of raw materials, mainly gas;
- The sharp increase in inflation together with possible tensions in the supply chain and the implications of the reopening of the Chinese economy;
- Cybersecurity; and
- The current macroeconomic backdrop of rising interest rates has led to an increase in the financing of public and corporate debt.

The liquid fuels markets have been balanced out once the sanctions imposed by the European Union (EU) on imports of Russian crude oil and other products arising from the conflict in Ukraine have entered into force. There is currently availability of products in the main refining and trade hubs in northern Europe. For its part, Endesa has sealed its fuel oil and gasoil supply needs for the Non-mainland Territories ("TNP") plants with companies of acknowledged solvency and with their own refinancing capacity However, it could be the case that existing market tensions hinder these supplies.

With regard to gas, Endesa does not have any counterparties that are possibly affected by the sanctions, nor has it taken out gas supply contracts with Russia; hence, the Company's gas supply is guaranteed. The price of gas in the European markets affected by the reduction of Russian gas to Europe, particularly the *"Title Transfer Facility"* (TTF) was on a downward trend in the first quarter of 2023 due to the mild winter temperatures, the measures adopted to reduce demand and the diversification of supply. In this regard, Endesa has arranged positions on this index as a result of its strategy of hedging expected revenue from the sale of gas, as well as the costs of its long-term supply contracts, and the downward trend in the commodities markets has eased Endesa's liquidity needs arising from the net position subject to the margining of financial instruments traded on organised markets. With regard to uranium (UF_6), Endesa has covered its needs for nuclear fuel for recharging until

2024 and progress is being made in covering the needs for 2025, which are currently covered if the reserve stock were used.

Given the complexity of the current environment and in compliance with the recommendations of the European Securities and Markets Authority (ESMA) dated 14 March, 13 May 2022 and 28 October 2022, Endesa monitors both the status and changes in the current situation generated by the Russia-Ukraine conflict in order to manage potential risks and changes in macroeconomic, financial and commercial variables of the current environment, as well as the regulatory measures in force, in order to update the estimate of the possible impacts on the Consolidated Financial Statements. This analysis is outlined in the following sections of this Consolidated Management Report:

Matters	Sections	Content
Going concern	7.2 and 10.3	Impact of the conflict and the macroeconomic environment on the activities carried out by Group companies.
Regulatory Framework	9 and 13	Regulatory measures adopted by the community and national authorities in response to the economic and social consequences of the conflict and of the present environment.
Financial instruments	6.2, 7.3 and 10.3	Changes in the measurement and settlement of energy stock derivatives, details of financial instruments and impact on Endesa.
Borrowings	7.2	Details of financial debt according to the definition of the Alternative Performance Measure (APM) "Net Financial Debt".
Energy stock price risk	4.2 and 10.3	Variations in electricity and gas prices in energy markets and other raw materials.
Liquidity risk	7.2 and 10.3	Details of the liquidity position.
Credit risk	6.2 and 10.3	Analysis of the impairment of financial assets.
Concentration risk	10.3	Analysis of possible delays in supplies and compliance with contracts at supply chain level.
Monitoring of stock markets	10.1	Impact of the conflict and of the present environment on Endesa's share price.

Accordingly with the above, in the first quarter of 2023, the effects of both the conflict and the current context did not have a significant impact on gross operating income (EBITDA) and operating income (EBIT). The net position subject to margining in the organised markets in which Endesa trades its financial instruments shows the performance of the gas market, where prices have recently been at levels lower than those prior to the conflict. This has meant lower collateralisation needs of Euro 4,243 million as at 31 March 2023, which has had a positive impact on Endesa's liquidity position (see Sections 7.2 and 10.3 of this Consolidated Management Report).

COVID-19 health crisis

Endesa is also constantly monitoring the evolution of the COVID-19 pandemic, together with the changes in macroeconomic, financial and trade variables, as well as the regulatory measures in force, to update the estimate of the possible effects on the Consolidated Financial Statements, in line with the recommendations of the Spanish Securities Market Commission ("CNMV") and the European Securities and Markets Authority (ESMA) of 11 March 2020.

In this regard, in the first quarters of 2023 and 2022, the effect of the health crisis did not have a significant impact on the gross operating income (EBITDA) or on operating income (EBIT).

6. Changes in Endesa's operations and results in the first quarter of 2023

6.1. Operating performance

At 31 March 2023

Generation of electricity[1] in the period from January-March 2023	15,680 GWh	of which the following amount is renewable	3,940 GWh
Net installed mainland renewable capacity	9,196 MW	of a total of	+17,684 MW
Distribution and transmission grids	318,172 km		
Digitalised customers	12,511 Thousands	+100%	List of digitalised customers
Number of customers (electricity)[2] [3]	10,530 Thousands	of which the following were from the deregulated market	6,831 thousand
Net electricity sales[4] in the period January-March 2023	19,493 GWh	-0.5%	with respect to the period January-March 2022
Public and private charging stations	15,350 Units	10,4%	compared to 31 December 2022
Number of gas customers (Gas)[2]	1,807 Thousands	of which the following were from the deregulated market	1.423 miles
Gas Sales[5] in the period January-March 2023	22,122 GWh	+7.8%	with respect to the period January-March 2022

(1) At power plant busbars.
(2) Supply points.
(3) Customers of suppliers.
(4) Sales to end customers.
(5) Excluding own generation consumption.

Below, details are provided of the most relevant figures in the first quarter of 2023 and their variation compared to the same period of the previous year:

Operating figures	SDGs[1]	Unit	January – March 2023	January - March 2022	% Var.
Electricity generation[2]		GWh	15,680	15,462	1.4
Generation of renewable electricity	7	GWh	3,940	2,980	32.2
Gross installed capacity		MW	22,819[3]	22,819[4]	—
Net installed capacity		MW	22,044[3]	22,044[4]	—
Net installed mainland renewable capacity	7	MW	9,196[3]	9,196[4]	—
Net installed Non-mainland Territories ("TNP") renewable energy capacity	7	MW	97[3]	97[4]	—
Energy distributed[5]	9	GWh	33,327	32,507	2.5
Digitalised customers[6]	9	Thousands	12,511[3]	12,503[4]	0.1
Distribution and transmission networks	9	km	318,172[3]	317,829[4]	0.1
End Users[7]		Thousands	12,479[3]	12,459[4]	0.2
List of digitalised customers[8]		(%)	100[3]	100[4]	—
Gross electricity sales[2]		GWh	22,069	22,108	(0.2)
Net electricity sales[9]		GWh	19,493	19,593	(0.5)
Gas Sales[10]		GWh	22,122	20,514	7.8
Number of Customers (Electricity)[11] [12]		Thousands	10,530[3]	10,545[4]	(0.1)
Deregulated market[13]		Thousands	6,831[3]	6,829[4]	0.0
Number of customers (gas)[11]		Thousands	1,807[3]	1,799[4]	0.4
Public and private electricity charging stations	11	Units	15,350[3]	13,898[4]	10.4
Public lighting points	11	Units	104[3]	104[4]	—
Final headcount		No. of employees	9,206[3]	9,258[4]	(0.6)
Average headcount		No. of employees	9,067	9,170	(1.1)

(1) Sustainable Development Goals.
(2) At power plant busbars.
(3) At 31 March 2023.
(4) At 31 December 2022.
(5) Energy supplied to customers, with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).
(6) Activated smart meters.
(7) Customers of distributors.
(8) Number of digitalised customers / End users (%).
(9) Sales to end customers.
(10) Without in-house generation consumption.
(11) Supply points.
(12) Customers of suppliers.
(13) Customers of deregulated supply companies.

Electricity Generation

GWh

Electricity Generation[1]	January – March 2023	January – March 2022	% Var.
Mainland	**13,015**	**12,533**	**3.8**
Renewable energy plants	3,940	2,980	32.2
Hydroelectric	1,506	1,137	32.5
Wind-powered[2]	1,944	1,551	25.3
Photovoltaic[3]	490	292	67.8
Nuclear power	6,835	7,113	(3.9)
Coal	211	250	(15.6)
Combined cycle (CCGT)	2,029	2,190	(7.4)
Non-mainland Territories ("TNP")	**2,665**	**2,929**	**(9.0)**
Fuel-gas	1,079	1,047	3.1
Combined cycle (CCGT)	1,586	1,882	(15.7)
TOTAL	**15,680**	**15,462**	**1.4**

[1] In power plant busbars.
[2] The period January-March 2023 includes 7 GWh corresponding to Non-mainland Territories ("TNP") (19 GWh in the period January-March 2022).
[3] The period January-March 2023 includes 9 GWh corresponding to Non-mainland Territories ("TNP") (13 GWh in the period January-March 2022).

Non-emitting renewable and nuclear technologies accounted for 82.8% of Endesa's mainland generation mix in the first quarter of 2023, compared with 86.0% for the rest of the sector (80.5% and 76.9%, respectively, in the first quarter of 2022). The graph below shows Endesa's peninsular generation mix by technology in the period January-March 2023:

Gross and net installed capacity

Gross installed capacity	31 March 2023		31 December 2022		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	**18,082**	**79.2**	**18,082**	**79.2**	**—**
Renewable energy[1]	9,337	40.9	9,337	40.9	—
Hydroelectric	4,790	21.0	4,790	21.0	—
Wind-powered[2]	2,882	12.6	2,882	12.6	—
Photovoltaic[3]	1,665	7.3	1,665	7.3	—
Nuclear power	3,453	15.1	3,453	15.1	—
Coal	1,469	6.4	1,469	6.4	—
Combined cycle (CCGT)	3,823	16.8	3,823	16.8	—
Non-mainland Territories ("TNP")	**4,737**	**20.8**	**4,737**	**20.8**	**—**
Coal	260	1.1	260	1.1	—
Fuel-gas	2,620	11.5	2,620	11.5	—
Combined cycle (CCGT)	1,857	8.2	1,857	8.1	—
TOTAL	**22,819**	**100.0**	**22,819**	**100.0**	**—**

(1) At 31 March 2023 and 31 December 2022, additional capacity stood at 0 MW and 908 MW, respectively.
(2) At 31 March 2023, it included 40 MW corresponding to Non-mainland Territories ("TNP") (40 MW at 31 December 2022).
(3) At 31 March 2023, it included 57 MW corresponding to Non-mainland Territories ("TNP") (57 MW at 31 December 2022).

Net installed capacity	31 March 2023		31 December 2022		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	**17,781**	**80.7**	**17,781**	**80.7**	**—**
Renewables[1]	9,293	42.2	9,293	42.2	—
Hydroelectric	4,746	21.5	4,746	21.5	—
Wind-powered[2]	2,882	13.1	2,882	13.1	—
Photovoltaic[3]	1,665	7.6	1,665	7.6	—
Nuclear power	3,328	15.1	3,328	15.1	—
Coal	1,403	6.4	1,403	6.4	—
Combined cycle (CCGT)	3,757	17.0	3,757	17.0	—
Non-mainland Territories ("TNP")	**4,263**	**19.3**	**4,263**	**19.3**	**—**
Coal	241	1.1	241	1.1	—
Fuel-gas	2,334	10.6	2,334	10.6	—
Combined cycle (CCGT)	1,688	7.6	1,688	7.6	—
TOTAL	**22,044**	**100.0**	**22,044**	**100.0**	**—**

(1) At 31 March 2023 and 31 December 2022, additional capacity stood at 0 MW and 908 MW, respectively.
(2) At 31 March 2023, it included 40 MW corresponding to Non-mainland Territories ("TNP") (40 MW at 31 December 2022).
(3) At 31 March 2023, it included 57 MW corresponding to Non-mainland Territories ("TNP") (57 MW at 31 December 2022).

The following is a breakdown of Endesa's net installed capacity by technology at 31 March 2023:

(1) No change compared to net capacity as of 31 December 2022.

Electricity and gas sales

Electricity

Thousands

Number of Customers (Electricity)[1][2]	31 March 2023	31 December 2022	% Var.
Regulated market	3,699	3,716	(0.5)
Mainland Spain	3,181	3,190	(0.3)
Non-mainland Territories ("TNP")	518	526	(1.5)
Deregulated market	6,831	6,829	0.0
Mainland Spain	5,236	5,245	(0.2)
Non-mainland Territories ("TNP")	978	972	0.6
Outside Spain	617	612	0.8
TOTAL	**10,530**	**10,545**	**(0.1)**
Revenue / Supply points[3]	**1.7**	**2.2**	**–**

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

GWh

	Gross electricity sales[1]			Net electricity sales[2]		
	January - March 2023	January - March 2022	% Var.	January - March 2023	January - March 2022	% Var.
Regulated price	2,608	3,151	(17.2)	2,172	2,623	(17.2)
Deregulated market	19,461	18,957	2.7	17,321	16,970	2.1
Spanish	16,496	16,221	1.7	14,568	14,422	1.0
Outside Spain	2,965	2,736	8.4	2,753	2,548	8.0
TOTAL	**22,069**	**22,108**	**(0.2)**	**19,493**	**19,593**	**(0.5)**

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

Gas

Thousands

Number of customers (gas)[1]	31 March 2023	31 December 2022	% Var.
Regulated market	384	313	22.7
Mainland Spain	359	289	24.2
Non-mainland Territories ("TNP")	25	24	4.2
Deregulated market	1,423	1,486	(4.2)
Mainland Spain	1,196	1,258	(4.9)
Non-mainland Territories ("TNP")	68	69	(1.4)
Outside Spain	159	159	—
TOTAL	**1,807**	**1,799**	**0.4**
Revenue / Supply points[2]	**4.7**	**3.4**	**—**

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

GWh

Gas sales	January - March 2023	January - March 2022	% Var.
Deregulated market	21,170	19,962	6.1
Spain	15,377	14,651	5.0
Out of Spain	5,793	5,311	9.1
Regulated market	952	552	72.5
TOTAL[1]	**22,122**	**20,514**	**7.8**

(1) Excluding own generation consumption.

Electricity distribution

Supply quality measures	January - March 2023	January - March 2022	% Var.
Energy distributed (GWh)[1]	33,327	32,507	2.5
Energy losses (%)[2]	8.2	8.1	—
Installed Capacity Equivalent Interruption Time (Average) – ICEIT (Minutes)[3]	12.9	14.7	(12.2)
Duration of Interruptions in the Distribution Grid – SAIDI (Minutes)[4]	66.9	65.0	2.9
Number of Interruptions in the Distribution Grid – SAIFI[4]	1.3	1.3	—

(1) Energy supplied to customers with or without a contract, ancillary consumption of generators and output towards other grids (transmission or distribution).
(2) Input of energy in the distribution grid (or energy injected into the distribution grid), less distributed energy divided among the energy input to the distributor (or energy injected into the distribution grid).
(3) Criteria of the Spanish regulator. Includes data on in-house, scheduled and transmission Installed Capacity Equivalent Interruption Time (ICEIT).
(4) Source: In-house. Figures for the last 12 months.

Marketing of other products and services

Business performance	31 March 2023	31 December 2022	% Var.
Public and private electricity charging stations (units)	15,350	13,898	10.4

Workforce

Number of employees

	Final headcount						
	31 March 2023			31 December 2022			% Var.
	Male	Female	Total	Male	Female	Total	
Generation and Supply	3,818	1,260	5,078	3,838	1,264	5,102	(0.5)
Distribution	2,262	492	2,754	2,265	490	2,755	(0.0)
Structure and others[1]	693	681	1,374	717	684	1,401	(1.9)
TOTAL	**6,773**	**2,433**	**9,206**	**6,820**	**2,438**	**9,258**	**(0.6)**

[1] Structure and services.

Number of employees

	Average headcount						
	January – March 2023			January – March 2022			% Var.
	Male	Female	Total	Male	Female	Total	
Generation and Supply	3,765	1,233	4,998	3,787	1,215	5,002	(0.1)
Distribution	2,235	483	2,718	2,322	459	2,781	(2.3)
Structure and others[1]	683	668	1,351	714	673	1,387	(2.6)
TOTAL	**6,683**	**2,384**	**9,067**	**6,823**	**2,347**	**9,170**	**(1.1)**

[1] Structure and services.

6.2. Analysis of results

January – March 2023

1,462
Millions of Euro
Gross operating income (EBITDA)[1]
+60.0% with respect to the period January-March 2022

990
Millions of Euro
Operating income (EBIT)[1]
+102.5% with respect to the period January-March 2022

594
Millions of Euro
Net income[1]
Net ordinary income[1]
+75.7% with respect to the period January-March 2022

[1] See definition in Section 12 of this Consolidated Management Report.

Endesa reported net ordinary income of Euro 594 million in the period January-March 2023, an increase of Euro 256 million (+75.7%) on the same period of the previous year.

The table below presents the details of the most relevant figures in Endesa's Consolidated Income Statement in the first quarter of 2023 and of their variations compared with the same period in the previous year:

Millions of Euro

	Most significant figures			
	January - March 2023	January - March 2022	Difference	% Var.
Revenues	**7,504**	**7,596**	**(92)**	**(1.2)**
Procurements and services	**(4,738)**	**(6,015)**	**1,277**	**(21.2)**
Income and expenses from energy stock derivatives	**(741)**	**(125)**	**(616)**	**492.8**
Contribution margin[1]	**2,025**	**1,456**	**569**	**39.1**
Self-constructed assets	59	53	6	11.3
Personnel expenses	(255)	(243)	(12)	4.9
Other fixed operating expenses	(368)	(355)	(13)	3.7
Other gains and losses	1	3	(2)	(66.7)
Gross operating income (EBITDA)[1]	**1,462**	**914**	**548**	**60.0**
Depreciation and amortisation, and impairment losses on non-financial assets	(426)	(390)	(36)	9.2
Impairment losses on financial assets.	(46)	(35)	(11)	31.4
Operating Income (EBIT)[1]	**990**	**489**	**501**	**102.5**
Net financial profit/(loss)[1]	**(123)**	**(22)**	**(101)**	**459.1**
Income before tax	**870**	**472**	**398**	**84.3**
Net income[1]	**594**	**338**	**256**	**75.7**
Net ordinary income[1]	**594**	**338**	**256**	**75.7**

[1] See definition in Section 12 of this Consolidated Management Report.

Gross operating income (EBITDA) in the first quarter of 2023 stood at Euro 1.462 million (+60.0%).
Operating income (EBIT) in the first quarter of 2023 increased by 102.5% on the same period in the previous year, standing at Euro 990 million.
To analyse the evolution of both, the following effect must be taken into account:

Period	Effect	Change	
January - March 2023	**Temporary Energy Tax**	▼ Euro 208 million.	• Recognition of expenditure associated with the temporary energy tax introduced by Law 38/2022, of 27 December 27 (see Section 9 of this Consolidated Management Report).

6.2.1. Revenue

In the first quarter of 2023, revenue stood at Euro 7,504 million, down Euro 92 million (-1.2%) on the first quarter of 2022.
Below are details of the revenue for the first quarter of 2023 and its variations with respect to the same period last year:

Millions of Euro

	Revenues			
	January - March 2023	January - March 2022	Difference	% Var.
Revenue from sales and services	7,369	7,508	(139)	(1.9)
Other operating income	135	88	47	53.4
TOTAL	**7,504**	**7,596**	**(92)**	**(1.2)**

Revenue from sales and services

The table below presents the details of revenue from sales and services in the first quarter of 2023 and of its variations compared with the same period in the previous year:

Millions of Euro

	Revenue from sales and services			
	January - March 2023	January - March 2022	Difference	% Var.
Electricity sales	4,524	5,264	(740)	(14.1)
Sales to the deregulated market	3,209	3,417	(208)	(6.1)
Sales to the Spanish deregulated market	2,839	3,029	(190)	(6.3)
Sales to customers in deregulated markets outside Spain	370	388	(18)	(4.6)
Sales at regulated prices	502	961	(459)	(47.8)
Wholesale market sales	450	857	(407)	(47.5)
Compensation from Non-mainland Territories ("TNP")	363	(33)	396	N/A
Remuneration for investment in renewable energies	—	54	(54)	(100.0)
Other electricity sales	—	8	(8)	(100.0)
Gas sales	2,102	1,596	506	31.7
Sales to the deregulated market	1,986	1,537	449	29.2
Sales at regulated prices	116	59	57	96.6
Regulated revenue from electricity distribution	499	472	27	5.7
Verifications and clips	10	8	2	25.0
Rendering of services at facilities	4	5	(1)	(20.0)
Other sales and provision of services	229	162	67	41.4
Sales related to Value Added Services	91	97	(6)	(6.2)
Proceeds due to capacity	4	4	—	—
Sales of other energy stocks	66	4	62	N/A
Provision of services and others	68	57	11	19.3
Lease revenue	1	1	—	—
TOTAL	**7,369**	**7,508**	**(139)**	**(1.9)**

Electricity sales to deregulated market customers

In the first quarter of 2023, sales on the deregulated market amounted to Euro 3,209 million (-6.1%), in accordance with the following details:

Deregulated Market Sales	Change	
Spain	▼ Euro 190 million (-6.3%)	• The change between the two periods is due, to the decrease in the unit price (-5.2%), mainly of Business to Business (B2B) indexed customers) despite the increase in total physical units sold (+1.0%).
Outside Spain	▼ Euro 18 million (-4.6%)	• The decrease in revenues in the Portuguese market due to the Network Access Tariff has led to a reduction of these sales in economic terms despite the increase in physical units sold (+8.0%).

