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ANNUAL FINANCIAL REPORT
LEGAL DOCUMENTATION 2023
ENDESA, S.A. AND SUBSIDIARIES **2023**

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	Renewable Generation
	Energy Supply
	Marketing of Other Products and Services
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1. LETTER TO SHAREHOLDERS AND OTHER STAKEHOLDERS





Juan Sánchez-Calero Guilarte

Chairman



José D. Bogas Gálvez

Chief Executive Officer

LETTER TO SHAREHOLDERS AND OTHER STAKEHOLDERS



Dear Shareholder,

The financial report for fiscal year 2023 that we make available to you is the story of a collective effort that has yielded a good result. A choral work that seeks to generate value for you, Endesa's shareholder, and for the society in which we operate.

There seems to be a general consensus that we are living in times marked by geopolitical issues, by the global debate on the energy model and by the certainty that the effects of climate change are beating the worst forecasts. However, we are also living in a time in which we cohabit and work in a more vigilant and resilient society, in a society in which there is a real awareness that things have to be done differently.

Doing things differently is one of Endesa's great mobilizers. It permeates our purpose and our strategy. So much so that, in our strategic plan presented at the end of 2023, we updated our commitment to clean electrification in order to become a totally emission-free company by 2040. This plan updates our strategy in

line with the previous plan. Gross investment will reach Euro 8,900 million in the 2024-2026 period to grow in clean electrification, with distribution networks and renewable generation as key axes.

This line of work shows, and we want to emphasize it, that we are consistent with our commitment to sustainable and profitable growth. But beyond what the figures in this report say about the company's management, at Endesa we are aware of our role as the backbone of the economy in Spain and Portugal and of our essential role in society, since we provide a basic asset for its proper functioning. We are also aware of our responsibility to collaborate with public and private institutions and with the different regulators to create the right environment to attract investment and ensure that consumers have access to clean and competitive energy. In short, to ensure that, while creating value for shareholders like you, we create an environment in which investments are profitable and our products and services are competitive for customers.

On the following pages you will find full details of our fiscal year 2023.

On the financial side, we closed the year with a net ordinary income of Euro 951 million. Gross operating income (EBITDA) amounted to Euro 3,777 million. On the customer side, we were consolidated with 10.5 million in electricity and 1.8 million in gas at 31 December 2023. These are just some of the numbers that indicate that our strategy is consistent in management values, solid in results and value-creating for its shareholders, as it allows us to propose a dividend of gross Euro 1 per share for 2024 charged to 2023 results and the remainder of previous years (Euro 1,059 million).

Thank you for your support.



2.

CONSOLIDATED FINANCIAL STATEMENTS AUDIT REPORT



Auditor's Report on Endesa, S.A. and subsidiaries

**(Together with the consolidated annual accounts
and consolidated directors' report of Endesa,
S.A. and subsidiaries for the year ended 31
December 2023)**

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



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

Independent Auditor's Report on the Consolidated Annual Accounts

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To the Shareholders of Endesa, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Endesa, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2023, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

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

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

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

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Reg. Mer Madrid, T. 11.361, F. 00, Sra. S. H. M-188 001, Incorp. 0
N.I.F. B-78810160



Key Audit Matters

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

Revenue recognition. Unbilled energy supplied

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

Key audit matter	How the matter was addressed in our audit
The Group's businesses that carry out energy supply activities must make estimates of unbilled energy supplies to end customers in the period between the last meter reading and the end of the fiscal year. At 31 December 2023, sales of electricity and gas as yet unbilled by the Group amounted to Euros 1,633 million and Euros 476 million, respectively. The quantity of unbilled energy supplied is estimated using both internal and external information. Revenue is calculated by multiplying the estimated energy consumption to be billed by the unit price contracted by each customer. Determining unbilled energy supplied requires the use of estimates by Group management with the application of criteria, judgements and assumptions in its calculations, so the recognition of revenue from unbilled energy supplied has been considered a key audit matter.	Our audit procedures included the following: ▪ Analysis of the design and implementation of the key controls related to the estimation of the unbilled energy supplied. ▪ Evaluation and understanding of the methodology used by the Group and analysis of the main assumptions and data considered, by cross-checking the internal and external information available. Analysis of the reasonableness of the unbilled amount by carrying out substantive procedures. ▪ Comparison of estimates carried out at the previous reporting date using actual energy supply data (retrospective analysis), and evaluation of the results obtained. ▪ Assessment of whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.



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Impairment of non-financial generation assets in Non-Peninsular Territories

See notes 3.2.f.4, 15.1 and 20.3 to the consolidated annual accounts

Key audit matter	How the matter was addressed in our audit
At 31 December 2023, the Group has recognised property, plant and equipment amounting to Euros 760 million allocated to the CGUs in Non-Peninsular Territories. Under IFRS-EU, at each reporting date an analysis must be performed on the recoverable amount of property, plant and equipment allocated to CGUs when there are indications of impairment, which at 31 December 2023 is the case of the CGUs of each of the Non-Peninsular Territories (Balearic Islands, Canary Islands, Ceuta and Melilla). As a result of this analysis, the Group has recognised an impairment loss of Euros 90 million at 31 December 2023 on the assets of the Non-Peninsular Territories of the Canary Islands, the Balearic Islands, Ceuta and Melilla. To estimate the recoverable amount of CGUs, the Group uses discounted cash flow valuation techniques that require management to exercise judgement and make assumptions and estimates. Due to the high level of judgement required, the uncertainty associated with these estimates and the significance of the amount of non-current assets, this has been considered a key audit matter.	Our audit procedures included the following: ▪ Analysis of the design and implementation of the key controls related to the process of estimating recoverable amount. ▪ Evaluation of the reasonableness of the methodology used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists. ▪ Analysis of the consistency of the future cash flows included in the pricing model with the business plans approved by the governing bodies. We also contrasted the cash flow forecasts estimated in prior years with the actual cash flows obtained, as well as the monitoring carried out by the Group. ▪ Evaluation of the sensitivity of the recoverable amount to changes in certain assumptions that can be considered reasonable. ▪ Assessment of whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2023 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.



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

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

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2023, and that the content and presentation of the report are in accordance with applicable legislation.

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

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

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

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



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Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

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

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

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

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



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's Audit and Compliance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Endesa, S.A. and its subsidiaries for 2023 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of Endesa, S.A. are responsible for the presentation of the 2023 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

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



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

Additional Report to the Audit and Compliance Committee of the Parent_____

The opinion expressed in this report is consistent with our additional report to the Parent's Audit and Compliance Committee dated 27 February 2024.

Contract Period _____

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 29 April 2022 for a period of three years, from the year ended 31 December 2023, inclusive.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their ordinary general meeting, and have been auditing the annual accounts since the year ended 31 December 2020.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Estibaliz Bilbao Belda
On the Spanish Official Register of Auditors ("ROAC") with No. 18,109
27 February 2024



3.

CONSOLIDATED MANAGEMENT REPORT

1. BASIS OF PRESENTATION

1.1. Endesa Corporate Reports

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

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

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

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

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

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

In accordance with article 538 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital, "LSC"), entitled "*Inclusion of the Corporate Governance and Remuneration Report in the Management Report*", the Management Report includes the following documents in a separate section:

- The **2023 Annual Corporate Governance Report** (see section 23 of this Consolidated Management Report).
- The **2023 Annual Report on the Remuneration of Directors of Endesa, S.A.** (see section 24 of this Consolidated Management Report).

The Consolidated Management Report also includes the following document:

- **Non-Financial and Sustainability Statement 2023**, which forms part of the Consolidated Management Report, as required by Law 11/2018, of 28 December, amending the Code of Commerce, the Consolidated Text of the Corporate Enterprises Act ("LSC") approved by Royal Decree Law 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Audit of Financial Statements, in relation to non-financial and diversity reporting (see Section 25 of this Consolidated Management Report).

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

ENDESA CORE & MORE REPORTS



1.2. Consolidated Annual Financial Report and materiality analysis

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

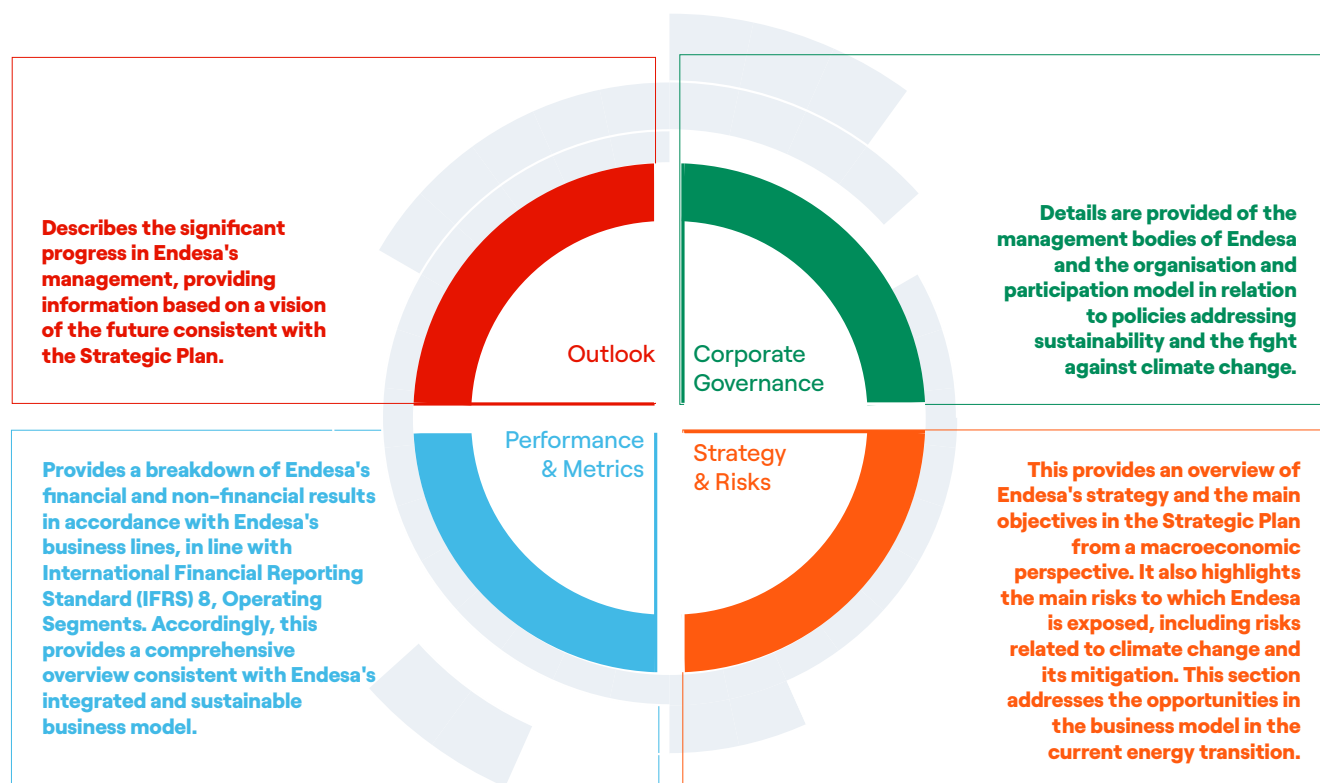
Endesa is in constant contact with its stakeholders in order to understand and meet their needs, including for information, considering the importance of the repercussions of Endesa's business model on all stakeholders in order to create shared value.

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

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

Basic principles	Description
International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board Interpretations Committee (IFRIC) as adopted by the European Union (EU)	Endesa's Consolidated Financial Statements for the year ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board Interpretations Committee (IFRIC) as adopted by the European Union (EU) at the date of the consolidated statement of financial position, pursuant to Regulation (EC) 1606/2002, of 19 July, of the European Parliament and of the Council and other regulations regarding financial reporting applicable to Endesa (see Notes 2.1 and 3.2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023).
"Guidelines for the preparation of management reports of listed companies"	Issued by the Group of Experts appointed by the Spanish National Securities Market Commission (CNMV).
Materiality analysis in accordance with the latest publications of the European Financial Reporting Advisory Group (EFRAG), Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and others.	Endesa performs a materiality analysis described in Section 3 "Materiality" of the <i>Non-Financial and Sustainability Statement 2023</i> (see Section 25 of this Consolidated Management Report), which includes double materiality (impact materiality and financial materiality) and makes it possible to identify the most relevant aspects linked to the sustainable business model for Endesa and its stakeholders, with consideration of the United Nations Sustainable Development Goals (SDGs) included in the Company's Strategic Plan.
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	- These recommendations have guided the structure of the Consolidated Management Report, with an integrated approach, with chapters mirroring the four proposed pillars: corporate governance, strategy and risks, performance and metrics, and outlook. - The information related to Climate Change in this Consolidated Management Report is fully aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
"IFRS Standards and climate-related disclosures" (November 2019) and "Effects of climate-related matters on financial statements" (November 2020 and July 2023), published by the International Accounting Standards Board (IASB)	Papers published by the International Accounting Standards Board (IASB) in relation to the effects of climate issues on financial statements to be considered in assessing the impacts and risks of climate change on the Consolidated Financial Statements.
"Standard Global Reporting Initiative" (GRI)	"Standard Global Reporting Initiative" (GRI), in accordance with Appendix II "GRI Content Index" of the <i>Non-Financial and Sustainability Statement 2023</i> (see section 25 of this Consolidated Management Report) and the "Aspects" in the "Global Reporting Initiative" (GRI) supplement dedicated to electricity utilities ("<i>Electric Utilities Sector Disclosures</i>").
"Toward Common Metrics and Consistent Reporting of Sustainable Value Creation" published by the World Economic Forum's International Business Council (IBC)	The performance indicators (KPIs) set out in the paper "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation", published by the International Business Council (IBC) of the World Economic Forum (WEF) (see section 1.4 of this Consolidated Management Report).

The chapters in Endesa's Consolidated Management Report are as follows:



1.3. Connectivity matrix

Endesa's connectivity matrix shows the relationships between Endesa's strategic objectives and its corporate governance, strategy and risks, performance and metrics, and the outlook for the business lines.

Business	Value creation	Corporate governance	Strategy (1)	SDGs (2)
Conventional and renewable generation 	Generation		• Emission-free generation Growth in renewable generation to total installed capacity of 13,900 MW at the end of the period, with investment of Euro 4,300 million (5).	 
Marketing of energy and other products and services 	Customers	Corporate governance chapter of this Consolidated Management Report	• Sales strategy A strategy focused on offering value-added services and improving the customer experience to build customer loyalty. This activity will absorb Euro 900 million of investment (5).	   
Distribution 	Networks		• Investment in distribution networks Network investment to enhance quality, improve loss rates and boost resilience while opening the door to new connection requests. An investment of Euro 2,800 million gross will be earmarked, subject to the remuneration finally set for the next regulatory period 2026-2031 (5).	  

(1) See Section 4.2 of this Consolidated Management Report.

(2) Sustainable Development Goals (SDG).

(3) See Section 6.4 of this Consolidated Management Report.

(4) See definition in Section 7 of this Consolidated Management Report.

(5) Estimated gross investments from 2024 to 2026.

Risks ⁽³⁾	Performance and metrics	2022-2024 Objectives of the 2024-2026 Strategic Plan ⁽¹⁾
Strategic: - Regulatory. - Climate. - Strategic Plan and Sustainability. - Market conditions. - Competition. Financial: - Supplies. - Exchange rates. - Climate and weather. - Interest rates. - Financing capacity. - Credit risk. - Customers and suppliers. Digital technologies: - Cybersecurity. - Digitalization Operational: - Construction of facilities. - Unscheduled unavailability. - Insurance cover. - Environment - People. - Occupational health and safety. Compliance - Data protection. - Defence of competition. - Litigation and arbitration. - Tax. - Enel interests. Corporate Governance - Corporate culture and ethics	Innovation and digitalisation People Operating performance: - Electricity generation. - Net installed capacity. Analysis of profit/(loss): - Revenue. - Generation revenue from emitting technologies and nuclear. - EBITDA ⁽⁴⁾ / EBIT ⁽⁴⁾ Innovation and digitalisation People Operating performance: - Electricity sales. - Gas sales. - Charging stations. - Public lighting points. Analysis of profit/(loss): - Revenue. - EBITDA ⁽⁴⁾ / EBIT ⁽⁴⁾. Innovation and digitalisation People Operating performance: - Energy distributed. - Distribution and transmission grids. - Energy losses. - Installed Capacity Equivalent Interruption Time (ICEIT) - Duration of interruptions in the distribution grid (SAIDI). Analysis of profit/(loss): - Revenue. - EBITDA ⁽⁴⁾ / EBIT ⁽⁴⁾. - Gross investments ⁽⁴⁾.	Endesa's Strategic Plan 2024-2026 seeks greater efficiency in all operations. We aim to bolster the Company financially in order to meet the formidable challenges of the energy transition and move towards a more sustainable future. - Renewable energies will absorb Euro 4,300 million of gross investment. Projects will be selected more exhaustively in search of a higher return, with development being shared with partners. These renewable projects will provide up to 3,800 MW of additional capacity. There will be a shift to wind power compared to the previous Plan. 93% of mainland production will be emission-free by 2026. - Electricity customers will increase in the deregulated market to 7.5 million by the end of the period. We will offer a range of value-added services to build customer loyalty, allocating Euro 900 million to this segment. By 2026, 90% of the energy sold to fixed price customers is expected to come from non-emitting sources. - The distribution network as a critical factor in the energy transition. This business will receive Euro 2,800 million of gross investment, subject to the remuneration of network capex that is finally agreed for the 2026-2031 regulatory period.

⁽¹⁾ See Section 4.2 of this Consolidated Management Report.

⁽²⁾ Sustainable Development Goals (SDG).

⁽³⁾ See Section 6.4 of this Consolidated Management Report.

⁽⁴⁾ See definition in Section 7 of this Consolidated Management Report.

⁽⁵⁾ Estimated gross investments from 2024 to 2026.

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

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

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

			Consolidated Annual Financial Report 2023		
Pillar	Matters	21 core KPIs	KPIs representing the 21 World Economic Forum core KPIs	2023	References ⁽¹⁾
Governance principles 	Corporate governance purpose	Setting purpose	—		Chapter on Corporate Governance
	Quality of governing body	Governing body composition	Women on the Board of Directors (%)	42	Section 3.3
	Stakeholder engagement	Material issues impacting stakeholders	—		Section 2.3
	Ethical behaviour	Protected ethics advice and reporting mechanisms	Number of total reports received through the Whistleblowing Channel for possible breaches (No.) ⁽²⁾	12	Section 6.3
		Anti-corruption	Corruption-related offences identified (No.)	—	Section 6.3
			Employees trained in anti-corruption policies and procedures (%)	41.6	
Planet 	Risks and opportunity oversight	Integrating risk and opportunity into business processes	—		Section 6
	Climate change	Greenhouse gas (GHG) emissions	Scope 1 - (gCO ₂ eq/kWh) carbon dioxide (CO ₂) emissions (gCO ₂ eq/kWh)	11,787,198	Section 9.2
			Carbon dioxide (CO ₂) emissions, scope 3 greenhouse gasses (GHG) attributable to gas sales (t)	9,659,434	
		Implementation of Task Force on Climate-related Financial Disclosures (TCFD)	—		Chapters: Corporate Governance, Strategy and Risks and Performance and Metrics.
	Nature loss	Land use and ecological sensitivity	Area Occupied by Facilities within a Natural Area (km ²)	116 ⁽³⁾	Section 9.2
	Fresh water availability	Fresh water consumption in water stressed areas	Fresh water Extraction for Industrial Use in Water Stressed Areas (%)	11.3	Section 12



			Consolidated Annual Financial Report 2023		
Pillar	Matters	21 core KPIs	KPIs representing the 21 World Economic Forum core KPIs	2023	References ⁽¹⁾
People 	Dignity and equality	Diversity and inclusion	Percentage of women in total final workforce (%)	26.8	Note 50
		Pay equality	Adjusted Wage breach (%)	3.7 ⁽⁴⁾	Section 14.7
		Wage level	Remuneration ratio of the Chief Executive Officer	27 ⁽⁵⁾	N/A
		Risk of incidents of child, forced or compulsory labour	Evaluation of the supply chain for protection from child labour and prohibition of forced and compulsory labour		Section 3.6.2
	Health and wellbeing	Health and safety	Number of fatal accidents (number) ⁽⁶⁾	1	Section 14.2
			Frequency of fatal accidents index ⁽⁷⁾	—	
			Frequency of fatal accidents index ⁽⁸⁾	0.02	
			Number of serious accidents (number) ⁽⁶⁾	2	
			Frequency of serious accidents index ⁽⁷⁾	—	
			Frequency of serious accidents index ⁽⁸⁾	0.04	
	Skills for the future	Training provided	Average training given per employee (average number of hours of training) ⁽⁹⁾	51.81	Section 14.6
			Direct costs of training activity (Euro Million)	12.76	
Prosperity 	Wealth creation and employment	Total amount and employment rate	New employee hires (number)	362	Section 14.1
			Hiring rate (%) ⁽¹⁰⁾	4.0	
			Contracts coming to an end (number)	506	
			Turnover rate (%) ⁽¹¹⁾	5.6	
	Innovation in better products and services	Total R&D+i cost	Economic contribution	—	Section 9.4
			Total gross investment (Euro million)	2,463	Section 10.5
			Purchases of own shares (Euro million) ⁽¹²⁾	4	Note 35.1.8
			Dividends paid (Euro million)	1,678	Note 35.1.10
	Community and social vitality	Total tax paid	Gross direct cost in research, development and innovation (R+D+i) (Euro million)	114 ⁽¹³⁾	Section 13.4
			Economic value distributed public administrations (Euro million)	1,554	Section 9.4

⁽¹⁾ Sections in this Consolidated Management Report and the Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ 1 of the reported events is open, under analysis.

⁽³⁾ At 31 December 2023

⁽⁴⁾ The adjusted wage breach was calculated using the multiple linear regression model, which allows us to quantify the relationship between the predictor or regressor variables (socioeconomic and labour factors) and the dependent or regressor variable (salary: fixed and variable remuneration and social benefits of the salary) using a single equation.

⁽⁵⁾ Ratio of the total remuneration of the Chief Executive Officer of Endesa and the average gross annual remuneration of Endesa employees in 2023.

⁽⁶⁾ Includes own and subcontractor personnel.

⁽⁷⁾ In-house personnel.

⁽⁸⁾ Subcontracted personnel.

⁽⁹⁾ Average training given per employee (average number of hours of training).

⁽¹⁰⁾ Percentage of new hires compared to final workforce.

⁽¹¹⁾ Percentage of contracts ending compared to final workforce.

⁽¹²⁾ Total accumulated cost of acquiring own shares at 31 December 2023.

⁽¹³⁾ Gross direct cost in research, development and innovation (R+D+i) realised during 2023.

1.5. European Union (EU) Taxonomy

Endesa's commitment and position

The EU Taxonomy provides a science-based standardised classification system to identify environmentally sustainable economic activities. The Taxonomy operates as a major enabler to support sustainable investment and accelerate the decarbonisation of the European economy by creating certainty and transparency for investors and supporting businesses in planning a decarbonisation roadmap towards net zero emissions. Endesa is fully committed to reporting on the application of the EU Taxonomy Regulation.

Endesa also supports the Taxonomy thresholds defined on the basis of climate and environmental science, such as the general limit on the intensity of the life cycle at 100 g CO₂e/kWh for measuring the substantial contribution to mitigating climate change established for most power generation technologies, as this has been generated as part of a robust and scientific process of analysis.

However, activities such as electricity retailing, although not covered by the Taxonomy, are critical to the well-being of the European public, especially in the short and medium term, and contribute to the long term sustainable development of Europe. Exclusion of this activity from the Taxonomy obstructs the path towards decarbonisation of the economy, as electrification through renewable energy is the most efficient solution to tackle climate change. Endesa therefore argues that the EU Taxonomy should explicitly include electricity retailing as an eligible activity and base the alignment assessment on the same basis as for electricity generation.

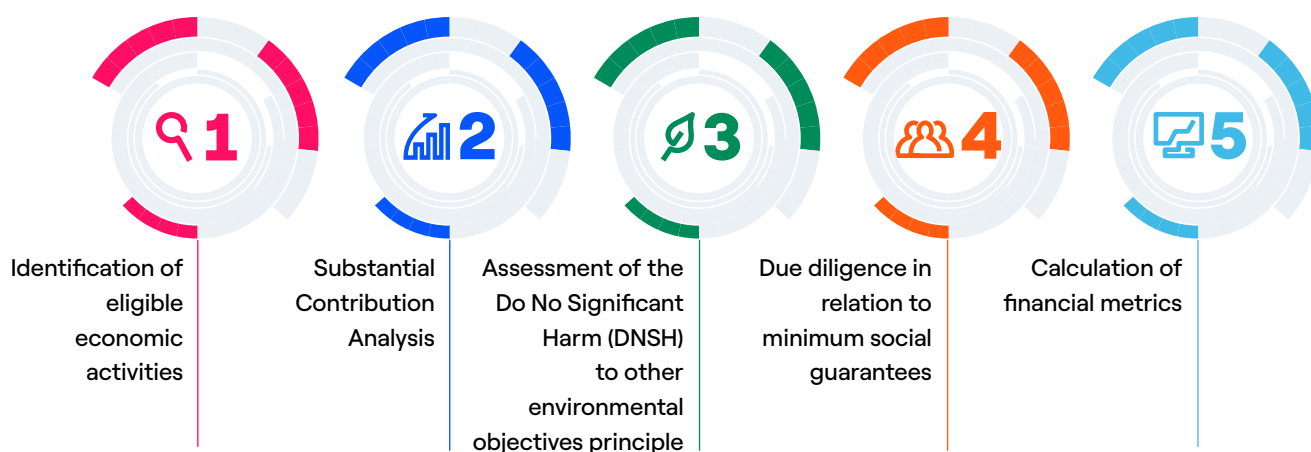
Meanwhile, the European Union has advanced the development of the Taxonomy through the publication in June 2023 of Commission Delegated Regulation (EU) 2023/2486, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the other four environmental objectives (sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems).

Beyond the disclosure requirements of the Taxonomy, Endesa has included for the second consecutive year the percentage of investments aligned with the Taxonomy as a key performance indicator within the Company's sustainable financing instruments. Endesa expects more than 80% of planned investment to be aligned with the EU Taxonomy.

Detailed information on the EU Taxonomy can be found in Section 4.4.4.2 "EU Taxonomy" of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).

Implementation process at Endesa

Endesa has deployed a five-step process to analyse the applicability of the European Union (EU) Taxonomy across its entire value chain. This process has involved relevant functions at a corporate level and across lines of business. The following graphic shows the process performed:



The following are the 5 steps of the process indicated in the graphic:

Steps	Description
1. Identifying eligible economic activities	The activities included in the climate change mitigation and adaptation objectives and the other four environmental objectives were identified. However, Endesa is mainly exposed to climate change mitigation and adaptation objectives, and only very marginally to circular economy and biodiversity objectives. On the other hand, activities that contribute to the Climate Change adaptation objective also contribute to the mitigation objective, with the effect on mitigation being much more relevant. Therefore, only the Climate Change mitigation objective has been taken into account to calculate the metrics.
2. Analysing substantial contributions	The eligible activities identified in the previous step were analysed in depth to ensure that they comply with the specific technical criteria established to measure the substantial contribution to mitigating climate change.
3. Assessing "do no significant harm" (DNSH)	An analysis of existing environmental procedures has been carried out to verify compliance with the qualitative criteria of "Do No Significant Harm" (DNSH).
4. Due diligence on minimum social guarantees	It has been verified that Endesa's Human Rights Due Diligence process covers the entire scope of Endesa's activities.
5. Calculation of financial metrics	The relevant financial metrics have been associated with each economic activity based on the classification process performed in steps 1 to 4, by gathering the relevant financial information from the company's accounting system. Some proxies were used for specific activities.

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

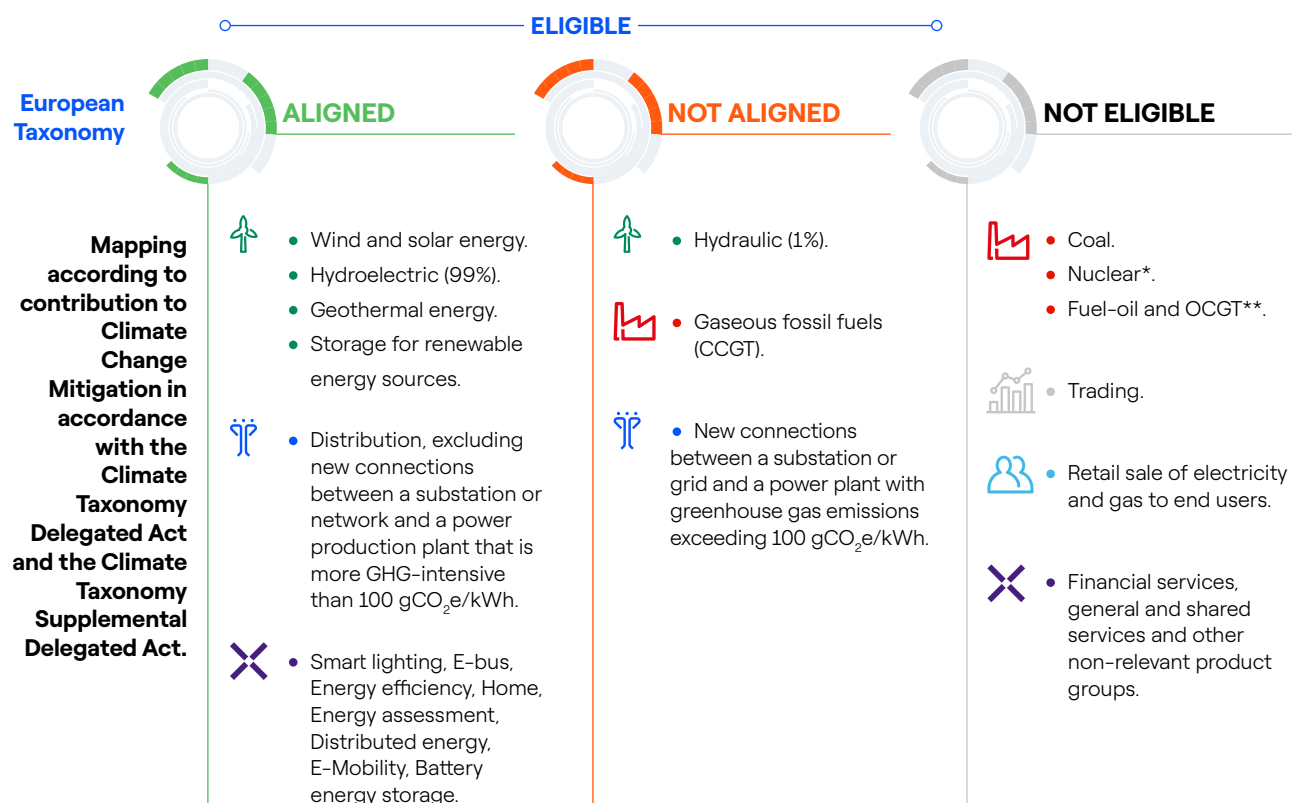
Categories	Description
Eligible-aligned	- These are economic activities that simultaneously fulfil the following three conditions: - These are explicitly included in the European Union (EU) Taxonomy Regulation on account of their substantial contribution to mitigating climate change. - The metrics satisfy the specific criteria developed by the European Union (EU) Taxonomy Regulation for each specific environmental objective in question. - Moreover, the metrics satisfy all the "Do No Significant Harm" criteria and minimum social guarantees.
Eligible-non-aligned	- An economic activity that meets the first condition described below, but does not meet either or both of the latter two conditions, i.e: - These are explicitly included in the European Union (EU) Taxonomy Regulation on account of their substantial contribution to mitigating climate change. - These satisfy the specific criteria developed by the European Union (EU) Taxonomy Regulation for the specific environmental objective in question. - Moreover, the metrics satisfy all the "Do No Significant Harm" criteria and minimum social guarantees.
Ineligible	- These are economic activities that are not identified by the European Union (EU) Taxonomy as a substantial contributor to mitigating climate change and therefore no criteria have been developed for them. - The existence of this third category means it is impossible to achieve a business model that can be characterised as fully aligned with the criteria of the European Union (EU) Taxonomy, even though these ineligible activities might not cause any harm to the European Union's (EU) environmental objectives.

Eligibility of Endesa's activities

As a result, in 2023 Endesa analysed eligibility in accordance with this process and the new definition of the three categories described above.

The following table summarises the result of this analysis:

ELIGIBILITY OF ENDESA'S ACTIVITIES



* The operation of Endesa's nuclear power plants is not included in the eligible activities contemplated in the Supplementary Delegated Act on nuclear electricity production.

**Includes both fuel oil and gas (OCGT) since it is not possible to make a breakdown between the two types of fuels. Fuel-oil has been considered the predominant fossil fuel and is therefore not eligible under the Taxonomy Regulation (EU).

Process for calculating financial figures

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

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

is strongly influenced by commercial activities with a high volume of revenue (such as the wholesale market) that do not contribute proportionally to the growth of EBITDA as is the case with other commercial activities.

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

Proxies	Description
Hydro	The figures for the revenue of eligible-non-aligned hydroelectric power plants were calculated taking their production multiplied by the average unit revenue (Euro k/MWh) for 2023 and 2022. This approach was also applied to investments, fixed operating expenses and EBITDA.
Distribution	The figures corresponding to the revenue of the new connections between a substation or grid and a production point with an intensity of more than 100 gCO₂e/kWh, eligible non-aligned, have been calculated taking their power (in MW) multiplied by the average unit revenue (Euro k/MW) for 2023 and 2022. This approach only applied to revenue, EBITDA and investments.

- The financial indicators subject to analysis include transactions with third parties and transactions between segments and activities.
- These financial figures (measured in millions of euros) are broken down by segments and activities, indicating their percentage out of the total. It also details the percentage of eligible activities of each figure that contribute to the mitigation of climate change.
- To avoid duplication between activities that contribute to both Climate Change mitigation and adaptation, 100% of "Investments" and "Fixed Operating Expenses" have been allocated to the Climate Change mitigation objective, as it is considered much more relevant for the

Company. Likewise, revenues aligned with the Taxonomy have not been considered for the Adaptation objective, since Endesa does not provide adaptation solutions in accordance with the European Taxonomy regulation.

- For minor activities that are eligible for the circular economy and biodiversity objectives, a rounded figure of 0 is reported, given their negligible weight in the overall financial figures.

Information relating to Endesa's Revenue, Fixed operating expenses, EBITDA and Investments under the European Union (EU) Taxonomy is provided in Sections 9.3, 10.5 and 11 of this Consolidated Management Report.



ENDESA

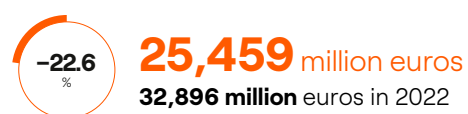


2. DESCRIPTION OF THE ENTITY

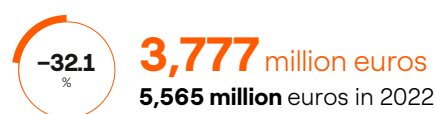
2.1. Key figures

INCOME €

REVENUE



GROSS OPERATING PROFIT (EBITDA) ⁽¹⁾



PERFORMANCE

NET INCOME ⁽¹⁾



NET ORDINARY INCOME ⁽¹⁾

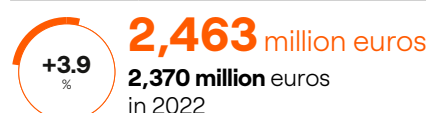


NET FINANCIAL DEBT ⁽¹⁾



INVESTMENTS

GROSS INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS



CASH FLOWS FROM OPERATING ACTIVITIES

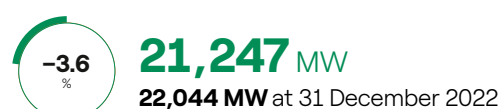


FINAL HEADCOUNT



RENEWABLE AND CONVENTIONAL GENERATION

NET INSTALLED CAPACITY



NET INSTALLED MAINLAND RENEWABLE CAPACITY



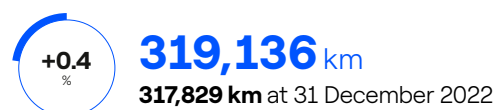
ELECTRICITY GENERATION ⁽²⁾



GENERATION OF RENEWABLE ELECTRICITY ⁽²⁾



DISTRIBUTION AND TRANSMISSION GRIDS



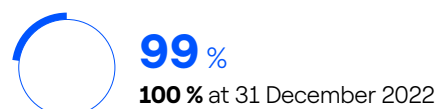
END USERS⁽⁴⁾



ENERGY DISTRIBUTED⁽³⁾

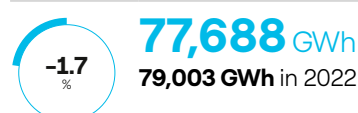


LIST OF DIGITALISED CUSTOMERS⁽⁵⁾



SUPPLY OF ELECTRICITY, GAS AND OTHER PRODUCTS AND SERVICES

NET ELECTRICITY SALES⁽⁶⁾



NUMBER OF ELECTRICITY CUSTOMERS^{(7) (8)}



NUMBER OF ELECTRICITY CUSTOMERS (DEREGULATED)⁽⁹⁾



GAS SALES⁽¹⁰⁾



NUMBER OF GAS CUSTOMERS⁽¹¹⁾



PUBLIC AND PRIVATE ELECTRICITY CHARGING STATIONS



⁽¹⁾ See definition in Section 7 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 grids (transmission or distribution).

⁽⁴⁾ Customers of distributors.

⁽⁵⁾ Number of digitalised customers / End users (%).

⁽⁶⁾ Sales to end customers.

⁽⁷⁾ Supply points.

⁽⁸⁾ Customers of retailers.

⁽⁹⁾ Customers of deregulated companies.

⁽¹⁰⁾ Excluding own generation consumption.

⁽¹¹⁾ Supply points.

2.2. Core activities

Endesa, S.A. was incorporated on 18 November 1944. Its registered office is at Calle Ribera del Loira 60, Madrid. Its corporate purpose consists of the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group's corporate purpose; and management of the corporate Group, comprising investments in other companies.

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

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

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

The organisation is divided into generation, supply and distribution activities, each of which includes electricity and, in certain cases, gas activities and other products and services. In view of the areas of business carried on by the subsidiaries of Endesa, S.A., transactions are not highly cyclical or seasonal.

2.3. Value creation and the sustainable business model

2.3.1. Value creation

Integrating financial and non-financial information in this Consolidated Management Report, we can effectively communicate our business model and value creation process, both in terms of results and short- and medium- to long-term outlook. This provides a comprehensive overview so that stakeholders can make informed economic decisions, as environmental, social and economic aspects are increasingly important to them.

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





PLANET

74 l/MWh Specific freshwater extraction for industrial use in the electricity generation process.
11.3% Water extraction for industrial use in water-stressed areas.



PEOPLE

9,035 number of Endesa employees in the final workforce.
26.8% of women out of the total workforce.
21.2% of women in management positions.



PROSPERITY



Financial Community

10,405 million euros Net financial debt ⁽¹⁾
67% Sustainable debt / Gross financial debt.
7,017 million euros Equity of the parent company.
2,463 million euros Gross investments in property, plant and equipment and intangible assets.
1,646 million euros Intangible assets.
28 million euros Concessions (part of intangible assets).
22,839 million euros Property, plant and equipment.



Customers

10,522 thousand electricity customers. ^{(2) (3)}
6,893 thousand electricity customers in the deregulated market. ⁽⁴⁾
19,252 thousand public and private electric recharging points.
12,548 thousand end users. ⁽⁵⁾
99% of customers digitalized. ⁽⁶⁾



Suppliers

16,214 number of full-time equivalent (FTE) contractors.

Operational Evolution

21,247 MW Net installed capacity.
9,899 MW Net installed capacity from renewable sources.
60,264 GWh Electricity generation.
319,136 km of distribution and transmission networks.



PRINCIPLES OF GOVERNANCE

42% Women on the Board of Directors.
12 number of total reported events received through the reporting channel for possible infractions.
3 number of violations verified.

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.
⁽²⁾ Supply points.
⁽³⁾ Customers of the supply companies.
⁽⁴⁾ Customers of deregulated supply companies.
⁽⁵⁾ Customers of distributors.
⁽⁶⁾ Number of digitalised customers / End users (%).
⁽⁷⁾ Average training given per employee (average number of hours of training).

EXTERNAL



Purpose

OPEN POWER FOR
A BETTER FUTURE

WE PROMOTE
SUSTAINABLE PROGRESS

Values > Trust > Proactivity >

Strategic Pillars

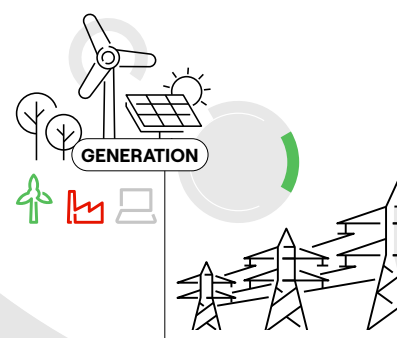
1.

Profitability,
Flexibility and
Resilience.

2.

Efficiency and
Effectiveness
of Operations..

Value chain



Governance Corporate

GROUP STRATEGY

RISKS AND

⁽⁸⁾ Percentage of contracts ending compared to final workforce.
⁽⁹⁾ Frequency index = (Number of accidents or Number of serious accidents or Number of fatal accidents / Number of hours worked) x 10⁶.
⁽¹⁰⁾ Dividend paid on July 3, 2023.
⁽¹¹⁾ Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other grids (transmission or distribution).
⁽¹²⁾ Sales to end customers.
⁽¹³⁾ Source: In-house. Figures for the last 12 months.

VALUE CREATED FOR ENDESA AND OUR STAKEHOLDERS

CONTEXT

It is Open Power

Vision

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

Mission

- We open access to energy to more people.
- We open the world of energy to new technologies.
- We are open to new uses of energy.
- We are open to new ways of managing energy for people.
- We are open to new partnerships.

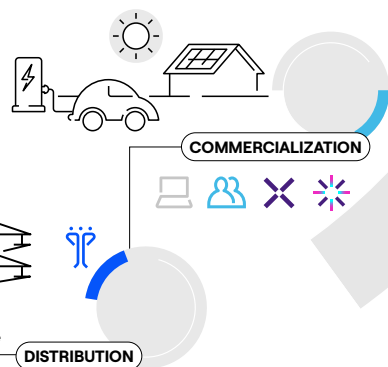
Responsibility > Innovation >

3.

Financial and Environmental Sustainability.

4.

Total decarbonization by 2040.



Outlook

AND RISK MANAGEMENT

OPPORTUNITIES

Results

Impacts



PLANET

0.192 KgCO₂e/kWh specific greenhouse gas (GHG) emissions from the electricity generation process (Scope 1).

9,659,434 tons of carbon dioxide (CO₂) Scope 3 greenhouse gas (GHG) emissions attributable to gas sales.

SDG

6	12
13	14
15	



PEOPLE

51.81 hours of training (average per employee). ⁽⁷⁾

5.6% Turnover rate. ⁽⁸⁾

0.26% Accident frequency rate of own personnel. ⁽⁹⁾

SDG

1	2
3	4
5	8
10	



PROSPERITY



Financial Community

25,459 million euros Revenues.

3,777 million euros Gross operating income (EBITDA). ⁽¹⁾

951 million euros net ordinary income. ⁽¹⁾

22,352 million euros Direct economic value generated. ⁽¹⁾

1,554 million euros Economic value distributed to public authorities (input taxes). ⁽¹⁾

234,679 Number of treasury shares acquired and held by Endesa.

1,678 million euros Dividends paid. ⁽¹⁰⁾

1.5854 (€/share) Gross dividend per share 2023.

3.2% Average cost of gross debt.



Customers

136,363 GWh Energy distributed. ⁽¹¹⁾

77,688 GWh Net electricity sales. ⁽¹²⁾

63.0 min. Duration of interruptions in the distribution network – SAIDI. ⁽¹³⁾



Suppliers

100% of contractors certified in sustainability aspects (ESG).

0.38 accident frequency rate of subcontracted personnel. ⁽⁹⁾

Operational Evolution

607 MW Net additional installed capacity from renewable sources.

79.8% Generation from non-emitting technologies, renewables and nuclear, over Endesa's total peninsular generation.

10 number of patents.

SDG

7	9
11	

SDGs (Sustainable Development Goals):



ENDESA IS OPEN POWER

2.3.2. Vision, mission and values

POSITIONING

OPEN POWER

VISION

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

PURPOSE

**OPEN
POWER
FOR A
BRIGHTER
FUTURE.**

MISSION

- We open access to energy to more people.
- We open the world of energy to new technologies.
- We are open to new uses of energy.
- We are open to new ways of managing energy for people.
- We are open to new partnerships.

VALUES

- Confidence.
- Proactivity.
- Responsibility.
- Innovation.

BEHAVIOURS

- Makes day-to-day decisions and takes responsibility for them.
- Shares information, is collaborative and open to input from others.
- Follows through on commitments, performing activities with determination and passion.
- Quickly adjusts priorities if the context changes.
- Delivers results by striving for excellence.
- Adopts and promotes safe behaviors and acts proactively to improve health, safety and well-being.
- Is committed to the integration of all, recognizes and values individual differences (culture, gender, age, disability, personality, etc.).
- In his work, he is concerned with ensuring the satisfaction of customers and/or employees, acting efficiently and quickly.
- Proposes new solutions and does not give up in the face of obstacles or failures.
- Recognizes the merit of colleagues and gives feedback that improves their contribution.

WE
EMPOWER
SUSTAINABLE
PROGRESS.



2.3.3. Sustainable business model

Endesa is committed to a business model that enables the development of a fair and inclusive transition that integrates sustainability and creates value in the territories where we operate. As an essential element in the lives of individuals, companies and society in general, we strive to focus our business strategy on addressing the major challenges facing society. We are constantly evolving to adapt to continuous social, economic and political change. The greatest challenge now facing the Company is to drive the energy transition towards the decarbonisation and electrification of the current economy, including the efficient development of renewable energies so that fossil fuel-based technologies can be relinquished without leaving anyone behind. The shift towards a decarbonised economy has encouraged and required the transformation of the current business model, while generating great economic, environmental and social opportunities, contributing to the creation of wealth and employment, as well as the improvement of the planet.

This sustainable strategy must be designed with input from our stakeholders, who are aware that we are a part of the region, in order to involve them and build solid and positive relationships that will enable Endesa to achieve sustainable and lasting results.

Ongoing dialogue with individual stakeholders and the organisations that represent them through the dual materiality analysis enables Endesa to identify priority actions to address stakeholder demands. As climate change is the main challenge for all our stakeholders, and in the knowledge that we can play an important role in the

fight against climate change, Endesa has identified priority actions to contribute to the United Nations Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement.

The evolving environmental, social and governance landscape entails a series of risks that the Company must address and manage. Thanks to a strategy that is suitably targeted throughout the company's value chain, Endesa not only mitigates risks, but also maximises and leverages emerging opportunities.

To monitor and assess the performance of its strategy, Endesa has developed "Environmental, Social, Governance" (ESG) metrics as part of its Sustainability Plan, which sets out the Company's roadmap for meeting the challenges of energy transformation, thereby helping to achieve the Sustainable Development Goals (SDGs).

The recent update of the Strategic Plan is a clear example of the integration of sustainability into our business model. Around 90% of investments are geared towards SDG 13 (Climate action), to which Endesa contributes with specific actions in SDG 7 (Affordable and clean energy) through the growth of renewable energy capacity, SDG 9 (Industry, innovation and infrastructure) through the digitalisation of the distribution network, and SDG 11 (Sustainable cities and communities).

Through innovation, Endesa continues to develop solutions to reduce its environmental footprint and meet the needs of its customers and the local communities in which it operates, while ensuring the safety of its employees and contractors.

2.3.4. Business lines and core markets

In order to be able to effectively face all risks and take advantage of all the opportunities of an energy sector in constant change, Endesa's business model is structured into different lines so as to respond quickly in the markets where it operates and consider the needs of its customers in the territories and businesses where it has a presence. These business lines relate to the generation, distribution and marketing of electricity and gas, mainly, in Spain and Portugal, and, to a lesser extent, marketing of electricity

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

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

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

Spanish market

Activities	Description
Electricity generation 	- Endesa carries out its electricity generation activities in the mainland and in non-mainland territories (TNP), which include the Balearic and Canary Islands, and the self-governing cities of Ceuta and Melilla. - In the mainland territory, conventional and renewable generation is a deregulated activity, although there is specific remuneration for generation from renewable energies. - Conventional generation in non-mainland territories (TNP) is subject to specific regulations which address the particular nature of their geographical location, with regulated remuneration. There are incentives for investment in generation from renewable sources in the non-mainland territories (TNP) to reduce costs (see Note 6 of the notes to the Consolidated Financial Statements for the year ended 31 December 2023).
Supply of electricity, gas and other products and services 	This activity is deregulated and consists of supplying energy in the market and the sale of other products and services to customers.
Electricity distribution 	Electricity distribution is a deregulated activity involving distribution of electricity to the consumption points.

Section 9.1 of this Consolidated Management Report provides a breakdown of Endesa's main figures at 31 December 2023.

Portuguese market

Activities	Description
Electricity generation 	Electricity generation in Portugal is carried out in a competitive environment.
Supply of electricity, gas and other products and services 	This activity is deregulated in Portugal.

2.4. Corporate map

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

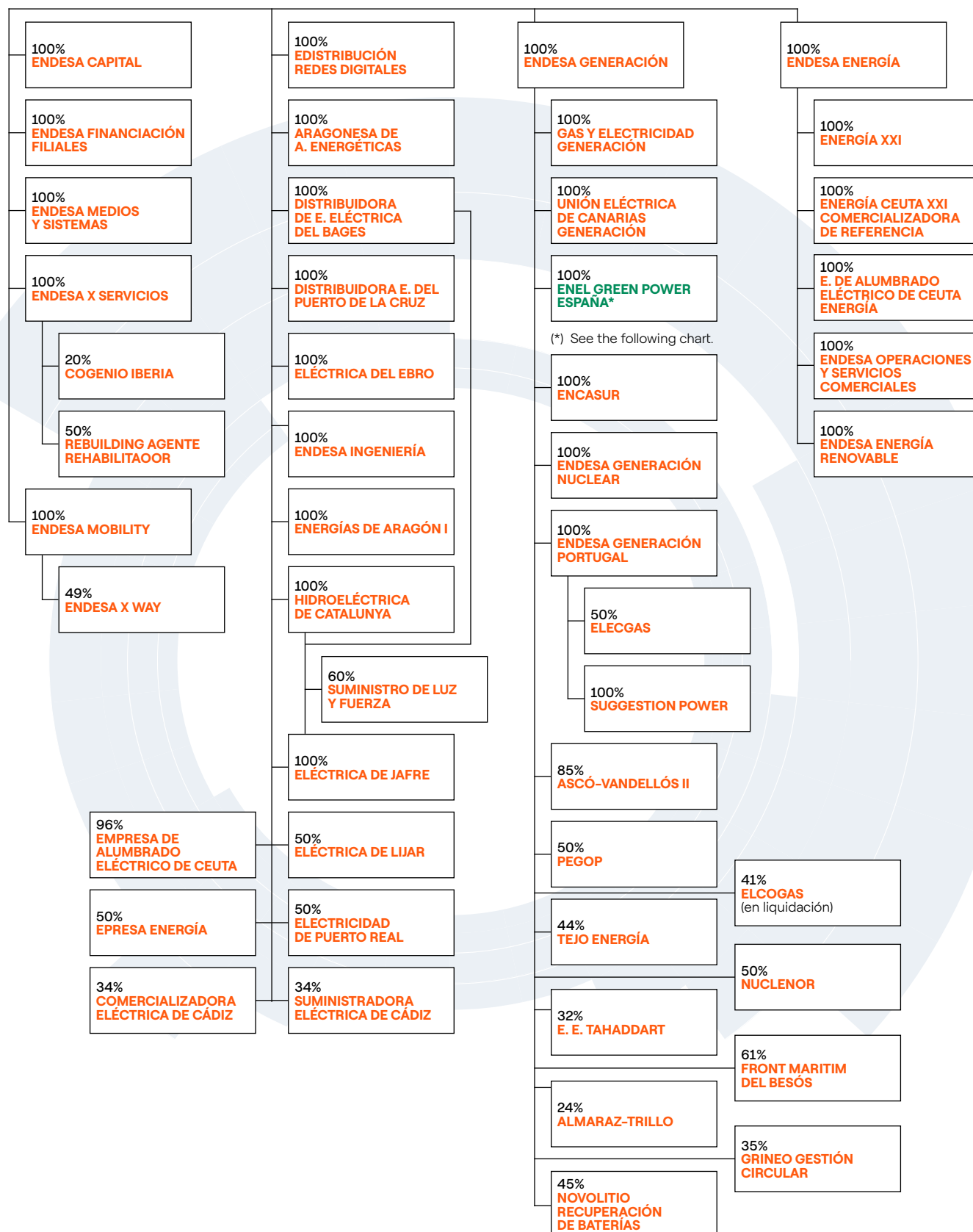
Endesa, S.A. works primarily through the following companies to organise its business lines:

Companies	Description
Electricity generation: - Endesa Generación, S.A.U. - Gas y Electricidad Generación, S.A.U. - Unión Eléctrica de Canarias Generación, S.A.U. - Enel Green Power España, S.L.U. 	- Endesa Generación, S.A.U. was set up on 22 September 1999 to hold the generation and mining assets of Endesa, S.A. - Endesa Generación, S.A.U. comprises holdings in Gas y Electricidad Generación, S.A.U. (100%) and Unión Eléctrica de Canarias Generación, S.A.U. (100%), which manage the conventional generation assets in the non-mainland territories (TNP), and Enel Green Power España, S.L.U. (EGPE) (100%), which manages renewable-energy generation assets. - At 31 December 2023, Endesa's potential total net installed capacity in Spain amounted to 21,247 MW, of which 16,885 MW are found in the Mainland Electricity System and 4,362 MW in Non-mainland Territories (TNP), i.e., the Balearic Islands, Canary Islands, Ceuta and Melilla. The net installed capacity for renewables at that date stood at 9,899 MW, of which 9,800 MW were in the mainland electricity system and 99 MW were in the non-mainland territories (see section 9.1 of this Consolidated Management Report). - Endesa had total net output in 2023 of 60,264 GWh (see Section 9.1 of this Consolidated Management Report).
Supply of energy and other products and services: - Endesa Energía, S.A.U. - Energía XXI Comercializadora de Referencia, S.L.U. - Endesa Operaciones y Servicios Comerciales, S.L.U. - Endesa X Servicios, S.L.U. - Endesa Mobility, S.L.U. 	- Endesa Energía, S.A.U. was set up on 3 February 1998 to carry out supply activities and meet the demands of Spanish electricity sector deregulation. Its activity involves supply of energy to customers who opt to exercise their right to choose their supplier and receive the service in the deregulated market, in addition to other products and services relating to the development of energy-efficient infrastructure and maintenance services. - Endesa Energía, S.A.U. also holds 100% of shares in Energía XXI Comercializadora de Referencia, S.L.U., a regulated market distributor, and Endesa Operaciones y Servicios Comerciales, S.L.U., the purpose of which is to provide commercial services related to energy supply. - Endesa Energía, S.A.U. also supplies the deregulated markets in Germany, France, the Netherlands and Portugal. - Net electricity sales amounted to 77,688 GWh in 2023, with the portfolio of customers in the electricity market including 10.5 million points of supply at 31 December 2023. Endesa supplied 64,880 GWh of gas in 2023, and its customer portfolio in the conventional natural gas market included 1.8 million supply points at 31 December 2023 (see Section 9.1 of this Consolidated Management Report). - Endesa X Servicios, S.L.U. is involved in development and marketing activities for new services adapted to the development of the energy market, focusing on three lines of action: «e-Home», «e-Industries» and «e-City». - Endesa X Servicios, S.L.U. also develops and markets new services adapted to trends in the energy market in Portugal. - Finally, Endesa Mobility, S.L.U. develops and markets e-Mobility services and owns Endesa's public charging stations for electric vehicles.
Energy distribution: - Edistribución Redes Digitales, S.L.U. - Endesa Ingeniería, S.L.U. 	- Among other interests, this business division holds 100% of Edistribución Redes Digitales, S.L.U., which engages in regulated electricity distribution activities, and Endesa Ingeniería, S.L.U. which undertakes engineering and construction activities for all types of facilities related to the electricity business. - At 31 December 2023, Endesa distributed electricity in 24 Spanish provinces (La Coruña, Almería, Badajoz, Barcelona, Cadiz, Córdoba, Gerona, Granada, Huelva, Huesca, the Balearic Islands, Jaen, Las Palmas, Leon, Lérica, Málaga, Ourense, Santa Cruz de Tenerife, Seville, Soria, Tarragona, Teruel, Zamora and Zaragoza) in 8 Autonomous Communities (Andalusia, Aragon, the Canary Islands, Castilla y León, Catalonia, Extremadura, Galicia and the Balearic Islands) and the self-governing city of Ceuta, covering a total of 195,881 km² and a population of over 21 million people. - Endesa had over 12 million distribution customers at that date, and its networks supplied total power of 136,363 GWh in 2023 (see Section 9.1 of this Consolidated Management Report).

The additions, removals and changes to Endesa's company map in 2023 are described in Note 7 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Appendix I to the Notes to the Consolidated Financial Statements for the year ended 31 December 2023 lists Endesa's companies and material shareholdings.

The following corporate chart shows Endesa's main investees at 31 December 2023:



100%
ENEL GREEN POWER ESPAÑA

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

CORPORATE GOVERNANCE



3. CORPORATE GOVERNANCE SYSTEM

3.1. Corporate governance focused on sustainability objectives

Board of Directors

Endesa is aware of the effects of climate change on its business. It addresses this vision not only as an element in its environmental and climate management policy, but as a major component in business decision-making and in creating and pursuing its strategic plans. Endesa has therefore integrated its climate change action plan into its Strategic Plan.

In this respect, Endesa's Strategic Plan is geared and prepared for the fight against climate change. It is approved

every year by the Board of Directors and developed and implemented by the company's Senior Management. More precisely, the Chief Executive Officer is ultimately responsible for implementing the company's Strategic Plan and therefore for the company's climate strategy. The Board of Directors of Endesa, S.A. is responsible for the following matters where climate change is considered a key factor in ensuring success:

Key matters

- Adoption of the Strategic Plan, including the Climate Change Action Plan.
- Approval of the Sustainability Plan, currently focused on energy transition.
- Adoption of the Environmental Policy, which covers climate change. The policy was reviewed, updated and adopted by the Board of Directors in 2021 and is available to the public on Endesa's website⁽¹⁾.
- Establishment of a risk management and control policy, including climate change risks.
- Setting of management targets, annual budgets, investment and funding policies for the Company and its Group, and definition of the basic lines of the general strategy.

Endesa establishes its strategic plans taking into account macro geopolitical, regulatory and technological trends, with particular emphasis on the markets in which it operates, and considering the risks and opportunities it faces (taking into account operational, technological, market and transition aspects, and physical risks).

⁽¹⁾ https://www.endesa.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/POLITICA-MEDIOAMBIENTAL-ENDESA_21_06_21.pdf

Appointments and Remuneration Committee (ARC)

The Appointments and Remuneration Committee (ARC) is responsible for reporting on and/or proposing the appointments of Directors and the Remuneration Policy to the Board of Directors for submission to the General Shareholders' Meeting. This Committee proposes carbon dioxide (CO₂) emission reduction targets to the Board of Directors of Endesa, S.A. It also monitors these targets, which are linked to the variable remuneration of Executive Directors.

Endesa has in place a long-term incentive system, known as the Loyalty or Strategic Incentive Plan. The main purpose of the plan is to reward the contribution to the Company's business strategy and long-term sustainability of people in positions of senior responsibility, i.e. Executive Directors and management personnel whose role is considered critical to the achievement of the goals of the Strategic Plan. This long-term variable remuneration is structured around rolling three-year programmes that start each year and involve targets that are reviewed on an annual basis. At the date of issue of this report, the 2021-2023, 2022-2024 and 2023-2025 Plans are in force, which establish the following objective related to the management of climate change:

Targets	Description
Carbon dioxide (CO₂) reduction targets	Reduction of Endesa's carbon dioxide (CO₂) emissions in 2023, 2024 and 2025 ⁽¹⁾. This parameter has a weighting of 10% in the incentive.

⁽¹⁾ Ratio of Endesa's absolute carbon dioxide (CO₂) emissions due to Endesa's electricity generation to Endesa's total net production for that year.

For more information see Note 47.3.5. Share-based payment schemes pegged to the Endesa, S.A. share price, in the Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

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

which expressly includes the risks associated with climate change, is aligned with international standards, following a methodology based on the 'three lines of defence' model (see Section 6.1 of this Consolidated Management Report).

Audit and Compliance Committee ("CAC")

The main function of the Audit and Compliance Committee ("CAC") is to supervise and monitor the creation and presentation of financial and non-financial information, the independence of the auditor and the efficiency of internal risk control and management systems, in addition to informing the Board of Directors or the General Shareholders' Meeting of transactions with related parties in accordance with prevailing laws and regulations. In the area of risk management, the risk control and management model implemented at the Company,

Sustainability and Corporate Governance Committee

The Company has established a Sustainability and Corporate Governance Committee with responsibility for ensuring the strictest compliance with, and implementation of, actions and strategies to combat climate change. The main duty of this Committee is to advise the Board of Directors of Endesa, S.A. on supervision and monitoring of issues related to the environment, including climate change. For example, it analyses information on the Company's risks and objectives regarding climate change, prior to review and submission of the report by the Audit and Compliance Committee and subsequent authorisation for issue by the Endesa, S.A.'s Board of Directors.

In addition, the Sustainability and Corporate Governance Committee has other functions such as:

Other functions

- To review the Company's sustainability and environmental policies
 - To supervise the Sustainability Plan, which includes climate change-related objectives, and the degree of compliance with such objectives.
 - To verify that the Non-Financial and Sustainability Statement is adapted to the Endesa Group's Sustainability Plan, and that it includes information risks and the Company's objectives with regard to climate change.
-

The Sustainability and Corporate Governance Committee currently consists of 3 independent members of the Board of Directors. This ensures that Endesa's commitment to sustainability remains unwavering in all decision-making processes and in the conduct of its day-to-day business. The Sustainability and Corporate Governance Committee establishes an annual work programme that includes specific objectives in relation to each of its functions and an annual schedule of meetings. The Sustainability and Corporate Governance Committee meets in accordance with this calendar, or when convened by its Chairman, when so decided by a majority of its members or at the request of the Board of Directors. A minimum of 4 meetings per year must be held.

In the amendment of the Regulations of the Sustainability and Corporate Governance Committee in February 2022, the powers and duties of the Sustainability and Corporate Governance Committee in the area of climate change were reinforced. Its responsibility to regularly review climate change policies and to verify that the Non-Financial and Sustainability Statement that forms part of this Consolidated Management Report includes information on the Company's climate change risks and objectives was expressly included. In 2023, the Sustainability and Corporate Governance Committee addressed questions relating to climate change at two of its five meetings.

3.2. Organisational structure

Endesa, S.A. and its subsidiaries are part of the Enel Group, the parent of which is Enel Iberia, S.L.U. in Spain. At 31 December 2023, the Enel Group's holding in the share capital of Endesa, S.A., through Enel Iberia,

S.L.U., stood at 70.1% (see Notes 1 and 35.1.1 to the Consolidated Financial Statements for the year ended 31 December 2023).

3.3. Board of Directors

At the date of preparation of this Consolidated Management Report, the composition of the Board of Directors of Endesa S.A., the body with the widest powers to manage, administer and represent the Company, was as follows:

COMPOSITION OF THE BOARD OF DIRECTORS

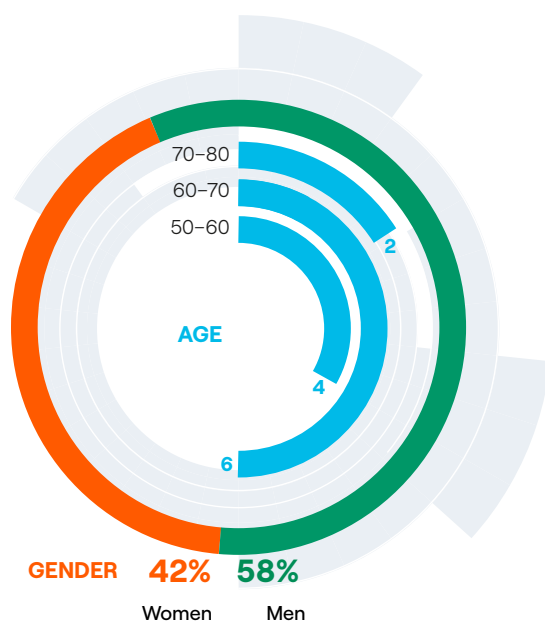
BOARD OF DIRECTORS

D. Juan Sánchez-Calero Guilarte	Chairman	Independent
D. Flavio Cattaneo	Vice Chairman	Proprietary
D. José Damián Bogas Gálvez	Chief Executive Officer	Executive
D. Francisco de Borja Acha Besga	Secretary (non-Director)	External
D.ª Eugenia Bieto Caubet	Member	Independent
D. Ignacio Garralda Ruiz de Velasco	Member	Independent
D.ª Pilar González de Frutos	Member	Independent
D.ª Francesca Gostinelli	Member	Proprietary
D.ª Alicia Koplowitz y Romero de Juseu	Member	Independent
D. Francisco de Lacerda	Member	Independent
D. Stefano De Angelis	Member	Proprietary
D.ª Cristina de Parias Halcón	Member	Independent
D. Gianni Vittorio Armani	Member	Proprietary

- Independent
- Proprietary
- Executive
- External

Details of the Board of Directors by gender, age and experience at 31 December 2023 were as follows:

DIVERSITY OF THE BOARD OF DIRECTORS



EXPERIENCE



Number of Directors with experience in each area.

3.4. Senior Management

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

Chief Executive Officer  Staff and service units	D. José Damián Bogas Gálvez General Manager – Communications D. Ignacio Jiménez Soler General Manager – People and Organisation D. Paolo Bondi General Manager – Institutional Relations and Regulation D. José Casas Marín General Manager – Media D. Pablo Azcoitia Lorente General Manager – Audit D.ª Patricia Fernández Salís General Manager – ICT Digital Solutions D. Manuel Fernando Marín Guzmán	General Manager – Sustainability D.ª María Malaxechevarría Grande General Manager – Purchasing D. Ignacio Mateo Montoya General Manager – Administration, Finance and Control D. Marco Palermo General Secretary and Secretary to the Board of Directors and General Manager – Legal Affairs and Corporate Affairs D. Francisco de Borja Acha Besga
 Business Areas	General Manager – Energy Management D. Juan María Moreno Mellado  General Manager – Generation D. Rafael González Sánchez  General Manager – Infrastructure and Grids D. José Manuel Revuelta Mediavilla 	General Manager – Supply ⁽¹⁾ D. Javier Uriarte Monereo  General Manager – Nuclear Power D. Gonzalo Carbó de Haya 

⁽¹⁾ On 31 October 2023, the CEO of Endesa X, Davide Ciciliato, stepped down. This Directorate was integrated into the General Directorate of Supply.

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

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

Women represented 13% of Senior Management at 31 December 2023 and 2022.

3.5. Incentives system

Information on Endesa's incentives system is provided in Note 473.5 to the Consolidated Financial Statements for the year ended 31 December 2023.

3.6. Values and pillars of business ethics

3.6.1. Code of Ethics

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

3.6.2. Human rights policy at Endesa

Endesa's Human Rights Policy follows the recommendations of the United Nations Guiding Principles on Business and Human Rights and sets out its commitments and responsibilities in this area. This policy focuses on creating sustainable value throughout the value chain, in both Endesa's business activity and the operations undertaken by its workers. The Company encourages its contractors, suppliers and commercial partners to embrace the same principles, focusing on situations involving conflict or carrying high risk.

The policy consists of 12 principles covering two major areas: employment practices; and communities and society. These principles are inspired by the Universal Declaration of Human Rights and the conventions of the International Labour Organization in relation to human and social rights. They have been identified in partnership with independent experts.

ENDESA'S HUMAN RIGHTS POLICY



Work practices

- Rejection of forced or compulsory labour and child labour.
- Respect for diversity and non-discrimination.
- Freedom of association and collective bargaining.
- Health, safety and well-being.
- Fair and favourable working conditions.



Communities and society

- Environment.
- Respect for the rights of communities.
- Respect for the rights of local communities.
- Respect for the rights of indigenous and tribal peoples.
- Integrity: Zero tolerance for corruption.
- Confidentiality.
- Communication.

Endesa started implementing pioneering due diligence exercises in 2017 to ensure implementation and monitoring of the commitments in its Human Rights Policy, following the recommendations of the guiding principles. These due diligence exercises have resulted in action plans to address the opportunities for improvement identified. Issues relating to human rights are overseen at the highest level within the organisation. The Human Rights Policy is approved by the Board of Directors of Endesa, S.A., while

the Board's Corporate Governance and Sustainability Committee monitors compliance with the associated action plan.

For further information, see Section 2.4.3 "Our Respect for Human Rights" and 4.7.1 "Human Rights" of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).

STRATEGY AND RISKS



4. OUTLOOK

4.1. Energy policy background

The pressures arising from the unprecedented global energy crisis of the past 2 years have eased significantly over the course of 2023. However, energy markets, geopolitics and the global economy remain highly uncertain and unstable, and the risk of further disruptions remains.

Fossil fuel prices have declined from the peaks reached in August 2022, when gas reached over Euro 300/MWh, which drove up electricity market prices at the same time. However, markets continue to reflect the context of tension stemming from the protracted conflict between Russia and Ukraine. Now, there is the risk of extended destabilisation in the Middle East.

Against this backdrop of volatile and precarious energy markets, European governments and institutions continued to take steps in 2023 to ensure affordable prices for consumers, security of supply and environmental sustainability.

The conclusions of the “*State of the Energy Union Report*”, published at the end of October 2023, describe how the implementation of the “*REPowerEU*” Plan allowed for an easing of pressure on energy markets, prices and consumers through the EU Green Deal legislation and an acceleration of the deployment of renewable energy and improved energy efficiency. In addition, a structural reform of the EU Energy System was carried out, which was agreed by the European Parliament and the Council of the European Union on 14 December 2023. Formal adoption is expected in early 2024 (see Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023). The aim of this reform process is to optimise electricity market design by supporting the spot and short-term markets through giving a bigger role to longer-term instruments, thus allowing consumers to benefit from fixed price contracts and enabling investments in clean technologies.

The reform aims to ensure that:

	Main measures
European electricity market reform	• More protection for consumers: – Individuals will have more choice when signing an electricity supply contract (wider availability of fixed-price and fixed-term contracts; flexibility to choose dynamic prices, with the possibility of multiple or combined contracts; clearer information before signing). – Access to renewable energy will be facilitated by trade in electricity generated from renewable energy sources on a local scale. – Better protection for vulnerable consumers (governments will ensure that there are sufficient suppliers of last resort and governments can better regulate retail prices for households and small and medium-sized enterprises (SMEs)).
	• More stability and competitiveness for enterprise customers: – Enterprises will have more stable prices thanks to long-term contracts. – Energy producers will see a more stable income. Investments in new electricity generation facilities based on wind, solar, geothermal, hydro (without reservoir) and nuclear will be structured as two-way contracts for differences.
	• Closer integration of renewable energies into the system

The EU has also stressed the importance of boosting competitiveness and industrial leadership in the new global energy context, and of finalising legislation on electricity market design, the Net-Zero Industry Act and the Critical Raw Materials Act in particular. These proposals will complement the “Fit for 55” legislation and support the development of clean energy sources, grids and stable markets across Europe.

This is why EU bodies have strongly advocated the implementation of national energy and climate plans (NECP) in the Member States as a key tool for the domestic delivery of these supranational objectives.

In Spain, the latest available draft of the national integrated energy and climate plan (PNIEC), which is expected to be finalised in June 2024, foresees a significant increase in renewable energy targets. Targets include raising the penetration of renewable energies from 42% to 48% of final energy consumption and increasing the share of renewable production from 74% to 81% of the total national electricity mix by 2030.

Elsewhere, new regulations enacted over the year also focused on keeping a lid on energy prices for the general public and enterprises, supporting the most heavily hit

sectors and the most vulnerable segments of society, and making prices more stable so as to enhance industrial competitiveness.

Since the beginning of 2022, the Spanish Government has been putting in place a variety of special measures. Looking ahead to 2024, in view of the fact that in recent months the upward pressures on food, raw materials and intermediate goods prices have been easing and markets have been adapting to the persistent geopolitical uncertainty, the Government decided to pass Royal Decree Law 8/2023, of 27 December, introducing measures to address the economic and social consequences of the conflicts in Ukraine and the Middle East and to mitigate the effects of the drought.

This Royal Decree-Law opts for a gradual withdrawal of the interventionist measures adopted so far to address the energy crisis. The aim is to avoid an unexpected trend in prices and thus reinforce the protection of households and enterprises. The regulation also makes provision for the promotion of renewable energies and the competitiveness of industry, including self-consumption, as well as actions to address the effects of drought.

4.2. Strategic Plan 2024–2026

On 23 November 2023, Endesa presented to the investment community an update on its strategic plan for 2024–2026, within a context of higher financial costs and inflation that may affect the pace of the decarbonisation of the economy. This situation, together with the necessary

visibility on critical regulatory issues at national and European level, have obliged the company to refocus its pillars and strategies for growth.

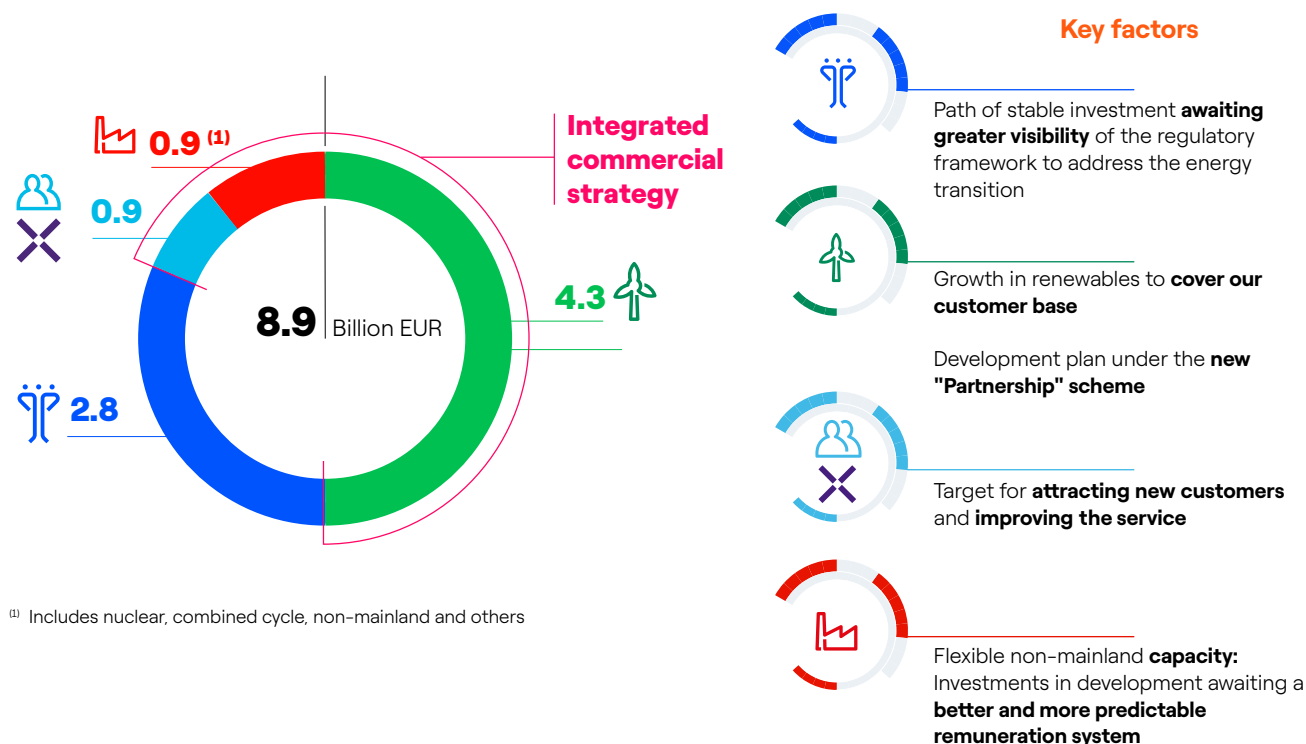
For the 2024–2026 period, the three strategic themes that emerged from this reassessment are as follows:

Strategic themes	Shares	Performance
Profitability, flexibility and resilience	• Selective capital allocation to enhance flexibility and resilience. • Focus on the "Partnership" model as <i>the key</i> to maximize the risk-return profile and asset rotation	• Compatible with the decarbonisation pathway of the Company's generation mix. • Focus of supply to household and business customers on value-added services and on electricity from non-emitting sources.
Efficiency and effectiveness	• Focus on maximising cash generation. • Cost control and streamlined structure to balance inflation and costs.	
Financial and environmental sustainability	• Financial stability, seeking to create value while addressing the challenges of climate change	

This Plan reflects the new energy context and builds on a more selective and efficient capital allocation strategy. Therefore, gross investments under this new Strategic Plan continue along the same lines as the previous 2023–2025 plan. Gross investments have increased by Euro 300 million to Euro 8,900 million gross for the period 2024–2026.

Distribution networks and renewable generation, two of the pillars of clean electrification, remain key vectors for growth. Specifically, investment in networks is linked to the new regulatory parameters, while there will be partners to collaborate on the development of renewable energy projects.

2024-2026 GROSS INVESTMENTS BY ACTIVITY



The criteria for the capital allocation process will include the following lines of action:

1. Growth in emission-free generation capacity

Planned investment in renewable energy capacity development remains stable at Euro 4,300 million. A new external partner model will be implemented to increase profitability and flexibility in the allocation of capital. The objective of this plan is to reach 13,900 MW of renewable power by 2026 and thus achieve 93% emission-free production on the Iberian Peninsula. We are making a greater commitment to wind power, which will absorb 53% of investments in renewables, and bring 1,600 MW of new capacity. Solar power plants will account for 35% of the investment, which will amount to

2,000 MW. As the main new features compared to the previous plan, investment in renewable technologies will include wind and hydroelectric repowering projects with the aim of increasing plant efficiency and reducing generation costs.

The 3 major projects in this field are the Just Transition initiatives in Andorra (Teruel), Pego (Portugal) and Galicia. The first two involve a total investment of Euro 1,700 million and Euro 700 million, respectively, and will come on stream in 2026-2027 and 2026, respectively. The third is a set of wind farms totalling 800 MW and an investment of around Euro 1,000 million, which is expected to come on stream in 2025. All of them are financially sustainable Energy Transition projects, which also provide job opportunities for employees affected by activities that are being discontinued, by providing training and economic development in the area with new sustainable economic activities for the future.

Key factors	Explanation
"Partnership"	Optimising investment allocation.
Risk / return	The risk/return profile of the investment must allow for the choice of creating value between "build or buy".
Strategic business projects	Just Transition projects in Andorra (Teruel), Pego (Portugal) and Galicia to promote the economic development of areas affected by thermal plant closures.
Repowering of wind farms and hydro plants	Projects to repower existing renewable energy facilities.

2. Commercial strategy

Investment allocated to customers will amount to Euro 900 million until 2026, with a focus on customer loyalty through a comprehensive offer of value-added services and a better “customer experience”.

Our strategic focus will continue to be on improving customer service and electrification of demand. We will build on our knowledge of our customers’ needs to offer more sophisticated and high value-added products. We expect the portfolio of deregulated market contracts in Spain and Portugal to increase to 7.5 million in 2026 that will contribute to the total volume of deregulated fixed-price electricity sales growing to 53 TWh.

With regard to decarbonisation, the Company’s goal is to promote clean electrification so that around 90% of the energy sold to deregulated customers at a fixed price comes from non-emitting sources by 2026. The integrated unit margin for the deregulated electricity business will remain stable during the period.

In the gas business, margins are expected to recover after an exceptional 2023 that is severely affected by market volatility, while the customer portfolio will remain stable at 1.8 million, of which 1.4 million are in the free market. We also expect a reduction in the use of gas for generation in combined cycle power plants as a result of normalisation of load factors.

Key factors	Explanation
Customer focus	• Improve customer experience and provide a high standard of service to foster customer loyalty.
Combined offer	• Provide combined products and services by leveraging our knowledge of customers’ needs.
Portfolio optimisation	• Focus on high-margin, high value-added services/products.
Electrification of demand	• Promoting electrification of the customer base.

3. Investment in grids

Another key focus of the Strategic Plan 2024–2026 is investment in grids to enhance quality, improve loss rates, build resilience and accommodate new connection requests. This must be underpinned by a regulatory framework that ensures that we meet the ambitious Energy Transition targets set at domestic level.

Of the Euro 8.9 billion total gross investment, Euro 2.8 billion will go to distribution networks, Euro 200 million more than under the previous plan. This investment is especially

subject to the remuneration of the network investment finally agreed for the regulatory period 2026–2031.

This investment volume is distributed along three tracks. 44% will be used to enable new connection requests, 31% to digitise the grid and adapt it to new customer needs, enhancing quality of service and resilience, and the remaining 25% to grid management. This will reduce losses by 0.4 percentage points, from 10% to 9.6%, and cut outage time by 18% to 41.8 minutes at the end of the Plan.

The key factors for this period of the 2024–2026 Strategic Plan related to grids are the following:

Key factors	Explanation
Energy transition	• Grid investment as a key factor in achieving our Energy Transition goals.
Defending Regulation	• Regulatory frameworks must ensure a reasonable return on investment.
Service standards	• Ensure higher quality standards while reducing energy losses.

4.3. Main financial indicators

In terms of financial performance, and based on these lines of action, the new 2024–2026 Strategic Plan includes, among other parameters, forecasts on financial indicators

for consolidated earnings. Under the Plan, Endesa envisions a positive trend in the following:

Economic indicator	Forecast
Gross operating income (EBITDA) ⁽¹⁾	• We estimate it will reach a range of Euro 5,600 –5,900 million in 2026, thanks to the expected normalisation of the market environment and progress in the regulatory environment.
Net ordinary income ⁽¹⁾	• This figure will be around Euro 2,200 – 2,300 million at the end of the three-year period, driven by strong EBITDA performance. In addition, there will be lower financial costs, tax normalisation following the end of the windfall tax and an increase in payments to non-controlling interests as a result of the strategy to bring in partners to share projects.
Net financial debt ⁽¹⁾	• Net financial debt will be between Euro 8,000 million – Euro 9,000 million in 2026. The ratio of net financial debt to EBITDA will be 1.4 times in 2026. The percentage of debt linked to sustainable benchmarks will exceed 80% by the end of the Plan.

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

To maintain Endesa's risk profile and financial soundness, the dividend policy approved by the Company maintains a pay-out of 70% of net ordinary income until 2026. There

will be a minimum guaranteed dividend of Euro 1.0 per share throughout the period.

Millions of Euro

Financial objectives	Unit	2024	↔	2026
Gross operating income (EBITDA) ⁽¹⁾	Millions of Euro	4,900-5,200		5,600-5,900
Net ordinary income ⁽¹⁾	Millions of Euro	1,600-1,700		2,200-2,300
Gross dividend per share	Euro	1.1		1.5

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

4.4. Long-term vision. Full decarbonisation by 2040

Endesa is fully committed to developing a sustainable business model in line with the Paris Agreement target of achieving no more than a 1.5 °C increase in temperature compared to the pre-industrial era. For Endesa, the fight against climate change is an unprecedented challenge. It has been setting ambitious targets through the successive Strategic Plans it has approved.

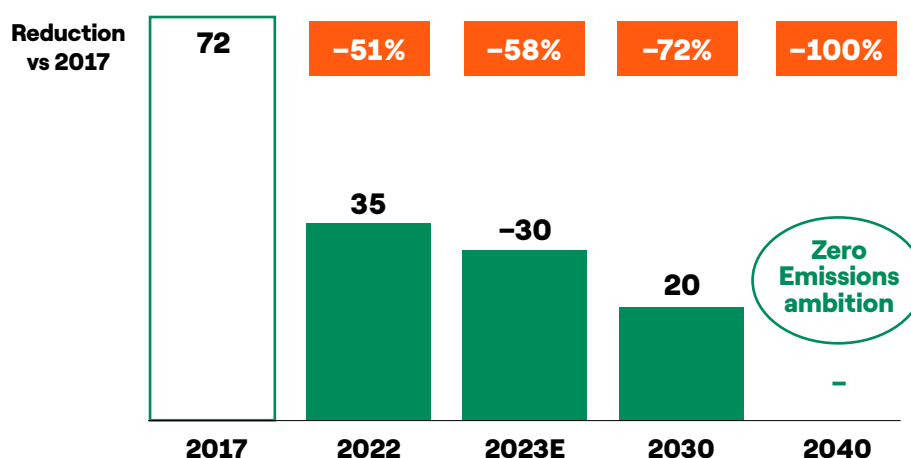
The 2024–2026 Strategic Plan presented on 23 November 2023 is a further show of this long-term approach, striving to achieve financial strength, environmental sustainability and value creation, while addressing the

challenges posed by climate change, all of which will be achieved by pursuing the strategic lines of action.

Endesa maintains the total exit of coal in Spain in 2027, with the end of operation of the Alcudia plant, and after obtaining authorization for the closure of the last coal plant in the Peninsula (As Pontes) in 2023, confirms the ambition to achieve full decarbonization of the company in 2040, achieving 100% emission-free generation and having abandoned the gas business.

Path to complete decarbonisation by 2040

TOTAL ABSOLUTE EMISSIONS
(MtCO₂eq)



Zero emissions – Decarbonisation pathway aligned with the Paris Agreement (1.5°C pathway) covering direct and indirect emissions through specific targets

5. BENCHMARK SCENARIO



5.1. Macroeconomic landscape

The year 2023 has continued to be shaped by the tightening of central banks' monetary policies in order to curb inflation. The European Central Bank (ECB) has continued with the interest rate hikes it initiated in July 2022. It raised interest rates six times during 2023 by a total of 200 basis points (450 basis points since the first increase in July 2022), thus bringing the main lending rate to 4.50% and the deposit rate to 4.00% (the highest levels since 2001). For its part, the US Federal Reserve (Fed) raised interest rates four times by a total of 100 basis points (525 basis points since the first increase in March 2022), bringing the official interest rate to the range of 5.25 - 5.50% (again, the highest level since 2001).

This has led to significant fluctuations in interbank market interest rates in both the euro and the US dollar during 2023, both in the short and long term. The short-term interest rate on the euro (3-month Euribor) rose by 178 basis points to 3.91% at the end of 2023. The long-term interest rate on the euro (10-year Eur Swap) declined by 71 basis points over the year 2023, from 3.20% to 2.49% at year-end 2023. It reached its highest level since 2011 in October (3.58%). The US dollar short-term interest rate (SOFR 3 months) rose 74 basis points to end the year at 5.33%. The US dollar long-term rate (10-year SOFR) declined by 36 basis points to end the year at 3.47%.

Inflation in Spain, after standing at 1.9% in June 2023 (its lowest level since March 2021) and positioning itself below the European Central Bank (ECB) reference level of 2%, rebounded in the following months of 2023 to end the year at 3.1%. Core inflation (which excludes energy and unprocessed food) eased significantly at year-end to 3.8% (the lowest since March 2022). Inflation in the Eurozone cooled significantly from 9.2% in December 2022 to 2.9% at year-end 2023, which is close to the European Central Bank's (ECB) target of 2%. Core inflation in the Eurozone also slowed down more than expected and stood at 3.4% at year-end 2023. One of the keys to the improvement in inflation has been the easing of energy and gas prices over the course of 2023.

In the foreign exchange market, the euro appreciated by 3.5% against the US dollar (USD) during 2023, bringing the year-end 2023 euro/US dollar (EUR/USD) exchange rate to 1.1047. The euro also depreciated by 2.3% against the pound sterling, with the EUR/GBP exchange rate standing at 0.8665 at 31 December 2023.

	31 December 2023	31 December 2022	Difference	Chg. %
Average exchange rate (Euro / US Dollar) ⁽¹⁾	1.0812	1.0533	0.0279	2.6
Closing exchange rate (EUR/USD) ⁽¹⁾	1.1047	1.0673	0.0374	3.5
Closing exchange rate (Euro / Pound Sterling)	0.8665	0.8873	(0.0208)	(2.3)
6-month Euribor (period average)	3.6900	0.6800	3.01	442.6
Short-term Euro interest rate (3-month Euribor) (%) ⁽¹⁾	3.91	2.13	1.78	83.6
Long-term Euro interest rate (10-Year Swap) (%) ⁽¹⁾	2.49	3.20	(0.71)	(22.2)
Short-term US dollar interest rate (3-Month SOFR) (%) ⁽¹⁾	5.33	4.77 ⁽⁴⁾	0.56	11.7
Long-term US dollar interest rate (USD 10-Year SOFR) (%) ⁽¹⁾	3.47	3.84 ⁽⁵⁾	(0.37)	(9.6)
German 10-Year bond (%) ⁽¹⁾	2.02	2.57	(0.55)	(21.4)
German 30-Year bond (%) ⁽¹⁾	2.26	2.53	(0.27)	(10.7)
10-Year Spanish bond (%) ⁽¹⁾	2.98	3.65	(0.67)	(18.4)
Risk premium for Spain (bp) ⁽¹⁾⁽²⁾	96	108	(12)	(11.1)
Risk premium for Italy (bp) ⁽¹⁾⁽²⁾	167	213	(46)	(21.6)
Risk premium for Portugal (bp) ⁽¹⁾⁽²⁾	61	101	(40)	(39.6)
European Central Bank (ECB) reference rates (%) ⁽¹⁾	4.50	2.50	2.00	80.0
European Central Bank (ECB) deposit facility rate (%) ⁽¹⁾⁽³⁾	4.00	2.00	2.00	100.0
US Federal Reserve reference rates (%) ⁽¹⁾	5.25 – 5.50	4.25 – 4.50	1.00	22.2
Annual inflation Spain (%) ⁽⁶⁾	3.1	5.7	(2.60)	—
Annual core inflation Spain (%) ⁽⁶⁾	3.8	7.0	(3.20)	—

⁽¹⁾ Source: Bloomberg.

⁽²⁾ Spread against German 10-year bond.

⁽³⁾ Rate that the European Central Bank (ECB) charges banks for their deposits.

⁽⁴⁾ Libor USD 3 months.

⁽⁵⁾ USD 10-year swap.

⁽⁶⁾ Source: Instituto Nacional de Estadística (INE, Spanish national statistical institute).

bp = basis points.

5.2. Electricity and gas market

During 2023 we witnessed a reduction in prices within the European electricity markets compared to 2022, largely as a result of the reduction in gas prices and the increase in renewable energy production.

The price of natural gas in European markets and in the Spanish market began to head downwards in the last few months of 2022, with this trend continuing over 2023. Notably, natural gas prices are now lower than they were prior to the onset of the Russia-Ukraine conflict; a product of falling demand caused by mild temperatures and the steps taken to discourage consumption and diversify supply sources, which has helped to restore confidence among economic agents and boosted levels of economic activity.

In 2023, Spain recorded electricity demand of 244,665 GWh, down 2.3% on 2022 (–1.9% factoring in calendar and temperature effects), due, among other reasons, to the growth in solar self-consumption, which was up 108% in 2022, and lower growth in the country's gross domestic product (GDP).

At the Iberian mainland level and without correcting for the effects of working hours and temperatures, in the period January–December 2023, demand on the Iberian mainland was 229,527 GWh, 2.5% lower than that recorded in 2022 (–2.1% taking into account the effects of working hours and temperatures). In 2023, gross demand in the Balearic Islands and the Canary Islands is estimated at 5,999 GWh and 8,750 GWh (–1.4% and +2.2%, respectively, adjusted for working hours and temperature, compared to the same period of the previous year).

In 2023, solar photovoltaic production reached an all-time high in Spain (+33%) and Portugal (+42.6%), according to figures released by Red Eléctrica de España and Redes Energéticas Nacionais, SGPS, S.A., respectively. This increase was due to prevailing weather conditions and in line with the progress made towards the energy transition and the increase in installed capacity for renewable power. Moreover, during 2023, the closing prices of gas and Brent crude fell by 67.1% and 17.0%, respectively, compared to the same period of the previous year, while the price of carbon dioxide (CO₂) was up 3.3% compared to 2022.

In this context, the arithmetic average price in the wholesale electricity market reached 87.1 €/MWh (down 48% on 2022).

Meanwhile, gas demand was down 10.3% in Spain in 2023, largely due to lower demand from the electricity sector (-30.1%) and despite the minor increase in demand from the conventional gas market (+1.5%).

5.2.1. Trend in the main market indicators

Market indicators	January–December 2023	January–December 2022	Chg (%)
Arithmetic average price in the wholesale electricity market (€/MWh) ⁽¹⁾	87.1	167.5	(48.0)
ICE Brent average price (\$/bbl) ⁽²⁾	82.2	99.0	(17.0)
Average price of carbon dioxide (CO ₂) emission rights (€/t) ⁽³⁾	83.5	80.8	3.3
Average Price of Guarantees of Origin (€/MWh) ⁽⁴⁾	5.3	5.0	6.0
Average price of coal (€/MWh) ⁽⁵⁾	128.9	291.9	(55.8)
Average price of gas (€/MWh) ⁽⁶⁾	40.6	123.4	(67.1)

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

⁽²⁾ Source: ICE: Brent Crude Futures.

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

⁽⁴⁾ Source: Prepared in-house

⁽⁵⁾ Source: Api2 index.

⁽⁶⁾ Source: TTF index.

5.2.2. Trend in demand

Electricity

Percentage (%)

Electricity ⁽¹⁾	Without adjusting for effects of working days and temperature		Adjusted for effects of working days and temperature	
	January–December 2023	January–December 2022	January–December 2023	January–December 2022
Mainland	(2.5)	(2.9)	(2.1)	(3.9)
Endesa area⁽²⁾	(2.0)	(1.1)	(1.5)	(1.6)
Industrial	(3.1)	(4.0)		
Services	(1.2)	4.6		
Residential	(1.9)	(3.9)		
Non-mainland Territories (TNP)	1.1	7.0	0.4	7.6
Canary Islands	2.5	5.7	2.2	5.5
Balearic Islands	(0.7)	9.3	(1.4)	9.6

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

⁽²⁾ Source: In-house.

Gas

Percentage (%)

Gas ⁽¹⁾	January-December 2023	January-December 2022
Domestic market	(10.3)	(3.7)
Domestic - conventional	1.5	(21.4)
Electricity sector	(30.1)	52.7

⁽¹⁾ Source: Enagás, S.A.

5.2.3. Market share

Percentage (%)

Market share ⁽¹⁾	31 December 2023	31 December 2022
Electricity		
Mainland generation ⁽²⁾	18.2	18.2
Distribution	44.2	43.7
Supply	29.6	29.6
Gas		
Deregulated market	13.3	18.4

⁽¹⁾ Source: In-house.

⁽²⁾ Includes renewable energies.



5.3. Climate change. Climate strategy

5.3.1. Climate change

The key performance indicators (KPIs) related to climate change defined in Endesa's 2024–2026 Strategic Plan are:

	Line of action	2026 objectives	Result 2023	Highlights
Decarbonisation of Endesa's own activity ⁽¹⁾	Scope 1 specific greenhouse gas (GHG) emissions from the electricity generation process (gCO ₂ e/kWh)	145	193	Reduction of specific emissions by 57% compared to 2017.
	Specific greenhouse gas (GHG) emissions from electricity trading (electricity generation process plus electricity purchases from the market) (gCO ₂ e/kWh)	140	214	An objective of 100% reduction of Scope 1 related to electricity generation and Scope 3 emissions related to electricity distribution has been set for 2040.
	Specific greenhouse gas (GHG) emissions from marketing of natural gas (MtCO ₂ e) – Scope 3.	10	8	An objective of 100% reduction of Scope 3 emissions related to gas distribution has been set for 2040.
	Mainland Carbon dioxide free production (CO ₂)(% production)	93	80	100% decarbonization of the generation mix by 2040.
	Gross Installed Renewable Capacity (MW Installed)	13,7	9,9	Planned investment in renewable power development will add 3,600 MW of power, of which 2,000 MW are solar facilities and 1,600 MW wind farms.
	Fossil thermal net installed capacity (MW installed)	7,7	8,0	Cessation of coal activity in 2027.
	Energy sold to fixed-price customers from zero-emission sources (%)	90	~75	Promotion of clean electrification.

⁽¹⁾ Source: In-house.

Management of climate change at Endesa.

As a leading player in the energy sector, Endesa is aware of the key importance of leading the transformation towards a low-carbon economy in order to address climate change. Therefore, as a consequence of the work and ongoing dialogue with stakeholders, and aware of the economic, social and environmental repercussions of its activities, Endesa has put in place a sustainable development strategy aligned with implementation of its Strategic Plan that aims to generate sustainable value, based on the sustainability, environmental, biodiversity and human rights policies approved by its Board of Directors. On 23 November 2023, we presented the 2024–2026 Strategic Plan, which guides the Company's activities to grow in clean electrification.

Endesa believes that the transition to a carbon neutral economy is technologically possible, economically viable and socially necessary. To this end, the 2024–2026 Strategic Plan maintains two of the pillars of clean electrification as key drivers: distribution grids and renewable generation. It promotes initiatives that contribute to a fairer, healthier and more equal society and achieving the Sustainable Development Goals (SDGs), particularly Goals 7 (Affordable and clean energy) and 13 (Climate action).

Endesa promotes the transparency of its disclosures on climate change and works to make visible to its stakeholders that it is addressing climate change with diligence and determination. To this end, the Company has prepared the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report) following the recommendations of the Financial Stability Board’s *Task Force on Climate-related Financial Disclosures* (TCFD) and the European Commission’s June 2019 *Guidelines on reporting climate-related information*, which, together with the *Global Reporting Initiative (GRI)*

Standards and the Guidelines on non-financial reporting, provide the main framework for Endesa’s climate change disclosures.

Therefore, the information relating to climate change in this Consolidated Management Report is fully consistent with the recommendations of the “Task Force on Climate-Related Financial Disclosures, including the recommended elements: corporate governance, strategy, risks, metrics and objectives (see sections 3.1, 5.3.2, 6.4 and 9.2, respectively, of this Consolidated Management Report).

Endesa's commitment to address climate change

International and domestic landscape

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

Milestone	Description
Paris Agreement	• The main objective is to limit the increase in global temperature to 2°C compared to the pre-industrial period, with the goal of keeping it below 1.5°C. It also introduced the condition of carbon neutrality, which must be achieved by the second half of this century.
United Nations Climate Change Conference in Abu Dhabi (UAE) (COP28)	• The conference, held in 2023, marks the conclusion of the first global stocktaking under the Paris Agreement and is therefore of significant importance. Global stocktaking exercises are held every 5 years to assess the global response to the climate crisis and chart a better way forward. COP28 played an influential role in identifying global solutions to limit global temperature rise to 1.5°C and informing governments about preparations for revised and more ambitious Nationally Determined Contributions (national climate plans), due in 2025. There was a widespread call for increased ambition and international climate finance. Furthermore, for the first time in international negotiations, the need to phase out fossil fuels in order to succeed in the fight against climate change has been pointed out.

In 2023, the EU has continued to make good progress towards its ambitious climate goals despite the recent energy crisis. However, there are still major challenges ahead. These include technological aspects such as electrification of demand, grid interconnections, storage systems, increased deployment of renewable energies and the integration of other energy sources, such as hydrogen and biomethane. However, when transforming the EU’s energy system, it is also important to ensure energy security, boost energy independence, ramp up domestic

production of clean technologies, and make energy more affordable, as evidenced by the recent energy crisis.

In this context, the main legislative proposals of the “Fit for 55” package were deployed, allowing the European Commission to submit an updated version of its Nationally Determined Contributions (NDC) to the UN Framework Convention in October 2023.

In Spain, the goals for combating climate change are being transposed through the following plans:

Plan	Description
2021–2030 Integrated National Energy and Climate Plan (PNIEC)	This Plan sets an ambitious target for renewable penetration, with the aim of making 74% of total electricity generation renewable in 2030, consistent with a path towards a 100% renewable electricity sector by 2050, complemented by increased storage capacity. Energy efficiency, one of the cornerstones of the Spanish national integrated energy and climate plan 2021–2030 (PNIEC), sets a target of 39.5% improvement by 2030. The plan is currently in the process of review and updating.
National Climate Change Adaptation Programme (NAP) 2021–2030	- This is the basic planning tool for driving coordinated action against the effects of climate change in Spain. - Endesa has been working for over a decade on a range of projects to generate awareness about climate change and minimise the vulnerability of its facilities to the phenomenon; share and exchange impressions of the results obtained; and foster ongoing learning about, and resilience to, climate conditions, enabling it to optimise the management of its businesses.

The draft update of the Spanish national integrated energy and climate plan (PNIEC) 2021–2030 includes targets consistent with the emission reductions adopted

at the EU level. These objectives will take the form of the following proposed targets for 2030:

Plan	Proposed targets for 2030
2021–2030 Integrated National Energy and Climate Plan (PNIEC) (under review)	32% reduction in greenhouse gas (GHG) emissions compared to 1990. 48% renewable energy out of end-use energy. 44% improvement in energy efficiency in terms of end-use energy. 81% of renewable energy in electricity generation. - Reduction of energy dependence by up to 51%.

Once approved, the Spanish national integrated energy and climate plan (PNIEC) 2023–2030 will serve as a guide to Endesa's actions up to 2030 to reduce greenhouse gas (GHG) emissions, implement energy efficiency measures and generate electricity from renewable sources. The plan sets out a clear and sufficiently ambitious roadmap at national level.

Endesa and the energy transition

Endesa designs its strategy in line with the context of climate emergency and the call to be more ambitious, establishing ambitious targets through the successive Strategic Plans prepared since the Paris Agreement was adopted.

Endesa's performance in 2023 was affected by various external factors. Although progress continued to be made in the implementation of renewable energies and in meeting the environmental indicators of its Strategic Plan, such factors hindered progress towards certain goals and objectives related to sustainable and carbon-free generation. Such factors included:

- Delay in the authorisation to close the As Pontes thermal power plant due to security of supply criteria in a context of energy crisis. This meant that it had to continue in operation until October 2023.
- Delays in updates to the remuneration parameters for the cogeneration facilities, that led to a shortfall in the contribution of this technology in 2023.

- Application of the Iberian derogation during the first month and a half of 2023, coupled with the low availability of France's nuclear generation pool and exceptional weather conditions, led to a decrease in hydroelectric production in 2023 compared to previous years not affected by the drought period. This resulted in an increased operation of the combined cycle power plant portfolio.
- Delay in the launch of the competitive tendering procedure in the non-mainland territories (TNP) (Canary Islands, Balearic Islands, Ceuta and Melilla), where Endesa is the main generator, is an obstacle to the possibility of upgrading the generation pool or accessing cleaner fuels. Coupled with an ageing generation base, this has had a significant impact on the emission of greenhouse gases (GHGs) by these electricity systems.

Endesa has set itself the goal of becoming "Net-Zero" by 2040, effectively meaning zero emissions, and considering the use of offset schemes only for those emissions for which there is no emission-free technological solution. *Endesa thus contributes to the goal certified by the Science Based Targets initiative (SBTi) at Group level by its parent company Enel. This accelerates the company's exit from its fossil fuel generation and gas sales business to become a 100% renewable electricity company that is not tied to fossil fuel or emission-producing technologies. Furthermore, the same certification includes the zero emissions target for all marketed electricity, which includes both our own generation and electricity purchased from third parties.*

In the eight years since the Paris Agreement was signed, Endesa has reduced its emissions by 66% since 2015 and 79% since 2005, when the Kyoto Protocol came into force. In order to stay on the established path of decarbonisation, Endesa adopted additional and more ambitious commitments, also encouraged by the need for energy independence from fossil fuels, maintaining the path towards a completely decarbonised mix. As proof, it has signed its support for the Global Renewables Alliance, which at COP28 called for a three-fold increase in renewable capacity by 2030 compared to 2022 levels. Against a backdrop of inflation and higher finance costs, Endesa has updated its Strategic Plan for the 2024–2026 period to reaffirm its energy transition strategy based on

an increase in the installed capacity of renewable sources to achieve a volume of renewable power of 13,900 MW by 2026, 40% more than at the end of 2023. With this, 93% of electricity production in the Iberian Peninsula will be emission-free in 2026, up from 79.8% at the close of this year. The new renewable capacity that will be added to Endesa's energy mix in this period will amount to 3,800 MW. In addition, the Strategic Plan 2024–2026 calls for an investment of Euro 2,800 million in distribution grids, a key factor for decarbonisation by allowing for the inclusion of renewables, recharging of electric vehicles and enabling active participation of demand through self-consumption facilities.

5.3.2. Climate strategy. Long-term scenarios

Climate strategy

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

To guarantee the success of the Company's commitment to carry out its activity in harmony with nature, Endesa works on four fronts that, together, address its main impacts:

Areas of action	Description
Climate action	It sets out the strategy, roadmaps and targets for reducing emissions and combating climate change, based on solid growth in renewable generation, a broad portfolio of energy products and services of value to customers and the digitalisation of distribution networks.
Fair transition	A fair and inclusive transition of shared value with society and aligned with the goals of the Paris Agreement.
Protecting biodiversity and natural capital	Integrating biodiversity conservation and natural capital preservation into the decision-making process with the aim of achieving zero net biodiversity loss in new projects in 2030.
Circular Economy	To integrate the sustainable use of resources by increasing the life of its assets and reducing the use of raw materials and waste generation.

One of Endesa's fundamental strategic pillars is the energy transition towards the total decarbonisation of electricity generation by 2040, with plans to achieve a complete end to coal-fired electricity generation activity by 2027. Following the closure in 2020 of the coal-fired plants of Compostilla (1,052 MW of installed capacity), Teruel (1,098 MW) and Litoral de Almería (1,120 MW), authorisation was received for the closure of the 1,469 MW As Pontes plant in August 2023. Authorisation for the closure of the As Pontes Thermal Power Plant was requested in 2019, with the aim of being able to close the plant by 30 June 2021, but its granting has been delayed for various reasons beyond Endesa's control and responsibility, in particular due to security of supply criteria in a scenario of energy crisis. As a result, the plant has been forced to continue operation for part of 2023. At present, only units 3 and 4 of the Alcudia Thermal Power Plant remain in operation, operating so for a maximum of 500 hours per year on an emergency basis.

Alongside the closure of the main greenhouse gas emitting plants, a significant growth in renewable generation is taking place as part of a value creation model that is shared with society. The development and management of renewable energies by Endesa in Spain is carried out through Enel Green Power España, S.L.U. (EGPE).

In 2023, Endesa increased its renewable installed capacity by 607 MW to reach a total of 9,899 MW, of which 4,746 MW are hydro, 2,884 MW wind power, and 2,269 MW solar photovoltaic.

Description of the climate scenarios

Energy transition and climate change scenarios

Endesa promotes transparency in disclosures on the impact of climate change and works to show its stakeholders that it is addressing climate change with diligence and determination. Endesa has committed to adopting the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and to implement any updates that are published. In 2020, Enel Group, Endesa's parent company, participated as a member of the Advisory Board of the TCFD in developing specific recommendations to support scenario analyses. Endesa has been one of the first utilities to take into account the *Guidelines on Climate-Related Disclosures* published by the European Commission in 2019, which, together with the TCFD and the *Standard Global Reporting Initiative* (GRI), constitute the reference framework for the disclosure of climate change-related issues.

Scenario analysis

Endesa develops short-, medium- and long-term macroeconomic, financial, energy and climate scenarios to support planning processes, capital allocation, strategic positioning, risk assessment and strategy resilience. Strategic planning based on the use of scenarios is in line with the definition of *alternative futures* defined on the basis of certain key variables such as, for example, compliance with the objectives defined in the Paris Agreement. With respect to the foresight approach, the scenarios offer greater flexibility and enable preparation to address risks and leverage opportunities. The forecasting approach provides projections based on

past trends, which therefore do not anticipate changes, nor incorporate assessments of risks or uncertainties. Scenario development makes it possible to analyse and model plausible alternative futures, allowing different pathways, time horizons and options to be designed, and ultimately supporting the strategic decision-making process with the goal of maximising opportunities and mitigating risks. This aspect is particularly relevant in the event of potential significant shocks arising from the development of key uncertainties.

Comparative scenario analysis and planning

Performing a benchmarking (comparative analysis) of energy scenarios is a useful starting point for building robust internal scenarios. Many global, national and regional energy transition scenarios exist, published by different bodies and designed for multiple purposes, from governmental planning to support for business decision-making processes. The benchmarking activity involves analysing scenarios prepared by organisations in order to compare the results with respect to the energy *mix*, emission levels and technology options, and to identify, for each scenario, the main drivers of the energy transition. There are three steps in conducting a comparative analysis of energy transition scenarios:

1. Context analysis of global and national scenarios

Beyond the analysis of reports and databases, scenario analysis is reinforced by a constant dialogue with the analysts of the main agencies that design the scenarios. The global energy scenarios are classified by scenario categories, depending on the level of climate ambition:

Transition scenarios	Description
"Business as usual"/current policies.	• Energy scenarios based on current policies.
"Paris Aligned"	• Energy scenarios consistent with the Paris Agreement, i.e. they include the objective of limiting the average increase in global temperatures to below 2°C compared to pre-industrial levels.
"Paris Ambitious" / "Net Zero"	• Global energy scenarios that provide for a transition to net zero greenhouse gas (GHG) emissions by 2050, consistent with the most ambitious objective under the Paris Agreement, i.e. to achieve a global average temperature increase of no more than 1.5°C, taking into consideration various probabilities.

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

Data collection covers all key energy system metrics, including but not limited to: Primary energy, total and sectoral final energy, total electrical capacity and by technology, total electricity generation and by technology, hydrogen production, fleet of electric vehicles, etc. Data analysis has enabled the agencies designing the scenarios of the key elements of the

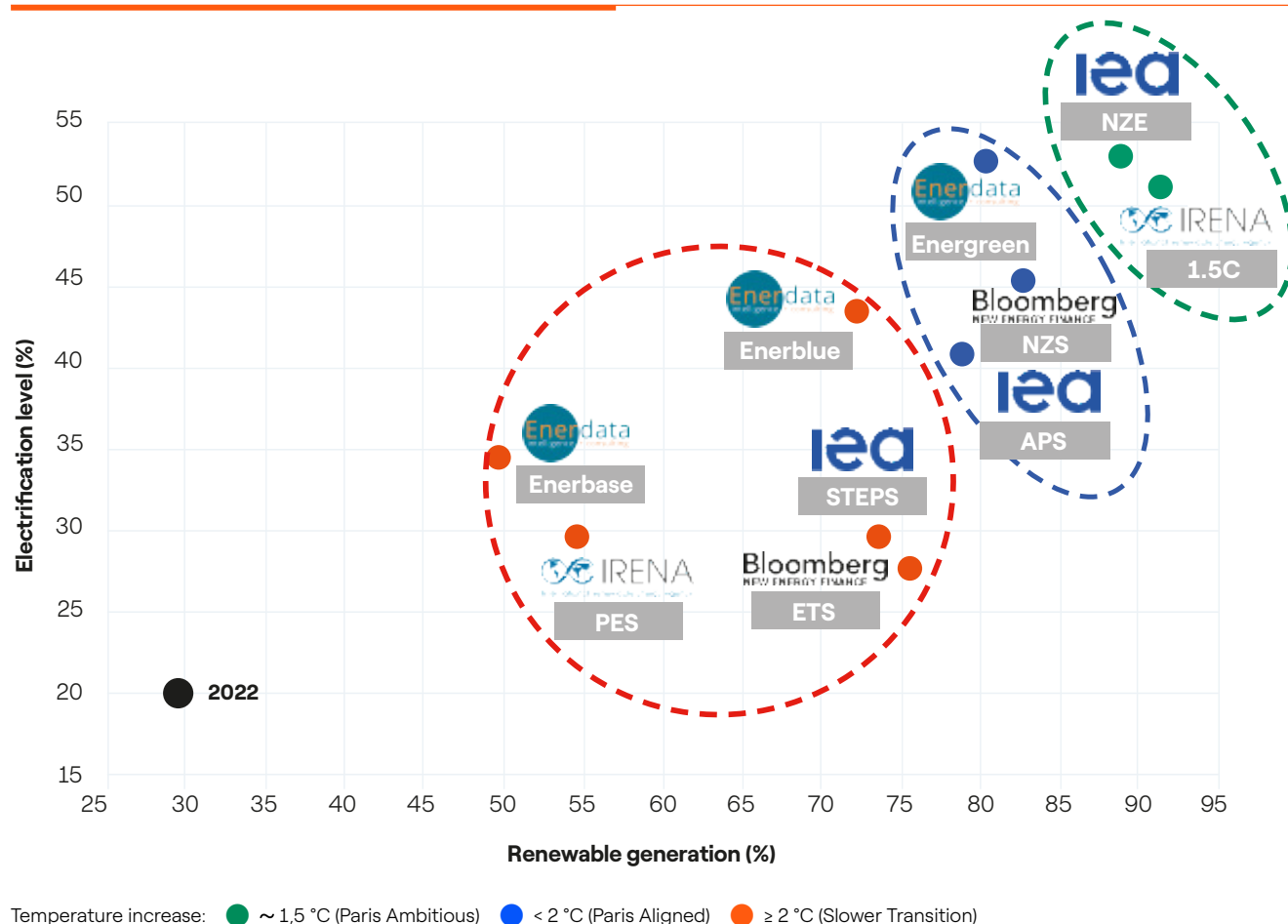
business-as-usual scenarios to identify the drivers that enable an acceleration of the energy transition in the “Paris Aligned” and “Paris Ambitious” scenarios.

3. Production of a review paper

A paper is prepared setting out the data analysis and digital representation of the key metrics of the external scenarios to support decision-making by the Company's management on the scenario framework to be used.

KEY DRIVERS OF THE TRANSITION: ELECTRIFICATION AND RENEWABLES

Global energy transition scenarios @2050



Source: own elaboration based on IEA World Energy Outlook 2023, BNEF New Energy Outlook 2022, IRENA World Energy Transition Outlook 2023, Enerdata Enerfuture 2023.

Analysis of the different external scenarios reveals a unanimous consensus among energy analysts as to which are the main drivers for achieving the climate targets: the level of demand electrification and the share of renewables, both in the medium and long term. Specifically, in scenarios compatible with a global average temperature increase not exceeding 1.5°C, the level of demand electrification

rises above 50% in 2050, compared to 20% in 2022 (IEA, 2023, WEO: 53%; IRENA, 2023, World Energy Transition Outlook: 51%), while the share of renewable generation in the electricity mix reaches 90%, up from 30% in 2022 (IEA, 2023, WEO: 89%; IRENA, 2023, World Energy Transition Outlook: 91%).

Long-term scenarios

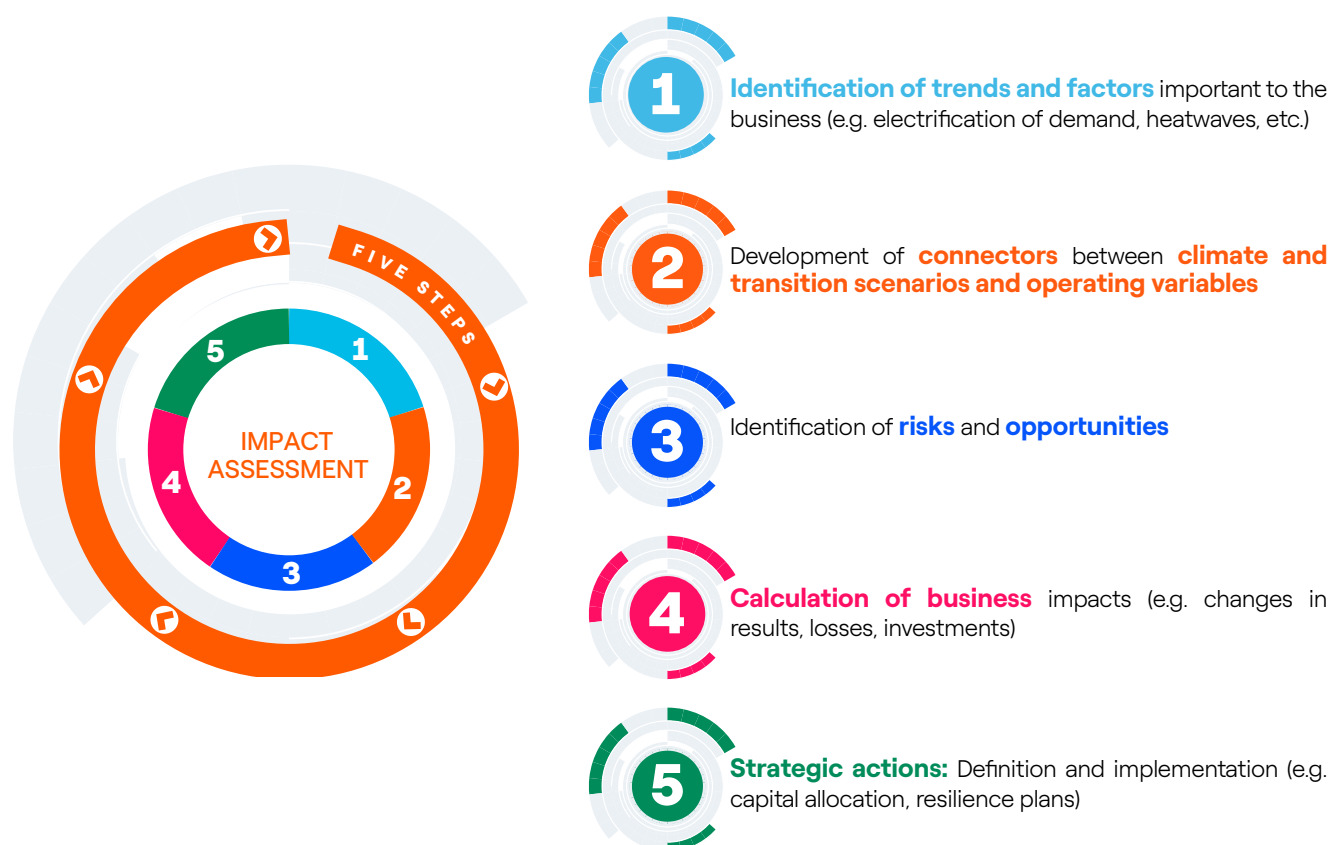
Endesa's scenarios are built with a view to having a general framework that can ensure coherence between the energy transition scenarios and the physical scenarios:

Scenarios	Defining aspects
Transition scenarios	This scenario describes how energy production and consumption in the various sectors evolve in a given economic, social, political and regulatory context.
Physical scenarios	The aim is to address issues related to future trends in climate variables (in terms of frequency and intensity of acute and chronic events).

	Granularity & extensive geographic coverage	Future of metrics & KPIs	Automation and advanced analytical techniques	Integration of interdependencies	Open database available to all stakeholders.
					
MACRO FINANCE	More than 150 countries monitored for country risk analysis and macroeconomic and financial scenarios	Monitoring of market expectations and analysis of sensitivity to new social and technological realities	General balance models and machine learning techniques for the management of big data	Inclusion of socioenvironmental impacts in the analyses to quantify the impact of actions taken	Periodic update on interactive platforms with optimisation via graphical analysis
ENERGY	Wide coverage of market and geographic indicators and focus on areas of presence	Monitoring of trends in electricity demand and price volatility with study of regulatory and transition impacts	Econometric models and neuronal networks to shape forecasts	Impact analysis with exogenous variables (macroeconomic and climate)	Development of an integrated database that is updated automatically
CLIMATE	Climate scenario data available with high-resolution global coverage	Standard metrics and/or metrics constructed ad hoc to assess phenomena of interest for future scenarios	Analytics and machine learning to manage big data in scalable cloud environments	Integration of exposure data (e.g. population density, location/facility value)	Platform to share, view and download results
INTEGRATED MODELLING SYSTEMS	Main countries of interest to Enel. Developed to manage integrated business models	Preparation of scenarios by economic sector to detect trends in electrification and efficiency	Use of system models capable of optimising the use of technologies to minimise emissions and costs	Integrated generation and energy demand management	Technology databases for each service: Types of electric cars, heat pumps,...

As described in the illustration above, the definition of scenarios at the Enel Group level requires the acquisition and processing of an enormous amount of information and data, as well as the identification of the methodologies and metrics needed to interpret complex and, in the case of climate scenarios, very high resolution phenomena. All this requires a continuous dialogue both with the organization itself and with the analysts of the main agencies that design the scenarios. To assess the effects of physical and transition phenomena on the energy system, models are used that describe the energy system taking into account the specific technological, socioeconomic, political and regulatory specificities.

The adoption of these scenarios and their integration into business decision-making processes reflects the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). It constitutes a facilitating factor in the assessment of the risks and opportunities related to climate change. The process that translates scenario occurrences into useful information for industrial and strategic decision-making can be summarised in 5 steps:



Transition scenarios

Description and reference framework

A transition scenario represents how energy production and consumption may evolve in a given economic, social and regulatory context, and according to the different technological options available. This corresponds to an evolution of Greenhouse Gas (GHG) emissions and a climate scenario, and therefore to a certain temperature increase at the end of the century with respect to pre-industrial values. It should be noted that, according to carbon dioxide (CO₂) emissions, the scenario that will materialize is not deterministic. Even the Intergovernmental Panel on Climate Change (IPCC) always specifies for each climate scenario both the average values of global warming in 2100 and the very likely range (i.e. the interval formed by the 5-95 percentiles).

The main assumptions considered in the definition of Endesa's Energy Transition scenarios refer to the macroeconomic and energy context, the regulatory framework, the evolution of the market, and the costs of adopting energy production, transformation and consumption technologies.

The reference scenario for planning, known as the "Reference" scenario, is a "Paris Aligned" scenario,

which contemplates achieving the objectives of the Paris Agreement, i.e. an increase in the global average temperature with respect to pre-industrial levels below 2°C, with a level of climate ambition higher than "business as usual" but without assuming the global achievement of the Net Zero target in 2050, given the current level of accumulated ambition at global level and the slowdown in the speed of the Energy Transition that the current macroeconomic and energy context is causing at local level in some transition variables. The scenario takes into account recent developments in European and national climate and energy legislation, specifically the draft National Integrated Energy and Climate Plan (PNIEC) published in June 2023. The scenario considers a sustained growth of renewable energies in the coming years, especially solar energy, and a more moderate evolution in terms of green hydrogen development compared to what was foreseen in the National Integrated Energy and Climate Plan (PNIEC).

In addition to the reference scenario, two alternative scenarios have been defined, depending on the degree of climate ambition, which also consider different macroeconomic and raw material price assumptions.

The two alternative scenarios are:

Alternative scenarios	Description
"Slower Transition"	Characterised by a slower energy transition in the medium term. A delay is assumed in the penetration of renewable energy, green hydrogen and electric technologies, in particular for private cars and the electrification of household energy consumption.
"Accelerated Transition"	Characterised by increased ambition compared to the "Reference" scenario, in particular with regard to some characteristic variables of the energy transition. The scenario envisages an acceleration in renewable energy authorisation pathways, leading to a higher annual level of installations, and development of green hydrogen consistent with the draft national integrated energy and climate plan (PNIEC), as well as a further boost to energy savings in buildings.

The assumptions on the variations in raw material prices used in the "Reference" scenario are in line with the external scenarios that reach the objectives of the Paris Agreement. The price of carbon dioxide (CO₂) is expected to grow steadily until 2030, following a steady reduction in the supply of carbon permits coupled with growing demand and a progressive reduction in the price of

coal, due to slumping demand. With respect to gas, it is considered that the price tensions will be relaxed in the coming years as a result of a realignment between supply and demand at global level. Lastly, a progressive stabilisation of the price of oil is foreseen, for which a peak in demand with respect to 2030 is estimated.

	2023 ⁽¹⁾	2030			
	Endesa	Endesa	Average benchmark ^{(2) (3)}	Benchmark high ^{(2) (3)}	Benchmark low ^{(2) (3)}
Price of Brent (\$/bbl)	83	~74	~77	~91	~64
Average coal price Api2 (€/MWh)	130	~83	~85	~110	~60
Carbon dioxide (CO ₂ /€/t)	84	~120	~128	~150	~115
TTF gas price (€/MWh)	41	~30	~26	~30	~16

⁽¹⁾ See Section 5.2 of this Consolidated Management Report.

⁽²⁾ Fuente International Energy Agency – «Sustainable Development Scenario» and «Net Zero Scenario», Bloomberg New Energy Finance (BNEF), «IHS Green Case Scenario», «Enerdata Green Scenario».

⁽³⁾ The scenarios used as a benchmark were published at different times of the year and could not be updated with the latest market dynamics.

Information on the key assumptions used to determine the value in use to test the impairment of non-financial assets at 31 December 2023 (Strategic Plan 2024-2026) is provided in Note 3.2f.2 to the Consolidated Financial Statements for the year ended 31 December 2023.

The alternative scenarios, on the other hand, assume on the one hand an acceleration of decarbonisation, driven by regulation, and at the same time a faster decline in demand for fossil fuels, which inevitably translates into lower fossil fuel prices in 2030. In the case of a slower transition, on the other hand, fuel demand will peak more gradually, which will maintain energy commodity prices. With respect to full achievement of the Paris Agreement targets, i.e. stabilisation of the global average temperature increase at +1.5°C, there remains uncertainty that some

countries may remain on business-as-usual pathways and fail to take timely and effective action to reduce their emissions, which would delay the process of decarbonisation towards zero net emissions by 2050. However, Endesa operates a business model and has defined strategic guidelines that are in line with the maximum ambition of the Paris Agreement targets, i.e. consistent with a global average temperature increase of 1.5°C by 2100, as certified by the Science-Based Targets initiative (SBTi) at Enel Group level. Endesa has set a target of 0 direct emissions in 2040 (Scope 1) with fully renewable electricity generation, and 0 emissions related to retail energy sales (Scope 3) also in 2040.

Physical scenarios

Description and reference framework

Three climate scenarios have been selected to assess physical risks in line with those published in the Sixth Report of the Intergovernmental Panel on Climate Change (IPCC).⁽²⁾ These scenarios are characterised by a level of

emissions in line with what is known as the “*Representative Concentration Pathway*” (RCP), with each scenario being related to one of the five scenarios defined by the scientific community as “*Shared Socioeconomic Pathways*” (SSP), based on general assumptions as to population and urbanisation, among others.

The three scenarios considered are:

Scenarios	Description
1. “ <i>Shared Socioeconomic Pathways</i> ” 1 (SSP 1) – “ <i>Representative Concentration Pathway</i> ” 2.6 (RCP 2.6):	Scenario compatible with a global temperature increase of well below 2°C in 2100 with respect to pre-industrial levels (1850-1900). The <i>Intergovernmental Panel on Climate Change (IPCC)</i> projects an average temperature increase of ~+1.8°C over the period 1850-1900. For analysis that considers both physical and transition variables, the Shared Socioeconomic Pathways Scenario 1 (SSP 1) – <i>Representative Concentration Pathway</i> 2.6 (RCP 2.6) is associated to the Reference and Accelerated Transition scenarios.
2. “ <i>Shared Socioeconomic Pathways</i> ” 2 (SSP 2) – “ <i>Representative Concentration Pathway</i> ” 4.5 (RCP 4.5):	This scenario is compatible with an intermediate scenario that estimates an average temperature increase of around 2.7°C by 2100 compared to 1850-1900. This scenario is considered the most representative of today's global climate and geopolitical context. This scenario projects global warming in line with the estimates arising from the current and envisaged policies at world level⁽³⁾. In its analysis that considers both the physical and the transition variables, we associate the Shared Socioeconomic Pathway 2 (SSP 2) – <i>Representative Concentration Pathway</i> 4.5 (RCP 4.5) scenario with the Slower Transition scenario.
3. “ <i>Shared Socioeconomic Pathways</i> ” 5 (SSP 5) – “ <i>Representative Concentration Pathway</i> ” 8.5 (RCP 8.5):	Compatible with a scenario based on the premise that no specific measures will be taken to combat climate change. This scenario considers that the global temperature increase with respect to pre-industrial levels will be about 4.4 °C by 2100.

The Shared Socioeconomic Pathway 5 (SSP 5) – *Representative Concentration Pathway* 8.5 (RCP 8.5) scenario is considered the most unfavourable situation, having been used to assess the consequences of climate impacts under an extreme scenario. The Shared Socioeconomic Pathway 1 (SSP 1) – *Representative Concentration Pathway* 2.6 (RCP 2.6) scenario is used to assess the consequences of climate impacts associated with an energy transition that achieves ambitious targets in terms of mitigation.

The work performed with the climate scenarios considers both chronic phenomena and extreme events. For a description of specific complex phenomena, data and analyses provided by private, public and academic institutions are used.

Analysis of the physical scenarios in Endesa

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

The work carried out by the Department of Earth Sciences of the *International Centre for Theoretical Physics* (ICTP) in Trieste, Italy has allowed the projections of the most

important climatic variables with a resolution equivalent to a grid of between 12 and 100 km in length, for a time horizon between 2020-2050⁽⁴⁾. The main variables used are temperature, snow and rainfall and solar radiation. For a more robust analysis, we are currently working on the basis of the regional climate model defined by the *International Centre for Theoretical Physics* (ICTP), plus five others selected from the most representative climate models⁽⁵⁾. Working with various models enables more robust analyses to be performed, based on average assumptions in individual models. For some specific climate variables, such as wind gusts, we work with entities specialised in the field. In 2023, analysis continued of projections for Spain based on the set of models mentioned above, which has provided a more accurately defined representation of the physical scenarios.

The *International Centre for Theoretical Physics* (ICTP) also provides scientific support for interpretation of the climate data used.

The analysis of certain aspects depends not only on climate projections, but also on the characteristics of the territory, so it is necessary to carry out a more specific modelling to achieve a high-resolution representation. To achieve this, Natural Hazard maps are used to complement the climate scenarios developed by the

⁽²⁾ IPCC Sixth Assessment Report (2021), «*The Physical Science Basis*».

⁽³⁾ «*Climate Action Tracker thermometer*», global warming estimates in 2100, considering the current «*Policies & action*» y «*2030 targets only*» (december 2023).

⁽⁴⁾ Climate projections mainly cover the *Representative Concentration Pathway* 2.6 (RCP 2.6) and *Representative Concentration Pathway* 8.5 (RCP 8.5) scenarios. Where available, the *Representative Concentration Pathway* 4.5 (RCP 4.5) is also offered. When not available, this is derived from the other scenarios by pattern scaling.

⁽⁵⁾ The number of models used varies in accordance with the «*Representative Concentration Pathway*» (RCP).

International Centre for Theoretical Physics (ICTP). The use of these maps results in the expected frequencies for a number of weather events, such as storms, hurricanes or floods, with high spatial resolution. The findings of this type of analysis using historical series are being used to optimise the insurance strategy. Work is currently underway to integrate these findings with climate scenario projections.

Endesa has equipped itself with tools and acquired sufficient knowledge to work independently with the gross data published by the scientific community. This enables a high-level global overview of the long-term development of key climate variables. The sources used are the outputs of the climate and regional models of the CMIP6 and CORDEX (<https://www.wcrp-climate.org/wgcm-cmip/wgcm-cmip6>) and CORDEX (<https://cordex.org/>). CMIP6 is the sixth assessment of the Coupled Model Intercomparison Project (CMIP) from the World Climate Research Programme (WCRP) and the Working Group of Coupled Modelling (WGCM). It provides gross climate data from global climate models, which are used to assess the standard metrics on a global scale, with a resolution of around 100 km x 100 km. The Coordinated Regional Climate Downscaling Experiment (CORDEX) also fits into the scope of the World Climate Research Programme (WCRP), providing regional climate projections with greater resolution.

Conclusions in relation with the territories where Endesa operates

The work carried out in 2019 and 2020 has made it possible to draw the following conclusions regarding the territories in which Endesa operates (Extreme Events and Chronic Phenomena):

Extreme events

Heat waves

The phenomenon of extreme temperatures can be studied by using the standard indicator, the Warm Spell Duration Index (WSDI). This metric measures heat waves of at least six consecutive days with a maximum daily temperature above the ninetieth percentile of the historic distribution⁽⁶⁾. Overall, in Central and Southern Europe, the number of days characterised by an acute episode as defined by the Warm Spell Duration Index (WSDI) will increase in all future scenarios in the period 2030-2050 compared to the historical baseline (1990-2020). In particular, as shown in Figure 1, heat waves in Spain will be more geographically widespread and more frequent in the period 2030-2050. Compared to a past with a number of days per year featuring a “warm spell” of around 20 days, in the *Representative Concentration Pathway* scenario 2.6 (RCP 2.6), this phenomenon will oscillate between +10 and +15 days longer in almost the entire Spanish territory. In the *Representative Concentration Pathway* 8.5 (RCP 8.5) scenario, the duration of heat waves will be even longer, especially in the southern part of the country (mainly +20 to +25 day increases, with peaks of up to +37 day increases in certain coastal locations of the Mediterranean).

HEAT WAVES

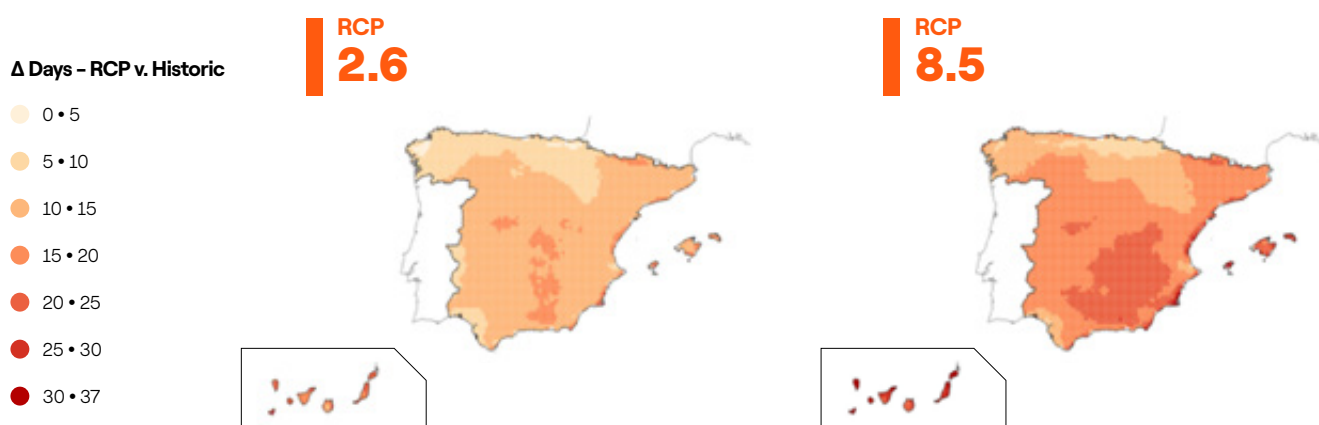


Figure 1 - Average change in days per year characterised by heat waves (as defined by the Warm Spell Duration Index (WSDI)) in the *Representative Concentration Pathway* 2.6 (RCP 2.6) and *Representative Concentration Pathway* 8.5 (RCP 8.5) scenarios (2030-2050) compared to the historical data (1990-2020).

⁽⁶⁾ The scientific literature provides a range of different indicators that measure the same physical behaviour. At Endesa, when necessary, specific indicators are calculated to better calculate the relevant acute events for the various activities.

Extreme rainfall

Heavy rainfall can be analysed by estimating the variation in daily rainfall above the 95th percentile, calculated as annual mean millimetres over the reference periods. In Central and Southern Europe, the expected change in acute precipitation in the period 2030–2050 compared to the baseline period 1990–2020 varies from area to area and depends on the scenario being considered. In Spain, in particular, this acute phenomenon will undergo changes in most of the territory even with the “*Representative Concentration Pathway*” scenario 2.6 (RCP 2.6). Heavy rainfall will increase slightly in some areas in the north, while it will decrease in the southeast. Under the “*Representative Concentration Pathway*” scenario 8.5 (RCP 8.5) heavy rainfall will decrease in the south of the country and in the northwest.

Fire risk

Fire risk can be assessed by means of the “*Fire Weather Index*” (FWI), a widely used international indicator that takes into account several variables, such as temperature, humidity, rainfall and wind, to estimate a fire risk index. The data, provided by the International Centre for Theoretical Physics (ICTP), is useful to characterise the trend of fire risk and to support companies in successfully managing it. To provide a more complete representation of fire risk, analysis of fire risk can be integrated by studying vegetation indices as well. Vegetation can be a fuel and increase the likelihood of a fire spreading⁽⁷⁾.

In Central and Southern Europe, the number of days per year with extreme fire risk (i.e. with a FWI value > 45) will tend to increase almost everywhere in the period 2030–2050 compared to the baseline period 1990–2020. In all future scenarios, the area of Spain that will experience the greatest increase in fire risk is the south-central part of Spain. This increase will be more pronounced in the worst-case scenario “*Representative Concentration Pathway*” 8.5 (RCP 8.5) than in the scenario “*Representative Concentration Pathway*” 2.6 (RCP 2.6).

Cold snaps

There are several indicators for measuring extreme cold-related events⁽⁸⁾. One such clue is the so-called frost days index, i.e. the average number of frost days per year.⁽⁹⁾ Comparing the “*Representative Concentration Pathway*”

2.6 (RCP 2.6) (2030–2050) with the baseline period (1990–2020), in Central and Southern Europe, frost days will remain unchanged or slightly decrease in all countries. In Spain, only in some areas, such as the Pyrenees, there will be a further decrease in the number of severe frost days (a decrease ranging between –5 and –10 days compared to historical levels). Under “*Representative Concentration Pathway*” 8.5 (RCP 8.5), a geographically more extensive decrease in frost days is expected. In fact, a decrease of up to –15 frost days per year is expected in parts of northern and central Spain compared to the historical period. It should be noted that the decrease in frequency does not preclude an increase in the severity of this acute phenomenon. This matter is currently being explored.

Chronic phenomena

Temperature

The analysis of the potential demand for cooling and heating has been refined and updated.⁽¹⁰⁾⁽¹¹⁾ In terms of “*Heating Degree Days*” (HDD) and “*Cooling Degree Days*” (CDD), in the period 2030–2050, compared to the period 1990–2020, “*Heating Degree Days*” (HDD) are projected to decrease in all scenarios, from –4% for “*Representative Concentration Pathway*” 2.6 (RCP 2.6) and “*Representative Concentration Pathway*” 4.5 (RCP 4.5) to –16% for “*Representative Concentration Pathway*” 8.5 (RCP 8.5). The data also confirm an increase in “*Cooling Degree Days*” (CDD), +38% under “*Representative Concentration Pathway*” scenario 2.6 (RCP 2.6) and an increase of +57% and +94% under “*Representative Concentration Pathway*” scenario 4.5 (RCP 4.5) and “*Representative Concentration Pathway*” scenario 8.5 (RCP 8.5), respectively.

Average country data have been calculated as a national average, weighting each geographical node by population using the “*Shared Socioeconomic Pathways*” (SSP) linked to each “*Representative Concentration Pathway*” (RCP) scenario. Since “*Cooling Degree Days*” (CDD) is the variable that will change the most.

Rainfall

We have analysed the variation in total rainfall in the basins of relevance for Endesa’s hydroelectric production. Based on this analysis, the data show no appreciable change

⁽⁷⁾ One of the metrics used is obtained by reprocessing data from the National Aeronautics and Space Administration (NASA) based on the Normalized Difference Vegetation Index (NDVI). The NDVI quantifies vegetation by measuring the difference between nearby infrared light, which vegetation reflects intensively, and red light, which vegetation absorbs. It is a good indicator of the growth and density of vegetation. The higher the NDVI, the more abundant and healthy the vegetation.

⁽⁸⁾ In addition to the standard indicators found in scientific literature, ad-hoc metrics have also been developed to study the phenomenon at a technological level.

⁽⁹⁾ Frost days are the number of days a year on which the minimum temperature is below 0°C.

⁽¹⁰⁾ «*Heating Degree Days*» (HDD): annual sum of the difference between the indoor temperature (estimated at 18°C) and the outside temperature, considering every day of the year with an outdoor temperature of 15°C or less.

⁽¹¹⁾ «*Cooling Degree Days*» (CDD): annual sum of the difference between the indoor temperature (estimated at 21°C) and the outside temperature, considering every day of the year with an outdoor temperature of 24°C or higher.

when comparing the “*Representative Concentration Pathway 2.6*” (RCP 2.6) scenario (2030–2050) with the historical scenario (1990–2020), showing a slightly decreasing overall trend.