Electricity sales at a regulated price

These sales generated revenue of Euro 502 million, 47.8% less than in the first quarter of 2022, as a result of both the price reduction and the decrease in physical units sold (-17.2%).

Electricity sales in the wholesale market

Revenues from electricity sales to the wholesale market in the first quarter of 2023 amounted to Euro 450 million, with a decrease of 47.5% compared to the same period of the previous year as a result of the evolution of electricity prices during the period (-58.0%) despite the increase in physical units sold (+30.4%).

Remuneration for investment in renewable energies

When analysing the performance of this item, the following aspects must be taken into consideration:

Period	Amount	
January - March 2023	Euro 0 million	• In accordance with the Proposed Order of the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") published for public hearing on 28 December 2022, as from 1 January 2023, most of Endesa's electricity production facilities from renewable sources cease to receive additional remuneration, as the electricity market revenues are considered sufficient to achieve the reasonable profitability set (see Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022).
January - March 2022	Euro 54 million	• In addition to the remuneration of the investment for the first three months of 2022, this amount included recognition of revenue of Euro 24 million resulting from the reversal of liabilities generated by arising from deviation from the market price of standard facilities (SF) that, at 31 March 2022, had recovered their Net Assets Value (NAV) at 31 March 2022 and ceased to receive investment remuneration (InR) from 1 January 2022.

Gas sales

Revenue from gas sales in the first quarter of 2023 amounted to Euro 2.102 million, up Euro 506 million (+31.7%) on those of the first quarter of 2022, as follows:

Gas Sales	Change	
Deregulated market	▲ Euro 449 million (+29.2%)	• The variation between the two periods is mainly due to the increase in physical units sold (+6.1%) both in the Spanish market and outside Spain despite the price decrease and the decrease in the number of customers in Spain (-4.2%).
Regulated price	▲ Euro 57 million (+96.6%)	• The increase in physical units sold (+72.5%) despite the trend in the unit price (-45.4%) led to an increase in these sales in financial terms.

Compensation from Non-mainland Territories ("TNP")

In the first quarter of 2023, compensation for generation cost overruns of Non-mainland Territories ("TNP") amounted to Euro 363 million, an increase of Euro 396 million on the same period of the previous year.

Both the increase in compensation of the Non-mainland Territories in the period January-March 2023 and the decrease thereof in the period January-March 2022 are mainly the result of the decrease (-58.0%) and the increase (+407.5%), respectively, of the arithmetic average price in the wholesale electricity market in the two periods.

The wholesale market price, which is settled on account by the System Operator, increases or decreases, respectively, the amount of compensation to cover the regulated revenue resulting from the applicable regulations.

Electricity distribution

During the first quarter of 2023, Endesa distributed 33,327 GWh on the Spanish market, 2.5% more than in the first quarter of 2022.

Regulated revenue from distribution activity during the first quarter of 2023 amounted to Euro 499 million, representing an increase of Euro 27 million (+5.7%) compared to the same period of the previous year.

Sales of other energy stocks

Sales of other energy stocks with physical settlement increased by Euro 62 million, mainly due to the performance of settlement of carbon dioxide (CO_2) emission rights and guarantees of origin to be analysed, jointly with the increase in the costs of emission rights derivatives, which must be analysed together with the increase in costs of CO_2 emission rights and guarantees of origin amounting to Euro 49 million recorded under *Other variable procurements and services* in the Consolidated Income Statement. These sales and purchases are made to cover the industrial risks caused by the variability of the market and the technologies that have participated in it.

Other operating income

The table below presents the detail of other operating income in the first quarter of 2023 and its variation relative to the same period of the previous year:

Millions of Euro

	Other operating income			
	January - March 2023	January - March 2022	Difference	% Var.
Charge to results of Facilities transferred from customers and Rights for extension connections and other liabilities from contracts with customers	44	42	2	4.8
Grants released to income	29	12	17	141.7
Guarantees of origin and other environmental certificates[1]	23	6	17	283.3
Other allocations to profit/(loss) from Grants[2]	6	6	—	—
Third party compensation	5	9	(4)	(44.4)
Other	57[3]	25	32	128.0
TOTAL	**135**	**88**	**47**	**53.4**

[1] It corresponds to guarantees of origin generated in relation to the production of energy from own installations making use of renewable resources. Its performance is a consequence of the increase in the price (+295.0%) as well as the drive in the Strategic Plan for generation through facilities of production of electrical energy from renewable sources.

[2] In the period January-March 2023 and 2022, it includes Euro 4 million relating to capital grants and Euro 2 million to operating grants.

[3] Includes Euro 20 million for updating decommissioning provisions relating mainly to coal-fired mainland power plants.

6.2.2. Operating expenses

Operating expenses in the first quarter of 2023 amounted to Euro 6,514 million, down 8.3% on the same period in the previous year.

The table below presents the detail of operating expenses in the first quarter of 2023 and the change compared to the same period of the previous year:

Millions of Euro

	Operating expenses			
	January - March 2023	January - March 2022	Difference	% Var.
Procurements and services	4,738	6,015	(1,277)	(21.2)
Power purchases	2,254	3,544	(1,290)	(36.4)
Fuel consumption	709	806	(97)	(12.0)
Transmission costs	865	1,142	(277)	(24.3)
Other variable procurements and services	910	523	387	74.0
Taxes and charges	429	228	201	88.2
Temporary Energy Tax	208	—	208	N/A
Tax on electricity production	—	2	(2)	(100.0)
Rate for the treatment of radioactive waste	56	58	(2)	(3.4)
Street lighting / works licences	72	77	(5)	(6.5)
Nuclear charges and taxes	29	30	(1)	(3.3)
Catalonia environmental tax	38	31	7	22.6
Water tax	10	—	10	N/A
Other taxes and charges	16	30	(14)	(46.7)
Social Bonus	61	(16)	77	(481.3)
Consumption of carbon dioxide (CO_2) emission rights	215	204	11	5.4
Consumption of Guarantees of origin and other environmental certificates	33	3	30	N/A
Costs related to Value Added Services	47	48	(1)	(2.1)
Purchases of other energy stocks	50	1	49	N/A
Other	75	55	20	36.4
Income and expenses from energy stock derivatives	741	125	616	492.8
Self-constructed assets	(59)	(53)	(6)	11.3
Personnel expenses	255	243	12	4.9
Other fixed operating expenses	368	355	13	3.7
Other gains and losses	(1)	(3)	2	(66.7)
Depreciation and amortisation, and impairment losses on non-financial assets	426	390	36	9.2
Impairment losses on financial assets.	46	35	11	31.4
TOTAL	**6,514**	**7,107**	**(593)**	**(8.3)**

Procurements and services (variable costs)

Procurements and services (variable costs) totalled Euro 4,738 million in the first quarter of 2023, 21.2% less than in the same period last year.

Procurements and Services	Change	
Power Purchases	▼ Euro 1,290 million (-36.4%)	• The evolution includes the decrease in electricity purchases (Euro -1,142 million), as a result of the reduction in the arithmetic average price in the wholesale electricity market (96.4 €/MWh; -58.0%) together with the decrease of the physical units purchased (-4.3%) as well as the reduction in the average gas price (54.2 €/MWh; -45.4%).
Fuel consumption	▼ Euro 97 million (-12.0%)	• The decrease is due mainly to the performance of commodity prices and to the lower combined-cycle production on the mainland (-7.4%) and in the Non-mainland Territories ("TNP") (-15.7%).
Transmission Expenses	▼ Euro 277 million (-24.3%)	• The variation between the two periods reflects the effect of the 40% reduction approved in the part of the tariffs corresponding to electricity charges compared to those in force on 1 January 2022, through Order TED/1312/2022 of 23 December 2022, which must be considered together with the maintenance of the part corresponding to the access tolls to the electricity transmission and distribution networks, which has only been reduced by around 1% (see Section 9 of this Consolidated Management Report).
Other variable procurements and services	▲ Euro 387 million (+74.0%)	
Temporary Energy Tax	▲ Euro 208 million	• Recognition, according to the best estimate available to date, of expenditure associated with the temporary energy tax introduced by Law 38/2022, of 27 December, for the establishment of temporary energy taxes and credit institutions and financial credit institutions and creating the temporary solidarity tax of large fortunes, and certain tax rules are amended (see Section 9 of this Consolidated Management Report).
Catalonia environmental tax	▲ Euro 7 million (+22.6%)	• Under the Decree Law 4/2022, of 5 April, of the Catalonia Government, since 1 April, the expense relating to this tax was increased, calculated pursuant to Law 5/2020, of 29 April, of the Catalonia Government.
Water tax	▲ Euro 10 million	• The increase is due to the recognition of the expense accrued during the first quarter of 2023, in accordance with Law 7/2022, of 8 April 2022, which was not required in 2022.
Social Bonus	▲ Euro 77 million	• The first quarter of 2023 also includes the net accrual of the Social Bonus, pursuant to Royal Decree Law 6/2022, of 29 March, based on the financing percentages established in Order TED 733/2022, of 22 July, amounting to Euro 59 million. • In the first quarter of 2022 it included the recognition of revenue amounting to Euro 18 million as a result of the Judgment of the Supreme Court regarding the inapplicability of the financing regime of the Social Bonus and the cost of supplying electricity to consumers at risk of social exclusion established in article 45.4 of Law 24/2013, of 26 December, as being incompatible with Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity.
Consumption of carbon dioxide (CO_2) emission rights	▲ Euro 11 million (+5.4%)	• The performance reflects the increase in the average price of carbon dioxide (CO_2) emission allowances (+5.0%) despite the decrease in tonnes (-6.2%) due to the decrease in production with emitting technologies.
Consumption of Guarantees of origin and other environmental certificates	▲ Euro 30 million	• The change between the two periods is due to the average price of the guarantees of origin (+295.0%) as well as the increase in their consumption in line with the promotion of electricity generation and supply from renewable energies.
Purchases of other energy stocks	▲ Euro 49 million	• Movements in these costs are analysed together with sales of other energy materials (see Section 6.2.1 of this Consolidated Management Report).

Income and expenses from energy stock derivatives

Below are details of the revenue and expenses arising from energy stocks derivatives in the first quarter of 2023 and of their changes with respect to the previous year:

Millions of Euro

	January - March 2023	January - March 2022	Difference	% Var.
Revenues				
Revenue from derivatives designated as hedging instruments	**796**	**804**	**(8)**	**(1.0)**
Revenue from cash flow hedging derivatives[1]	796	804	(8)	(1.0)
Income from derivatives at fair value with changes in profit/loss	**180**	**1,940**	**(1,760)**	**(90.7)**
Revenue from fair value derivatives recognised in the income statement	180	1,940	(1,760)	(90.7)
Total Income	**976**	**2,744**	**(1,768)**	**(64.4)**
Expenses				
Expenses from derivatives designated as hedging instruments	**(1,149)**	**(974)**	**(175)**	**18.0**
Expenses from cash flow hedging derivatives[1]	(1,149)	(974)	(175)	18.0
Expenses from derivatives at fair value through profit and loss	**(568)**	**(1,895)**	**1,327**	**(70.0)**
Expenses on from fair value derivatives recognised in the income statement	(568)	(1,895)	1,327	(70.0)
Total expenses	**(1,717)**	**(2,869)**	**1,152**	**(40.2)**
TOTAL	**(741)**	**(125)**	**(616)**	**492.8**

[1] At 31 March 2023, it included Euro 8 million, negative, in the income statement due to inefficiencies (Euro 35 million, negative, at 31 March 2022).

In line with its General Risk Control and Management Policy, Endesa uses financial instruments (derivatives) to hedge the risks to which its activities are exposed. The use of derivatives is essential for Endesa to plan its operations, as they ensure the revenue to be obtained when delivering the products and the cost of the raw materials used in the production processes. This procedure therefore makes it possible to manage risk without exposing the business to short-term price developments (spot prices).

In the first quarter of 2023, total revenue and expenses for energy derivatives amounted to a loss of Euro 741 million, compared to a loss of Euro 125 million in the same period of the previous year, due to the evolution of the price and settlement of electricity derivatives and, fundamentally, of gas as a result of the volatile price of the energy markets in recent quarters due to the impact of the prolonged conflict between Russia and Ukraine on the main European gas market, which, in turn, has significantly affected the price of electricity in the Iberian spot market (see Section 5.2 of this Consolidated Management Report).

Fixed operating expenses

Below are details of the fixed operating costs in the first quarter of 2023 and of their variations with respect to the same period last year:

Millions of Euro

	Fixed operating expenses			
	January - March 2023	January - March 2022	Difference	% Var.
Self-constructed assets	(59)	(53)	(6)	11.3
Personnel expenses	255	243	12	4.9
Other fixed operating expenses	368	355	13	3.7
TOTAL	**564**	**545**	**19**	**3.5**

In the first quarter of 2023, the fixed operating costs amounted to Euro 564 million, which represents an increase of Euro 19 million (+3.5%), in comparison with the first quarter of 2022, as a result, inter alia, of the following aspects:

Fixed operating expenses	Change	
Salaries and wages	▲ Euro 5 million (+2.7%).	• Higher personnel costs mainly due to the effects of inflation.
Other personnel expenses/employee benefits expense	▲ Euro 4 million (+9.8%).	• Increase in Social Security expenditure pursuant to Order PCM/74/2023, of 30 January, which establishes the contribution rate for common contingencies at 28.9% (28.3% in the period January-March 2022).
Disciplinary Proceedings	▲ Euro 7 million	• The performance is a consequence of the recognition, in the period January-March 2022, of the net reversal in the Distribution Business Line of certain sanctioning proceedings for a total amount of Euro 12 million relating, mainly, to the energy zero that occurred on the Island of Tenerife in 2020 and to the management of a request for access and connection to the grid from a renewable developer.
Taxes and charges	▲ Euro 3 million (+3.8%)	• The increase is due, among others, to the higher expenditure on Property Tax ("IBI") caused by the increase in wind farms and photovoltaic plants in operation in accordance with the growth of renewable generation facilities contemplated in Endesa's Strategic Plan.

Other income

In the first quarters of 2023 and 2022, the main formalised transactions amount to Euro 1 million and Euro 3 million, both positive, and relate mainly to the gross gains generated from the sale of land and buildings.

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

The table below presents the detail of depreciation and amortisation and impairment losses of non-financial assets in the first quarter of 2023 and the variations compared to the previous year:

Millions of Euro

	Depreciation and amortisation, and impairment losses			
	January - March 2023	January - March 2022	Difference	% Var.
DEPRECIATION AND AMORTISATION	**425**	**390**	**35**	**9.0**
Provision for the depreciation of property, plant and equipment	349	329	20	6.1
Provision for amortisation of intangible assets	76	61	15	24.6
IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS	**1**	**—**	**1**	**N/A**
Provision for impairment losses	**1**	**—**	**1**	**N/A**
Provision for impairment losses on property, plant and equipment and investment property	1	—	1	N/A
TOTAL	**426**	**390**	**36**	**9.2**

Depreciation and amortisation and impairment losses on non-financial assets in the first quarter of 2023 amounted to Euro 426 million, up Euro 36 million (+9.2%), which corresponds mainly to the depreciation and amortisation charge as a result, firstly, of the investment drive performed at renewable energy electricity production systems and facilities and in distribution grids, in line with the Strategic Plan and, secondly, the increased capitalisation of the incremental costs incurred in the obtainment of contracts with customers.

Losses for impairment on financial assets

In the first quarter of 2023 and 2022, the breakdown of this Consolidated Income Statement heading is as follows:

Millions of Euro

	January - March 2023	January - March 2022	Difference	% Var.
Provision for impairment losses	**103**	**103**	**—**	**—**
Provision for impairment losses on receivables from contracts with customers	103	103	—	—
Reversal for impairment losses	**(57)**	**(68)**	**11**	**(16.2)**
Reversal of impairment losses on receivables from contracts with customers	(57)	(68)	11	(16.2)
TOTAL	**46**	**35**	**11**	**31.4**

In the first quarter of 2023, net impairment losses on financial assets amounted to Euro 46 million and relate in full to net impairment losses on receivables from contracts with customers.
When analysing the performance of this item, the following aspects must be taken into consideration:

Business	Amount	
Generation and Supply	▲ Euro 20 million	• Recognition of larger net provisions as a result of the worsening payment behaviour of Business to Customer (B2C) customers, including both the most vulnerable customers in the regulated market and customers in the liberalised market, due to the current inflationary environment affected by the energy crisis of the previous months.
Distribution	▼ Euro 9 million	• Recognition of lower net impairment losses in line with improved collection by small energy supply companies.

6.2.3. Net financial result

The net financial result in the first quarter of 2023 and 2022 was negative for Euro 123 million and Euro 22 million, respectively.

The table below presents the detail of net financial income/(expense) in the first quarter of 2023 and the variation relative to the same period of the previous year:

Millions of Euro

	Net financial profit/(loss)[1]			
	January - March 2023	January - March 2022	Difference	% Var.
Net financial expense	(139)	(16)	(123)	768.8
Financial income	9	49	(40)	(81.6)
Financial expense	(155)	(50)	(105)	210.0
Income and expenses on derivative financial instruments	7	(15)	22	(146.7)
Net exchange differences	16	(6)	22	(366.7)
TOTAL	**(123)**	**(22)**	**(101)**	**459.1**

[1] See definition in Section 12 of this Consolidated Management Report.

Net financial expense

In the first quarter of 2023, net financial expense amounted to Euro 139 million, up Euro 123 million on the same period last year.

To analyse the variations in net financial expense during the first quarter of 2023, the following effects must be taken into account:

Millions of Euro

	Net financial expense[1]			
	January - March 2023	January - March 2022	Difference	% Var.
Net expense for financial instruments at amortised cost	(112)	(32)	(80)	250,0
Income from financial assets at amortised cost	1	—	1	N/A
Update of provisions for workforce restructuring plans, the dismantling of facilities and the impairment of financial assets in accordance with IFRS 9 *"Financial instruments"*	(19)	26	(45)	(173,1)
Factoring transaction fees	(11)	(8)	(3)	37,5
Other	2	(2)	4	(200,0)
TOTAL	**(139)**	**(16)**	**(123)**	**768,8**

[1] See definition in Section 12 of this Consolidated Management Report.

The performance regarding these net costs for the first quarter 2023 was:

Net financial expense	Change	
Net expense for financial instruments at amortised cost	▲ Euro 80 million (+250.0%)	• Against a backdrop of high uncertainty in the financial markets characterised by rising interest rates on a global scale in recent quarters, net financial expenditure has increased significantly due to the higher cost of gross financial debt, which has gone from 1.0% in the first quarter of 2022 to 2.8% in the first quarter of 2023, together with the increase in average gross financial debt, which went from Euro 12,616 million in the first quarter of 2022 to Euro 16,795 million in the first quarter of 2023 due, mainly, to the increase, during 2022, in fixed financial deposits as a result of operations in the organised markets in which Endesa trades its derivative financial instruments (see Section 7.2 of this Consolidated Management Report).
Provisions for workforce restructuring plans, dismantling and the impairment of financial assets (IFRS 9)	▲ Euro 45 million (-173.1%)	• The performance is mainly due to the updating of provisions for workforce restructuring plans (loss of Euro 36 million) and estimates of the costs of dismantling facilities (loss of Euro 11 million).

Net exchange differences

Net exchange differences amounted to Euro 16 million, positive, in the first quarter of 2023 (Euro 6 million, negative, in the first quarter of 2022).

The change is mainly due to movements in the Euro/US dollar exchange rate during the first quarter of 2023 and its impact on payments associated with contracts arranged in dollars.