Endesa has been a pioneer in the use of climate scenarios. In 2009, the Company launched its first project to analyse and assess the vulnerability of all its businesses and facilities globally. This led it to be selected by the former Ministry of Agriculture and Fisheries, Food and Environment (now the Ministry for Ecological Transition and Demographic Challenge (MITECO)) as the representative of the energy sector for the ADAPTA I and II initiatives. Endesa has

continued to explore this topic in greater depth, engaging in multiple international initiatives and developing projects related to different areas.

Joint effect on the transition scenarios and physical scenarios with respect to electricity demand

The country’s demand can be quantified using the energy system modelling tools described in the Transition Scenarios section. This level of detail makes it possible to discern the specific effects that a change in temperature can have on energy demand.

	Transition scenarios	Effect ↑ Temperature	Definition of strategic baseline scenario ⁽¹⁾
Change in temperatures	"Reference" "Slower Transition" "Accelerated Transition"	- Quantified using "Heating Degree Days" (HDD) and "Cooling Degree Days" (CDD). - Impact on total energy demand, not just electricity, of the effects of needs for air conditioning and heating in the residential and commercial sectors.	- Link "Heating Degree Days" (HDD) and "Cooling Degree Days" (CDD) in accordance with the "Representative Concentration Pathway" Scenario 2.6 (RCP 2.6) to the "Reference" and "Accelerated Transition" scenarios. - Link the "Heating Degree Days" (HDD) and "Cooling Degree Days" (CDD) that are consistent with the "Representative Concentration Pathway" Scenario 4.5 (RCP 4.5) to the "Slower Transition" Scenario. - To stress the analysis further, this latter scenario (RCP 4.5) was also linked to a "Representative Concentration Pathway" 8.5 (RCP 8.5) scenario.

⁽¹⁾ Strategic base scenario aligned with compliance with the Paris Agreement on the reduction of emissions at the European level.

In view of current policies and the significant commitment of the European Union to achieve carbon neutrality by 2050, all 3 scenarios ("Reference", "Slower Transition" and "Accelerated Transition") converge to that outcome. However, the Slower Transition scenario is associated with a different and higher *Representative Concentration Pathway* (RCP) scenario, which corresponds to a slower trend in GHG emission reductions.

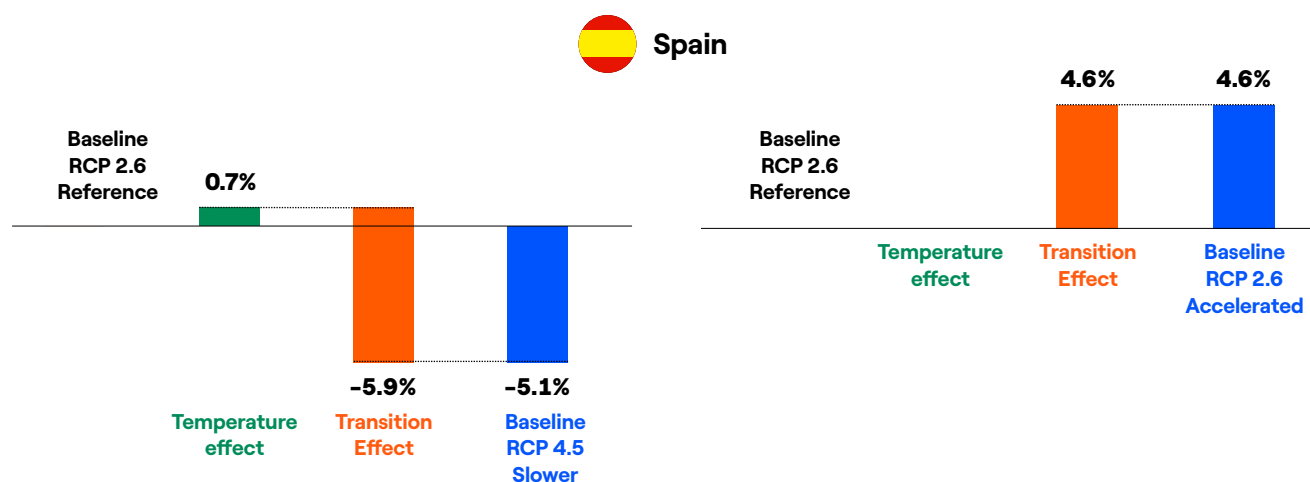
Regarding the effect of the transition considered independently, the faster speed in reaching carbon neutrality of the "Reference" scenario makes it a more electrified scenario compared to the "Slower Transition" scenario. This scenario estimates, for the period 2031–

2050, lower average values of electricity demand of around 5% in Spain. In addition, faster penetration of green hydrogen and higher electrification of buildings means that electricity demand in the Accelerated Transition scenario is 4.6% higher than in the Reference scenario. If the effect of electricity demand for hydrogen production is disregarded, the differential is +2.3% for the "Accelerated Transition" scenario and remains essentially unchanged for the "Slower Transition" scenario. It should be noted, however, that the level of materialisation of green hydrogen demand remains similar to that of the "Reference" scenario in the 2 comparative scenarios: only the speed of penetration of the technology varies.

JOINT EFFECT OF TRANSITION SCENARIOS AND PHYSICAL SCENARIOS ON ELECTRICITY DEMAND

Transition Scenario «Paris» and Physical Scenario «Representative» Concentration Pathway» 2.6 (RCP 2.6) to Transition Scenario «Slower Transition» and Physical Scenario «Representative Concentration Pathway» 4.5 (RCP 4.5)

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



Average effect on electricity demand (2031-2050) of the 3 transition scenarios associated with RCP scenarios 2.6 and 4.5.

The speed of the energy transition has an impact on the level of electricity demand that is much greater than the increase in temperature as a result of climate change. Decarbonisation policies, together with technological innovation and social responsibility, will play an active role in the development of electricity demand and the energy mix in general. In any case, the analysis performed makes it clear that the increase in temperature as a result of climate change involves an increase in electricity demand, although with a reduced impact.

Sensitivity analysis

To ascertain the impact of temperature on the transition scenarios and extend the range of assumptions related to climate change, sensitivity analysis was performed associating the Slower Transition scenario with the *Representative Concentration Pathway* 8.5 (RCP 8.5) scenario rather than the *Representative Concentration Pathway* 4.5 (RCP 4.5) scenario. This analysis shows, on average, a non-significant variation in electricity demand as a consequence of the worsening climate scenario in the period 2031-2050

6. MAIN RISKS AND UNCERTAINTIES ASSOCIATED WITH ENDESA'S ACTIVITY

6.1. General Risk Control and Management Policy

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

The General Risk Control and Management Policy seeks to guide and lead the series of strategic, organisational

and operational activities that enable the Board of Directors of Endesa, S.A. to identify precisely the acceptable risk level, so that the managers of the various business lines, staff and service functions can maximise the Company's profit, maintaining or increasing its equity and the certainty of this occurring above certain levels, preventing future uncertain events from undermining the Company's profit targets set, its operations, sustainability, resilience or reputation in a sustained manner over time, contributing an adequate level of guarantees to the shareholders and safeguarding their interests, those of the customers and of other stakeholders.

The principles of Endesa's Risk Control and Management Policy, which aims to control and mitigate the possible risks identified, are as follows:

Principles	
General Risk Control and Management Policy of Endesa	• Existence of a regulatory system, people, means and systems to be able to perform a continuous process of identification, quantification, mitigation and information regarding all relevant risks that might affect the Company.
	• Ensure the adequate unbundling of functions, together with the coordination mechanisms between the different risk control areas and systems.
	• The risks must be in line with the strategy, objectives and critical values of Endesa, ensuring the adaptation of the risk levels to the objectives and limits set by the Board of Directors.
	• Optimisation of risk control and management from a consolidated perspective, giving the latter priority over individual management of each of the risk.
	• Continual assessment of hedging, transference and mitigation mechanisms to guarantee their suitability and the adoption of the best market practices.
	• On-going monitoring of the prevailing legislation, including tax provisions, to guarantee that transactions are performed in accordance with the rules governing the business.
	• Respect for and compliance with internal regulations, with a special focus on Regulatory Compliance, Corporate Governance and provisions for the Prevention of Criminal and Anti-Bribery Risks, in particular, the Code of Ethics and the Zero Tolerance Plan Against Corruption.
	• Safety is Endesa's number one concern and the health and safety of the people who work at and for Endesa must be preserved at all times.
	• Commitment to Sustainable Development, efficiency and respect for the environment and human rights.
	• Responsible optimisation of the use of available resources, in order to generate returns for our shareholders as part of a relationship based on the principles of loyalty and transparency.

The General Risk Control and Management Policy is prepared and approved with other risk policies specific to the lines of business, staff and service functions, as well as with the limits established for the optimal risk management of each of them.

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

The Internal Control and Risk Management System follows a model that is based: firstly, on the ongoing study of the risk profile, applying current best practices in the energy or reference sector in relation to risk management, based on the criteria of uniform measurement for the same type

of risk, and separation of risk controllers and managers; and, secondly, on ensuring the connection between risks assumed and the resources required to operate the business while ensuring an adequate balance between the risk assumed and the targets defined by the Board of Directors at Endesa, S.A.

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

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

Main governing bodies	Description
Risk committee	Supervises the management and monitoring of all risks, specifically including tax risks, and excluding criminal risks and those relating to the Internal Control over Reporting System (ICRS), submitting the results of its deliberations and conclusions to the Audit and Compliance Committee.
Transparency Committee	Chaired by the Chief Executive Officer and comprising the main executives of Endesa, including all members of the Executive Management Committee, together with other members of Endesa's management directly involved in the preparation, certification and disclosure of financial and non-financial information. Its main purpose is to ensure compliance with and correct application of the general principles of financial and non-financial information (confidentiality, transparency, consistency and responsibility), by evaluating events, transactions, reports and other significant matters that are externally disclosed, determining the manner and timing for making these disclosures. The Transparency Committee is also the Endesa Management body responsible for assessing conclusions with regard to compliance with and the effectiveness of the controls established in the Internal Control of Reporting System (ICRS) and internal controls and procedures for the external disclosure of information and prepares corrective and/or preventive actions in this regard. The conclusions of the Transparency Committee are submitted to the Audit and Compliance Committee (CAC).
Oversight Committee of the Criminal Risk Prevention and Anti-Bribery Model	This collegiate body has autonomous powers of initiative and control with respect to criminal risks. It is supervised directly by the Audit and Compliance Committee (CAC). It supervises compliance and updating of the model for preventing criminal risks that may result in criminal liability for Endesa.

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

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

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

Risk control and management process	Description
Identification	Aims to generate the risk inventory based on events that could prevent, impair or delay the meeting of targets. This identification should include risks whether their origin is under the control of the organisation or whether it is due to unmanageable external causes.
Assessment	The objective is to obtain parameters that can be used to measure the economic and reputational impact of all risks so they can then be prioritised. This assessment includes different methodologies in line with risk characteristics such as, for example, the valuation of scenarios and the estimation of potential losses based on evaluation of impact and probability distributions.
Monitoring	The objective is to monitor risks and establish management mechanisms that enable the risks to be kept within the established limits, and to take the appropriate management actions.
Management	The purpose is to implement actions aimed at adjusting risk levels to their optimum levels, respecting the limits established in all cases.

The General Risk Control and Management Policy, established and approved by the Board of Directors of Endesa, S.A., is the central element of the system from which other specific documents and policies are derived: for example, the Tax Risk Management and Control Policy or the Criminal and Anti-Bribery Compliance Policy, which are approved by the Board of Directors of Endesa, S.A. and which define risk catalogues and controls.

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

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

Information regarding Endesa's risk management and the use of derivative financial instruments is provided in Notes 42 and 44, respectively, to the Consolidated Financial Statements for the year ended 31 December 2023.

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

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

6.1.1. Risk categories

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



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

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

6.1.2. Risk control and management

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

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

Committee	Mission
Risk committee	Actively participate in drawing up the risk strategy and in important decisions regarding risk management.
	Ensure the proper functioning of the risk control and management systems and that all important risks that affect the Company are appropriately identified, managed and quantified.
	Ensure that the Internal Control and Risk Management System mitigates risks appropriately;
	Ensure that Senior Management participates in strategic risk management and control decisions.
	Regularly provide the Board of Directors with a comprehensive view of current and foreseeable risk exposure.
	Ensure coordination between the risk management units and the units responsible for its control.
	Encourage a culture in which risk is a factor to take into account in all decisions and at all Company levels.

The Risk Committee is convened at least quarterly and meets to analyse the main results and conclusions related to risk exposure in Endesa, overseeing the management and monitoring of all risks. It reports its deliberations and conclusions to the Audit and Compliance Committee.

The Risk Committee receives information regularly on the key risk-monitoring indicators and events relevant to risk management and control. The members of the Committee may convene meetings at any time to authorise or propose risk management strategies in the event of extraordinary or significant business.

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

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

Reports	Description
Risk Appetite Framework	Determines the main risk indicators, the levels of risk considered acceptable and the management and mitigation mechanisms. The framework is approved by the Board of Directors of Endesa, S.A.
Risk Map	Provides a prioritised view of significant risks. It is approved by the Board of Directors of Endesa, S.A.
Monitoring reports	Ensure compliance with the limits set and the effectiveness of the mitigation measures to provide a response to the risks, the conclusions of which are reported regularly to the Audit and Compliance Committee (CAC).

In performing these functions, the Risk Control area is supported by other areas and committees with specific and complementary risk control and management models and policies. Accordingly, for example, in the tax area, Endesa, S.A.'s Board of Directors has also approved a Tax Risk Control and Management Policy. This Policy guides and directs strategic, organisational and operating activities, enabling Tax Affairs employees and the departments at the organisation whose work involves the company's taxation to achieve the objectives of the Company's Tax Strategy in terms of tax risk management and control.

According to the latest report by PwC, which assessed the performance of the internal control and risk management function, Endesa is one of the listed companies and one of the companies in the electricity sector most closely aligned with applicable best practices. This assessment fulfils the provisions of the regulations of the Audit and Compliance Committee (ACC), which state that an assessment of the performance of the internal risk control and management function must be conducted regularly by an independent external expert selected by the Audit and Compliance Committee (ACC).

6.2. The Internal Control over Reporting System (ICRS)

The quality and reliability of the financial and non-financial/sustainability reporting that listed companies disclose to the market is a key element for the Company's credibility, which significantly affects the value that the market assigns to it. Incorrect or low-quality financial or non-financial reporting could prompt a material decrease in the Company's value, with the consequent detriment to shareholders.

The Internal Control over Reporting System (ICRS) for financial and non-financial/sustainability reporting is a part of the Company's internal control, comprising a comprehensive set of processes through which the company provides reasonable assurance with respect to the reliability of its internal and external financial and non-financial/sustainability reporting.

Endesa's Internal Control Unit is responsible for identifying the key processes, activities, risks and controls of the Internal Control over Reporting System considered material to provide reasonable assurance that the financial and non-financial/sustainability information reported by Endesa, S.A. to the market is reliable and adequate.

The documentation of the processes that form part of Endesa's Internal Control over Reporting System (ICRS) includes detailed descriptions of the activities relating to the financial and non-financial/sustainability reporting process and subsequent disclosure, including authorisation and processing, with the following basic objectives:

Basic objectives

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

Endesa's Internal Control over Reporting System (ICRS) had 85 processes in place in 2023. There are more than 1,800 control activities (also referred to as "controls"), including controls of related entities. In addition, there are more than 200 IT general control (ITGC) activities.

At the process level, Endesa identified the following 10 business cycles that are common to all its entities:

Business cycles

1. Fixed assets
2. Accounting close
3. Capital investments
4. Finance
5. Inventory
6. Personnel expenses
7. Procurement cycle
8. Revenue cycle
9. Taxes other than corporate income tax
10. Sustainability

Corporate reporting, a critical function of communication with all the Company's stakeholders (shareholders, investors, financial institutions, supervisory bodies, civil society, suppliers, customers, etc.), is fed by information from a variety of sources. In fact, to a greater or lesser extent, nearly all of Endesa's organisational units supply information of relevance to the corporate reporting process. This is why compliance with the information transparency and accuracy imperatives is the responsibility of all the units comprising Endesa in their respective areas of concern. This shared responsibility of all areas is precisely one of the cornerstones of the functioning of the Internal Control over Reporting System (ICRS).

All the documentation of Endesa's Internal Control over Reporting System (ICRS) is contained in a corporate IT tool. Information in the system is continuously updated, reflecting changes in the Company's activities and controls.

Every six months, Endesa assesses the Internal Control over Reporting System (ICRS), in which each of the control heads of the Internal Control over Reporting System evaluates both its design and its effectiveness. Within the model, an ongoing verification process is additionally performed of the Internal Control over Reporting System (ICRS) by an independent expert.

At the end of each six-monthly assessment, Endesa's senior management, meeting in the Transparency Committee and based on the results obtained in the ongoing assessment and verification processes, reaches a conclusion regarding the proper functioning of Endesa's Internal Control over Reporting. Where appropriate, action plans are established to remedy any deficiencies or opportunities for improvement that may have arisen. The findings are reported to:

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

Also, since 2017, the Audit and Compliance Committee of Endesa annually engages the services of an independent expert to conduct a comprehensive assessment of the functioning and effectiveness of the Internal Control over Reporting System (ICRS) of Endesa. The result of this assessment is presented by the independent expert at the year-end meeting of the Audit and Compliance Committee.

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

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

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

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

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

This system mainly comprises the following standards applicable to Endesa:

Regulations	Description
Criminal and Anti-Bribery Risk Prevention Model	This document provides Endesa with a control system aimed at preventing criminal offences within the company, complying with the provisions of applicable regulations on the criminal liability of legal persons.
Code of Ethics	A document setting out the ethical commitments and responsibilities in the management of businesses and business activities assumed by Endesa's employees, whether Directors or employees of any kind, at these companies.
Zero Tolerance Plan Against Corruption	A document that represents Endesa's firm commitment to the fight against corruption, which is the result of its membership of the United Nations Global Compact.
Corporate Integrity Protocols	- Action protocols in matters of conflicts of interest, exclusive dedication and commercial competition - Protocol for accepting and offering presents, gifts and favours. - Action protocol for dealing with public servants and the authorities

These internal rules are supplemented, among others, by the Criminal Risk and Anti-Bribery Compliance Policy, which, together with those we have already mentioned, make up Endesa, S.A.'s Criminal and Anti-Bribery Compliance Management System. This is an integrated body of provisions that not only respects Spanish legal requirements in this area but is also sufficient to meet the expectations reasonably placed on organisations that operate with the highest levels of commitment in advanced markets, such as Endesa, S.A..

In addition, in June 2023, Endesa adopted the necessary measures to comply with Law 2/2023, of 20 February,

regulating the protection of people who report regulatory infringements and the fight against corruption, implementing a Whistleblower Protection System consisting of a compliance model that includes, among other measures, a Policy, a Procedure for Managing the facts reported and a person in charge, enabling the appropriate management of the same through the relevant Internal Channel. The Internal Whistleblower Protection System guarantees, among other aspects, the right to submit information anonymously, the prohibition of reprisals in any form, support measures and the special protection of personal data, which is further proof of

Endesa's commitment to complying with the most advanced ethical and regulatory compliance principles applicable in this area.

At 31 December 2023, 3,758 employees had received training in anti-bribery policies and procedures (41.6%), compared to 4,926 employees (53.2%) at 31 December 2022.

Since October 2017, Endesa's Criminal and Antibribery Compliance Management System has been accredited by AENOR in accordance with the UNE 19601 (Compliance Management) and UNE-ISO 37001 (Antibribery Management) Standards. This accreditation has been successfully renewed since then and remains in force at the date of preparation of this Consolidated Management Report.

The Audit and Compliance Committee is responsible for ensuring the correct application of the *Criminal and Anti-Bribery Risk Prevention Compliance System*,

in which it is supported by the Supervision Committee, which is a collegiate body with autonomous powers of initiative and control, and independence in the exercise of its functions, whose powers and principles of action are established in its Regulations. The Supervision Committee reports solely and exclusively to the Audit and Compliance Committee (CAC), which has specific functions including for the prevention of criminal risks according to its Regulations.

Endesa has a Whistleblowing Channel as part of its Criminal Risk Prevention and Anti-Bribery System, through which it reports are made of deeds in relation to breaches in the prevention of criminal risks and bribery, among other issues. In 2023, the Company fully complied with all of the processes put in place to apply the Code of Ethics correctly.

There now follows detailed information on the reports received for different breaches of the Code of Ethics:

	Number		Chg (%)
	2023	2022	
Number of total reports received through the Whistleblowing Channel for possible breaches	12 ⁽¹⁾	12	—
Proven breaches	3 ⁽²⁾	3	—
Related to corruption and/or fraud	—	1	—

⁽¹⁾ Includes one reported event in 2023 that is currently under examination.

⁽²⁾ Three breaches have been verified whose information is subject to the obligation of confidentiality imposed by the applicable regulations, particularly with regard to the protection of personal data.

6.4. Main risks and uncertainties

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

As a result of the ongoing conflict between Russia and Ukraine, the conflict in the Middle East and the prevailing 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 have become more significant and others have become more volatile (see Note 5.2 to

the Consolidated Financial Statements for the year ended 31 December 2023).

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

6.4.1. Details of the main risks that affect Endesa

A prioritisation of the main risks that may affect the operations of Endesa is as follows:

Category	Section	Risk	Definition	Metrics	Relevance ⁽³⁾
Strategic risks 	a.1, a.2, a.3, a.4 and a.5	 Legislative and regulatory developments	Endesa's activities are heavily regulated, and regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows.		
		 Climate change	Endesa is affected by climate changes arising from human action, which has an impact on both physical and transitional aspects.		
		 Strategic Plan	Endesa is making decisions that will affect the future of the company and its sustainability. These decisions are subject to significant risks and uncertainties, and changes in circumstances and other factors that may be beyond Endesa's control or that may be difficult to predict.	Scenarios ⁽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.		
		 Competition in its activities	Endesa is exposed to competition in its business activities.		
Financial risks 	b.1, b.2, b.3, b.4, b.5 and b.6	 Commodities	Endesa's business is highly dependent on the constant supply of large volumes of fuel to generate electricity; on the supply of electricity and natural gas used for its own consumption and supply; and on the supply of other commodities, the prices of which are subject to market forces that may affect the price and the amount of energy sold by Endesa.	Stochastic ⁽²⁾	High
			Endesa's activities could be affected by changes in natural resources and climate and weather conditions.	Stochastic ⁽²⁾	Medium
		 Exchange rate	Endesa is exposed to foreign currency risk.	Stochastic ⁽²⁾	High
		 Interest rate	Endesa is exposed to interest rate risk.		
		 Capital adequacy and access to finance	Endesa's business depends on its ability to obtain the funds necessary to refinance its debt and finance its capital expenses.	Stochastic ⁽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.	Stochastic ⁽²⁾	High

Category	Section	Risk	Definition	Metrics	Relevance ⁽³⁾
Risks associated with digital technologies 	c.1 and c.2	 Cybersecurity	Endesa is exposed to cybersecurity risks.	—	(4)
		 Digitalisation	Endesa manages its activities with information technology that guarantees operating efficiency, as well as the continuity of the businesses, systems and processes that contribute to attaining its corporate objectives.	—	(4)
		 Business interruption	Endesa is exposed to risks associated with the construction of new electricity generation and distribution facilities. 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⁾ Scenarios ⁽¹⁾	Medium Medium
Risks Operational 	d.1, d.2, d.3, d.4, d.5, d.6 and d.7	 Asset Assets	Endesa's insurance cover and guarantees may not be adequate or may not cover all damage.	—	(4)
		 Environmental issues	Risk that the activities undertaken by Endesa may negatively impact the quality of the environment and the ecosystems involved, as well as incurring court or administrative sanctions, economic or financial losses and reputational damage as a result of non-compliance with international, national or local environmental laws and regulations.	Stochastic ⁽²⁾	Low
		 People and Organisation	The success of Endesa's business depends on the continuity of the services provided by the Company's management and by Endesa's key workers. Endesa considers occupational health and safety (OHS) and fluid social dialogue to be priority objectives. Any inability to meet these objectives could adversely affect Endesa's business, image, results, financial position and cash flows.	—	(4)
		 Procurement, logistics and supply chain	Endesa's business could be adversely affected by a possible inability to maintain its relations with suppliers or because the available supplier offering is insufficient in terms of quantity and/or quality, as well as supplier failures to maintain the conditions of the service provided, limiting the possibilities of operability and business continuity.	Stochastic ⁽²⁾	Low

Category	Section	Risk	Definition	Metrics	Relevance ⁽³⁾
Compliance risks 	e.1, e.2, e.3, e.4, e.5 and e.6	 Data protection	Endesa uses the highest security and contingency standards according to the state of the art, such that it guarantees personal data protection.		
		 Compliance with Antitrust and Consumer Rights Regulations	Past or future infringements of competition and antitrust laws could adversely affect Endesa's business activities, results, financial position and cash flows.		
		 Compliance with other laws and regulations	Endesa is involved in various court and arbitration proceedings.	—	(4)
		 Tax compliance	Endesa could be affected by tax risks arising from interpretations of the regulations by the tax authorities that differ from those adopted by the Company or by an incorrect understanding by third parties of the tax position adopted by the Company. Endesa could be held liable for corporation tax and value added tax (VAT) charges corresponding to the tax group of which it forms part or has formed part.		
Corporate governance and culture risk 	f.1	 Corporate culture and ethics	Risk of (i) inadequate integration of the ethical principles defined by the Company in business processes and activities, (ii) inability to implement policies and processes that ensure respect for the principles of diversity and equal opportunities, and (iii) unsanctioned conduct by employees and executives that is contrary to Endesa's ethical values.	—	(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).

a) Strategic risks

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

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

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

Information on sector regulation can be found in Section 16 of this Consolidated Management Report and Note 6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

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

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

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

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

Endesa has made a decisive commitment to the fight against climate change and decisions are, therefore, taken at the highest level of management. Climate change is one of the main pillars of the Company's strategy. The Board of Directors of Endesa, S.A. is responsible for approving the strategy, and Senior Management for developing and implementing it (see Note 5.1 to the Consolidated Financial Statements for the year ended 31 December 2023).

As proof of this commitment, Endesa has presented the update of its Strategic Plan for the period 2024-2026, which guides the Company's activities with a view to expanding clean electrification (see Section 4.2 of this Consolidated Management Report).

The process of identifying risks and opportunities

includes those related to climate change: transition risks, related to regulation, new technologies, market changes and reputation, and those related to potential physical impacts related to climate change.

With respect to climate change, risks are assessed based on established risk tolerance levels, considering: exposure (climate impacts that can affect facilities), sensitivity (potential effects and their implications for business or facilities), and vulnerability (ability to adapt to overcome the impacts of climate change considering financial, technological and knowledge requirements).

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

Risks and opportunities related to climate change.	
Transition risks	• In reference to the energy transition to a more sustainable model, characterised by a progressive reduction in carbon dioxide (CO₂) emissions, risks and opportunities are identified linked to both the regulatory and regulatory context, and the progress of technological development, electrification and consequent market developments.
Physical risks	These are classified into acute (extreme events) and chronic events. • Acute (extreme events) these are related to weather conditions of extreme intensity. Such events expose ENDESA to potential unavailability, of variable duration, at its facilities and infrastructures, repair costs, customer complaints, etc. • Chronic: these are related to gradual and structural changes in climate conditions. Chronic changes in climate conditions exposes Endesa to other risks and opportunities, such as changes in the production system of the various technologies, and changes in electricity demand.

Endesa has decided to lead and enable the transition by ensuring that it is ready to seize all opportunities. As noted above, the Company's strategy is fully focused on the energy transition, with more than 90% of planned investments earmarked to improve one of the Sustainable Development Goals (SDGs), enabling Endesa to adopt risk mitigation from the design phase and maximise

opportunities by taking a stance that takes into account the relevant phenomena identified in the medium and long term. These strategic decisions are supported by the best operating practices in place at the Company. The risk and opportunity framework below highlights the relationships between physical and transition scenarios and factors that influence Endesa's businesses:

Scenario	Classification	Category	Time horizon	Risks and opportunities	Management mode
Physical	Acute	Extreme events	From Short term (1-3 years).	Risk: extreme weather and climate events in terms of intensity, which can cause impacts in terms of asset damage and inoperability.	Endesa adopts best practices to manage the recovery of activity in the shortest possible time. With regard to insurance risk management, the Company runs a Loss Prevention programme for property risks, also aimed at assessing the <i>main exposure factors</i> associated with natural events. Changes to the climate expected to occur in the long term will also be considered in the evaluation in the future.
		Market	Medium (2027-2034) and Long Term (2035 -2050)	Risk / Opportunity: Higher or lower electricity demand, influenced by temperature, fluctuations of which can impact the business. Higher or lower renewable production, which can also be influenced by structural changes in the availability of resources.	Geographical and technological diversity can mitigate the impact of changes (whether positive or negative) in individual variables. To properly manage the impact of meteorological phenomena, meteorological forecasting activities, real-time monitoring and control of facilities and long-term climate scenarios are implemented to assess possible chronic variations in the availability of renewable resources.
Transition		Policies and Regulation	From Short term (1-3 years)	Risk / Opportunity: Price and CO ₂ emissions policies; policies and incentives for the energy transition; review of market design and permitting procedures, and resilience regulation.	Endesa minimizes exposure to risks through progressive decarbonization, and to focus the business on the development of renewables, grids and products and services for customers. Endesa's strategic actions allow mitigating potential risks and taking advantage of the opportunities associated with the Energy Transition. Additionally, Endesa participates in the public processes of policy and regulation definition and in dialogue platforms with the different stakeholders.
		Market	From Medium term (2027-2034)	Risk / Opportunity: Changes in the price of commodities and energy; trends in the energy mix; change in consumption of end customers, changes in the competitive situation of the market.	Endesa maximises opportunities through an energy transition-oriented strategy and its strong commitment to development of renewable production and the electrification of demand. Considering two alternative transition scenarios, Endesa assesses the effects of trends in commodity prices, renewable penetration into the energy mix and the <i>electrification</i> of demand.
		Products and services	From Medium term (2027-2034)	Risk / Opportunity: Higher/lower margins and greater investment capacity as a result of the energy transition, considering the penetration of new technologies for the electrification of demand, electric transport and distributed generation.	Endesa maximises opportunities with strong strategic positioning on new business opportunities and services. Furthermore, and considering alternative energy transition scenarios, Endesa assesses the impact of the different trends in terms of the electrification of demand.
		Technology	From Medium term (2027-2034)		Endesa maximises opportunities through strong strategic positioning in new businesses and in electricity infrastructure. Considering alternative energy transition scenarios, and taking into consideration the trend in terms of the penetration of electrification technologies, Endesa assesses the opportunities to scale solutions related to the digitalisation and resilience of the electricity grid.

The table shows the reference framework for risks and opportunities identified based on the trends in energy transition scenarios and of physical variables, and shows the relationships between physical scenarios, energy transition scenarios and factors that influence Endesa's business. These effects, related to the scenario phenomena described above, materialise over three-time horizons:

- Short-medium term (1-3 years), in which sensitivity analyses can be performed based on the Strategic Plan.
- Medium term (2027-2034), in which it is possible to appreciate the effect of the Energy Transition and the impact of the National Integrated Energy and Climate Plan (PNIEC).
- Long-term (2035-2050), in which chronic structural changes at the climate level should begin to become visible, in addition to the most obvious effects of the energy transition.

In order to enable the correct identification and management of the risks and opportunities associated with climate change, a policy was published at Enel Group level in 2021 describing common guidelines for assessing climate change risks and opportunities. The document, entitled "*Climate Change: Risks and Opportunities*" defines a shared approach for integrating climate change and the energy transition into Endesa's processes and activities, thus informing industrial and strategic decisions to improve the business' resilience and create sustainable long-term value in accordance with the adaptation and mitigation strategy. The main steps in the policy are as follows:

- Prioritisation of phenomena and scenario analysis: These activities include identifying physical and transition phenomena that are relevant to Endesa, and the subsequent preparation of scenarios to be

considered, which are developed through analysis and processing of data from internal and external sources. For the identified phenomena, functions can be developed that link scenarios (e.g. data on change in renewable resources) to business operations (e.g. change in expected production).

- Impact assessment: includes all analyses and activities necessary to quantify the effects at operational, economic and financial level, depending on the processes in which they are integrated (e.g. design of new facilities or assessment of operational performance, etc.).
- Operating and strategic actions: information from the above activities is integrated into the processes, informing Endesa's business decisions and activities. Examples of activities and processes that benefit from this are capital allocation, e.g. for the evaluation of investments in existing assets or new projects, the definition of resilience plans, risk management and risk financing activities, and engineering and business development activities.

The main identified sources of risks and opportunities, the best operating practices for managing climate events and the qualitative and quantitative impact assessments carried out up to the date of authorisation for issue of these Financial Statements will be described below. All these activities are carried out through a continuous effort of analysis, evaluation and management of the information processed. The process of disclosure of Climate Change related risks and opportunities will be gradual and incremental from year to year, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and in line with evolving standards of disclosure.

a.2.1. Chronic and acute physical risks and opportunities

As regards the risks and opportunities associated with physical variables, taking the scenarios defined by the Intergovernmental Panel on Climate Change (IPCC) as a reference and based on the reference framework described above, an assessment is performed of the impact on electricity demand and on the different generation technologies for the different categories of physical risks.

Chronic physical changes. Associated potential risks and opportunities

Based on Climate Scenarios developed together with the International Centre for Theoretical Physics (ICTP) in Trieste, major changes will become apparent between 2030 and 2050. The main impacts resulting from chronic physical changes can be seen in the following variables:

Variables	
Electricity demand	• Variation of the average temperature level with a potential effect (increase/decrease) on electricity demand, as demand for climate control changes.
Thermoelectric production	• Variation in the average temperature level of water bodies an impact on thermoelectric production as cooling conditions are affected.
Hydroelectric production	• Variation in the average level of rain and snow and of temperatures, with a potential increase and/or reduction of hydroelectric production.
Photovoltaic production	• Changes in the average levels of solar radiation, temperature and rainfall with a potential increase and/or reduction in photovoltaic production.
Wind production	• Changes in the average wind level with a potential increase and/or reduction in wind production.

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

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

Event	Priority					
	 High  Low  Not Relevant					
	 Rain and snow	 Wind	 Solar radiation	 Sea level	 Air Temperature	 River and sea temperature
 Thermal						
 Solar						
 Wind						
 Hydraulic						
 Storage						
 Networks						
 Commercialization						

Analysis of the impact of chronic climate change on renewable generation

To calculate the impact of the chronic climate change effects on production at Endesa facilities, a series of ad-hoc functions were constructed for each renewable technology (wind, solar and hydroelectric) and plant, which connect each change in climate variables (for example, temperature, solar radiation, wind speed, rainfall) to the likely changes in terms of their electrical production.

To calibrate these functions, we started with historical data on meteorological/climate variables⁽¹²⁾ and information available internally regarding energy production at generation facilities. This led to the generation of connections corresponding to the specific features of each plant and renewable technology. This has facilitated the study of chronic climate impacts

for possible future climate variables projections ("*Representative Concentration Pathway*" (RCP) 2.6, 4.5 and 8.5 scenarios).

In addition to chronic phenomena, which entail average structural changes, the volatility inherent to meteorology, which are therefore more short term, must also be studied. As part of the strategic planning process, both information in relation to variation ranges in chronic trends projected by the Climate Scenarios and the historical volatilities of meteorological data have been used as inputs, based on the analysis of variations in electricity production (TWh) over the past 10 years.

⁽¹²⁾ Historical data from the Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA) and ERA5 data from the European Centre for Medium Range Weather Forecasts (ECMWF).

All meteorological and climate fluctuations can result in adjustments being made in terms of coverage needs for electricity production. In other words, production by generation facilities is the basis for covering the energy needs of customers, although a reduction in renewable production can lead to imbalances in supply that may require the missing energy being purchased on the market to cover the commercial strategy. At the opposite end of the scale, higher renewable production may result in a possible reduction in purchasing volumes on the market (or possibly higher sales). The first conclusions taken from the scenario analysis demonstrate that chronic structural changes in recent

physical variable trends will be evident in the long term. However, to obtain an indicative estimate of potential impacts, and to include the progress of chronic effects, the Strategic Plan can be subject to stress tests on the factors potentially affected by the physical scenario, bearing in mind historic meteorological variability and the forecast long-term climate changes. The current Strategic Plan has been constructed based on the information contained in the average chronic phenomena scenarios, with a view to considering the possible effects of climate variable trends. The following table reflects the result of this analysis:

Scenario	Category of risk and opportunity	Description	Temporal horizon	Description of impact	Activity affected	Perimeter	Quantification - Type of impact	Quantification range		
								Advantage/ disadvantage	< 100 €min	100- 300 €min
Physical chronic	Market	Risk/ opportunity: Increase or decrease Demand electric.	Short term	Electricity demand is also influenced by temperature, fluctuations in which may impact the business. Although structural changes are not expected to materialize in the short to medium term, sensitivity analyses on energy prices consistent with changes in electricity demand are used to assess the sensitivity of the Company's results to possible fluctuations in temperature.	Generation and Distribution  	Endesa	EBITDA/Year	Advantage		
								Disadvantage		
Physical chronic	Market	Risk/ opportunity: Increase or decrease renewable production.	Short term	Renewable production is also influenced by the availability of the resource, fluctuations in which may have an impact on the business. Although structural changes are not expected to materialize in the short or medium term, sensitivity analyses are used to assess the sensitivity of the Company's results to possible temperature fluctuations with respect to variations in producible electric power compatible with different climate scenarios and historical weather volatility. Statistically, the deltas considered are within +/-10% of annual renewable production.	Generation  	Producibility hydroelectric	EBITDA/Year	+10%	Advantage	
								-10%	Disadvantage	
						Producibility wind	EBITDA/Year	+10%	Advantage	
								-10%	Disadvantage	
						Producibility solar	EBITDA/Year	+10%	Advantage	
								-10%	Disadvantage	

 Bullish scenario current policies

 Current downward political scenario

Extreme events. Associated potential risks and opportunities

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

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

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

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

Event	Priority						
	Heat waves	Floods Extreme rainfall	Snow, wet/ heavy	Hail	Gale	Fire	Thunderstorm
Thermal	High	High	Not Relevant	Not Relevant	Low	Low	Under Evaluation
Solar	High	High	High	High	High	Low	
Wind	High	Low	High	Low	High	Low	
Hydraulic	Low	High	Low	Not Relevant	Low	Not Relevant	Low
Storage	Not Relevant	Low	Not Relevant	Not Relevant	Not Relevant	Low	Not Relevant
Networks	High	High	High	Low	High	High	High
Commercialization	High	Low	Low	Low	Low	Low	Under Evaluation

Risk assessment methodology for extreme events

Endesa uses an established methodology for analysis of catastrophic risk to quantify the risk from extreme events. This methodology is used in the insurance area and in the reports of the Intergovernmental Panel on Climate Change (IPCC)⁽¹³⁾. This methodology can be applied to all analysable extreme events, such as gales, heat waves and floods.

The following are considered for all types of natural disasters:

⁽¹³⁾ L. Wilson, "Industrial Safety and Risk Management". University of Alberta Press.
T. Bernold, "Industrial Risk Management". Elsevier Science Ltd.

Kumamoto, H. and Henley, E. J., 1996, Probabilistic Risk Assessment and Management for Engineers and Scientists, IEEE Press, ISBN 0-7803100-47
Nasim Uddin, Alfredo H.S. Ang. (eds.), 2012, Quantitative Risk Assessment (QRA) for Natural Hazards, American Society of Civil Engineers CDRM Monograph no. 5.
UNISDR, 2011. Global Assessment Report on Disaster Risk Reduction: Revealing Risk, Redefining Development. United Nations International Strategy for Disaster Reduction. Geneva, Switzerland.
Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation - A Special Report of Working Groups I-II of the Intergovernmental Panel on Climate Change (IPCC). Cambridge University Press, Cambridge, UK, and New York, NY, USA.

Types	
Probability of the event (Hazard)	- The theoretical frequency in a given period of time: the return period. - Risk maps are prepared that associate the estimated frequency of the various types of extreme events with each geographical point on the map.
Vulnerability	- This indicates the value lost or affected as a result of the extreme event, in percentage terms. This enables consideration of the impacts on facilities and continuity of production and distribution services. - Endesa analyses the vulnerability of its facilities, enabling it to prepare a matrix relating the type of installation to the extreme events that might significantly affect them.
Exposure	- This is the set of economic values in Endesa's portfolio that could be impacted significantly in the event of catastrophic natural events. - Specific analyses are carried out for this parameter for the various production technologies, the distribution infrastructure and the services provided to customers.

The combination of these three factors (probability of an event, vulnerability and exposure) provides the key to assessing the seriousness of the risk of extreme events. Endesa differentiates the risk analysis of the climate scenarios over the different time horizons.

The following table summarises the impact assessment of extreme events:

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

Risk management of extreme phenomena in the short term.

In addition to the measures described in the previous sections on risk quantification and assessment, in the short term (1-3 years) Endesa is implementing actions to reduce the impact on the business as a result of catastrophic extreme events. Two types of action are being performed: the definition of effective insurance coverage and adaptation activities as regards Climate

Change, with a view to preventing the damage that could be caused by extreme events. Below, the general characteristics of these actions are established and, in the case of adaptation activities for the prevention and mitigation of damage, specific reference is made to the actions in the different Business Lines of the Company.

Insurance

Enel defines annual insurance coverage programmes for its businesses, covering all of the Group's subsidiaries, including Endesa. The two main programmes, in terms of coverage and volume, are as follows:

Programmes	
Property Damage and Business Interruption Insurance Programme	For the coverage of material damage that assets may suffer and the consequent disruption of activity. In addition to the cost of reconstructing the asset (or parts thereof), economic losses caused by lack of service are also remunerated, within the limits and conditions defined in the policies, in terms of production and/or distribution of energy.
General & Environmental Liability Insurance Programme	Coverage of the indirect damages caused to third parties as a result of the impact of extreme events that occur on the Group's assets and businesses.

The policy conditions are defined on the basis of risk assessment, including extreme events associated with climate change. As has been seen from past events, the impact on Endesa's activity of extreme events may be relevant, although Endesa has demonstrated an absolute capacity for recovery thanks to the extensive limits of insurance coverage, which are also a result of a solid reinsurance structure, with respect to the Group's insurer, Enel Insurance N.V.

Endesa's preventive maintenance actions for its generation and distribution facilities are also important and essential. These actions make it possible to both mitigate the impact as a consequence of extreme events and to optimise the costs of global insurance programmes, including the risk related to catastrophic natural phenomena.

a.2.2. Adaptation to Climate Change

Endesa applies solutions to adapt to Climate Change as part of a global approach that evaluates potential impacts to adequately calibrate the necessary measures to improve the response capacity to adverse events (Response Management) and increase the resilience of the business (Resiliency Measures), thus reducing the risk of future negative impacts as a result of adverse events. What's more, the skills and tools developed to analyse the effects of Climate Change will be used to create value through the design of new value-added solutions, aimed at facilitating the adaptation of the Company as a whole. Adaptation solutions may include both the establishment of procedures and the application of best practices in the short term and long-term decisions.

For new investments, it is now possible to act from the design and construction phase to reduce the impact of climate risks, for example, taking Climate Scenarios and the vulnerability analysis of facilities to specific phenomena into consideration as part of the project phase to design resilient solutions.

The following table provides an overview of the type of actions that Endesa implements to correctly manage adverse events and increase resilience to meteorological phenomena and the evolution of these due to climate change. Below the table are details of a number of the activities listed:

Business	Management of adverse events	Risk prevention
Generation 	Existing facilities: • Management of incidents and critical events. • Specific emergency management plans and procedures. • Specific tools for forecasting imminent extreme events.	Existing facilities: • Hydro technology: guidelines for risk assessment and design. • <i>Feedback processes based on lessons learned</i> from operation and maintenance to the construction and development of new facilities. New facilities: In addition to the actions planned for existing facilities: • Climate Change Risk Assessment (CCRA) included in the environmental impact documents (<i>pilot</i>).
Distribution 	Existing facilities: • Strategies and guidelines on risk prevention, preparedness, response and recovery activities of the distribution network. • Global guidelines for the management of emergencies and critical events. • Risk prevention and fire preparedness measures for electrical facilities (lines, transformers, etc.).	Existing facilities: • Guidelines for definition of the Network Resilience Improvement Plan. • Strategies and guidelines on risk prevention in distribution networks.
Supply 	Existing facilities: • Management of critical events.	Existing facilities: • Preliminary analysis of the impacts of climate change in the medium and long term.

A project has been performed to define a catalogue of practical intervention actions aimed at improving the resilience of assets and their capacity to respond to the possible effects of Climate Change. This catalogue includes specific actions for each of the relevant events

listed in the impact matrices included in the previous section and broken down by the different technologies. The catalogue of possible adaptation actions is maintained and updated periodically and includes more than 100 possible actions, including but not limited to:

Key Actions

- Meteorological alert (which includes the use of different tools to monitor and manage both assets and natural resources).
- Automation (for example, in medium-voltage grids to reduce the impact of faults on customers).
- Structural reinforcement of the entire asset base, with special attention paid to critical components.
- Ongoing staff training.
- Maintenance work for plant life and care for the surroundings of facilities.

The catalogue is an important element that brings together the different adaptation options, from which it is possible to make estimates of the cost and risk avoided by carrying them out at specific facilities. This information allows us to choose, based on the cost-benefit analysis, the most appropriate action based on the expected risks according to the scenario in each specific situation.

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

Actions

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

Main actions

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

Good practices

In the Generation Business, a number of good practices have also been adopted for the management of adverse weather events:

Good practices

Weather forecasting	• Monitoring of weather parameters to monitor the availability of renewable resources and the occurrence of extreme events, with alert systems that guarantee the protection of people and facilities.
Digital Geographic Information System (GIS)	• Hydrological simulations, surveying (including with drones) and monitoring of possible vulnerabilities through "Geographic Information System" (GIS) digital systems and data obtained from satellites.
Monitoring of dams and hydraulic infrastructure	• Advanced monitoring of more than 100,000 parameters taken in dams and hydraulic civil works.
Supervision of facilities	• Remote real-time monitoring of electrical production facilities.
Hydrological and hydraulic studies	• Adoption of specific guidelines for hydrological and hydraulic studies in the initial stages of development, to assess risks in both the area of the facility and the surrounding area.
Monitoring of the effects of climate parameters on project design	• Monitoring of changes in climate parameters because of their potential effects on project design, such as assessment of the rainfall patterns for the design of drainage systems for photovoltaic facilities.
Estimation of extreme wind speeds	• Estimation of extreme wind speeds using up-to-date databases containing historical records of gales, in order to choose the most suitable wind-turbine technology for the site.

Endesa also applies specific procedures for emergency management with real-time communication protocols, the planning and management of all activities to resume activity under safe conditions in the shortest possible time, and predefined lists for damage assessment, so that it can act immediately against extreme events.

One solution implemented for minimising the impact of weather events is the Lesson Learned Feedback process, through which information is transferred from the technical operations and maintenance units to the units that design new projects.

Analysis of future climate impacts to identify adaptation needs

An analysis of risks associated with acute and chronic climatic phenomena is being undertaken based on the mapping of relevant climatic events, with a view to

estimating the impact they may have in the medium-long term on generation plants. The analysis of acute phenomena has been split into two phases:

Phases

- Preliminary analysis of the hazard and exposure of all hydroelectric, wind and solar power plants with a view to grouping them based on their degree of vulnerability, as well as identifying the plants at highest risk, selecting 1 or 2 of these to define potential adaptation actions.
- Detailed analysis of the plants identified as being at higher risk, with a view to defining potential adaptation actions in the future, as well as measures for the prevention of production losses.

The detailed analysis has been undertaken to ascertain the potential increase in the frequency and intensity of extreme events and identify the facilities exposed. This analysis has shown that, for the entire series of

meteorological phenomena taken into consideration, a limited number of facilities are exposed to high risk in the long term. The meteorological phenomena subject to analysis include:

Weather events	
Torrential rain	- An analysis of a significant number of plants (some photovoltaic plants) has been performed, as a result of which, it was concluded that there is a high correlation between the geomorphology of the location and the impact of the meteorological phenomenon on the facility, confirming the need to carry out a specific analysis for each site, especially for facilities most exposed to the phenomenon. - More detailed analyses have identified potential measures for structural adaptations that would be useful in reducing the level of flood risk to an acceptable level; to proceed with their implementation, a cost-benefit analysis is required. These structural adaptation interventions would include, for example, the construction of mitigation hydraulic works (mainly embankments, reprofiling of channels, adaptation of drainage channels, expansion and lamination ponds) and the elevation of components at risk by earthworks and increasing the length of support structures in the case of photovoltaic panels.
Heat waves	- An analysis has been performed of the impact of heat waves on photovoltaic installations; these critical events involve persistent high temperatures over a period of several days with no rainfall. - Despite the increase in the frequency and intensity of this climate phenomenon, the conclusion was that there are no significant impacts on these facilities, there is simply a reduction in the performance of the inverter at certain times of the year and in specific locations.
Wind storms	- In relation to the risk of wind storms, although the scenarios show an increase in the frequency of this phenomenon, the impact analysis shows there is high resilience by design, especially in the wind farms subject to analysis. - The implementation of any adaptation measures would require specific assessments of the affected sites based on a cost-benefit analysis, considering the limited impact of the phenomenon.
Fire	In relation to the risk of fire, a study has been undertaken to identify the areas where the risk is highest; with a view to preventing and/or reducing response times, some potential adaptation measures to be adopted in the design and/or operation phase of the facilities have been identified, such as the elimination of plant life around the project site, the creation of fire breaks and additional coordination with local authorities on how to respond in case of fire.

The methodologies developed will be refined to apply them to the design and development of new facilities. These analyses will make it possible to quantify the need for adaptation in terms of risk prevention (for example,

the adoption of an adaptive design), and in terms of event management and residual risk management.

Distribution

For the Distribution Business Line, a specific policy (Climate Change Risk Assessment) has been prepared with a view to establishing the general criteria, methodology and requirements for the identification, analysis and assessment of risks inherent to climate change, both in relation to the facilities and the activities undertaken, to monitor the risk and actions to be implemented to mitigate their impact.

To manage extreme climate events, Endesa has adopted a “4R” approach, which defines the measures to be taken, both in preparation for an emergency and in the subsequent commissioning phase after having suffered damage to the facilities due to an extreme event. This management is coordinated through 4 phases of action:

Action Phases for the Management of Extreme Climate Events	Description
1. Risk prevention	Includes actions that reduce the likelihood of losing network elements and/or minimise the impact of events, and actions aimed at increasing the robustness of infrastructure, as well as maintenance actions. The corresponding technical solution is chosen by referring to a catalogue that makes it possible to choose the solution to be implemented depending on the climate event and the geographical location of the facility
2. Readiness	Includes all actions aimed at improving the speed with which a potentially critical event is identified, ensuring coordination with civil protection services and the local administration, as well as organising resources once the service failure has occurred.
3. Response	The assessment phase of the operational capacity to deal with an emergency once the extreme event occurs, considering both the ability to mobilise operational resources on the ground, and the possibility of performing remote-controlled feedback manoeuvres over back-up connections.
4. Recovery	The final phase, which aims to re-establish the network service under normal operating conditions as quickly as possible when extreme events cause service interruptions despite the preventive measures.

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

Policies and action	Description
Guidelines for Emergency Readiness, Response and Recovery	- Includes guidelines for the final 3 phases of the <i>4R</i> management approach. - This includes recommendations for improving the preparation strategy, mitigating the impact of total service interruptions and recommissioning the network, for as many customers as possible in the shortest possible time.
Guidelines for Network Resilience Improvement Plan	- The aim is to identify the extraordinary climate events that can cause the highest impact on the network, assessing the indicators in their current state, as well as the improvement that these indicators would have experienced as a result of actions on the network, all with a view to establishing an order of priority for interventions. - These guidelines structured around the first two phases of the <i>4R</i> management approach. An analysis is currently being performed to establish an investment plan that makes it possible to increase the network's resilience to extreme weather events, bearing in mind the different territorial aspects.
Risk Prevention and Readiness Measures in case of forest fires affecting electrical installations	- An integrated approach to emergency management applied to fires in wooded areas, whether caused by the network or external causes. - The document provides guidelines for identifying facilities at risk, defining specific prevention measures (e.g. evaluating specific maintenance plans) and, when a fire does occur, optimally managing the emergency to limit its impact and restore services as soon as possible.
Support Actions	- Implementation of weather forecasting systems, monitoring of the network's status and assessment of the impact of extreme events on the network, preparation of operational plans and organisation of drills. - The agreements reached to mobilise extraordinary resources (internal and contractor) to deal with emergencies are also noteworthy.

Thanks to the knowledge acquired in the field, a significant contribution is being made to the preparation of the first publications in the sector on the importance and possible actions regarding resilience and adaptation to Climate Change, such as the ad-hoc report published by Eurelectric-EPRI in December 2022, entitled "The Coming Storm: Building electricity resilience to extreme weather".

Analysis of future climate impacts to identify adaptation needs

By mapping relevant phenomena at a global level, the trend of the most critical phenomena is monitored with a view to estimating the future impact of Climate Change on the network in the medium and long term. To this end, first of all, it is necessary to perform a preliminary assessment of extreme weather events that have occurred in the past and their impact on the network (as well as in terms of associated failures). In Spain, the most critical acute phenomena are forest fires, heavy

Also, with continuous improvement in mind, exploration activities are being undertaking, which involve directly contacting start-ups, industry experts and performing challenges proposed by the innovation area, with a view to identifying innovative technological solutions to support climate impact analyses and adaptation measures aimed at increasing network resilience.

snowfall, frost, windstorms and floods and extreme rainfall. In terms of thunderstorms, this phenomenon has been classed as "*medium risk*". This classification makes it possible to identify the priority analyses to determine possible adaptation measures. Based on these assessments, detailed analyses have been performed of the different phenomena, with some examples provided below:

Extreme events	Impact on the network in the short and long term
Fire	- The guidelines regarding fire risk prevention are being updated, applying an index that assesses the fire risk of areas, based on their orographic and environmental characteristics (FWI), as a support instrument to project scenarios to 2050. - A study has been conducted to identify the areas at the greatest risk of forest fires, identifying the networks and environmental areas in which they are located, so that the necessary action can be implemented taking a risk-prevention approach to fire.
Explosive cyclogenesis	An analysis has been undertaken to provide further information about explosive cyclogenesis (combination of wind and torrential rain), projecting events to 2050 and evaluating the possible future impacts on facilities. The initial results indicate a trend that is for the large part aligned with the historical trend, with the exception of the Catalan coast, where events are expected to intensify.

Supply

The Retail Supply Business Line, which markets value-added products and services to customers, with a view to confronting extreme climate phenomena, has continued its work of estimating the potential impacts

of physical phenomena to define the subsequent actions for adapting to Climate Change, by identifying risks and opportunities for priority assets. For owned assets, which represent a minority, an analysis of the impacts

has been carried out; while for *Business to Business* (B2B) and *Business to Government* (B2G), potential risks and potential resiliency solutions are being assessed.

Adaptation work focussed on the definition of the methodology for assessing the vulnerability of marketing assets by expanding the studies performed on generation and distribution assets for the assessment and management of acute climate events for photovoltaic installations (energy distributed), storage and public lighting.

In the case of photovoltaic facilities, a preliminary climate risk assessment was carried out on the assets identified as priority in relation to relevant acute phenomena such

as extreme wind, torrential rains and floods and fire risk. On the reporting date, the work undertaken, taking into account both the results obtained as part of the preliminary screening processes and the more detailed analyses, has not revealed any important problems in relation to Climate Change. The analysis will also be extended to sites where new constructions are planned. In terms of storage, the work performed to date does not reveal any critical issues related to acute climatic phenomena. Finally, in relation to public lighting, the acute phenomena pertaining to this type of facilities is being subject to study.

Introduction of solutions based on the nature of resilience solutions

Endesa analyses the effects of Climate Change employing a philosophy that is inspired and supported by nature. Endesa is committed to promoting an integrated approach between the services and products offered to customers and *Nature-Based Solutions* (NBS), in other words, the series of techniques and designs that use nature and the processes inspired by nature to provide integrated services that increase the resilience of cities to Climate Change, mitigating the microclimate, air quality and, in general, improving the quality of life. To promote its *Nature-Based Solutions* (NBS), Endesa has developed the *Biodiversity Manual of Nature-Based Solutions* (NBS) and the *Urban Biodiversity Scoring Model* to integrate *Nature-Based Solutions* (NBS) into its business solutions

and assess the generation of positive climate, natural resource and human experience impacts.

The introduction of *Nature-Based Solutions* (NBS) in Endesa's product portfolio has been performed using a wide range of scientific indicators recommended to measure the positive impacts and accompany customers in the adoption of these internationally recognised practices as valuable tools for adaptation to acute climate phenomena. In practice, *Nature-Based Solutions* (NBS) can be integrated into Endesa's technological solutions to provide ecosystem services to support nature. These solutions also contribute to the adaptation to Climate Change and its mitigation, as well as improving the quality of life in urban centres.

Inclusion of the effect of Climate Change on the assessment of new projects

Many activities related to the assessment and execution of new projects can benefit from climate analyses, both general and site-specific, which are now being integrated

into those already considered as part of the assessment of new projects. For example:

Climate Analysis Phase	Description
Preliminary studies	During this phase, climate data can offer a preliminary screening, by analysing specific climate phenomena, such as those shown previously during the analysis of physical scenarios, and indicators such as the Climate Risk Index. This data provides a preliminary measurement of the most relevant phenomena in the area, including those identified as being of interest for each technology.
Estimated Expected Production	Climate Scenarios will be progressively integrated to facilitate an assessment of how Climate Change will change the availability of the renewable resource at the specific site. The preliminary production analysis describes the approach applied to date at certain pilot sites that will later be expanded to the entire generation portfolio.
Environmental Impact Analysis	The Climate Change risk assessment is now being integrated into the series of documentation prepared, which includes the representation of the main physical phenomena and their expected change in the area.
Resilient Design	Particularly important in relation to the activities to adapt to Climate Change are those aimed at making assets resilient by design. Work is underway to progressively consider analyses based on climate data, for example, the increase in the frequency and intensity of acute events. These will complement the analyses already performed based on historical data, with a view to increasing the resilience of future assets, including adaptation actions that may be necessary throughout the life of the project.

Endesa’s activities to expand knowledge in relation to adaptation to climate change

The National Climate Change Adaptation Plan (“PNACC”) 2021–2030 (currently under review), is the basic planning tool to promote coordinated action against the effects of climate change in Spain. Its main objective is to avoid or reduce the present and future damage arising from climate change and to build a more resilient economy and society, incorporating new international commitments and contemplating the latest knowledge about the risks arising from climate change, drawing on experience from the development of the previous 2013–2020 National Climate Change Adaptation Plan (“PNACC”).

Taking the same approach and complementing its analysis of the physical risks associated with climate change and the management of such risks, Endesa has been working for over a decade to: enhance its knowledge of climate change and minimise the vulnerability of its facilities to it; share and exchange impressions of the results obtained; and foster ongoing learning and resilience to climate conditions, enabling it to optimise the management of its businesses. Endesa’s most significant activities in the area to date are summarised below:

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

a.2.3. Risks and transition opportunities

Drivers of potential risks and opportunities can be identified in relation to the variables in the Energy Transition by analysing the reference scenarios in combination with the elements in the risk identification process (such as the competitive context, the long-

term vision of the industry, materiality analysis and technological performance, etc.), enabling us to prioritise the most significant phenomena. The main risks and opportunities of variables related to the Energy Transition are outlined below.

Politics and regulation

- Limit on carbon dioxide (CO₂) emissions and price: regulation that introduces stricter emission limits, through both legal compliance and market mechanisms.

Risks and opportunities	
Opportunities	• Regulatory mechanisms both as a control and order type and as market mechanisms that strengthen the carbon dioxide (CO ₂) price signs, encouraging investment in carbon-free technology.
Risks	• Lack of a coordinated approach among the regulators and actors involved, limiting the efficiency of the regulatory instruments, with consequences on electrification and decarbonisation in the sectors, compared to Endesa’s strategy, which is sharply focussed on the Energy Transition.

- Policies and regulation to accelerate Energy Transition and Security: introduction of policies, regulatory frameworks or market rules to encourage the Energy Transition, encouraging the transition towards an energy

system based on the use of renewable energy sources, greater electrification of demand, energy efficiency, flexibility of the electricity system and enhancement of infrastructures.

Risks and opportunities

Opportunities

- Creation of a more favourable framework for investments in renewable energies, also thanks to the development of long-term contracts (for example, PPAs), electrical technologies and distribution networks, in line with Endesa's strategy. The 2021–2030 National Energy and Climate Plan (NECP) (currently under review) establishes an ambitious target for the penetration of renewables, specifically, it foresees that by 2030, 42% of energy consumption will be of renewable origin and 74% of total electricity generation will be of renewable origin, consistent with the transition to a 100% renewable electricity sector by 2050, complemented by growing additional storage power. One of the pillars of the 2021–2030 National Energy and Climate Plan (NECP) (currently under review) is to improve energy efficiency, with a target improvement of 39.5% by 2030.

Risks

- The slow progress with processes to obtain administrative authorisations and ineffective market design and regulatory framework can adversely affect the profitability of facilities and limit growth opportunities.

- Regulations on resilience and adaptation to improve standards, or the introduction of ad-hoc mechanisms to regulate investment in resilience, in a context of evolving Climate Change.

Risks and opportunities

Opportunities

- Benefits associated with the allocation of investments aimed at reducing the risk of damage to facilities and the impact on the quality and continuity of service for customers.

Risks

- Reputational impact due to damage and service restoration times in the face of extreme events. Potential penalties in the event of failure to restore services adequately after an extreme event.

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

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

Risks and opportunities

Opportunities

- Creation of new markets and sustainable financing products, in line with the investment framework, facilitating increased public resources for decarbonisation, access to financial resources in accordance with the energy transition objectives, and the resulting impact on financing costs and availability of aid for the transition.

Risks

- Insufficient instruments and actions to provide incentives for the energy transition, uncertainty or delay in the introduction of new instruments and regulations due to the effect of worsening conditions for public financing.

Market

- Dynamics of the price of raw materials: changes in market dynamics, such as those related to the variability of commodity prices can impact the approach employed by traders, regulators and customers.

Risks and opportunities

Opportunities

- Acceleration of electrification as a solution for reducing energy costs and exposure to the volatility of the price of raw materials. Greater willingness on the part of customers to switch from conventional technologies that use fossil fuels to more efficient electrical technologies.

Risks

- Disorderly energy transition on account of the introduction of measures that potentially create distortion.

- Market dynamics: customer willingness to use more sustainable technologies, thanks to greater knowledge of the risks associated with Climate Change and greater regulatory pressure.

Risks and opportunities

Opportunities

- Positive impact associated with the increase in demand for electricity, a bigger gap for renewable energy thanks to greater demand for long-term contracts (PPAs).

Technology

- Progressive penetration of new technologies that facilitate the Energy Transition: progressive penetration of new technologies such as electric vehicles, storage, active response to demand and electrolyzers for green

hydrogen production; large-scale adoption of digital technologies to transform platform-based operating and business models.

Risks and opportunities

Opportunities	- Investments in the development of technological solutions that facilitate the flexibility of the Electricity System. More space for renewables on account of the production of green hydrogen. - Electricity grids play a leading role in the 2021-2030 National Integrated Energy and Climate Plan (NECP) (currently under review), as facilitators for integrating new renewable capacity into the system, while fostering flexibility and demand management. The 2021-2030 National Integrated Energy and Climate Plan (NECP) (currently under review) allocates 24% of its estimated investment to their development, a total of Euro 58,579 million.
Risks	The slowdown and interruption of raw materials supply and semi-conductors, may cause delays in the procurement and/or increase in costs, which may slow down the penetration of renewable energies, storage and electric vehicles.

Products and services

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

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

Risks and opportunities

Opportunities	Increased electricity demand in a context of decreasing energy demand, thanks to the increased efficiency and environmentally sustainability of the electricity vector. Increase in opportunities to offer value-added services to customers that will help them reduce energy expenditure and Carbon Footprint. Greater investment in the electricity grid to facilitate the electrification of demand.
Risks	Increased competition in this market segment. Highly dependent on an adequate development of the electricity grid, necessary for guaranteeing growing demand as well as the continuity of the service.

- Electric mobility: use of modes of transport that are more efficient in terms of climate change, particularly with regard to the development of electric mobility and charging infrastructure, and the electrification of industrial consumption.

Risks and opportunities

Opportunities	Positive effects of increased demand for electricity and higher margins related to the penetration of electric transport and associated services.
Risks	Entry of new players into the market.

Generally speaking, and in relation to products and services, worth particular mention are the opportunities provided by the 2021-2030 National Integrated Energy and Climate Plan (NECP) (currently under review) in three areas,

Opportunities in Products and Services

Electrification of the economy	It will contribute to meeting, among others, the target set for 2030 of reaching 42% of renewable energies as a percentage of total final energy consumption, as well as achieving a 39% reduction in diffuse greenhouse gas emissions by the same year with respect to 2005.
Development of electric mobility	This will involve the presence of renewables in the mobility-transportation sector, which will be a driving force to promote the decarbonization of this sector, with the aim of reaching 5 million electric vehicles by 2030.
Use of electricity in residential heating	It will incorporate ambitious plans for the renovation of residential equipment.

When the 2023–2030 National Integrated Energy and Climate Plan (“PNIEC”) (currently under review) is approved, it will guide Endesa’s actions towards 2030

Impact of the transition risks and opportunities

Endesa has already implemented strategic actions to mitigate potential risks and to take advantage of the opportunities associated with Energy Transition variables. Endesa’s strategy for total decarbonisation and the energy transition provides it with resilience in the face

in terms of reducing greenhouse gas emissions, energy efficiency measures and generation of renewable energy.

of the risks that might arise from the implementation of more ambitious emission-reduction policies, maximising the opportunities to develop renewable generation, infrastructure and enabling technologies.

Identification of scenarios

The energy transition scenarios described in section 5.3 of this Consolidated Management Report have been used to quantify the risks and opportunities deriving from the energy transition. The effects of the “*Slower Transition*” and “*Accelerated Transition*” scenarios on the variables that could have the greatest impact on the business have been identified below, in particular electricity demand, influenced by the dynamics of demand electrification and therefore the penetration of electricity technologies, and the generation energy mix.

The Reference Scenario considers the sustained growth of renewable energies in the coming years, especially

solar energy, and more moderate progress in terms of the development of green hydrogen as regards the provisions of the National Integrated Energy Plan and Climate (NEPC). The dynamics related to the Energy Transition could enable growth opportunities for Endesa; these dynamics should compensate for the gradual reduction in the price of electricity on wholesale markets, as a result of the increase in the presence of renewables in the energy mix. A review of the market design with a view to promoting long-term remuneration would also increase the opportunities open to Endesa.

Reference scenario	Slower Transition scenario	Accelerated Transition scenario
- There is a downward trend in emissions in line with the European “Fit for 55” package, through increased electrification of demand supported by an increasing contribution from renewables to the generating mix. - Given the level of ambition defined in the National Integrated Energy and Climate Plan (NECP), the “Reference” scenario does not include any substantial additional increases to the penetration of renewable energies.	- In reference to the electrification of demand, the Slow Transition scenario foresees lower rates of penetration of more efficient electricity technologies, particularly electric vehicles, resulting in lower electricity demand in comparison to the Reference scenario. This is expected to have limited impact on the retail electricity market and associated products. At the same time, lower electricity demand will result in less space to develop renewable capacity, impacting the generating business, partially offset by the increase in electricity prices. - The Slow Transition scenario is less ambitious in the fight against climate change. This is reflected in slower development of renewable energy and lower penetration of electrification at all levels.	It provides for a faster reduction in the costs of production technologies for green hydrogen. This leads to a higher penetration of this energy vector, to the detriment of blue and grey hydrogen (hydrogen produced from gas, respectively with and without the use of carbon capture and storage (CCS) technologies), with a consequent additive effect on Spanish electricity demand and on renewable facilities compared to the “Reference” scenario.
All scenarios, but to a greater extent, the “Reference” and “Accelerated Transition” scenarios will involve a considerable increase in the complexity of electricity grid management. A significant increase is expected in distributed generation and other resources, such as storage systems, with increased penetration of electric mobility and its associated charging infrastructures, with an increasing pace of electrification of demand and the appearance of new players with new forms of consumption. This will result in decentralisation of consumption and injection points, increases in demand for electricity and average power requirements, and significant variability in energy flows. These developments will require dynamic and flexible management of the grid. Endesa expects that additional investment will be needed to ensure the connections and adequate levels of quality and resilience, fostering the adoption of innovative operating models.		

Potential economic impact

In terms of the economic impact of the change in transition scenarios, the impact in terms of gross operating income (EBITDA) that the Slower Transition and Accelerated Transition would have on 2030 earnings has been analysed compared to the benchmark Reference scenario.

Scenario	Category of risk and opportunity	Description	* estimated to 2030 Temporal horizon	Description of impact	Activity affected	Perimeter	Quantification - Type of impact	Quantification range		
								< 100 €min	100-300 €min	> 300 €min
Transition	Market	Risk/opportunity: Greater/less room for investment in new renewable capacity, and wholesale electricity price variation corresponding to a different level of renewable penetration.	Medium *	Two alternative transition scenarios have been considered for which Endesa has evaluated the effects of a different level of renewable penetration on the reference wholesale electricity price and on the additional capacity.	Generation Supply 	Spain	EBITDA/year			
Transition	Market	Risk/opportunity: Higher/lower margins from the effect of the transition in terms of electrification of consumption.	Medium *	Considering two alternative transition scenarios, Endesa has evaluated the effects of a variation in average consumption as a result of higher/lower electrification.	Supply 	Spain	EBITDA/year			
Transition	Products and Services	Risk/opportunity:: Risk/opportunity: Higher/lower margins and more/less room for investment as a result of the effect of the transition in terms of penetration of new technologies and electric transportation.	Medium *	Considering two alternative transition scenarios, Endesa has evaluated the effects of different electrification paths for transport and domestic consumption.	Supply 	Spain	EBITDA/year			

High value current policies scenario Low value current policies scenario

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

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

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

- The regulatory environment, exchange rates, commodities, investments and divestments, increases in production and installed capacity in the markets in which Endesa operates, and increases in demand in these markets;
- Allocation of production among the various technologies, with costs increases associated with higher activity that

do not exceed certain limits and electricity prices that do not fall below certain levels, with the cost of combined cycle plants and availability and cost of raw materials and carbon dioxide (CO₂) emission rights needed to operate the business at the desired levels; and the general development of social, environmental and ethical trends in the environment in which it operates, including factors relating to terrorism, water stress, Cybersecurity, inequality and social instability, increased cost of living, structural unemployment, infectious diseases, extreme political conflicts, extreme weather phenomena, environmental catastrophes, climate change and supply chain disruption.

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

- Assumptions about future events that management expects will occur and on actions that management itself expects to perform at the date of drafting; and

- General assumptions relating to future events and the actions of management that will not necessarily materialise, and which depend substantially on variables beyond the control of management.

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

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

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

Adverse economic conditions could have a negative impact on energy demand and the ability of Endesa's consumers to fulfil their payment obligations. In periods of economic recession, electricity demand tends to contract, which adversely affects the Company's results. If the economic situation in Spain, Portugal or other Eurozone economies deteriorates, it could adversely affect energy consumption and, consequently, Endesa's business activities, financial position, operating results and cash flows would be negatively affected.

In addition, the financial conditions in the international markets represent a challenge for Endesa's economic situation, due to the potential impact on its business of the level of government debt, falling growth rates

and possible downgrading of government bond ratings internationally – particularly in Eurozone countries – and monetary expansion measures in the credit market. Changes in any of these factors could affect Endesa's access to capital markets and the conditions under which it obtains financing, consequently affecting its business activities, results, financial position and cash flows.

In addition to any economic problems that could arise at the international level, Endesa faces uncertainty at the political level in Spain and abroad, which could adversely affect its economic and financial position. The current conflicts and geopolitical tensions are affecting the commodities markets, financial markets, the system of international sanctions for individuals and legal entities, and the security of infrastructure and essential services (see Note 5.2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023).

There can be no guarantee that the economic situation will not deteriorate internationally or in the Eurozone, or that the conflicts will not worsen or even spread, which would have significant impact on the markets, thus affecting Endesa's business, economic situation, financial position, the results of its operations and cash flows.

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

Endesa has relationships with a huge number of customers, 10.5 million electricity customers and 1.8 million gas customers at 31 December 2023 (see Section 9.1 of this Consolidated Management Report).

The Company's business activities are carried out in a highly competitive environment. If Endesa were to lose customers individually, it would not have a significant impact on its business as a whole. However, inability to maintain stable relationships with customers could adversely affect Endesa's business activities, results, financial position and cash flows (see Note 42.6 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023).

b) Financial risks

b.1. 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.

The contribution margin of Endesa's generation and supply segment in 2023 was Euro 3,913 million, most of which corresponds to deregulated activities, subject to the effects of competition and volatility in the markets. These activities require gas, electricity and raw material purchases, hence:

Materials consumed	Commitments
• In 2023, 451,766 tonnes of coal and 2,435 million m ³ of natural gas were consumed to generate electricity.	• At 31 December 2023, commitments to purchase electricity and energy stocks amounted to Euro 18,791 million, of which some were on a "take or pay" basis (see Note 48 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023).

Endesa is exposed to market price risks in relation to fuel purchases and carbon dioxide (CO₂) emission rights prices and guarantees of origin used to generate electricity, to procure gas and for supply activities. In this connection, the fluctuations in the price of these products in international markets may affect the contribution margin. To mitigate this impact, Endesa hedges commodity price risk through financial instruments arranged in organised markets and Over the Counter (OTC). Trades with daily cash collateral associated with their fair value ("Mark-to-Market"), could have a direct impact on liquidity risk at Endesa (see Note 42.4 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023 and section 10.2 of this Consolidated Management Report).

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

Endesa has signed certain natural gas supply contracts that include binding "take or pay" clauses that compel it to either acquire the fuel it has agreed to contractually or to pay if it does not acquire such fuel. The terms

of these contracts have been established based on certain assumptions regarding future electricity and gas demand. Any deviation from the assumptions used could give rise to an obligation to purchase more fuel than necessary or to sell excess fuel on the market at current prices.

The information on purchase commitments for energy stocks are provided in Note 48 to the Consolidated Financial Statements for the year ended 31 December 2023.

b.2. Endesa is exposed to foreign currency risk

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

This means that the fluctuations in the foreign exchange rate could adversely affect Endesa's business activities, results, financial position and cash flows. Information relating to foreign currency risk and analysis of foreign currency sensitivity is provided in Note 42.2 to the Consolidated Financial Statements for the year ended 31 December 2023.

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

Endesa's electricity production depends on the levels of natural resources, plant availability and market conditions. The output of renewable plants depends on levels of rainfall and on the levels of sun radiation and wind, which exist in the geographic areas in which the Company's

hydroelectric, wind power and photovoltaic generation facilities are located. Endesa's business, results, financial position and cash flows could be adversely affected in the event of a low level of hydro, wind or solar resources, or other circumstances that adversely affect renewable energy generation.

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

In an average year, it is estimated that hydroelectric production could vary by $\pm 35\%$, wind power by $\pm 6.5\%$ and photovoltaic power by $\pm 4\%$. In 2023, Endesa's generation from hydroelectric plants amounted to 5,083 GWh.

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

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

Likewise, adverse weather conditions could impact the regular supply of energy due to damages to the network, with the resulting interruption to services, which could

compel Endesa to compensate its customers due to delays or disruptions in the supply of energy.

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

b.4. Endesa is exposed to interest rate risk

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

Information relating to interest rate risk and analysis of interest rate sensitivity is provided in Note 42.1 to the Consolidated Financial Statements for the year ended 31 December 2023.

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

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

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

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

At 31 December 2023, Endesa had negative working capital of Euro 2,117 million. The undrawn amount on the Company's long-term credit facilities provide assurance that the Endesa can obtain sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the Consolidated Statement of Financial Position.

The general uncertainty is also affecting the credit markets by pushing up risk premiums for both sovereign and corporate debt. Additionally, the hedging strategies for volatility risks in the market to ensure results remain stable could result in a considerable increase in requirements to provide cash collateral to continue operating in organised markets in the event of significant changes in commodity prices. Funding using short-term instruments would be a drain on the company's liquidity. Endesa's financial and capital management policy is described in Notes 35.1.12 and 41.3 to the Consolidated Financial Statements for the year ended 31 December 2023 and section 10.2 of this Consolidated Management Report. In the short term, liquidity risk is mitigated by Endesa by maintaining sufficient resources available unconditionally, including cash and short-term deposits, drawable lines of credit and a portfolio of highly liquid assets. Endesa's liquidity policy consists of arranging committed long-term credit facilities with banks and Enel Group companies and financial investments in an amount sufficient to cover projected needs over a given period based on the situation in and expectations about the debt and capital markets.

Information regarding Endesa's liquidity risk and the main financial operations is provided in Notes 42.4 and 41.4, respectively, to the Consolidated Financial Statements for the year ended 31 December 2023.

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

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

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

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

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

Endesa closely monitors the credit risk of its commodity, financial and commercial counterparties. Despite commodity prices having improved year on year, the backdrop of high interest rates and high inflation has reduced the liquidity of companies and individuals to pay their energy bills. Although the Company's collection management has made it possible to moderate overdue debt in commercial counterparties (see Note 5.2 to the Consolidated Financial Statements for the year ended 31 December 2023).

Endesa cannot guarantee that it will not incur losses as a result of the non-payment of commercial or financial receivables and, therefore, the failure of one or various significant counterparties to fulfil their obligations could adversely affect Endesa's business activities, results, financial position and cash flows.

Information relating to credit risk is provided in Note 42.5 to the Consolidated Financial Statements for the year ended 31 December 2023.

c) Risks associated with digital technologies

c.1. Endesa is exposed to cybersecurity risks

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

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

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

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

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

Endesa performs cybersecurity exercises for its plants and industrial facilities.

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

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

Systems	Business processes supported
Commercial Systems	Marketing processes, demand forecasts, profitability, sales, customer service, claim management, hiring and the basic sales cycle (validation of meter reading, invoicing, collection management and debt processing).
Technical distribution	Processes for managing the grid, meter-reading management, handling of new supplies, network planning, field work management, management of meter-reading equipment with advanced remote management and energy management capabilities.
Generation systems, energy management and renewables	Fuel management processes, meter-reading management, trading risk management, etc.
Economic and financial	Economic management, accounting, financial consolidation and balance sheet processes.

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

d) Operational risks

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

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

planned that may affect the return on these types of projects.

Generally, in connection with the development of such facilities, Endesa has to obtain the related administrative authorisations and permits, acquire land purchase or lease agreements, sign equipment procurement and construction contracts, operation and maintenance agreements, fuel supply and transport agreements and off-take arrangements, and obtain sufficient financing to meet its capital and debt requirements.

The 2024-2026 Strategic Plan approved by the Board of Directors of Endesa, S.A. on 23 November 2023 and presented to the market includes a gross investment target of Euro 8,900 million between 2024 and 2026.

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

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

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

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

Information relating to investments is included in Notes 20.1 and 23.1 to the Consolidated Financial Statements

for the year ended 31 December 2023 and sections 4.2 and 10.5 of this Consolidated Management Report.

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

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

Activity	Sections	Impacts
Electricity generation	2.4 and 9.1	• At 31 December 2023, Endesa’s potential total net installed capacity in Spain amounted to 21,247 MW, of which 16,885 MW are found in the Mainland Electricity System and 4,362 MW in Non-mainland Territories (TNP) in the Balearic Islands, Canary Islands, Ceuta and Melilla.
Energy distribution	2.4 and 9.1	• At 31 December 2023, Endesa distributed electricity in 24 Spanish provinces in 8 Autonomous Communities and in the Autonomous City of Ceuta, covering 195,881 km² and more than 21 million people. The total energy distributed by Endesa’s grid totalled 136,363 GWh in 2023.
Energy Supply	2.4 and 9.1	• At 31 December 2023, Endesa had over 12 million electricity and gas customers.

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

Endesa cannot ensure that during the performance of its business activities, direct or indirect losses will not arise from inadequate internal processes, technological failures, human error or certain external events, such

as accidents at facilities, workplace conflicts and natural disasters. These risks and dangers could cause explosions, floods or other circumstances that could cause the total loss of energy generation and distribution facilities; damage to or the deterioration or destruction of Endesa’s facilities or those of third parties, or environmental damage; delays in electricity generation and the partial or total interruption of activities. The occurrence of any of these circumstances could adversely affect its business activities, results, financial position and cash flows.

d.3. Risk that the activities undertaken by Endesa may negatively impact the quality of the environment and the ecosystems involved, as well as incurring court or administrative sanctions, economic or financial losses and reputational damage as a result of non-compliance with international, national or local environmental laws and regulations.

Endesa considers environmental excellence to be a key value in its business culture. Accordingly, it performs its activities by respecting the environment, in line with Sustainable Development principles, and is firmly committed to the conservation and sustainable use of its resources.

Endesa has an Environmental Policy in place, which was approved by its Board of Directors, that formalises its commitment to responsible environmental management and that encompasses the entire value chain. This Policy applies to all phases of the life cycle of each product and service.

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

- The regulations will not be amended or interpreted in such a way as to increase the costs necessary to comply with such laws or as to affect Endesa's operations, facilities or plants;

- Public opposition will not lead to delays or changes in the projects that are proposed; and
- The authorities will grant the environmental permits, licences and authorisations required to develop new projects.

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

Although the plants are prepared to comply with the prevailing environmental requirements, Endesa cannot guarantee that it will always be able to comply with the requirements imposed or that it will be able to avoid fines, administrative or other sanctions, or any other penalties and expenses related to compliance matters, including those related to the management of waste, spills and emissions from electricity production units. Failure to comply with this regulation may give rise to liabilities, as well as fines, damages, sanctions and expenses, including, where applicable, facility closures. Government authorities may also impose charges or taxes on the parties responsible in order to guarantee obligations are repaid. Endesa's business activities, results, financial position and cash flows could be adversely affected if it were accused of failing to comply with environmental regulations.

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

Insurance	Description
Environmental liability	• Cover up to a maximum of Euro 150 million for claims arising from pollution.
General civil liability	• Cover for claims relating to damage to third parties or their property up to a maximum of Euro 250 million, with this coverage increasing to Euro 950 million for hydroelectric plants.
Third-party liability for nuclear accidents	• Under current legislation in Spain and pursuant to Electricity Sector Law 24/2013 of 26 December, the Company is insured for up to Euro 1,200 million against third-party liability claims for nuclear accidents at its plants. Any loss or damage in excess of this amount would be subject to the international conventions to which Spain is a signatory. The nuclear power plants are also insured against damage to their facilities (including stocks of nuclear fuel) and machinery breakdowns, with maximum coverage of USD 1,500 million for each plant. On 28 May 2011, the Spanish government published Law 12/2011, of 27 May, on third-party liability due to nuclear damage or damage caused by radioactive materials, which raises operator liability to Euro 1,200 million, while also allowing operators to cover this liability in several ways. This Regulation will enter into force on 1 January 2022, following the joint ratification by the Member States of the Protocols of 12 February 2004, amending the Nuclear Civil Liability Convention (Paris Convention) and the Brussels Convention, complementing the foregoing. The civil nuclear liability coverage arranged by Endesa has a limit of Euro 1,200 million from 1 January 2022.

However, Endesa may face third-party damage claims. If Endesa were to be held liable for damages generated by its facilities for amounts greater than its insurance policy cover or for damages that exceed the scope of

the insurance policy's coverage, its business activities, financial position, results and cash flows could be adversely affected.

Endesa is subject to compliance with the legislation and regulations on emissions of pollutants and on the storage and treatment of waste from fuel from nuclear power plants. It is possible that the Company will be subject to even stricter environmental regulations in the future. In the past, the approval of new regulations has required, and could require in the future, significant capital investment expenditure in order to comply with legal requirements. Endesa cannot foresee the increase in capital investment or the increase in operating costs or other expenses it may have to incur in order to comply with all environmental requirements and regulations. Nor can it predict if the aforementioned costs may be transferred to third parties. Thus, the costs associated with compliance with the applicable regulations could adversely affect Endesa's business activities, results, financial position and cash flows.

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

d.4. Endesa's insurance cover and guarantees may not be adequate or may not cover all of the damage

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

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

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

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

d.5. The success of Endesa's business depends on the continuity of the services provided by the Company's management and by Endesa's key workers.

To carry out its activities, Endesa had a workforce of 9,035 employees at 31 December 2023. Endesa needs to guarantee talent management, especially with regard to digital competences, so it can maintain its position in the sector.

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

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

d.6. Endesa considers occupational health and safety (OHS) and fluid social dialogue to be priority objectives. The inability not to meet these objectives could adversely affect Endesa's business, image, results, financial position and cash flows.

Endesa's occupational health and safety information is set forth in section 14.2 of this Consolidated Management Report and in Section 4.7.3 "Occupational Health and Safety" of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).

Endesa's social dialogue health and safety information is set forth in section 14.8 of this Consolidated Management Report and in Section 4.6.1.4 "Social Dialogue" of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).

d.7. 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.

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

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

Endesa makes significant purchases of fuels, materials and services. In this area, it must be mentioned that:

- Some thermal plants have consumption that is highly concentrated in few suppliers and countries, which represents a risk in the event of interrupted supply;

- Fuel supply contracts, especially gas contracts, are found in areas with significant geopolitical risks that may manifest themselves in supply interruptions; and
- The Non-Mainland Territories (TNP) plants (Balearic and Canary Islands and the cities of Ceuta and Melilla) are all geographically isolated and have a significant dependence on liquid fuels.

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

A further deterioration in the ongoing conflict between Russia and Ukraine and ensuing crisis may cause delays in supplies and breach of contracts at supply chain level. The materialisation of this event could adversely affect Endesa's businesses, results, financial position and cash flows (see Note 5.2. of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023).

Note 42.6 to the Consolidated Financial Statements for the year ended 31 December 2023 provides information on the concentration of customers and suppliers.

e) Compliance risks

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

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

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

Security has therefore become a global strategic matter. In this regard, Endesa has put in place policies, processes, methodologies, tools and protocols based

on international standards and duly audited governance initiatives. In particular, Endesa has a Cybersecurity action and management model promoted by Senior Management that covers all business areas and the area responsible for the management of IT systems. This model is based on the identification, prioritisation and quantification of existing security risks, taking into account the impact of each system on Endesa's business, to adopt security actions to minimise and mitigate such risks.

e.2. Past or future infringements of competition and antitrust laws could adversely affect Endesa's business activities, results, financial position and cash flows

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

Endesa has been, is and could be the object of legal

investigations and proceedings regarding competition and antitrust matters. Investigations regarding the infringement of competition and antitrust laws usually last several years and may be subject to rules that prevent the disclosure of information. Infringements of these regulations may give rise to fines and other types of sanctions which could adversely affect Endesa's business activities, results, financial position and cash flows. Information on litigation and arbitration is provided in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2023.

Endesa's growth strategy has always included, and continues to include, acquisitions that are subject to various competition laws. These regulations may affect Endesa's ability to perform strategic transactions (see Section 8.1. of this Consolidated Management Report and Note 7 to the Notes to the Consolidated Financial Statements for the year ended 31 December 2023).

e.3. Endesa is involved in court and arbitration proceedings

Endesa is party to various ongoing legal proceedings related to its business activities, including tax, regulatory and antitrust disputes. It is also subject to ongoing or possible tax audits. In general, Endesa is exposed to third-party claims from all jurisdictions (criminal, civil, commercial, labour and economic-administrative) and national and international arbitration proceedings. Endesa uses its best estimate to recognise its provisions for legal contingencies, provided that the need to meet such obligations is probable and the amount can be reasonably quantified. However, Endesa cannot guarantee that it will be successful in all the proceedings in which it expects a positive outcome, or that an unfavourable decision will

not adversely affect Endesa's business activities, results, financial position and cash flows. Likewise, the Company cannot ensure that it will not be the object of new legal proceedings in the future which, if the outcome were unfavourable, would not have an adverse effect on its business activities, operating results, financial position or cash flows. Information on litigation and arbitration is provided in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2023.

e.4. Endesa could be affected by tax risks arising from interpretations of the regulations by the tax authorities that differ from those adopted by the Company or by an incorrect understanding by third parties of the tax position adopted by the Company.

Currently, the tax risks to be managed and controlled are those arising from the uncertainties arising either due to the possibility that the tax authorities may demand additional contributions considered by Endesa (either as a result of the failure to file returns or of a different interpretation of the applicable regulations) or of the risk of an incorrect perception or valuation by third parties of tax events that are erroneously or unjustly attributed to the Company. In 2023, Endesa's total tax contribution amounted to Euro 3,749 million (see Section 7 of this Management Report), of which 58% corresponded to taxes that represent a cost for Endesa and 42% relate to taxes collected by Endesa as a result of its business activities. Most of the tax paid by Endesa has been paid in Spain, representing over 80% of the total taxes paid and collected in 2023. With respect to Endesa's tax risk situation:

Tax risks	References ⁽¹⁾	Endesa mitigates the occurrence of these risks through:
The periods open for review by the tax authorities and significant inspections for the period and their effects	3.20	- The General Risk Control and Management Policy (see section 6.1 of this Consolidated Management Report), which is the base document for the Tax Compliance Management System implemented by the Company. - Inclusion in the cooperative compliance system, as expressed in the Code of Good Tax Practices and in the annual filing of the Tax Transparency Report, https://www.endesa.com/es/nuestro-compromiso/transparencia, with the tax authorities.
Significant tax disputes that might generate a contingency	51	This inclusion means that Endesa voluntarily undertakes to the tax authorities to foster good practices that significantly reduce tax risks and promote prevention of conduct likely to generate such risks.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Despite this firm commitment, any change in the interpretation of the tax regulations by the tax authorities or the Administrative or Justice Tribunals could affect Endesa's compliance with its tax obligations, and its business, results, financial position and cash flows. Information on tax litigation is provided in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2023.

e.5. Endesa could be held liable for income tax and value added tax (VAT) charges corresponding to the tax group of which it forms part or has formed part

Since 2010, Endesa has filed consolidated tax returns for corporation tax purposes as part of consolidated tax group no. 572/10, of which Enel, S.p.A. is the parent and Enel Iberia, S.L.U. the representative in Spain. Likewise, since January 2010, Endesa has formed part of Spanish consolidated VAT group no. 45/10, the parent of which is Enel Iberia, S.L.U. Until 2009, Endesa filed consolidated tax returns as the parent for group no. 42/1998 for corporation tax and for group no. 145/08 for Value Added Tax (VAT).

Additionally, Enel Green Power España, S.L.U. (EGPE), a wholly-owned Endesa subsidiary, was fully consolidated between 2010 and 2016 as part of group 574/10 of which Enel Green Power España, S.L.U. (EGPE) was the parent. From 1 January 2017, Enel Green Power España, S.L.U. (EGPE) paid taxes as part of tax group number 572/10 of which Enel, S.p.A. is the parent and Enel Iberia, S.L.U. is the representative in Spain.

Likewise, consolidated tax group no. 21/02 was established following Endesa taking control of Empresa de Alumbrado Eléctrico de Ceuta, S.A., of which it held 96.42% of the share capital at 31 December 2023. This consolidated tax group comprises the three companies Empresa de Alumbrado Eléctrico de Ceuta, S.A. (as Parent and representative of the Consolidated Tax Group) and Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U.

All of the Group companies that file consolidated tax returns are jointly responsible for paying the Group's tax charge in accordance with the regime for filing consolidated tax returns for corporation tax and VAT for company groups. This includes certain sanctions arising from failure to comply with specific obligations imposed under the VAT regime for company groups.

As a result of this, Endesa is jointly responsible for paying the tax charge of the other members of the consolidated tax groups to which it belongs or has belonged for all tax periods still open for review. Likewise, Enel Green Power España, S.L.U. (EGPE) is also jointly and severally liable with respect to the other members of the consolidated tax group of which it has formed part, and Empresa de Alumbrado Eléctrico de Ceuta, S.A. is jointly and severally liable with respect to its members.

Even though Endesa or, where applicable, Enel Green Power España, S.L.U. (EGPE) or Empresa de Alumbrado Eléctrico de Ceuta, S.A. has the right to recourse against the other members of the corresponding consolidated tax group, any of them could be held jointly and severally liable if any outstanding tax charge were to arise that had not been duly settled by another member of the consolidated tax groups to which Endesa or, where applicable, Enel Green Power España, S.L.U. (EGPE) or Empresa de Alumbrado Eléctrico de Ceuta, S.A. belongs or has belonged. Any material tax liability could adversely affect Endesa's business activities, results, financial position and cash flows.

Information on tax litigation is provided in Note 51 to the Consolidated Financial Statements for the year ended 31 December 2023.

e.6. The Enel Group controls the majority of Endesa's share capital and voting rights, and the interests of the Enel Group could conflict with those of Endesa

At 31 December 2023, the Enel Group, through Enel Iberia, S.L.U., held 70.1% of Endesa, S.A.'s share capital and voting rights, enabling it to appoint the majority of Endesa, S.A.'s Board Members and, therefore, to control management of the business and its management policies.

The Enel Group's interests may differ from the interests of Endesa or those of its shareholders. Furthermore, both the Enel Group and Endesa compete in the European electricity market. It not possible to ensure that the interests of the Enel Group will coincide with the interests of Endesa's other shareholders or that the Enel Group will act in support of Endesa's interests.

Information on balances and transactions with related parties is provided in Note 47 to the Consolidated Financial Statements for the year ended 31 December 2023.

f) Corporate Governance and Culture Risk

f.1. Corporate culture and ethics

Information on Endesa's Anti-Bribery and Criminal Risk Prevention Model can be found in Section 6.3 of this Consolidated Management Report.

6.4.2. Reputation management and mitigation of reputational impact on risks

A significant part of the company's intangible value lies in its reputation amongst the main audiences with which it interacts. In addition, this reputation represents an important support lever for facilitating the best fulfilment of its economic, commercial, industrial and institutional objectives.

To achieve rigorous and reliable knowledge of the opinion of these audiences and the image and reputation parameters that may affect the Company, Endesa employs social research tools (surveys, press indicators, qualitative studies, pre- and post-test studies, etc.) deployed periodically and exclusively for the company, as well as information generated by similar studies that are publicly accessible. It also has information and conversation monitoring systems on social media with a view to detecting early warnings about possible incidents or critical situations and assessing the calibre of the incident.

These tools make it possible to detect possible risks with an impact on image or reputation and design appropriate communication actions to avoid or correct them where appropriate, as well as to improve their perception among the aforementioned audiences.

The design and development of these actions are contained in the annual Communication Plan that the Company prepares as part of the development and promotion of its Strategic Plan. In essence, they cover actions focussed on the management and activation of the brand (advertising, sponsorships of events, etc.),

media relations, digital communication and internal communication.

Endesa is exposed to the opinion and perception projected to different stakeholders. This perception could deteriorate as a result of events produced by the Company or third parties over which it has little or no control. Should this occur, this could lead to economic detriment for the Company due, among other factors, to increased requirements on the part of regulators, higher borrowing costs or increased efforts to attract customers. Although Endesa actively works to identify and monitor potential reputational events and affected stakeholders, and transparency forms part of its communications policy, there is no guarantee that it will not have its image or reputation impaired which, since the outcome would be unfavourable, will have an adverse effect on its business, operating results, financial position or cash flows.

Furthermore, Endesa cannot guarantee that it will maintain solid relationships and ongoing communication with suppliers, consumers and users and with the associations that represent them. Therefore, any change in these relationships could entail negative publicity and a significant loss of customers, which could adversely affect Endesa's business activities, results, financial position and cash flows.

PERFORMANCE AND METRICS



7. ALTERNATIVE PERFORMANCE MEASURES (APMs)

Below is a description of Endesa's Alternative Performance Measures and their values in 2023 and 2022:

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			2023	2022 ⁽¹⁾	
EBITDA	€M	Income – Procurements and Services + Income and Expenses for Energy Commodity Derivatives + Self-constructed assets – Personnel Expenses – Other Fixed Operating Expenses + Other gains and losses	€3,777 M = €25,459 M – – €16,312 M – €3,172 M + €345 M – – €1,137 M – €1,423 M + €17 M	€5,565 M = €32,896 M – – €23,394 M – – €2,217 M + €335 M – €955 M – €1,353 M + €253 M	Measure of operating return excluding interest, taxes, provisions and depreciation and amortisation.
Gross operating income (EBITDA) from low-carbon products, services and technologies	€M	Gross Operating Income (EBITDA) – Gross Operating Income (EBITDA) from Conventional Generation, except Nuclear Generation – Gross Operating Income (EBITDA) from Gas Trading	€3,535 M = €3,777 M – €728 M + €511 M – €25 M	€3,782 M = €5,565 M – €2,419 M + €651 M – €15 M	Measure of operating return on low-carbon products, services and technologies, excluding interest, taxes, provisions, depreciation and amortisation
Gross Operating Profit (EBITDA) aligned with EU Taxonomy	€M	Gross Operating Profit (EBITDA) for the period of the activities that are considered environmentally sustainable in accordance with the criteria set out in Article 3 of Regulation (EU) 2020/852 of the Parliament and of the Council of 18 June 2020 and in the relevant delegated acts or regulations published from time to time, including, inter alia, Commission Delegated Regulation (EU) 2021/2178 of 6 July 2023, Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023.	€2,639 M	€2,667 M	Measure of operating profitability excluding interest, taxes, provisions and depreciation in line with the European Union Taxonomy.
Percentage of EBITDA aligned with EU Taxonomy	%	EBITDA aligned with the European Union Taxonomy / EBITDA	69.9%	47.9%	Measure of operating profitability excluding interest, taxes, provisions and depreciation in line with the European Union Taxonomy.
Operating Income (EBIT)	€M	EBITDA – Depreciation and amortisation, and impairment losses.	€1,645 M = €3,777 M – – €2,132 M	€3,687 M = €5,565 M – – €1,878 M	Measure of operating return excluding interest and taxes
Net profit/(loss)	€M	Net income of the parent	€742 M	€2,541 M	Measure of profit for the period

€M = millions of Euro; € = Euro.

n = 31 December of the year being calculated.

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

(1) See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			2023	2022 ⁽¹⁾	
Net ordinary income	€M	Net Ordinary Income = Net Income Attributable to the Parent - Net Income on Sales of Non-Financial Assets (exceeding Euro 10 million - Net Impairment Losses on Non-Financial Assets (exceeding Euro 10 million) - Initial Net Provision for Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan and to Process Digitalisation	€951 M = €742 M - €0 M + €85 M + €124 M	€2,398 M = €2,541 M - €192 M + €49 M - €0 M	Measure of profit for the period isolating non-recurring effects of more than €10 million.
Contribution margin	€M	Revenue - Procurements and Services +- Income and Expenses for Energy Commodity Derivatives	€5,975 M = €25,459 M - €16,312 M - €3,172 M	€7,285 M = €32,896 M - €23,394 M - €2,217 M	Measure of operating profit considering direct variable production costs
Procurements and services	€M	Power purchases + Fuel consumption + Transmission costs + Other variable procurements and services	€16,312 M = €6,944 M - €2,708 M + €3,213 M + €3,447 M	€23,394 M = €12,901 M - €4,349 M + €3,603 M + €2,541 M	Goods and services for production
Net financial profit/ (loss)	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments +- Net Exchange Differences	€(590) M = €38 M - €705 M + €56 M + €21 M	€(215) M = €236 M - €343 M - €85 M - €23 M	Measure of financial cost
Net financial loss	€M	Financial Income - Financial Expense +- Income and Expenses on Derivative Financial Instruments	€(611) M = €38 M - €705 M + €56 M	€(192) M = €236 M - €343 M - €85 M	Measure of financial cost
Ordinary Return on Equity	%	Net ordinary income attributable to the Parent in the last 12 months / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2)	15.13% = €951 M / €((7,017 + 5,557) / 2) M	43.86% = €2,398 M / €((5,557 + 5,377) / 2) M	Measure of the capacity to generate profits on shareholder investments
Economic profitability	%	Operating Income (EBIT) for the last 12 months / ((PP&E (n) + PP&E (n-1)) / 2)	7.28% = €1,645 M / €((22,839 + 22,338) / 2) M	16.60% = €3,687 M / €((22,338 + 22,097) / 2) M	Measure of the capacity to generate income from invested assets or capital
Ordinary return on assets	%	Net ordinary income of the Parent for the last 12 months / ((Total Assets (n) + Total Assets (n-1)) / 2)	2.08% = €951 M / €((41,283 + 50,067) / 2) M	5.32% = €2,398 M / €((50,067 + 40,098) / 2) M	Measure of business profitability
Return on capital employed (ROCE)	%	Profit from operations after tax for the last 12 months / ((Non-current assets (n) + Non-current assets (n-1)) / 2) + ((Current assets (n) + Current assets (n-1)) / 2)	2.58% = €1,177 M / €((28,825 + 30,142) / 2 + (12,458 + 19,925) / 2) M	6.09% = €2,745 M / ((30,142 + 28,446) / 2 + (19,925 + 11,652) / 2) €M	Measure of return on capital employed
Return on Invested Capital (ROIC)	%	Profit from operations after tax for the last 12 months / (Equity of the Parent + Net financial debt)	6.76% = €1,177 M / €(7,017 + 10,405) M	16.71% = €2,745 M / (€5,557 M + €10,869 M)	Measure of return on capital invested
Gross investment	€M	Gross investments in property, plant and equipment + Investments in intangible assets	€2,463 M = €2,068 M + €395 M	€2,370 M = €1,902 M + €468 M	Measure of investment activity
Gross investments in low-carbon products, services and technologies	€M	Gross Investments - Gross investments made in coal/fuel and combined cycle power plants	€2,355 M = €2,463 M - €108 M	€2,274 M = €2,370 M - €96 M	Measurement of investment activity without counting investments in coal/fuel and combined cycle power plants
Net investments	€M	Gross Investments - Capital grants and facilities transferred	€2,262 M = €2,463 M - €201 M	€2,171 M = €2,370 M - €199 M	Measure of investing activity net of grants received

€M = millions of Euro; € = Euro.

n = 31 December of the year being calculated.

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

(1) See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			2023	2022 ⁽¹⁾	
Direct economic value generated	€M	Income from sales and services rendered + Other operating income + Net income of companies accounted for using the equity method + Income and expenses from energy commodity derivatives + Other financial income and results	€22,352 M = €25,070 M + €389 M + €10 M - €3,172 M + €55 M	€31,183 M = €32,545 M + €351 M + €15 M - €2,217 M + €489 M	Measure of total economic value generated
Economic value distributed	€M	- Dividends (Shareholders) - Power Purchases - Fuel Consumption - Transmission Costs - Other Variable Procurements and Services - (Taxes and Fees on Variable Procurements) - Other Fixed Operating Expenses - (Taxes and Fees on Fixed Expenses) - Personnel Expenses - Corporate Income Tax - Taxes and Levies - Social Development Investments - Financial Expense - Income and Expenses from Derivative Financial Instruments	€(20,899) M = - €1,059 M - €6,944 M - €2,708 M - €3,213 M - €3,447 M + €1,132 M - €1,423 M + €119 M - €1,137 M - €303 M - €1,251 M - €16 M - €705 M + €56 M	€(28,717) M = - €1,679 M - €12,901 M - €4,349 M - €3,603 M - €2,541 M + €856 M - €1,353 M + €110 M - €955 M - €891 M - €966 M - €17 M - €343 M - €85 M	Measure of the economic value distributed among stakeholders
Economic value retained	€M	Direct economic value generated - Economic value distributed	€1,453 M = €22,352 M - €20,899 M	€2,466 M = €31,183 M - €28,717 M	Measure of total economic value generated and retained
Economic value distributed to public administrations	€M	Income tax expense during the Year + Tax Expense and Charges during the Year	€1,554 M = €303 M + €1,251 M	€1,857 M = €891 M + €966 M	Measurement of the economic value distributed to public administrations
Endesa's total tax contribution	€M	Taxes paid directly by Endesa + Taxes raised as a result of Endesa's business activities	€3,749 M = €2,163 M + €1,586 M	€3,843 M = €1,634 M + €2,209 M	Measurement of tax contribution, including compliance with tax obligations and total collection activity
Corporation tax paid	€M	Income tax payments/refunds	€854 M	€532 M	Measurement of income tax payments or returns for the Year
Accrued corporation tax	€M	Accrual of Current income tax for the year	€347 M	€703 M	Measurement of Current Income tax for the year corresponding to the Income Tax Expense during the period
Funds from operations	€M	Cash flows from operating activities - Changes in working capital - Work carried out by the group for its assets	€3,341 M = €4,697 M - €1,011 M - €345 M	€4,616 M = €1,672 M + €3,279 M - €335 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	€480 M	€232 M	Measure of interest payments
Net ordinary earnings per share	€	Net ordinary income of the Parent / Number of shares at the end of the reporting period	€0.898 = €951 M / 1,058,752,117 shares	€2.265 = €2,398 M / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the year.
Net earnings per share	€	Net ordinary income of the parent / Number of shares at the end of the year	€0.701 = €742 M / 1,058,752,117 shares	€2.400 = €2,541 M / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share at the end of the year
Retained earnings	€M	Retained Earnings - Profit in Period Attributed to Parent Company	€5,134 M = €5,876 M - €742 M	€4,271 M = €6,812 M - €2,541 M	Measurement of accumulated reserves
Cash flow per share	€	Net cash flow from operating activities / Number of shares at the end of the reporting year	€4.436 = €4,697 M / 1,058,752,117 shares	€1.579 = €1,672 M / 1,058,752,117 shares	Measure of the portion of funds generated corresponding to each share at the end of the year.

€M = millions of Euro; € = Euro.

⁽¹⁾ See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			2023	2022 ⁽¹⁾	
Shareholder return	%	Stock market return + Dividend yield	13.67% = 4.68% + 8.99%	(5.58%) = (12.70%) + 7.11%	Measure of the relationship between the amount invested in a share and the economic result delivered, which includes the effect of the change in price of the share in the year and of the gross dividend received in cash (without considering reinvestment)
Stock market return	%	(Share price at the close of the period – Share price at the beginning of the period / Share price at the beginning of the period	4.68% = (18,460 € – 17,635 €) / 17,635 €	(12.70%) = (17,635 € – 20,200 €) / 20,200 €	Measure of the relationship between the amount invested in a share and the effect of the change in the share price during the year.
Dividend yield	%	(Gross dividend paid in the year) / Share price at the beginning of the period	8.99% = 1,5854 € / 17,635 €	7.11% = 1,4372 € / 20,200 €	Measure of the relationship between the amount invested in a share and the gross dividend received in cash (without considering any reinvestment).
Consolidated ordinary pay-out	%	(Gross dividend per share * Number of shares at the end of the reporting period) / Net ordinary income of the Parent.	111.3% = (€1 * 1,058,752,117 shares) / €951 M	70.0% = (€1.5854 * 1,058,752,117 shares) / €2,398 M	Measure of the part of ordinary income obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Consolidated Pay- Out	%	(Gross dividend per share * Number of shares at the end of the reporting period) / Profit of the Parent for the year	142.7% = (€1 * 1,058,752,117 shares) / €742 M	66.1% = (€1.5854 * 1,058,752,117 shares) / €2,541 M	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual Pay-Out	%	(Gross dividend per share * Number of shares at the end of the reporting period / Profit of Endesa, S.A. for the year	182.5% = (€1 * 1,058,752,117 shares) / €580 M	240.8% = (€1.5854 * 1,058,752,117 shares) / €697 M	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

€M = millions of Euro; € = Euro.

⁽¹⁾ See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			31 December 2023	31 December 2022 ⁽¹⁾	
Net financial debt	€M	Non-current borrowings + Current borrowings + Debt derivatives recognised in liabilities – Cash and cash equivalents – Debt derivatives recognised in assets – Financial guarantees recognised in assets	€10,405 M = €9,636 M + €4,091 M + €61 M – €2,106 M – €57 M – €1,220 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
Gross sustainable financial debt	€M	Gross financial debt subject to the fulfilment of certain sustainability targets	€9,210 M	€11,817 M	Gross financial debt subject to the fulfilment of certain sustainability targets
Sustainable financing	%	Sustainable gross financial debt / Gross financial debt	67% = €9,210 M / €13,727 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

€M = millions of Euro; € = Euro.

⁽¹⁾ See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			31 December 2023	31 December 2022 ⁽¹⁾	
Leverage	%	Net financial debt / Equity	144.43% = €10,405 M / €7,204 M	188.76% = €10,869 M / €5,758 M	Measure of the weight of external funds in the financing of business activities
Debt ratio	%	Net financial debt / (Equity + Net financial debt)	59.09% = €10,405 M / € (7,204 + 10,405) M	65.37% = €10,869 M / €(5,758 + 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)	4.0 years = 55,308 / 13,780	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 of each drawing or position) / (Cumulative number of days)	€15,373 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	3.2% = €486 M / €15,373 M	1.4% = €224 M / €16,442 M	Measure of the effective rate of borrowings
Debt coverage ratio	Number of Months	Maturity period (no. of months) for vegetative debt and financial expense that could be covered with available liquidity	27 months	10 months	Measure of the capacity to meet debt maturities and related financial expenses
Liquidity ratio	N/A	Current assets / Current liabilities.	0.85 = €12,458 M / €14,575 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	0.93 = (€7,204 M + €19,504 M) / €28,825 M	0.97 = (€5,758 M + €23,627 M) / €30,142 M	Measure of the capacity to meet obligations
Debt coverage ratio	N/A	Net Financial Debt = / Gross Operating Income (EBITDA), last 12 months	2.75 = €10,405 M / €3,777 M	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	€25,016 M = €22,839 M - €69 M + €1,646 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.
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	€21,453 M = €22,839 M + €1,646 M + €462 M + €273 M + €69 M + €663 M + €879 M + €386 M - €227 M - €4,348 M - €544 M - €8 M - €578 M - €47 M - €12 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

€M = millions of Euro; € = Euro.

⁽¹⁾ See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			31 December 2023	31 December 2022 ⁽¹⁾	
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	€88 M = €4,912 M + €2,060 M + €1,777 M + €1,054 M + €233 M + €312 M + €4 M - €215 M - €446 M - €1,673 M - €104 M - €427 M - €1,173 M + €16 M - €6,242 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	€21,541 M = €21,453 M + €88 M	€19,565 M = €19,256 M + €309 M	Total net non-current assets plus total net working capital

€M = millions of Euro; € = Euro.

⁽¹⁾ See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.



Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			31 December 2023	31 December 2022 ⁽¹⁾	
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	€(3,932) M = - €268 M - €2,587 M - €1,377 M + €1,608 M - €1,308 M	€(2,965) M = - €278 M - €2,686 M - €1,236 M + €2,660 M - €1,425 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	€17,609 M = €21,541 M - €3,932 M + €0 M	€16,627 M = €19,565 M - €2,965 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
Carrying amount per share	€	Equity of the parent / Number of shares at the end of the reporting period	€6.628 = €7,017 M / 1,058,752,117 shares	€5.249 = €5,557 M / 1,058,752,117 shares	Measure of the portion of own funds corresponding to each share outstanding
Market cap	€M	Number of shares at the end of the period * Share price at the end of the year	€19,545 M = 1,058,752,117 shares * €18.460	€18,671 M = 1,058,752,117 shares * €17.635	Measure of total enterprise value according to the share price
Price to Earnings Ratio (P.E.R.) Ordinary	N/A	Price at the end of the reporting period / Net ordinary earnings per share for the last 12 months	20.55 = €18.460 / €0.8982	7.79 = €17.635 / €2.265	Measure indicating the number of times net ordinary earnings per share can be divided into the market price of the shares
Price to Earnings Ratio (P.E.R.)	N/A	Price at the end of the reporting period / Net earnings per share for the last 12 months	26.34 = €18.460 / €0.7008	7.35 = €17.635 / €2.400	Measure indicating the number of times net earnings per share can be divided into the market price of the shares
Price / Carrying amount	N/A	Market cap / Equity of the parent	2.79 = €19,545 M / €7,017 M	3.36 = €18,671 M / €5,557 M	Measure comparing total enterprise value according to the share price with the carrying amount

€M = millions of Euro; € = Euro.

⁽¹⁾ See Note 4 to the Consolidated Financial Statements for the year ended 31 December 2023.

8. SIGNIFICANT EVENTS IN THE PERIOD

8.1. Changes in the consolidation scope

The information on changes in Endesa's consolidation scope is provided in Note 7 to the Consolidated Financial Statements for the year ended 31 December 2023.

8.2. Russia-Ukraine conflict and macroeconomic landscape

Information relating to the Russia-Ukraine conflict and the macroeconomic landscape is provided in Note 5.2 to the Consolidated Financial Statements for the year ended 31 December 2023.



9. CHANGES IN ENDESA'S OPERATIONS AND PROFIT AND LOSS IN 2023

9.1. Operating performance

At 31 December 2023



60,264 GWh

GENERATION OF ELECTRICITY ⁽¹⁾ IN 2023

of which the **14,212 GWh** following amount is renewable



9,800 MW

NET INSTALLED MAINLAND RENEWABLE CAPACITY

of a total of **+16,885 MW**



319,136 km

DISTRIBUTION AND TRANSMISSION GRIDS



12,396 Thousands

DIGITALISED CUSTOMERS

+99% List of digitalised customers



10,522 Thousands

NUMBER OF CUSTOMERS (ELECTRICITY) ^{(2) (3)}

of which the **6,893 thousand** following were from the deregulated market



77,688 GWh

NET ELECTRICITY SALES ⁽⁴⁾ IN 2023

-1.7% compared to 2022



19,252 Units

PUBLIC AND PRIVATE CHARGING STATIONS

+38.5% compared to 31 December 2022



1,829 Thousands

NUMBER OF CUSTOMERS (GAS) ⁽²⁾

of which the **1,387 thousand** following were from the deregulated market



64,880 GWh

GAS SALES ⁽⁵⁾ IN 2023

+1.8% compared to 2022

⁽¹⁾ At power plant busbars.

⁽²⁾ Supply points.

⁽³⁾ Customers of the supply companies.

⁽⁴⁾ Sales to end customers.

⁽⁵⁾ Excluding own generation consumption.

Details of the most significant operating indicators in 2023
and the year-on-year changes are provided below:

Operating figures	SDGs ⁽¹⁾	Unit	January- December 2023	January- December 2022	Chg (%)
Electricity generation ⁽²⁾		GWh	60,264	64,716	(6.9)
Generation of renewable electricity	7	GWh	14,212	12,041	18.0
Gross installed capacity		MW	21,956 ⁽³⁾	22,819 ⁽⁴⁾	(3.8)
Net installed capacity		MW	21,247 ⁽³⁾	22,044 ⁽⁴⁾	(3.6)
Net installed mainland renewable capacity	7	MW	9,800 ⁽³⁾	9,196 ⁽⁴⁾	6.6
Net installed non-mainland territory (TNP) renewable energy capacity	7	MW	99 ⁽³⁾	97 ⁽⁴⁾	2.1
Energy distributed ⁽⁵⁾	9	GWh	136,363	131,813	3.5
Digitalised customers ⁽⁶⁾	9	Thousands	12,396 ⁽³⁾	12,503 ⁽⁴⁾	(0.9)
Distribution and transmission grids	9	km	319,136 ⁽³⁾	317,829 ⁽⁴⁾	0.4
End users ⁽⁷⁾		Thousands	12,548 ⁽³⁾	12,459 ⁽⁴⁾	0.7
List of Digitalised Customers ⁽⁸⁾		(%)	99 ⁽³⁾	100 ⁽⁴⁾	—
Gross electricity sales ⁽²⁾		GWh	86,516	87,669	(1.3)
Net electricity sales ⁽⁹⁾		GWh	77,688	79,003	(1.7)
Gas sales ⁽¹⁰⁾		GWh	64,880	63,756	1.8
Number of Customers (Electricity) ^{(11) (12)}		Thousands	10,522 ⁽³⁾	10,545 ⁽⁴⁾	(0.2)
Deregulated market ⁽¹³⁾		Thousands	6,893 ⁽³⁾	6,829 ⁽⁴⁾	0.9
Number of customers (gas) ⁽¹¹⁾		Thousands	1,829 ⁽³⁾	1,799 ⁽⁴⁾	1.7
Deregulated market			1,387 ⁽³⁾	1,486 ⁽⁴⁾	(6.7)
Public and private electricity charging stations	11	Units	19,252 ⁽³⁾	13,898 ⁽⁴⁾	38.5
Public electricity charging stations (units)		Units	5,481 ⁽³⁾	4,074 ⁽⁴⁾	34.5
Private electricity charging stations (units)		Units	13,771 ⁽³⁾	9,824 ⁽⁴⁾	40.2
Public lighting points	11	Units	147 ⁽³⁾	104 ⁽⁴⁾	41.3
Response to demand		MW	155 ⁽³⁾	155 ⁽⁴⁾	—
Final headcount		No. of employees	9,035 ⁽³⁾	9,258 ⁽⁴⁾	(2.4)
Average headcount		No. of employees	9,097	9,143	(0.5)

⁽¹⁾ Sustainable Development Goals.

⁽²⁾ At power plant busbars.

⁽³⁾ At 31 December 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 distribution companies.

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

⁽⁹⁾ Sales to end customers.

⁽¹⁰⁾ Without in-house generation consumption.

⁽¹¹⁾ Supply points.

⁽¹²⁾ Customers of supply companies.

⁽¹³⁾ Customers of deregulated supply companies.

Generación de electricidad

GWh

Electricity generation ⁽¹⁾	January–December 2023		January–December 2022		Chg (%)
	GWh	Percentage (%)	GWh	Percentage (%)	
Mainland	48,896	81.1	52,575	81.2	(7.0)
Renewable energy plants	14,212	23.5	12,041	18.6	18.0
Hydroelectric	5,083	8.4	4,477	6.9	13.5
Wind ⁽²⁾	6,392	10.6	5,709	8.8	12.0
Photovoltaic ⁽³⁾	2,736	4.5	1,854	2.9	47.6
Other	1	0.0	1	0.0	—
Nuclear	24,865	41.3	26,508	41.0	(6.2)
Coal	672	1.1	911	1.4	(26.2)
Combined cycle (CCGT)	9,147	15.2	13,115	20.3	(30.3)
Non-mainland Territories (TNP)	11,368	18.9	12,141	18.8	(6.4)
Coal	70	0.1	86	0.1	(18.6)
Fuel-gas	4,505	7.5	4,450	6.9	1.2
Combined cycle (CCGT)	6,793	11.3	7,605	11.8	(10.7)
TOTAL	60,264	100.0	64,716	100.0	(6.9)

⁽¹⁾ At power plant busbars.

⁽²⁾ In 2023, this included 76 GWh corresponding to Non-mainland Territories (TNP) (103 GWh in 2022).

⁽³⁾ In 2023, this included 95 GWh corresponding to Non-mainland Territories (TNP) (73 GWh in 2022).

Non-emitting renewable and nuclear technologies accounted for 79.8% of Endesa's mainland generation mix in 2023, with respect to 83.9% for the rest of the sector (73.2% and 74.4%, respectively in 2022).

The following chart shows Endesa's mainland generation mix by technology in 2023:



Gross and net installed capacity

Gross installed capacity	31 December 2023		31 December 2022		Chg (%)
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,219	78.4	18,082	79.2	(4.8)
Renewable energy ⁽¹⁾	9,943	45.3	9,337	40.9	6.5
Hydroelectric	4,790	21.8	4,790	21.0	—
Wind ⁽²⁾	2,884	13.1	2,882	12.6	0.1
Photovoltaic ⁽³⁾	2,269	10.3	1,665	7.3	36.3
Nuclear	3,453	15.7	3,453	15.1	—
Coal	—	—	1,469	6.4	(100.0)
Combined cycle (CCGT)	3,823	17.4	3,823	16.8	—
Non-mainland Territories (TNP)	4,737	21.6	4,737	20.8	—
Coal	260	1.2	260	1.1	—
Fuel-gas	2,620	11.9	2,620	11.5	—
Combined cycle (CCGT)	1,857	8.5	1,857	8.1	—
TOTAL	21,956	100.0	22,819	100.0	(3.8)

⁽¹⁾ Additional capacity at 31 December 2023 and 2022 was 607 MW and 908 MW, respectively.

⁽²⁾ At 31 December 2023, includes 42 MW relating to Non-mainland Territories (TNP) (40 MW at 31 December 2022).

⁽³⁾ At 31 December 2023 includes 57 MW relating to Non-mainland Territories (TNP) (57 MW at 31 December 2022).

Net Installed Capacity	31 December 2023		31 December 2022		Chg (%)
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	16,984	79.9	17,781	80.7	(4.5)
Renewable energy ⁽¹⁾	9,899	46.6	9,293	42.2	6.5
Hydroelectric	4,746	22.3	4,746	21.5	—
Wind ⁽²⁾	2,884	13.6	2,882	13.1	0.1
Photovoltaic ⁽³⁾	2,269	10.7	1,665	7.6	36.3
Nuclear	3,328	15.7	3,328	15.1	—
Coal	—	—	1,403	6.4	(100.0)
Combined cycle (CCGT)	3,757	17.6	3,757	17.0	—
Non-mainland Territories (TNP)	4,263	20.1	4,263	19.3	0.0
Coal	241	1.1	241	1.1	—
Fuel-gas	2,334	11.0	2,334	10.6	—
Combined cycle (CCGT)	1,688	7.9	1,688	7.6	—
TOTAL	21,247	100.0	22,044	100.0	(3.6)

⁽¹⁾ Additional capacity at 31 December 2023 and 2022 was 607 MW and 908 MW, respectively.

⁽²⁾ At 31 December 2023, includes 42 MW relating to Non-mainland Territories (TNP) (40 MW at 31 December 2022).

⁽³⁾ At 31 December 2023, includes 57 MW relating to Non-mainland Territories (TNP) (57 MW at 31 December 2022).

The following chart breaks down Endesa's net installed capacity by technology at 31 December 2023:



Electricity

thousand

Number of Customers (Electricity) ^{(1) (2)}	31 December 2023	31 December 2022	Chg (%)
Regulated market	3,629	3,716	(2.3)
Mainland Spain	3,128	3,190	(1.9)
Non-mainland Territories (TNP)	501	526	(4.8)
Deregulated market	6,893	6,829	0.9
Mainland Spain	5,259	5,245	0.3
Non-mainland Territories (TNP)	992	972	2.1
Outside Spain	642	612	4.9
TOTAL	10,522	10,545	(0.2)
Revenue / Supply points ⁽³⁾	1.6	2.2	—

⁽¹⁾ Supply points.

⁽²⁾ Customers of supply companies.

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

GWh

	Gross electricity sales ⁽¹⁾			Net electricity sales ⁽²⁾		
	2023	2022	Chg (%)	2023	2022	Chg (%)
Regulated price	8,891	9,674	(8.1)	7,515	8,210	(8.5)
Deregulated market	77,625	77,995	(0.5)	70,173	70,793	(0.9)
Spanish	66,595	66,971	(0.6)	59,829	60,735	(1.5)
Outside Spain	11,030	11,024	0.1	10,344	10,057	2.9
TOTAL	86,516	87,669	(1.3)	77,688	79,003	(1.7)

⁽¹⁾ At power plant busbars.

⁽²⁾ Sales to end customers.

Gas

thousand

Number of customers (gas) ⁽¹⁾	31 December 2023	31 December 2022	Chg (%)
Regulated market	442	313	41.2
Mainland Spain	416	289	43.9
Non-mainland Territories (TNP)	26	24	8.3
Deregulated market	1,387	1,486	(6.7)
Mainland Spain	1,161	1,258	(7.7)
Non-mainland Territories (TNP)	66	69	(4.3)
Outside Spain	160	159	0.6
TOTAL	1,829	1,799	1.7
Revenue / Supply points ⁽²⁾	3.0	3.4	—

⁽¹⁾ Supply points.

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

GWh

Gas sales	2023	2022	Chg (%)
Deregulated market	62,698	62,498	0.3
Spanish	49,466	47,096	5.0
Outside Spain	13,232	15,402	(14.1)
Regulated market	2,182	1,258	73.4
TOTAL ⁽¹⁾	64,880	63,756	1.8

⁽¹⁾ Excluding own generation consumption.

Other products and services

Business performance	31 December 2023	31 December 2022	Chg (%)
Public and private electricity charging stations (units)	19,252	13,898	38.5
Public electricity charging stations (units)	5,481	4,074	34.5
Private electricity charging stations (units)	13,771	9,824	40.2

Electricity distribution

Supply quality measures	2023	2022	Chg (%)
Energy distributed (GWh) ⁽¹⁾	136,363	131,813	3.5
Energy losses (%) ⁽²⁾	6.8	7.0	—
Installed Capacity Equivalent Interruption Time (Average) – ICEIT (Minutes) ⁽³⁾	48.7	54.4	(10.5)
Duration of Interruptions in the Distribution Grid – SAIDI (Minutes) ⁽⁴⁾	63.0	64.4	(2.2)
Number of Interruptions in the Distribution Grid – SAIFI ⁽⁴⁾	1.2	1.3	(7.7)

⁽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 Installed Capacity Equivalent Interruption Time (ICEIT), Own, Scheduled and Transmission.

⁽⁴⁾ Source: In-house. Figures for the last 12 months.



9.2. Climate change and environmental sustainability. Metrics and objectives



192 g/kWh

CO₂ EMISSIONS



83.9 %

GENERATION REVENUE FROM
MAINLAND NON-EMITTING
TECHNOLOGIES

% of total



11.3 %

EXTRACTION OF FRESH WATER
FOR INDUSTRIAL USE IN AREAS OF
WATER STRESS



3,535 million euros

GROSS OPERATING INCOME
(EBITDA) FROM LOW-CARBON
PRODUCTS, SERVICES AND
TECHNOLOGIES



2,355 million euros

GROSS INVESTMENTS IN
LOW-CARBON PRODUCTS,
SERVICES AND TECHNOLOGIES



Key performance indicators (KPIs) related to climate change

Key performance indicators (KPIs) ⁽¹⁾	Unit	Description	2023	2022
CO ₂ emissions, scope 1 greenhouse gasses (GHG)	Tonnes (t)	Emissions of greenhouse gases (GHG) in Scope 1 of the carbon footprint, which includes direct emissions of greenhouse gases (GHG) from sources controlled by the Company (including emissions from fuel consumption for electricity generation at thermal power plants, the use of sulphur hexafluoride (SF ₆), methane leaks generated at hydropower plant reservoirs, air conditioning of offices and the in-house vehicle fleet).	11,787,198	13,698,169
CO ₂ emissions, Scope 2 greenhouse gases (GHG) – location based	Tonnes (t)	Emission of Scope 2 carbon footprint greenhouse gases (GHG), which include technical losses during electricity distribution not generated by the Company.	294,096	393,958
Indirect greenhouse gas (GHG) emissions – Scope 2 – Acquisition of energy from the grid	Tonnes (t)	Greenhouse Gas (GHG) emissions associated with the generation of electricity at office buildings and port terminals.	4,443	6,136
Indirect greenhouse gas (GHG) emissions – Scope 2 – Losses from the distribution grid	Tonnes (t)	Emissions of greenhouse gases (GHG) corresponding to technical losses during the distribution of electricity not generated by the Company.	289,653	387,822
CO ₂ emissions, scope 3 greenhouse gasses (GHG)	Tonnes (t)	Emissions of greenhouse gases (GHG) in Scope 3 of the carbon footprint, which include emissions resulting from the Company's activities but which are not produced by sources controlled by it.	18,772,555	21,725,118
CO ₂ emissions, Scope 3 greenhouse gases (GHG) attributable to gas sales	Tonnes (t)	Emissions of greenhouse gases (GHG) associated with the extraction, production, transport and use by the end user of the natural gas supplied.	9,659,434	14,190,593
CO ₂ emissions	g/kWh	Specific emissions of CO ₂ "Emissions Trading System" (ETS).	192	205
Percentage represented by non-emitting technologies in the generation mix	(%)	Percentage represented by non-emitting, nuclear and renewable technologies in the generation mix.	64.8	59.6
Carbon dioxide (CO ₂) reference price	(€/t)		84	80.8

⁽¹⁾ Source: In-house.

Note: The calculation of Endesa's carbon footprint results for 2023 is in the process of verification at the date of preparation of this Consolidated Management Report. Endesa calculates and verifies its emissions according to the guidelines in the *GHG Protocol*, applying the location-based approach.

Key performance indicators (KPIs) in environmental matters

Key performance indicators (KPIs) ⁽¹⁾	Unit	Description	2023	2022
Specific emissions of sulphur dioxide (SO ₂)	gSO ₂ /kWh	Specific emissions of sulphur dioxide (SO ₂).	0.12	0.12
Specific nitrogen oxide (NO _x) emissions	gNO _x /kWh	Specific nitrogen oxide (NO _x) emissions.	0.71	0.67
Specific particle emissions	g/kWh	Specific particle emissions.	0.01	0.01
Total fuel consumption	(Mtep)	Total fuel consumed in millions of equivalent oil tonnes.	10.57	11.71
Average performance of thermal power plants	(%)	Average performance of thermal power plants.	44.89	47.14
Specific withdrawal of water for industrial use in generation	l/MWh	The specific withdrawal of water for industrial use in the electricity generation process.	74.3	73.6
Area covered by facilities in natural spaces	km ²	Area covered by facilities in protected natural spaces (generating plants and infrastructure).	116	374

⁽¹⁾ Source: In-house.

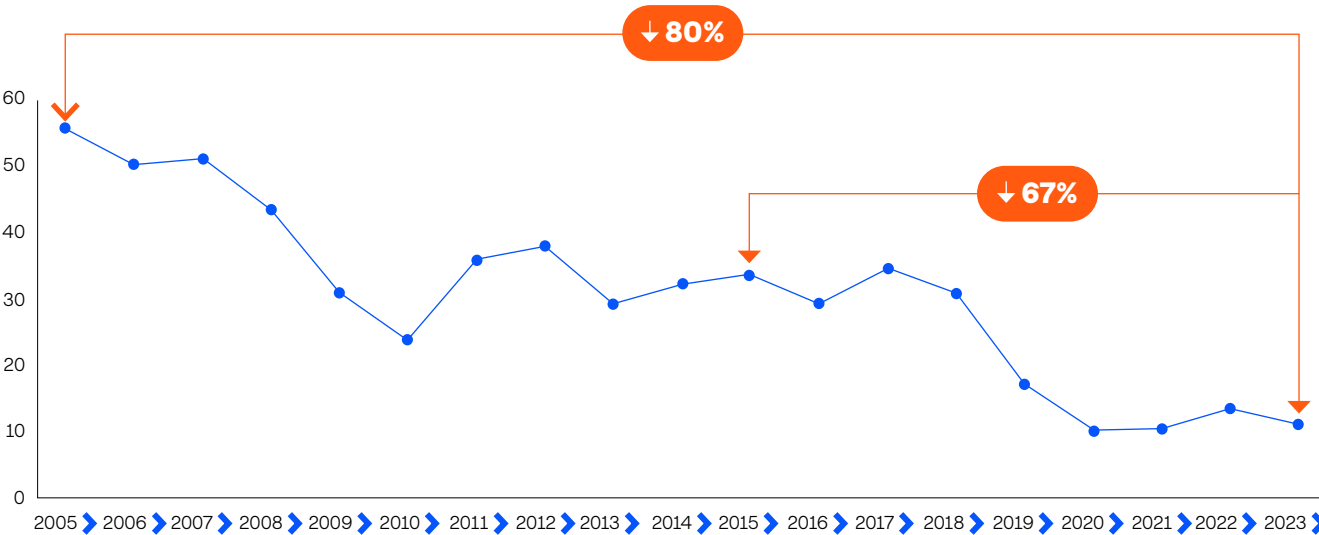
9.2.1. Metrics and objectives

Carbon Footprint Report

In its 2023 report, the Intergovernmental Panel on Climate Change (IPCC) concluded that global emissions levels by 2030 resulting from the implementation of current Nationally Determined Contributions (NDCs) mean it will be impossible to limit warming to 1.5° C with no or limited overshoot and will significantly increase the challenge of limiting warming to 2°C. This conclusion is reiterated in the 2023 Emission GAP Report. It emphasises that maintaining the possibility of achieving the long-term goal of the Paris Agreement will be dependent on being much more ambitious and stepping up implementations this decade, thereby facilitating much more ambitious targets for 2035 in the next round of Nationally Determined Contributions (NDCs) and paving the way for the implementation and implementation of net zero emissions pledges by countries that currently cover around 80% of global emissions.

Endesa has a major responsibility as a company promoting the Energy Transition; it must and wants to serve as an example to others by accelerating the decarbonisation of the electricity sector. The company is constantly changing, adapting to the needs of society and making changes in its business to address emerging climate challenges; however, without a doubt, there are factors that cannot be controlled. Endesa ended 2023 consolidating the accumulated reduction of emissions by 66% in just 7 years since the adoption of the Paris Agreement in 2015 and by 79% since 2005, the year in which the Kyoto Protocol came into force, as reflected in the following chart, despite the occasional deviation in the last 2 years from the expected path due to a series of regulatory, technical and meteorological circumstances, including the war between Russia and Ukraine, geopolitical tensions, delays in authorizations, the drought and the energy crisis, which have had a significant impact on the electricity generation mix.

EVOLUTION OF ENDESA ETS EMISSIONS
(Millions of tCO₂eq)



Endesa has voluntarily calculated and verified its carbon footprint since 2009. This process includes:

- Development of a calculation methodology and a proprietary IT tool.
- Implementation of a management system and the determination of an emissions inventory.
- Company-wide greenhouse gas (GHG) emissions removals.

Endesa has registered its carbon footprint since 2013, demonstrating that it is on track to reduce its emissions, according to the criteria established by the Spanish Climate Change Office.

In 2023, all documents related to the Carbon Footprint have been submitted to the Ministry for Ecological Transition and Demographic Challenge (MITECO) for registration. At the date of formulation of this Consolidated Management Report, we are waiting to receive their response, hoping that the efforts and results obtained by Endesa in its Carbon Footprint 2022 will again be recognized and receive one more year the triple seal of the Carbon Footprint Registry granted by the Spanish Office of Climate Change to those organizations committed to the calculation, reduction and offsetting of their emissions.

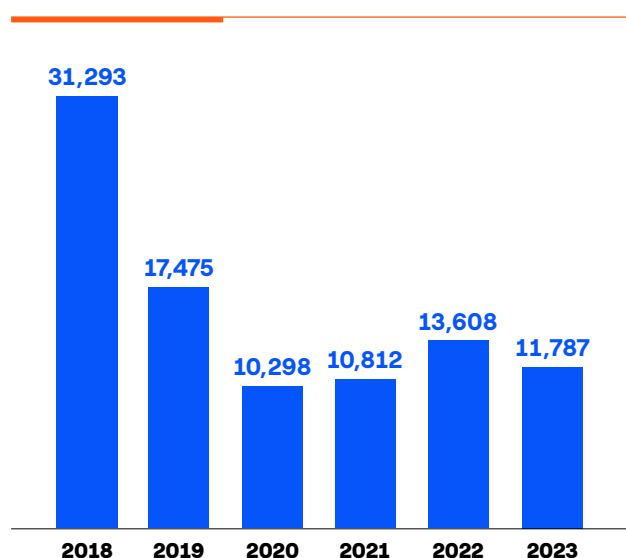
Direct and indirect greenhouse gas (GHG) emissions

Endesa works tirelessly to make progress along the path defined to become a company with completely decarbonised generation and retail supply activities by 2040, progressively increasing its ambition to achieve the

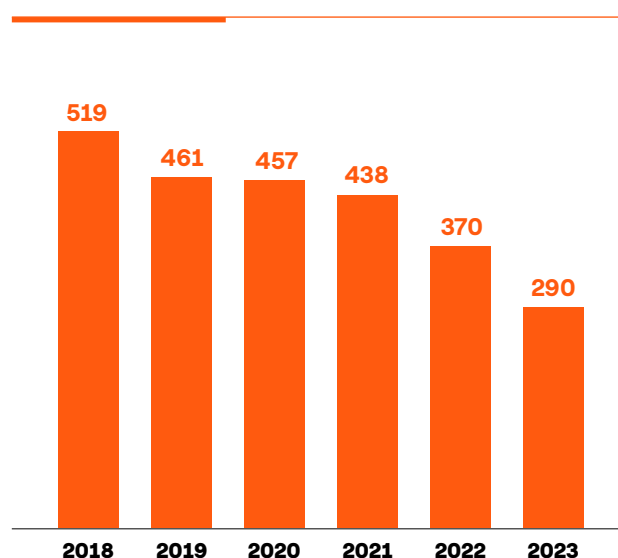
target set. Proof of this can be seen in the decrease in Endesa's greenhouse gas (GHG) emissions in recent years (67% reduction compared to 2017).

Details of emissions by year and scope are provided below:

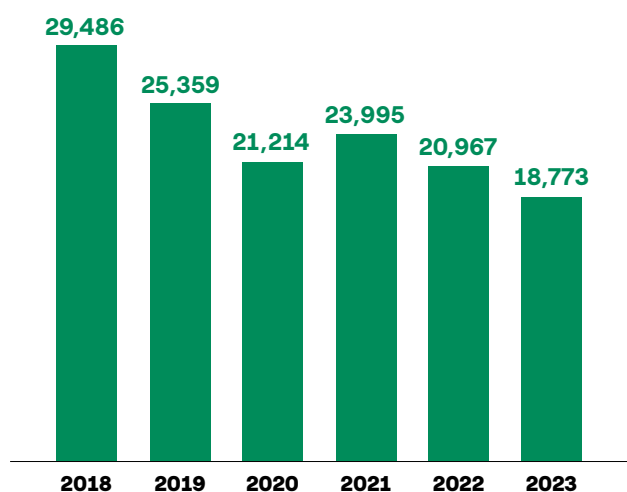
SCOPE 1 (ktCO₂e)



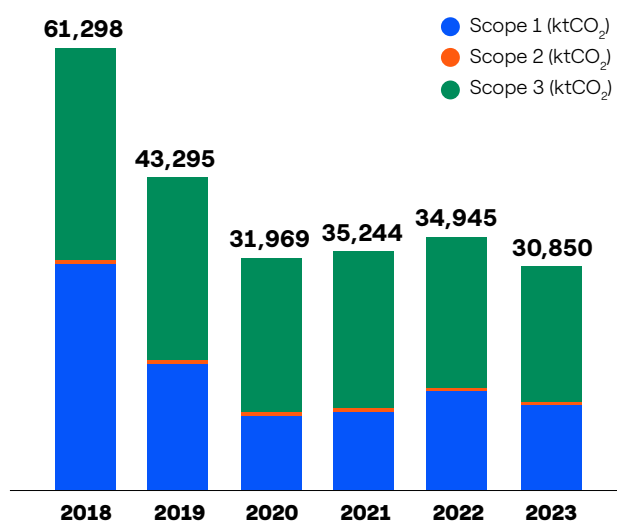
SCOPE 2 (ktCO₂e)



SCOPE 3 (ktCO₂e)



EMISSIONS EVOLUTION (ktCO₂e)



Source: The figures for 2018 to 2021 have been verified externally under the UNE EN ISO 14,064 standard. The calculation of Endesa's carbon footprint results for 2022 is in the process of verification at the date of preparation of this Consolidated Management Report. Endesa calculates and verifies its emissions pursuant to the guidelines set out in the *GHG Protocol*, focussing on applying the market-based ⁽¹⁴⁾ approach to electricity consumption, while the location-based ⁽¹⁵⁾ approach is applied to technical losses produced during electricity distribution.

Note: Carbon Footprint scope 3 emissions in 2022 and 2023 includes emissions associated with the manufacture of newly installed equipment and services provided.

In 2023, Scope 2 carbon dioxide (CO₂ (t) emissions were also calculated using a market-based approach), amounting to 665,205 tCO₂eq. and a location-based approach, amounting to 294,096 tCO₂eq.

It is important to highlight the context of the energy crisis, which began in 2021, as a result of the resumption of activity following the pandemic, which worsened in 2022 following the outbreak of the conflict between Russia and

Ukraine, exacerbated in 2023 by the drought that, for the second consecutive year, has plagued the Iberian Peninsula and a series of regulatory causes, which combined have had a major impact on the electricity generation mix. In short, this very complex context has meant electricity generation facilities have used more fossil fuels than expected.



⁽¹⁴⁾ *Market based:* calculation methodology using the emission factor of the electricity supply company.

⁽¹⁵⁾ *Location based:* calculation methodology using the emission factor of the electricity grid to which the installations are connected.