6.2.4. Net profit/(loss) of companies accounted for using the equity method

In the first quarter of 2023, companies accounted for using the equity method contributed net income of Euro 3 million (Euro 5 million in the first quarter of 2022), as follows:

Millions of Euro

	Net profit/(loss) of companies accounted for using the equity method	
	January – March 2023	January – March 2022
Associates	**—**	**6**
Energías Especiales del Bierzo S.A.	1	2
Boiro Energía, S.A.	—	2
Compañía Eólica Tierras Altas, S.A.	1	1
Endesa X Way, S.L.	(2)	—
Other	—	1
Joint Ventures	**3**	**(1)**
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	—	(1)
Énergie Électrique de Tahaddart, S.A.	1	—
Other	2	—
TOTAL	**3**	**5**

6.2.5. Corporate Income Tax

In the first quarter of 2023, the income tax expense amounted to Euro 269 million, up Euro 160 million (+146.8%) on the amount recognised in the first quarter of 2022.

The effective rate for the period January-March 2023 stood at 30.9% (23.1% for the period January-March 2022) due, among other aspects, to expenses not deductible for tax purposes relating to the temporary energy tax amounting to Euro 208 million, and to the different income tax rates of Endesa's branches in Portugal, France, Germany and the Netherlands, amounting to Euro 3 million.

Without considering the effects described in the previous paragraphs, the effective rate for the period January-March 2023 stood at 24.7%.

6.2.6. Net income and net ordinary income

Net income and net ordinary income attributable to the Parent in the first quarter of 2023 stood at Euro 594 million, an increase of Euro 256 million (+75.7%) compared with the same period of the previous year.

7. Equity and financial analysis

7.1. Net invested capital

Below are the details of the breakdown and changes in Endesa's net invested capital at 31 March 2023:

Millions of Euro

	31 March 2023	31 December 2022	Difference
Net non-current assets:			
Property, plant and equipment and intangible assets	23,867	23,974	(107)
Goodwill	462	462	—
Investments accounted for using the equity method	272	274	(2)
Other net non-current assets/(liabilities)	(4,789)	(5,454)	665
Total net non-current assets[1]	**19,812**	**19,256**	**556**
Net working capital:			
Trade receivables for sales and services and other receivables	5,887	5,472	415
Inventories	2,081	2,122	(41)
Other net current assets/(liabilities)	(690)	(1,066)	376
Suppliers and other payables	(4,907)	(6,219)	1,312
Total net working capital[1]	**2,371**	**309**	**2,062**
Gross invested capital[1]	**22,183**	**19,565**	**2,618**
Deferred tax assets and liabilities and provisions:			
Provisions for pensions and other similar obligations	(258)	(278)	20
Other provisions	(3,948)	(3,922)	(26)
Deferred tax assets and liabilities	892	1,238	(346)
Total deferred tax assets and liabilities and provisions	**(3,314)**	**(2,962)**	**(352)**
Non-current assets classified as held for sale and discontinued operations	**27**	**27**	**—**
Net invested capital[1]	**18,896**	**16,630**	**2,266**
Equity[2]	**7,305**	**5,761**	**1,544**
Net financial debt[1] [3]	**11,591**	**10,869**	**722**

[1] See definition in Section 12 of this Consolidated Management Report.
[2] See Section 7.3 of this Consolidated Management Report.
[3] See Section 7.2 of this Consolidated Management Report.

At 31 March 2023, gross invested capital stood at Euro 22,183 million. The changes in the first quarter of 2023 include, inter alia, those listed below:

Heading	Variation	
Derivative financial asset instruments	▼ Euro 1.138 million (-30.1%)	• The change between the two periods is a consequence of movements in the price of electricity derivatives and, mainly gas as a result of the downward trend in the price of gas in the first three months of 2023. This, in turn, has significantly affected the price of electricity (see Section 4.1 of this Consolidated Management Report).
Derivative financial liability instruments	▼ Euro 2.221 million (-30.0%)	
Other current financial assets[1]	▲ Euro 311 million (+11.9%)	• The increase is due to changes in regulatory items, mainly the increase in the tariff deficit (Euro 133 million and compensation for the extra costs of generation in the Non-mainland Territories ("TNP") (Euro 190 million) and the reduction of the limitation on increases in the Last Resort Tariff (LRT) for gas (Euro 18 million).

[1] Does not include financial guarantees recognised as assets.

At 31 March 2023, net invested capital amounted to Euro 18,896 million and its changes in the first quarter of 2023 include, first, the variation in gross invested capital, amounting to Euro 2,618 million and, secondly, the aspects detailed below:

Heading	Change	
Deferred tax assets and liabilities	▼ Euro 346 million (-27.9%)	• The decrease is the result mainly of the changes under *Equity-Valuation adjustments* which includes, among others, the fair value of the accounting cash flow hedge derivative transactions arranged by Endesa, that have not yet been reclassified in period results since the envisaged transaction hedged has not occurred (see Section 7.3 of this Consolidated Management Report).
Other provisions	▲ Euro 26 million (+0.7%)	• The changes in other provisions is the consequence mainly of the net effect of: — The increase in the provision to cover the cost of carbon dioxide (CO_2) emission rights and guarantees of origin amounting to Euro 170 million. — The quarterly update of estimated costs of dismantling the facilities forming part of property, plant and equipment, which reduced the provision by Euro 113 million. — The reduction by Euro 37 million of provisions for workforce restructuring plans as a result of the payment of provisions (Euro 50 million) and the update of such provisions.

7.2. Financial management

7.2.1. Financial position

As described in Section 10.2 of the Consolidated Management Report for the year ended 31 December 2022, the main central banks changed their monetary policies by applying interest rate increases and restricting the monetary expansion measures in 2022, with the aim of easing the overall rise in prices caused, among others, by increasing energy prices. These measures have remained in place in the first months of 2023, with additional increases in interest rates pending a change in inflation expectations.

Main indicators

The following is the performance of some key financial indicators in the first quarter of 2023:

	31 March 2023	31 December 2022	Difference	% Var.
Closing exchange rate (Euro / US Dollar)[1]	1.0865	1.0673	0.0192	1.80
Long-Term Euro Interest Rate (10-Year Swap) (%)[1]	2.96	3.20	(0.24)	(7.5)
Short-Term Euro Interest Rate (3-month Euribor) (%)[1]	3.04	2.13	0.91	42.7
Long-Term US Dollar Interest Rate (USD 10-Year SOFR) (%)[1]	3.17	3.84[4]	(0.67)	(17.4)
Short Term US dollar Interest Rate (3-Month SOFR) (%)[1]	4.91	4.77[5]	0.14	2.9
German 10-Year Bond (%)[1]	2.29	2.57	(0.28)	(10.9)
German 30-Year Bond (%)[1]	2.36	2.53	(0.17)	(6.7)
Spanish 10-Year Bond (%)[1]	3.30	3.65	(0.35)	(9.6)
Spanish Risk Premium (bp)[1] [2]	101	108	(7)	(6.5)
Italian Risk Premium (bp)[1] [2]	180	213	(33)	(15.5)
Portuguese Risk Premium (bp)[1] [2]	82	101	(19)	(18.8)
European Central Bank (ECB) Reference Rates (%)[1]	3.50	2.50	1.00	40.0
European Central Bank (ECB) Deposit Facility (%)[1] [3]	3.00	2.00	1.00	50.0
Federal Reserve (Fed) Reference Rates (%)[1]	4.75 - 5.00	4.25 - 4.50	0.50	11.10

[1] Source: Bloomberg.
[2] Spread against the German 10-year bond.
[3] Fee that the European Central Bank (ECB) charges banks for their deposits.
[4] 10-year USD Swap.
[5] 3-month USD Libor.
bp=basis points.

7.2.2. Borrowings

Gross and net financial debt

At 31 March 2023, Endesa had net financial debt of Euro 11,591 million, an increase of Euro 722 million (+6.6%) on such debt at 31 December 2022.

The reconciliation of Endesa's gross and net financial debt at 31 March 2023 and 31 December 2022 is as follows:

Millions of Euro

	Reconciliation of borrowings			
	31 March 2023	**31 December 2022**	**Difference**	**% Var.**
Non-current borrowings	10,924	11,704	(780)	(6.7)
Current borrowings	5,957	6,784	(827)	(12.2)
Gross Financial Debt	**16,881**	**18,488**	**(1,607)**	**(8.7)**
Debt derivatives recognised as financial assets	78	87	(9)	(10.3)
Cash and cash equivalents	(1,022)	(871)	(151)	17.3
Debt derivatives recognised as assets	(103)	(111)	8	(7.2)
Financial guarantees recognised as assets	(4,243)	(6,724)	2,481	(36.9)
Net financial debt	**11,591**	**10,869**	**722**	**6.6**

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

Gross Financial Debt	**Change**	
Financial guarantees recognised as assets	▼ Euro 2.481 million	• In the first quarter of 2023, there was a decrease in financial deposits tied up as a result of transactions in organised markets in which Endesa trades its derivative financial instruments, given that the liquidity requirements generated by the hedging portfolio in these markets have decreased owing to the gradual rotation of positions and the decrease in the prices of energy stocks, mainly gas, which has reduced the financing needs to cover these deposits.
Investments	▲ Euro 529 million	• In the first quarter of 2023, payments from investments in property, plant and equipment and intangible assets were funded by financing activities. These investments mainly relate to facilities for the production of electricity from renewable sources, the distribution grid and the electrification of final demand with value-added services in line with the Strategic Plan.

Structure

The structure of Endesa's gross financial debt at 31 March 2023 and 31 December 2022 was as follows:

Millions of Euro

	Structure of gross financial debt			
	31 March 2023	**31 December 2022**	**Difference**	**% Var.**
Euro	16,712	18,307	(1,595)	(8.7)
US dollar (USD)	169	181	(12)	(6.6)
TOTAL	**16,881**	**18,488**	**(1,607)**	**(8.7)**
Fixed interest rate	7,136	7,190	(54)	(0.8)
Floating interest rate	9,745	11,298	(1,553)	(13.7)
TOTAL	**16,881**	**18,488**	**(1,607)**	**(8.7)**
Sustainable financing (%)[1]	65	64	—	—
Average life (years)[1]	3.2	3.2	—	—
Average cost (%)[1]	2.8	1.4	—	—

[1] See definition in Section 12 of this Consolidated Management Report.

At 31 March 2023, gross financial debt subject to fixed interest rates accounted for 42% while 58% was subject to floating rates. At this date, 99% of the Company's gross financial debt was denominated in Euro.

Maturity

At 31 March 2023, the breakdown of the nominal value of gross financial debt by maturity was as follows:

Millions of Euro

	Carrying amount at 31 March 2023	Nominal value		Total maturity					
		Current	Non-current	2023	2024	2025	2026	2027	Subsequent years
Bonds and other negotiable securities	4,522	4,521	12	4,521	–	–	–	–	12
Bank borrowings	6,178	677	5,582	315	2,286	301	447	920	1,990
Other financial liabilities	6,181	772	5,409	744	3,082	79	77	1,730	469
Borrowings associated with rights of use	819	85	734	64	75	74	75	65	466
Other	5,362	687	4,675	680	3,007	5	2	1,665	3
TOTAL	**16,881**	**5,970**	**11,003**	**5,580**	**5,368**	**380**	**524**	**2,650**	**2,471**

7.2.3. Other issues

Main financial transactions

In view of the geopolitical and financial uncertainty of the current environment, and pending a full normalisation of the situation, Endesa is arranging financial transactions aimed at strengthening its financial position and, where appropriate, comfortably face new episodes of volatility in the energy markets.
The main transactions in the first quarter of 2023 are as follows:

- In the first quarter of 2023, Endesa maintained the Euro Commercial Paper (ECP) issuance programme amounting to Euro 5,000 million, with the outstanding balance on account as at 31 March 2023 equal to Euro 4,508 million.
- The following financial operations have been formalised, incorporating sustainability objectives:

Millions of Euro

Transactions	Counterparty	Signature Date	Maturity Date	Amount
Loan[1] [3]	European Investment Bank	17 January 2023	2038	250
Loan[2] [3]	CaixaBank, S.A.	24 March 2023	2028	425
Loan[2] [3]	Kutxabank, S.A.	24 March 2023	2028	75
Loan[2] [3]	BNP Paribas	24 March 2023	2028	125
Line of Credit[4]	BNP Paribas	24 March 2023	24 March 2026	125
Line of Credit[4]	Intesa San Paolo, S.P.A.	31 March 2023	31 March 2026	250
TOTAL				**1,250**

(1) The credit conditions of these transactions are tied to the objective established in the company's Strategic Plan to reduce specific emission of Scope 1 carbon dioxide (CO_2), equivalent to 145 gCO_2eq/kWh in 2024.
(2) The credit conditions of these transactions are tied to environmental Sustainability goals according to the criteria set out in Article 3 of the EU Taxonomy Regulation, set at 80% for 31 December 2025.
(3) Relates to loans not paid at the date of 31 March 2023.
(4) The credit conditions of these transactions are tied to environmental Sustainability goals according to the criteria set out in Article 3 of the EU Taxonomy Regulation, set at 78% for 31 December 2023.

- In addition, at the General Shareholders' Meeting held on 28 April 2023, the shareholders approved the arrangement of a credit line of Euro 1,125 million and a loan of Euro 1,875 million, both with Enel Finance International N.V., maturing in 3 years and 5 years, respectively (see Section 10.4.1 of this Consolidated Management Report).

Liquidity

At 31 March 2023, Endesa had liquidity of Euro 10,821 million (Euro 9,185 million at 31 December 2022), as detailed below:

Millions of Euro

	Liquidity			
	31 March 2023	31 December 2022	Difference	% Var.
Cash and cash equivalents	1,022	871	151	17.3
Unconditional availability in lines of credit[1]	9,799	8,314	1,485	17.9
TOTAL	**10,821**	**9,185**	**1,636**	**17.8**
Coverage of debt maturities (number of months)[2]	18	10	—	N/A

[1] At 31 March 2023, Euro 5,400 million relates to available credit lines with Enel Finance International N.V. (Euro 4,950 million as at 31 December 2022).
[2] See definition in Section 12 of this Consolidated Management Report.

Treasury investments considered to be *Cash and cash equivalents* are highly liquid and involve no risks of changes in value, mature within three months of their contract date and accrue interest at the market rates for such instruments.
At 31 March 2023, Endesa had positive working capital of Euro 8 million. Cash positions, coupled with the amount of the available long-term credit lines, provide assurance that Endesa has sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the Consolidated Statement of Financial Position.

Covenants

The information relating to covenants to which certain subsidiaries of Endesa are subject is described in Note 41.4.3 of the Consolidated Financial Statements for the year ended 31 December 2022.
At 31 March 2023, neither Endesa, S.A. nor any of its subsidiaries were in breach of their financial obligations or of any obligations that could require the early repayment of their financial commitments.
Endesa's Directors do not consider that these clauses change the current/non-current classification in the Consolidated Statement of Financial Position at 31 March 2023.

7.3. Capital management

In the first quarter of 2023, Endesa followed the same capital management policy as that described in Note 35.1.12 to the Consolidated Financial Statements for the year ended 31 December 2022.

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

7.3.1. Equity

At 31 March 2023 and 31 December 2022, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of Euro

	31 March 2023	31 December 2022
Total equity of the Parent	**7,097**	**5,560**
Share capital	1,271	1,271
Share premium	89	89
Legal reserve	254	254
Revaluation reserve	404	404
Other reserves	106	106
(Treasury shares and own equity instruments)	(12)	(5)
Retained earnings	7,409	6,815
Interim dividend	—	—
Other equity instruments	4	4
Reserve for actuarial gains and losses	(190)	(190)
Valuation adjustments	(2,238)	(3,188)
Translation differences	(1)	(1)
Unrealised asset and liability revaluation reserve	(2,237)	(3,187)
Hedging transactions	(2,228)	(3,176)
Other	(9)	(11)
Total equity of non-controlling interests	**208**	**201**
TOTAL EQUITY	**7,305**	**5,761**

The heading *Adjustments due to changes in value* in Equity includes, among others, the fair value of the cash flow accounting hedge derivative transactions arranged by Endesa, which have yet to be reclassified under results for the period because the envisaged hedged transaction has not taken place.

At 31 March 2023, the amount shown under *Value adjustments – Hedging transactions* came to a negative Euro 2,228 million (negative Euro 3,176 million at 31 December 2022) and included mainly gas financial derivatives arranged for 2023–2025, as a result of Endesa's hedging strategy.

Temporary share buyback programme

The Board of Directors of Endesa, S.A., at its meeting held on 22 March 2023, resolved to carry out another Temporary Share Buy-back Programme, in accordance with the authorisation granted by the Company's General Shareholders' Meeting held on 5 May 2020, and also in conformity with the approval of the meeting of the Company's Board of Directors held on 22 February 2023 in relation to the plan to award shares to employees (*Flexible Share Remuneration Programme*).

The Buyback Programme implemented by a financial institution and with a duration between 24 March 2023 and 6 April 2023 is subject to the provisions of Commission Delegated Regulation (EU) 2016/1052, of March 8, supplementing Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April and aims to acquire shares to fulfil the obligations of the Flexible Remuneration Programme in Shares for active employees of the Endesa Group in Spain who opt in 2023 to receive part of their salary in shares of Endesa, S.A., within the framework of Endesa's general remuneration policy.

The Temporary Share Buyback Programme includes the volume of shares required to cover the monetary amount requested by employees.

Within the framework of the aforementioned Programme, up to 31 March 2023, Endesa, S.A. acquired 377,610 own shares of the Parent for Euro 7 million which, as at 31 March 2023, it still held (see Section 7.5 of this Consolidated Management Report).

Therefore, at 31 March 2023 and 31 December 2022, Endesa, S.A. held treasury shares as reflected in the table below:

	Number of shares	Nominal value (Euro/Share)	% of total share capital	Average acquisition cost (Euro/Share)	Total cost of acquisition (Euro)
Treasury shares at 31 March 2023	632,220	1.2	0.05971	19.42	12,278,955
Treasury shares at 31 December 2022	254,610	1.2	0.02405	19.25	4,901,357

7.3.2. Leverage

Endesa considers its consolidated leverage to be an indicator to monitor its financial position. Details of this ratio at 31 March 2023 and 31 December 2022 are as follows:

Millions of Euro

	Leverage		% Var.
	31 March 2023	31 December 2022	
Net financial debt:	**11,591**	**10,869**	**6.6**
Non-current borrowings	10,924	11,704	(6.7)
Current borrowings	5,957	6,784	(12.2)
Debt derivatives recognised as financial assets	78	87	(10.3)
Cash and cash equivalents	(1,022)	(871)	17.3
Debt derivatives recognised as assets	(103)	(111)	(7.2)
Financial guarantees recognised as assets	(4,243)	(6,724)	(36.9)
Equity:	**7,305**	**5,761**	**26.8**
Of the Parent	7,097	5,560	27.6
Non-controlling interests	208	201	3.5
Leverage (%)[1]	**158.67**	**188.67**	**N/A**

[1] See definition in Section 12 of this Consolidated Management Report.

7.3.3. Financial Indicators

Financial indicators[1]	**31 March 2023**	**31 December 2022**
Liquidity ratio	1.00	0.96
Solvency ratio	1.00	0.97
Debt ratio (%)	61.34	65.36
Debt coverage ratio	1.79	1.95
Net financial debt / Fixed assets (%)	47.53	44.37
Net financial debt / Funds from operations	1.97[2]	2.35
(Funds from Operations + Interest Expenses) / Interest Expenses[3]	20.14	32.11

[1] See definition in Section 12 of this Consolidated Management Report.
[2] Annualised Funds from Operations.
[3] Relates to the periods January-March 2023 and January-March 2022, respectively.

7.4. Management of credit ratings

Endesa's credit ratings are as follows:

	Credit rating						
	31 March 2023[1]				31 December 2022[1]		
	Non-current	Current	Outlook	Date of last report	Long term	Current	Outlook
Standard & Poor's	BBB+	A-2	Negative	14 December 2022	BBB+	A-2	Negative
Moody's	Baa1	P-2	Negative	21 September 2022	Baa1	P-2	Negative
Fitch	BBB+	F2	Stable	20 February 2023	BBB+	F2	Stable

[1] At the respective dates of approval of the Consolidated Management Report.

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

Endesa works to maintain its investment grade credit rating to be able to efficiently access money markets and bank financing, and to obtain preferential terms from its main suppliers.

7.5. Cash flows

At 31 March 2023 and 31 December 2022, cash and cash equivalents were as follows (see Section 7.2 of this Consolidated Management Report):

Millions of Euro

	Cash and cash equivalents			
	31 March 2023	**31 December 2022**	**Difference**	**% Var.**
Cash in hand and at banks	1,022	871	151	17.3
Other cash equivalents	—	—	—	N/A
TOTAL	**1,022**	**871**	**151**	**17.3**

Endesa's net cash flows in the first quarters of 2023 and 2022, classified by activities (operating, investing and financing) were as follows:

Millions of Euro

	Statement of cash flows			
	January – March 2023	**January – March 2022**	**Difference**	**% Var.**
Net cash flows from operating activities	(97)	(476)	379	(79,6)
Net cash flows from investing activities	1.883	(2.239)	4.122	(184,1)
Net cash flows from financing activities	(1.635)	2.577	(4.212)	(163,4)

In the first quarter of 2023, net cash flows from investing activities (Euro 1,883 million) enabled net cash flows to be used in operating activities (Euro 97 million) and net payments from financing activities (Euro 1,635 million).

7.5.1. Net cash flows from operating activities

In the first quarter of 2023, net cash flows from operating activities amounted to Euro 97 million, negative (Euro 476 million, negative, in the first quarter of 2022), as follows:

Millions of Euro

	January - March 2023	January - March 2022	Difference	% Var.
Gross profit before tax	**870**	**472**	**398**	**84.3**
Adjustments for:	**811**	**252**	**559**	**221.8**
Depreciation and amortisation, and impairment losses	472	425	47	11.1
Other adjustments (net)	339	(173)	512	(296.0)
Changes in working capital:	**(1,630)**	**(1,120)**	**(510)**	**45.5**
Trade and other receivables	(403)	(1,198)	795	(66.4)
Inventories	188	(125)	313	(250.4)
Current financial assets	(305)	(168)	(137)	81.5
Trade payables and other current liabilities	(1,110)	371	(1,481)	(399.2)
Other cash flows from operating activities:	**(148)**	**(80)**	**(68)**	**85.0**
Interest received	13	10	3	30.0
Dividends received	—	—	—	N/A
Interest paid[1]	(77)	(19)	(58)	305.3
Income tax paid	1	2	(1)	(50.0)
Other receipts from and payments for operating activities[2]	(85)	(73)	(12)	16.4
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(97)**	**(476)**	**379**	**(79.6)**

[1] Includes interest payments on borrowings for rights of use amounting to Euro 9 million in the periods January-March 2023 and 2022.
[2] Relates to payments of provisions.

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

Headings	Change	
Changes in operating assets and liabilities	▼ Euro 510 million (-45.5%)	The change in this heading is the result of the following impacts: • Reduction in trade and other receivables amounting to Euro 795 million. • Decrease in inventory payments amounting to Euro 313 million. • Increase in regulatory items receivable amounting to Euro 137 million, which includes, first, an increase in compensation for generation cost overruns in Non-mainland Territories ("TNP") (Euro 88 million) and tariff deficit (Euro 149 million), in addition to a decrease in remuneration for investment in renewable energies (Euro 52 million), due to the fact that as at 1 January 2023, no additional remuneration will be received for these facilities and due to the limitation of the increase in the Last Resort Tariff (LRT) for gas (Euro 48 million). • Increase in trade payables and other current liabilities in the amount of Euro 1,481 million, which includes, among others, the payment made to the State Administration relating to 50% of the temporary energy tax recognised under *Other variable procurements and services* introduced by Law 38/2022, of 27 December (see Section 9 of this Consolidated Management Report).

In the first quarter of 2023, Endesa has also continued with its active management policy for current assets and liabilities, focusing, among other aspects, on the improvement of processes, the factoring of receivables and agreements extending payment periods with suppliers.

7.5.2. Net cash flows from investing activities

In the first quarter of 2023, net cash flows from investing activities totalled Euro 1,883 million (Euro 2,239 million used in the first quarter of 2022) and include, among other aspects:

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

Millions of Euro

	January - March 2023	January - March 2022
Acquisitions of property, plant and equipment and intangible assets	**(529)**	**(495)**
Acquisitions of property, plant and equipment[1]	(317)	(311)
Acquisitions of intangible assets	(92)	(92)
Facilities transferred from customers	16	24
Non-current asset suppliers	(136)	(116)
Proceeds from sale of property, plant and equipment and intangible assets	**1**	**5**
Other receipts from and payments for investing activities[2]	**18**	**17**
TOTAL	**(510)**	**(473)**

[1] In the periods January-March 2023 and 2022 it does not include additions for rights of use amounting to Euro 1 million.
[2] Relating to collections of subsidies and new facilities requested by customers.

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

Millions of Euro

	January - March 2023	January - March 2022
Investments in Group companies	**—**	**(21)**
Companies acquired by Enel Green Power España, S.L.U. (EGPE)	—	(21)
Disposals of investments in Group companies	**—**	**—**
TOTAL	**—**	**(21)**

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

Millions of Euro

	January - March 2023	January - March 2022
Purchase of other investments	**(89)**	**(1,751)**
Remuneration of non-current distribution activity	(82)	(60)
Net financial collateral	—	(1,685)
Other financial assets	(7)	(6)
Proceeds from sale of other investments	**2,482**	**6**
Net financial collateral	2,481	—
Other financial assets	1	6
TOTAL	**2,393**	**(1,745)**

7.5.3. Net cash flows from financing activities

In the first quarter of 2023, net cash flows applied to financing activities amounted to Euro 1,635 million, negative, (Euro 2,577 million received in the first quarter of 2022), mainly including the following aspects:

Cash flows from equity instruments

Millions of Euro

	January - March 2023	January - March 2022
Treasury shares and own equity instruments	(7)[1]	–
Shareholder contributions in Promotores Mudéjar 400KV, S.L.	(3)	–
Contributions by shareholders at San Serván SET 400 kV, S.L.	–	(4)
Contribution by shareholders at Endesa X Way, S.L.	(2)	–
Contributions to other companies of Enel Green Power España S.L.U. (EGPE)	(2)	–
TOTAL	**(14)**	**(4)**

[1] Relates to the acquisition of 377,610 treasury shares of the Parent relating to the Flexible Remuneration Programme in Shares for employees (see Section 7.3 of this Consolidated Management Report).

Drawdowns of non-current borrowings

Millions of Euro

	January - March 2023	January - March 2022
Drawdowns on bank loans and credit lines	–	250
Drawdowns of loans and credit lines Enel Finance International N.V.	–	900
Drawdowns of loans from the European Investment Bank (EIB) and Official Credit Institute ("ICO")	–	550
Other	69	10
TOTAL	**69**	**1,710**

Reimbursements of non-current borrowings

Millions of Euro

	January - March 2023	January - March 2022
Repayment of loans and credit lines Enel Finance International N.V.	(450)	–
Other	(26)	(4)
TOTAL	**(476)**	**(4)**

Amortisation and drawdowns of current borrowings

Millions of Euro

	January - March 2023	January - March 2022
Drawdowns		
Issues of Euro Commercial Paper (ECP)	5,900	4,824
Drawdowns on bank loans and credit lines	–	225
Other financial liabilities	284	341
Depreciation and amortisation		
Amortisation of Euro Commercial Paper (ECP)	(6,380)	(3,921)
Payments of right-of-use contracts	(27)	(24)
Repayments of loans from the European Investment Bank (EIB) and the Official Credit Institute ("ICO")	(61)	(33)
Other financial liabilities	(928)	(8)
TOTAL	**(1,212)**	**1,404**

Dividends paid

Millions of Euro

	January - March 2023	January - March 2022
Dividends of the Parent paid	—	(529)
Dividends paid to non-controlling interests[1]	(2)	—
TOTAL	**(2)**	**(529)**

[1] Relating to companies of Enel Green Power España S.L.U. (EGPE).

7.6. Investments

In the first quarter of 2023, Endesa's gross investments in property, plant and equipment and intangible assets amounted to Euro 410 million, with the following breakdown:

Millions of Euro

	Investments		
	January - March 2023	January - March 2022	% Var.
Generation and supply	**136**	**133**	**2.3**
Conventional generation[1]	32	25	28.0
Renewable generation	99	104	(4.8)
Energy supply	—	—	N/A
Marketing of other products and services	5	4	25.0
Distribution	**180**	**178**	**1.1**
Structure, services and others[2]	**2**	**1**	**100.0**
TOTAL PP&E[3] [4]	**318**	**312**	**1.9**
Generation and Supply	**88**	**85**	**3.5**
Conventional generation	2	3	(33.3)
Renewable generation	31	4	675.0
Energy Supply	46	67	(31.3)
Marketing of other products and services	9	11	(18.2)
Distribution	**3**	**3**	**—**
Structure, services and others[2]	**1**	**4**	**(75.0)**
TOTAL INTANGIBLE ASSETS[4]	**92**	**92**	**—**
TOTAL GROSS INVESTMENTS	**410**	**404**	**1.5**
Capital grants and facilities sold	**(34)**	**(41)**	**(17.1)**
Distribution	**(34)**	**(41)**	**(17.1)**
TOTAL NET INVESTMENT[5]	**376**	**363**	**3.6**

[1] In the first quarter of 2023 and 2022 it includes capex in the Non-mainland Territories ("TNP") in the amount of Euro 8 million.
[2] Structure, Services and Adjustments.
[3] Includes registrations for rights of use amounting to Euro 1 million in the first quarter of 2023 and 2022.
[4] In the first quarter of 2023 it included Euro 398 million, 97.1%, relating to gross investments for low-carbon products, services and technologies (Euro 397 million, 98.4% in the first quarter of 2022).
[5] See definition in Section 12 of this Consolidated Management Report.

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

8. Segment reporting

8.1. Basis of segmentation

In carrying out its business activities, Endesa's organisation prioritises its core business of electricity and gas generation, distribution, and sale, as well as related services. Hence, segment financial reporting is based on the approach used by the Company's Executive Management Committee to monitor Endesa's results and includes:

- Generation, together with Supply;
- Distribution;
- Structure that mainly includes the balances and transactions of holding companies of the holdings and of the financing and service provision companies; and
- Adjustments and eliminations on consolidation, including inter-segment consolidation eliminations and adjustments.

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

8.2. Segment reporting

8.2.1. Segment information: Consolidated Income Statement for the first quarter of 2023 and 2022

Millions of Euro

	January - March 2023		
	Generation and Supply		
	Conventional Generation[1]	Renewable generation	Energy supply
REVENUE	**3,446[2]**	**323**	**6,149**
Revenue with third parties	861	64	5,893
Revenue from transactions between segments	2,585	259	256
PROCUREMENTS AND SERVICES	**(1,728)**	**(31)**	**(5,802)**
INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES	**(661)**	**2**	**(82)**
CONTRIBUTION MARGIN[5]	**1,057**	**294**	**265[3]**
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	**(205)**	**(75)**	**(136)**
GROSS OPERATING INCOME (EBITDA)[4] [5]	**852**	**219**	**129**
Depreciation and amortisation, and impairment losses on non-financial assets	**(131)**	**(62)**	**(38)**
Depreciation and amortisation	(131)	(61)	(38)
Provision for impairment of non-financial assets	–	(1)	–
Reversal of impairment of non-financial assets	–	–	–
Impairment losses on financial assets	**1**	**–**	**(46)**
Provision for impairment of financial assets	(1)	–	(75)
Reversal of impairment of financial assets	2	–	29
OPERATING INCOME (EBIT)[5]	**722**	**157**	**45**
Net profit/(loss) of companies accounted for using the equity method	**3**	**2**	**–**
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS[6]	**34**	**130**	**46**

(1) Includes the contribution margin, gross operating income (EBITDA) and operating income (EBIT) of Non-mainland Territories generation, amounting to Euro 94 million, Euro 31 million, and Euro 12 million, respectively.
(2) Includes €1,299 million (17.3% of total revenues) corresponding to generation of emitting technologies and €367 million (4.9% of total revenues) corresponding to nuclear generation.
(3) Includes the Contribution Margin for gas for marketing amounting to Euro 19 million.
(4) The Gross Operating Income (EBITDA) of low-carbon products, services and technologies is Euro 716 million.
(5) See definition in Section 12 of this Consolidated Management Report.
(6) Includes registrations of Rights of Use for an amount of Euro 1 million in Distribution.

	January - March 2023						
	Generation and Supply						
	Marketing of other products and services	Generation and supply adjustments and eliminations	Total	Distribution	Structure and Services	Consolidated adjustments and eliminations	Total
	95	**(3,094)**	**6,919**	**633**	**109**	**(157)**	**7,504**
	93	–	6,911	592	1	–	7,504
	2	(3,094)	8	41	108	(157)	–
	(54)	**3,086**	**(4,529)**	**(40)**	**(209)**	**40**	**(4,738)**
	–	**–**	**(741)**	**–**	**–**	**–**	**(741)**
	41	**(8)**	**1,649**	**593**	**(100)**	**(117)**	**2,025**
	(23)	**8**	**(431)**	**(142)**	**(107)**	**117**	**(563)**
	18	**–**	**1,218**	**451**	**(207)**	**–**	**1,462**
	(7)	**–**	**(238)**	**(177)**	**(11)**	**–**	**(426)**
	(7)	–	(237)	(177)	(11)	–	(425)
	–	–	(1)	–	–	–	(1)
	–	–	–	–	–	–	–
	(4)	**–**	**(49)**	**3**	**–**	**–**	**(46)**
	(5)	–	(81)	(22)	–	–	(103)
	1	–	32	25	–	–	57
	7	**–**	**931**	**277**	**(218)**	**–**	**990**
	(2)	**–**	**3**	**–**	**–**	**–**	**3**
	14	**–**	**224**	**183**	**3**	**–**	**410**

Millions of Euro

	January - March 2022		
	Generation and Supply		
	Conventional Generation[1]	Renewable generation	Energy supply
REVENUE	**2,689[2]**	**284**	**6,400**
Revenue with third parties	713	163	6,074
Revenue from transactions between segments	1,976	121	326
PROCUREMENTS AND SERVICES	**(1,598)**	**(53)**	**(6,719)**
INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES	**(407)**	**(14)**	**296**
CONTRIBUTION MARGIN[5]	**684**	**217**	**(23)[3]**
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	**(206)**	**(73)**	**(138)**
GROSS OPERATING INCOME (EBITDA)[4] [5]	**478**	**144**	**(161)**
Depreciation and amortisation, and impairment losses on non-financial assets	**(127)**	**(53)**	**(25)**
Depreciation and amortisation	(127)	(53)	(25)
Provision for impairment of non-financial assets	—	—	—
Reversal of impairment of non-financial assets	—	—	—
Impairment losses on financial assets.	**(3)**	**(7)**	**(17)**
Provision for impairment of financial assets	(5)	(7)	(61)
Reversal of impairment of financial assets	2	—	44
OPERATING INCOME (EBIT)[5]	**348**	**84**	**(203)**
Net profit/(loss) of companies accounted for using the equity method	**2**	**5**	**(2)**
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS[6]	**28**	**108**	**67**

[1] Includes the Contribution Margin, EBITDA, EBIT from the Generation of Non-mainland Territories ("TNP") amounting to Euro 41 million, positive, Euro 17 million, negative, and Euro 45 million, negative, respectively.
[2] Includes Euro 1,419 million (18.7% of total revenue) corresponding to generation of emitting technologies and Euro 429 million (5.7% of total revenue) corresponding to nuclear generation.
[3] Includes the Contribution Margin for gas for marketing amounting to Euro 26 million, negative..
[4] The EBITDA of low carbon products, services and technologies is Euro 679 million.
[5] See definition in Section 12 of this Consolidated Management Report.
[6] Includes recognition of rights of use in the amount of Euro 1 million in Distribution.

January - March 2022						
Generation and Supply						
Marketing of other products and services	Generation and supply adjustments and eliminations	Total	Distribution	Structure and Services	Consolidated adjustments and eliminations	Total
89	**(2,418)**	**7,044**	**593**	**96**	**(137)**	**7,596**
88	—	7,038	555	3	—	7,596
1	(2,418)	6	38	93	(137)	—
(41)	**2,396**	**(6,015)**	**(35)**	**—**	**35**	**(6,015)**
—	**—**	**(125)**	**—**	**—**	**—**	**(125)**
48	**(22)**	**904**	**558**	**96**	**(102)**	**1,456**
(24)	**22**	**(419)**	**(126)**	**(99)**	**102**	**(542)**
24	**—**	**485**	**432**	**(3)**	**—**	**914**
(8)	**—**	**(213)**	**(164)**	**(13)**	**—**	**(390)**
(8)	—	(213)	(164)	(13)	—	(390)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(2)	**—**	**(29)**	**(6)**	**—**	**—**	**(35)**
(2)	—	(75)	(28)	—	—	(103)
—	—	46	22	—	—	68
14	**—**	**243**	**262**	**(16)**	**—**	**489**
—	**—**	**5**	**—**	**—**	**—**	**5**
15	**—**	**218**	**181**	**5**	**—**	**404**

8.2.2. Segment information: Statement of Financial Position at 31 March 2023 and 31 December 2022

Millions of Euro

	31 March 2023		
	Generation and Supply		
	Conventional generation	Renewable generation	Energy supply
Property, plant and equipment	**4,645**	**4,789**	**177**
Intangible assets	**85**	**731**	**559**
Goodwill	**3**	**300**	**58**
Investments accounted for using the equity method	**80**	**45**	**3**
Non-current assets under contracts with customers	**—**	**—**	**—**
Trade receivables for sales and services and other receivables	**2,623**	**182**	**6,450**
Current assets under contracts with customers	**—**	**—**	**—**
Others	**1,432**	**61**	**373**
ASSETS SEGMENTS	**8,868**	**6,108**	**7,620**
TOTAL ASSETS			
Non-current liabilities under contracts with customers	**—**	**13**	**—**
Non-current provisions	**1,750**	**170**	**119**
Provisions for employee benefits	80	4	15
Other non-current provisions	1,670	166	104
Current liabilities under contracts with customers	**—**	**—**	**7**
Current provisions	**1,105**	**—**	**58**
Provisions for employee benefits	—	—	—
Other current provisions	1,105	—	58
Suppliers and other payables	**2,433**	**916**	**4,410**
Others	**161**	**(21)**	**8**
LIABILITIES SEGMENTS	**5,449**	**1,078**	**4,602**
TOTAL LIABILITIES			

	31 March 2023						
	Generation and Supply						
	Marketing of other products and services	Generation and supply adjustments and eliminations	Total	Distribution	Structure and Services	Consolidated adjustments and eliminations	Total
	79	**–**	**9,690**	**12,376**	**154**	**–**	**22,220**
	34	**–**	**1,409**	**204**	**34**	**–**	**1,647**
	–	**–**	**361**	**97**	**4**	**–**	**462**
	130	**–**	**258**	**11**	**3**	**–**	**272**
	–	**–**	**–**	**–**	**–**	**–**	**–**
	65	**(4,156)**	**5,164**	**717**	**374**	**(368)**	**5,887**
	–	**–**	**–**	**11**	**–**	**–**	**11**
	28	**–**	**1,894**	**561**	**6**	**–**	**2,461**
	336	**(4,156)**	**18,776**	**13,977**	**575**	**(368)**	**32,960**
							46,649
	–	**–**	**13**	**4,277**	**–**	**–**	**4,290**
	12	**–**	**2,051**	**564**	**195**	**–**	**2,810**
	1	–	100	131	27	–	258
	11	–	1,951	433	168	–	2,552
	–	**–**	**7**	**295**	**–**	**–**	**302**
	2	**–**	**1,165**	**85**	**146**	**–**	**1,396**
	–	–	–	–	–	–	–
	2	–	1,165	85	146	–	1,396
	151	**(4,114)**	**3,796**	**1,287**	**192**	**(368)**	**4,907**
	2	**(42)**	**108**	**679**	**9**	**–**	**796**
	167	**(4,156)**	**7,140**	**7,187**	**542**	**(368)**	**14,501**
							46,649