Details of the carbon footprint in 2023 and 2022 are shown below:

Scope	Activities	CO ₂ eq(t)	
		2023	2022
1	Emissions of carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O) derived from fuel consumption (coal, fuel/diesel, natural gas, biogas) to produce electricity at generation plants.	11,606,327	13,329,484
1	Fugitive emissions of methane (CH ₄) in hydroelectric generation reservoirs owned by Endesa.	78,947	154,921
1	Emissions of carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O) derived from fuel consumption in Endesa's own vehicle fleet.	4,208	3,977
1	Emissions of carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O), derived from fuel consumption in vessels chartered by Endesa to transport liquefied natural gas (LNG).	59,532	126,505
2	Emissions related to the generation of the electricity necessary to offset the technical losses caused during the distribution of electricity not generated by Endesa (location based).	289,653	387,822
2	Emissions related to the generation of the electricity necessary to offset the technical losses caused during the distribution of electricity not generated by Endesa (market based).	664,361	719,411
2	Emissions generated due to electricity consumption at non-generator centres (location based).	4,443	6,136
2	Emissions generated due to electricity consumption at non-generator centres (market based).	844	9,510
3	Emissions associated with the extraction, production and transport of fuels consumed at the company's thermal generation plants.	2,384,069	3,762,466
3	Emissions associated with the extraction, production, transport and use of marketed natural gas by the end user.	9,659,434	14,190,593
3	Emissions associated with the portion of electricity marketed that has not been generated at plants owned by Endesa.	4,988,751	2,146,673

Intensity of emissions

The intensity of the emissions associated with electricity generation is calculated from the Scope 1 emissions from the consumption of fossil fuels for the production of electricity, divided by net electricity production. The following table shows the changes in emission intensity by type.

	Emissions type	
	Absolute (tonnes CO ₂)	Specific ⁽¹⁾ (kgCO ₂ /kWh)
2021	10,512,071	0.182
2022	13,271,636	0.205
2023	11,554,438	0.192

⁽¹⁾ The intensity of the emissions associated with electricity generation is calculated from the Scope 1 emissions from the consumption of fossil fuels for the production of electricity, divided by net electricity production.

Greenhouse gas (GHG) emission reduction target

Endesa's short-, medium- and long-term reduction targets for greenhouse gas (GHG) emissions are as follows:

Time horizon	Year	Targets
Short term	2026	145g CO₂eq./kWh scope 1 generation emissions (~67% compared to 2017). 140g CO₂eq./kWh scope 1 & 3 retail supply emissions (~66% compared to 2017). 10 MtCO₂eq scope 3 retail gas supply emissions (~31% compared to 2017).
Medium term	2030	95g CO₂eq./kWh scope 1 generation emissions (~67% compared to 2017). 90g CO₂eq./kWh scope 1 & 3 retail supply emissions (~66% compared to 2017). 6.6 Mt CO₂eq scope 3 retail gas supply emissions (~31% compared to 2017).
Long term	2040	100% renewable production and departure from the retail gas business.

Endesa, having updated its Strategic Plan for the 2024–2026 period, has reasserted its commitment to the full decarbonisation of the company by 2040, structured around the growth in renewable capacity to 13,900 MW by the end of 2026, with a greater weight of wind power, absorbing 1,600 MW, and with Andorra, Pego and the 800 MW wind power in Galicia as star projects, making it possible to achieve 93% of electricity production on the Iberian Peninsula free of emissions, from 79.8% at the end of this year. The new renewable capacity that will be added to Endesa's energy mix in the period covered by the Plan will amount to 3,600 MW, with an associated investment of Euro 4,300 million.

This growth in renewables is underscored by a wide variety of projects, with 17 GW of mature projects, of which 1.4 GW has already been implemented. 54% of the portfolio is solar, 24% wind and another 19% corresponds to battery storage projects. The 2024–2026 Plan includes 200 MW of this type of storage. This is a new technology included in the previous plan relates to two large fair transition projects awarded in 2022, at Pego in Portugal and Andorra in Aragón.

9.2.2. Climate change initiatives

CDP

In 2023, more than 740 institutional investors with assets worth USD 136 trillion and more than 330 large clients with USD 6.4 trillion in purchasing volume urged companies to disclose their performance regarding environmental impacts, risks and opportunities through the Carbon Disclosure Project (CDP) platform on climate change, hydrological security and forests. That same year, more than 23,000 companies and 1,100 cities, states and regions responded to the questionnaires proposed, revealing their environmental impacts.

Since 2006, Endesa has participated in the CDP Climate Change initiative, the most prestigious climate change index, which provides global information on the management of the risks and opportunities identified by the largest companies worldwide.

In 2023, Endesa renewed its "Leadership" rating for the seventh year running.

Endesa's strategy, which is launched through its 2024–2026 Strategic Plan, responds to the current climate emergency and defines a decarbonisation path aligned with the 1.5°C objective that covers the main direct and indirect emissions. Endesa thus contributes to the goal certified by the Science Based Target initiative (SBTi) at group level for its parent company, Enel. The Company is speeding up its exit from fossil-fuel generation and gas sales to become a fully renewable electricity company with no links to technologies that produce emissions or fossil fuels.

It should also be noted that, following the SBTi methodology for the establishment of emission reduction objectives and assuming Scope 2 less than 5% of emissions (Scope 1 + 2), no reduction target has been established for Scope 2 emissions because it is not considered material. With regard to other emissions, as part of the SBTi objective certified at the level of the Enel Group, Endesa aims to become "Net Zero" by 2040. Maintaining the aspiration to achieve zero emissions, the use of neutralisation instruments would eventually be considered for emissions that have no emission-free technological solution.

Climate Projects

Endesa continues to participate in the Climate Projects led by the Spanish Climate Change Office and, for the fourth consecutive year, it obtained the Certificate of Recognition of Verified Emission Reductions from the Ministry of Ecological Transition and Demographic Challenge, after a thorough verification process for its projects in 2023.

These Climate Projects are promoted by the Ministry of Ecological Transition and Demographic Challenge, through the Carbon Fund for Sustainable Economy (FES-CO₂), with the primary objective of reducing greenhouse gas (GHG) emissions in the "non-ETS sectors" and of marking a path for transformation of the production system towards a low carbon model.

In 2023, Endesa was recognised for its verified emission reductions thanks to an activity focussed on the area of mobility.

Scope	Activities	Description
Mobility	Electric Mobility Plan for employees	• These plans offered employees the option of an electric vehicle at a lower cost for an extendable period of three years.
	Electric Mobility Plan for work vehicles	• This aimed to replace combustion vehicles used in travel for construction work at new renewable plants with 100% electric vehicles, thus reducing carbon dioxide (CO ₂) emissions.

Through participation in Climate Projects, Endesa achieved recognition for the reduction of more than 100 tonnes of carbon dioxide (CO₂) in 2023, totalling over 2,500 tonnes of carbon dioxide (CO₂) avoided since the start of recognition of the Climate Projects.

9.3. Analysis of profit/(loss)



3,777 million
euros

**GROSS OPERATING
INCOME (EBITDA) ⁽¹⁾**

-32.1% compared to
2022



1,645 million
euros

**OPERATING INCOME
(EBIT) ⁽¹⁾**

-55.4% compared to
2022



742 million
euros

**NET
PROFIT/(LOSS) ⁽¹⁾**

-70.8% compared to
2022



951 million
euros

**NET ORDINARY
INCOME ⁽¹⁾**

-60.3% compared to
2022

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

Net income attributed to the parent amounted to Euro 742 million in 2023 compared to Euro 2,541 million in the previous year (-70.8%).

Net ordinary income for 2023 amounted to Euro 951 million, down 60.3% on the previous year.

The net income for 2023 includes the following effects:

Period	Effect	References ⁽¹⁾	Impact
2023	Arbitration ruling	10.1, 16.1 and 51	▼ Euro 398 million • Recognition of an expense as a result of the arbitration award made following the review of the price of a long-term supply contract for liquefied natural gas (LNG).
	Temporary Energy Tax	6 and 10.3	▼ Euro 208 million • Recognition of the expense associated with the temporary energy levy ushered in by Law 38/2022 of 27 December.
	Workforce Restructuring Plans in relation to the Digitalisation of Processes	12 and 37.2	▼ Euro 124 million • Provisioning for workforce restructuring plans related to the digitalisation of processes in line with the commitment to improvements in efficiency, within the framework of Endesa's digital transformation.
	Impairment of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla	15.1	▼ Euro 68 million • Accounting recognition of the impairment of cash-generating units (CGUs) for the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Details of the most significant figures in Endesa's consolidated income statement for 2023 and their year-on-year changes are provided below:

Millions of Euro

	References ⁽¹⁾	Most significant figures			
		2023	2022	Difference	Chg (%)
Revenue	9	25,459	32,896	(7,437)	(22.6)
Procurements and services	10	(16,312)	(23,394)	7,082	(30.3)
Income and expenses from energy stock derivatives	11	(3,172)	(2,217)	(955)	43.1
Contribution margin ⁽²⁾		5,975	7,285	(1,310)	(18.0)
Self-constructed assets	3.2b.1 and 3.2e.3	345	335	10	3.0
Personnel expenses	12	(1,137)	(955)	(182)	19.1
Other fixed operating expenses	13	(1,423)	(1,353)	(70)	5.2
Other gains and losses	14	17	253	(236)	(93.3)
Gross operating profit (EBITDA) ⁽²⁾		3,777	5,565	(1,788)	(32.1)
Depreciation and amortisation, and impairment losses on non-financial assets	15.1	(1,864)	(1,716)	(148)	8.6
Impairment losses on financial assets.	15.2	(268)	(162)	(106)	65.4
Operating Income (EBIT) ⁽²⁾		1,645	3,687	(2,042)	(55.4)
Net financial profit/(loss) ⁽²⁾	16	(590)	(215)	(375)	174.4
Income before tax		1,065	3,487	(2,422)	(69.5)
Net income ⁽²⁾		742	2,541	(1,799)	(70.8)
Net ordinary income ⁽²⁾		951	2,398	(1,447)	(60.3)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ See definition in Section 7 of this Consolidated Management Report.

EBITDA for 2023 amounted to Euro 3,777 million (-32.1%) and includes the following effects:

Period	Effect	References ⁽¹⁾	Impact	
2023	Arbitration ruling	10.1, 16.1 and	▼ Euro 515 million	• Recognition of an expense as a result of the arbitration award made following the review of the price of a long-term supply contract for liquefied natural gas (LNG).
	Temporary Energy Tax	51	▼ Euro 208 million	• Recognition of the expense associated with the temporary energy levy ushered in by Law 38/2022 of 27 December.
	Workforce Restructuring Plans in relation to the Digitalisation of Processes	6 and 10.3	▼ Euro 165 million	• Provisioning for workforce restructuring plans related to the digitalisation of processes in line with the commitment to improvements in efficiency, within the framework of Endesa's digital transformation.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

EBIT for 2023 amounts to Euro 1,645 million and includes the following effects:

Period	Effect	References ⁽¹⁾	Impact	
2023	Impairment Non-Peninsular Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla	15.1	▼ Euro 90 million	• Accounting record of an impairment of the Cash Generating Units (CGUs) for each of the Non-Peninsular Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

9.3.1. Revenue

In 2023, revenue stood at Euro 25,459 million, down Euro by 7,437 million (-22.6%) on those obtained in 2022.

The table below presents the detail of "Revenue" in the 2023 consolidated income statement and its changes with respect to the previous year:

Millions of Euro

	References ⁽¹⁾	Revenue			
		2023	2022	Difference	Chg (%)
Revenue from sales and services	9.1	25,070	32,545	(7,475)	(23.0)
Other operating income	9.2	389	351	38	10.8
TOTAL	9	25,459	32,896	(7,437)	(22.6)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Revenue from sales and services

The table below presents the details of "Revenue from sales and services" in the 2023 consolidated income statement and the changes with respect to the previous year:

Millions of Euro

	References ⁽¹⁾	Revenue from sales and services			
		2023	2022	Difference	Chg (%)
Electricity sales		16,572	23,511	(6,939)	(29.5)
Sales to the deregulated market		12,077	14,966	(2,889)	(19.3)
Sales to the Spanish deregulated market		10,673	13,305	(2,632)	(19.8)
Sales to customers in deregulated markets outside Spain		1,404	1,661	(257)	(15.5)
Sales at regulated prices		1,623	2,985	(1,362)	(45.6)
Wholesale market sales		1,324	3,828	(2,504)	(65.4)
Compensation for Non-mainland Territories (TNP)		1,557	1,578	(21)	(1.3)
Remuneration for investment in renewable energies		(9)	154	(163)	Na
Gas sales		5,419	6,121	(702)	(11.5)
Sales to the deregulated market		5,214	5,964	(750)	(12.6)
Sales at regulated prices		205	157	48	30.6
Regulated revenue from electricity distribution		1,930	1,879	51	2.7
Verifications and Hook-Ups		32	40	(8)	(20.0)
Services rendered at facilities		47	33	14	42.4
Other sales and rendering of services		1,064	956	108	11.3
Sales related to Value Added Services		398	403	(5)	(1.2)
Proceeds due to capacity		11	17	(6)	(35.3)
Sales of other energy stocks		386	273	113	41.4
Provision of services and others		269	263	6	2.3
Lease revenue		6	5	1	20.0
TOTAL	9.1	25,070	32,545	(7,475)	(23.0)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Electricity sales to deregulated market customers

In 2023, sales in the deregulated market amounted to Euro 12,077 million (-19.3%), as follows:

Sales on the deregulated market	Variation	
Spain	▼ Euro 2,632 million (-19.8%)	• The change between both periods is due to the reduction in the unit price (-8.4%), mainly of Business to Business (B2B) indexed customers, and also a reduction in the number of total units sold (-1.5%).
Outside Spain	▼ Euro 257 million (-15.5%)	• The reduction in revenues in the Portuguese market due to the network access tariff together with the reduction in physical units sold in this country (-9.5%) led to a decline in these sales in economic terms.

Electricity sales at a regulated price

In 2023, these sales generated revenue of Euro 1,623 million, down 45.6% on 2022, as a result of both falling prices and the reduction in physical units sold (-8.5%).

Electricity sales in the wholesale market

Revenues from electricity sales to the wholesale market in 2023 amounted to Euro 1,324 million, down 65.4% year on previous year due to the trend in electricity prices during the period (-48.0%), despite the increase in physical units sold (+14.3%).

Remuneration for investment in renewable energies

To analyse the performance of this heading, consideration must be given to the fact that, in 2022, this heading included the recognition of Euro 113 million of income as a result of the reversal of the liability for adjustments due to deviation from the relative market price in relation to Standard Facilities that, by 31 December 2022, had recovered their Net Asset Value (NAV) and facilities that had stopped receiving Remuneration for Investment (Rinv) since 1 January 2023 pursuant to Order TED/741/2023, of 30 June, which updated the remuneration parameters applicable to certain electrical energy production facilities in the 2023-2025 semi-period.

Likewise, during 2023, Endesa recognised a liability of Euro 9 million for adjustments due to deviations from the market price related to Standard Facilities that, in line with the best estimate of energy market prices, will receive Remuneration for Investment (Rinv) during their regulatory useful life and abandoning the remuneration system would have significantly more adverse economic consequences than remaining in it.

Gas sales

Revenue from gas sales in 2023 totalled Euro 5,419 million, down Euro 702 million (-11.5%) on 2022, as follows:

Gas sales	Variation	
Deregulated market	▼ Euro 750 million (-12.6%)	• The change between these periods is a result, among other aspects, of the decrease in price and the net reduction in the number of customers (-6.7%) despite the increase in physical units sold (+0.3%).
Regulated price	▲ Euro 48 million (+30.6%)	• The increase in physical units sold (+73.4%) despite the decrease in the price (-67.1%) led to an increase in these sales in financial terms.

Non-Mainland Territories (TNP) – Compensation

In 2023, compensation for generation cost overruns of Non-mainland Territories (TNP) amounted to Euro 1,557 million, down Euro 21 million year on year.

The change in compensation of Non-Mainland Territories in 2023 is mainly a result of the reduction in the price of fuels on international markets; however, this has been offset to a large extent by the decrease (-48.0%) in the price on the wholesale electricity market.

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

In 2023, Endesa distributed 136,363 GWh in the Spanish market, 3.5% more than in 2022.

The regulated income from the distribution activity during the 2023 financial year amounted to Euro 1,930 million, considering the best information available on the investments put into operation during the regulatory period in force at the date of preparation of this Consolidated Management Report.

Sales of other energy stocks

Sales of other energy stocks with physical settlement increased by Euro 113 million due, mainly, to the settlement of carbon dioxide (CO₂) emission rights derivatives and guarantees of origin that must be

analysed together with the increase in purchases of these energy materials with physical settlement for an amount of Euro 228 million recognised under "Other Variable Procurements and Services" on the Consolidated Income Statement. These sales and purchases of other energy materials are performed to cover the industrial risks arising as a result of the variability of the market and the participating technologies.

Other operating income

Below are details of other operating income in 2023 and its year-on-year variation:

Millions of Euro

References ⁽¹⁾	Other operating income			
	2023	2022	Difference	Chg (%)
Charge to results of facilities transferred from customers and rights for extension connections and other liabilities from contracts with customers ^{27.2}	178	171	7	4.1
Grants released to income	96	72	24	33.3
Guarantees of Origin and other environmental certificates ⁽²⁾	78	33	45	136.4
Other allocations to profit/(loss) from grants ⁽³⁾	18	39	(21)	(53.8)
Third party compensation	27	5 ⁽⁴⁾	22	440.0
Other	88	103	(15)	(14.6)
TOTAL ^{9.2}	389	351	38	10.8

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ Relates mainly, to the guarantees of origin generated in relation to the production of energy at own facilities that make use of renewable resources.

⁽³⁾ In 2023, includes Euro 16 million in capital subsidies and Euro 2 million in operating subsidies (Euro 15 million and Euro 24 million, respectively, in 2022).

⁽⁴⁾ Includes resettlements of distribution activity registered in 2021 for Euro 29 million.

Revenue according to European Union Taxonomy

Endesa has classified the economic activities of its value chain into three categories - eligible, ineligible and non-eligible - in accordance with the European

Union Taxonomy Regulation (EU) (see Section 1.5 of this Consolidated Management Report).

The table below presents the percentage of "Revenue" in the Consolidated Income Statement for 2023 and 2022 with regard to each category of activity:

Millions of Euro

Ingresos	2023 ⁽¹⁾		2022 ⁽¹⁾	
	Amount	Percentage (%)	Amount	Percentage (%)
● Eligible-aligned activities ⁽²⁾	3,979	15.6	3,595	10.9
● Eligible-non-aligned activities	1,295	5.1	6,469	19.7
● Non-eligible activities	20,185	79.3	22,832	69.4
TOTAL	25,459	100.0	32,896	100.0

⁽¹⁾ In line with the Delegated Act on Climate Change and with the complementary Nuclear and Gas Delegated Act.

⁽²⁾ In 2023, these relate to Renewable Generation (4.8%), Retail Energy Supply (0.0%), Retail Supply of others Products and Services (1.2%) and Distribution (9.7%) (2.8%, 0.0%, 1.0% and 7.1%, respectively, in 2022).

9.3.2. Operating expenses

Operating expenses totalled Euro 23,814 million in 2023, 18.5% down year on year.

The table below presents the details of operating expenses in 2023 and their variations with respect to the previous year:

Millions of Euro

References ⁽¹⁾	Operating expenses			
	2023	2022	Difference	Chg (%)
Procurements and services	16,312	23,394	(7,082)	(30.3)
Power purchases ^{10.1}	6,944	12,901	(5,957)	(46.2)
Fuel consumption ^{10.2}	2,708	4,349	(1,641)	(37.7)
Transmission costs	3,213	3,603	(390)	(10.8)
Other variable procurements and services ^{10.3}	3,447	2,541	906	35.7
Taxes and charges	1,132	856	276	32.2
Temporary Energy Tax	208	—	208	Na
Rate for the treatment of radioactive waste	205	218	(13)	(6.0)
Street lighting / works licences	234	310	(76)	(24.5)
Nuclear charges and taxes	115	97	18	18.6
Catalonia environmental tax	138	140	(2)	(1.4)
Water tax	38	2	36	1,800.0
Other taxes and charges	194	89	105	118.0
Social Bonus discount rate	248	(2)	250	Na
Consumption of carbon dioxide (CO ₂) emission rights	925	865	60	6.9
Consumption of energy with guarantees of origin and other environmental certificates	157	109	48	44.0
Costs related to Value Added Services	194	217	(23)	(10.6)
Purchases of other energy stocks	448	220	228	103.6
Other	343	276	67	24.3
Income and expenses from energy stock derivatives ¹¹	3,172	2,217	955	43.1
Self-constructed assets ^{3.2b.1 and 3.2e.3}	(345)	(335)	(10)	3.0
Personnel expenses ¹²	1,137	955	182	19.1
Other fixed operating expenses ¹³	1,423	1,353	70	5.2
Other gains and losses ¹⁴	(17)	(253)	236	(93.3)
Depreciation and amortisation, and impairment losses on non-financial assets ^{15.1}	1,864	1,716	148	8.6
Impairment losses on financial assets. ^{15.2}	268	162	106	65.4
TOTAL	23,814	29,209	(5,395)	(18.5)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.



Procurements and services (variable costs)

Procurements and services (variable costs) totalled Euro 16,312 million in 2022, 30.3% less than in the same period of the previous year.

Procurements and Services	References ⁽¹⁾	Variation	
Power purchases	10.1 and 51	▼ Euro 5,957 million (-46.2%)	Developments mainly reflect - The decrease in electricity purchases (Euro -4,878 million), as a result of the reduction in the arithmetic average price in the wholesale electricity market (€87.1/MWh; -48.0%), partly offset by the increase of the physical units purchased (+10.9%). - The decrease in gas purchases (Euro -1,079 million) mainly due to the reduction in the average gas price (40.6 €/MWh; -67.1%), which includes the expense of Euro 515 million recognised by Endesa Generación, S.A.U. as a result of the arbitration award for the price review of a long-term contract for the supply of liquefied natural gas (LNG).
Fuel consumption	10-1	▼ Euro 1,641 million (-37.7%)	The reduction is largely due to the trend during the period in commodity prices, coupled with lower combined cycle production on the mainland (-30.3%) and in the Non-mainland Territories (TNP) (-10.7%).
Transmission costs	6	▼ Euro 390 million (-10.8%)	The change between the two years reflects the effect of the approved 40% reduction in electricity tariffs compared to those in force on 1 January 2022, in accordance with Order TED/1312/2022 of 23 December 2022.
Other variable procurements and services		▲ Euro 906 million (+35.7%)	
<i>Temporary Energy Tax</i>	6	▲ Euro 208 million	Recognition of the expense related to the new temporary energy tax introduced by Law 38/2022, of 27 December, establishing temporary levies on energy companies and financial credit institutions, creating the temporary solidarity tax on high-wealth subjects, and amending certain tax rules (see Section 9 of this Consolidated Management Report).
<i>Street lighting / works licences</i>	6	▼ Euro 76 million (-24.5%)	The decrease is mainly due to a reduction in revenues from electricity sales, both in the deregulated market and at regulated prices (-23.7%), which are the basis for the calculation of this rate.
<i>Nuclear levies and taxes</i>		▲ Euro 18 million (+18.6%)	The change in 2022 included an expense reversal of Euro 16 million, as a result of the returns signed in compliance by the tax authorities in relation to the tax on the production of nuclear fuel used and radioactive waste from the Almaraz and Trillo nuclear power plants.
<i>Water tax</i>	6	▲ Euro 36 million	The increase is due to the recognition of the expense accrued during 2023 under the provisions of Law 7/2022, of 8 April 2022, which was not due in 2022.
<i>"Bono Social" discount rate</i>	6, 10.3, 16.1 and 51	▲ Euro 250 million	- In 2023 and 2022 the accrual of the "Bono Social" (Social Bonus) is included in accordance with Royal Decree Law 6/2022, of 29 March, which considers the funding percentages established in Order TED 733/2022, of 22 July, in the amount of Euro 248 million and Euro 160 million, respectively. - Ruling 202/2022, of 21 February 2022, handed down by the Supreme Court in Appeal No. 687/2017, acknowledged the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance, with the public administrations, the Social Bonus during the whole term that the third financing system of the Social Bonus remains in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa has not passed on the financing cost to customers, hence there are robust arguments to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, by virtue of a court order handed down on 26 May 2023, the Supreme Court partially upheld the motion filed by Endesa in which it declared the right of Energía XXI Comercializadora de Referencia, S.L.U. to be paid the sum of Euro 152 million, plus the corresponding legal interest, by the government for financing the Bono Social in relation to the regulated segment of the market. On 28 July 2023, the Secretary of State for Energy notified Endesa of a Resolution dated 21 July 2023 recognising: (i) the right of Energía XXI Comercializadora de Referencia, S.L.U. to be compensated for the amounts paid to finance the Social Bonus in the amount of Euro 172 million (the principal amount of Euro 152 million plus interest of Euro 19 million, calculated up to 31 July 2023); and (ii) the right of Energía XXI Comercializadora de Referencia S.L.U. to be compensated for its role in managing the Social Bonus in the amount of Euro 6 million, plus interest of Euro 1 million; but not recognising (iii) any compensation in respect of the cost of funding the Social Bonus associated with the consumers supplied by Endesa Energía, S.A.U. On 18 September 2023, Endesa submitted a written pleading to the Supreme Court, accompanied by the corresponding expert reports, to reliably show that Endesa has not passed on the cost of financing the associated social bonus to customers in the unregulated segment of the retail supply market and that, consequently, it is entitled to full compensation.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Procurements and Services	References ⁽¹⁾	Variation	
"Bono Social" discount rate	6, 10.3, 16.1 and 51	▲ Euro 250 million	In 2022, this caption also included the recognition of Euro 18 million in revenue due to the reversal of the due and payable amounts under Settlement 12 for financial year 2021, which was not ultimately issued by the Spanish Markets and Competition Commission (CNMC), in relation to the financing and cofinancing of the Social Bonus with the public administrations as a result of the Supreme Court Ruling 202/2022, of 21 February 2022, as handed down under Appeal 687/2017. This ruling confirmed the non-applicability of the Social Bonus financing system and the cost of supplying electricity for consumers at risk of social exclusion set forth in Article 45(4) of Law 24/2013, of 26 December, on the grounds that they are incompatible with Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity.
Consumption of carbon dioxide (CO ₂) emission allowances		▲ Euro 60 million (+6.9%)	The performance reflects the increase in the average price of carbon dioxide (CO₂) emission allowances (83.5 €/t; +3.3%), despite the decrease in tonnes (-13.6%) due to the decrease in production using emitting technologies.
Consumption of energy with guarantees of origin and other environmental certificates		▲ Euro 48 million (+44.0%)	The variation between the periods is due to changes in the average price of guarantees of origin (+6.0%), together with increased consumption of these guarantees as the Company looks to focus on the generation and supply of electricity from renewable energies.
Purchases of other energy commodities		▲ Euro 228 million (+103.6%)	Movements in these costs are analysed together with sales of other energy commodities (see Section 9.3.1 of this Consolidated Management Report).

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Income and expenses from energy stock derivatives

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

Millions of Euro

	References ⁽¹⁾	2023	2022	Difference	Chg (%)
Revenue	41.5				
Revenue from derivatives designated as hedging instruments		1,153	3,592	(2,439)	(67.9)
Revenue from cash flow hedging derivatives ⁽²⁾		1,153	3,592	(2,439)	(67.9)
Income from derivatives at fair value with changes in profit/loss		1,936	5,773	(3,837)	(66.5)
Revenue from fair value derivatives recognised in the income statement		1,936	5,773	(3,837)	(66.5)
Total revenue		3,089	9,365	(6,276)	(67.0)
Expenses	41.5				
Expenses from derivatives designated as hedging instruments		(2,817)	(5,058)	2,241	(44.3)
Expenses from cash flow hedging derivatives ⁽²⁾		(2,817)	(5,058)	2,241	(44.3)
Expenses from derivatives at fair value with changes in profit/loss		(3,444)	(6,524)	3,080	(47.2)
Expenses from fair value derivatives recognised in the income statement		(3,444)	(6,524)	3,080	(47.2)
Total expenses		(6,261)	(11,582)	5,321	(45.9)
TOTAL	11	(3,172)	(2,217)	(955)	43.1

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ At 31 December 2023, this included Euro 200 million, positive, corresponding to the impact on the income statement due to ineffectiveness (negative Euro 293 million net, at 31 December 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 enables it to manage such risks without the business being exposed to changes in spot prices (see Section 6.4 of this Consolidated Management Report).

In 2023, total *"Income and expenses from energy stock derivatives"* amounted to a negative Euro 3,172 million, compared to a negative Euro 2,217 million in the same

period of the previous year. This was due to the evolution of the valuation and settlement of electricity and, fundamentally, gas derivatives as a result of the price volatility of the energy markets that took place in 2022, during which derivatives were contracted and settled in 2023 (see Section 5.2 of this Consolidated Management Report).

Fixed operating expenses

Below are details of other fixed operating expenses in 2023 and their year-on-year variation:

Millions of Euro

	References ⁽¹⁾	Costes Fijos de Explotación			
		2023	2022	Diferencia	% Var.
Self-constructed assets	3.2b.1 and 3.2e.3	(345)	(335)	(10)	3.0
Personnel expenses	12	1,137	955	182	19.1
Other fixed operating expenses	13	1,423	1,353	70	5.2
TOTAL		2,215	1,973	242	12.3

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

In 2023, fixed operating costs amounted to Euro 2,215 million, an increase of Euro 242 million (+12.3%), in comparison with 2022, as a result, inter alia, of:

Fixed operating expenses	References ⁽¹⁾	Variation	
Workforce restructuring plans	12 and 37.2	▲ Euro 170 million	- A provision of Euro 165 million (Euro 124 million, net of tax effect) in 2023, in line with Endesa's commitment to efficiency improvements, within the framework of the digital transformation that Endesa has been undertaking for years. This includes the departure of a maximum of 201 employees affected by process digitalisation (see Section 9.3.6. of this Consolidated Management Report). - The update of the provisions for workforce restructuring plans in force had a negative impact of Euro 5 million.
Other personnel expenses/ employee benefits expense	12	▲ Euro 9 million (+4.5%)	The increase is largely due to higher Social Security expenses pursuant to Order PCM/74/2023, of 30 January, which sets the contribution rate for common contingencies at 28.9% (28.3% in 2022).
Wages and salaries		▲ Euro 8 million (+1.1%)	Higher personnel costs mainly due to the effects of inflation.
Repairs and maintenance	13	▲ Euro 24 million (+7.8%)	The increase is mainly due to higher maintenance costs of fuel plants in the non-mainland territories (TNP) amounting to Euro 12 million and higher expenses due to increased inspection activity and breakdowns of medium and low voltage electricity distribution facilities amounting to Euro 10 million.
Taxes and charges		▲ Euro 9 million (+8.2%)	The increase is due, inter alia, to the higher expense on Property Tax (IBI) (Euro 6 million) resulting from the increase in wind farms and photovoltaic plants in operation, in line with the growth of renewable generation facilities envisioned in Endesa's Strategic Plan.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Other fixed operating expenses according to European Union Taxonomy

Endesa has classified the economic activities of its value chain into three categories – eligible aligned, eligible non-aligned and ineligible – in accordance with the European Union Taxonomy Regulation (EU) (see Section 1.5 of this Consolidated Management Report).

The following is a presentation of the percentage of costs included under the heading “Other Fixed Operating Expenses” in the Consolidated Income Statement for 2022 and 2023, considered susceptible to classification in the categories of activities in accordance with European Union Taxonomy Regulations. These costs correspond mainly to Repairs and Maintenance, as well as Insurance Premiums:

Millions of Euro

Other fixed operating expenses	2023 ⁽¹⁾		2022 ⁽¹⁾	
	Amount	Percentage (%)	Amount	Percentage (%)
● Eligible-aligned activities ⁽²⁾	161	46.0	134	41.4
● Eligible-non-aligned activities	28	8.1	59	18.2
● Non-eligible activities	161	45.9	131	40.4
TOTAL	350	100.0	324	100.0

⁽¹⁾ In line with the Delegated Act on Climate Change and with the complementary Nuclear and Gas Delegated Act.

⁽²⁾ In 2023, these relate to Renewable Generation (15.7%), Retail Energy Supply (0.0%), Marketing of others Products and Services (0.3%) and Distribution (30.0%) (12.0%, 0.0%, 0.6% and 28.7%, respectively, in 2022).

Other gains and losses

The main items in 2023 and 2022 were as follows:

Millions of Euro

References ⁽¹⁾	Other gains and losses			
	2023	2022	Difference	Chg (%)
Disposals of investments in Group companies and other	—	239	(239)	(100.0)
Holding of 51% of Endesa X Way, S.L. 7.2, 14, 26 and 47.1	—	121 ⁽²⁾	(121)	Na
Results recognised as a consequence of the loss of control of Endesa X Way, S.L. 26	—	117 ⁽²⁾	(117)	Na
Other 7.2, 14 and 26	—	1	(1)	(100.0)
Non-current asset disposals	17	14	3	21.4
Land adjoining the Foix thermal power plant (Barcelona)	6	—	6	Na
Land located in Alcudia (Balearic Islands)	—	13 ⁽³⁾	(13)	Na
Land located in Granada, Malaga and Teruel of the Generation and Retail Supply Business	6	—	6	Na
Other ⁽⁴⁾	5	1	4	400.0
TOTAL 14	17	253	(236)	(93.3)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ Euro 182 million net of tax effect.

⁽³⁾ Euro 10 million net of tax effect.

⁽⁴⁾ Relates to gross capital gains generated by the sale of land and real estate.

Endesa X Way, S.L.

In 2022, Endesa X Servicios, S.L.U. sold 51% of its stake in Endesa X Way, S.L., to Enel X Way, S.r.l. (company of the Enel Group, parent of the electric mobility business), amounting to Euro 122 million, generating a gross capital gain of Euro 121 million.

For Endesa, the sale meant the loss of control over Endesa X Way, S.L. As a result, the stake retained in that company was recognised at fair value, leading to the recognition of a gross gain of Euro 117 million.

Gross operating income (EBITDA) according to the European Union (EU) Taxonomy

The following is a presentation of the percentage of the heading "Gross operating income (EBITDA)" in the Consolidated Income Statement for 2023 and 2022

corresponding to each category of activities under the European Union (EU) Taxonomy Regulations (see Section 1.5 of this Consolidated Management Report):

Millions of Euro

Gross operating income (EBITDA)	2023 ⁽¹⁾		2022 ⁽¹⁾	
	Amount	Percentage (%)	Amount	Percentage (%)
● Eligible-aligned activities ⁽²⁾	2,639	69.9	2,667	47.9
● Eligible-non-aligned activities	260	6.9	650	11.7
● Non-eligible activities	878	23.2	2,248	40.4
TOTAL	3,777	100.0	5,565	100.0

⁽¹⁾ In line with the Delegated Act on Climate Change and with the complementary Nuclear and Gas Delegated Act.

⁽²⁾ In 2023, these relate to Renewable Generation (21.7%), Retail Energy Supply (0.0%), Marketing of others Products and Services (2.2%) and Distribution (46.0%) (11.4%, 0.0%, 6.0% and 30.6%, respectively, in 2022).

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

During 2023 and 2022, the details of this consolidated income statement heading were as follows:

Millions of Euro

Depreciation and amortisation, and impairment losses					
	References ⁽¹⁾	2023	2022	Difference	Chg (%)
DEPRECIATION AND AMORTISATION	8.2.1	1,768	1,653	115	7.0
Provision for the depreciation of property, plant and equipment	20	1,418	1,334	84	6.3
Provision for amortisation of intangible assets	23	350	319	31	9.7
IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS		96	63	33	52.4
Provision for impairment losses	8.2.1	116	98	18	18.4
Provision for impairment losses on property, plant and equipment and investment property		95	95	—	—
Mainland coal-fired thermal power plants(2)	3.2f.4 and 20	1	33	(32)	(97.0)
Cash generating units (CGUs) in Non-mainland Territories (TNP)(3)	3.2f.4 and 20	90	60	30	50.0
Wind farm and photovoltaic plant projects		4(4)	2	2	100.0
Provision for impairment losses on intangible assets	8.2.1 and 23	21	3	18	600.0
Wind farm and photovoltaic plant projects		21(4)	1	20	2,000.0
Other intangible assets		—	2	(2)	(100.0)
Reversal of impairment losses	8.2.1	(20)	(35)	15	(42.9)
Reversal of impairment losses on property, plant and equipment and investment property		(18)	(35)	17	(48.6)
Mainland coal-fired thermal power plants(2)	3.2f.4 and 20	(7)	(5)	(2)	40.0
Cash generating units (CGUs) in Non-mainland Territories (TNP)(3)	3.2f.4 and 20	—	(24)	24	(100.0)
Other property, plant and equipment and investment property(5)	22	(11)	(6)	(5)	83.3
Reversal of impairment losses on intangible assets	23	(2)	—	(2)	Na
Wind farm and photovoltaic plant projects		(2) ⁽⁴⁾	—	(2)	Na
TOTAL	15.1	1,864	1,716	148	8.6

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ Includes the reversal of impairment losses on the Los Barrios Port Terminal (Cádiz) amounting to Euro 7 million (Euro 30 million, Euro 22 million net of tax effect, of impairment losses in 2022).

⁽³⁾ Euro 68 million and Euro 27 million net of tax effect, respectively.

⁽⁴⁾ Euro 17 million net of tax effect.

⁽⁵⁾ Includes the reversal of impairment losses on the property where the former headquarters of Gas y Electricidad Generación, S.A.U. and its annexed land located in Palma de Mallorca were located in the amount of Euro 10 million (Euro 6 million in 2022).

"Depreciation and amortisation, and impairment losses on non-financial assets" in 2023 totalled Euro 1,864 million, up Euro 148 million (+8.6%) on the previous year, as a result mainly of the following aspects:

Depreciation and amortisation, and impairment losses on non-financial assets	References ⁽¹⁾	Variation	
Depreciation and Amortisation Expense		▲ Euro 115 million (+7.0%)	The increase in depreciation and amortisation corresponds in part to the investment effort in renewable electricity-production systems and facilities and electricity distribution, in line with the Strategic Plan, and the commercial drive, which has increased capitalisation of the incremental costs incurred in winning contracts with customers.
Cash generating units (CGUs) for each of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla.	3.2f), 6 and 15.1	▲ Euro 54 million (+150.0%)	In 2023 and 2022, an impairment of the Cash Generating Units (CGUs) for each of the non-mainland territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla was recognised in order to adjust the carrying amount of these assets to their recoverable amount of Euro 90 million and Euro 36 million, respectively (see Section 9.3.6 of this Consolidated Management Report). The impairment charge recorded in 2023 and 2022 is a result, mainly, of the change in the discount rate used to calculate the recoverable amount of these assets, in line with the European Central Bank's interest rate hikes during both years. Additionally, in fiscal year 2022, in the Balearic Islands Cash Generating Unit (CGU) a reversal of impairment losses was recorded due to the improvement in working capital flows, which offset the negative effect of the increase in the discount rate.
Wind farm and photovoltaic plant projects	3.2f) and 15.1	▲ Euro 20 million	Recognition, in 2023 and 2022, of an impairment charge for several wind farm and photovoltaic plant projects owned by Enel Green Power España, S.L.U. and subsidiaries of the renewables business, net amounting to Euro 23 million and Euro 3 million, respectively, mainly as a result of receiving an adverse Environmental Impact Statement.
Los Barrios port terminal in Cádiz)	3.2f) and 15.1	▼ Euro 37 million	Recognition in 2023 of a reversal of the impairment of the Los Barrios Port Terminal (Cádiz) in the amount of Euro 7 million as a result of an application for an extension of the concession.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Impairment losses on financial assets

During 2023 and 2022, the details of this consolidated income statement heading were as follows:

Millions of Euro

	References ⁽¹⁾	2023	2022	Difference	Chg (%)
Provision for impairment losses	8.2.1 and 41.1.3	446	381	65	17.1
Provision for impairment losses on receivables from contracts with customers		440	381	59	15.5
Provision for impairment losses on other financial assets		6	—	6	Na
Reversal of impairment losses	8.2.1 and 41.1.3	(178)	(219)	41	(18.7)
Reversal of impairment losses on receivables from contracts with customers		(176)	(218)	42	(19.3)
Reversal of impairment losses on other financial assets		(2)	(1)	(1)	100.0
TOTAL	15.2	268	162	106	65.4

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

In 2023, net impairment losses on financial assets amounted to Euro 268 million, relating mainly 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	▲ 134 million euros	• Further provisions were recognised due to the deterioration in collections from residential and business-to-business (B2B) customers.
Distribution	▼ 28 million euros	• In fiscal year 2023, the payment behaviour of small energy trading companies, which worsened substantially in fiscal year 2022 as a result of the energy crisis arising from the Russia-Ukraine conflict, has been normalized.

9.3.3. Net financial profit/(loss)

The Group reported net financial profit/(loss) of Euro 590 million and Euro 215 million in 2023 and 2022, respectively. The table below presents the details of net financial profit/(loss) in 2023 and its variations with respect to the previous year:

Millions of Euro

	References ⁽¹⁾	Net financial profit/(loss) ⁽²⁾			
		2023	2022	Difference	Chg (%)
Net financial loss		(611)	(192)	(419)	218.2
Financial income		38	236	(198)	(83.9)
Financial expense		(705)	(343)	(362)	105.5
Income and expenses on derivative financial instruments		56	(85)	141	(165.9)
Net exchange differences		21	(23)	44	(191.3)
TOTAL	16	(590)	(215)	(375)	174.4

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ See definition in Section 7 of this Consolidated Management Report.

Net financial loss

In 2023, the net financial loss amounted to Euro 611 million, up Euro 419 million on the same period in the previous year.

The following effects should be considered when analysing the net financial loss in 2023:

Millions of Euro

	Net financial loss ⁽¹⁾			
	2023	2022	Difference	Chg (%)
Net expense for financial instruments at amortised cost	(491)	(235)	(256)	108.9
Updating of provisions for workforce restructuring plans, dismantling of facilities and impairment of financial assets in accordance with IFRS 9 – Financial Instruments	(79)	43	(122)	(283.7)
Late-payment interest under the Social Bonus ruling	4	16	(12)	(75.0)
Interest on arrears, arbitral award	(15)	–	(15)	Na
Factoring transaction fees	(49)	(41)	(8)	19.5
Other	19	25	(6)	(24.0)
TOTAL	(611)	(192)	(419)	218.2

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

The performance of these costs in 2023 was:

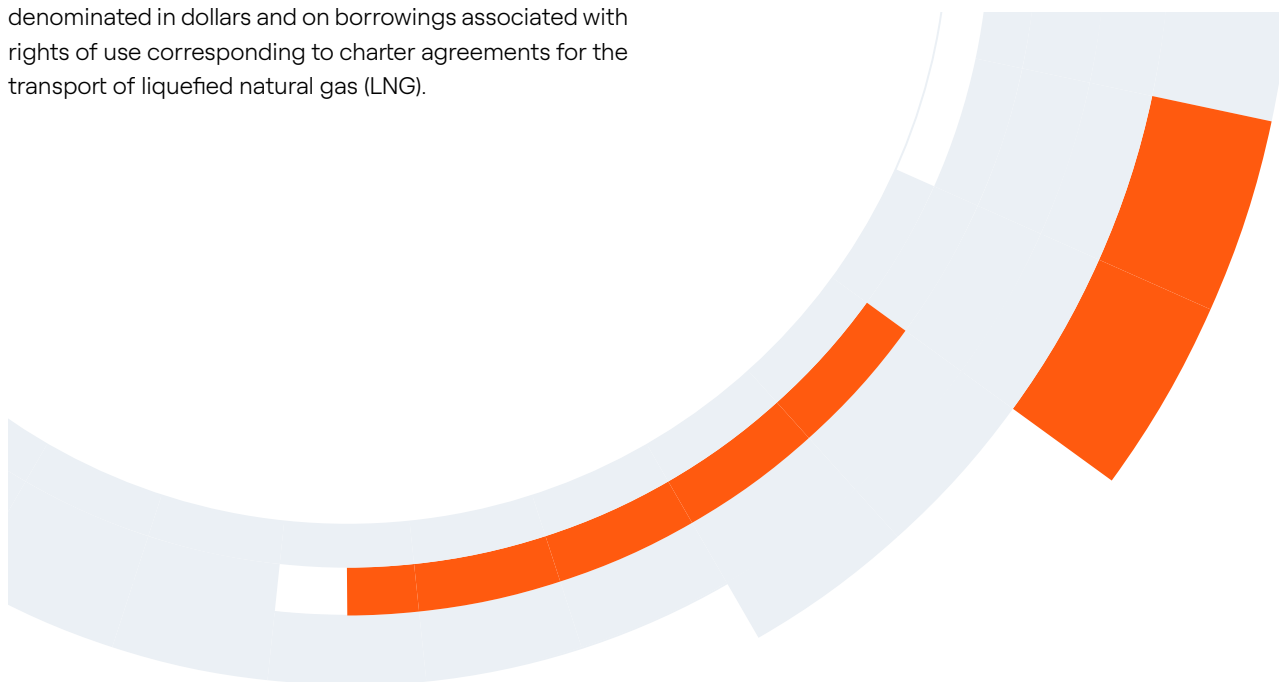
Net financial loss	References ⁽¹⁾	Variation	
Net expense in respect of financial liabilities at amortised cost		▲ Euro 256 million (+108.9%)	The net financial expense increased significantly due to the higher cost of gross financial debt, which increased from 1.4% in 2022 to 3.2% in 2023. This is a consequence of interest rate increases, despite the decrease in average gross financial debt, which has evolved from Euro 16,442 million in 2022 to Euro 15,373 million in 2023 (see Section 10.2 of the Consolidated Management Report for the year ended 31 December 2023).
Provisions for workforce restructuring plans, dismantling and the impairment of financial assets (IFRS 9)		▲ Euro 122 million (+283.7%)	The change is largely due to the increased expense caused by the update of provisions for workforce restructuring plans (Euro 33 million) and estimates of the costs of dismantling facilities (Euro 50 million) as a result of interest rate hikes.
Late-payment interest Social Bonus ruling	6, 16.1 and 51	▼ Euro 12 million (-75.0%)	In 2023 and 2022, the Company recognised Euro 4 million and Euro 16 million, respectively, in late-payment interest as a result of the acknowledgement of the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers.
Interest on arrears, arbitral award	16.1, 51	▲ Euro 15 million	In 2023, Euro 15 million of late payment interest was recognised as a result of the acknowledgement of the arbitral award for the price review of a long-term liquefied natural gas (LNG) supply contract.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Net exchange differences

Net exchange differences yielded a gain of Euro 21 million in 2023 (net exchange losses of Euro 23 million in 2022).

The change is due mainly to the fluctuations in the EUR/USD exchange rate over the course of 2023 and the resulting impact on payments under contracts denominated in dollars and on borrowings associated with rights of use corresponding to charter agreements for the transport of liquefied natural gas (LNG).



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

In 2023 and 2022, the net income of the companies accounted for using the equity method amounted to Euro 10 million and Euro 15 million, respectively, as follows:

Millions of Euro

References ⁽¹⁾	Net profit/(loss) of companies accounted for using the equity method	
	2023	2022
Associates	(8)	13
Energías Especiales del Bierzo, S.A.	2	4
Gorona del Viento El Hierro, S.A.	(6)	1
Compañía Eólica Tierras Altas, S.A.	1	3
Endesa X Way, S.L.	(4)	(4)
Boiro Energía, S.A.	—	2
Other	(1)	7
Joint Ventures	18	2
Front Marítim del Besòs, S.L.	(2)	(2)
Nuclenor, S.A.	4	(7)
Énergie Électrique de Tahaddart, S.A.	3	2
Suministradora Eléctrica de Cádiz, S.A.	3	4
Other	10	5
TOTAL	10	15

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

Gorona del Viento El Hierro, S.A.

In 2023 the result of the 23.2% holding in Gorona del Viento El Hierro, S.A., amounting to a negative Euro 6 million, mainly reflects the losses associated with the reduction in the remuneration for the power guarantee received by this Company, based on the update of the annual standard operating hours of the hydro-wind power plant, approved by the Directorate General for Energy Policy and Mines.

Nuclenor, S.A.

On 17 July 2023, Order TED/796/2023, of 13th July, was issued, authorising the dismantling of the Santa María de Garoña Nuclear Power Plant and the transfer of ownership from Nuclenor, S.A. to Empresa Nacional de Residuos Radiactivos, S.A., S.M.E. (Enresa), which has meant that the activity of this Company has been modified to focus on offering Enresa assistance services in the operation, maintenance, dismantling and decommissioning of the facility. This has involved, inter alia, the recognition of these services rendered to Enresa in the transfer and during the dismantling phase of the plant, and a partial reversal of the additional costs that the Company had estimated it would incur in previous periods to meet its future commitments to third parties and serving and retired employees for Euro 4 million, positive.

9.3.5. Income tax

In 2023, income tax expense amounted to Euro 303 million, a decrease of Euro 588 million (-66.0%) compared with the amount recorded in 2022 (see Note 18 to the Consolidated Financial Statements for the year ended 31 December 2023). The effective tax rate for 2023 is 28.5% (25.6% in 2022) as a result of, among other things, the non-deductible expense related to the temporary energy tax of Euro 208 million and

the limitation of the dividend exemption effective as of 1 January 2021 in the amount of Euro 18 million, partially offset by the realisation of tax credits and deductions taken to income in the total amount of Euro 39 million.

Stripping out the effects described in the previous paragraphs, the effective tax rate for the 2023 period was 25.6%.

9.3.6. Net income and net ordinary income

Net income attributable to the Parent in 2023 amounted to Euro 742 million, a decrease of Euro 1,799 million (-70.8%) from 2022.

Net ordinary income attributable to the Parent in 2023 amounted to Euro 951 million (-60.3%), as follows:

Millions of Euro

	Sections	2023	2022	Difference	Chg (%)
Net income ⁽¹⁾		742	2,541	(1,799)	(70.8)
Net gain/(loss) on disposal of non-financial assets ⁽²⁾	9.3.2	—	(192)	192	(100.0)
Stake of 51% and profit/(loss) recognised due to the loss of control of Endesa X Way, S.L.		—	(182)	182	(100.0)
Land located in Alcudia (Balearic Islands)		—	(10)	10	(100.0)
Net impairment losses on non-financial assets ⁽²⁾	9.3.2	85	49	36	73.5
Mainland coal-fired thermal power plants		—	22	(22)	(100.0)
Cash-Generating Units (CGUs) in Non-mainland Territories (TNP)		68	27	41	151.9
Wind farm and photovoltaic plant projects		17	—	17	Na
Initial net expenses of personnel expenses due to workforce restructuring plans relating to the Decarbonisation Plan and the digitalisation of processes	9.2.2	124	—	124	Na
Net ordinary income ⁽¹⁾		951	2,398	(1,447)	(60.3)

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

⁽²⁾ Above Euro 10 million.

9.4. Value created for stakeholders

The economic value generated and distributed by Endesa in 2023 and 2022 was as follows:

Millions of Euro

	References ⁽¹⁾	Sections	2023	2022	Difference	Chg (%)
Direct economic value generated ⁽²⁾			22,352	31,183	(8,831)	(28.3)
Revenue from sales and services	9.1	9.3.1	25,070	32,545	(7,475)	(23.0)
Other operating income	9.2	9.3.1	389	351	38	10.8
Net profit/(loss) of companies accounted for using the equity method	17 and 26.1	9.3.4	10	15	(5)	(33.3)
Income and expenses from energy stock derivatives	11	9.3.2	(3,172)	(2,217)	(955)	43.1
Other gains/losses and finance income	14 and 16.1	9.3.2	55	489	(434)	(88.8)
Financial income			38	236	(198)	(83.9)
Other gains and losses			17	253	(236)	(93.3)
Economic value distributed to: ⁽²⁾			(20,899)	(28,717)	7,818	(27.2)
Shareholders		19.2	(1,059)	(1,679)	620	(36.9)
Companies: Customers, suppliers and contractors			(16,484)	(23,781)	7,297	(30.7)
Power purchases	10.1	9.3.2	(6,944)	(12,901)	5,957	(46.2)
Fuel consumption	10.2	9.3.2	(2,708)	(4,349)	1,641	(37.7)
Transmission costs		9.3.2	(3,213)	(3,603)	390	(10.8)
Other variable procurements and services	10.3	9.3.2	(3,447)	(2,541)	(906)	35.7
(Taxes and charges in variable procurements)	10.3		1,132	856	276	32.2
Other fixed operating expenses	13	9.3.2	(1,423)	(1,353)	(70)	5.2
(Taxes and charges in fixed costs)	13		119	110	9	8.2
Employees	12	9.3.2	(1,137)	(955)	(182)	19.1
Public authorities ⁽²⁾			(1,554)	(1,857)	303	(16.3)
Income tax	18	9.3.5	(303)	(891)	588	(66.0)
Taxes and charges	10.3 and 13		(1,251)	(966)	(285)	29.5
Investment in social development ⁽³⁾			(16)	(17)	1	(5.9)
Financial community	16	9.3.3	(649)	(428)	(221)	51.6
Financial expense			(705)	(343)	(362)	105.5
Income and expenses on derivative financial instruments			56	(85)	141	(165.9)
Economic value retained ⁽²⁾			1,453	2,466	(1,013)	(41.1)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ See definition in Section 7 of this Consolidated Management Report.

⁽³⁾ Calculated in accordance with the "London Benchmarking Group" (LBG) methodology.

10. BALANCE SHEET AND FINANCIAL ANALYSIS

10.1. Net invested capital and financing

Below are the details of the breakdown and changes in Endesa's net capital invested at 31 December 2023 and 31 December 2022:

Millions of Euro

	References ⁽¹⁾	31 December 2023	31 December 2022	Difference
Net non-current assets:				
Property, plant and equipment and intangible assets	20 and 23	24,485	23,974	511
Goodwill	24	462	462	—
Investments accounted for using the equity method	26	273	274	(1)
Other net non-current assets/(liabilities)		(3,767)	(5,454)	1,687
Total net non-current assets ⁽²⁾		21,453	19,256	2,197
Net working capital:				
Trade receivables for sales and services and other receivables	32	4,912	5,472	(560)
Inventories	31	2,060	2,122	(62)
Other net current assets/(liabilities)		(642)	(1,066)	424
Suppliers and other payables	40	(6,242)	(6,219)	(23)
Total net working capital ⁽²⁾		88	309	(221)
Gross invested capital ⁽²⁾		21,541	19,565	1,976
Deferred tax assets and liabilities and provisions:				
Provisions for pensions and other similar obligations	371	(268)	(278)	10
Other provisions	373	(3,964)	(3,922)	(42)
Deferred tax assets and liabilities	25	300	1,235	(935)
Total deferred tax assets and liabilities and provisions		(3,932)	(2,965)	(967)
Non-current assets classified as held for sale and discontinued operations		—	27	(27)
Net invested capital ⁽²⁾		17,609	16,627	982
Equity ⁽³⁾	35	7,204	5,758	1,446
Net Financial Debt ⁽²⁾⁽⁴⁾	41.3	10,405	10,869	(464)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ See definition in Section 7 of this Consolidated Management Report.

⁽³⁾ See Section 10.3 of this Consolidated Management Report.

⁽⁴⁾ See Section 10.2 of this Consolidated Management Report.

At 31 December 2023, gross invested capital stood at Euro 21,541 million. The changes from 2023 include, inter alia, those listed below:

Heading	References ⁽¹⁾	Variation	
Derivative financial asset instruments	44	▼ Euro 1,849 million (-48.9%)	• The variation between both periods is the consequence, inter alia, of the changes in the valuation of electricity derivatives and, mainly, of gas derivatives, as a result of the climate of energy markets in 2022, of the impact of the conflict between Russia and Ukraine on the main European gas market which, in turn, affected electricity prices very considerably.
Derivative financial liability instruments		▼ Euro 5,181 million (-70.0%)	
Trade payables and other current liabilities: Interim dividend	40	▲ Euro 529 million	• The Endesa, S.A. interim dividend was paid out on 2 January 2024.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

At 31 December 2023, net invested capital amounted to Euro 17,609 million and its changes in 2023 include, first, the variation in gross invested capital, amounting to Euro 1,976 million and, secondly, the aspects detailed below:

Heading	References ⁽¹⁾	Variation	
Deferred tax assets and liabilities	25	▼ Euro 935 million (-75.7%)	• The reduction is mainly due to the change in the heading "Valuation adjustments" included in equity, which includes, among others, the fair value of derivative transactions for cash flow hedging.
Non-current assets classified as held for sale and discontinued operations	7.2 and 3.4	▼ 27 Euro 27 million	• On 24 November 2023 the 45% stake in Tecnatom, S.A. was sold to Westinghouse Electric Spain, S.A.U. for Euro 27 million. No gain or loss arose on the transaction.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

10.2. Financial management

10.2.1. Financial position

Financial markets during 2023 continued to be driven by interest rate hikes by central banks to control inflation levels. In the last weeks of the year, however, the major central banks began to convey messages that monetary policy could be in the final stages of its hiking cycle, with the caveat that rates could remain at high levels for an extended time frame.

On the inflation front, there was a broad slowdown in the headline rate, although core inflation remains high. Euro area headline inflation eased during the year to 2.9% by

December 2023, thus moving closer to the European Central Bank's (ECB) target of 2%. Core inflation (ex energy and unprocessed food) also cooled off more than expected. It stood at 3.4% at the end of 2023.

In the foreign exchange market, the euro appreciated by 3.5% against the US dollar (USD) during 2023, bringing the year-end 2023 euro/US dollar (EUR/USD) exchange rate to 1,1047. The euro also depreciated by 2.3% against the pound sterling, with the EUR/GBP exchange rate standing at 0,8665 at 31 December 2023.

Borrowings

At 31 December 2023, Endesa's net financial debt amounted to Euro 10,405 million, down Euro 464 million (-4.3%) compared to 31 December 2022.

At 31 December 2023 and 2022, the reconciliation of Endesa's gross and net financial debt was as follows:

Millions of Euro

	References ⁽¹⁾	Reconciliation of borrowings			
		31 December 2023	31 December 2022	Difference	Chg (%)
Non-current borrowings	41.3	9,636	11,704	(2,068)	(17.7)
Current borrowings	41.3	4,091	6,784	(2,693)	(39.7)
Gross Financial Debt		13,727	18,488	(4,761)	(25.8)
Debt derivatives recognised as financial assets	44	61	87	(26)	(29.9)
Cash and cash equivalents	33	(2,106)	(871)	(1,235)	141.8
Debt derivatives recognised as assets	44	(57)	(111)	54	(48.6)
Financial guarantees recognised as assets	28.1 and 30	(1,220)	(6,724)	5,504	(81.9)
Net financial debt		10,405	10,869	(464)	(4.3)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

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

Gross financial debt	Variation	
Financial guarantees recognised as assets	▼ Euro 5,504 million (-81.9%)	In 2023, there was a decrease in financial deposits tied up as a result of transactions in organised markets in which Endesa arranges its derivative financial instruments, given that the liquidity requirements generated by the hedging portfolio in these markets have fallen owing to the gradual rotation of positions and the decrease in the prices of energy stocks, mainly gas, which has effectively reduced the level of financing needed to meet the costs of those deposits.
Dividends	▲ Euro 1,678 million	On 3 July 2023, Endesa, S.A. paid its shareholders a dividend amounting to Euro 1,5854 gross per share (see Section 19.2 of this Consolidated Management Report).



Structure

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

Millions of Euro

Estructura de la Deuda Financiera Bruta				
	31 de diciembre de 2023	31 de diciembre de 2022	Diferencia	% Var.
Euro	13,586	18,307	(4,721)	(25.8)
US dollar (USD)	141	181	(40)	(22.1)
TOTAL	13,727	18,488	(4,761)	(25.8)
Fixed interest rate	9,771	7,190	2,581	35.9
Floating interest rate	3,956	11,298	(7,342)	(65.0)
TOTAL	13,727	18,488	(4,761)	(25.8)
Sustainable financing ⁽¹⁾	67	64	—	—
Average life (no. of years) ⁽¹⁾	4.0	3.2	—	—
Average cost (%) ⁽¹⁾	3.2	1.4	—	—

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

At 31 December 2023, 71% of the gross financial debt accrued interest at fixed rates, while the remaining 29% accrued interest at floating rates. At this date, 99% of the gross financial debt was denominated in euros.

Information on Endesa's borrowings is described in Note 41.3 to the Consolidated Financial Statements for the year ended 31 December 2023.

10.3. Capital management

Information on capital management is provided in Note 35.1.12 to the Consolidated Financial Statements for the year ended 31 December 2023.

Share capital

Information on Endesa's share capital is described in Note 35.1.1 to the Consolidated Financial Statements for the year ended 31 December 2023.

Leverage

The consolidated leverage ratio is defined as a monitoring indicator of its financial position, whose details at 31 December 2023 and 2022 were as follows:

Millions of Euro

	References ⁽¹⁾	Leverage		
		31 December 2023	31 December 2022	Chg (%)
Net financial debt:		10,405	10,869	(4.3)
Non-current borrowings	41.3	9,636	11,704	(17.7)
Current borrowings	41.3	4,091	6,784	(39.7)
Debt derivatives recognised as financial assets	44	61	87	(29.9)
Cash and cash equivalents	33	(2,106)	(871)	141.8
Debt derivatives recognised as assets	44	(57)	(111)	(48.6)
Financial guarantees recognised as assets	28.1	(1,220)	(6,724)	(81.9)
Equity:	35	7,204	5,758	25.1
Of the Parent	35.1	7,017	5,557	26.3
Non-controlling interests	35.2	187	201	(7.0)
Leverage (%) ⁽²⁾		144.43	188.76	Na

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ See definition in Section 7 of this Consolidated Management Report.

Financial indicators

Financial indicators ⁽¹⁾	31 December 2023	31 December 2022
Liquidity ratio	0.85	0.96
Solvency ratio	0.93	0.97
Debt ratio (%)	59.09	65.37
Debt coverage ratio	2.75	1.95
Net financial debt / Fixed assets (%)	41.59	44.37
Net financial debt / Funds from operations	3.11	2.35
(Funds from Operations + Interest Expenses) / Interest Expenses ⁽²⁾	7.96	20.90

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

⁽²⁾ Relates to 2023 and 2022, respectively.

10.4. Cash flows

At 31 December 2023 and 2022, cash and cash equivalents were as follows:

Millions of Euro

Cash and cash equivalents					
	References ⁽¹⁾	31 December 2023	31 December 2022	Difference	Chg (%)
Cash in hand and at banks		1,281	871	410	47.1
Other cash equivalents		825	—	825	Na
TOTAL	33	2,106	871	1,235	141.8

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

In 2023 and 2022 Endesa's net cash flows, broken down into operating, investing and financing activities, were as follows:

Millions of Euro

Statement of cash flows					
	References ⁽¹⁾	2023	2022	Difference	Chg (%)
Net cash flows from operating activities	46.1	4,697	1,672	3,025	180.9
Net cash flows from investing activities	46.2	3,196	(8,156)	11,352	(139.2)
Net cash flows from financing activities	46.3	(6,658)	6,652	(13,310)	(200.1)

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

In 2023, net cash flows from operating activities (Euro 4,697 million) and from investing activities (Euro 3,196) enabled net payments to be met arising from financing activities (Euro 6,658 million).

Information on Endesa's Consolidated Statements of Cash Flow is set out in Note 46 to the Consolidated Financial Statements for the year ended 31 December 2023.

10.5. Investments

In 2023 and 2022, Endesa's gross investments in property, plant and equipment and intangible amounted to Euro 2,463 million and Euro 2,370 million, respectively, as follows:

	References ⁽¹⁾	Investment		
		2023	2022	Chg (%)
Generation and Supply				
   		1,192	1,072	11.2
 Conventional generation ⁽²⁾		289	253	14.2
 Renewable generation		859	785	9.4
 Energy supply		3	1	200.0
 Supply of other products and services		41	33	24.2
 Distribution		859	819	4.9
 Structure, services and others ⁽³⁾		17	11	54.5
TOTAL PP&E ^{(4) (5)}	20.1	2,068	1,902	8.7
Generation and Supply				
   		352	379	(7.1)
 Conventional generation		18	19	(5.3)
 Renewable generation		64	71	(9.9)
 Energy supply		230	247	(6.9)
 Supply of other products and services		40	42	(4.8)
 Distribution		33	72	(54.2)
 Structure, services and others ⁽³⁾		10	17	(41.2)
TOTAL INTANGIBLE ASSETS ⁽⁵⁾⁽⁶⁾	23.1	395	468	(15.6)
TOTAL GROSS INVESTMENTS ⁽⁷⁾		2,463	2,370	3.9
Capital grants and facilities transferred		(201)	(199)	1.0
Generación y Comercialización				
   		(3)	—	Na
 Generation and Supply		(3)	—	Na
 Distribution		(198)	(199)	(0.5)
TOTAL NET INVESTMENTS ⁽⁷⁾		2,262	2,171	4.2

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ In 2023, this includes gross capital expenditure in the non-mainland territories (TNP) of Euro 60 million (Euro 82 million in 2022).

⁽³⁾ Structure, services and adjustments.

⁽⁴⁾ In 2023, includes additions for rights of use amounting to Euro 147 million (Euro 23 million in 2022) (see Note 21 to the Consolidated Financial Statements for the year ended 31 December 2023).

⁽⁵⁾ In 2023 includes Euro 2,355 million (95.6%) for gross investments in low-carbon products, services and technologies and Euro 108 million (4.4%) relating to gross investments for coal/fuel and combined cycle power plants (Euro 2,274 million (95.9%) and Euro 96 million (4.1%) in 2022) (see definition in Section 7 of this Consolidated Management Report).

⁽⁶⁾ In 2023 includes gross intangible investments in the non-mainland territories (TNP) amounting to Euro 2 million (Euro 1 million in 2022).

⁽⁷⁾ See definition in Section 7 of this Consolidated Management Report.

Information on the main investments is provided in Notes 20.1.1 and 23.1.1 to the Consolidated Financial Statements for the year ended 31 December 2023.

Investments according to the European Union (EU) Taxonomy

Endesa has classified the economic activities of its value chain into three categories – eligible aligned, eligible non-aligned and ineligible – in accordance with the European Union Taxonomy Regulation (EU) (see Section 1.5 of this Consolidated Management Report).

The table below presents the percentage of “Investments” in 2023, which relates to each activity category:

Millions of Euro

Investment	2023 ⁽¹⁾		2022 ⁽¹⁾	
	Amount	Percentage (%)	Amount	Percentage (%)
● Eligible & Aligned Activities ⁽²⁾	1,866	75.8	1,811	76.4
● Eligible – non-aligned activities	52	2.1	15	0.6
● Non-eligible activities	545	22.1	544	23
TOTAL	2,463⁽³⁾	100.0	2,370⁽⁴⁾	100.0

⁽¹⁾ In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

⁽²⁾ In 2023, these correspond to Renewable Generation (36.4%), Energy Marketing (0.0%), Marketing of other Products and Services (3.2%) and Distribution (36.2%). (35.9%, 0.0%, 3.0% and 37.6%, respectively, in 2022).

⁽³⁾ Includes additions for rights of use amounting to Euro 147 million.

⁽⁴⁾ Includes additions for rights of use amounting to Euro 23 million.

10.6. Contractual obligations and off-balance sheet transactions

The information relating to the contractual obligations and off-balance sheet operations of this consolidated statement of financial position is included in Note 48 to the Consolidated Financial Statements for the year ended 31 December 2023.



11. PERFORMANCE BY SEGMENT

The information relating to Segments, which includes segmentation and reporting criteria by segment and geographical area, is included in Note 8 to the Consolidated Financial Statements for the year ended 31 December 2023.

The following is a breakdown of the most significant figures in Endesa's consolidated income statement and investments, by segment, in 2023 and 2022:

Millions of Euro

	2023		
	Generation and Supply		
	Conventional generation ⁽¹⁾	Renewable generation	Energy supply
			
REVENUE	11,339⁽²⁾	1,216	20,343
Revenue with third parties	3,059	304	19,409
Revenue from transactions between segments	8,280	912	934
PROCUREMENTS AND SERVICES	(7,400)	(164)	(18,377)
INCOME AND EXPENSES FROM ENERGY DERIVATIVES	(2,426)	18	(764)
CONTRIBUTION MARGIN⁽⁵⁾	1,513	1,070	1,202⁽³⁾
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	(785)	(249)	(534)
GROSS OPERATING INCOME (EBITDA) ⁽⁴⁾⁽⁵⁾	728	821	668
Depreciation and amortisation, and impairment losses on non-financial assets ⁽²⁾	(613)	(288)	(185)
Repaid	(530)	(265)	(185)
Provision for impairment of non-financial assets	(90)	(26)	—
Reversal of impairment of non-financial assets	7	3	—
Impairment losses on financial assets.	2	(5)	(254)
Provision for impairment of financial assets	(3)	(5)	(359)
Reversal of impairment of financial assets	5	—	105
OPERATING INCOME (EBIT) ⁽⁶⁾	117	528	229
Net profit/(loss) of companies accounted for using the equity method	5	2	2

⁽¹⁾ Includes the contribution margin, gross operating income (EBITDA) and operating income (EBIT) of Non-Mainland Territories (TNP) generation, amounting to Euro 486 million, positive, Euro 213 million, positive, and Euro 37 million, positive, respectively.

⁽²⁾ Includes Euro 4,515 million (177% of total revenue) corresponding to generation from emitting technologies and Euro 1,463 million (5.7% of total revenue) corresponding to nuclear generation.

⁽³⁾ Includes the contribution margin for gas supply in the amount of Euro 91 million.

⁽⁴⁾ EBITDA from low-carbon products, services and technologies is Euro 3,535 million.

⁽⁵⁾ See definition in Section 7 of this Consolidated Management Report.

⁽⁶⁾ Includes Euro 511 million, positive, for nuclear generation and Euro 25 million, positive, for gas for commercialization.