Millions of Euro

	31 December 2022		
	Generation and Supply		
	Conventional generation	Renewable generation	Energy supply
Property, plant and equipment	**4,975**	**4,735**	**22**
Intangible assets	**93**	**716**	**549**
Goodwill	**3**	**300**	**58**
Investments accounted for using the equity method	**90**	**37**	**3**
Non-current assets under contracts with customers	**—**	**—**	**—**
Trade receivables for sales and services and other receivables	**5,409**	**753**	**6,220**
Current assets under contracts with customers	**—**	**—**	**—**
Other	**1,173**	**60**	**686**
ASSETS SEGMENTS	**11,743**	**6,601**	**7,538**
TOTAL ASSETS			
Non-current liabilities under contracts with customers	**—**	**13**	**—**
Non-current provisions	**1,883**	**167**	**123**
Provisions for employee benefits	101	4	15
Other non-current provisions	1,782	163	108
Current liabilities under contracts with customers	**—**	**—**	**9**
Current provisions	**894**	**2**	**104**
Provisions for employee benefits	—	—	—
Other current provisions	894	2	104
Suppliers and other payables	**3,726**	**1,226**	**7,634**
Other	**163**	**7**	**9**
LIABILITIES SEGMENTS	**6,666**	**1,415**	**7,879**
TOTAL LIABILITIES			

31 December 2022						
Generation and Supply						
Marketing of other products and services	Generation and supply adjustments and eliminations	Total	Distribution	Structure and Services	Consolidated adjustments and eliminations	Total
76	–	9,808	12,371	159	–	22,338
30	–	1,388	209	39	–	1,636
–	–	361	97	4	–	462
129	–	259	12	3	–	274
–	–	–	–	–	–	–
120	(7,533)	4,969	677	232	(406)	5,472
–	–	–	8	–	–	8
32	–	1,951	531	3	–	2,485
387	(7,533)	18,736	13,905	440	(406)	32,675
						49,960
–	–	13	4,287	–	–	4,300
12	–	2,185	578	201	–	2,964
1	–	121	131	26	–	278
11	–	2,064	447	175	–	2,686
–	–	9	285	–	–	294
2	–	1,002	86	148	–	1,236
–	–	–	–	–	–	–
2	–	1,002	86	148	–	1,236
163	(7,492)	5,257	1,120	248	(406)	6,219
1	(41)	139	681	6	–	826
178	(7,533)	8,605	7,037	603	(406)	15,839
						49,960

At 31 March 2023 and 31 December 2022, the reconciliation of assets and liabilities by segment to Total assets and Total liabilities in the consolidated statement of financial position is as follows:

Millions of Euro

	31 March 2023	31 December 2022
TOTAL ASSETS	**46,649**	**49,960**
Other non-current financial assets	801	1,160
Non-current derivative financial instruments	881	1,249
Deferred tax assets	2,080	2,553
Current income tax assets	79	49
Other tax assets	163	166
Other current financial assets	6,873	8,677
Current derivative financial instruments	1,763	2,533
Cash and cash equivalents	1,022	871
Non-current assets held for sale and discontinued operations	27	27
ASSETS SEGMENTS	**32,960**	**32,675**
TOTAL LIABILITIES	**46,649**	**49,960**
Equity	7,305	5,761
Non-current borrowings	10,924	11,704
Non-current derivative financial instruments	1,438	2,408
Other non-current financial liabilities	—	—
Deferred tax liabilities	1,188	1,315
Current borrowings	5,957	6,784
Current derivative financial instruments	3,739	4,990
Other current financial liabilities	93	51
Current income tax liabilities	814	544
Other tax liabilities	690	564
LIABILITIES SEGMENTS	**14,501**	**15,839**

8.3. Generation and Supply

8.3.1. Analysis of results

During the first quarter of 2023, the electricity sector has stabilised due, among other factors, to the steady decrease in the price of gas, despite the geopolitical tensions caused by the conflict between Russia and Ukraine and the inflationary context resulting from the measures adopted by Europe to mitigate the effects of the conflict by ensuring supply and diversification during the past winter, when temperatures were milder than the previous one and due to the lower demand for energy saving policies. This decrease in the price of gas has led to a reduction in electricity prices, which was also driven by the greater production of energy from renewable sources in the period. Additionally, the European Commission has presented its proposal to reform the electricity market of the European Union (EU). The proposal contains no major novelties (see Sections 9 and 13 of this Consolidated Management Report).

Amid this environment, and in line with Endesa's joint management approach to the integrated margin of electricity generation and supply, it is worth noting that a new inter-company contract has been in effect between the two businesses since 1 January 2022, whereby Endesa's supply company will have access to hydroelectric, nuclear and renewable energy production subject to the reduction regime determined by Article 5 of Royal Decree Law 17/2021, of 14 September, at a fixed price of 65 €/MWh. Under the terms thus stipulated, such fixed price would be applicable to all energy transmitted with delivery during 2022 and 2023. The energy needs of the supply company not covered under this agreement are subject to the market price. The main figures in the first quarter of 2023 and their variations with respect to the same period of the previous year are as follows:

Millions of Euro

Figures	January - March 2023	January - March 2022	Difference	% Var.	
Contribution margin	1,649	904	745	+82.4	Movements in the margin are the result, among other aspects, of: • The decrease in energy costs as a result of the fall in the arithmetic average price in the wholesale electricity market (96.4 €/MWh; -58.0%) and the average price of gas (Euro 54.2€/ MWh; -45.4%), respectively, amounting to Euro 1,290 million. • Lower electricity sales (Euro 740 million) partially offset by the increase in compensation from Non-mainland Territories ("TNP") (Euro 396 million) due, both, to the evolution of the wholesale electricity market price, and the increase in gas sales (Euro 506 million). • The decrease in *Revenues and expenses for commodity derivatives* amounting to Euro 616 million as a result of the movements in the price and settlement of electricity and gas derivatives related to the effects described above and the situation of price volatility of the energy markets in recent quarters.
Gross operating Income (EBITDA)	1,218	485	733	+151.1	• Includes higher staff costs due to the effect of inflation and higher Social Security contributions (Euro 7 million). • It includes the highest expenditure for property tax ("IBI") due to the increase in wind farms and photovoltaic plants in operation in accordance with the growth of the renewable generation installations contemplated in Endesa's Strategic Plan (Euro 3 million).
Profit from operations (EBIT)	931	243	688	+283.1	• Includes the increase in amortisation expense (Euro 24 million) as a result, mainly, of the investment effort in electricity production facilities from renewable sources and a greater activation of the incremental costs incurred in obtaining contracts with customers. • It includes the higher net provision (Euro 20 million) as a result of the worsening in the payment behaviour of Business to Customer (B2C) customers, both the most vulnerable customers in the regulated market and customers in the deregulated market, due to the current inflationary context affected by the energy crisis of the previous months.

8.3.2. Investments

In the first quarter of 2023, gross investments in property, plant and equipment and intangible assets amounted to Euro 224 million. The breakdown, by activity, is as follows:

Millions of Euro

Investments	January - March 2023	January - March 2022	Difference	% Var.	
	34	28	6	+21.4	• Mainly includes investments in the maintenance of generation facilities for diverse technologies, primarily nuclear.
	130	108	22	+20.4	• In the first quarter of 2023, in line with the Paris Agreement on the reduction of carbon dioxide (CO_2) emissions and in accordance with the energy efficiency and energy transition objectives set out in the 2023-2025 Strategic Plan, it includes investment in the construction of electricity generation facilities from renewable sources amounting to Euro 115 million.
	46	67	(21)	(31.3)	• Relates mainly to the capitalisation of incremental costs of obtaining contracts with customers amounting to Euro 35 million (Euro 59 million in the period January-March 2022) in line with the strategic objective of electrification of end demand through active management of the customer portfolio. • It also includes investments of the systems and telecommunications business (ICT) in line with the digitalisation strategy and the strategic objective of end-demand electrification amounting to Euro 11 million (Euro 8 million in the period January-March 2022).
	14	15	(1)	(6.7)	• It includes, mainly, investments in charging stations of the e-Mobility activity amounting to Euro 5 million, as well as the capitalisation of incremental costs incurred in signing contracts with customers of the e-Home and e-Industries activities for an amount of Euro 9 million, in accordance, in both cases, with the strategic objective of electrification of end demand by developing value-added services.
TOTAL	**224**	**218**	**6**	**+2.8**	

8.4. Distribution

8.4.1. Analysis of results

The main figures in the first quarter of 2023 and their variations with respect to the same period of the previous year are as follows:

Millions of Euro

Figures		January - March 2023	January - March 2022	Difference	% Var.	
	Contribution margin	593	558	35	+6.3	• The evolution of the margin is due to the increase in regulated income from the distribution activity.
	Gross operating Income (EBITDA)	451	432	19	+4.4	• In the period January-March 2022, it includes the reversal of certain penalty proceedings (Euro 12 million). • Includes higher staff costs due to the effect of inflation and higher Social Security contributions (Euro 1 million).
	Operating income (EBIT)	277	262	15	+5.7	• Includes the increase in the amortisation and depreciation charge (Euro 13 million) as a result, mainly, of investments in electricity distribution systems and facilities. • Includes a lower provision for net impairment losses on receivables from customer contracts (Euro 9 million), as a result of the improvement in the collection of small energy supply companies.

8.4.2. Investments

In the first quarter of 2023, gross investments in property, plant and equipment and intangible assets amounted to Euro 183 million:

Millions of Euro

Investments	January - March 2023	January - March 2022	Difference	% Var.	
	183	181	2	+1.1	• This relates to investments allocated to the distribution grid with the aim of digitalisation, adaptation to the new needs of customers, such as self-consumption or distributed generation and to reinforce the quality of service and resilience of the grid itself.

8.5. Structure and Other

8.5.1. Analysis of results

The main figures in the first quarter of 2023 and their variations with respect to the same period of the previous year are as follows:

Millions of Euro

Figures		January - March 2023	January - March 2022	Difference	% Var.	
	Contribution margin	(217)	(6)	(211)	N/A	• Includes recognition of the expense associated with the temporary energy tax. introduced by Law 38/2022, of 27 December 2022 (Euro 208 million).
	Gross operating Income (EBITDA)	(207)	(3)	(204)	N/A	• Includes higher staff costs due to the effect of inflation and higher Social Security contributions (Euro 1 million).
	Operating income (EBIT)	(218)	(16)	(202)	N/A	

8.5.2. Investments

In the first quarter of 2023, gross investments in property, plant and equipment and intangible assets amounted to Euro 3 million:

Millions of Euro

Investments	January - March 2023	January - March 2022	Difference	% Var.	
	3	5	(2)	(40.0)	• This mainly includes investments in the systems and telecommunications (ICT) activities.

9. Regulatory framework

The main regulatory changes to have taken place in the first quarter of 2023 are as follows:

Regulatory framework in Spain

Extension for 2023 of certain measures taken in the context of the crisis arising from the Russia-Ukraine conflict

Through Royal Decree Law 18/2022, of 18 October, which approves measures to strengthen the protection of energy consumers and contribute to the reduction of natural gas consumption in application of the *"Plan + Security for your energy (+SE)"*, as well as measures relating the remuneration of personnel in the public sector and the protection of temporary agricultural workers affected by drought, and Royal Decree 20/2022, of 27 December, on measures to respond 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, certain measures adopted in the past related to the crisis resulting from the Russia-Ukraine conflict have been extended during the financial year 2023. These include:

- In relation to the Social Bonus, the discounts for beneficiaries have been increased, until 31 December 2023, from 60% to 65% for vulnerable consumers, and from 70% to 80% for severely vulnerable consumers. Similarly, and with the same time horizon, the energy limit to which the rebates apply has been raised by 15%.
  A new discount of 40% has been created, again with the same time horizon, for working households covered by the Voluntary Price for Small Consumers ("PVPC") with incomes between 1.5 and 2 times the Public Multiple Effect Income Indicator ("IPREM"), increased by 0.3 for each additional adult member and 0.5 for each additional minor member of the household.
  In addition, the ban on cutting the supply of electricity, water and gas to vulnerable customers, severely vulnerable consumers, or those at risk of social exclusion is extended until 31 December 2023.
- The mechanism for reducing the excess remuneration of the electricity market caused by the high price of natural gas on international markets, introduced by Royal Decree Law 17/2021 of 14 September, is extended until 31 December 2023.
- In the tax realm, the Law extends, until 31 December 2023, the reduction in Value Added Tax (VAT) on gas and electricity to 5%, the reduction in the excise tax on electricity to 0.5%, and the suspension of the tax on the value of electricity production (in relation to the latter, the Electricity System will be compensated by an equivalent amount to ensure that revenues and the costs of the charges are balanced).
- Turning to tariffs and charges, the 80% reduction in electricity tariffs for electricity intensive consumers is extended until 30 June 2023, which will be compensated with Euro 112.5 million from the General State Budget ("PGE"). In addition, Euro 2,000 million will be allocated out of the General State Budget ("PGE") to cover electricity system charges. Lastly, the Law dictates that any surplus that may arise in the 2022 settlements will be allocated to the 2023 settlements.

Law 38/2022 of 27 December, ushering in temporary energy taxes and taxes on credit institutions and lending institutions, creating a temporary solidarity tax on large fortunes, and amending certain tax regulations

This Law was ultimately published in the Official State Gazette ("BOE") on 28 December 2022, following its approval by the Spanish Parliament. With regard to the energy tax, the main aspects of this Law are as follows:

- For 2023 and 2024, the Law introduces a temporary levy of 1.2% on the net turnover earned from activities carried out in Spain during the calendar year prior to the year in which the payment obligation arises (which will arise on the first day of the calendar year).
- The taxable revenue will not include revenue subject to the Tax on Hydrocarbons, the Special Tax of the Autonomous Community of the Canary Islands on Fuels Derived from Petroleum and the Complementary Levies on Fuels and Oil-based Fuels in Ceuta and Melilla, which have either been paid or borne by way of repercussion. The taxable revenue will also exclude revenue relating to regulated activities, understood as regulated price supply (the Voluntary Price for the Small Consumer ("PVPC") for electricity, the Last Resort Tariff (LRT) for gas, bottled Liquified Petroleum Gas (LPG) and piped LPG), regulated income from the electricity and natural gas transmission and distribution grids and, in the case of generation subject to regulated remuneration and additional remuneration in the Non-mainland Territories ("TNP"), all revenue received from the facilities, including that received from the market and economic dispatch.
- The levy will apply to persons or entities with the status of main operator in the energy sectors and whose annual turnover in 2019 exceeded Euro 1,000 million, or whose turnover in 2017, 2018 and 2019 for the activity qualifying them as main operator exceeded 50% of their total turnover for the year in question. The Law also states that the status of main operator in the energy sectors will be held by persons or entities engaged in crude oil or natural gas production, coal mining or oil refining in Spain and that generate, in the year prior to the year in which the obligation to pay the levy arises, at least 75% of their turnover from economic activities in the field of extraction, mining, oil refining or the manufacture of coking plant products.
- Where the companies form part of a tax group that is taxed under the consolidated tax regime, net turnover shall be determined by reference to that group.
- This levy will have the legal status of a non-tax public charge, and will not be considered a tax-deductible expense for the purposes of the taxable base for corporate income tax, nor may it be passed on to third parties.

Royal Decree Law 3/2023, of 28 March, on the extension of the production cost adjustment mechanism for the reduction of the price of electricity in the wholesale market regulated in Royal Decree Law 10/2022, of 13 May

On 29 March 2023, this Royal Decree Law has been published, which, among other aspects, extends for seven additional months, until 31 December 2023, the mechanism of the so-called Iberian exception introduced by Royal Decree Law 10/2022, of 13 May. This Royal Decree Law amends and completes until the end of 2023 the path of reference prices of natural gas for the purposes of activating the mechanism, with values that, increasingly, range from 45 €/MWh in January to 65 €/MWh in December.

Non-mainland Territories ("TNP")

Under the terms of Royal Decree 738/2015, of 31 July, in January 2023 the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") began the process of hearing the proposal for a resolution of the Secretary of State for Energy to convene the competitive procedure for the granting of the favourable compatibility decision for entitlement to the additional remuneration regime. Under this process, the compatibility decision will be granted, among others, to applications able to cover the additional power needs that have come to light as a result of the coverage analyses carried out by the System Operator.

Royal Decree 314/2023, of 25 April, which develops the procedure and requirements for the granting of administrative authorisation for closed electricity distribution networks

On 26 April 2023, Royal Decree 314/2023, dated 25 April, was published, which regulates the particular conditions and requirements for closed electricity distribution networks and their owners, as well as the administrative authorisation procedure and the circumstances for its revocation.

In accordance with this provision, an industrial area not exceeding 8 km^2 in area may be authorised as a closed electricity distribution network, provided that the network distributes electricity to the industrial companies located on that site by means of its own networks.

Industrial consumers will be considered to be those belonging to category B or C of the National Classification of Economic Activities ("C.N.A.E.") and those who, although belonging to groups D and E, are counted as industrial for statistical purposes.

Up to 100 non-industrial consumers may also participate in the network, provided that they are related to the industries, are inside the network or adjacent to it, and do not represent more than 2% of the total electricity consumption.

The industrial owners of the closed network will have to build it or buy it from a distribution company, and will be responsible for managing it, investing in its maintenance and billing for tolls, charges and other costs to the consumers connected to it, while the traders selling electricity to the members of the closed network will only bill for the energy consumed.

Social Bonus

On 21 January 2023, Order TED/81/2023, of 27 January was published, approving the distribution of the amounts to be financed related to the Social Bonus and the cost of supplying electricity to consumers referred to in articles 52.4.j) and 52.4.k) of Law 24/2013, of 26 December, of the Electricity Sector, corresponding to the year 2023. This Order establishes the different unit values to be paid by the entities obliged to finance these costs.

Energy efficiency

On 25 January 2023, Royal Decree 36/2023 of 24 January was published, establishing a system of Energy Saving Certificates, and a proposal for an Order to develop the system of certificates is also being processed.

On 30 March 2023, Order TED/296/2023, of 27 March, establishing the contribution obligations to the Energy Efficiency National Fund in 2023, was published, setting for Endesa an equivalent economic amount for 2023 of Euro 49 million, of which at least it must contribute to the Fund an amount of Euro 30 million (60.0%). It can meet the rest of its obligation by presenting Energy Savings Certificates ("CAE").

2023 electricity tariff

The Resolution of 15 December 2022 of the Spanish Markets and Competition Commission ("CNMC") was published on 22 December 2022, approving the prices of the access tariffs for energy transmission and distribution grids applicable as at 1 January 2023, revealing an average reduction of 1.0% from the prices in effect as at 1 January 2022.

Meanwhile, Order TED/1312/2022, of 23 December, was published on 29 December 2022, approving the electricity system charges that will apply from 1 January 2023 and certain regulated costs of the electricity system that will apply for 2023. On average, the new charges for 2023 are approximately 40.0% less than those approved for 1 January 2022.

Natural gas tariff for 2023

The Resolution of the Directorate General for Energy Policy and Mines of 22 December 2022 was published on 28 December 2022, setting out the Last Resort Tariff (LRT) for natural gas to be applied from 1 January 2023. Compared with the provisions of Royal Decree Law 17/2021, of 14 September, this results in an approximate increase of 7.7%, 9.0% and 9.5%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3). Meanwhile, the LRTs applicable to communities of owners, as enacted by Royal Decree Law 18/2022 of 18 October, have been reduced by around 2.0%.

On 30 March 2023, the Resolution of the Directorate-General for Energy Policy and Mines of 28 March of 2023 was published, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 April 2023, with decreases of approximately 26.4%, 30.1% and 31.7%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3). Meanwhile, the LRT tariffs applicable to communities of owners, as ushered in by Royal Decree Law 18/2022 of 18 October, have been reduced by between 48.7% and 57.3%.

Regulatory framework in Europe

On 14 March 2023, the European Commission adopted its proposals on the reform of the electricity market, which are to be discussed in the European Parliament and the Council. The main features of the proposals are as follows:

- Promotion of renewables (and clean technologies) to protect customers from price volatility by boosting PPAs and using Contracts for Differences (CfDs) for new wind, solar, geothermal, hydroelectric and nuclear projects, as well as repowering, extending or lengthening useful life.
- Strengthening of flexibility mechanisms, with indicative targets and the ability for Member States to introduce support systems for demand management or storage.
- More protection for consumers: With issues such as the establishment of hedging obligations for marketers to reduce exposure to market volatility; the creation of suppliers of last resort; enabling Member States, in the event of a crisis, to extend regulated prices to households and SMEs; or reinforcing the prohibition on disconnecting the vulnerable.

In addition, on 28 March 2023, the Council resolved to extend for an additional year (from 1 April 2023 to 31 March 2024) the voluntary measure of Member States reducing gas demand by 15% included in Council Regulation 2022/1369 of 5 August 2022.