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
✕		🏭🌱👥✕	👤	📁		
382	(10,101)	23,179	2,466	501	(687)	25,459
376	—	23,148	2,302	9	—	25,459
6	(10,101)	31	164	492	(687)	—
(217)	10,064	(16,094)	(166)	(209)	157	(16,312)
—	—	(3,172)	—	—	—	(3,172)
165	(37)	3,913	2,300	292	(530)	5,975
(104)	37	(1,635)	(563)	(530)	530	(2,198)
61	—	2,278 ⁽⁶⁾	1,737	(238)	—	3,777
(51)	—	(1,137)	(684)	(43)	—	(1,864)
(51)	—	(1,031)	(694)	(43)	—	(1,768)
—	—	(116)	—	—	—	(116)
—	—	10	10	—	—	20
(14)	—	(271)	3	—	—	(268)
(17)	—	(384)	(62)	—	—	(446)
3	—	113	65	—	—	178
(4)	—	870	1,056	(281)	—	1,645
(3)	—	6	4	—	—	10



Millions of Euro

	2022		
	Generation and Supply		
	Conventional generation ⁽¹⁾	Renewable generation	Energy supply
			
REVENUE	17,488⁽²⁾	934	27,764
Revenue with third parties	5,432	425	24,466
Revenue from transactions between segments	12,056	509	3,298
PROCUREMENTS AND SERVICES	(10,410)	(59)	(28,690)
INCOME AND EXPENSES FROM ENERGY DERIVATIVES	(3,896)	(37)	1,716
CONTRIBUTION MARGIN ⁽⁵⁾	3,182	838	790⁽³⁾
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	(763)	(207)	(438)
GROSS OPERATING INCOME (EBITDA) ⁽⁴⁾⁽⁵⁾	2,419	631	352
Depreciation and amortisation, and impairment losses on non-financial assets ⁽²⁾	(573)	(230)	(156)
Repaid	(509)	(227)	(153)
Provision for impairment of non-financial assets	(93)	(3)	(2)
Reversal of impairment of non-financial assets	29	—	(1)
Impairment losses on financial assets.	(3)	(13)	(119)
Provision for impairment of financial assets	(6)	(13)	(249)
Reversal of impairment of financial assets	3	—	130
OPERATING INCOME (EBIT) ⁽⁵⁾	1,843	388	77
Net profit/(loss) of companies accounted for using the equity method	1	16	(2)

⁽¹⁾ Includes the Contribution Margin, EBITDA and EBIT of Non-Mainland Territories (TNP) generation amounting to Euro 580 million, positive, Euro 332 million, positive, and Euro 213 million, positive, respectively.

⁽²⁾ Includes Euro 8,807 million (26.8% of total revenue) corresponding to generation from emitting technologies and Euro 1,570 million (4.8% of total revenue) corresponding to nuclear generation.

⁽³⁾ Includes the contribution margin for gas supply in the amount of Euro 83 million.

⁽⁴⁾ EBITDA from low-carbon products, services and technologies was Euro 3,782 million.

⁽⁵⁾ See definition in Section 7 of this Consolidated Management Report.

⁽⁶⁾ Includes Euro 651 million, positive, for nuclear generation and Euro 15 million, positive, for gas for commercialization.

11.1. Generation and supply

The electricity sector stabilised in 2023, owing to, among other factors, the steady decrease in the price of gas, despite the geopolitical tensions caused by the ongoing military conflicts and the inflationary environment resulting from the actions taken by the EU to mitigate the effects of the conflict between Russia and Ukraine by ensuring supply and diversification during the past winter, when temperatures were milder than in the previous winter, and due also to lower demand resulting

from the energy saving policies put in place. This decrease in the price of gas led to a reduction in electricity prices, which was also driven by increased production of energy from renewable sources in the period.

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

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
368	(15,832)	30,722	2,348	472	(646)	32,896
363	—	30,686	2,202	8	—	32,896
5	(15,832)	36	146	464	(646)	—
(215)	15,809	(23,565)	(139)	170	140	(23,394)
—	—	(2,217)	—	—	—	(2,217)
153	(23)	4,940	2,209	642	(506)	7,285
154	23	(1,231)	(506)	(489)	506	(1,720)
307	—	3,709 ⁽⁶⁾	1,703	153	—	5,565
(49)	—	(1,008)	(660)	(48)	—	(1,716)
(50)	—	(939)	(666)	(48)	—	(1,653)
—	—	(98)	—	—	—	(98)
1	—	29	6	—	—	35
(2)	—	(137)	(25)	—	—	(162)
(17)	—	(285)	(96)	—	—	(381)
15	—	148	71	—	—	219
256	—	2,564	1,018	105	—	3,687
(4)	—	11	4	—	—	15

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 Euro 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. This subsidy mechanism expired on 31 December 2023. The main figures in 2023 are as follows:

Figures	2023	2022	Difference	Chg (%)	References ⁽¹⁾
 Contribution margin	3,913	4,940	(1,027)	(20.8)	The development of the margin is a consequence, inter alia, of: • Recognition of an expense amounting to Euro 515 million as a result of an arbitration award for the price review of a long-term liquefied natural gas (LNG) bunkering contract. • The change in "Income and expenses from energy stock derivatives" amounting to Euro 955 million as a consequence of developments in the valuation and settlement of electricity and gas derivatives related to price volatility in energy markets. • The lower transmission costs (Euro 390 million) are mainly due to the reduction of the corresponding part of the tariffs for electricity charges, partially offset by the maintenance of access tolls to electricity transmission and distribution networks. • The decrease in energy purchase costs not including the arbitration award (Euro 6,472 million) and fuel consumption (Euro 1,641 million) has offset lower sales of electricity (Euro 6,939 million) and gas (Euro 702 million) mainly as a result of the decrease of the arithmetic average price on the wholesale electricity market (Euro 87.1/MWh; -48.0%) and of the average gas price (Euro 40.6 €/MWh; -67.1).
   Gross operating income (EBITDA)	2,278	3,709	(1,431)	(38.6)	12, 13, 26.1 and 37 • Includes higher personnel costs (Euro 104 million) mainly due to a provision for workforce restructuring plans related to Process Digitalisation (Euro 76 million), the update of provisions for workforce restructuring plans (Euro 12 million), among others, and the effect of inflation and higher social security contributions (Euro 16 million). • Includes the increase in expenditure for maintenance of fuel plants in the non-mainland territories (TNP) (Euro 12 million). • Includes the higher expense for Property Tax (IBI) due to the increase in wind farms and photovoltaic plants in operation (Euro 6 million). • In 2022, this included the gross gain on the sale of the 51% stake in Endesa X Way, S.L. and the loss of control of that company for a total amount of Euro 238 million.
Operating income (EBIT)	870	2,564	(1,694)	(66.1)	15.1, 20.1, 23.1 and 32.1 • Includes the increase in depreciation and amortisation expense (Euro 92 million) mainly as a result of the investment effort in electricity production facilities from renewable sources and a higher capitalisation of the incremental costs incurred in securing contracts with customers. • Includes the provision for impairment of the Cash Generating Units (CGUs) for each of the non-mainland territories (TNP) of the Balearic Islands, the Canary Islands, Ceuta and Melilla for a total amount of Euro 90 million (Euro 36 million in 2022). • Includes the higher net provisions (Euro 134 million) as a result, inter alia, of worsening collections from residential and business-to-business (B2B) customers.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

11.2. Distribution

The main figures in 2023 are as follows:

Millions of Euro

Figures	2023	2022	Difference	Chg (%)	References ⁽¹⁾
Contribution margin	2,300	2,209	91	+4.1	⁶ The regulated income from the distribution activity includes, for both years, the best available information related to the investments put into operation during the regulatory period in force at the date of preparation of this Consolidated Management Report.
 Results Gross income (EBITDA)	1,737	1,703	34	+2.0	^{13, 37 and 51} - Includes higher personnel costs (Euro 52 million) mainly due to the provision for workforce restructuring plans related to the Digitalization of Processes (Euro 19 million), the update of provisions for workforce restructuring plans (Euro 33 million) and higher social security contributions (Euro 3 million). - It includes higher expenses for increased inspection activity and for breakdowns in medium- and low-voltage electricity distribution installations (Euro 10 million).
Operating income (EBIT)	1,056	1,018	38	+3.7	- Includes the reversal of impairment losses on the property where the former headquarters of Gas y Electricidad Generación, S.A.U. and its annexed land located in Palma de Mallorca were located (Euro 4 million). - Includes the increase in depreciation expense (Euro 38 million) offset by lower impairment losses (Euro 38 million) due to the normalization in the payment behaviour of small energy trading companies.

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

11.3. Structure and others

The main figures in 2023 are as follows:

Millions of Euro

Figures	2023	2022	Difference	Chg (%)	References ⁽¹⁾
Contribution margin	(238)	136	(374)	(275.0)	⁵¹ - Includes the recognition of the expense associated with the temporary energy levy ushered in by Law 38/2022 of 27 December (Euro 208 million). - In 2022, it included the recognition of the income arising from the Supreme Court ruling on the inapplicability of the financing regime of the Social Bonus (Euro 152 million).
 Gross operating income (EBITDA)	(238)	153	(391)	(255.6)	³⁷ Includes higher personnel costs (Euro 26 million) mainly due to a provision for workforce restructuring plans related to Process Digitalisation (Euro 70 million) and the update of provisions for workforce restructuring plans (Euro 40 million, positive).
Operating income (EBIT)	(281)	105	(386)	(367.6)	Includes a reduction in the amortisation of software (Euro 3 million).

⁽¹⁾ Notes to the Consolidated Financial Statements for the year ended 31 December 2023.

11.4. Performance by segments and investments according to the European Union (EU) Taxonomy

Endesa has classified the economic activities of its value chain into three categories – eligible aligned, eligible non-aligned and ineligible – in accordance with the European Union Taxonomy Regulation (EU) (see Section 1.5 of this Consolidated Management Report).

The table below presents the percentage of the main headings of the 2023 consolidated income statement and investments, which relates to each activity category:

Value chain Economic activities	2023 ⁽¹⁾							
	Revenue		Other fixed operating expenses ⁽²⁾		Gross operating income (EBITDA)		Investments	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Generation and Supply	23,179	91.0	235	67.1	2,278	60.3	1,544	62.7
 Conventional generation	11,339	44.5	177	50.5	728	19.3	307	12.5
● Eligible – aligned activities	—	—	—	—	—	—	—	—
● Eligible – non-aligned activities	1,289	5.1	28	8.0	258	6.8	51	2.1
● Non-eligible activities	10,050	39.4	149	42.5	470	12.5	256	10.4
 Renewable Generation	1,216	4.8	55	15.7	821	21.7	923	37.4
● Eligible – aligned activities	1,207	4.8	55	15.7	819	21.7	896	36.4
● Eligible – non-aligned activities	6	0.0	—	—	2	0.0	1	0.0
● Non-eligible activities	3	0.0	—	—	—	—	26	1.0
 Energy supply	20,343	79.9	1	0.3	668	17.7	233	9.5
● Eligible – aligned activities	—	—	—	—	—	—	—	—
● Eligible – non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	20,343	79.9	1	0.3	668	17.7	233	9.5
 Marketing of other products and services	382	1.5	2	0.6	61	1.6	81	3.3
● Eligible – aligned activities	306	1.2	1	0.3	83	2.2	78	3.2
● Eligible – non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	76	0.3	1	0.3	(22)	(0.6)	3	0.1
Generation and supply adjustments and eliminations	(10,101)	(39.7)	—	—	—	—	—	—
 Distribution	2,466	9.7	105	30.0	1,737	46.0	892	36.2
● Eligible – aligned activities	2,466	9.7	105	30.0	1,737	46.0	892	36.2
● Eligible – non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	—	—	—	—	—	—	—	—
 Structure, services and adjustments	(186)	(0.7)	10	2.9	(238)	(6.3)	27	1.1
TOTAL	25,459	100.0	350	100.0	3,777	100.0	2,463⁽³⁾	100.0

⁽¹⁾ In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

⁽²⁾ Costs within "Other fixed operating expenses", considered to be classifiable among the categories of activities in accordance with the EU Taxonomy Regulation.

⁽³⁾ Includes additions for rights of use amounting to Euro 147 million.

Value chain Economic activities	2022 ⁽¹⁾							
	Revenue		Other fixed operating expenses ⁽²⁾		Gross operating income (EBITDA)		Investments	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Generation and Supply	30,722	93.4	223	68.8	3,709	66.6	1,451	61.2
 Conventional generation	17,488	53.2	181	55.9	2,419	43.5	272	11.5
● Eligible – aligned activities	—	—	—	—	—	—	—	—
● Eligible – non-aligned activities	6,467	19.7	59	18.2	651	11.7	14	0.6
● Non-eligible activities	11,021	33.5	122	37.7	1,768	31.8	258	10.9
 Renewable Generation	934	2.8	39	12.0	631	11.3	856	36.1
● Eligible – aligned activities	924	2.8	39	12.0	632	11.4	850	35.9
● Eligible – non-aligned activities	2	0.0	—	—	(1)	(0.0)	1	0.0
● Non-eligible activities	8	0.0	—	—	—	—	5	0.2
 Energy supply	27,764	84.4	—	—	352	6.3	248	10.5
● Eligible – aligned activities	—	—	—	—	—	—	—	—
● Eligible – non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	27,764	84.4	—	—	352	6.3	248	10.5
 Marketing of other products and services	368	1.1	3	0.9	307	5.5	75	3.2
● Eligible – aligned activities	323	1.0	2	0.6	332	6.0	70	3.0
● Eligible – non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	45	0.1	1	0.3	(25)	(0.4)	5	0.2
Generation and supply adjustments and eliminations	(15,832)	(48.1)	—	—	—	—	—	—
 Distribution	2,348	7.1	93	28.7	1,703	30.6	891	37.6
● Eligible – aligned activities	2,348	7.1	93	28.7	1,703	30.6	891	37.6
● Eligible – non-aligned activities	—	—	—	—	—	—	—	—
● Non-eligible activities	—	—	—	—	—	—	—	—
 Structure, services and adjustments	174	(0.5)	8	2.5	153	2.7	28	1.2
TOTAL	32,896	100.0	324	100.0	5,565	100.0	2,370⁽³⁾	100.0

⁽¹⁾ In accordance with the Delegated Act on Climate Change and the complementary Delegated Act on Nuclear and Gas.

⁽²⁾ Costs within "Other fixed operating expenses", considered to be classifiable among the categories of activities in accordance with the EU Taxonomy Regulation.

⁽³⁾ Includes additions for rights of use amounting to Euro 23 million.

Eligible and aligned activities are economic activities that contribute to the climate change mitigation goal without causing harm to other environmental objectives and respecting minimum social safeguards.

12. ENVIRONMENTAL PROTECTION

12.1. Endesa's Environmental Policy

Sustainable Development is one of the main vectors of Endesa's strategy and environmental protection and care for natural capital are among the Company's most important commitments. This stance sets Endesa apart from other companies as it is a positive difference that shapes the Company's behaviour and is expressly included in its corporate values and reflected in its Strategic Plan.

Through its commitment, Endesa aims to minimise the impact of its activities on the natural environment where it operates. This involves initiatives related to air quality, exemplary management of waste, caring for biodiversity, minimising emissions and discharges, and managing polluted land.

Furthermore, Endesa's approach to environmental management seeks to ensure the sustainable use of energy and water resources as well as raw materials, committing to the protection and promotion of the biodiversity of ecosystems in the environments in which it operates, in addition to restoring environments where its operations have ceased, to foster their natural capital.

Commitments acquired in the Company's various environmental and sustainability policies are fulfilled in the environmental management systems underpinning Endesa's different activities. These systems enable us to align the environmental dimension within the various activities carried out by the Company by integrating the UN Sustainable Development Goals (SDGs) and articulating the mechanisms to measure and assess environmental performance over the entire life cycle, thus integrating the concepts of 'circular economy' and natural capital in the management of our activities.

Assessment of the environmental risks inherent in the Company's activities and the environmental certifications obtained from external agents help ensure excellence in Endesa's environmental management and demonstrate that it is fully integrated into and aligned with the Company's corporate strategy.

https://www.endesa.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/POLITICA-MEDIOAMBIENTAL-Endesa_21_06_21.pdf

12.2. Environmental investment and expenditure

Information regarding Endesa's investments and expenditure in environmental protection activities is included in Note 20.4 to the Consolidated Financial Statements for the year ended 31 December 2023.

12.3. Advanced environmental management

Environmental management system

The commitments acquired under the Environmental Policy are specified in the Environmental Management Systems of Endesa's different businesses. These systems make it possible to align the environmental aspects of Endesa's sustainability model, including the Sustainable Development Goals (SDGs), coordinating the mechanisms to measure and assess environmental performance through a series of indicators that take the life cycle into consideration and thus integrate the concepts of the circular economy and natural capital into management.

The indicators of such environmental management systems include the facilities' impact on all aspects of the environment and enable compliance with all existing legal obligations regarding environmental matters in relation to the business operations to be verified, as well as alignment with the path laid out by Endesa to evaluate the degree to which the strategic objectives and goals defined.

Endesa's environmental policy establishes basic principles of action in relation to pollution prevention. These principles are implemented through management systems appropriate to the Company's different activities. The policy covers all environmental vectors (air, water, biodiversity and

soil) in order to achieve excellence in the environmental management of the Company's activity, based on continuous improvement, aimed at preventing pollution and ensuring compliance with the environmental legislation applicable to the sites, as well as the management standards adopted. To this end, Endesa established in its 2023-2025 Sustainability Plan the goal of maintaining 100% of its generation and distribution facilities certified to the International Standard ISO 14001. The target was met in 2023 and, in order to reinforce the commitment, the rest of Endesa's activities are included in the new Endesa Sustainability Plan for the period 2024-2026.

ENDESA's environmental management systems are supported by international standards and procedures and are audited by accredited independent institutions of recognised prestige. These systems ensure regular and systematic identification, evaluation and control of the environmental impacts that could be generated by its facilities and operations. At the date of authorisation for issue of this consolidated management report, Endesa had the following environmental certificates:

Activity	Standard	% certified in 2023
Electricity generation (thermal, hydraulic and renewable)	14001	100%
	9001	100%
	50001	3 Thermal power plants
	EMAS	15 Thermal power plants
Power Generation (Nuclear)	14001, 9001	100%
Electricity distribution	14001, 9001, 50001	100%
Port terminals	14001, 9001, EMAS, Zero Waste	100%
Corporate headquarters and office buildings	14001, 50001, UNE-EN 171,330-3	5 main offices
Endesa Energía, S.A.U.	14001, 9001	100% of its activity
Endesa X Servicios, S.L.U.	14001, 9001	100% of its activity
Endesa X Way, S.L.	14001, 9001	100% of its activity

Endesa's headquarters in Madrid, Ribera del Loira, in addition to being part of the already consolidated Environmental, Energy and Indoor Air Quality Management System (SIGAEC), was awarded the LEED Gold certification (Leadership in Energy and Environment Design) in the category of "Sustainable Operations and Building Maintenance", which was obtained in January 2017 and renewed in 2022. This standard evaluates the sustainability of the building by assessing its impact in five main areas: sustainable location, efficient use of water, electricity and atmosphere, conservation of materials and natural resources, and indoor air quality. Since 2022, the headquarters building has also been

awarded the "Madrid Excelente" seal, which recognises organisations that care for the planet, improve people's lives, seek progress and have a purpose that gives them meaning. It has also been awarded the "Edificio Sostenible" seal since 2016 for being designed for energy savings and future sustainability. Both distinctions are awarded by the Community of Madrid and are in addition to the recognition obtained in 2016.

The Barcelona headquarters, the Vilanova building, has been LEED Silver ("Leadership in Energy and Environment Design") certified since 2019 in the same category, "Sustainable Building Operations and Maintenance". The certificate is currently in the process of being renewed.

Following the refurbishment of the Sevilla (Borbolla) headquarters, certification of the building will begin in 2024. The rest of our offices are monitored and operated

under the same procedures and processes of the Environmental, Energy and Indoor Air Quality Management System (SIGAEC).

Managing environmental risks and liabilities

Endesa is subject to environmental regulations, which affect both the normal course of its operations and the development of its projects, leading to increased risks and costs. Furthermore, Endesa is exposed to environmental risks which are inherent in its business, including those relating to the management of waste, spillages and emissions generated by all its activities and therefore, for which it can be declared as being responsible for environmental damage.

To comply with the obligations deriving from the Spanish Environmental Responsibility Law, Endesa has developed the *MIRAT* Project, based on a methodology developed at sector level and approved by the current Ministry of Ecological Transition and the Demographic Challenge (MITECO). The objective is to conduct environmental risk analysis exercises in order to establish the mandatory financial guarantee required by this Law for conventional thermal and combined cycle power plants with a thermal capacity of more than 50 MW. With the results of the environmental risk analyses of all conventional thermal and combined cycle power plants, the corresponding formal statements were submitted to the Administration. Endesa has environmental insurance coverage that covers personal injury and/or property damage to third parties and is included in the global civil liability insurance policy. The environmental section covers Endesa's liability in accordance with European Directive 35/2004, of 21 April 2004, on environmental liability and equivalent national legislation (Law 26/2007, of 23 October 2007, on Environmental Liability), as well as its implementation in the national legislation of other countries in which Endesa

has a presence and any other court decision related to environmental damage, including harm to biodiversity. The general limit of the policy is Euro 150 million and the overall deductible is Euro 250,000.

Endesa has a tool for the analysis of environmental aspects, impacts and risks, called "*Environmental Risk Assessment*" (ERA), in which the environmental risks associated with Endesa's different businesses and facilities are collected and assessed annually. In addition to the results of the assessment and the significance of the environmental aspects, the methodology includes organisational, strategic, economic and reputational aspects associated with the businesses' different activities and infrastructures. The *Environmental Risk Assessment* (ERA) tool also evaluates compliance and the effectiveness of the operational controls in place, both legally required and voluntary, and provides an assessment of the "*Residual Risk*" inherent in each facility. Depending on the results returned, specific action plans may be required to mitigate the environmental risks associated with the activity. The results of the assessments performed in "*Environmental Risk Assessment*" (ERA) enable us to compare the environmental risk associated with the different facilities and technologies.

Furthermore, as part of its commitment to protecting the environment, Endesa feels obliged to eliminate environmental liabilities, and, therefore, each facility identifies these liabilities and addresses them within the framework of their environmental management programmes, which may be reflected in their elimination, disposal or reuse.

Environmental footprint

Endesa calculates its environmental footprint using a methodology based on the most relevant international references, including the guidelines introduced by the European Union to calculate the environmental footprint of its organisations and products.

Air quality

During the year 2023, the trend in the reduction of polluting emissions of recent years, which had been slowed down by the energy crisis derived from the war in

Ukraine, has been resumed. It has not been necessary to produce as much from natural gas combined cycles as in the previous year, and Endesa has continued with its plan to close coal-fired plants and with the implementation and start-up of various efficiency and environmental protection measures at its facilities.

As part of its climate action, Endesa has the ambitious goal of reducing emissions by dismantling its thermal fleet to become a company with a fully renewable generation mix by 2040.

During this year, the company has continued to carry out actions aimed at improving air quality, such as:

- Cessation of activity at the As Pontes coal-fired power plant.
- Tests on the consumption of biomass fuel, such as the HVO bioliquid, for the generation of electricity in the Electricity Systems of the Non-Peninsular Territories (TNP).

The implementation of all the aforementioned measures has made it possible to obtain results in 2023 in terms of reducing both absolute and specific emissions, which is reflected in the results obtained in all environmental indicators related to atmospheric pollution.

Endesa has an exhaustive system of control and supervision in real time of all its emissions, allowing it to ensure at all times compliance with the emission limit values of each of its facilities, and the quality of the air around them. To this end, it carries out a rigorous control and maintenance of the measurement equipment in the chimney, and submits them to annual inspections carried out by external accredited laboratories.

The company complies with the parameters required by the applicable regulations, implements technologies that minimize its emissions, and designs and applies corrective measures for the impacts generated. Endesa has the corresponding protocols for access to the facilities by external entities that adopt work procedures that guarantee the safety of both external and internal personnel, which have allowed during 2023 to continue with the inspection and quality assurance processes of

the environmental control equipment, as well as the taking of samples to comply with the environmental requirements derived from the current legislation.

Likewise, during 2023 we have continued with the optimization of the emission control systems, renewing the analyzers, replacing the older ones with more modern ones.

Water resources

Integrated water management is a strategic matter for Endesa. In the interest of preserving water quality and maintaining continuous improvement in its interaction with this resource, Endesa carries out its abstractions efficiently and responsibly, always complying with the regulations in force and in accordance with the principles of the environmental management system implemented in all facilities. All water uses at Endesa’s facilities are carried out in a sustainable manner, especially water uses in generation facilities, always taking into account their compatibility with pre-existing users. Power plants always operate in coordination with catchment bodies to ensure compliance with easements, maintain environmental flows and encourage the most rational use of the resource. Water is always discharged in compliance with the applicable regulations and according to the environmental management system implemented, which determines the discharge conditions for each facility.

The facilities built for power generation allow a greater availability of water for other purposes such as irrigation, supply, or conservation of ecosystems. This availability is optimised through cooperation with watershed organisations. Hydroelectric infrastructures have various ecosystem services associated with them that are of benefit to society, including provision services, services for the regulation of flows, maintenance of the environment for humans, and cultural services, all maintained over time in a sustainable manner. In 2023, a series of activities were performed in relation to the management of water resources at hydroelectric plants:

Water resources management	
Hydroelectric power plants	• Actions established to minimise the impact of withdrawals from reservoirs and measures against siltation, such as bathymetry activities to control sedimentation or environmental oversight plans as part of withdrawal activities, supporting recovery of affected water wildlife and removing invasive species.
	• Continuation of the process to switch Kaplan turbines to oil-free systems to eliminate the risk of spills at the plants in Ribarroja and Flix. Improvements in turbines of several generators for enhanced efficiency in the use of the resource.
	• Actions on dams and weirs to eliminate the barrier effect through improvements and construction of fish ladders. Implementation of measures to prevent animals falling into dams or facilitating their escape in channels that pose a risk to wildlife.

Endesa has procedures to control and reduce water dumping and to boost quality, mainly by means of wastewater treatment facilities, and conducts regular analyses to pinpoint instances of water stress at its facilities.

In 2023, 99% of the water captured by Endesa for use in its facilities was returned to the environment (99% in 2022). In 2023 the freshwater withdrawal for industrial use of the facilities located in the water stress zone was 0.51 million m³ (0.61 m³ in 2022).

	Units	Water resource management ⁽¹⁾		
		2023	2022	Chg (%)
Total water extractions for industrial use	millions of m ³	4.5	4.8	(6.2)
Extraction of fresh water for industrial use in areas of water stress ⁽²⁾	%	11.3	13.1	(13.7)
Specific withdrawal of water for industrial use in the electricity generation process	l/MWh	74	74	—
Total water consumption (includes process, cooling and civil water)	millions of m ³	21.6	25.8	(16.3)
Total fresh water consumption in areas affected by water stress (includes process, cooling and civil water) ⁽²⁾	%	9.6	7.7	—

⁽¹⁾ Source: In-house.

⁽²⁾ The water stress analysis for fiscal year 2023, as a novelty, broadens the scope and also includes facilities in medium/high water stress zones (medium/high water stress zones are those in which the ratio between total water extractions and available renewable supplies of surface water and groundwater is higher than 20% according to the Aqueduct WRI tool).

Waste

Endesa has environmental management systems in place that include specific operational procedures on the management of waste generated as part of all its activities, which are continuously reviewed to detect and boost improvements and to encompass the legislative developments that arise in this regard. Waste is managed according to the waste hierarchy (prevention, preparation for reuse, recycling, other types of recovery, including energy, and lastly, disposal), always starting from prevention, and when that is not possible, prioritising the recovery and recycling treatments for the waste it generates, especially inert waste, and the preparation for the reuse of those hazardous wastes that admit it, for example, used oils or cleaning solvents.

Waste management is outsourced to several authorised waste managers, for which there are mandatory

requirements regarding documentation, deadlines and operations. A minimum percentage of recovery of both hazardous and non-hazardous waste is required, and priority is given to managers that ensure final recycling and recovery treatments. To ensure the correct management of waste through to their final treatment, Endesa requires that all managers have certification of the entire process through to the "end of life" of all waste removed and, in particular, the intermediate treatments generated. In particular, for some types of waste, evidence of 100% recycling/recovery final treatment is required.

Of the total waste produced by Endesa in the operation phase in 2023, a significant part is recovered in external facilities, representing 65% of the total non-hazardous waste in Spain and Portugal and 68% of the total hazardous waste in the same geographical area in Spain and Portugal (96% and 74% respectively in 2022).

12.4. Conservation of biodiversity

Biodiversity efforts at Endesa

Endesa considers the protection of biodiversity, natural capital and the services it provides to society (ecosystem services) as a priority in the implementation of its business strategy. The Company is fully aware of the risks involved in their loss. Biodiversity protection was in fact already included in Endesa's first environmental policy, approved and published in 1998.

To fulfil this commitment, since its inception, Endesa has undertaken numerous voluntary projects to conserve and improve the natural environment around its facilities. These projects are included in Endesa's Biodiversity Conservation Plan.

In order to reinforce its commitment in this area, in 2023 the Company achieved two milestones:

1. The Board of Directors has approved an update of Endesa's Biodiversity Policy, the first edition of which dates from 2020. The Policy is aligned with the Kunming-Montreal Global Biodiversity Framework, approved at the fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP15) in December 2022. Through the Policy, the Company reinforces the integration of biodiversity protection into its governance and renews its commitment to mitigating potential impacts on biodiversity and ecosystem services throughout the life cycle of its activities.

2. Endesa's Biodiversity Committee, created in 2020, was updated. This is the corporate body responsible for translating the Policy's objectives into the Company's strategy and decision-making. The Committee meets every two months and is attended by representatives of all the Company's different lines of business. At the sessions, the members review the status of the ongoing projects of the Biodiversity Conservation Plan, present the results of recently completed projects and propose and evaluate new project proposals. Additionally, current affairs in terms of regulation, agreements and standards in relation to biodiversity, natural capital and ecosystem services affecting the Company are presented and discussed.

At a strategic level and in order to further analyse the Company's impacts, dependencies, risks and opportunities in the short, medium and long term, in 2019 Endesa began working in the Natural Capital and Energy Working Group. This forum operates within the framework of the Sector Groups of the Natural Capital Factory ⁽¹⁶⁾ (which is the Spanish hub of the Capitals Coalition). In 2022 it published as a result the Guide "*Natural Capital and the Spanish Energy Sector*" (<https://www.youtube.com/watch?v=6r8o4PFjbOo>). This guide is a sectoral paper that describes the links between natural capital and energy and provides a methodology for assessing the impacts and dependencies of the activities and sub-activities of companies in the sector. It includes a qualitative matrix, on a sectoral scale and by technology, of the impacts (negative and positive) and dependencies of the natural capital of the Spanish energy industry. This information is available at: <https://capital-natural.es/>.

As a continuation of this work, during the period 2023–2024, efforts are being made to review and update the matrix of impacts and dependencies, to implement the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) (published on 18 September 2023), and to develop an interoperability framework that combines the analysis and assessment methodologies and the main corporate reporting requirements in this area in a summarised form.

Continuing with the work carried out in the area of natural capital, Endesa completed the "NATIVE" project in 2023. This initiative consists of developing a methodology for analysing and evaluating the baseline and quantifying the impacts and dependencies on natural capital of renewable technologies and the distribution business in

the construction and operation phases of Endesa's infrastructures (in the case of hydroelectric power, only in the operation phase). In addition, measures are sought to improve and offset these impacts/dependencies by technology based on the principle of a mitigation hierarchy with a view to the ultimate objective of avoiding net biodiversity loss, as set out in Endesa's biodiversity policy. The results obtained are serving as a basis for the Company to align itself with the recommendations proposed by the "Taskforce on Nature-related Financial Disclosures". Furthermore, through its "VIBE" project, the Company is seeking to define a 360° biodiversity strategy that enables it to include biodiversity in governance, define objectives and monitor impacts / dependencies on nature in order to manage biodiversity risks and opportunities, as it already does with climate change.

Endesa is aware of the key role played by the development of renewable energies in the decarbonisation of the economy and the ecological transition. Such development involves major changes in land use and nature conservation that may ultimately undermine ecosystem services and biodiversity, and thus our ability to combat the adverse effects of climate change. Endesa is therefore working on creating a corporate strategy to better identify, manage and offset the current and future impacts of renewable energy and electricity distribution infrastructure. The ultimate goal is to ensure that Endesa's activities do not cause significant harm to nature and even generate a positive impact. In this regard Endesa strengthens its commitment to biodiversity ⁽¹⁷⁾, directing all its activities towards compliance with the following principles:

- No net loss of biodiversity in new projects from 2030. Beginning implementation of selected projects of high biodiversity significance from 2025 applying Mitigation Hierarchy principles.
- No net deforestation. Commitment to protect forests and reforest an equivalent area when it is not possible to avoid deforestation. In this regard, since 2016 Endesa has been voluntarily developing the "Endesa Forest" initiative through which more than 50,000 trees have been planted, reforesting some 101 hectares in burned and degraded land that will capture some 10,400 tons of carbon dioxide (CO₂) in addition to the more than 3,400 hectares reforested and more than 1.5 million trees planted in the various restorations carried out.

⁽¹⁶⁾ <https://naturalcapitalfactory.es/grupos-sectoriales/>

⁽¹⁷⁾ <https://www.endesa.com/es/nuestro-compromiso/medioambiente/conservacion-biodiversidad#:~:text=El%20Plan%20para%20la%20Conservaci%C3%B3n,iniciadas%20en%20este%20a%C3%B1o%202021>

Endesa will not undertake new projects in areas declared by UNESCO as World Natural Heritage Sites. This is in addition to our commitment not to operate thermal generation facilities in protected natural areas on the

Spanish mainland and not to design or develop new thermal generation facilities in protected natural areas in non-mainland territories (TNP).

Biodiversity conservation plan

Endesa's Biodiversity Conservation Plan is the instrument that implements all biodiversity projects and actions performed by Endesa in the biodiversity area. All actions included in Endesa's Biodiversity Conservation Plan are

voluntary and always aim to go beyond the mandatory environmental requirements.

The main lines of action of the Plan are:

	Lines of action
Endesa Biodiversity Conservation Plan	• Restoring the physical environment on the land and at our facilities to increase their capacity for hosting biodiversity.
	• Managing the factors in the natural environment surrounding our facilities that contribute to improving the habitats of certain species.
	• Recognising natural capital and the ecosystems it is home to, their value and state of conservation.
	• Preserving native species and controlling invasive species at Endesa facilities and in the surrounding area.

Endesa's Biodiversity Conservation Plan ended 2023 with a total of 39 operational actions.

Among projects and actions included in the Conservation Plan, we highlight the following:

Type	Description
Studies and Research	• Environmental impact study at photovoltaic solar facilities, in the project planning, construction and operation processes with a focus on biodiversity at the relevant sites. • Study of the functions of Endesa's reservoirs as wetlands of environmental and natural importance • Biodiversity study on streets under power lines. Research project on the ecological assets generated on streets under power lines and their surroundings: these are ecological corridors of great value. Assessment of habitats and species, plant water stress, diseases, land use, erosion, etc. • Improvement of biodiversity through adaptation of anti-climbing structures on medium-voltage power lines in the Sierra de Aracena y Picos de Aroche Natural Park (Huelva). Adaptation of anti-climbing structures as a shelter for bats and nocturnal birds of prey. Study and monitoring of the habitat generated in these structures adapted as shelters.
Birdlife protection actions	• Red kite conservation measures through participation in the "Life Eurokite" project. Use of telemetry technology to identify spatial habitat use of target species and quantify key reasons for raptor species mortality in the European Union. • Eagle owl conservation project. Marking and monitoring of the species, interaction with Endesa infrastructure, exploration of causes of mortality. • Project for the recovery of lesser kestrel populations in Aragon and Andalusia. Recovery of the species, reintroduction of individuals by colony method in an open aviary structure. • "Life" Project to tag and monitor the black vulture in the International Tagus Natural Park, on the border between Spain and Portugal. • European roller conservation project. Monitoring and analysis of population reproduction in the natural parks of Aiguamolls del Empordà (PNAE) and Montgri, Illes Medes and Baix Ter (PNMMBT). • PAS Project. Project for the conservation of large birds of prey and scavenging birds in the Pyrenees with the creation and conservation of supplementary feeding points to accommodate the growing population of black vultures and large birds of prey in the Pyrenees. • Study of the behaviour and adaptation of the little bustard in the Campillos area, Malaga province. • Project for the protection and conservation of capercaillie in the Pyrenees. Protection and conservation of the species in the area with actions in areas, habitats and infrastructure. • Conservation of steppe birds (little bustard and great bustard) in the region of La Serena (Badajoz). • Project to recover the osprey population in the provinces of Cádiz and Huelva. Project for the conservation of the reintroduced population with reinforcement of nesting activities in the province of Huelva, placement of transmitters to evaluate causes of mortality and population tracking. • Marking and monitoring of the Montagu's Harrier. Project for the conservation of the Montagu's Harrier population in Endesa's solar installations. • Management of Moulards in El Espinar. Management project for the conservation and protection of necrophagous birds and large birds of prey in El Espinar in Castilla y León.

Type	Description
Projects with a socio-environmental component	"Endesa Forest" initiatives (Doñana in Andalusia, Atalaya in Madrid, Aliaga, Ejulve and La Zoma in Teruel, Sa-Duaia in the Balearic Islands, Pyrenees in Cataluña y Ceuta). Forest restoration projects in degraded or burned areas in Spain, through the use of native forest species. The intention is to restore habitats that have been devastated by fires or that tend to disappear due to neglect. A threefold benefit is pursued: Environmental (fight against climate change, habitat restoration, improvement of the water cycle, etc.); Social (priority in the recruitment, both for the initial work and for maintenance actions, of workers from the rural environment of the project and at risk of exclusion); and Economic (restoration of a natural environment on which the local population often depends contributes to the revitalisation of the local economy). - Study of the state of the forest and installation of high-quality protection in the "Bosque Endesa Doñana". In 2023, Endesa reaffirmed its commitment to protecting nature and fighting climate change through a new project in its sponsored forest "Bosque Endesa Doñana". The condition of the forest stand planted on 40 hectares located in the Park in 2019, which was already monitored and replanted until 2022, underwent a survey. Due to the extreme conditions of drought and heat in recent years, it has become evident that the younger trees are subject to increased predation by herbivorous animals in their environment. Endesa is therefore reinforcing its investment in the project with the installation of approximately 1,400 high-quality forest plant protectors (metal mesh), most of which are of the "cactus" type, which will allow for recirculation. - Biodiversity improvement in solar installations. Installation of vegetation screens, landscape improvement and integration, recovery of ponds, integration of feeding points, agri-environmental measures for the conservation of steppe birds, etc.
Species and habitat protection projects	"ENDESABATS" Project implemented by Endesa since 2013 for the study and conservation of bats in the Company's hydraulic facilities. The hydraulic caverns are large reservoirs of colonies of bats of various species, including endangered species. - Project for the protection and conservation of the brown bear in the Pyrenees. Project implemented in partnership with the Fundación Oso Pardo for the protection and conservation of the species in the Pyrenees area where the Company shares spaces and infrastructure with the species. Endesa's own employees are directly involved and active agents in the conservation of this animal in danger of extinction in the area. - Mediterranean turtle reintroduction project. Conservation, reintroduction and protection of this critically endangered species with the creation of a stable colony in "Les Garrigues" to increase the number of individuals that can settle and thus consolidate the species in the area. - Photo-trapping of mammals in wind farms. Study of habitat suitability and presence of mammals in Endesa's renewable installations in wind farms. - Environmental improvements in solar installations. Project of environmental improvements, placement of drinking troughs, installation of nests, and various habitat adaptations in Endesa's solar installations.
Publications, training and outreach days	- Participation of Endesa and the Regional Government of Extremadura in the release of red kites in Valencia de Mombuey, Badajoz province, for the "Life Eurokite" project with the AMUS Association. This is repeated on several occasions as the different phases of the project unfold. - Media presentation of the second phase of the "Bosque Endesa Oso Pardo" (Endesa Brown Bear Forest) project. On 18 May 2023, Endesa presented to the media, together with the Fundación Oso Pardo, the completion of the project, on the occasion of the last planned planting of 1,200 of the 7,000 new fruit trees in the Catalan Pyrenees in the municipality of Lladorre, Lleida, to contribute to the conservation of the brown bear. This action is part of the 'Increased biodiversity in areas populated by bears' programme developed by the Fundación Oso Pardo with the collaboration of Endesa through its Biodiversity Conservation Plan. This programme was launched in 2016 to design a network of areas that would make it easier for the species to move and disperse throughout the Catalan Pyrenees, as a result of an increase in the supply of food. This would contribute to species conservation. In addition to the obvious benefit in terms of restoring natural capital and biodiversity, the reforested trees, arranged in 17 small copses, will absorb an estimated total of 1,665 tonnes of carbon dioxide (CO₂) over the next 30 years, thus also making a significant contribution to the fight against climate change. - Endesa's headquarters in Madrid hosted the "Working breakfast of the Natural Capital Working Group: Impact Indicators and Partnerships in Natural Capital" on 24 March 2023. The event brought together the main representatives of the Spanish business sector, through the Grupo Español de Crecimiento Verde (Spanish Green Growth Group), and the management of the Fundación Biodiversidad (MITERD). The latter presented the new stage of the Spanish Business and Biodiversity Initiative, and its requirements adapted to the new goals set by the global post-2020 biodiversity framework of the Convention on Biological Diversity (CBD). Participants shared the main doubts and concerns of the business sector regarding compliance and reporting needs in relation to biodiversity and natural capital. "The legacy we shall become". The "Bosque Endesa" (Endesa Forest) initiative, and more specifically the "Bosque Endesa Teruel" project, has been included in the projects that feed into the Energy Transition plan being implemented in the region of Andorra, Teruel province. In this context, Endesa, beyond the replacement of coal by renewable energies, is considering a number of environmental, economic and social actions. "Bosque Endesa Teruel" involves the restoration with native species of some 40 hectares burnt down in the past. The intention is to recover the natural capital and the ecosystem services on which a significant part of the population of this rural area has always depended for their livelihood. In recent years the area has been experiencing a significant rate of population decline. - On 10 May 2023, Endesa invited a group of web content creators specialising in sustainability to visit and learn more about the "Bosque Endesa Teruel" project: the working methodology, its characteristics and objectives, and the possible benefits for the rural environment. The aim is to raise awareness of the initiative and encourage other companies to undertake projects of this kind. For further information, please click on the following link: https://www.endesa.com/es/la-cara-e/transicion-ecologica/sector-primario-nueva-oportunidad-andorra - Presentation of Endesa's Biodiversity Conservation Plan (PCBE) to the Andalusian Regional Police in Huelva. On 15 June 2023, a training day was held with the Regional Police of the 8 provinces of Andalusia. It was attended by officers of this police force and prominent members of the Regional Government of Andalusia. Endesa executives and technical staff took part in the event to explain the actions and projects for the conservation and protection of biodiversity, preventive measures to protect power lines from fires, the environmental consequences of fraud, etc. The presentation of Endesa's Biodiversity Conservation Plan (PCBE) explained the origin of the plan, its scope of action and the projects undertaken so far. The European award obtained by the project on ecosystem services of reservoirs and the recent Andalusia Environment Award were both highlighted.

Type	Description
Other initiatives	- Working Group on the Natural Capital of the Energy Sector in Spain. - Development of a participatory process for analysing natural capital in the energy sector with a view to creating a road map for the integration of natural capital in the Spanish energy sector. In November 2022, the Guide <i>"Natural Capital and the Spanish Energy Sector"</i> was presented, where the qualitative, generic and consensual results that aid the preparation of case studies and organisational assessments of natural capital are collected and discussed. - During 2023, the Group continued its work by addressing new global challenges facing the industry in the light of new information, new reporting requirements and increasingly ambitious targets. - Spanish Company and Biodiversity Initiative (IEEB) of the Biodiversity Foundation and the Ministry for the Just Transition and the Demographic Challenge, in cooperation with the business sector, to promote economic development compatible with the preservation of biodiversity, setting up a solid framework of cooperation between major companies, non-government organisations (NGOs), associations and the Government. Endesa actively participates in the initiative as a forum for cooperation, generation of information and knowledge, in order to respond with technical rigour to national and international commitments in this area and to business demands for progress in the conservation of natural capital and biodiversity. - Natural Capital and Biodiversity Work Group. (Spanish Green Growth Group), which pursues the integration of natural capital and biodiversity in the activities and decision-making processes of Spanish companies, in addition to establishing a meeting point between the National Administration and the Spanish business sector to this end. Endesa hosted the first breakfast/workshop of the working group in 2023. The importance of public-private partnerships in this area was highlighted. The main lines of development of the working group were detailed and the Government representatives were informed of the key concerns of the business sector regarding the challenge of integrating natural capital and biodiversity into the management and governance of their companies. - Biodiversity Standardisation Committee. UNE-CTN 328. UNE, as the Spanish standardisation organisation (UNE) recognised by the Ministry of Industry, Trade and Tourism and the Spanish representative at international standardisation bodies, has continued to work on this Technical Committee, which serves a dual purpose: the establishment of a new standardisation area at ISO with the new ISO/TC 331 biodiversity and the increasingly important presence of biodiversity in European standardisation forums. The Technical Committee for Standardisation (Spanish 'CTN') has been created to facilitate the representation of the vision and interests of Spanish institutions in international and European standardisation and to accommodate international initiatives that may arise. - The Nature Business Ambition (NBA) initiative, launched by Forética in Spain, which Endesa joined in 2023. This partnership of leading companies at national level has a threefold objective: to drive ambition, promote action and build the necessary alliances to contribute to the recovery of nature, with the global goal of achieving a <i>"Nature-Positive"</i> planet by 2030. On 14 November 2023, a working meeting on natural capital was held at Endesa's headquarters under the title <i>"Measuring Impacts and Dependencies, Sectoral and Corporate Success Stories"</i>. The focus was on the measurement and valuation of nature, addressing the methodological approach that the Spanish Energy Sector is working on to quantify its impacts and dependencies.

Environmental restoration

Endesa's activity has always involved environmental restoration. In 2022, Endesa published a new 2030 "no net deforestation target". The Company will start implementing it in selected projects of high biodiversity importance from 2025 onwards. The target was ratified in 2023. Endesa has thus taken another step forward, adding this target to the *"Bosque Endesa"* initiative, a pioneering programme in the national energy sector that was launched in 2016 and contributes to recovering lost ecosystems. The initiative consists of forest restoration of degraded land that has been burned at the national level through planting and seeding techniques of native forest species, as they are best adapted to the environment (forests are capable of absorbing and storing greenhouse gases in the atmosphere and are also a niche of biodiversity). At present, Endesa several projects under way in Spain, two of them registered in the carbon dioxide (CO₂) sinks

section of the National Registry of Carbon Footprint, Compensation and Absorption Projects of the Spanish Office for Climate Change (OECC) under the Ministry for the Ecological Transition and Demographic Challenge ('MITECO'), becoming a pioneering initiative in the Energy Sector. Such projects include: *Endesa La Atalaya Forest* (Sierra de Madrid), *Endesa Doñana Forest* (Doñana Natural Park, Huelva) and *Endesa Teruel Forest* (in the surroundings of the former Andorra Thermal Power Plant, Aragon). The rest of the initiative's projects are in the execution and registration phase in the aforementioned registry; these are the *Bosque Endesa Baleares* and *Bosque Endesa Pirineos* (Catalonia).

The exemplary nature of the sustainability initiative is also worth particular mention, as beyond its positive environmental impacts, it is capable of generating a positive impact on economic and social factors, such as:

Impacts		
Sustainability initiatives	Environmental	Contributes to generating a positive environmental impact by promoting the adaptation to climate change, promoting the recovery of biodiversity, developing natural capital and ecosystem services, combatting desertification, protecting the water cycle, and curbing soil degradation against runoff, among others.
	Financial share	By restoring woodland, natural capital and the associated ecosystem services in which populations in the surrounding area of the project often lift (nature tourism, picking fruit, wild mushrooms, hunting, etc.). Therefore, it helps to invigorate the nearby rural environment.
	Social	In the recruitment of staff to carry out forest restoration and maintenance work, priority is given to hiring unemployed people, young people, women, people over 45 years of age or people at risk of social exclusion in the project environment. It also has great potential as a tool to develop environmental awareness, training, dissemination and volunteering activities.

Below is a summary of Endesa's environmental restoration actions that took place in 2023:

Actions		
Environmental restoration	Habitat area (km ²)	1.01.
	Description of the habitat	Forest/Wooded pasture/Steppe/Sub-steppe
	Comparison of the biodiversity of the original habitat before the company's activities with the biodiversity of the offset habitat	Most of them are forest restorations of burned and/or degraded land in the national territory, through the use of native species, the choice of which takes into account the changes in environmental and climatic parameters in the area where the project is located. In the cases associated with the restoration of spaces related to past mining exploitation (eco-restoration), it does not necessarily have to be forestry, but rather serves the goal of fully reintegrating the restored land with its immediate surroundings.
	Work being done to improve the biodiversity of the offset habitat.	Recovery of native wildlife/flora and their habitats after a fire/degradation process/mining exploitation in Endesa's activity environment.
	Biodiversity monitoring and notification period at offset sites	Between 30 and 40.



13. INNOVATION AND DIGITALISATION

Endesa is firmly committed to innovation and digitalisation, as it regards them as key components in meeting current and future challenges in all its areas of operation. Endesa's digital transformation involves updating its assets, interacting with customers and developing its workforce. Innovation and digitalisation are constantly accelerating. This drives Endesa to continuously invest in improving its platforms, processes, systems and tools, always with a focus on Cybersecurity, and personal data protection, while increasing security standards, business continuity and operational efficiency.

Use of technology to improve processes, such as voice biometrics, generative artificial intelligence, industrial robotics, machine learning, robotic automation (RPA), virtual reality, virtual assistants and big data, together with modern work approaches such as agile methodologies,

telecommuting and data-based methods, are now core elements at Endesa and are embedded in the day-to-day work of the Company's employees. Data management plays an essential role in Endesa's business operations. It is key to decision-making, from the ongoing analysis of best practices in the electricity sector and other sectors, to the performance of advanced analyses and the identification of operational improvements in its various business lines.

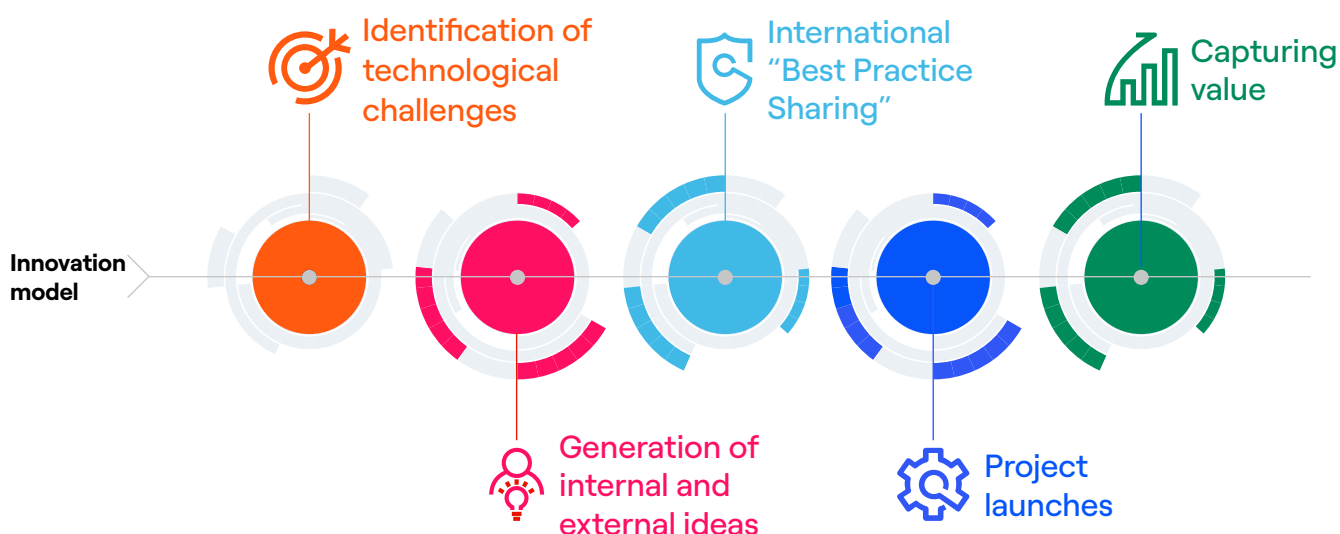
Digitalisation is one of the key elements of the 2024–2026 Strategic Plan as a mainstay of business development. The digital strategy is geared towards optimising processes and reducing costs, with a view to enhanced efficiency in order to support the energy transition, thus allowing new uses of energy and new ways of managing it by making it increasingly accessible to more people.

13.1. Innovation model

Endesa has an open innovation model for the purpose of finding quality ideas for the development of innovative solutions to transform the current energy model. Open innovation is a new model used by companies to relate to external players (universities, start-ups, research centres, other companies in the same or a different industry, etc.) to promote collaboration and the sharing of ideas and expertise.

Endesa's innovation activities are carried out in close collaboration and synergy with the rest of the Enel Group, taking advantage both of the Group's own labs and the best research centres, universities, suppliers and emerging national and international companies.

The following is a summary of Endesa's innovation model:



- **Identification of technological challenges:** in close collaboration with the Business Units and after an analysis of all the business and technology trends available on the market.
- **Generation of ideas:** to resolve challenges, we work on two levels – internal and external ideas:

Internal idea generation channels	Description
"Open Innovability"	• Platform for launching innovation and sustainability challenges for employees and also open to the entire global innovation community outside the company.
"Innovation Academy"	• Specific programme with the aim of training employees in methodologies and work skills, which enable them to support the innovation culture in their field.
"Open Power Space"	• Space created as a benchmark collaborative meeting point at the various Endesa workplaces. In this unique environment, the creative processes that emerge from employees, partners and external collaborators are shared, disseminated and launched.
"Make It Happen"	• Global entrepreneurship programme that helps Endesa employees become entrepreneurs within the Company.
"Challenge-Driven Sessions"	• Workshops on the application of innovative methodologies ("Creative Problem Solving", "Design Thinking", "Lean Startup") to find innovative solutions and approaches to the Company's challenges.
"Innovation Ambassadors"	• Network formed by volunteer employees, who, after receiving specific training, become innovation catalysts within their field.
Participation in the "Enel Innovation Communities"	• Each of the Communities is dedicated to a specific innovation theme: artificial intelligence, robotics, drones, blockchain, Circular Economy, etc. In total, there are 16 Communities in which employees from the different business areas participate by sharing their projects, experiences and points of view. In addition, they regularly host open events to which experts are invited to present their initiatives and advances to the wider community.

External idea generation channels	Description
Entrepreneurs	• "Enel Innovation Hub Europe": With physical locations in Madrid and Barcelona, and in coordination with the global network of "Enel Innovation Hubs", it is responsible for developing relationships with the European entrepreneurship ecosystems relevant to the Enel Group, including the ecosystems in Spain and Portugal. It also carries out the prospecting of European small and medium-sized enterprises and startups that can contribute to the achievement of goals and the completion of innovation challenges identified by the Group's Business Lines and Group Companies. "Enel Innovation Hub Europe" sites form part of the network of 10 "Innovation Hubs" deployed at key enterprise centres and strategic markets for the Group around the world: Brazil, Chile, Spain (Madrid and Barcelona), Israel, Italy (Milan, Pisa and Catania) and the United States (Boston and Silicon Valley). • Sponsorship and promotion of key events that are emerging as meeting points among companies, entrepreneurs and investors. Endesa thus aims to strengthen, encourage and support the entrepreneurial ecosystem and promote innovation and the creation of real business opportunities.
Associations and working groups	• Cooperation with various technology platforms and working groups promoted by various administrations to share experiences in different areas and technologies.
Suppliers	• Endesa actively works with its suppliers with the aim of developing and incorporating new disruptive solutions emerging from the range of projects. The "Innovation by Vendors" programme is a highlight: specific challenges are set for suppliers in order to validate innovative solutions in a shared manner and through close mutual cooperation.
Communities of experts	• Through innovation challenges launched on the "Open Innovability" platform.
Other industries	• Endesa participates in innovation forums with other industries.

- **International "Best Practice Sharing":** through working groups in which different companies from all countries of the Enel Group are involved. Success stories are shared, which enables us to stay at the forefront of the various activities and technologies worldwide.
- **Project launches:** after they have been assessed by Endesa's experts (according to a common methodology based on the initiative's value creation), if the evaluation

is positive the ideas are converted into projects which then embark upon a structured management and monitoring process.

- **Capturing value:** once the projects have been successfully completed, they move on to production in order to create value for Endesa. Furthermore, ENDESA follows a prudent policy regarding the protection of intellectual property.

13.2. Patents and licences

During 2023, Endesa renewed and strengthened its commitment to the development and enhancement of its IP assets as a competitive edge for the Company. The value of Endesa materialises not only in its investments in innovation activities, but also in the expertise and skills acquired on a daily basis in a cutting-edge technological and digital workplace context. This leads to developing an ability to generate concepts according to an open

innovation model, aligned with the sustainable approach that is encapsulated in the Open Innovability® formula. The increase in investment in intangible assets, especially computer and digital applications, is especially significant. These investments were made in all lines of business. They mainly involved internal development of computer software and customisation of software acquired from third parties. These include:

Investments in intangible assets	• Investment in networks for management of smart meters, remote control and communication software.
	• Investment in electricity production for predictive maintenance systems.
	• Internal adaptation of information and enterprise resource planning (ERP) systems.

Endesa owns various patents registered in Spain and/or the European Union and/or in other non-European countries. In some cases, patents may be transferred to Enel Group companies with a licence for their use and, occasionally, they are sub-licensed to third parties. At 31 December 2023 and 2022, Endesa had 10 patents in Spain.

13.3. Context and objectives of Research, Development and Innovation activities (R&D+i)

The energy sector is undergoing major transformations that will intensify in the future, driven by increased environmental awareness of governments and consumers alike. Endesa acknowledges the importance of meeting emission reduction targets and increasing efficiency, which requires additional effort on its part. Within this framework, the goal of Endesa's Research, Development and Innovation (R&D+i) activities is to move towards a more efficient and sustainable energy model.

Emission reductions are simply not possible without electrifying customer demand. Hence the importance of developing, testing and implementing new technologies and innovative business models. Endesa's Research, Development and Innovation (R&D+i) activities are carried out in partnership with the rest of the Enel Group. Joint research activities are undertaken in areas of shared interest and in the markets where both entities operate.

13.4. Research, Development and Innovation (R&D+i) costs

The gross direct cost of research, development and innovation (R&D+i) in 2023 and 2022 came to Euro 114 million and Euro 123 million, respectively, as follows:

Millions of Euro

Gross direct cost in R&D+i ⁽¹⁾		
	2023 ⁽²⁾	2022
 Generation and Supply	77	81
 Distribution	31	34
 Structure, services and others	6	8
TOTAL	114	123
Gross Direct R&D+i Cost / Gross Operating Profit (EBITDA) ⁽³⁾ (%)	3.02	2.21
Gross Direct R&D+i Cost / Operating Profit (EBIT) ⁽³⁾ (%)	6.93	3.34

⁽¹⁾ Relates to expenses and investments for which, for the purposes of the deduction for Research, Development and Innovation (R&D+i) provided for in Law 27/2014, of 27 November, on Corporate Income Tax, certification has been obtained or requested from an entity accredited by the Spanish national accreditation body (ENAC) and a binding reasoned report (IMV) has been issued by the Ministry of Science and Innovation.

⁽²⁾ Provisional data pending certification by the accredited entity and receipt of the mandatory binding reasoned report (Spanish "IMV").

⁽³⁾ See definition in Section 7 of this Consolidated Management Report.

13.5. Main areas of activity

Endesa's Research, Development and Innovation (R&D+i) activities are based on a commitment to sustainability, and therefore technology projects are developed aimed at creating value, fostering a culture of innovation and building a competitive edge in the area of sustainability.

Key performance indicators (KPIs) relating to the innovation

In 2023 and 2022 the innovation indicators evolved as follows:

Number	2023 ⁽¹⁾	2022
Pilot Activities to Test Innovative Solutions	35	36
Activities in scaling phase	278	182

⁽¹⁾ Provisional data pending certification by the accredited entity and mandatory binding reasoned report ("IMV").

Endesa develops innovation projects across all its business lines. The following details the areas of activity, their future guidelines, and certain of the most relevant projects currently under way:

Generation

Guidelines: decarbonisation of generation assets, improvement in the processes of construction of new renewable plants, increased level of digitalisation of plants, reduction of environmental impact in the design and operation phase, increased efficiency and greater flexibility of conventional and renewable plants to optimise their operation, and new energy storage technologies.

Areas of activity: during 2023, the main generation-related innovation projects were:

Projects	Description
Energy storage	• Validation of new technologies to reduce energy storage costs, as well as improve their environmental impact by reducing the use of toxic or flammable elements, and performance assessment. • Validation and identification of new generation technologies for green hydrogen. • In this area of activity, several pioneering projects in Spain stand out: the "Second Life" project at the Melilla Thermal Power plant for the use of second-life batteries from electric vehicles as stationary storage, which has reached its first year of continuous operation; and the 1 MW/ 5.5 MWh Vanadium flow battery demonstration project developed at the Son Orlandis photovoltaic plant in Majorca, which came into operation in the third quarter of 2023. In addition, we should note the initiatives under development for the demonstration projects for iron and hybrid cathode redox flow batteries in the Canary Islands and the feasibility studies for energy storage technology in compressed liquid air on the island of Tenerife. Furthermore, new initiatives and projects are being launched in the area of green hydrogen generation: the Litoral project, or the project involving the Justa Mudéjar transition junction.
Introduction of robotic solutions	• Introduction of new robotic solutions for inspection of assets and in power plant operational support. • In the area of robotics applied to plant inspection, we have developed a pilot autonomous ground robot for the automated inspection of solar PV plants. It is now in the validation phase at the Minglanilla solar PV plant. • With regard to the development of operational support robots, specific projects are under development for the validation of photovoltaic module self-cleaning solutions and for the automatic clearing and stripping of plants in solar photovoltaic plants.
Improved efficiency and increased flexibility of power plants	• Introduction of technological solutions focused on enhancing plant efficiency or increasing operational flexibility in order to have assets capable of better adapting to market requirements: – In this field, work is being undertaken on a flexibility project in hydroelectric plants with the aim of improving the flexibility of flowing plants. This involves the incorporation of variable speed in the generators and in a second line to improve the flexibility of pumping. In this case, a pilot project is underway at the Guillena pumping plant. – In the thermal area, a pilot project has been launched to develop a system for detecting faults in electrical metering equipment, underpinned by artificial intelligence models. – In the wind energy area, new machine learning models were incorporated to improve predictive maintenance. A pilot project has been launched to improve wind turbine control. Finally, within the EU project "HORIZON Europe Nanowings", a pilot validation of a new technology to reduce icing on wind turbine blades is in progress. – In the photovoltaic area, artificial intelligence solutions have been assessed for fault detection in inverters and in the solar field. A project is also underway to develop an intelligent control system for solar trackers to allow the control strategy of the tracker to be independent based on its location in the plant. – Finally, an artificial intelligence-based system is under development to support the operation of renewable energy control rooms. The aim is to improve response times to operational incidents at renewable plants.
Process of design and construction of new renewable energy generation plants	• Implementation of projects focused on: – Enhanced efficiency of the process, allowing a reduction of development costs and minimising the environmental impact of the processes. Among other things, work is being done on using artificial intelligence models to identify potential archaeological remains at development sites. – Shortening of time required for the execution of the work through the identification of pre-assembly technologies, a key aspect in the accelerated decarbonisation promoted by Endesa. In this line, work is underway on pre-assembly solutions for solar modules and pre-assembled transformer systems.
Innovation projects to improve end-of-life of equipment and systems, with a circular economy approach	• Projects focused on the search for end-of-life solutions for wind assets, with a special emphasis on recycling the composites that form the blades of wind turbines, and for electrochemical energy storage systems. Two recycling and material recovery projects are underway in these two fields, involving participation in the <i>HORIZON Europe</i> Blades2Build project.
Improvement of environmental impacts	• We continued with the implementation of agrovoltaic pilot projects at five plants in Andalusia, Extremadura and Murcia, where we intend to validate the concept of land sharing in photovoltaic projects. In this field, participation in the "HORIZON Europe SUSTAINEXT" project has also commenced. The aim is to develop a high value-added chain based on this model in the north of Extremadura. • A range of pilot programmes are underway for the validation of new systems to improve bird protection in the vicinity of wind farms, using cameras, radar and artificial intelligence. • A pilot is also under development to validate the use of biodegradable liquids in the transformer of the VIDCO photovoltaic plant.

Distribution

Guidelines: During 2023, the main innovation projects in distribution were implemented following three approaches: "Resilient, Adaptable and Low Impact Grid", to adopt new sustainable technologies and materials to mitigate environmental impact and improve grid resilience; "Safety and Operational Excellence", for the safety of internal and external staff and increased efficiency of grid operations;

and finally, "New Role of Distribution System Operators (DSO)", to leverage the grid as a digital platform on which to develop and deploy new services, collaborate with industry stakeholders and create shared value.

Areas of activity: During 2023, the main distribution-related innovation projects were:

Projects	Description
Resilient, Adaptable and Low Impact Grid	- Within the field of sustainable design, research continued on grid components, materials and systems for innovative and sustainable rethinking. In the area of grid resilience, two projects stand out: - The first, with the aim of improving grid connectivity in rural areas through satellite communication, gives transformer substations more than one means of communication with the control centre in order to be able to respond to emergencies. - The second initiative, dubbed the "Resisto" project, is developing new applications based on digitalisation, automation and data intelligence to enhance the resilience of the electricity distribution grid to extreme weather events and related risks in natural areas. During 2023, Internet of Things (IoT)-based sensors were installed to measure weather variables. Thermal and visible cameras were installed on critical assets. Smart drones were tested for asset inspection and artificial intelligence-powered algorithms were developed for the risk management platform.
Safety and operational excellence	- Major projects in 2023 focused on smart and sustainable tools and devices, more comfortable protective clothing, and drones and robotic solutions that operate at height to enable interaction with network components for maintenance and installation activities. A further focus was on the use of artificial intelligence to support operational staff. The following projects stand out: - The "Aerial-Core" project, which has developed a range of autonomous aerial robotic platforms for long-range inspection with data collection of overhead grids, handling of grid elements with the use of robotic arms and cooperation with personnel to enhance safety. <i>During 2023, the final validation tests of the project were successfully completed at the Air Traffic Laboratory for Advanced unmanned Systems (ATLAS) experimental centre.</i> - Security project at the Sant Boi de Llobregat substation (Barcelona). Tests were performed using Light Detection and Ranging or Laser Imaging Detection and Ranging (LIDAR) equipment. - Security project at the Ecogarraf power plant located in the Garraf Natural Park (Barcelona), as part of the "Smart5Grid" project. The environment is monitored with cameras and sensors that have already been installed. Processing and communication take place thanks to the deployment of the private 5G network in the substation itself.
"New Role of Distribution System Operators (DSOs)"	"BeFlexible" Project: project implemented in Seville. Electric domestic hot water heaters were distributed. The appliances are managed by temperature probes that monitor performance and energy consumption. Similar control systems are used to provide flexibility to the network, by smoothing peaks in demand and addressing any structural saturations in the distribution network. "Flow" Project: conducted on the island of Minorca. Involves use of both one-way and two-way chargers that provide flexibility to the network. These resources smooth out demand peaks caused by the seasonal nature of electric vehicle use, thus assuring supply in all demand scenarios through the distribution grid. In addition, the benefits provided by smart charging are examined. This is achieved because two-way chargers (V2G or "Vehicle to Grid") allow, during periods of high demand, the energy stored in the battery of the electric vehicle to be exported. - Launch of a project to use the electricity grid for long-distance wireless charging of drones in order to make better use of existing assets. This favours the circular economy of distribution grids and facilitates the penetration of new technologies that enable further digitalisation.
Endesa Red professorships in Energy Innovation	- The aim is to collaborate with universities in the holding of seminars and conferences, the development of bachelor's and master's degree final projects and research projects on topics relating to electricity distribution infrastructures (flexibility, safety and efficiency, storage systems, energy recovery, etc.) and the promotion/capture of talent among students. - Professorships have been set up at the Polytechnic University of Catalonia, the University of Seville, the University of Las Palmas de Gran Canaria, the University of the Balearic Islands and the University of Zaragoza.

Guidelines: execute several proofs of concept and pilot projects ranging from the validation of basic ideas to new technology tests in real environments, new work approaches looking for areas of improvement and the optimisation of processes, focusing on the ongoing improvement of the value proposition to customers.

Areas of activity: during 2023, the main innovation projects in the marketing area were:

Projects	Description
Call centre agent support	A solution that assists telephone agents during customer calls to shorten average call handling time and improve the quality of customer service. Through guided processes, agent support tools facilitate the handling of complex processes requiring many validation steps. This solution aims to compress the learning curve for junior agents and improve the average time of operation (TMO). It also seeks to standardise the service provided by all agents.
Voice biometrics at call centres	- Deployment at contact centres of voice biometrics for customer authentication purposes at call centres, facilitating the validation of security policies in their interactions with Endesa, through a two-step process: - Enrolment. Customer request, after completing a transaction via Watson (AI) to create the customer's voiceprint after recording the conversation with an agent. - Authentication. Identification of the telephone number used by the customer to call us and check the customer's voice (if enrolled) against the voiceprint assigned to this number.
«Responsible Consumption 4 ALL» (RC4ALL)	The RC4ALL (Responsible Consumption 4 ALL) project uses Artificial Intelligence and Big Data techniques to generate personalised recommendations for customers, with the aim of improving consumption efficiency, promoting responsible and efficient consumption, reducing energy consumed and unused, contributing to the decarbonisation of society and meeting the UN's Sustainable Development Goals (SDGs). This project is funded by the Ministry of Science and Innovation and is carried out jointly by Endesa and Comillas-IIT (Institute of Technological Research).
Integration with bank APIs	Solution for access through APIs to customers' bank data, thus enabling automatic management of direct debit payments. This initiative, in line with European PSD2 regulations, allows customers who wish to change their direct debit details in the log-in area of Endesa's website to select the bank they now want from a list and, with prior consent, access it with their passwords and automatically enter the data required for the change of direct debit instructions.
Anonymisation of sensitive data in customer-related documents	Introducing an automatic mechanism, fully integrated with the incoming Social Bonus application channels, that can recognise documents that are not required for this type of applications and anonymise sensitive information within them but without destroying such data so that the nature of the document remains recognisable.
Analysis of customers' website/app browsing behaviour	Customer Experience Analytics platform to track and visualise customer digital behaviours. Aspects such as user frustration, navigation fluidity, the degree of "engagement" with the "web/app", the fluidity of interaction with forms, and the technical aspects of the "web" and the "app" (loading speed, response speed, validation errors, etc.) are reviewed.
"Confía"	Project for the improvement of the management of vulnerable customers, developed jointly with Malaga City Council, the University of Malaga and several collaborators to improve the exchange of information between the public administrations involved, social services and energy companies.
Self-service end-to-end subscription via WhatsApp channel	Creation of an end-to-end sales process through the WhatsApp channel in self-service mode by means of bots guided by preset automated workflows. This helps boost self-service digital sales and lower customer acquisition costs.
Call quality control automation	Automation of the quality control of sales confirmation telephone calls by transcribing the audio and extracting the basic parameters of the call (identity card (DNI), universal supply point code (CUPS), customer name, address and purchased product). The aim is to shorten the average monitoring time for each call by avoiding the need for QA officers to listen to the entire call.
"PARA TI": Endesa's loyalty programme	Innovative initiative for customer loyalty through a system of points obtained for signing up to the programme, having contracts in place with Endesa, signing new contracts and being more sustainable by activating digital billing. Customers can use the points earned to get discounts on invoices and benefits from partner companies and take part in exclusive prize draws.

Electrification of public transport ✕

Guidelines: Through its *Business to Government (B2G)* division, Endesa offers a comprehensive proposal to help government bodies and transport operators meet their decarbonisation and electrification targets for public transport. The initiative consists of global project support, from the initial analysis of the best technical solution to the supply and installation of charging infrastructure for

electric buses and related maintenance. It encompasses both traditional and innovative models, under the "Charge as a Service" offering, and the necessary platforms for optimising the recharging process and integration with the operator's other existing fleet management systems.

Areas of activity: the main public transport electrification tenders awarded in 2023 were as follows:

Projects	Description
Empresa Municipal de Transportes (EMT) Málaga	• Supply and installation of 40 180 kW chargers in the depot of the Empresa Municipal de Transportes (EMT) (Malaga Municipal Transport Company), including the charging management system.
Guaguas Las Palmas de Gran Canaria (empresa municipal de transportes)	• Supply and installation of 5 150 kW chargers that will allow the recharging of up to 30 eBuses in the Arequipa depot of Guaguas Municipales.

Decarbonising cities ✕

Guidelines: Endesa proposes innovative solutions to achieve smarter, more sustainable and more efficient cities through electrification, decarbonisation and resource optimisation, thus contributing to environmental conservation.

Areas of activity: During 2023, Endesa focused its efforts on the following projects:

Projects	Description
Cervera Town Council	• Public lighting in Cervera, using LED technology, with around 3,000 light points.
Santiago de Compostela	• Endesa, in a consortium with Ferrovial, was awarded the contract to upgrade the public lighting in Santiago de Compostela, where nearly 30,000 luminaires will be replaced with LEDs.
Griñón and Castellón de Ampurias	• Award of the contract for the replacement of public lighting in the municipalities of Griñón and Castellón de Ampurias, using efficient technologies.
Consorcio de Aguas de Tarragona (water authority)	• Joint project undertaken by Endesa and the Consorcio de Aguas de Tarragona for the construction of two 4.7 MW solar plants for self-consumption.
Universidad Complutense de Madrid	• The Universidad Complutense de Madrid is launching an ambitious self-consumption programme in partnership with Endesa, with the installation of 14 solar plants across its buildings.
Mercasalamanca	• Endesa built Mercasalamanca's first solar plant, which will enable it to cover 35% of the energy needs of its agri-food logistics centre.
Port of Cádiz	• Endesa has started work to become the first company in Spain to offer electricity supply services to cruise ships in the Port of Cádiz, through an OPS (On-shore Power Supply) facility.

Industrial decarbonisation ✕

Guidelines: Endesa operates as an energy partner for companies and industries, advising on the process of decarbonisation and increased sustainability.

Areas of activity: In 2023, the following projects stood out:

Projects	Description
Heat recovery system	• Development of an automated heat recovery system in the high-power graphite electrode plant operated by the Japanese multinational Showa Denko, located in A Grela (Spain). • This not only increases energy efficiency, but also contributes to the decarbonisation of the industry by reducing pollutant emissions by more than 2,772 tonnes of CO₂/year.

Customer focus

Guidelines: Endesa undertakes innovation projects to improve customer experience and facilitate customer service.

Ámbitos de actuación: In 2023, some of the main projects based on innovative technologies were the following:

Projects	Description
Urgent Work Order (WO) automation	- Continuation of the project initiated in 2021-2022 for the notification and assignment of urgent "Work Orders" (WO) through robotic process automation (RPA). - As part of the development completed in 2023, the Telegram app is used for communication with the technician. This makes it possible to input details of the work to be performed and confirm the order. - This enables fast and efficient handling of urgent repair orders, thereby improving customer service and lowering operating costs.
"Speech Analytics" and "Text Analytics"	- Auditing of customer calls for certain procedures by means of call transcription with "Speech Analytics" using artificial intelligence. - Analysis of customer comments in perceived quality surveys by means of "Text Analytics" using artificial intelligence. - Identification of best practices and corrective measures.

Occupational safety

The main research, development and innovation (R&R&I) actions carried out in 2023 centred on pinpointing areas for improvement in occupational health and safety (OHS), in work teams, and in facilities:

Projects	Description
Projects related to particularly hazardous jobs	Assurance of compliance with basic occupational health and safety guidelines. Key projects in the Distribution business line included "APP5RO", which entails verifying compliance with the five golden rules for working with electricity, and "5PPA", related to working at height.
Projects related to plant safety	- The "Grid Blue Sky" (GBS) project, which consists of several applications. "Accident and Incident Dashboard (AIDA)", created to report accidents. "Near Miss", Safety Observations and "Smart Control", created for the integrated management of safety and environmental inspections and to notify opening of field work. "Intrinsic Safety" project, which aims to identify intrinsic safety defects linked to major accident hotspots.
Projects related to individual and collective protection, and protective clothing	Optimisation of personal protective equipment (PPE) with preventive and ergonomic IT innovations that afford greater protection, comfort and resistance.
Projects on safety inspections, event reporting and work permit management	- Using the following software tools: "HSEQ4all", a network to report security breaches and, at the same time, require action plans to remedy such situations. "E-DIANA", for managing inspection data, event communication and reporting. "INGEN", "WCM / EPTW" and "OFA" for work permit management. "INCHECK" for the "PREJOB CHECK and POST JOB REVIEW" procedures.
Projects related to safety leadership, unsafe behaviours and acts and occupational risk prevention (ORP) training	- AI4SAFETY Project: artificial intelligence applied to detection of unsafe behaviour and acts. "Onboarding / Transboarding" project for the identification by managers of risk profiles and workers who either join Endesa's workforce or change jobs. Each profile analysed is automatically assigned training in Workplace Risk Prevention (WRP) and its protective equipment "PPE" and an identification of its risk information sheet and its medical protocols for health surveillance. "Automation of Safety Training" project: development of a tool that manages the safety training of workers throughout their life in the Company based on their risk profile. "Occupational Risk Prevention (ORP) Training Standard" project within the framework of the Spanish association of electricity companies (AELEC). The initiative aims to standardise the Occupational Risk Prevention (ORP) training required for service contractors in the electricity sector.
Projects related coordinating business activities and management contractors	"Dynamo" tool: seeks to enhance communication of contractors' work and in efficiency of information exchange between stakeholders in the various processes.

13.6. Circular economy

13.6.1. A circular approach for a sector with a bright future ahead

The energy transition towards a generation model based on renewable energy sources will reduce the economy's dependence on fossil fuels, but will mean the emergence of new demands for materials and raw materials.

In this context, a circular economy approach to managing generation and distribution assets is needed to address challenges such as the supply of materials, reducing strategic dependence on sensitive areas such as critical

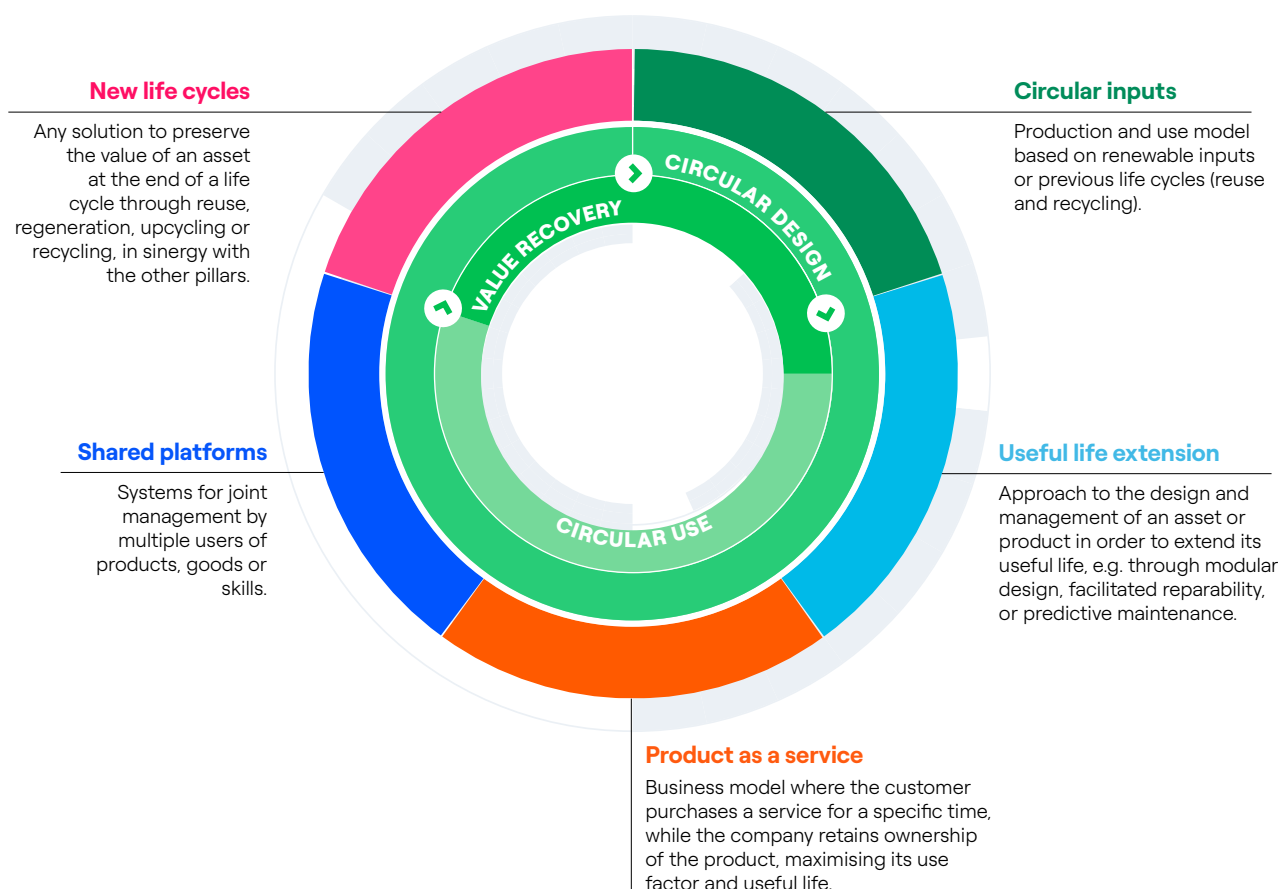
raw materials and end of useful life management through reuse and recycling.

In 2023, the key initiatives undertaken cover the different technologies involved in the energy transition (wind, storage, grid development) and the circular economy strategy throughout the value chain. This circular economy strategy is based on five pillars that operate via three main levers, that are described below:

Levers of the circular economy strategy	Description
Circular design	Use of recycled materials in the design reduces the consumption of raw materials and consequently lowers emissions of carbon dioxide (CO₂).
Circular use – extending service life	Keeping assets in service for as long as possible and reducing the need for new ones also reduces the quantity of materials required for their manufacture.
Recovering value – Identifying new life cycles	Reuse of assets and recovery of components and materials is a key activity to recover their end-of-life value and reduce the consumption of raw materials.

Circular economy strategy

PILLARS OF THE CIRCULAR ECONOMY



For years, Endesa has been resolutely treading the path of the circular economy. This now represents a real strategic driver for the business and an accelerator of growth throughout the value chain. As a result, the Company has implemented policies and actions with two main goals:

Main policy and action objectives	Actions
Decoupling economic activity from extraction of non-renewable resources	- Reducing the consumption of raw materials through the ecodesign, reuse and reconditioning of materials, equipment and facilities. - Keeping assets in use, improving predictive and corrective maintenance, and prioritising repair over replacing equipment and components. - Recycling equipment, components and materials to recover their value and introduce them back into the production system.
Regenerating renewable resources and ecosystems	- Agrovoltaic practices, especially in the construction of photovoltaic farms, which help the sector actively rebuild biodiversity and safeguard the health of ecosystems. - The application of the principles of the circular economy to reduce the consumption of raw materials, because more land area can be indirectly returned to nature and regenerate the ecosystem.

13.6.2. Key circular initiatives

During 2023, the main circular economy-based actions were:

Activity across the value chain	Key actions
Circular economy across the value chain	- Incorporation of a factor (parameter "k") in the bidding process that positively weights bids with a higher degree of involvement with sustainability and the circular economy. - Request for the main purchasing families for certifications related to the impact and optimal use of raw materials used in manufacturing (Environmental Product Declaration ("EPDs"), materials passport, carbon footprint or self-declarations related to circularity). - Establishment of a "Circular Confirming" reverse factoring financial tool that rewards circular behaviour by suppliers through discounts on invoice advance costs.
The circular economy in our generation assets	- Modification of the way in which wind farm maintenance is carried out. Moving to a new model based on the repair and reuse of broken equipment. - Analysis and monitoring of operating variables to locate faults in wind turbine components. Early detection of the fault allows the component to be repaired before failure occurs. - Implementation of a new software version that involves several improvements in the power curve of the turbines, in order to obtain an increase in energy production. - Involvement in the European project BLADES2BUILD of the HORIZON programme for the development of new applications for the material resulting from recycling wind turbine blades. This closes the circle of a new useful life. - Reuse and sale of decommissioning plant equipment, with analysis of the possibility of internal reuse in other Company facilities or through sale to third parties, seeking a second life when it cannot be reused internally. - Recovery of materials from decommissioning plants, recovering more than 90% of non-hazardous waste at the end of the project. - Development of a facility capable of reusing and recovering batteries from electric vehicles. The batteries that allow it will be adapted for reuse. The others will be electrically discharged, disassembled and subjected to a separation and crushing process that will enable recycling of the materials they contain, such as plastics, aluminium and copper, as well as the "black-mass", which constitutes the part that is rich in strategic metals that are of great value in Europe, like cobalt and nickel, both essential for the manufacture of new batteries. - A solution based on the pooling of second-life electric vehicle batteries to provide reliable solutions to current problems in the field of off-grid generation. - Innovation project that explores alternative technologies to "lithium-ion" with the aim of replacing the use of critical raw materials.
The circular economy in infrastructure	- Implementation of a pilot test at the Zumajo substation, where 2,000 m³ of conventional concrete used in civil works, mainly in foundations, is replaced by sustainable concrete made of cement with a 70% lower carbon footprint. - Use of 100% recycled concrete with low carbon dioxide (CO₂) emissions in the pipelines in the Barcelona South distribution area. - Inclusion in wind farm tenders of the possibility of using Type II and IV cements, to encourage the use of concrete low in carbon dioxide (CO₂).

Endesa's actions in the circular economy are described in detail in Section 4.4.3 "Circular Economy" of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Directors' Report).

14. PEOPLE

14.1. Personnel

At 31 December 2023, Endesa had a total headcount of 9,035 employees, down 2.4% on 31 December 2022. Endesa's average number of employees in 2023 was 9,097 (-0.5%).

Information on Endesa's workforce is provided in Note 50 to the Consolidated Financial Statements for the year ended 31 December 2023.

Key performance indicators (KPIs) relating to the workforce

KPIs related to the workforce at 31 December 2023 and 2022 were as follows:

Key performance indicators (KPIs)	Description	January–December 2023			January–December 2022		
		Hombres	Mujeres	Total	Hombres	Mujeres	Total
Hiring rate (%)	Percentage of new hires compared to final workforce.	4.1	3.8	4.0	6.3	8.9	7.0
Rotation rate (%)	Percentage of contracts ending compared to final workforce.	6.2	3.9	5.6	6.3	5.2	6.0

Key performance indicators (KPIs)	Description	January–December 2023			January–December 2022		
		Hombres	Mujeres	Total	Hombres	Mujeres	Total
New hires	New employee hires (number)	270	92	362	430	218	648
Contract terminations	Contract terminations (number)	412	94	506	432	127	559



14.2. Occupational Health and Safety (OHS)

Endesa considers occupational health and safety (OHS) a priority and a core value to be preserved at all times for everyone, without distinguishing between its own staff and its partner companies. This goal is integrated into Endesa's strategy through implementation of the occupational health and safety (OHS) policy at all companies

in the Endesa Group. In 2023, the Joint Prevention Service, in coordination and working together with the rest of the *Health & Safety, Environment and Quality* units of the various business lines, focused on the seven pillars or main areas of its preventive initiatives:

Preventive Activity:	Description
1. Occupational health and safety (OHS) awareness-raising. Engagement and consultation	- Publication of regular tips on healthy habits for living and working in a healthy and safe way. - Seasonal campaigns (e.g. prevention of high temperatures, safe driving, flu shots) and distribution of informative material (e.g. newsletters, videos, infographics). - Engagement and consultation with workers' representatives in preventive matters in the Health and Safety Committees and in the Planning and Control Participation Committee for Endesa's Preventive Activity Planning and Control.
2. Risk assessment, preventive planning, activity observation and monitoring	Risk assessments and preventive planning in all organisational areas. Verifying the overall situation of occupational safety through planned inspections and audits, including review of compliance with standards, procedures and processes and their implementation at operational level (inspections, "Safety Walks", "Extra Checking on Site", etc.). Design and implementation of accident prevention action plans.
3. Partner companies	Determination of criteria for regular verification of contractors' compliance with legal requirements, as well as their follow-up and control. Suppliers were also subject to safety evaluations to identify critical areas, while contractors were subject to audits or <i>assessments</i>.
4. Occupational Health and Safety (OHS) Management System	The Occupational Health and Safety Management System (OHSMS) and its general procedures are continuously improved in accordance with ISO 45001. The Occupational Health and Safety Management System (OHSMS) allows us to collaborate in the control of Occupational Health and Safety (OHS) risks, reduce accidents, support the control of regulatory compliance and improve performance in general, promoting a safe and healthy environment.
5. Innovation, improvements in equipment and technologies	- In line with the digital transformation and technological innovation process, the various business lines' <i>Health & Safety, Environment and Quality</i> teams and the Joint Prevention Service worked on implementing digital tools for each scope. - Innovation projects related to hazardous work, facilities, protection equipment, inspections, etc.
6. Process Automation and Optimisation. Training in workplace risk prevention	"Onboarding / Transboarding" project for the identification by managers of risk profiles and workers who either join Endesa's workforce or change jobs. Each profile analysed is automatically assigned training in Workplace Risk Prevention (WRP) and its protective equipment "PPE" and an identification of its risk information sheet and its medical protocols for health surveillance. "Automation of Safety Training" project: development of a tool that manages the safety training of workers throughout their life in the Company based on their risk profile.
7. Psychosocial risks and health monitoring	Launch of a new assessment of psychosocial and techno-stress factors for the entire workforce and subsequent analysis of findings by organisational area for the design of action plans. Implementation of several initiatives for the promotion of health and continuous monitoring of the health of workers by the Medical Area.



Key performance indicators (KPIs) related to occupational health and safety (OHS)

The main OHS indicators In 2023 and 2022 were as follows:

Key performance indicators (KPIs)	2023		2022	
	In-house personnel	Subcontracted personnel	In-house personnel	Subcontracted personnel
Employee training on OHS (number of hours)	124,162	—	83,144	—
Attendance at OHS training ⁽¹⁾	8,430	—	8,552	—
Safety inspections ⁽²⁾	732	117,043	688	110,064
"Safety Walks" ⁽³⁾	272	—	294	—
"Extra Checking On Site" (ECoS) ⁽⁴⁾	—	16	—	10
Number of hours worked	14,880,226	46,661,938	14,849,992	41,357,055
Number of accidents ⁽⁵⁾	4	18	1	18
Frequency index ⁽⁶⁾	0.26	0.38	0.06	0.43
Number of serious accidents ⁽⁷⁾	—	2	—	—
Frequency of serious accidents index	—	0.04	—	—
Number of fatal accidents	—	1	—	—
Frequency of fatal accidents index	—	0.02	—	—
Number of accidents involving at least one lost day (LTI)	5	20	2	18
Frequency rate for accidents involving at least one lost day	0.33	0.42	0.13	0.44
Degree of severity ⁽⁸⁾	0.02	0.10	0.01	0.09
Absenteeism rate (%) ⁽⁹⁾	2.98	—	2.97	—

⁽¹⁾ Employees attending training courses on risk prevention in the year (number).

⁽²⁾ Safety inspections of works and/or projects related to own employees and contractors (number).

⁽³⁾ Safety visits by management and prevention technicians to facilities and workplaces to verify the state of the facilities, compliance with OHS regulations and the adoption by works of safe and healthy behaviours (number).

⁽⁴⁾ Safety visits to workplaces by experts from different countries to share preventive improvement practices (number).

⁽⁵⁾ Includes accidents eligible for calculation under Enel Group Policy 10⁵.

⁽⁶⁾ Frequency index = (Number of accidents or Number of serious accidents or Number of fatal accidents / Number of hours worked) x 10⁶.

⁽⁷⁾ Includes: accidents that resulted in more than six months off work as at 31 December 2022 and 2023; accidents that were ongoing and considered serious (initial prognosis >30 days) as at 31 December 2022 and 2023; accidents classified as "Life Changing Accidents" (LCA), irrespective of the resulting number of days off work.

⁽⁸⁾ Severity rate = (Number of lost days / Number of hours worked) x 10³.

⁽⁹⁾ Number of days of absence due to illness or accident/number of notional days *100.

The company's *Risk Appetite Framework* has set a tolerance level for the absenteeism indicator of 5%.

14.3. Responsible personnel management

Endesa is committed to sustainable people management, fostering best practices in hiring, compensation, employment relations, training and selection, etc. and pursuing initiatives that foster a safe and healthy working environment, well-being, work-life balance, equal opportunities, diversity and inclusion.

Endesa believes in diversity among its employees as an enriching factor. ENDESA's respect for the approaches in its Diversity and Inclusion Policy (age, gender, culture and disability) is reflected in the ongoing increase in the

number of women in the workforce, the incorporation of people of other nationalities and young people to rejuvenate the workforce, recognition of people with the most experience and the integration of people with disabilities. The Policy was reviewed in 2023 to bring it up to date with the new reality and take into account developments in diversity in recent years.

In 2023, Endesa worked on each of the following dimensions by carrying out various initiatives, as described below:

14.3.1. Diversity and equal opportunity

Under the framework of the Policy of Diversity and Inclusion, the Company rejects all manner of discrimination and undertakes to guarantee and promote diversity, inclusion

and equal opportunities in all dimensions covered by that policy (gender, age, disability and nationality):

Gender

Endesa promotes gender equality in all areas of the Company, focussing in particular on internal and external

objectives related to gender as established in the 2024-2026 Strategic Sustainability Plan.

	2023	2024-2026 Targets		
		2024	2025	2026
Increase the presence of women in positions of responsibility (% women)				
Management positions	21.1	21.5	21.7	22.0
Middle management positions	35.7	36.0	36.0	36.5
Promoting gender diversity as part of selection processes (% women)	52.5	50.0	50.0	50.0
Promotion of gender diversity in the recruitment process (global% of women recruited)	37.2	37.5	38.0	38.0
Female students involved in initiatives of vocational guidance in STEM ⁽¹⁾ area	>5,000 women involved in the 2024-2026 period			

⁽¹⁾ "Science", "Technology", "Engineering", "Mathematics"

On a monthly basis, the data and results of the actions carried out in the area of gender diversity are published and performance is assessed with respect to the goals set for 2023.

The number of women in Middle Manager positions has increased by 0.8%. In the case of the number of women in "Manager" positions, the appointment criterion is based on the responsibility they perform and has increased by 2.2%.

The number of women in positions of responsibility is increasing every year thanks to the female empowerment actions and the policies established in the Succession plans in which the objective is for the percentage of women to be 50% (44.3% by 31 December 31 2023).

In year 2023, the percentage of women hired amounted to 37.2%, 1.0% lower than in the previous year, mainly due to the total decrease in the number of external hires (see Section 14.1 of this Consolidated Management Report).

Percentage of women in the workforce

	2023	2022
Board of Directors	41.7	41.7
Executive positions		
Management positions	21.1	18.9
Middle management positions	35.7	34.9
Selection processes		
"Short List" ⁽¹⁾	52.5	51.4
Hires	37.2	38.2

⁽¹⁾ List of final candidates in selection processes.

Endesa has an equality plan that provides a framework for action to promote effective equality, equity, development, work-life balance and co-responsibility among all staff and is part of the *Endesa V Framework Collective Agreement*. In 2023 the Equality Plan was updated in accordance with the new legislation in force and has been agreed with employee representatives.

Endesa also defined a Gender Diversity Action Plan, in line with our Diversity and Inclusion Policy, aimed at achieving three main targets: increasing the presence of women in the Company, increasingly their presence in positions of responsibility, and ensuring quality in wages and salaries. To achieve these goals, a number of initiatives are being developed structured around four pillars:

Initiatives	Description
1. Attracting talent	Incorporation of inclusive language and parity in selection processes through "Science, Technology, Engineering, Mathematics" (STEM) programmes such as "Debunking Stereotypes" or "Ella te Cuenta".
2. Awareness raising	Events to share good practices with other companies, "<i>Conscious Decisions</i>", "<i>Training Programmes to Combat Harassment</i>" and initiatives of the Endesa Women's Network.
3. Work-Life balance	- Updating of the Equality Plan in accordance with current legislation with more than 68 measures contained in the "<i>5th Endesa Framework Collective Bargaining Agreement</i>". "<i>Parental Programme</i>".
4. Women's leadership	Through programmes such as "Woman Mentoring", "Cross Mentoring" and "Intercompany Breakfasts", and a women's leadership programme for the women's network.

In addition, we carry out internal and external communication actions, for example, Diversity Days or the dissemination of the awards received in 2023 for diversity initiatives such as the "Diversity Leading Company" award or the "Empowering Women's Talent" seal, awarded by Equipos y Talento, or being part of the jury for the "Pioneras IT" award granted by the Colegio de Ingenieros de Telecomunicaciones (Association of Telecommunications Engineers).

We engage in external commitments with public administrations such as, for example, the Ministry of Equality (Equality Badge renewed in 2023), and commitments with other entities such as "CEOs for Diversity", AEMENER

("Association of Women in Energy") and together with adherence to the 7 WEPS ("Women Empowerment Principles") promoted by the United Nations (UN) and UN Women Global Compact and consistent with the Sustainable Development Goals of the United Nations (UN) to which the Company is committed.

The actions have a follow-up and monitoring of their impact through the Equality Committee, and with the preparation of different external indexes such as "Bloomberg" in which Endesa has been improving for 3 consecutive years, or "MERCOS" in which it has reached position 35 of the 100 companies with the best corporate reputation in Spain, this being Endesa's best score in the last 10 years.

Age

Endesa works to recognise and manage generational differences, guaranteeing integration, motivation and knowledge transfer. In 2023, the following initiatives were put into practice to this end:

Shares	Description
"Onboarding"	Aimed at young people who have just joined Endesa.
"Nuestros Mayores Valores" (our core values)	- The "Our Best Values" initiative for employees over 55 who made an exceptional contribution during their professional careers and receive recognition from the organisation, their direct managers and their colleagues in the form of participation in experiential or business activities. - This is one of the programmes aimed at enhancing the value of senior talent through knowledge transfer initiatives and recognition of their experience.
"Intergenerational mentoring"	Promote intergenerational mentoring to encourage diversity in teams.

Disability

Endesa carries out initiatives to foster the integration of people with disabilities in conjunction with foundations specialising in this area. The main ones are:

Initiatives	Description
"Valuable 500"	Endesa was the first Spanish energy company to sign up for the "Valuable 500" global disability inclusion initiative, carrying out more than 36 initiatives in 2023.
Addecco Foundation Family Plan	Counselling and health therapies for family members with disabilities. This plan provided personalised counselling and health therapies to 69 relatives of employees with a disability in 2023.
Randstad Foundation	Provision of specialist disability consulting and advisory services.
Prevent Foundation and Universia Foundation	Support for a number of scholarship programmes for students with disabilities.

These actions take the form of projects that promote inclusion of people with disabilities in the labour market and support services for employees with disabilities (98 employees with a disability as at 31 December 2023, 1.08% of total headcount at that date).

In addition to partnering with foundations, Endesa has an

officer tasked with centralising all issues and providing service to both managers and employees in this area.

Endesa complies with current disability regulations, set out in Spain's General Law on Disability ("Ley General de Discapacidad").

Multiculturalism/Nationality

Endesa is committed to the acknowledgment, respect and integration of persons of different nationalities working at the Company. We support cross-cutting projects with teams from different countries. Within the same country, we encourage closer ties between different territories with initiatives such as the "Endesa Lovers Days", in which more than 3,000 people from different geographical areas took part.

To raise the profile of all the above actions, the "Diversity Days" continued to be held in 2023. These involve a mix of face-to-face and online initiatives dedicated to all dimensions: women's network initiative, solidarity bazaar for people with disabilities, LGBTI (lesbian, gay, bisexual, transgender and intersex) event.

14.3.2. Work-life balance and flexibility

Endesa continued to carry out a variety of initiatives to foster its flexible working environment and help employees achieve a balance between their personal,

family and professional lives. The measures taken by Endesa to promote work-life balance are divided into five large groups:

Lines of action	Description
1. Employment quality	• Permanent contract, pension plans, health and welfare, expatriate support, etc.
2. Flexible time and personal leave	• Shorter working days, unpaid time off, paid leave, etc.
3. Support to the family	• Unpaid time off, paid leave and a flexible timetable for family care, helping dependant elderly family members, etc.
4. Career development	• Professional/technical/skills/language training, volunteer programmes, coaching, etc.
5. Equal opportunities	• Professional support for victims of gender-based violence, medical advice, etc.

Endesa employees benefitting from initiatives to promote work-life in 2023 and 2022:

Number of employees		
Work-life balance actions	2023	2022
Female	2,145	2,073
Male	4,143	4,013
TOTAL	6,288	6,086

Below we highlight some of the measures that Endesa carried out during 2023:

Work-life balance	Descripción
Work Outside the Office	• Employees were allowed to continue working remotely where possible. We continued to support our people to maintain their motivation and performance.
Flexible timetable	• Flexible working hours make it easier to balance work and personal life.
Breastfeeding rooms	• Service for women who have become mothers.

During 2023 and 2022 the number of employees who benefited from these programmes was as follows:

Beneficiaries by type of most important work-life balance measure	2023	2022
Work Outside the Office	5,913	5,705
Flexible timetable	2,459	2,523

In addition, Endesa offers its people, among others, these services for flexibility and wellness support:

Otras Medidas de Flexibilidad	Descripción
Offers channel	This channel includes a wide variety of products and services at competitive prices, ranging from leisure offers to others related to personal well-being and training. It is open to solidarity, with a section for donations to different social institutions aimed to improving the living conditions of those most in need.
"Sala To Do"	At the Madrid headquarters, with uninterrupted opening hours and online payment, this room brings together services that help make employees' lives easier, such as clothing and shoe repair, dry cleaning, laundry, financial advice, and mobile phone, tablet and computer repair.
Train Yourself	As a company firmly committed to employees' health, Endesa has been promoting the Train Yourself Programme since 2011. The Company encourages employees to practice sport through this programme with a monthly subsidy.
Other services	There is also an app that allows people to enjoy services such as private car pooling, the e-sharing car service with a fleet of electric vehicles for professional use, cleaning and car repairs, yoga classes, pilates and maintenance gymnastics, nutritionist and travel agency.

14.4. Working environment

Endesa continued to promote the new workmodel. In 2023, more than 64% of the workforce (5,913 employees) enjoyed a hybrid work model combining remote work with face-to-face work in offices. A variety of surveys, interviews, focus groups and initiatives were carried out at different levels within the organisation to gauge how employees felt and how they were adapting to the remote working and the partial return to on-site work, adding questions about workload, wellbeing, leadership, and their motivation and commitment to Endesa.

Endesa's priority is to place people at the heart of its business. To this end, the focus in 2023 was placed on improving the level of satisfaction and wellbeing, following the "*Well-being - Motivation - Results*" cycle that translates to more wellbeing, better motivation and enhanced performance.

To improve the workplace climate and satisfaction, initiatives were conducted by the People and Organization Unit, the "Wellbeing and Welfare" Unit at a global level. They launched a Global Wellbeing Plan focused on people care and personal wellbeing at work and in private life, with the aim of increasing the level of peace of mind and reinforcing the sense of belonging.

Through the "*Wellbeing*" survey rolled out to employees, the needs of employees were elicited and initiatives such as the Wellbeing Plan were put in place. This involves regular questionnaires on how employees feel in their professional and personal environment on a physical, psychological and relational level. In addition, webinars on physical and psychological well-being were held.

The initiatives undertaken in 2023 remained focused on leveraging Endesa's strengths and values to address the identified areas for improvement.

Initiatives	Examples
Initiatives aimed at further improving management skills in increasingly digital, flexible and diverse environments.	Endesa Lovers this year focused on the territories. More than 5,000 people took part in the event, with a satisfaction rating of 7.5 out of 10. They helped reconnect people with the company's cultural evolution strategy, based on four pillars: leadership and self-development, diversity, wellbeing and recognition.
Initiatives aimed at encouraging employee participation in decision-making activities in projects and processes, to help develop the values of trust, proactivity, responsibility and innovation underpinning Endesa's management model.	Communities have grown and strengthened (there are currently 20 communities with more than 2,700 people). These communities segment employees by interest groups (women's community, data experts, LGBTQ+ community (lesbian, gay, bisexual, transgender and intersex), energy linkers, inclusion community, etc.) and have also contributed to improving the climate and engagement of employees.
Initiatives geared towards people managers and their leadership	Focus has also been placed on people managers as enablers of the work climate; we held an event to foster their leadership and improve their networking.

All climate action plans carried out in 2023 were monitored regularly to ensure that they conformed to the planning and targets set.

14.5. Leadership and personal development

Leadership at Endesa is based on the vision, mission and values. The “Open Power” values (Responsibility, Innovation, Confidence and Proactivity) present in the people management processes through the Company’s 15 competencies.

In 2023, the development of leadership at Endesa gained momentum with the implementation of “Softleadership”, an empathetic, sensitive, gentle and inclusive leadership style based on 6 principles: inspiring with meaning,

communicating, active listening, nurturing trust, abiding by transparency and accountability. This leadership style was developed in recent years with Endesa’s commitment to the “Coaching” culture, which is present through the Internal Coaching Network and the leadership training pathways based on coaching skills and competencies. This enables leaders and everyone in the organisation to use a management style and behaviours that are clearly geared towards people’s development and growth.

Programmes	Description
“Coaching”	Endesa continues to make a strong commitment to coaching through individual or group actions, mainly through the Internal Coaching Network, where 54 internal coaches, 20 of whom are also team coaches, accompany Endesa professionals, making this a benchmark model in IBEX-35 companies. Endesa’s commitment to coaching has been recognized in recent years by the Spanish Association of Executive and Organizational Coaching (AECOP) in the section “Coaching Culture in the Company”.
Human skills workshops	One of the main competencies is “Empowering” and “Coaching”. With the challenge of bringing coaching closer to Endesa, the Internal Coaching Network offers workshops related to coaching, such as “Growing with Coaching”, aimed at making coaching known and bringing coaching closer to all employees, and “Coaching tools for your development”, aimed at those who want to learn how to implement coaching competencies in their day-to-day work. These workshops complement the courses “Gestor Coach”, “Gestor Coach+”, “Gestor Coach III” and “Agent of Change”, aimed at people managers, and the course “Become a Softleader” aimed at managers of the organisation, with the aim of facilitating the integration of coaching competencies in their own management role.
“Mentoring”	Knowledge transfer project in which leading in-house professionals in a specific skill or area of knowledge mentor and mentor other colleagues for a period of 3 to 6 months. In 2023, we once again took part in a “cross-mentoring” programme together with other companies. Women with potential were mentored by business leaders from different sectors to contribute to generating networking opportunities. A new edition of “Women mentoring” was launched in 2023, framed within the women’s community. The aim is to create spaces for connection, support and professional development among the community. In addition, regular training meetings are organised for the Endesa Mentoring Community to maintain the quality of the processes.
“Job Shadowing”	This development action aimed at getting to know another area of the Company consists of accompanying another professional in his or her day-to-day work for a set period, sharing experiences. It can take place both in person and online, with the aim of promoting networking among colleagues. On an annual basis, an organisation-wide campaign is launched to offer the opportunity to take part in this programme. There is also a longer-term programme included as an action in the Total Rewarding and Succession Plan catalogue.
Talent development consultancy	- One of the great achievements in the area of talent development is being able to put in place tailor-made solutions for businesses that need it. In 2023, Endesa continued to strengthen its internal consultancy services, providing tailor-made solutions to meet the needs of the business areas, such as actions aimed at reinforcing the team identity of the different divisions. - Another example is the “offboarding” programme, aimed at helping employees to adapt to their new job at the time of departure in order to enhance their level of well-being.
Succession plans	In 2023 Endesa continued with the identification of successors for the positions of greatest managerial responsibility in the organisation. Criteria are defined for this identification, including a requirement that at least half of the successors chosen for each plan should be women, thus contributing to meeting gender diversity objectives. Nominated successors have a catalogue of actions structured into three blocks of initiatives: accompanied, training-oriented or experiential. Candidates can choose the one they consider will have the greatest impact on their personal and career growth.
“Total Rewarding”	This process promotes recognition management in a broad sense. It encompasses not only economic actions, but also exclusive training and development actions such as “ThePower MBA”, and the Master’s in Energy Business and Master’s in Energy Law offered by the Spanish Energy Club, among others. It is aimed at people whose track record, attitude and performance deserve recognition.
“Softleadership”	A global programme aimed at implementing “Softleadership”. A range of activities have been conducted, such as: identification of employee who could be ambassadors for the programme, video testimonials of the six principles, inspirational talks by leading figures, merchandising, design and implementation of workshops to develop the six principles, and other training linked to this style of leadership.
“Empowerment Path”	Support and development programme conducted by internal coaches trained in the ITACA protocol and aimed at newly appointed managers with the aim of identifying and enhancing their talents for this new professional phase.
“Talent Engagement Program”	An 18-month programme aimed at “High Potential” young people. The aim is to create and develop their leadership through rotation in three different areas of the company. It is coupled with training and development initiatives that allow them to gain greater knowledge and integration into the company’s culture.

"Open Feedback Evaluation" (OFE)

Open Feedback Evaluation (OFE) is the current system of evaluation. It focuses on the development of the individual and on fostering a culture of feedback. In line with an open, approachable and empathetic leadership, the process evolves on a 360° level, open to the entire organisation,

in order to promote generosity, companionship and a culture of feedback exchange at all levels.

Open Feedback Evaluation (OFE) is based on 15 Endesa skills organised into three areas: Talent, generosity and action.

Scope	Description
Talent	• Designed for each person to identify up to three skills in which they believe they excel.
Generosity	• Oriented to give and request feedback to colleagues, in order to recognise and enhance their development.
Action	• The manager assigns professional goals to his/her team members, who have the option of proposing their own goals.

As at 31 December 2023, 3,523 or 39.00% of Endesa employees received variable remuneration based on

objectives (MBO). In 2023, a total of 7,940 evaluations of 2022 objectives were carried out.

Key performance indicators (KPIs) related to performance appraisal and evaluation of objectives

In 2023 and 2022, the key performance indicators (KPIs) related to the performance appraisal and evaluation of objectives were as follows:

Percentage (%)

Key performance indicators (KPIs)	2023	2022
Employees with variable remuneration linked to evaluation of objectives ⁽¹⁾	39.0	38.1
Employees included in performance appraisal ⁽²⁾	87.3	84.9

⁽¹⁾ Employees with a component of their variable salary linked to the achievement of Endesa's objectives..

⁽²⁾ Employees taking part in the evaluation of behaviours and/or values of the company using the Open Feedback Evaluation (OFE) tool as a% of the final workforce.

14.6. Training

Endesa demonstrates its learning strategy with a wide range of training initiatives to provide and improve the technical qualifications required by employees and to further their personal development. The company thus fulfils its commitment to people, placing them at the centre of everything we do to have a positive impact on them.

A fully up-to-date, single and comprehensive catalogue with courses on the skills and techniques that are in greatest demand and will help to spark employees' inquisitiveness for cutting-edge issues, while caring for and reinforcing their overall well-being, not to mention provide learning experiences to work and lead a new, more flexible organisational model. A new learning model focused on globalising processes, on the employee's user experience, on developing new tools and new ways of thinking.

Endesa's cultural development has led to an evolution in learning that facilitates all employees' adaptation and growth in the new environment. Within the framework of the "Love to Learn" project, a culture of self-development

and self-learning is being built up. We offer a wide variety of learning formats, accessibility, flexibility and a high degree of inspiration. For this reason, e-learning and eEducation platforms have been integrated, allowing the creation of personalised pathways. This ensures that all content is tailored to the individual needs of each individual.

During 2023, process improvements were implemented, including: the new eEducation user experience; the clarity and streamlining of notifications; the new, simpler user interface; and the digitalisation of satisfaction questionnaires. 5,131 training sessions were held, involving 9,097 employees, which meant 471,285 hours of training, an average of 51.81 hours per employee.

Training actions in 2023 addressed the needs uncovered as a result of a number of processes undertaken to ascertain training requirements in order to ensure continuous and updated learning in the different categories defined and classified as "upskilling" and "reskilling": Skills, Technique, Prevention and Prescriptive.

To undertake this activity, Endesa invested Euro 41.26 million in 2023, of which Euro 12.76 million came in the form of direct costs for training activities. Endesa's responsibility for complying with current legislation in relation to each and every area in which it

carries out its activities implying including a large number of training activities, in topics such as occupational health and safety (OHS), wellbeing, diversity, energy sustainability, the environment, and digitalisation, as explained below:

Type of training	Description	Key programmes
Occupational Health and Safety (OHS)	- With regard to occupational health and safety (OHS), the workplace risk prevention courses are compulsory for all employees, and consist of online, virtual and classroom sessions depending on the content and target audience. - Specific courses of action are carried out for positions with specific levels of responsibility in relation to prevention, such as: prevention officers, prevention resources and members of emergency teams. Courses and refresher workshops are given to update knowledge of regulations and also of Endesa's own procedures.	- Basic level prevention. - First aid. - Electrical risk prevention. - ISO 45001 Occupational health and safety management system. - Fire and emergency response PPEs/IPEs. - Safe driving. - Self-Protection Plan Awareness. - Occupational risk prevention outside the office.
Wellbeing	- Our goal is that people acquire knowledge to have a suitable lifestyle, which will allow them to have better strategies to face adversity, increase their wellbeing and achieve a better cognitive performance. - The "Healthy Minds" learning itinerary seeks to achieve improvement in the following lifestyle areas: Stress coping capacity; Promotion of psychological wellbeing; Quality of sleep; Nutrition; Physical exercise; Quality of social relationships.	"Open corner". Wellbeing and motivation. - Time management. - Stress management. "Mindfulness". - Rest and sleep. - Basic emotions and emotional management. - Listen to your body. - Healthy habits. - Social skills.
Diversity and inclusion	- We address all dimensions of diversity and inclusion to promote these values in the workplace through learning sessions, in alignment with Endesa's Diversity and Inclusion Policy. - We promote internal training initiatives to reinforce the commitment to diversity and equality in all areas of the company. One of our initiatives, the interactive "Her" training course on unconscious bias, was selected by the Spanish Global Compact Network as a good practice in the field of gender equality. - Diversity must be integrated into the day-to-day work of all teams, processes and people.	"Endesa Powerher". - The home of inclusion. "Valuable 500": Let's talk about disabilities. - Female talent. - Debunking biases. - Awareness raising on "accessibility and design for all". - Diversity without labels. - TALENTIA 360. Women managers EOI (School for Industrial Organisation). - Proactiva CEO&ESADE Programme.
Energy sustainability	- A commitment to Sustainable Development is a core aspect of Endesa's activity. - Therefore, training in this area is important, with the design, development and implementation of courses aimed at ensuring Endesa employees take aboard the sustainability principles in their private and professional activities, and by changing their energy behaviour become examples for society to follow.	- Sustainability in Enel Group tools and shared corporate values. 2030 AGENDA: "The new frontier for sustainable development".
Environment	- Environmental training was further strengthened in 2023 with around 1,600 hours of training provided to Endesa employees. - With this training, Endesa complied with requirements for renewal of its different ISO 14001, energy efficiency and Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System certificates.	- ISO 14001. - Environmental awareness-raising. - Environmental aspects in distribution. - Preserving biodiversity. "Waste Awareness". - e-Mobility waste management - Environmental inspections
Digitalisation	- Training in digital transformation was a major focus in 2023, with more than 78,225 hours of training provided. - Endesa's digital skills training programmes allow students to expand their technical knowledge in IT to include the change management skills shaping the new paradigm of the digital era and the new working model. This aim is have a more systemic vision and achieving a sustainable, positive impact.	"Power BI". "BEATS - WB/FB/HB". - Cybersecurity - Connected industry Digital leadership and transformation "EnData". "OLIK SENSE". "Human Firewall". - Digital Routines in 21 days (R21D).

Type of training	Description	Key programmes
Other training activities	- Courses in management, social and leadership skills to provide employees with tools to ensure their personal and professional development. These courses are managed transversally among different Business Lines and Support Areas. - Empowerment and transformation programmes.	- Agile methodology programmes: <i>Let's talk about agile</i>, <i>Scrum master</i>, <i>Product owner</i>. <i>"Become a Softleader"</i>. <i>"E-Leadership"</i>. <i>"The Power MBA"</i>. - Responsibility and relationship management.
	Enel's Global Policy on Workplace Harassment.	Workplace harassment.
	Technical skills training for employees to continue their professional development and give them the qualifications needed to go about their tasks.	
	Language training: Endesa promotes language classes, chiefly English and Italian, with a wide range of programmes in different formats.	
	Specific onboarding training programmes for new hires to they can acquire the knowledge and skills necessary to perform their tasks.	
	Compliance	- Competition law - Regulation (EU) 679/2016, General Data Protection (GDPR). - Tax compliance

Key performance indicators (KPIs) relating to training activity

In 2023 and 2022, the key performance indicators (KPIs) related to training activity were as follows:

Number of hours

Key performance indicators (KPIs)	2023	2022
Training ⁽¹⁾	471,285	422,962
Digital skills training ⁽¹⁾	78,225	45,905
Promotion of training for employees ⁽²⁾	51.81	45.69
By category:		
Executives	33.31	38.21
Middle management	49.35	42.91
Administration and management personnel	53.60	47.69
Manual Workers	56.92	49.11
By gender:		
Men	53.56	48.03
Women	46.92	39.14

⁽¹⁾ Training provided to employees.

⁽²⁾ Average training given per employee (average number of hours of training).

14.7. Attracting and retaining talent

In order to attract the best talent, Endesa focuses on Employer Branding to promote the company in the job market and be considered an attractive place to work. Over the past few years, the focus has been on attracting

young talent, particularly with STEM (Science, Technology, Engineering, Mathematics) profiles to drive Endesa's digital transformation.

Actions	Description
International mobility	- In 2023, Endesa continued to roll out international mobility programmes for employees to contribute to their development in international arenas, widen their global business vision and enhance their technical knowledge. - The international mobility programme were efficiently managed and foster a global career, thus enhancing a multinational culture. In 2023, Endesa managed 35 processes for employees assigned to work in other countries and 13 processes for people from the Enel Group assigned to work in Spain. - Within the framework of compliance with the Diversity Policy, special attention is paid to the integration of expatriates at their destination, by assigning them a tutor/mentor during the expatriation period.
Personnel selection	- To cover vacancies, Endesa promotes participation of employees in selection processes and prioritises internal mobility and giving opportunities to employees to develop and learn. - In those cases where Endesa is unable to make use of internal mobility, it seeks to recruit people directly linked to the company's activities through internships, grants and specific fixed-term contracts. Job vacancies are also posted on Endesa's and specific job websites. - Endesa has corporate-wide guidelines and the "5th Endesa Framework Collective Agreement" sets out the specific features of the process for filling vacancies. - The candidates chosen must not only meeting the required technical profile, but also have the risk profile of skills and values promoted by the "Open Power" corporate culture. - During year 2023, more than 800 vacancies were filled, 56% of which were filled by employees and 44% by external personnel.
Attracting young talent	During 2023, Endesa participated in over 20 events aimed at attracting young talent: job fairs, events specialised in "Science", "Technology", "Engineering", "Mathematics" (STEM) profiles, conferences at universities and training centres. In addition, around 100 social media posts were published, attracting more than 430,000 views.
Grants programme	- In 2023, more than 160 young graduates were recruited through the Endesa Grants Programme. The training projects associated with the scholarships enabled students to maximise their development and raise their level of employability to continue on their career path. This year, the master's programme linked to the scholarship was updated with the addition of training content such as business management based on the Sustainable Development Goals (SDGs), or a specific module on "data&analytics". - Endesa is committed to trying to hire as many grant recipients as it can. Meanwhile, interns at Endesa are given the opportunity to learn and gain experience about professional life that will be useful in helping them find their first job. In 2023, close to 40 young people from this programme joined Endesa as new employees.
Remuneration policy	- Endesa's remuneration policy is aligned with Spanish and international regulatory recommendations in the area of Corporate Governance. The key objective is to retain, attract and motivate the best talent, ensure internal equality, external competitiveness and establishing remuneration in line with the best practices used on the market. - Endesa's remuneration policy ensures competitive and fair remuneration for its employees. Remuneration is determined following an analysis of external competitiveness based on wage surveys in the market by employing a job valuation methodology with criteria used by similar companies in terms of number of employees and turnover. - Endesa's remuneration policy is also merit-based. In 2023, as in previous years, the individual salary review process was carried out for all employees in all professional categories. The objective of these processes is to recognise the efforts of personnel and their commitment to the Company, adjusting remuneration on a case by case basis, while ensuring that the minimums established in the <i>V Endesa Framework Collective Agreement</i> are observed. This policy also strengthens the manager's role in recognising employees' achievements. - In 2023, an exercise in transparency in communication to personnel of the salary review process was carried out, with special emphasis on gender diversity.

Key performance indicators (KPIs) related to the gender adjusted wage gap

In 2023 and 2022, the key performance indicators (KPIs) related to the adjusted wage gap were as follows::

Percentage (%)		
Gender adjusted wage gap ⁽¹⁾	2023	2022
Executives	2.2	3.2
Middle management	2.9	2.9
Administration and management personnel	2.9	3.9
Manual workers	5.5	5.0
AVERAGE	3.7	3.8

⁽¹⁾ The adjusted wage gap was calculated using the multiple linear regression model, which allows the relationship between the predictor or regressor variables (socioeconomic and labour factors) and the dependent or regressor variable (salary: fixed and variable remuneration and social benefits of the salary) to be quantified by means of a single equation.

14.8. Social dialogue

As at 31 December 2023, the “V Endesa Framework Collective Agreement”, in different legal terms, covered 7,971 employees; i.e. 88.2% of total staff. Pursuant to Spanish and Endesa labour regulations in 2023, the criteria to be followed in the event of business reorganisation and corporate restructuring

were established, whereby Union representatives will be informed at least 30 days before any such corporate restructuring and reorganisation is actually implemented. The most important actions regarding collective bargaining in 2023 were as follows:

Key actions in 2023	
Collective bargaining	• Agreement on the transfer of workers from Endesa X Way, S.L. to Endesa Mobility, S.L.U.
	• Agreement on the transfer of workers from Empresa Alumbrado Eléctrico de Ceuta S.A. to the newly created Empresa de Alumbrado Eléctrico de Ceuta Energía, S.L.U. and their inclusion in the functional scope of Endesa's V Framework Collective Bargaining Agreement.
	• Resolution of the Negotiating Committee for Specific Matters establishing the rights and guarantees of the workers affected by the transfer of assets from Enel Iberia, S.L.U. to Gridspertise Iberia, S.L. and the obligation of the former in relation to those workers.
	• Agreement relating to the merger by absorption of Endesa Red, S.A.U. by Endesa, S.A. and transfer of employees: close of the consultation period.
	• Agreement on Endesa's Equality Plan.

In June 2023, the “V Endesa Framework Collective Bargaining Agreement” was terminated and collective bargaining for the 6th Endesa Collective Bargaining Agreement was commenced. The Negotiating Committee for Endesa's VI Collective Bargaining Agreement was set up in June. Negotiations have been underway since then (see Note 53 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2023)

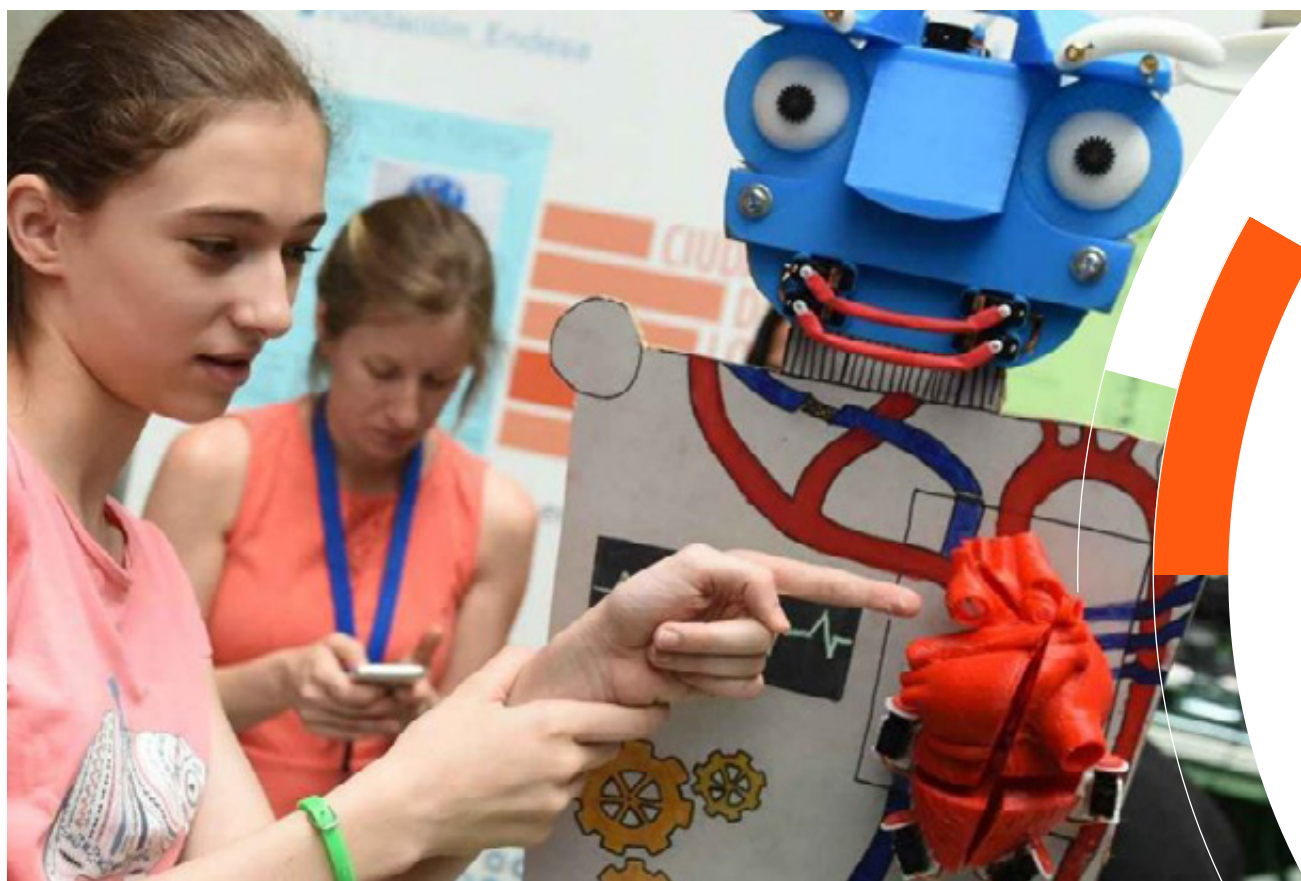
14.9. Responsible relations with local communities

Endesa is committed to the communities where it operates. The Company implements initiatives that are promoted, supported, managed and/or subsidised by the Company voluntarily and aligned with the needs of the environment. Such initiatives generate a benefit for the society in which it operates beyond the normal management of the business. Community-oriented projects are aligned with the United Nations Sustainable Development Goals (SDGs). Specifically, in three of them, corresponding to “*Education*” (SDG 4), “*Access to energy*” (SDG 7) and “*Socioeconomic development*” (SDG 8), the Company has made a public commitment to achieve the targets relating to these goals. In 2023, the company has improved the categorisation, measurement and implementation of social projects, which has led to a realignment of targets. Four groups of projects with an impact on communities increased to five groups. The “*Environment and Biodiversity*” and “*Community Support*” categories were added to the previous ones and are described in Section 14.9.2 of this Consolidated Management Report.

Endesa’s commitment to the communities in which it operates is part of its Creating Shared Value (CSV) policy, which establishes the company’s relationship model with communities, with an inclusive approach and leaving no one behind. Endesa aims to create long-term value for all stakeholders, to minimise environmental and social risks and impacts, and at the same time to create value for the company and for the country.

The Company therefore builds a business model based on strong and lasting relationships with communities. Sustainability enables us to pursue sustainable progress, creating cost-effective solutions, solving social needs, building mutually beneficial relationships with stakeholders and creating long-term value for all actors to contribute to resilient and equitable development.

Detailed information on Endesa’s responsible relationship with communities can be found in Section 4.6.2 “*Commitment to Local and Global Communities*” of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).



14.9.1. The Creating Shared Value (CSV) approach

In this context, since 2016 Endesa has had a Creating Shared Value (CSV) model in place, focused on embedding sustainability in the business. The Company's success is viewed as directly related to the prosperity of the communities in which it operates.

The application of "Creating Shared Value (CSV)" has five phases, as detailed in the following figure:



There are differences in the implementation of the Creating Shared Value (CSV) model in Endesa's different business lines:

Business Areas	"Creating Shared Value (CSV)"
Generation 	The Creating Shared Value (CSV) model is being implemented in all phases of the value chain of the Generation Business Line: in renewable construction projects, operating facilities and also in the decommissioning process.
Distribution 	During 2023, in this Business Line, the first pilot of "Creating Shared Value (CSV)" accompaniment to a construction project was carried out in addition to applying the "Creating Shared Value" (CSV) methodology to the subject of interest of birdlife.
Supply of energy and other products and services 	- In this case, the "Creating Shared Value (CSV)" approach focused on actions against energy poverty. - In this Business Line, the "Sustainability Boosting Program" method was applied in a pilot project.

Endesa's Strategic Plan sets out a roadmap towards clean electrification to create affordable, safe and sustainable energy systems. This is part of the framework for supporting the shared value creation model in business processes and projects.

The path towards full decarbonisation is therefore continued, as already announced in the Plan presented in 2021, which established an advance of 10 years in the Net Zero Emissions target with respect to the previous plan (from 2050 to 2040). This commitment is retained in the latest strategic plan for 2024–2026. (see Section 4.2 of this Consolidated Management Report).

Furthermore, in line with the above, whenever projects are undertaken in any business line, a special focus is placed on the local communities. Each project has its own "Creating Shared Value (CSV)" plan that is developed in a participatory manner with local actors in the region. The goal is to maximise the value that this project can create in the community.

In line with the above, the projects for the total closure of coal-fired power plants currently submitted by Endesa are supported by a Future Plan that is submitted to the relevant Ministry on a voluntary basis and with the aim of mitigating their adverse impact on the local community.

The Plan is structured along four main themes: proactive search for employment for affected personnel, training plans, promotion of the socioeconomic implementation of the environment and sustainability of the local municipality through energy efficiency and self-consumption. In addition to the above, we are also working on the application and monitoring of the "Agreement for a fair energy transition for coal-fired plants in closure: employment, industry and territories", which Endesa signed in April 2020 with the Ministry for Ecological Transition and the Demographic Challenge (MITECO), the Ministry of Labour and Social Economy, and the Federation of Industry, Construction and Agriculture of the General Union of Workers (UGT FICA) and the Trade Union Confederation of Workers' Committees of Industry (CCOO Industry). This agreement commits Endesa to the adoption of measures to facilitate the transition of the economy towards a low-carbon development model in order to optimise the benefits of the ecological transition to generate more and better jobs, while minimising the negative impacts that may arise for certain economic sectors to be transformed. For further information see Section 4.2 "Fair Energy Transition" of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).

14.9.2. Sustainability projects

Endesa drives the energy transformation of society through a business model based on sustainability, with a focus on value creation and commitment to communities. The main features of sustainability projects are based on creating value for the local community and for society. With a special focus on vulnerable groups, they are managed in collaboration with the social representatives of the communities, with continuity over time and the potential to replicate successful actions in other locations,

while generating measurable returns for the Company, with systematic, transparent accountability and suitable communication to society. At 31 December 2023, Endesa was undertaking projects that contribute to the 2030 Agenda in three of the 17 Sustainable Development Goals. It also contributes to other Sustainable Development Goals (SDGs) that have a direct impact on biodiversity and the community:

SUSTAINABILITY PROJECTS: CATEGORIZATION OF PROJECTS/INITIATIVES



14.9.3. Key performance indicators (KPIs) related to socio-economic activities

In 2023, according to the London Benchmarking Group (LBG) methodology, which measures, manages, evaluates and communicates the contributions, achievements and impact of the company's investment in social development in society, Endesa invested Euro 16.2 million in social projects for the communities in the areas where it operates

(see Section 9.4 of this Consolidated Management Report). The breakdown of the distribution of this investment calculated in accordance with the London Benchmarking Group (LBG) methodology in Endesa's sustainability projects and the number of beneficiaries of these projects was as follows:

	Investment in social projects ⁽¹⁾		Number of beneficiaries	
	2023	2022	2023	2022
Investment in social development ⁽¹⁾	16.2	16.9		
Percentage (%) of investments in each sustainable project:				
Access to energy ⁽²⁾	21	31	249,667	260,278
Socio-economic development ⁽³⁾	4	14	63,774	138,262
Education ⁽⁴⁾	30	11	37,570	72,869
Environment and Biodiversity ⁽⁵⁾	25		292,977	
Support for local communities ⁽⁶⁾	20	44	123,982	583,043

⁽¹⁾ Corresponds to total contribution: in cash, in kind, time and management costs (Euro million).

⁽²⁾ Includes projects to reduce energy poverty, facilitate technological accessibility and infrastructures, promote energy efficiency and raise awareness of energy use.

⁽³⁾ Includes projects that promote job creation and access to employment opportunities, as well as activities that foster community economic development, entrepreneurship and innovation.

⁽⁴⁾ Includes training for employment and employability improvement projects, as well as initiatives to boost the improvement of educational skills and resources in schools

⁽⁵⁾ Includes voluntary Company projects that enhance the dissemination, conservation, research, recycling, regeneration and improvement of the environment in general and of biodiversity in particular for the conservation and improvement of community environments.

⁽⁶⁾ Includes projects aimed at improving the wellbeing of individuals and communities, maintaining their cultural identity, heritage conservation, sport, health and basic needs

14.10. Sustainable supply chain

Endesa complies with sustainability best practices throughout the value chain. To promote responsible management in the supply chain, Endesa has a comprehensive procurement process in place requiring a rating for all suppliers (assessing compliance with economic, legal, environmental, social and ethical aspects), not just of suppliers it intends to engage, but also those invited to participate in tenders.

Ratifying Endesa's commitment to sustainable best practices and extending them to its entire chain of value, all contracts with suppliers include specific clauses in their General Terms and Conditions on the commitment of counterparties to human rights, personal safety, the environment and corruption.

Endesa is in continuous dialogue with its suppliers, identifying opportunities for improvement, which require the implementation of action plans by suppliers to remain as one of Endesa's suppliers. These plans include actions aimed at improving environmental performance in the

provision of the service, guaranteeing strict compliance and respect for human rights or implementing management systems for the safety of its workers with the utmost rigour and excellence.

Endesa's suppliers are also subject to an ongoing evaluation process called "*Supplier Performance Management*" (SPM). This process facilitates the monitoring of supplier performance during procurement and throughout the life of the contract.

Performance evaluation is divided into six individual categories of uniform, homogeneous and standard indicators for all business lines: safety, environment, quality, timeliness, human rights and fairness, innovation and collaboration. Based on the scores achieved in these categories, the Supplier Performance Index (SPI) is calculated as a weighted average of the scores according to percentages that depend on the risk attached to the individual category in the group of products or services under assessment.

Depending on the score obtained, the Consequence Management process is initiated. This allows decisions to be taken to resolve criticalities, encourage improvement

and reward excellence in the performance of suppliers in certain activities as defined through the contracts they have in place.

ESG (Environmental, Social and Governance) management of the supply chain

	Description
Integrity and the fight against corruption	Endesa is a signatory to the Global Compact and, in compliance with its Principle 10, intends to continue its commitment to fight against corruption in all its forms. Therefore, contractors declare that they recognise the commitments made by Endesa and undertake not to make use of any offer or request for illegal payments in executing the contract in the interest of Endesa and/or for the benefit of its employees.
Compliance with Human Rights	To obtain formal commitment by partners and suppliers, all contracts include clauses on human rights relating to the Global Compact and Ethical Regulations. Moreover, it applies either the conventions of the <i>International Labor Organization</i> or prevailing legislation in the country where operations are to be carried out, whichever is more restrictive.
Environmental Management	The Group's contractual regulations, set out in the "<i>General Contracting Terms and Conditions (GCTC)</i>", includes clauses requiring compliance with environmental regulations. Endesa reserves the right to monitor contractors' activities to ensure compliance with environmental requirements and constantly monitor the status of compliance with their obligations.
Occupational Health and Safety (OHS)	Endesa has adopted an operating instruction on repeated breaches of occupational safety and purchasing processes, which specifically regulates the way in which accidents or incidents (near misses) are assessed and the limits to be placed on the allocation of new contracts after such events. Additionally, within the supplier qualification process, four parameters are taken into account with regard to the Occupational Health and Safety (OHS) of suppliers.

Key performance indicators (KPIs) relating to the sustainable supply chain

In 2023, the indicators related to the Sustainable Supply Chain performed as indicated below:

	Unit	January-December 2023	January-December 2022
Contractor workers	Number	1,327	1,863
Full-Time Equivalent (FTE) contractors	Number	16,214	17,649
Percentage of contractors certified in sustainability (ESG)	%	100	100
Percentage of supplies covered by Carbon Footprint Certification (CFP)	%	60	66

For further information see Section 4.6.3 "*Fostering a Sustainable Supply Chain*" in the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).

15. SUSTAINABILITY POLICY

15.1. Endesa's sustainability commitment

Endesa considers sustainability as an essential element of its corporate culture that allows the Company to main a leadership position and strengthen it for the future. To this end, it integrates sustainability into its strategy and contributes to Sustainable Development through the creation of long-term value.

To successfully overcome the challenges in terms of sustainability that society faces, Endesa has defined a series of principles and transversal commitments based on the Company's corporate values, which govern both management and actions in economic, social, ethical and environmental matters and relations with all its stakeholders. These principles and commitments are set out in the Sustainability Policy that guides the management of Sustainability and future commitments that constitute

Endesa's framework for action with Sustainable Development, as set out in the Company's Vision, Mission and Values (see Section 2.3.2 of this Consolidated Management Report).

The Board of Directors, through the Sustainability and Corporate Governance Committee, is in charge of overseeing compliance and control of the sustainability policy and the sustainability and corporate governance strategy in accordance with the functions and powers established in the Regulations of the Sustainability and Corporate Governance Committee. Reference to the Sustainability Policy is available for consultation on the website: <https://www.endesa.com/es/nuestro-compromiso/nuestro-compromiso/politica-sostenibilidad-desarrollo-sostenible>



15.2. Endesa's contribution to the United Nations Sustainable Development Goals (SDGs)

Endesa aims to be an active participant in this transformative vision of sustainability. Therefore, since announcing its specific contribution to the 2030 Agenda in 2016, the Company has continued to make progress on its commitment to climate action Goal 13, to which it also contributes with specific actions in Sustainable Development Goal (SDG) 7 (Affordable and clean energy), Sustainable Development Goal (SDG) 9

(Industry, innovation and infrastructure) and Sustainable Development Goal (SDG) 11 (Sustainable communities and cities). The Company also contributes indirectly to Sustainable Development Goal (SDG) 4 (Quality Education), Sustainable Development Goal (SDG) 8 (Decent Work and Economic Growth) and Sustainable Development Goal (SDG) 17 (Partnerships to Achieve the Goals).

Sustainable Development Goal (SDG)	Direct contribution by Endesa: Specific actions
SDG 13 (Climate Action) 	- Decarbonisation of the energy mix by 2040. - Reduction of Scope 1 greenhouse gas emissions (CO₂eq) compared to 2017 by around 80% by 2030 and 100% by 2040. - Scope 1 and 3 specific emissions reduction linked to electricity trading (generation and purchase of electricity for third parties). ~80% reduction in 2030 vs 2017 and 100% by 2040. - Scope 3 emissions reduction, derived from gas commercialization to final customer. >50% reduction in 2030 vs 2017 and 100% by 2040.
SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Communities and Cities) 	Investment in quality, resilience and digitalization of distribution assets, with a target of more than Euro 800 million for the period 2024- 2026.
SDG 7 (Affordable and clean energy) 	- Promoting clean electrification so that around 90% of energy sold to fixed-price customers comes from non-emitting sources by 2026. - Investment of Euro 4,300 million for the development of renewable capacity, incorporating a new model of external partners to increase profitability and flexibility in the allocation of capital. - Target of 13,900 MW of renewable capacity by 2026, reaching 93% of emission-free production in the Iberian Peninsula.

Endesa also contributes indirectly to Sustainable Development Goals (SDGs) 4, 7, 8 and 17:

Sustainable Development Goal (SDG)	Indirect contribution by Endesa
SDG 4 (Quality education) SDG 8 (Decent Work and Economic Growth) SDG 7 (Affordable and clean energy)   	Reach 310,000 beneficiaries per year in education, energy access and employment and economic growth in the period 2024-2026.
SDG 17 (Partnerships for the Goals) 	Lead the challenge of decarbonization through partnerships that enable model change.