10. Other information

10.1. Stock market information

Share price performance

The changes in Endesa, S.A.'s share prices and the major benchmark indexes in the first quarter of 2023 and 2022 were as follows:

Percentage (%)

Share price performance[1]	January - March 2023	January - March 2022
Endesa, S.A.	**13.4**	**(2.1)**
Ibex-35	12.2	(3.1)
Euro Stoxx 50	13.7	(9.2)
Euro Stoxx Utilities	7.1	(7.6)

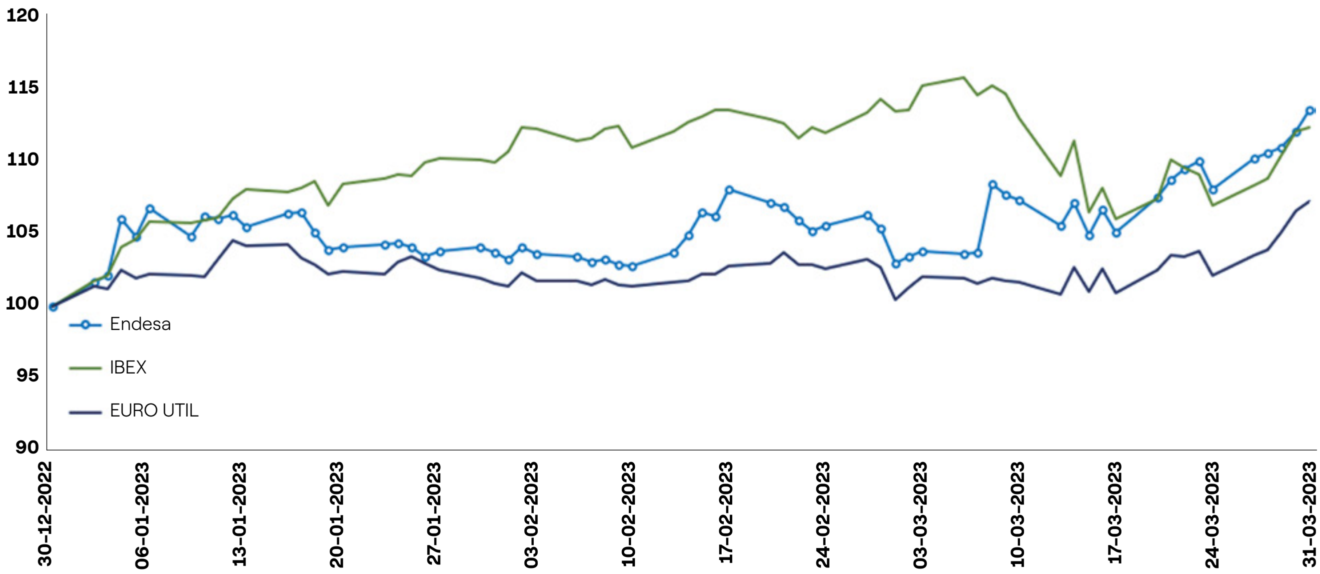
[1] Source: Madrid Stock Exchange.

Euro

Endesa share price[1]	January - March 2023	January - March 2022	% Var.
Maximum	20.000	20.280	(1.4)
Minimum	17.920	17.835	0.5
Period average	18.635	19.006	(2.0)
Period close	20.000	19.775	1.1

[1] Source: Madrid Stock Exchange.

Performance of Endesa shares, the IBEX-35 and the EURO STOXX Utilities index in the first quarter of 2023



Source: Bloomberg.

After a very difficult 2022, the main stock market indices changed the trend and started 2023 with gains encouraged by the moderation of the price scenario in the energy and commodity markets.

Despite this reduction in energy prices, core inflation continued to be well above the target set by monetary regulators. So during the quarter they continued their policies of raising interest rates with the aim of containing inflation. This strict monetary policy caused sharp turbulence in the financial sector in March, which suffered from the bankruptcy of several banks in the United States and Europe that were heavily affected, precisely, by this context of interest rate hikes. This situation initially led Central Banks consider changes in their policies for the coming quarters, and investors to discount rate cuts in the short term owing to improving inflation figures.

In the stock market, the instability in the banking sector in March reduced the accumulated gains by the indices until that month, although at the end of the quarter they continued to be significant. The Nasdaq technology index led the ranking with gains of 20.5% and at annual maximum levels as technology stocks discount the change in interest rate expectations. Among European indices, Italy's FTSE MIB index took the lead with a gain of 14.4%, followed by the selective pan-European Eurostoxx 50 with 13.7% and France's CAC 40 index with 13.1%.
The Spanish index IBEX-35 closed with slightly lower gains, of 12.2%, at 9,232.5 points and with a total of 24 of its 35 values in positive. These included shares in the tourism sector, driven by the sector's recovery after the pandemic, and those in the textile sector, which are discounting a sharp upturn in profits owing to greater sales activity.

Shares of the electricity sector served as a refuge for investors in response to the instability occurring in the banking sector, benefiting from portfolio rotation that allowed them to close at annual maximum levels thanks to their perception as defensive companies that have attractive and sustainable shareholder remuneration.
Against this backdrop, Endesa shares closed the first three months of the year trading at Euro 20 per share, its maximum annual level, accumulating to date a revaluation of 13.4% with which it managed to overcome the negative result recorded the previous year, when the share price fell by 12.7%. This performance in the quarter placed Endesa in the fifth best position of the total of 20 companies that make up the European sector index EURO STOXX Utilities, which saw an increase of 7.1% in its share price.

Stock market data

The stock market data of Endesa, S.A. as at 31 March 2023 and 31 December 2022 are detailed below:

Stock market information		**31 March 2023**	**31 December 2022**	**% Var.**
Market cap[1]	Millions of Euro	21,175	18,671	13.4
Number of shares outstanding		1,058,752,117	1,058,752,117	—
Nominal share value	Euro	1.2	1.2	—
Cash[2]	Millions of Euro	1,761	5,974	(70.5)
Continuous Market	Shares			
Trading volume[3]		94,303,611	324,484,195	(70.9)
Average daily trading volume[4]		1,450,825	1,262,584	14.9
Price to Earnings Ratio (PER) – Ordinary[1]		8.91	7.79	—
Price to Earnings Ratio (PER)[1]		8.91	7.35	—
Price / Carrying amount[1]		2.98	3.36	—

[1] See definition in Section 12 of this Consolidated Management Report.
[2] Cash = Sum of all the transactions performed on the shares during the reference period (Source: Madrid Stock Exchange).
[3] Trading Volume = Total volume of Endesa, S.A. securities traded in the period (Source: Madrid Stock Exchange).
[4] Average Daily Trading Volume = Arithmetic mean of stock in Endesa, S.A. traded per session during the period (Source: Madrid Stock Exchange).

10.2. Dividends

Shareholders' remuneration policy

Information on the shareholder remuneration policy is disclosed in Section 19.2 of the Consolidated Management Report for the year ended 31 December 2022.
The General Shareholders' Meeting of Endesa, S.A. held on 28 April 2023 approved the distribution to its shareholders of a total gross dividend of Euro 1.5854 per share, charged against profit of 2022 and prior years' retained earnings, for a total amount of Euro 1,679 million, to be paid on 3 July 2023.

Dividend per share

The breakdown of dividends per share of Endesa, S.A. in 2022 and 2021 is as follows:

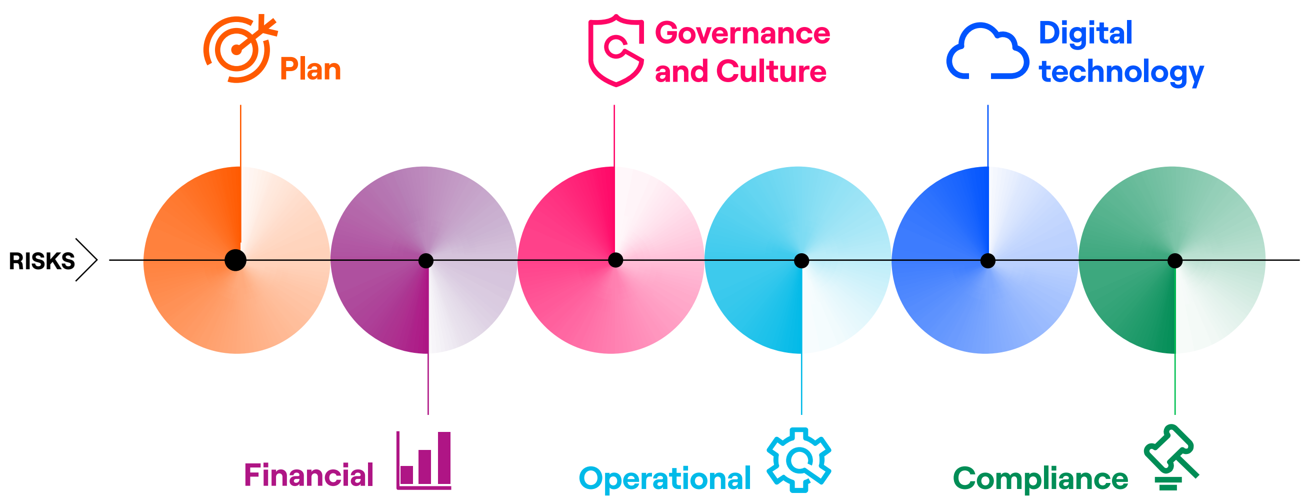
		2022	2021	% Var.
Share capital	Millions of Euro	1,270.5	1,270.5	—
Number of shares		1,058,752,117	1,058,752,117	—
Consolidated net ordinary income	Millions of Euro	2,398	1,902	26.1
Consolidated net income	Millions of Euro	2,541	1,435	77.1
Individual net income	Millions of Euro	697	581	20.0
Ordinary net earnings per share(1)	Euro	2.2649	1.7965	26.1
Net earnings per share(1)	Euro	2.400	1.355	77.1
Gross dividend per share	Euro	1.5854(2)	1.4372(3)	—
Consolidated ordinary pay-out(1)	%	70.0	80.0	—
Consolidated pay-out(1)	%	66.1	106.0	—
Individual pay-out(1)	%	240.8	261.9	—

(1) See definition in Section 12 of this Consolidated Management Report.
(2) Dividend equal to Euro 1.5854 gross per share payable on 3 July 2023 approved by the General Shareholders' Meeting on 28 April.
(3) Interim dividend equal to Euro 0.5 gross per share paid on 3 January 2022 plus a final dividend of Euro 0.9372 gross per share paid on 1 July 2022.

10.3. Main risks and uncertainties

In the first three months of 2023, Endesa followed the same risk control and management policy as that described in Note 42 to the Consolidated Financial Statements for the year ended 31 December 2022.

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



The information regarding the main risks and uncertainties associated with Endesa's activity is described in section 6.4 of the Consolidated Management Report for the year ended 31 December 2022.

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

As a result of the conflict between Russia and Ukraine and the present macroeconomic environment, Endesa must contend with greater uncertainty and its business could be affected by adverse economic conditions in Spain, Portugal, the Eurozone and international markets, as well as by the regulatory environment.

As a result, certain risks are now more of a concern and others have become more volatile (see Sections 5.2 of this Consolidated Management Report).

In a scenario characterised by high inflation, interest rate hikes and financial instability, and with the reopening of the Chinese economy, there are risks that are difficult to manage and of undeterminated probability, including regulatory changes, Cybersecurity, delays in the delivery of supplies and contract compliance, as well as greater restrictions on access to credit.

Given this situation, the main risks and uncertainties now facing Endesa for the coming months of 2023 are summarised below:

Category	Risk	Definition	Description	Metrics	Relevance[3]
Strategic risks	**Legislative and regulatory developments**	Endesa's activities are heavily regulated, and regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows.	Information on the regulatory framework can be found in Note 6 to the consolidated financial statements for the year ended 31 December 2022 and in Section 9 of this consolidated management report.	Scenarios[1]	High
	Macroeconomic and geopolitical trends	Endesa's business could be affected by adverse economic or political conditions in Spain, Portugal, the Eurozone and in international markets.	A worsening of the economic and financial situation within the economies of Europe and the world, aggravated by the conflict between Russia and Ukraine, could have a negative impact on Endesa's business, results, financial position and cash flows (see Section 5.2 of this Consolidated Management Report).		
Financial risks	***Commodities***	Endesa's business is largely dependent on the constant supply of large amounts of fuel to generate electricity; on the supply of electricity and natural gas used for its own consumption and supply; and on the supply of other commodities, the prices of which are subject to market forces that may affect the price and the amount of energy sold by Endesa.	Electricity and fuel prices in the wholesale market, specifically gas, CO_2 emission rights and coal will impact business costs and selling prices. To mitigate this impact, Endesa hedges commodity price risk through financial instruments arranged in organised European markets and over the counter (OTC). The transactions arranged in organised markets, through clearing with daily cash collateral associated with changes in the Mark-to-Market price (MtM), could have a direct impact on liquidity risk at Endesa (see Note 41.3 and 41.4 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022 and section 7.2 of this Consolidated Management Report).	Stochastic[2]	High
	Interest Rate	Endesa is exposed to interest rate risk.	With the aim of moderating the rise in prices, the main Central Banks have acted decisively in applying interest rate hikes, and the messages from these entities continue to point towards additional increases in rates. In order to cushion this impact, Endesa pursues a policy of hedging interest rate risk through derivatives (see Note 42.1 to the Consolidated Financial Statements for the year ended 31 December 2022 and Section 7.2 of this Consolidated Management Report).	Stochastic[2]	High

Category	Risk	Definition	Description	Metrics	Relevance[3]
Financial risks	**Capital adequacy and access to finance**	Endesa's business depends on its ability to obtain the funds necessary to refinance its debt and finance its capital expenses.	The instability of international financial markets marked by inflation, rising interest rates and the uncertainty about certain international financial institutions is impacting the financial credit markets. Endesa's financial management and capital management policy is described in Notes 35.1.12, 41.3 and 41.4 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022. In the short term, liquidity risk is mitigated by Endesa by maintaining an adequate level of unconditionally available resources, including cash and short-term deposits, available credit lines and a portfolio of highly liquid assets. Endesa's liquidity policy consists of arranging committed long-term credit lines with banks and Enel Group companies and financial investments in an amount sufficient to cover projected needs over a given period based on the situation in and expectations about the debt and capital markets (see Section 7.2 of this Consolidated Management Report).	Stochastic[2]	High
	Liquidity				
	Credit and counterparty	Endesa is exposed to credit and counterparty risk. Credit risk is generated when a counterparty does not meet its obligations under a financial or commercial contract, giving rise to financial losses.	Endesa closely monitors the credit risk of its commodity, financial and commercial counterparties. Against an inflationary backdrop, with sharply rising interest rates, affected by the energy crisis of the previous months, exposure to default with counterparties has risen considerably , although the collection management carried out by the Company has moderated the trend in overdue debt (see Section 5.2 of this Consolidated Management Report).	Stochastic[2]	High
Risks associated with digital technologies	**Cybersecurity**	Endesa is exposed to cybersecurity risks.	The Cybersecurity Unit is keeping close track of the situation to identify any cyber event or anomaly at Endesa.	—	(3)
Operational risks	**Procurement, logistics and Supply chain**	Endesa's business could be adversely affected by a possible inability to maintain its relations with suppliers or because the available supplier offering is insufficient in terms of quantity and/or quality, as well as supplier failures to maintain the conditions of the service provided, limiting the possibilities of operability and business continuity.	Any deterioration in the ongoing conflict between Russia and Ukraine and sharp financial tensions on a global level may cause delays in supplies and breach of contracts at the supply chain level. Endesa, in the development of new capacity, is exposed to financial needs, the inflationary environment, interruptions in the availability of materials and qualified labour. In addition, there are also risks of technical faults and accidents that could temporarily interrupt the operation of its plants and service to customers. The occurrence of any of these events could adversely affect Endesa's businesses, results, financial position and cash flows.	Stochastic[2]	Medium

Category	Risk	Definition	Description	Metrics	Relevance[3]
Operational risks	Business interruption	Endesa is exposed to risks associated with the construction of new electricity generation and distribution facilities.		Scenarios[1]	Low
		Endesa's activity may be affected by failures, breakdowns, problems in carrying out planned work or other problems that cause unscheduled non-availability and other operational risks.		Scenarios[1]	Medium
Compliance risks	Compliance with other laws and regulations	Endesa is involved in various court and arbitration proceedings.	Endesa is subject to certain legal proceedings, the resolution of which could have an impact on the Consolidated Financial Statements (see Note 51 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022 and Section 10.6 of this Consolidated Management Report).		(4)

[1] Scenario: calculated as the loss arising from the hypothetical situations.
[2] Stochastic: calculated as the loss that could be incurred with a certain degree of probability or confidence.
[3] The significance of the risks is measured based on the expected potential loss: High (exceeding Euro 75 million), Medium (between Euro 10 million and Euro 75 million) and Low (less than Euro 10 million).
[4] They relate to risks whose impact may be difficult to quantify economically (in general, high impact and probability, following the mitigation mechanisms implemented, very low or very difficult to determine).

10.4. Related parties

Related parties are parties over which Endesa, directly or indirectly via one or more intermediate companies, exercises control or joint control or has significant influence, or which are key members of the Endesa management team.

Key members of the Endesa management team are those with the authority and responsibility to plan, steer and control Endesa's business, either directly or indirectly, including any member of the Board of Directors.

Transactions between the Company and its subsidiaries and jointly operated entities, which are related parties, form part of the Company's normal business activities (in terms of their purpose and conditions) and have been eliminated on consolidation.

For the purposes of the information included in this section, all companies comprising the Enel Group not included in Endesa's consolidated financial statements are considered to be significant shareholders of the Company.

The amount of the transactions carried out with other parties related to certain members of the Board of Directors corresponds to the Company's normal business activities which were, in all cases, carried out on an arm's length basis.

All transactions with related parties are at arm's length.

10.4.1. Expenses and income and other transactions with significant shareholders

Expenses and income with significant shareholders

Millions of Euro

	January – March 2023	January – March 2022
Finance Expenses	43	28
Leases	—	—
Services received	13	13
Purchases of inventories	78	—
Other expenses	260	1,265
Expenses on energy stock derivative financial instruments[1]	239	1,232
Power purchases	4	16
Management or cooperation agreements	17	17
TOTAL EXPENSES	**394**	**1,306**
Finance Income	2	5
Dividends received	—	—
Services rendered	—	1
Sales of inventories	75	91
Other income	37	9
Revenue on energy stock derivative financial instruments[1]	35	5
Energy sales	1	3
Management or cooperation agreements	1	1
Leases	—	—
Other	—	—
TOTAL REVENUE	**114**	**106**

(1) The periods January-March 2023 and 2022 included Euro 174 million, negative, and Euro 5 million, positive, respectively, recognised in the Consolidated Statement of Other Comprehensive Income.

Other transactions with significant shareholders

Millions of Euro

	January – March 2023	January – March 2022
Financing agreements: Loans and capital contributions (lender)	—	—
Financing agreements: Loans and capital contributions (borrower)[1]	10,240	4,700
Guarantees provided	2,000[2]	—
Guarantees received[3]	116	123
Commitments acquired	93[4]	—
Dividends and other distributions	—	1,067[5]
Other transactions[6]	4	3

(1) Relates to the outstanding balance of loans subscribed and credit lines arranged and drawn down with Enel Finance International N.V. for Euro 4,650 million (Euro 3,000 million intercompany loan as at 31 March 2022). In addition, Endesa has arranged committed and irrevocable credit lines with Enel Finance International N.V., amounting to Euro 5,400 million, of which there was no amount drawn down as at 31 March 2023 (see Note 7.2) (Euro 1,700 million as at 31 March 2022, of which it had drawn down Euro 900 million). In addition, as at 31 March 2023, it includes the Credit Support Annexes arranged with Enel Global Trading S.p.A. for derivative financial instrument transactions in the energy markets for a total amount of Euro 190 million. In addition, at the General Shareholders' Meeting held on 28 April 2023, the shareholders approved the formalisation of a credit line of Euro 1,125 million and a loan of Euro 1,875 million, both with Enel Finance International N.V., maturing in 3 years and 5 years, respectively.
(2) Relates to the counter-guarantee provided by Endesa, S.A to Enel, S.p.A. to secure the guarantee previously provided by Enel, S.p.A. to Endesa Generación, S.A.U. (for the fulfilment of the obligations of the latter with third parties, derived from the operating rules of operation of the national or international organised gas and electricity markets in which it participates), for an amount of up to Euro 2,000 million, with a duration until 30 June 2023.
(3) Includes the guarantee received from Enel, S.p.A. for the performance of the contract for the purchase of liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC.
(4) Relates to the commitment made to Enel Global Infrastructure and Networks S.r.l. (EGIN) relating to the License to use the Grid Blue Sky Platform.
(5) Dividends approved by the General Shareholders' Meeting of Endesa, S.A.
(6) Includes purchases of property, plant and equipment, intangible or other assets.

Balances at the end of the period with significant shareholders

At 31 March 2023 and 31 December 2022, the balances with related parties were as follows:

Millions of Euro

	31 March 2023		
	Enel Iberia, S.L.U.	Other significant shareholders	Total
Customers and trade receivables	54	407	461
Loans and credits granted	—	—	—
Other receivables[1]	77	20	97
TOTAL DEBIT BALANCES	**131**	**427**	**558**
Trade and other payables	64	582	646
Loans and credits received	1	4,840	4,841
Other payables[1]	640	5	645
TOTAL PAYABLES	**705**	**5,427**	**6,132**

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

Millions of Euro

	31 December 2022		
	Enel Iberia, S.L.U.	Other significant shareholders	Total
Customers and trade receivables	132	1,165	1,297
Loans and credits granted	1	—	1
Other receivables[1]	47	42	89
TOTAL DEBIT BALANCES	**180**	**1,207**	**1,387**
Trade and other payables	43	1,629	1,672
Loans and credits received	—	5,613	5,613
Other payables[1]	398	10	408
TOTAL PAYABLES	**441**	**7,252**	**7,693**

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

10.4.2. Associates, joint ventures and jointly controlled entities

At 31 March 2023 and 31 December 2022, the details of customer receivables for sales and services, loans and guarantees to associates, joint ventures and jointly-controlled entities were as follows:

Millions of Euro

	Associates		Joint Ventures		Joint Operation	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Trade receivables for sales and services	5	6	1	7	—	—
Loans	60	60	7	1	6	6
Guarantees granted	—	—	—	—	—	—

In the first quarter of 2023 and 2022, transactions with associates, joint ventures and jointly-controlled entities not eliminated on consolidation were as follows:

Millions of Euro

	Associates		Joint Ventures		Joint Operation	
	January - March 2023	January - March 2022	January - March 2023	January - March 2022	January - March 2023	January - March 2022
Revenues	(1)	1	—	—	—	—
Expenses	(7)	—	(4)	(10)	(6)	(9)

10.5. Acquisition commitments and guarantees to third parties

At 31 March 2023 and 31 December 2022 the detail of guarantees provided to third parties and future purchase commitments is as follows:

Millions of Euro

	31 March 2023	31 December 2022
Guarantees provided to third parties:		
Transactions in Derivative Financial Instruments in Energy Markets[1]	2,000	2,000
Property, plant and equipment as collateral for financing received	48	70
Short- and long-term gas contracts	506	445
Energy contracts	54	62
Lease agreement for methane tanker	101	161
Contracts to trade in financial markets	40	40
Supply Contracts for other Inventories	23	23
Associates, joint ventures and jointly controlled entities	3	3
TOTAL[2]	**2,775**	**2,804**
Future electricity purchase commitments:		
Property, plant & equipment	1,528	1,100
Intangible assets	100	102
Financial investment	—	—
Services rendered	15	18
Purchases of other energy stocks and other:	20,795	22,942
Energy stocks	20,453	22,583
Electricity	1	—
Carbon dioxide (CO_2) emission rights	279	296
Other inventories	62	63
TOTAL	**22,438**	**24,162**

[1] Relates to the counter-guarantee provided by Endesa, S.A to Enel, S.p.A. to secure the guarantee previously provided by Enel, S.p.A. to Endesa Generación, S.A.U. (for the fulfilment of the latter's obligations to third parties derived from the operating rules of the national or international organised gas and electricity markets in which it participates), for an amount of up to Euro 2,000 million, with a duration until 30 June 2023 (see Section 10.4.1 of this Consolidated Management Report).

[2] Does not include bank guarantees against third parties.

10.6. Contingent assets and liabilities

In the period ended 31 March 2023, significant changes took place in litigation and arbitration proceedings involving Endesa companies, described in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2022:

- The Supreme Court delivered its judgment no. 212/2022 on 21 February, in the appeal lodged by Endesa, S.A., Endesa Energía, S.A.U. and Energía XXI Comercializadora de Referencia, S.L.U., and in the appeals filed by other electricity sector companies against the obligation set out in Article 45.4 of Electricity Sector Law 24/2013, of 26 December, Royal Decree Law 7/2016, of 23 December, and Royal Decree 897/2017, of 6 October, to finance the cost of the Social Bonus, and to co-finance, alongside the government, the supply of electricity to severely vulnerable consumers subject to the Last Resort Tariffs (LRTs) and who are at risk of social exclusion. It is an appeal filed against the third system to finance the Social Bonus, whereby the obligation was imposed to finance the parents of company groups that carry out electricity supply activities, or the companies themselves that do so if they do not form part of a corporate group. In particular, the Supreme Court partially upheld the appeal declaring (i) inapplicable the Social Bonus financing system and the regime of co-financing with the Administrations of the supply of severely vulnerable consumers under the Last Resort Tariff (LRT) and that are at risk of social exclusion; (ii) articles 12 to 17 of Royal Decree 897/2017, of 6 October, to be inapplicable and null and void. In turn, the following is acknowledged, (iii) the right of the claimant to be compensated for the amounts paid to finance and co-finance (alongside the government) the Social Bonus, so that all amounts paid in this regard are refunded, less any amounts that may have been passed on to customers. Lastly, the following is declared: (iv) the right of the complainant to be compensated for the amounts invested to implement the procedure to request, check and manage the Social Bonus, together with the amounts paid to apply this procedure, discounting those amounts that, where appropriate, would have been passed on to the customers. The Supreme Court issued a ruling on 24 March 2022 dismissing the request to rectify or complement the judgment proposed by the State Legal Service, so that the government can continue to charge the relevant parties for the corresponding financing cost, as the financing system has been removed from the system. However, the Supreme Court confirms that: *"despite the declaration of inapplicability and annulment of the legal rules and regulations governing the system to finance the Social Bonus, the prevalence of the discount obligation in the price of electricity supplied to the vulnerable consumers will continue to generate for certain companies, even after the ruling, payments whose processing and compensation must be addressed in the new legal system to finance the Social Bonus which is established, to substitute that currently declared inapplicable, or a specific rule approved for this purpose".* By Order of 24 May 2022, the judgment was deemed to have been received by the responsible body, indicating that the ruling must be honoured by the Subdirectorate General for Electricity. In view of the inactivity of the administration, on 10 November 2022, a writ of enforcement was filed. Subsequently, via an Order of 9 January 2023, a report was received from the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") on the state of enforcement of the Ruling, and companies were given notice to state, within ten days, whether the Administration has set the amounts to be paid in compensation. On 24 January 2023, a written statement of allegations was submitted, together with the corresponding reports, and requested access to the report prepared by the Spanish Markets and Competition Commission ("CNMC") on which the Ministry of Ecological Transition and the Demographic Challenge ("MITECO") based its report on the state of enforcement of the ruling, while reserving the right to make further pleadings in view of the aforementioned report. On 29 March 2023, a new written submission was filed with the Supreme Court, requesting (i) the immediate payment of the undisputed amount of compensation claimed, (ii) the report of the National Commission of Markets and Competition ("CNMC") the Ministry for the Ecological Transition and the Demographic Challenge ("MITECO") used to prepare its report on the state of execution of the sentence (as has been repeatedly requested) and (iii) the State Attorney is summoned to make pleadings and proceed to the ratification of the expert reports presented.
- On 14 December 2020, the Competition Directorate of the Spanish Markets and Competition Commission ("CNMC") notified Enel Green Power España, S.L.U. (EGPE) and its parent, Endesa Generación, S.A.U., of the initiation of sanctioning proceedings for an alleged abuse of a position of dominance by Enel Green Power España, S.L.U. (EGPE) in the market to access and connect to the transmission grid at certain hubs with effects on the related electricity generation market. According to the Spanish Markets and Competition Commission ("CNMC"), Enel Green

Power España, S.L.U. (EGPE) allegedly used its status as a Single Hub Partner ("IUN") to favour companies in its own Group to the detriment of third-party generators.

Enel Green Power España, S.L.U. (EGPE) submitted pleadings indicating that it does not hold a position of dominance in the access and connection transmission grid market, nor has the figure of Single Hub Partner ("IUN") been granted decision-making powers, or any discretion in the processing of access to the grid, as recognised by the Spanish Markets and Competition Commission ("CNMC") itself in many cases, and it is thus included in the sectoral regulations providing the System Operator with exclusive power to respond to and analyse requests for connection to the transmission grid. Enel Green Power España, S.L.U. (EGPE) considers that there has been no exclusionary effect, nor any market closure, and the alleged abusive practice must be dismissed outright, as it does not fall within the scope of Article 2 of Spanish Law 15/2007, of 3 July 2007, on the Defence of Competition ("LDC"). Following the investigation into the sanctioning proceedings, delivery of the Proposed Ruling and submission of the corresponding allegations by Enel Green Power España, S.L.U. (EGPE), on 10 June 2022, the Spanish Markets and Competition Commission ("CNMC") issued a decision, ordering Enel Green Power España, S.L.U. (EGPE) and, jointly and severally, its parent company Endesa Generación, S.A.U., to pay a total fine of Euro 5 million for committing two very serious infringements contrary to Article 2 of Law 15/2007, of 3 July, on the Defence of Competition ("LDC"), involving an alleged abuse of a dominant position by Enel Green Power España, S.L.U. (EGPE), in its capacity as Single Hub Partner, in the market for access and connection to the transmission grid at the Tajo de la Encantada and Lastras substation hubs. On 29 July 2022, Enel Green Power España, S.L.U. (EGPE) and Endesa Generación S.A.U. lodged an appeal with the National Court (Audiencia Nacional) against the aforementioned sanctioning resolution of 10 June 2022 and, in turn, requested the precautionary suspension of section three of the ruling relating to payment of the fines imposed. By virtue of Court Order dated 13 December 2022, the National Court agreed to suspend enforcement of the fine, subject to the posting of sufficient security by the appellants. Via an Order 16 March 2023, the appellants were summoned to bring suit, and notice was given of the administrative proceeding.

- In the course of the price review procedure of a long-term liquefied natural gas supply contract, the counterparty, a liquefied natural gas production company, has initiated, in March 2023, an arbitration against Endesa Generación, S.A.U., requesting a payment of approximately USD 411 million. This amount could be subject to revision depending on market developments in the coming months and until the conclusion of the arbitration, which is expected to occur in the first half of 2024. The Company believes that this claim is not sufficiently substantiated.

The Directors of Endesa consider that the provisions recognised in the consolidated financial statements for the first quarter of 2023 adequately cover the risks relating to litigation, arbitration and claims, and do not expect these issues to give rise to any liability not already provided for.

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

In the first quarter of 2023 the payments made for dispute resolution amounted to less than Euro 1 million.

11. Events after the reporting period

On 3 April 2023, the deed of division of the electric mobility activity owned by Endesa X Servicios S.L.U. was signed, including the 49% stake in the share capital of Endesa X Way, S.L., through which the economic unit formed by all the assets and liabilities elements, technical, material and human resources, related to the provision of the service of exploitation of the ownership of electric vehicle charging stations and related activities is transferred to Endesa Mobility, S.L.U., wholly-owned by Endesa, S.A.

Except as mentioned above, no other significant events beyond those addressed herein have taken place between 31 March 2023 and the date of authorisation for issue of this Consolidated Management Report.

12. Alternative Performance Measures (APMs)

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs) January - March 2023	Reconciliation of Alternative Performance Measures (APMs) January - March 2022	Relevance of Use
EBITDA	€M	Income - Procurements and Services + Income and Expenses for Energy Stocks Derivatives + Self-constructed Assets - Personnel Expenses - Other Fixed Operating Expenses + Other Gains and Losses	€1,462 M = €7,504 M - €4,738 M - €741 M + €59 M - €255 M - €368 M + €1 M	€914 M = €7,596 M - €6,015 M - €125 M + €53 M - €243 M - €355 M + €3 M	Measure of operating return excluding interest, taxes, provisions and depreciation and amortisation.
EBIT	€M	EBITDA - Depreciation and amortisation, and impairment losses	€990 M = €1,462 M - €472 M	€489 M = €914 M – €425 M	Measure of operating return excluding interest and taxes
Net income	€M	Net income of the Parent	€594 M	€338 M	Measure of profit for the period
Net ordinary income	€M	Ordinary net income = Net income of the Parent - Net gain/(loss) on disposal of non-financial assets (greater than Euro 10 million) - Net impairment losses on non-financial assets (greater than Euro 10 million) - Initial net allowance for personnel expenses under workforce restructuring plans relating to the Decarbonisation and Process Digitalisation Plan - Net expenses corresponding to the Public Responsibility Plan relating to the COVID-19 health crisis	€594 M = €594 M - €0 M - €0 M - €0 M - €0 M	€338 M = €338 M - €0 M - €0 M - €0 M - €0 M	Measure of profit for the period isolating non-recurring effects of more than Euro 10 million
Contribution margin	€M	Revenue - Procurements and Services +- Income and Expenses for Energy Stocks Derivatives	€2,025 M = €7,504 M - €4,738 M - €741 M	€1,456 M = €7,596 M - €6,015 M - €125 M	Measure of operating profitability taking into account direct variable production costs
Procurements and Services	€M	Energy Purchases + Fuel Consumption + Transmission Expenses + Other Variable Procurements and Services.	€4,738 M = €2,254 M + €709 M + €865 M + €910 M	€6,015 M = €3,544 M + €806 M + €1,142 M + €523 M	Goods and services for production
Net Financial Results	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments+- Net Exchange Differences	€(123) M= €9 M + €155 M + €7 M + €16 M	€(22) M = €49 M – €50 M - €15 M - €6 M	Measure of financial cost
Net financial expense	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments	€(139) M = €9 M - €155 M + €7 M	€(16) M = €49 M - €50 M - €15 M	Measure of financial cost
Net investments	€M	Gross investments - Capital grants and facilities disposed of	€376 M = €410 M - €34 M	€363 M = €404 M - €41 M	Measure of investment activity
Ordinary return on equity	%	Net ordinary income of the Parent / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2))	47.40% = €M (((594 + 208) * (12 months / 3 months) - €208 M) [(1)] / €M ((7,097 + 5,560) / 2)	26.64% = €M (338 * 12 months / 3 months) / €M ((4,772 +5,380) / 2)	Measure of the capacity to generate profits on shareholder investments

M€ = Millions of Euro; € = Euro.
n = 31 March of the year being calculated.
n-1 = 31 December of the year before the year being calculated.
[(1)] Annualised result discounting the effect of the Temporary Energy Tax, amounting to Euro 208 million.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs) January - March 2023	January - March 2022	Relevance of Use
Ordinary return on assets	%	Net ordinary income of the Parent / ((Total assets (n) + Total assets (n-1)) / 2)	6.21% = €M (((594 + 208) * (12 months / 3 months) - €208 M) [1] / €M ((46,649 + 49,960) / 2)	3.08% = €M (338 * 12 months / 3 months) / €M ((47,966 + 39,968) / 2)	Measure of business profitability
Economic profitability	%	EBIT / ((PP&E (n) + PP&E (n-1)) / 2)	20.58% = €M (((990 + 208) * (12 months / 3 months) - €208 M) [1] / €M ((22,220 + 22,338) / 2)	8.86% = €M (489 * 12 months / 3 months) / €M ((22,058 + 22,097) / 2)	Measure of the capacity to generate income from invested assets or capital
Return on capital employed (ROCE)	%	Operating profit after tax / ((Non-current assets (n) + Non-current assets (n-1) / 2) + (Current assets (n) + Current assets (n-1) / 2))	6.96% = €M (((684 + 208) * (12 months / 3 months) - €208 M) [1] / €M ((28,743 + 30,035) / 2 + (17,906 + 19,925) / 2)	3.42% = €M (376 * 12 months / 3 months) / €M ((29,365 + 28,316) / 2 + (18,601 + 11,652) / 2))	Measure of return on capital employed
Return on invested capital (ROIC)	%	Operating income after taxes / (Net equity of the Parent + Net financial debt)	17.98% = €M (((684 + 208) * (12 months / 3 months) - €208 M) [1] / (€7,097 M + €11,591 M)	9.96% = €M (376 * 12 months / 3 months) / (€4,772 M + €10,334 M)	Measure of return on capital invested
Funds from operations	€M	Cash flows from operating activities + Changes in working capital - Work carried out by the group for its assets	€1,474 M = - €97 M + €1,630 M - €59 M	€591 M= - €476 M + €1,120 M - €53 M	Measure of cash generated by the company's business available to make investments, amortise debt and distribute dividends to shareholders
Interest expenses	€M	Interest paid	€77 M	€19 M	Measure of interest payments
Net ordinary earnings per share	€	Net ordinary income of the Parent / Number of shares at the end of the period	€0.561 = €594 M / 1,058,752,117 shares	€0.319 = €338 M / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the period
Net earnings per share	€	Net ordinary income of the Parent / Number of shares at the end of the period	€0.561 = €594 M / 1,058,752,117 shares	€0.319 = €338 M / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the period
Cash Flow per Share	€	Net cash flow from operating activities / Number of shares at the end of the period	€(0.092) = - €97 M / 1,058,752,117 shares	€(0.450) = - €476 M / 1,058,752,117 shares	Measure of the portion of funds generated corresponding to each share at the end of the period

M€ = Millions of Euro; € = Euro.
n = 31 March of the year being calculated.
n-1 = 31 December of the year before the year being calculated.
[1] Annualised result discounting the effect of the Temporary Energy Tax, amounting to Euro 208 million.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of Use
			31 March 2023	31 December 2022	
Net financial debt	€M	Non-current borrowings + Current borrowings + Debt derivatives recognised in liabilities - Cash and cash equivalents - Debt derivatives recognised in assets - Financial guarantees recognised in assets	€11,591 M = €10,924 M + €5,957 M + €78 M - €1,022 M - €103 M - €4,243 M	€10,869 M = €11,704 M + €6,784 M + 87 M - €871 M - €111 M - €6,724 M	Current and non-current borrowings, less cash and financial investments equivalent to cash and financial guarantees recognised in assets
Sustainable financing	%	Sustainable gross financial debt / Gross financial debt	65% = €10,901 M / €16,881 M	64% = €11,817 M / €18,488 M	Measure of the weight of gross financial debt with Sustainability clauses as a share of total gross financial debt
Leverage	%	Net financial debt / Equity	158,67% = €11,591 M / €7,305 M	188.67% = €10,869 M / €5,761 €M	Measure of the weight of external funds in the financing of business activities
Debt ratio	%	Net Financial Debt / (Equity + Net Financial Debt)	61.34% = €11,591 M / (€7,305 M + €11,591 M)	65.36% = €10,869 M / (€5,761 M + €10,869 M)	Measure of the weight of external funds in the financing of business activities
Average life of gross financial debt	Number of years	(Principal * Number of days validity) / (Principal outstanding at the end of the period * Number of days in the period)	3.2 years = 54,155 / 16,973	3.2 years = 59,961 / 18,588	Measure of the duration of borrowings to maturity
Average gross financial debt	€M	(Total Drawdowns or Debt Positions * Number of Days in force of each Provision or Position) / Cumulative Number of Days in Force	€16,795 M	€16,442 M	Measure of average gross financial debt in the period to calculate the average cost of gross financial debt
Average cost of gross financial debt	%	Cost of gross financial debt / Average gross financial debt	2.8% = €115 M / (12 months / 3 months) / €16,795 M	1.4% = €224 M / €16,442 M	Measure of the effective rate of borrowings
Debt maturity coverage	Number of months	Maturity period (months) of core debt that could be covered with the liquidity available	18 months	10 months	Measure of the capacity to meet debt maturities
Liquidity ratio	N/A	Current Assets / Current Liabilities	1.00 = €17,906 M / €17,898 M	0.96 = €19,925 M / €20,682 M	Measure of the capacity to meet short term commitments
Solvency ratio	N/A	(Equity + Non-current liabilities) / Non-current assets	1.00 = (€7,305 M + €21,446 M) / €28,743 M	0.97 = (€5,761 M + €23,517 M) / €30,035 M	Measure of the capacity to meet obligations
Debt coverage ratio	N/A	Net financial debt / Gross operating income (EBITDA)	1.79 = €11,591 M/ €(((1,462 + 208) M * 12 months / 3 months) - €208 M) [1]	1.95 = €10,869 M / €5,565 M	Measure of the amount of available cash flow to meet principal payments on borrowings
Fixed assets	€M	Property, plant and equipment + Real estate investments + Intangible assets + Goodwill	€24,388 M = €22,220 M + €59 M + €1,647 M + €462 M	€24,495 M = €22,338 M + €59 M + €1,636 M + €462 M	Assets of the Company, whether tangible or intangible, not convertible into short-term liquidity, necessary for the Company to operate and not intended for sale

M€ = Millions of Euro; € = Euro.
[1] Annualised result discounting the effect of the Temporary Energy Tax, amounting to Euro 208 million.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs) 31 March 2023	31 December 2022	Relevance of Use
Total net non-current assets	€M	Property, plant and equipment + Intangible assets + Goodwill + Investments accounted for using the equity method + Investment property + Other non-current financial assets + Non-current derivative financial instruments + Other non-current assets - Grants - Non-current liabilities from contracts with customers - Non-current derivative financial instruments - Other non-current financial liabilities - Other non-current liabilities - Financial guarantees recognised in non-current assets +- Debt derivatives recognised under non-current financial assets and liabilities	€19,812 M = €22,220 M + €1,647 M + €462 M + €272 M + €59 M + €801 M + €881 M + €321 M - €234 M - €4.290 M - €1,438 M - €0 M - €562 M - €302 M - €25 M	€19,256 M = €22,338 M + €1,636 M + €462 M + €274 M + €59 M + €1,160 M + €1,249 M + €304 M - €238 M - €4,300 M - €2,408 M - €0 M - €588 M - €668 M - €24 M	Measure of non-current assets excluding deferred tax assets, less the value of deferred income and other non-current liabilities
Total net working capital	€M	Trade receivables for sales and services and other receivables + Inventories + Other current financial assets + Current derivative financial instruments + Current income tax assets + Other tax assets + Current assets from contracts with customers − Current income tax liabilities − Other tax liabilities − Current derivative financial instruments − Other current financial liabilities − Current liabilities from contracts with customers − Financial guarantees recognised in current assets +- Debt derivatives recognised under current financial assets and liabilities − Suppliers and other payables	€2,371 M = €5,887 M + €2,081 M + €6,873 M + €1,763 M + €79 M + €163 M + €11 M - €814 M - €690 M - €3,739 M - €93 M - €302 M - €3,941 M - €0 M - €4,907 M	€309 M= €5,472 M + €2,122 M + €8.677 M + €2,533 M + €49 M + €166 M + €8 M - €544 M - €564 M - €4,990 M - €51 M - €294 M - €6,056 M - €0 M - €6,219 M	Measure of current assets excluding cash and financial investments equivalent to cash, less suppliers and other payables and current income tax liabilities
Gross invested capital	€M	Total net non-current assets + Total net working capital	€22,183 M = €19,812 M + €2,371 M	€19,565 M = €19.256 M + 309 €M	Total net non-current assets plus total net working capital
Total deferred tax assets and liabilities and provisions	€M	- Provisions for pensions and similar obligations - Other non-current provisions - Current provisions + Deferred tax assets - Deferred tax liabilities	€(3,314) M = - €258 M - €2,552 M - €1,396 M + €2,080 M - €1,188 M	€(2,962) M= - €278 M - €2,686 M - €1,236 M + €2,553 M - €1,315 €M	Measure of deferred tax assets and liabilities and provisions
Net invested capital	€M	Gross capital invested - Total deferred tax assets and liabilities and provisions + Net non-current assets held for sale and discontinued operations	€18,896 M = €22,183 M - €3,314 M + €27 M	€16,630 M = €19,565 M - €2,962 M + €27 M	Measure of gross capital invested plus total provisions and deferred tax assets and liabilities and non-current assets held for sale and discontinued operations
Book value of equity per share	€	Equity of the Parent / Number of shares at the end of the reporting period	€6,703 = €7,097 M / 1,058,752,117 shares	5.251 € = €5,560 M / 1,058,752,117 shares	Measure of the portion of equity corresponding to each share at the end of the year

M€ = Millions of Euro; € = Euro.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of Use
			31 March 2023	31 December 2022	
Market cap	€M	Number of shares at the end of the period * Share price at the end of the period	€21,175 M = 1,058,752,117 shares * €20.000	€18,671 M = 1,058,752,117 shares * €17.635	Measure of total enterprise value according to the share price
Price to Earnings Ratio (PER) ordinary	N/A	Share price at the end of the period / Net ordinary earnings per share	8.91 = €20.000 / (€0.56 * 12 months/3 months)	7.79 = €17.635 / €2.265	Measure indicating the number of times that net ordinary earnings per share can be divided into the market price of the shares.
Price to Earnings Ratio (PER)	N/A	Share price at the end of the period / Net earnings per share	8.91 = €20.000 / (€0.56 * 12 months/3 months)	7.35 = €17.635 / €2.400	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price / Carrying amount	N/A	Market cap / Equity of the Parent	2.98 = €21,175 M / €7,097 M	3.36 = €18,671 M / €5,560 M	Measure comparing total enterprise value according to the share price with the carrying amount
			2022	**2021**	
Consolidated ordinary pay-out	%	(Gross Dividend per Share * Number of Shares at the Close of the Period) / Net Ordinary Income of the Parent	70.0% = (€1.5854 * 1,058,752,117 shares) / €2,398 M	80.0% = (€1.4372 * 1,058,752,117 shares) / €1,902 M	Measure of the part of ordinary income obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Consolidated pay-out	%	(Gross Dividend per Share * Number of Shares at the Close of the Period) / Parent Company Result for the year	66.1% = (€1.5854 * 1,058,752,117 shares) / €2,541 M	106.0% = (€1.4372 * 1,058,752,117 shares) / €1,435 M	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual pay-out	%	(Gross dividend per share * Number of Shares at the Close of the Period / Profit of Endesa, S.A. for the year	240.8% = (€1.5854 * 1,058,752,117 shares) / €697 M	261.9% = (€1.4372 * 1,058,752,117 shares) / €581 M	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

M€ = Millions of Euro; € = Euro.

13. Foreseeable management developments

The first quarter of 2023 has been marked by milder context in electricity and raw material prices, but also by persistently high core inflation that has led Central Banks to continue with their strict roadmap of interest rate hikes aimed at containing rising prices.

In regulation, the debate has centred on the European proposal for electricity market reform presented by the European Commission after a public consultation process, which must be discussed and approved by the European Parliament and the Council before its entry into force, which is expected for 2024. The proposal provides for the revision of several pieces of European Union legislation, in particular the Electricity Regulation, the Electricity Directive and the Regulation on wholesale energy market integrity and transparency ("REMIT").

The following are the main objectives and proposals:

	Main Objectives	European Commission proposals
European Proposal for Electricity Market Reform by the European Commission	• Speed up the increase in renewable energies and the phasing out of gas. • Make consumers' bills less dependent on the volatility of fossil fuel prices. • Better protect consumers against future drastic price increases and market manipulations. • Make EU industry cleaner and more competitive.	• Maintain the marginalist price system, which is described as efficient. • Promote and incentivise the development of forward markets, mainly through State-supported bilateral Contracts for Differences (CfDs) and bilateral power purchase agreements (PPAs) in the private sector. • Provide the system with cleaner and more flexible solutions to compete with gas, such as demand response and storage, and seek measures that protect and empower consumers by providing them with a wide range of contracts and clearer information before they are signed, so that they have the option to set secure and long-term prices, and thus avoid excessive risks and volatility. • All this will reduce the impact of fossil fuels on consumers' electricity bills and ensure that they reflect a lower cost of renewables.

In this same period, in Spain there were no significant developments in regulation beyond the entry into force of the exceptional tax of 1.2% on the income of 2022 and 2023 of companies in the Energy Sector with annual revenue exceeding Euro 1,000 million, to be settled in 2023 and 2024. This rate, included in Endesa's consolidated results for the period January-March 2023 and already appealed in several instances, has caused for the Company a non-deductible expense amounting to Euro 208 million (see Sections 6.2.2 and 6.2.5 of this Consolidated Management Report).

Other measures in force worth mentioning include approval on 28 March 2023 of Royal Decree Law 3/2023 on the extension of the production cost adjustment mechanism for the reduction of the price of electricity in the wholesale market regulated in Royal Decree Law 10/2022, of 13 May. This Royal Decree Law extends the mechanism of the *"gas cap"* known as the *"Iberian exception"* of 31 May 2023 initially planned until 31 December 2023, and is an insurance instrument for all consumers in the event that natural gas prices increase again (see Section 9 of this Consolidated Management Report).

With respect to the gas reference rate, which was set in Royal Decree Law 10/2022 of 13 May at 40 €/MWh for 6 months, after which it would increase by 5 €/MWh for each additional calendar month until the end of the mechanism in May, Royal Decree Law 3/2023, of 28 March sets a linear path from 55 €/MWh, which is the price in force in March, to 65 €/MWh in December 2023.

In the first quarter of 2023, and within this market context, Endesa has continued to successfully implement the Strategic Plan for the period 2023-2025, which was presented to the market on November 23, 2022. The Plan's results will enable the Company to continue applying an attractive dividend policy based on 70% of the pay-out on Ordinary Net Income and carry out the ambitious volume of investments announced in this Plan, with the focus on the renewables and grid businesses as key drivers of the Energy Transition process, and crucial for increasing Europe's energy independence, security and affordability (see Sections 4.2 and 4.3 of the Consolidated Management Report for the year ended 31 December 2022).

Lastly, on 22 February 2023, Endesa approved the 2023-2025 Sustainability Plan, in which it shows that it is committed to a business model in which Sustainability is integrated into the industrial and business plan itself, with the addition of ethical, social and environmental commitments. The Company once again reaffirms its commitment to sustainability by placing it at the heart of its business strategy (see Section 3.3 of this Consolidated Management Report).

2.

Appendix

Appendix I. Consolidated Financial Statements for the three-month period ended 31 March 2023

Endesa, S.A. and Subsidiaries

Consolidated Income Statements for the periods January-March 2023 and 2022

Millions of Euro

	January-March 2023[1]	January-March 2022[1]
REVENUE	**7,504**	**7,596**
Revenue from sales and services	7,369	7,508
Other operating income	135	88
PROCUREMENTS AND SERVICES	**(4,738)**	**(6,015)**
Power purchases	(2,254)	(3,544)
Fuel consumption	(709)	(806)
Transmission expenses	(865)	(1,142)
Other variable procurements and services	(910)	(523)
INCOME AND EXPENSES FROM ENERGY STOCKS DERIVATIVES	**(741)**	**(125)**
CONTRIBUTION MARGIN	**2,025**	**1,456**
Self-constructed assets	59	53
Personnel expenses	(255)	(243)
Other fixed operating expenses	(368)	(355)
Other gains and losses	1	3
GROSS OPERATING INCOME (EBITDA)	**1,462**	**914**
Depreciation and amortisation, and impairment losses on non-financial assets	(426)	(390)
Impairment losses on financial assets.	(46)	(35)
OPERATING INCOME (EBIT)	**990**	**489**
FINANCIAL PROFIT/(LOSS)	**(123)**	**(22)**
Financial Income	9	49
Financial Expense	(155)	(50)
Income and expenses on derivative financial instruments	7	(15)
Net exchange differences	16	(6)
Net profit/(loss) of companies accounted for using the equity method	3	5
PROFIT BEFORE TAX	**870**	**472**
Income tax	(269)	(109)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	**601**	**363**
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	**–**	**–**
PROFIT FOR THE PERIOD	**601**	**363**
Parent	594	338
Non-controlling interests	7	25
BASIC NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euro)	**0.56**	**0.32**
DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euro)	**0.56**	**0.32**
BASIC NET EARNINGS PER SHARE (Euro)	**0.56**	**0.32**
DILUTED NET EARNINGS PER SHARE (Euro)	**0.56**	**0.32**

[1] Unaudited

Endesa, S.A. and Subsidiaries

Consolidated Statements of other Comprehensive Income for the periods January-March 2023 and 2022

Millions of Euro

	January-March 2023[1]	January-March 2022[1]
CONSOLIDATED PROFIT FOR THE PERIOD	**601**	**363**
OTHER COMPREHENSIVE INCOME:		
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS	**—**	**—**
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	—	—
Actuarial gains and losses	—	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates	—	—
Equity Instruments through Other Comprehensive Income	—	—
Other Income and Expenses not Reclassified to Profit for the Period	—	—
Tax effect	—	—
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	**950**	**(946)**
Hedging transactions	**1,265**	**(1,273)**
Valuation gains/(losses)	861	(1,405)
Amounts Transferred to Income Statement	404	132
Other Reclassifications	—	—
Translation differences	**—**	**—**
Valuation gains/(losses)	—	—
Amounts Transferred to Income Statement	—	—
Other Reclassifications	—	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates	**1**	**8**
Valuation gains/(losses)	1	8
Amounts Transferred to Income Statement	—	—
Other Reclassifications	—	—
Equity Instruments at Fair Value through Other Comprehensive Income	**—**	**—**
Valuation gains/(losses)	—	—
Amounts Transferred to Income Statement	—	—
Other Reclassifications	—	—
Other Income and Expenses that May Be Reclassified to Profit for the Period	**—**	**—**
Valuation gains/(losses)	—	—
Amounts Transferred to Income Statement	—	—
Other Reclassifications	—	—
Tax effect	**(316)**	**319**
TOTAL COMPREHENSIVE INCOME	**1,551**	**(583)**
Of the Parent	**1,544**	**(608)**
Non-controlling interests	**7**	**25**

[1] Unaudited

Endesa, S.A. and Subsidiaries
Consolidated Statements of Financial Position at 31 March 2023 and 31 December 2022

Millions of Euro

	31 March 2023[1]	31 December 2022[2]
ASSETS		
NON-CURRENT ASSETS	**28,743**	**30,035**
Property, plant and equipment	22,220	22,338
Investment property	59	59
Intangible assets	1,647	1,636
Goodwill	462	462
Investments accounted for using the equity method	272	274
Non-current assets of contracts with customers	–	–
Other non-current financial assets	801	1,160
Non-current derivative financial instruments	881	1,249
Other non-current assets	321	304
Deferred tax assets	2,080	2,553
CURRENT ASSETS	**17,906**	**19,925**
Inventories	2,081	2,122
Trade and other receivables	6,129	5,687
Trade receivables for sales and services and other receivables	5,887	5,472
Current income tax assets	79	49
Other tax assets	163	166
Current assets under contracts with customers	11	8
Other current financial assets	6,873	8,677
Current derivative financial instruments	1,763	2,533
Cash and cash equivalents	1,022	871
Non-current assets held for sale and discontinued operations	27	27
TOTAL ASSETS	**46,649**	**49,960**
EQUITY AND LIABILITIES		
EQUITY	**7,305**	**5,761**
Of the Parent	7,097	5,560
Non-controlling interests	208	201
NON-CURRENT LIABILITIES	**21,446**	**23,517**
Subsidies	234	238
Non-current liabilities under contracts with customers	4,290	4,300
Non-current provisions	2,810	2,964
Provisions for employee benefits	258	278
Other non-current provisions	2,552	2,686
Non-current borrowings	10,924	11,704
Non-current derivative financial instruments	1,438	2,408
Other non-current financial liabilities	–	–
Other non-current liabilities	562	588
Deferred tax liabilities	1,188	1,315
CURRENT LIABILITIES	**17,898**	**20,682**
Current liabilities under contracts with customers	302	294
Current provisions	1,396	1,236
Provisions for employee benefits	–	–
Other current provisions	1,396	1,236
Current borrowings	5,957	6,784
Current derivative financial instruments	3,739	4,990
Other current financial liabilities	93	51
Trade and other payables	6,411	7,327
Suppliers and other payables	4,907	6,219
Current income tax liabilities	814	544
Other tax liabilities	690	564
Liabilities associated with non-current assets classified as held for sale and discontinued operations	–	–
TOTAL EQUITY AND LIABILITIES	**46,649**	**49,960**

[1] Unaudited.
[2] Audited.

Endesa, S.A. and Subsidiaries
Consolidated Statement of Changes in Equity for the period January – March 2023

Millions of Euro

	Equity attributable to the Parent[1]						Non-controlling interests	Total Equity
	Capital and reserves					Adjustments due to changes in value		
	Capital	Share premium, reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments			
Opening balance at 1 January 2023	**1,271**	**4,937**	**(5)**	**2,541**	**4**	**(3,188)**	**201**	**5,761**
Adjustments due to changes in accounting policies	–	–	–	–	–	–	–	–
Corrections of errors	–	–	–	–	–	–	–	–
Adjusted beginning balance	**1,271**	**4,937**	**(5)**	**2,541**	**4**	**(3,188)**	**201**	**5,761**
Total comprehensive income	**–**	**–**	**–**	**594**	**–**	**950**	**7**	**1,551**
Transactions with shareholders or owners	**–**	**–**	**(7)**	**–**	**–**	**–**	**–**	**(7)**
Capital increases/(decreases)	–	–	–	–	–	–	–	–
Conversion of liabilities into equity	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	–	–
Transactions with own equity instruments (net)	–	–	(7)	–	–	–	–	(7)
Increases/(decreases) due to business combinations	–	–	–	–	–	–	–	–
Other transactions with shareholders or owners	–	–	–	–	–	–	–	–
Other changes in equity	**–**	**2,541**	**–**	**(2,541)**	**–**	**–**	**–**	**–**
Share-based payments	–	–	–	–	–	–	–	–
Transfers between equity items	–	2,541	–	(2,541)	–	–	–	–
Other changes	–	–	–	–	–	–	–	–
End Balance at 31 March 2023	**1,271**	**7,478**	**(12)**	**594**	**4**	**(2,238)**	**208**	**7,305**

[1] Unaudited.

Endesa, S.A. and Subsidiaries
Consolidated Statement of Changes in Equity for the period January – March 2022

Millions of Euro

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

(1) Unaudited

Endesa, S.A. and Subsidiaries
Consolidated Statements of Cash Flows for the periods January – March 2023 and 2022

Millions of Euro

	January-March 2023[1]	January-March 2022[1]
Gross profit before tax	**870**	**472**
Adjustments for:	**811**	**252**
Depreciation and amortisation, and impairment losses	472	425
Other adjustments (net)	339	(173)
Changes in working capital:	**(1,630)**	**(1,120)**
Trade and other receivables	(403)	(1,198)
Inventories	188	(125)
Current financial assets	(305)	(168)
Trade payables and other current liabilities	(1,110)	371
Other cash flows from operating activities:	**(148)**	**(80)**
Interest received	13	10
Dividends received	—	—
Interest paid	(77)	(19)
Income tax paid	1	2
Other receipts from and payments for operating activities	(85)	(73)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(97)**	**(476)**
Payments for investments	**(618)**	**(2,267)**
Acquisitions of property, plant and equipment and intangible assets	(529)	(495)
Investments in Group companies	—	(21)
Purchase of other investments	(89)	(1,751)
Proceeds from sale of investments	**2,483**	**11**
Proceeds from sale of property, plant and equipment and intangible assets	1	5
Disposals of investments in Group companies	—	—
Proceeds from sale of other investments	2,482	6
Other cash flows from investing activities	**18**	**17**
Other receipts from and payments for investing activities	18	17
NET CASH FLOWS FROM INVESTING ACTIVITIES	**1,883**	**(2,239)**
Cash flows from equity instruments	(14)	(4)
Drawdowns of non-current borrowings	69	1,710
Repayment of borrowings, non-current	(476)	(4)
Net cash flows from current borrowings	(1,212)	1,404
Dividends of the Parent paid	—	(529)
Dividends paid to non-controlling interests	(2)	—
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(1,635)**	**2,577**
TOTAL NET CASH FLOWS	**151**	**(138)**
Effect of exchange rate fluctuations on cash and cash equivalents	—	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**151**	**(138)**
OPENING CASH AND CASH EQUIVALENTS	**871**	**703**
Cash in hand and at banks	871	703
Other cash equivalents	—	—
ENDING CASH AND CASH EQUIVALENTS	**1,022**	**565**
Cash in hand and at banks	1,022	565
Other cash equivalents	—	—

(1) Unaudited.

Legal Notice

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

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

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

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

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

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

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