These Sustainable Development Goals (SDGs) are considered a priority for Endesa; therefore, it places greater emphasis on achieving them, although it also takes decisive action in relation to all SDGs, setting targets and reporting on them since they were introduced. To this end, Endesa's 2024-2026 Sustainability Plan sets out the roadmap for the coming 3 years for contributing to the 2030 Agenda, thus bringing its sustainability strategy in line with this universal framework.

Detailed information on Endesa's commitment to sustainability and its contribution to the United Nations Sustainable Development Goals (SDGs) can be found in Section 2.4.4.1 "Contribution to the SDGs" of the Non-Financial and Sustainability Statement 2023 (see Section 25 of this Consolidated Management Report).

16. REGULATORY FRAMEWORK

Information on the regulatory framework is provided in Note 6 to the Consolidated Financial Statements for the year ended 31 December 2023.

17. TREASURY SHARES

Information relating to treasury shares is provided in Note 35.1.8 to the Consolidated Financial Statements for the year ended 31 December 2023.



18. STOCK MARKET INFORMATION

The changes in the share price of Endesa, S.A. and the major benchmark indexes in 2023 and 2022 were as follows:

Percentage (%)

Share price performance ⁽¹⁾	2023	2022
Endesa, S.A.	4.7	(12.7)
Ibex-35	22.8	(5.6)
Euro Stoxx 50	19.2	(11.7)
Euro Stoxx Utilities	11.9	(11.3)

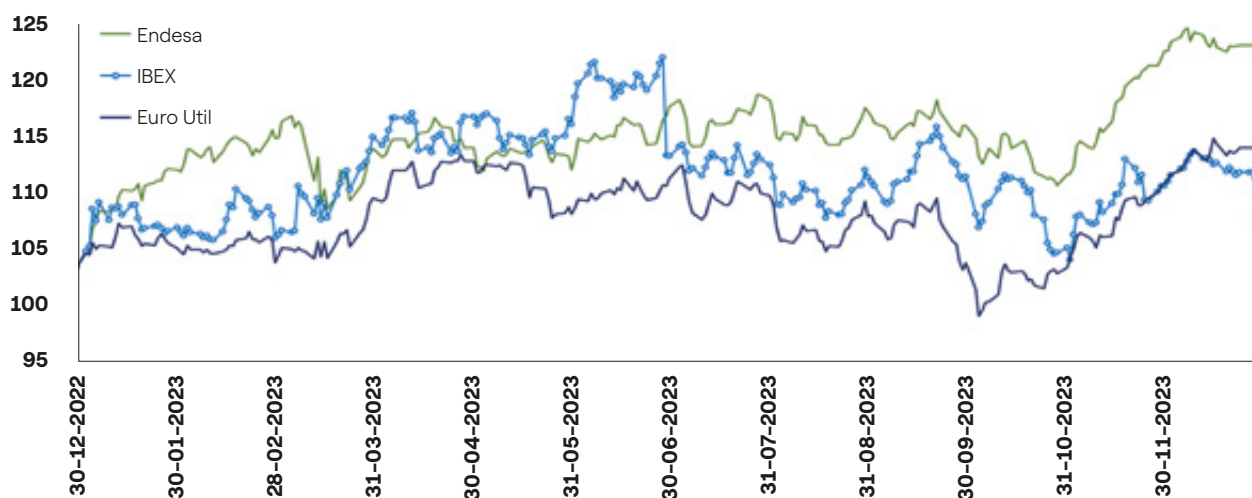
⁽¹⁾ Source: Madrid Stock Exchange.

Euro

Cotización de Endesa ⁽¹⁾	2023	2022	% Var,
High	21.450	20.960	2.34
Low	17.765	14.270	24.49
Average in the period	19.296	18.367	5.06
End of the reporting period	18.460	17.635	4.68

⁽¹⁾ Source: Madrid Stock Exchange.

PERFORMANCE OF THE ENDESA SHARE, THE IBEX-35 AND THE EURO STOXX UTILITIES INDEX DURING 2023



Source: Bloomberg..

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

Stock Market Data		31 December 2023	31 December 2022	Chg (%)
Market capitalisation ⁽¹⁾	Millions of euros	19,545	18,671	4.68
Number of shares		1,058,752,117	1,058,752,117	—
Nominal share value	Euros	1.2	1.2	—
Cash ⁽²⁾	Millions of euros	6,679	5,974	11.80
Continuous Market	Shares			
Trading volume ⁽³⁾		344,730,169	324,484,195	6.24
Average daily trading volume ⁽⁴⁾		1,346,602	1,262,584	6.65
Price to Earnings Ratio (P.E.R.) Ordinary ⁽¹⁾		20.55	7.79	—
Price to earnings ratio (PER) ⁽¹⁾		26.34	7.35	—
Price / Carrying amount ⁽¹⁾		2.79	3.36	—
Returns for shareholders ⁽¹⁾	%	13.67	(5.58)	—

⁽¹⁾ See definition in Section 7 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).

Global stock markets managed to end 2023 with a strong rebound, encouraged by the decision of the major central banks to slow down interest rate hikes after the summer, once inflation figures came under control.

The US Federal Reserve last raised interest rates in July 2023, to 5.25%-5.50%, its highest level in 22 years.

The European Central Bank (ECB) put the brakes on in September 2023, when it set rates at 4.5%, the highest level since 2001. During the last quarter of 2023, when the pause in rate hikes and the downward trend in inflation were confirmed, expectations of rate cuts in 2024 became widespread, which in turn boosted equity markets.

Main stock market indexes

The index gains allowed them to offset a large part of the losses recorded in 2022, precisely as a result of the tightening of monetary policies. The Spanish IBEX-35 index closed its best year since 2009 by rising 22.8% to 10,102 points, placing it among the world's best-performing indices thanks to the strong showing by the main shares of the banking sector, which has a large weighting in this benchmark.

In Europe, the IBEX-35 was only outperformed by the Italian FTSE MIB index, which rose by 28%. The German DAX index rose by 20.3%, the French CAC 40 by 16.5% and

the UK FTSE 100 by a more modest 3.8%. The EUROSTOXX 50, which represents the 50 largest companies in the Eurozone in terms of market capitalisation, also ended 2023 with a gain of 19.2%, the best close in the past two years.

Among the main non-European stock exchanges, the US NASDAQ technology index stood out with a 53.8% rise, at all-time highs, followed by the Japanese NIKKEI index with a 28.2% gain. The S&P 500 and the Dow Jones Industrial Average also rose by 24.2% and 13.7% respectively.

Stock exchange index	Country / Region	Performance	Chg (%)
IBEX-35	Spain	Positive	22.8%
FTSE 100	United Kingdom	Positive	3.8%
CAC 40	France	Positive	16.5%
FTSE MIB	Italy	Positive	28.0%
EUROSTOXX 50	Europe	Positive	19.2%
EURO STOXX Utilities	Europe	Positive	11.9%
DAX	Germany	Positive	20.3%
Dow Jones Industrial Average	United States	Positive	13.7%
Nikkei	Japan	Positive	28.2%
S&P 500	United States	Positive	24.2%
Nasdaq	United States	Positive	53.8%

Within the Spanish selective index, the most buoyant positions were taken by pharmaceutical and retail companies, together with large banks, which recovered their share price after the crisis unleashed in the banking sector at the end of the first quarter of 2023 as a result of the collapse of certain banks in the United States and Switzerland, which were unable to withstand the tightening of interest rates.

In the downward positions of the IBEX-35, where a total of 7 companies out of 35 were penalised, renewable energy companies were affected by the rising cost of finance, while energy companies suffered as a result of the fall in commodity prices. Electricity stocks, on the other hand, benefited from their defensive profile in this context and ended the year with gains.

Endesa's shares closed 2023 with a 4.7% rise to Euro 18.460 per share, after fluctuating between a high of Euro 21.450 on 28 June 2023 and a low of Euro 17.765 on 31

October 2023. The shares ended 2023 in positive territory after three years of negative stock market performance, shaped by the COVID-19 pandemic, the energy crisis and the high regulatory risk affecting the sector.

This performance over the year placed Endesa in twelfth place out of the 20 companies that currently make up the European EURO STOXX Utilities sector, which also posted a 11.9% rise in value.

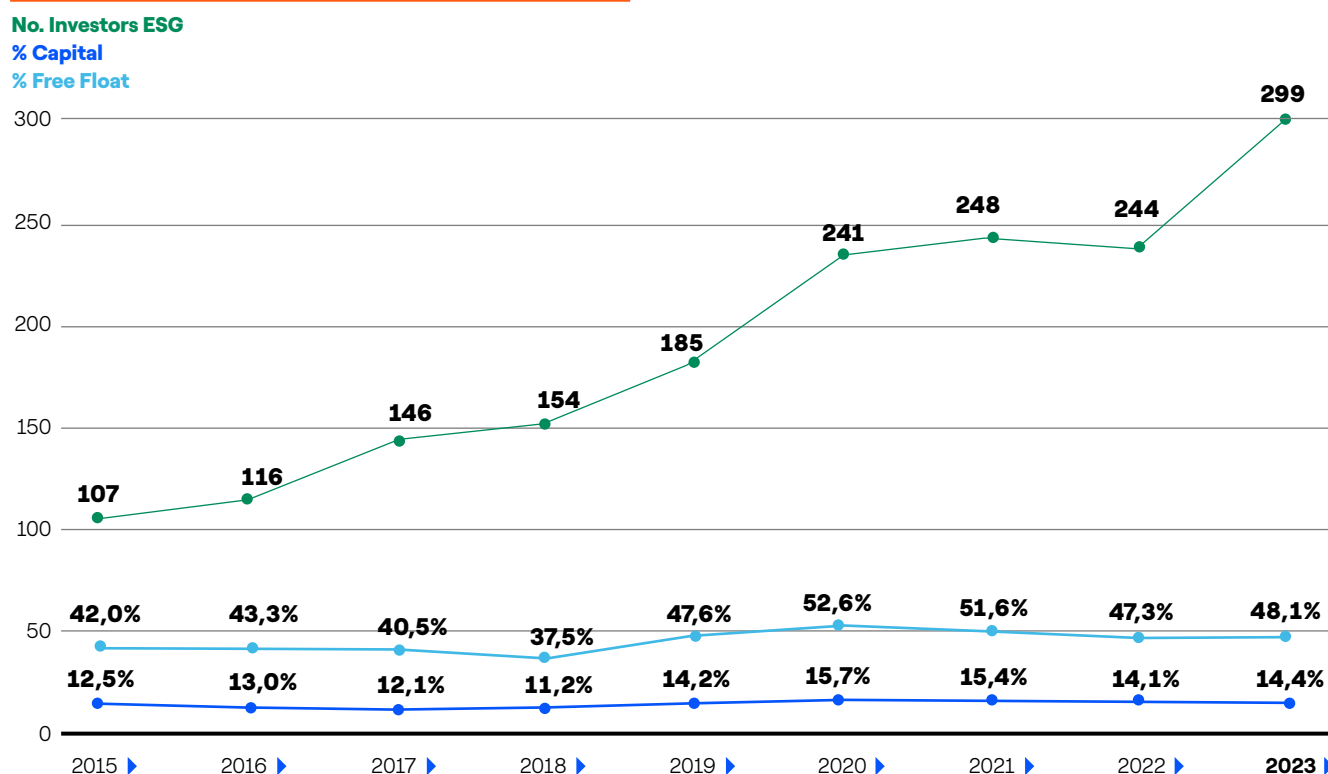
Final returns to Endesa shareholders, calculated as the sum of the stock market return and the dividend return, was 13.67%, positive. The performance of the share price on the stock market resulted in a positive return of 4.7 %, plus the Euro 1.5854 gross per share that the Company distributed in July 2023 as a dividend against 2022 results, providing shareholders with a final dividend yield of 8.99 %. Endesa's market capitalisation at year-end was Euro 19,545 million, making it the thirteenth largest stock on the IBEX-35 index.

Socially responsible investors at Endesa

Endesa proactively works to be a benchmark company for investors who take into account environmental, social and corporate governance considerations in their investment policies, with the aim of forming a long-term relationship with them.

Since 2015, Endesa conducts an annual survey to identify this type of shareholder. The analysis for 2023 has determined that Endesa has at least 299 Socially Responsible Institutional Investors (of which 253 are foreign and 46 are Spanish), representing an aggregate of 14.35% of the share capital and 48.08% of the free float.

PRESENCE OF SOCIALLY RESPONSIBLE INVESTORS IN ENDESA'S SHAREHOLDER STRUCTURE ⁽¹⁾



⁽¹⁾ Source: Internal information.

19. OTHER INFORMATION

19.1. Management of credit ratings

The sovereign rating of the Kingdom of Spain remained unchanged throughout 2023 despite the weak macroeconomic conditions and political uncertainty that still affected the country during the year.

The credit rating agency Standard & Poor's affirmed Spain's sovereign rating at "A/A-1" with a stable outlook on 15 September 2023. It argued in its statement that, despite political uncertainty, Spain's competitive, services-driven economy should post growth rates above the euro area average in 2023 and 2024. According to the rating agency, strong tax revenues and good labour market performance, in a context of debt reduction by the private sector, support Spain's creditworthiness.

Fitch and Moody's also issued statements in November 2023 in which, following the investiture of the new government, they confirmed the rating at "A-" and "Baa1", respectively, in both cases with a stable outlook. As a risk to a subsequent downgrade of this rating, the two agencies were concerned about the potential adverse impact on Spain's sovereign credit of the political deals for the formation of the current government, as the ongoing stresses and deepening political fragmentation within Spanish society raise the political risk, in the agencies' view.

Fitch also retained some of the arguments of its latest reviews, in which it highlighted that Spain has a diversified and value-added economy, strong institutions and governance ratios in line with the average. Fitch also noted, however, that public debt remains at high levels and that low private investment and productivity continue to hold back potential Gross Domestic Product (GDP) growth.

Endesa began the year with the annual review by the Fitch rating agency on 2 February 2023, which left Endesa's long-term credit rating unchanged at "BBB+/stable outlook" and its "senior unsecured" rating at "A-". The "Stand Alone" rating (SCP) was also confirmed unchanged at "bbb+".

According to Fitch, this rating largely reflects the Company's leading position in the Spanish electricity market, with half of its revenues regulated or backed by

renewable energy incentive mechanisms, and a leverage forecast for 2025 that is slightly lower than that of its close competitors. Among its more critical comments, Fitch's assessment also took into account the Company's structural lack of geographic diversification, its generous shareholder remuneration and the prospect that high political and regulatory risk will continue to be very present in the country.

On 17 October 2023, Moody's published a report on Endesa confirming the "Baa1/negative outlook" rating that had been in place since 9 August 2022. This rating was affirmed again on 14 December 2023, following a review of the credit rating of the parent company Enel. Endesa's negative outlook reflects that of Enel, which in turn reflects the negative outlook on the Italian government ("Baa3").

In its subsequent report on Endesa published on 20 December 2023, Moody's noted that Endesa's credit quality is supported by its strong independent profile and its integral position within the Enel Group. In particular, in Moody's view, Endesa's rating benefits from the high proportion of regulated activities in its business mix, which underpins earnings stability, and a low level of leverage. These factors are balanced by high shareholder remuneration, and a broad investment plan focused mainly on regulated and renewable assets.

On 5 December 2023, Standard & Poor's completed its annual review of Enel's rating with a decision to downgrade its long-term rating from "BBB+" to "BBB", with the outlook changing from negative to stable. As a result of this decision on the parent company, Endesa's credit rating was also adjusted to "BBB", with a stable outlook.

In the subsequent report on Endesa published on 19 December 2023, Standard & Poor's affirmed the Stand Alone Credit Profile (SACP) at "a-". The agency explained this decision on the basis of the Company's financial flexibility and low leverage. These factors, in its opinion, offset a slightly weakened business mix as the contribution of regulated activities to EBITDA in the consolidated income statement declined.

Standard & Poor's expects Endesa to have sufficient balance sheet headroom to accelerate organic growth in the electricity distribution grids in the second half of the decade, provided that remuneration risks over the next regulatory period (2026-2031) are allayed.

On January 30, 2024, a new annual review of the rating by the Fitch agency concluded, after which Endesa's long-term credit rating was reconfirmed at "BBB+/stable outlook" and the "senior unsecured" rating at "A-". The "Stand Alone" (SCP) rating was also confirmed unchanged at "bbb+".

In the subsequent report published on 12 February 2024, the agency noted that Endesa's ratings largely reflect the company's leading position in the Spanish electricity market, with half of its revenues regulated or backed by renewable incentive mechanisms, and a projected leverage in 2026 lower than that of its competitors, despite having presented to the market a high investment plan for the period 2024-2026.

To summarise, the evolution of Endesa's credit rating in 2023 and up to the date of publication of this report is as follows:

	Credit rating							
	31 December 2023 ⁽¹⁾				31 December 2022 ⁽¹⁾			
	Long term	Short term	Outlook	Date of last report	Long term	Short term	Outlook	
Standard & Poor's	BBB	A-2	Stable	19 December 2023	BBB+	A-2	Negative	
Moody's	Baa1	P-2	Negative	20 December 2023	Baa1	P-2	Negative	
Fitch	BBB+	F2	Stable	12 February 2024	BBB+	F2	Stable	

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

Endesa's credit rating depends on the rating of its parent company, Enel, in accordance with the methods employed by rating agencies and on 31 December 2023 was classified as investment grade by all the rating agencies.

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

19.2. Dividend policy

Taking the Company's performance into account and in order to guarantee the financial structure, the economic and financial strategy developed by the Endesa, S.A. Board of Directors envisages remunerating shareholders to the fullest extent possible. This also achieves the objective of ensuring the sustainability of the business project undertaken.

As a result of this economic-financial strategy, unless any exceptional circumstances arise, which will be duly announced, at a meeting on 22 November 2023 the Board of Directors of Endesa, S.A. approved the following shareholder remuneration policy for 2023-2026.

Shareholders' remuneration policy	
2023, 2024, 2025 and 2026	- For 2023, 2024, 2025 and 2026, ENDESA, S.A.'s Board of Directors will seek to ensure that the ordinary dividend per share agreed to be distributed with a charge to the year is equivalent to 70% of the ordinary net profit attributed to the Parent Company in the Group's Consolidated Financial Statements, with a minimum equal to gross Euro 1 per share. - The intention of the Board of Directors is that the ordinary dividend should be paid solely in cash in two instalments (January and July) on a given date to be determined in each case, which will be duly notified.

Without prejudice to the foregoing, Endesa's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit, the availability of unrestricted reserves and the liquidity situation. Therefore, no assurance can be given that

dividends will be paid out in future years or as to the amount of such dividends, if paid.

In respect of 2023, at its meeting held on 22 November 2023, Endesa, S.A.'s Board of Directors agreed to pay its shareholders a gross interim dividend against 2023

income of Euro 0.50 per share, which gave rise to a pay-out of Euro 529 million on 2 January 2024.
The proposed distribution of profit in 2023 to be presented for approval at the General Shareholders' Meeting by the Endesa, S.A. Board of Directors will be a total dividend of

gross Euro 1 per share (see Section 26 of this Consolidated Management Report).
Details of Endesa, S.A.'s per-share dividends in 2023 and 2022 are as follows:

		2023	2022	Chg (%)
Share capital	Millions of Euro	1,270.5	1,270.5	—
Number of shares		1,058,752,117	1,058,752,117	—
Consolidated ordinary net income	Millions of Euro	951	2,398	(60.3)
Consolidated net income	Millions of Euro	742	2,541	(70.8)
Individual net income	Millions of Euro	580	697	(16.8)
Ordinary net earnings per share ⁽¹⁾	Euros	0.8980	2.2649	(60.4)
Net earnings per share ⁽¹⁾	Euros	0.701	2.400	(70.8)
Gross dividend per share	Euros	1 ⁽²⁾	1.5854 ⁽³⁾	—
Consolidated ordinary pay-out ⁽¹⁾	%	111.3	70.0	—
Consolidated pay-out ⁽¹⁾	%	142.7	66.1	—
Individual pay-out ⁽¹⁾	%	182.5	240.8	—

⁽¹⁾ See definition in Section 7 of this Consolidated Management Report.

⁽²⁾ Interim dividend equal to Euro 0.5 gross per share paid on 2 January 2024 plus final dividend equal to Euro 0.5 gross per share to be paid on 1 July 2024 (pending approval by the General Shareholders' Meeting).

⁽³⁾ Dividend equal to Euro 1.5854 gross per share paid on 3 July 2023.

20. DISCLOSURES ON FINANCIAL INSTRUMENTS

Information on financial instruments at 31 December 2023 and 2022 is provided in Note 41 to the Consolidated Financial Statements of Endesa S.A. for the year ended 31 December 2023.

21. EVENTS AFTER THE REPORTING PERIOD

Information concerning events after the end of the reporting period is provided in Note 53 to the Consolidated Financial Statements for the year ended 31 December 2023.

22. DISCLOSURES ON THE AVERAGE PAYMENT PERIOD TO SUPPLIERS

Information regarding the average payment period to suppliers in 2023 is provided in Note 40.1 to the Consolidated Financial Statements for the year ended on 31 December 2023.

23. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report for fiscal year 2023, in accordance with article 538 of the Spanish Companies Act ("LSC"), entitled "Inclusion of the Corporate Governance and Remuneration Report in the Management Report", forms part of this Consolidated Management Report and is subject to the same criteria for approval,

filing and publication. The contents of this report are available on the website of the National Securities Market Commission ("CNMV") at the following address: <https://www.cnmv.es/portal/consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28023430>, as well as on Endesa's website www.endesa.com.

24. ANNUAL REPORT ON DIRECTORS' REMUNERATION

The Annual Report on Directors' Remuneration of Endesa, S.A., in accordance with article 538 of the Capital Companies Act ("LSC"), entitled "Inclusion of the Corporate Governance and Remuneration Report in the Management Report", forms part of this Consolidated Management Report and is subject to the same criteria for approval,

filing and publication. The contents of this report are available on the website of the National Securities Market Commission ("CNMV") at the following address: <https://www.cnmv.es/portal/consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28023430>, as well as on Endesa's website www.endesa.com.

25. NON-FINANCIAL AND SUSTAINABILITY STATEMENT

The Non-Financial and Sustainability Statement required by Law 11/2018, of 28 December, amending the Commercial Code, the Consolidated Text of the Corporate Enterprises Act ('LSC') approved by Royal Decree Law 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts, regarding Non-Financial Information and diversity, forms part of this Consolidated Management Report, and is subject to the same criteria for approval, filing and

publication as the Consolidated Management Report (see Appendix I: Non-Financial and Sustainability Statement of this Consolidated Management Report). Its content is available on the website of the Spanish Securities Market Commission (CNMV): www.cnmv.es in the "Other relevant information" section, as well as on the Endesa website, www.endesa.com.

26. PROPOSED DISTRIBUTION OF PROFIT

The profit reported in 2023 by the parent, Endesa, S.A., was Euro 580,104,835.24 which, in addition to retained earnings of Euro 2,874,356,695.50, produces a total of Euro 3,454,461,530.74.

The Company's Board of Directors will propose to the shareholders at the General Shareholders' Meeting that this amount be used to make a dividend payment of gross Euro 1 per share with the rest taken to retained earnings.

Euros

	Proposed distribution
To Dividends ⁽¹⁾	1,058,752,117.00
To retained earnings	2,395,709,413.74
TOTAL	3,454,461,530.74

⁽¹⁾ Maximum amount to be distributed based on gross Euro 1 per share for all shares (1,058,752,117 shares).

OUTLOOK



27. FORECAST PERFORMANCE

The electricity sector faces some major challenges in the coming years related to the energy transition towards a more sustainable, efficient and decarbonised model. In this context, the economic and regulatory environment in

which the electricity sector operates is of huge importance, as it strongly influences the investment, financing and operating decisions of the various agents involved in the market.

Macroeconomic environment

The European economy has lost momentum this year against a backdrop of high inflation, weaker external demand and tighter monetary policy. In this context of macro deterioration, real gross domestic product (GDP) declined towards the end of 2022 and barely grew in the first three quarters of 2023. In its latest autumn forecast update, the European Commission anticipates gross domestic product (GDP) growth of 0.6% in 2023, both in the European Union and in the Eurozone, 0.2 percentage points below the summer forecast, which in turn lowered the previous forecast by a further 0.2 percentage points. Overall, the slower pace of growth in the European Union is expected to last until 2024 and the effects of tight monetary policy are expected to continue to constrain economic activity. As a result, the European Commission forecasts Eurozone gross domestic product (GDP) growth of 1.2% in 2024, while expectations of lower inflation and the pull effect of monetary policy easing mean that growth is expected to strengthen in 2025 to 1.6%.

With regard to price increases, the macroeconomic context in Europe in recent months has allowed for a slight moderation in inflation, thanks mainly to the slowdown in the energy component. However, underlying data have continued to show elevated levels, so the European Central Bank (ECB) continues to advocate a tight monetary policy. At the December 2023 meeting Eurozone interest rates remained unchanged at 4.5% after 10 consecutive interest rate hikes, the last one of 0.25% having been adopted on 15 June 2023.

In view of the expected easing of inflation, which according to its own forecasts as of December shows a downward path from 5.4% in 2023, to 2.7% in 2024, 2.1% in 2025 and 1.9% in 2026, and which, compared with the September projections, represents a downward revision, the European Central Bank (ECB) has announced that it will start tapering the emergency pandemic purchase programme (EPPP) in the second half of 2024, thus anticipating a possible first rate cut that could come in the same year.

Regulatory landscape for the sector

Since 2022, the escalating military conflict between Russia and Ukraine and related international sanctions have severely disrupted the balance of global energy markets, driving up gas prices and thus electricity prices.

In order to mitigate the impact of this market situation on the public as a whole and on national economies, special measures were implemented, both at the European Union and Spanish level, during 2023. Following in the wake of the initiatives carried out in 2022, these steps have led to certain changes in the regulatory environment, both at national and EU level, with major implications for the

electricity sector. The aim of all the measures put in place was to reduce costs for consumers, increase competition, champion the integration of renewable energies and enable the energy transition.

At the European level, during the Spanish presidency of the Council of the European Union during the second half of this year, negotiations were actively promoted to reach an agreement that finally culminated in December with the approval by the Commission, the Council and the European Parliament of a project to reform the current configuration of the European Union's electricity market.

This interim political agreement ultimately aims to reduce the impact of fossil fuel volatility on electricity prices, protect consumers from price shocks, accelerate the deployment of renewable energy and improve consumer protection. For the new rules to become EU law, they must be formally adopted by both the Council and the European Parliament in the course of 2024.

This proposal is part of a wider reform of the EU electricity market design, which also includes a Regulation focused on improving the EU's protection against market manipulation through better monitoring and increased transparency. On 16 November 2023, a provisional agreement was reached on the new Regulation.

At the national level, new regulations enacted over the year also focused on keeping a lid on energy prices for the general public and enterprises, supporting the most heavily hit sectors and the most vulnerable segments of society, and making prices more stable so as to enhance industrial competitiveness.

Looking ahead to 2024, as upward pressures on food, commodity and intermediate goods prices eased in recent months and markets adapted to the persistent geopolitical uncertainty, the Spanish Government decided to adopt Royal Decree Law 8/2023 of 27 December 2023 on measures to address the economic and social consequences of the conflicts in Ukraine and the Middle East, as well as to mitigate the effects of the drought. This Royal Decree-Law opts for a gradual withdrawal of the interventionist measures adopted so far to address the energy crisis. The aim is to avoid an unexpected trend in prices and thus reinforce the protection of households and enterprises. The regulation also makes provision for the promotion of renewable energies and the competitiveness of industry, including self-consumption, as well as actions to address the effects of drought.

Information on the regulatory framework can be found in Section 16 of this Consolidated Management Report..

2024-2026 Strategic Plan

On 23 November 2023, Endesa presented its updated Strategic Plan for the period 2024-2026 to the investment community. It reaffirmed its commitment to bring forward the complete decarbonisation of its activities from 2050

to 2040 (see Section 4.2 of this Consolidated Management Report).

Endesa has updated its three-year strategy for 2024-2026, which will turn on three major lines of action:

Strategic themes	Shares	Performance
Profitability, flexibility and resilience	• Selective capital allocation to increase flexibility and resilience. • Focus on the "Partnership" model as the key to maximize the risk-return profile, and asset turnover.	• Compatible with the path of decarbonization of the Company's generation mix. • Focusing the offer to domestic and business customers on value-added services and on the supply of electricity from non-emitting sources.
Effectiveness and efficiency of the operations	• Focus on maximising cash generation. • Cost control and streamlined structure to balance inflation and costs.	
Financial and environmental sustainability	• Financial stability, seeking to create value while addressing the challenges of climate change	

The gross investments contemplated in the new Strategic Plan amount to Euro 8,900 million and are described in Section 4.2 of this Consolidated Management Report.

The economic and financial objectives on which Endesa's 2024-2026 Strategic Plan is based are detailed in Section 4.3 of this Consolidated Management Report.

Long-term planning

With regard to the commitment to decarbonisation, since 2021 Endesa is aligned with its parent company Enel in the goal of bringing forward to 2040 the complete

decarbonisation of its activities, which will be achieved on the basis of 3 main lines of action described in Section 4.4 of this Consolidated Management Report.

LEGAL NOTICE

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

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

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

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

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

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

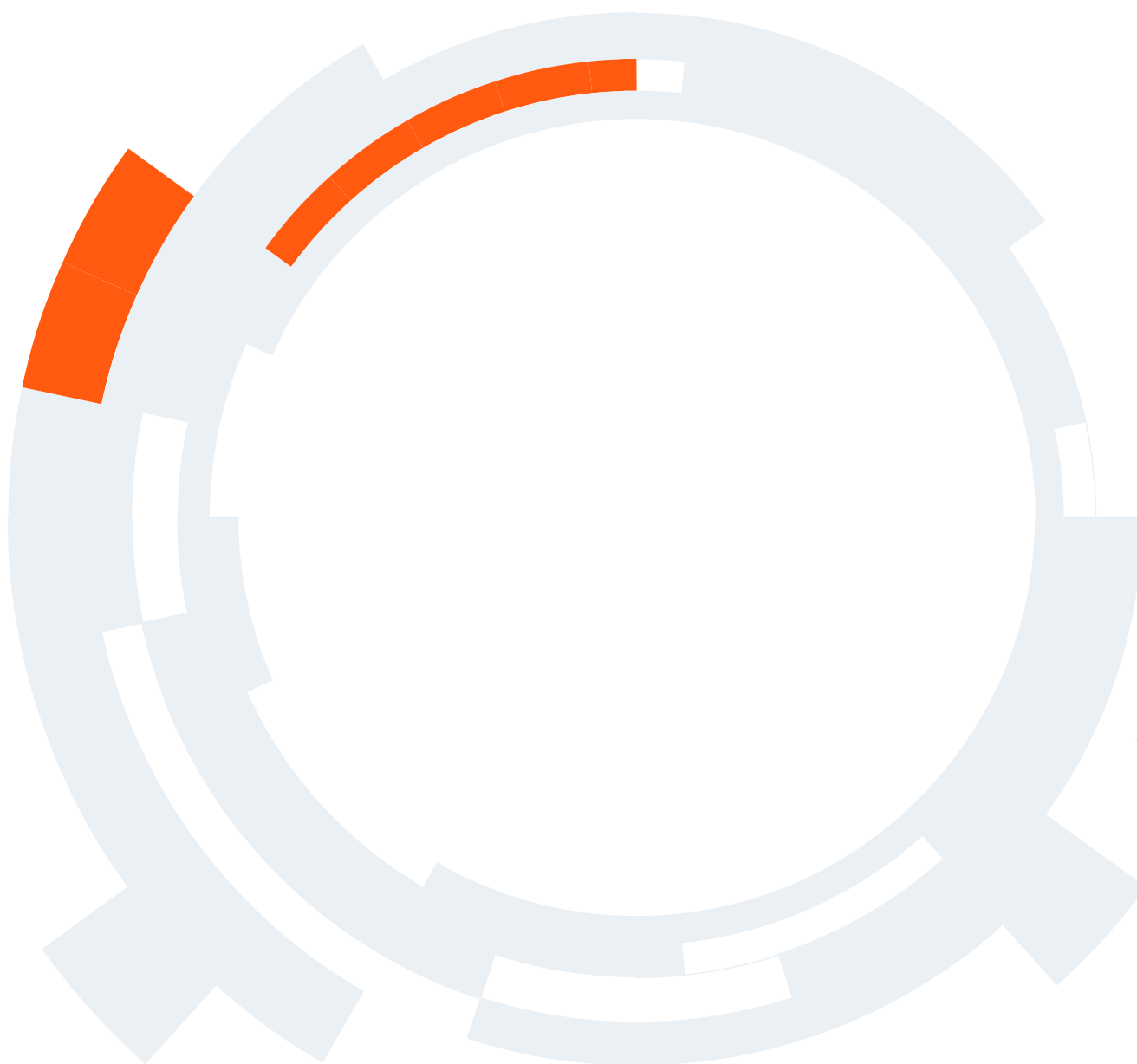
Endesa offers no assurance that the forward-looking statements herein will be fulfilled. Except as may be required by applicable law, neither Endesa nor any of its subsidiaries intends to update these forward-looking statements.

APPENDIX I

Non-Financial and Sustainability Statement

This document forms part of the Consolidated Management Report, is subject to the same approval, deposit and publication criteria as that Report, is sent separately to the Spanish Securities Market Commission (CNMV),

and can be read on the website www.cnmv.es in the “*Other relevant information*” section as well as on the Endesa website (www.endesa.com).



SIGNATURES FOR AUTHORISATION FOR ISSUE ENDESA, S.A. AND SUBSIDIARIES OF THE MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Consolidated Management Report for the year ended 31 December 2023 of ENDESA, Sociedad Anónima and subsidiaries was authorised for issue in electronic format by the Board of Directors of ENDESA, Sociedad Anónima at its meeting of 27 February 2024, following the format

requirements established in the European Commission Delegated Regulation EU 2019/815, and is signed below by all the Directors, in compliance with Article 253 of the Spanish Corporate Enterprise Act.

D. Juan Sánchez-Calero Guilarte Chairman	D. Flavio Cattaneo Vice Chairman
D. José Damián Bogas Gálvez Chief Executive Officer	D. Stefano de Angelis Board member
D. Gianni Vittorio Armani Board member	Dña. Eugenia Bieto Caubet Board member
D. Ignacio Garralda Ruiz de Velasco Board member	Dña. Pilar González de Frutos Board member
Dña. Francesca Gostinelli Board member	Dña. Alicia Koplowitz y Romero de Juseu Board member
D. Francisco de Lacerda Board member	Dña. Cristina de Parias Halcón Board member

Madrid, 27 February 2024



4.

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2023

Endesa, S.A. and Subsidiaries

Consolidated Income Statements for the years ended at 31 december 2023 and 2022

Millions of Euro

	Notes	2023	2022
REVENUE	9	25,459	32,896
Revenue from sales and services	9.1	25,070	32,545
Other operating income	9.2	389	351
PROCUREMENTS AND SERVICES		(16,312)	(23,394)
Power purchases	10.1	(6,944)	(12,901)
Fuel consumption	10.2	(2,708)	(4,349)
Transmission costs		(3,213)	(3,603)
Other variable procurements and services	10.3	(3,447)	(2,541)
INCOME AND EXPENSES FROM ENERGY DERIVATIVES	11	(3,172)	(2,217)
CONTRIBUTION MARGIN		5,975	7,285
Self-constructed assets	3.2b.1 and 3.2e.3	345	335
Personnel expenses	12	(1,137)	(955)
Other fixed operating expenses	13	(1,423)	(1,353)
Other gains and losses	14	17	253
GROSS OPERATING INCOME (EBITDA)		3,777	5,565
Depreciation, amortisation and impairment losses on non-financial assets	15.1	(1,864)	(1,716)
Impairment losses on financial assets.	15.2	(268)	(162)
OPERATING INCOME (EBIT)		1,645	3,687
FINANCIAL PROFIT/(LOSS)		(590)	(215)
Financial income	16.1	38	236
Financial expense	16.1	(705)	(343)
Income and expenses on derivative financial instruments	16.2	56	(85)
Net exchange differences	16.1	21	(23)
Net profit/(loss) of companies accounted for using the equity method	17	10	15
PROFIT/(LOSS) BEFORE TAX		1,065	3,487
Income tax expense	18	(303)	(891)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		762	2,596
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS		—	—
PROFIT/(LOSS) FOR THE PERIOD		762	2,596
Parent		742	2,541
Non-controlling interests	35.2	20	55
BASIC NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euro)	19	0.70	2.40
DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euro)	19	0.70	2.40
BASIC NET EARNINGS PER SHARE (Euro)	19	0.70	2.40
DILUTED NET EARNINGS PER SHARE (Euro)	19	0.70	2.40

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the Consolidated Income Statements for the years ended 31 December 2023 and 2022.

Endesa, S.A. and Subsidiaries

Consolidated Statements of other Comprehensive Income for the years ended 31 december 2023 and 2022

Millions of Euro

	Notes	2023	2022
CONSOLIDATED PROFIT FOR THE PERIOD		762	2,596
OTHER COMPREHENSIVE INCOME:			
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS		(9)	266
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		—	—
Actuarial gains and losses	35.1.11 and 37.1	(13)	335
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		2	—
Equity Instruments through Other Comprehensive Income		—	—
Other Income and Expenses not Reclassified to Profit for the Period		—	—
Tax effect	35.1.11 and 18	2	(69)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		2,932	(1,630)
Hedging transactions	35.1.6 and 35.1.11	3,909	(2,207)
Valuation gains/(losses)		2,087	(3,378)
Amounts Transferred to Income Statement		1,822	1,171
Other Reclassifications		—	—
Translation differences	35.1.11	—	(1)
Valuation gains/(losses)		—	—
Amounts Transferred to Income Statement		—	—
Other Reclassifications		—	(1)
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates	35.1.6 and 35.1.11	—	26
Valuation gains/(losses)		—	26
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	35.1.11 and 18	(977)	552
TOTAL COMPREHENSIVE INCOME		3,685	1,232
Of the Parent		3,665	1,176
Non-controlling interests		20	56

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the Consolidated Statement of Other Comprehensive Income for the years ended 31 December 2023 and 2022.

Endesa, S.A. and Subsidiaries

Consolidated Statement of Financial Position

at 31 December 2023 and 2022

Millions of Euro

	Notes	31 December 2023	31 December 2022 ⁽¹⁾
ASSETS			
NON-CURRENT ASSETS		28,825	30,142
Property, plant and equipment	20	22,839	22,338
Investment property	22	69	59
Intangible assets	23	1,646	1,636
Goodwill	24	462	462
Investments accounted for using the equity method	26	273	274
Non-current assets under contracts with customers	27	—	—
Other non-current financial assets	28	663	1,160
Non-current derivative financial instruments	44	879	1,249
Other non-current assets	29	386	304
Deferred tax assets	25	1,608	2,660
CURRENT ASSETS		12,458	19,925
Inventories	31	2,060	2,122
Trade and other receivables	32	5,457	5,687
Trade receivables for sales and services and other receivables		4,912	5,472
Current income tax assets		233	49
Other tax assets		312	166
Current assets under contracts with customers	27	4	8
Other current financial assets	30	1,777	8,677
Current derivative financial instruments	44	1,054	2,533
Cash and cash equivalents	33	2,106	871
Non-current assets held for sale and discontinued operations	34	—	27
TOTAL ASSETS		41,283	50,067
EQUITY AND LIABILITIES			
EQUITY	35	7,204	5,758
Of the Parent	35.1	7,017	5,557
Share capital		1,271	1,271
Share premium and reserves		5,788	4,934
(Treasury Shares)		(4)	(5)
Profit for the period attributed to the Parent		742	2,541
Interim dividend		(529)	—
Other equity instruments		5	4
Adjustments due to changes in value		(256)	(3,188)
Non-controlling interests	35.2	187	201
NON-CURRENT LIABILITIES		19,504	23,627
Grants	36	227	238
Non-current liabilities under contracts with customers	27	4,348	4,300
Non-current provisions	37	2,855	2,964
Provisions for employee benefits	37.1	268	278
Other non-current provisions		2,587	2,686
Non-current borrowings	41.3	9,636	11,704
Non-current derivative financial instruments	44	544	2,408
Other non-current financial liabilities	39	8	—
Other non-current liabilities	38	578	588
Deferred tax liabilities	25	1,308	1,425
CURRENT LIABILITIES		14,575	20,682
Current liabilities under contracts with customers	27	427	294
Current provisions	37	1,377	1,236
Provisions for employee benefits		—	—
Other current provisions		1,377	1,236
Current borrowings	41.3	4,091	6,784
Current derivative financial instruments	44	1,673	4,990
Other current financial liabilities	39	104	51
Trade and other payables	40	6,903	7,327
Suppliers and other payables		6,242	6,219
Current income tax liabilities		215	544
Other tax liabilities		446	564
Liabilities associated with non-current assets classified as held for sale and discontinued operations		—	—
TOTAL EQUITY AND LIABILITIES		41,283	50,067

⁽¹⁾ See Note 4.

The accompanying notes 1 to 54 to the consolidated financial statements are an integral part of the Consolidated Statements of Financial Position for the years ended 31 December 2023 and 2022.

Endesa, S.A. and Subsidiaries

Consolidated Statement of Changes in Equity for the year ended 31 december 2023

Millions of Euro

	Notes	Equity attributable to the Parent (Note 35.1)							Total Equity
		Capital and reserves						Non-controlling interests (Note 35.2)	
		Capital	Share premium, reserves and interim dividend	Treasury shares	Profit/(loss) for the period	Other equity instruments	Adjustments due to changes in value		
Opening balance at 1 January 2023		1,271	4,934	(5)	2,541	4	(3,188)	201	5,758
Adjustments due to changes in accounting policies		—	—	—	—	—	—	—	—
Corrections of errors		—	—	—	—	—	—	—	—
Adjusted opening balance		1,271	4,934	(5)	2,541	4	(3,188)	201	5,758
Total comprehensive income		—	(9)	—	742	—	2,932	20	3,685
Transactions with shareholders or owners		—	(2,207)	1	—	—	—	(34)	(2,240)
Capital increases/(decreases)		—	—	—	—	—	—	(7)	(7)
Conversion of liabilities into equity		—	—	—	—	—	—	—	—
Dividends paid	35.1.10	—	(2,207)	—	—	—	—	(27)	(2,234)
Transactions with Treasury Shares (net)	35.1.8	—	—	1	—	—	—	—	1
Increases/(decreases) due to business combinations		—	—	—	—	—	—	—	—
Other transactions with shareholders or owners		—	—	—	—	—	—	—	—
Other changes in equity		—	2,541	—	(2,541)	1	—	—	1
Share-based payments		—	—	—	—	1	—	—	1
Transfers between equity items		—	2,541	—	(2,541)	—	—	—	—
Other changes		—	—	—	—	—	—	—	—
Balance at 31 December 2023		1,271	5,259	(4)	742	5	(256)	187	7,204

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the Consolidated Statement of Changes In Equity for the year ended 31 December 2023.

Endesa, S.A. and Subsidiaries

Consolidated Statement of Changes in Equity for the year ended 31 december 2022

Millions of Euro

		Equity attributable to the Parent ^(Note 35.1)							
		Capital and reserves							
	Notes	Capital	Share premium, reserves and interim dividend	Treasury shares	Profit/(loss) for the period	Other equity instruments	Adjustments due to changes in value	Non-controlling interests ^(Note 35.2)	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 ⁽¹⁾		—	(3)	—	—	—	—	—	(3)
Corrections of errors		—	—	—	—	—	—	—	—
Adjusted opening balance		1,271	4,229	(3)	1,435	2	(1,557)	164	5,541
Total comprehensive income		—	266	—	2,541	—	(1,631)	56	1,232
Transactions with shareholders or owners		—	(996)	(2)	—	—	—	(19)	(1,017)
Capital increases/(decreases)		—	—	—	—	—	—	1	1
Conversion of liabilities into equity		—	—	—	—	—	—	—	—
Dividends paid ^{35.1.10}		—	(992)	—	—	—	—	(17)	(1,009)
Transactions with Treasury Shares (net) ^{35.1.8}		—	—	(2)	—	—	—	—	(2)
Increases/(decreases) due to business combinations		—	(4)	—	—	—	—	(3)	(7)
Other transactions with shareholders or owners		—	—	—	—	—	—	—	—
Other changes in equity		—	1,435	—	(1,435)	2	—	—	2
Share-based payments		—	—	—	—	2	—	—	2
Transfers between equity items		—	1,435	—	(1,435)	—	—	—	—
Other changes		—	—	—	—	—	—	—	—
Balance at 31 December 2022		1,271	4,934	(5)	2,541	4	(3,188)	201	5,758

⁽¹⁾ See Note 4.

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the Consolidated Statement of Changes In Equity for the year ended 31 December 2022.

Endesa, S.A. and Subsidiaries

Consolidated Statements of Cash Flows for years ended 31 December 2023 and 2022

Millions of Euro

	Notes	2023	2022
Gross profit before tax		1,065	3,487
Adjustments for:		4,177	2,439
Depreciation, amortisation and impairment losses	15	2,132	1,878
Other adjustments (net)		2,045	561
Changes in working capital:	46.1	1,011	(3,279)
Trade and other receivables		360	(294)
Inventories		(934)	(1,319)
Current financial assets		1,781	(1,540)
Trade payables and other current liabilities		(196)	(126)
Other cash flows from operating activities:	46.1	(1,556)	(975)
Interest received		77	124
Dividends received		25	42
Interest paid		(480)	(232)
Corporate income tax paid		(854)	(532)
Other receipts from and payments for operating activities		(324)	(377)
NET CASH FLOWS FROM OPERATING ACTIVITIES	46	4,697	1,672
Payments for investments	46.2	(2,661)	(8,449)
Acquisitions of property, plant and equipment and intangible assets		(2,284)	(2,132)
Investments in Group companies		—	—
Purchase of other investments		(377)	(6,317)
Proceeds from sale of investments	46.2	5,751	195
Proceeds from sale of property, plant and equipment and intangible assets		20	26
Disposals of investments in Group companies		27	136
Proceeds from sale of other investments		5,704	33
Other cash flows from investing activities	46.2	106	98
Other receipts from and payments for investing activities		106	98
NET CASH FLOWS FROM INVESTING ACTIVITIES	46	3,196	(8,156)
Cash flows from equity instruments	46.3	(21)	(21)
Drawdowns of non-current borrowings	41.3 and 46.3	3,291	3,910
Repayment of borrowings, non-current	41.3 and 46.3	(1,170)	(9)
Net cash flows from current borrowings	41.3 and 46.3	(7,051)	4,308
Dividends of the Parent paid	35.1.10, 35.1.12 and 46.3	(1,678)	(1,521)
Dividends paid to non-controlling interests	35.2 and 46.3	(29)	(15)
NET CASH FLOWS FROM FINANCING ACTIVITIES	46	(6,658)	6,652
TOTAL NET CASH FLOWS		1,235	168
Effect of exchange rate fluctuations on cash and cash equivalents		—	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,235	168
OPENING CASH AND CASH EQUIVALENTS	33	871	703
Cash in hand and at banks		871	703
Other cash equivalents		—	—
ENDING CASH AND CASH EQUIVALENTS	33	2,106	871
Cash in hand and at banks		1,281	871
Other cash equivalents		825	—

Notes 1 to 54 to the accompanying consolidated financial statements are an integral part of the Consolidated Statements of Cash Flows for the years ended 31 December 2023 and 2022.

1. GROUP ACTIVITY AND FINANCIAL STATEMENTS

Endesa, S.A. (hereinafter, the “Parent” or the “Company”) and its subsidiaries make up the Endesa Group (hereinafter, “Endesa”). Endesa, S.A. has its registered office and office for tax purposes at calle Ribera del Loira, 60, Madrid, Spain.

The Company was incorporated in Spain as a company limited by shares under Spanish law in 1944 under the name Empresa Nacional de Electricidad, S.A. and changed its name to Endesa, S.A. pursuant to a resolution passed by shareholders at the General Shareholders Meeting of shareholders on 25 June 1997. Since that date there has been no subsequent change in its corporate name.

Endesa’s corporate purpose is the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group’s corporate purpose, and the management of the corporate Group, comprising investments in other companies. Endesa carries out the activities forming its corporate object, either directly or through its equity holdings in other companies, at the national and international level, mainly in Spain and Portugal, as well as through branches in several other European countries.

Endesa’s consolidated financial statements for the year ended 31 December 2022 were approved by the shareholders at the General Meeting of Shareholders held on 28 April 2023 and filed with the Madrid companies register.

The Endesa consolidated financial statements for the year ended 31 December 2023, and those of all the companies comprising Endesa for 2023, which were used in the preparation of these consolidated financial statements, are pending approval by shareholders at their respective General Shareholders’ Meetings. However, the Directors of the Parent consider that these consolidated financial statements will be approved as presented without modification.

In these consolidated financial statements, the presentation currency of the Parent is the Euro and the figures shown herein (unless stated otherwise) are in millions of Euro.

The Company forms part of the Enel Group, whose ultimate Parent is Enel, S.p.A., which is governed by Italian legislation. Its registered office is at Viale Regina Margherita, 137, Rome, Italy. In Spain, the Enel Group is headed by Enel Iberia, S.L.U., with registered office at Calle Ribera del Loira, 60, Madrid. The Enel Group, through Enel Iberia, S.L.U., holds 70.1% of Endesa, S.A.’s share capital. (see Notes 35.1.1 and 35.1.8)

The Enel Group’s consolidated financial statements for the year ended 31 December 2022 were approved by the General Shareholders’ Meeting held on 10 May 2023 and filed at the Rome and Madrid Companies Registries.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Applicable accounting standards

Endesa's consolidated financial statements for the year ended 31 December 2023, which were approved by the Directors of the Parent at the Board meeting held on 27 February 2024, were prepared in accordance with the International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee ("IFRIC") as adopted by the European Union at the reporting date, pursuant to Regulation (EC) No. 1606/2002, of 19 July, of the European Parliament and of the Council and other provisions of the financial reporting regulatory framework applicable to Endesa, and will be laid before the General Shareholders' Meeting for approval and are expected to be approved without any changes made.

These consolidated financial statements present fairly the equity and financial position of Endesa at 31 December 2023, as well as the consolidated comprehensive income, consolidated operating performance, changes in consolidated equity and changes in consolidated cash flows for the year then ended.

The consolidated financial statements have been prepared following the same Accounting Policies, Presentation Basis and Valuation Rules applied in the consolidated financial statements for the year ended 31 December 2022, with the exception of the new International Financial Reporting Standards (IFRS) and Interpretations of the IFRS Interpretations Committee (IFRIC) published in the Official

Journal of the European Union (OJEU) which was first applied by Endesa in the consolidated financial statements for the year ended 31 December 2023 (see Note 4), and following the operating company principle by applying the cost method, with the exception of the items that, in accordance with the International Financial Reporting Standards (IFRS), are recorded at fair value, as indicated in the valuation standards for each item. Items in the consolidated income statement are classified by cost type.

Endesa's consolidated financial statements for the years ended 31 December 2023 and 2022 have been prepared from the accounting records of the Company and those of the rest of the companies comprising Endesa.

Each subsidiary prepares its financial statements in accordance with the accounting principles and standards prevailing in the country in which it operates. When necessary, in the consolidation process adjustments and reclassifications have been made to the financial statements of subsidiaries to bring their accounting principles and standards into line with IFRSs and IFRIC interpretations.

The changes in accounting policies that have occurred at the time of preparation of these consolidated financial statements are described in Note 4.

2.2. Going concern principle

At 31 December 2023, Endesa had negative working capital of Euro 2.117 million (Euro 757 million, negative, as of 31 December 2022) as a result of its financial and cash management policy. In this regard, Endesa's estimated statements of liquidity for the coming year, together with the undrawn amount on the Company's non-current lines of credit (see Note 41.4.1), provide assurance that the

Company has available sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the accompanying statement of financial position.

Endesa's Directors have therefore prepared the accompanying consolidated financial statements on a going-concern basis.

3. ACCOUNTING PRINCIPLES AND POLICIES AND MEASUREMENT STANDARDS

3.1. Key accounting estimates made

The Company's Directors are responsible for the information contained in these consolidated financial statements, which were approved at the Board of Directors' Meeting held on 27 February 2024, and expressly states that all IFRS policies and criteria adopted by the European Union have been applied.

In preparing these consolidated financial statements, Endesa's Directors made estimates to measure certain assets, liabilities, income, expenses and commitments included therein. These estimates were essentially as follows:

- Endesa considers that aspects relating to climate change are implicitly part of the process of applying the methodologies and models used in the estimates made by Management to quantify some of the assets, liabilities, revenues, expenses and commitments (see Note 5.1).
- For this purpose, the estimates on which aspects may be more affected by climate change relate, among others, to the useful life of property, plant and equipment and intangible assets (see Notes 3.2b and 3.2e), the obligations associated with the energy transition process relating to affected employees and future costs for the closure of facilities (see Notes 3.2l and 37.3), and the valuation of non-financial assets to determine the existence of impairment losses (see Notes 3.2f, 20.3 and 23.3).
- Measurement of non-financial assets to determine the existence of impairment losses (see Notes 3.2f, 20.3 and 23.3).
- Useful life of property, plant and equipment and intangible assets (see Notes 3.2b and 3.2e).
- Assumptions used to calculate the fair value of financial instruments (see Notes 3.2h and 45).
- Impacts derived from interpretation of existing or new electricity system regulations, the final economic effects of which will ultimately depend on rulings by the authorities responsible for settlements. Certain rulings are pending at the date of authorisation of these consolidated financial statements (see Note 6).
- Power supplied to customers pending billing (see Notes 3.2p.1 and 32).
- Accrual of the remuneration of the electricity production activity in the Non-Mainland Territories (TNP) with additional remuneration regime (see Note 6).
- Accruals for the electricity distribution activity for assets commissioned from 1 January 2018, as well as incentives for the distribution activity (see Note 6).
- Accruals for the renewable energy production activity subject to specific remuneration regime, and calculation of the adjustment for deviations in the market price in accordance with Royal Decree 413/2014, of 6 June (see Notes 6, 9.1 and 39).
- Cost of financing the Social Bonus (Bono Social), as set out in the financing mechanism (see Note 6).
- Assumptions used in the actuarial calculation of liabilities and provisions for employees and the leaving dates and conditions for employees involved in collective redundancy procedures and agreements to suspend employment contracts (see Notes 3.2l.1, 3.2l.2, 37.1 and 37.2).
- Future costs for decommissioning and restoration of land (see Notes 3.2b, 3.2c, 3.2e, 3.2l and 37.3).
- Likelihood and amount of undetermined or contingent liabilities (see Notes 3.2l and 37.3). In particular, for uncertainties about uncertain tax treatments, it applies

the most likely amount method to reflect the effect of the uncertainty (see Notes 3.2o, 18, 25 and 40).

- Assumptions used to measure deferred tax assets and tax credits (see Notes 3.2o and 25.1).

Although these estimates have been based on the best information available at the date of preparation of the

consolidated financial statements, future events could require the estimates to be increased or decreased in subsequent years. Changes in estimates are made prospectively and the effects recognised in the corresponding consolidated financial statements for future years.

3.2. Measurement criteria

The following recognition and measurement criteria considered material or of relative importance were used to prepare the accompanying consolidated financial statements:

a) Basis of consolidation and business combinations

a.1. Consolidation principles

a.1.1. Endesa companies and shareholdings

Subsidiaries

Subsidiaries are the investees which the Parent controls, directly or indirectly, through power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect those returns. In this respect, a company is exposed to variable returns from its involvement with the investee when the returns from its involvement have the potential to vary as a result of the investee's performance, and the company has the ability to use its power to affect the variable returns.

Control arises from substantive rights over the investee, whereby Endesa applies its own judgement to assess whether these substantive rights give it the power to govern the investee's main activities in order to affect its returns. To this end, consideration is taken of all the facts and circumstances involved to assess whether or not it controls an investee, analysing factors such as contracts with third parties, rights arising from other contractual agreements, and real and potential voting rights, considered for such purposes to be the potential voting rights held by Endesa or third parties that are exercisable or convertible at the accounting close.

When events occur that affect the control of the investee, exposure to variable returns due to continued involvement, or the ability to use control of the investee to influence its returns, the existence of control of the investee is reassessed.

At 31 December 2023 and 2022, Endesa had no Structured Entities as defined in IFRS 12 – *Disclosure of Interests in Other Entities*, designed in such a way that voting and similar rights do not constitute the main factor for the purposes of defining control.

Subsidiaries are consolidated from the date of acquisition, which is the date on which Endesa obtains control, and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after the adjustment and elimination of intragroup transactions.

Results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All balances and transactions between fully consolidated subsidiaries, or the related portion in the case of proportionately consolidated companies, were eliminated on consolidation.

When a transaction results in the loss of control of a subsidiary, any investment retained in the company is measured at its fair value at the date when control is lost. The difference between the fair value of the consideration received plus the fair value of the investment retained and the carrying amounts of the non-controlling interests in the former subsidiary, and the assets and liabilities derecognised from the consolidated statement of financial position following the loss of control of the previously controlled subsidiary is recognised under "Other gains/(losses)" in the consolidated income statement. Amounts recognised under "Other comprehensive income" are booked as if the assets and liabilities concerned had been disposed of.

When a transaction results in control being acquired over a company in which a stake was previously held (step acquisitions), the previous investment is registered at its fair value at the date when control is gained. The difference between the fair value and the carrying amount of the previously-held investment is recognised under *"Net profit/(loss) of companies accounted for using the equity method"* in the consolidated income statement. Amounts recognised under *"Other comprehensive income"* are booked as if the assets and liabilities concerned had been disposed of.

Changes in investments in subsidiaries that do not result in the Parent gaining or losing control of the subsidiary are accounted for as equity transactions, with the carrying amounts of the controlling and non-controlling interests adjusted to reflect changes in their relative interests in the subsidiary. Any difference

between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity of the parent.

Companies not consolidated by full consolidation with an ownership interest of more than 50%

Endesa holds a stake of over 50% in the companies listed below, although these stakes qualify as joint arrangements, joint ventures and associates, as Endesa, by virtue of the shareholders' agreement, exercises joint control with the other partner or venturer and is entitled to the assets and obligations with respect to the liabilities associated with the stake, and is entitled to the net assets of the company or exerts significant influence, respectively (see Note 26).

Company	Stake at 31 December 2023 (%)		Consolidation method
	Control	Financial share	
Asociación Nuclear Ascó-Vandellós II, A.I.E.	85.41	85.41	PC
Front Maritim del Besós, S.L.	61.37	61.37	EM (JV)
Renovables Brovales 400 kV, S.L.	64.15	64.15	EM (A)
Transformadora Almodóvar Renovables, S.L.	60.53	60.53	EM (A)
Renovables Brovales Segura de León 400 KV, S.L.	64.05	64.05	EM (A)

PC: Proportional consolidation; EM: Equity method; JV: Joint venture; A: Associate.

Joint arrangements

A Joint Arrangement is an agreement that gives two or more parties joint control, whereby the unanimous consent of all parties sharing control is required for decisions to be taken with respect to major activities.

Joint arrangements may be joint operations or joint ventures, depending on the rights and obligations of the parties to the agreement.

In order to determine the type of joint arrangement from a contractual arrangement at the accounting close, management assesses the legal contents and structure of the arrangement, the terms agreed by the parties and other relevant factors and issues. If any changes are made to the contractual features of a joint arrangement, these factors and issues are reassessed.

Joint operations

Joint operations are entities governed by a joint arrangement whereby Endesa and the other parties have rights to their assets and obligations with respect to the liabilities.

Jointly-controlled entities are consolidated using proportionate consolidation. Endesa recognises a proportionate share of each of the assets, liabilities,

income, expenses and cash flows in its consolidated financial statements, after the adjustment and elimination of intragroup transactions.

Joint ventures

Joint ventures are companies governed by a joint arrangement whereby Endesa and the other parties have rights over the net assets.

Joint Ventures are included in the consolidated financial statements using the equity method.

Under the equity method, the investment in the associate is carried on the statement of financial position at Endesa's share of the net assets of the associate, adjusted, where applicable, to eliminate intragroup transactions, plus unrealised gains relating to the goodwill paid on acquisition of the company.

If the resulting amount is negative, the investment is carried at zero in the consolidated statement of financial position, unless Endesa is required to redress the company's equity, in which case the corresponding provision is recognised under *"Non-current liabilities"* in the consolidated statement of financial position.

Dividends received from these companies are deducted from the value of the investment, while

Endesa's share of the profit or loss of these companies based on its percentage of ownership is recognised in the consolidated income statement under "*Net profit/ (loss) of companies accounted for using the equity method*".

After the equity method has been applied, for investments the value of which includes unrealised gains relating to the goodwill paid on acquisition of the company, or those that may otherwise show signs of impairment, the recoverable value of the investment is calculated and, if this is less than the carrying amount, impairment is recognised for the difference between the recoverable value of the associate or the joint venture, and the carrying amount.

To calculate the recoverable amount, the higher of the fair value less costs to sell of Endesa's interest in the investee and the discount of the future cash flows the company is expected to generate is calculated, less Endesa's proportional share of debt at the reporting date of the financial statements.

If, as a result of legal or implicit obligations, when the value of the investee has been reduced any additional

losses are incurred, they will be booked by recognition of a liability.

Associates

Associates are entities in which the Parent has significant influence, directly or indirectly. Significant influence is the power to participate in the financial and operating decisions of the investee without having the control or joint control over such decisions.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by Endesa or other entities, are also taken into account when assessing whether it has significant influence.

In general, when Endesa holds a stake exceeding 20%, it is presumed to have significant influence.

Endesa holds an interest of less than 20% in the following companies, although these holdings are considered associates as Endesa, by virtue of the shareholders' agreement in effect, exercise significant influence over them (see Note 26.1):

Company	Stake at 31 December 2023 (%)	
	Control	Financial share
Infraestructuras San Serván Set 400, S.L.	19.23	19.23
Energías Limpias de Carmona, S.L.	18.75	18.75
Set Carmona 400 KV Renovables, S.L.	16.00	16.00
Evacuación Carmona 400-220 KV Renovables, S.L.	9.39	9.39
Toro Renovables 400 KV, S.L.	8.28	8.28

Associates are accounted for in the accompanying consolidated financial statements using the equity method, as described in the section on joint arrangements.

Other investments

The impact of the financial indicators of Endesa's investees that are not considered subsidiaries, joint operations, joint ventures or associates on the fair presentation required of the consolidated financial statements is minimal.

Appendix I to these consolidated financial statements lists Endesa's subsidiaries, joint arrangements, joint ventures and associates at 31 December 2023 and 2022.

a.1.2. Standardisation

The Financial Statements of subsidiaries, joint arrangements, joint ventures and associates used to draw up the Consolidated Financial Statements are at 31 December 2023 and have been prepared in accordance with Endesa's accounting policies. If any of these companies uses different accounting policies, these are standardised to reflect those used by Endesa.

a.1.3. Conversion of the Financial Statements of foreign companies

The financial statements of foreign companies with a functional currency other than the euro are translated to Euro as follows:

Figures	Exchange rate
Assets and liabilities	• Exchange rate prevailing at the consolidated reporting date.
Income statement items	• Average exchange rate for the year
Equity	• Historical exchange rate at date of acquisition, or • Average exchange rate for the year in which it is generated, both in the case of retained earnings and contributions made, as appropriate.

Exchange differences arising on the retranslation of financial statements are shown net of the related tax effect under “*Translation differences*” in the consolidated statement of other comprehensive income.

a.2. Business combinations

At the acquisition date, the assets, liabilities and contingent liabilities of the subsidiary constituting a business are measured at fair value, except certain assets and liabilities which are measured according to the principles set out in IFRS. If this fair value is determined provisionally, the value of the business combination is recognised at its provisional values. Any adjustments arising from completion of the valuation process that should not exceed the term of 12 months from the business combination will be made by restating the comparative figures accordingly. Where the acquisition cost of the subsidiary exceeds the fair value of the Parent’s share of its assets and liabilities, including contingent liabilities, the difference is recognised as goodwill. If the difference is negative, and after reviewing the fair values of the net assets and liabilities acquired, it is credited to the consolidated income statement. Costs attributable to the acquisition are recognised as an expense as incurred.

Any contingent consideration arising from a business combination is recognised at fair value at the acquisition date. Payment obligations arising from a contingent consideration are recognised as liabilities or equity in the consolidated statement of financial position, as per the definition of these items in IAS 32 – Financial Instruments: Presentation. Collection rights in connection with a contingent consideration arising from the return of considerations previously transferred are recognised as asset in the consolidated statement of financial position. The value of non-controlling interests in the fair value of the net assets acquired and in the profit or loss of fully consolidated subsidiaries is recognised under “*Equity: Non-controlling interests*” in the consolidated statement of financial position and under “*Non-controlling interests*” in the consolidated statement of other comprehensive income.

If, at the acquisition date, the assets and liabilities acquired from a subsidiary do not constitute a business, Endesa identifies and recognises the individually identifiable assets acquired and the liabilities assumed, so that the cost is allocated to the individually identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. This transaction will not give rise to goodwill.

b) Property, plant and equipment

b.1. Cost of acquisition

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. In addition to the price paid for the acquisition of each item, cost also includes, where appropriate, the following items:

- Borrowing costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use; e.g. electricity generation and distribution facilities. The interest rate used is that applicable to the specific purpose financing or, in the absence of such a rate, the average financing rate of the company making the investment. The average lending rate in 2023 was 3.2% (1.4% in 2022) (see Note 41.3) Euro 12 million were capitalised in this respect in 2023 (Euro 4 million in 2022) (see Note 16).
- Personnel expenses relating directly to work in progress. The amounts capitalised are recognised under “*Personnel expenses*” and “*Own work capitalised*” in the consolidated income statement. In 2023, the

amount capitalised in this respect amounted to Euro 154 million (Euro 133 million in 2022).

- Endesa recognises the costs it will incur in the future to decommission its facilities in the cost of the asset, at present value, and recognises the related provision. Endesa reviews its estimate of these future costs annually, increasing or decreasing the value of the related asset based on the outcome of the review. For nuclear power plants, this provision includes the amount that Endesa estimates it will have to pay until the government-owned company Empresa Nacional de Residuos Radiactivos, S.A., S.M.E. (Enresa) undertakes responsibility for decommissioning these plants (see Note 37.3).

The acquisition cost of assets acquired before 31 December 2003 includes any asset revaluations permitted to adjust the value of the property, plant and equipment for the effect of inflation until that date.

Assets under construction are transferred to property, plant and equipment in use once the trial period has ended and they are available for use, at which time depreciation begins.

Costs of expansion, modernisation or improvements which increase the productivity, capacity or efficiency or lengthen the useful lives of assets are capitalised as an increase in the cost of the related assets.

Replacements or renewals of complete items that extend the useful life or increase the economic benefits of the assets are recognised as increases in the value of property, plant and equipment and the items replaced or renewed are derecognised.

Regular maintenance, upkeep and repair expenses are recognised in the consolidated income statement as an expense in the year in which they are incurred (see Note 13). Indivisible assets shared by Endesa with other owners are recognised in proportion to Endesa's ownership of those assets (see Note 20.4).

Non-current assets acquired by Endesa to minimise the environmental impact of its activity and to protect the environment are recognised – depending on their nature – as property, plant and equipment or intangible assets, at their cost of acquisition or production, and are depreciated or amortised on a straight-line basis over their useful life.

Environmental expenses are those incurred by the Company to minimise the environmental impact of its activity.

The environmental expenses of these activities and any incurred as a result of events outside the Endesa's normal business that are not expected to arise frequently (including fines, sanctions and compensation payable to third parties for environmental damage), are classified as operating expenses and are recognised under the relevant heading of the consolidated income statement, depending on their nature.

Based on the results of the impairment test described in Note 3.2f, the Parent's Directors consider that the carrying amount of the assets does not exceed their recoverable amount, with the exception of the cash generating units (CGUs) of the non-mainland territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla (see Notes 3.2.f4 and 20.3).

b.2. Depreciation

Property, plant and equipment, less residual value where appropriate, are depreciated when they are available for use on a straight-line basis over their estimated useful lives, which are the periods of expected use. Useful lives are reviewed regularly when there are indications of possible variations, and adjusted prospectively, as appropriate.

The useful life of assets for the purposes of calculating depreciation in 2023 and 2022 was as follows:

	Years of estimated useful life	
	2023	2022
Generating facilities:		
Hydro power plants		
Civil engineering works	100	100
Electromechanical equipment	50	50
Coal-fired power plants	25-48	25-48
Nuclear power plants	44-50	44-50
Combined cycle plants	40	40
Renewable energy plants		
Photovoltaic	30	30
Wind	30	30
Transmission and distribution facilities:		
Low and medium-voltage network	40	40
Measuring and remote-control equipment	6-15	6-15
Other facilities	25	25

Land has an unlimited useful life and is therefore not depreciated.

Pursuant to Law 29/1985 of 2 August, partially amended by Law 46/1999 of 13 December, all Spanish hydroelectric

power plants are operated under temporary service concession arrangements. The terms and conditions of these arrangements require that the plants revert to State ownership in good working order when the

concessions expire, between 2023 and 2078 (see Note 37.3). These facilities are depreciated over the concession period or their economic lifespan, whichever of these two periods is shorter.

Endesa assessed the specific situations of these concessions, and concluded that the decisive factors for application of IFRIC 12 — Service Concession Arrangements did not emerge in any of these cases.

c) Investment property

The “*Investment property*” heading of the consolidated statement of financial position comprises the land and buildings not expected to be recovered in the ordinary course of Endesa’s corporate purpose.

Investment properties are measured at acquisition cost less any accumulated depreciation and any accumulated impairment losses.

To determine the fair market value of real estate investments, appraisals from officially renowned independent experts were requested, to include their best estimate of value based on a greater/lesser use of the property in question with regard to its urban location and current state, in the case of construction. Investment

d) Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised (see Note 3.2a).

Goodwill is not amortised, but allocated to each cash-generating unit (“CGUs”) or groups of cash-generating units. At the end of each reporting period, CGUs are

e) Intangible assets

Intangible assets are initially recognised at cost of acquisition or production and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful lives, except for those with indefinite useful lives, which are not amortised.

At 31 December 2023 and 2022, there were no intangible assets with indefinite useful lives.

Intangible assets are derecognised when they are sold or otherwise disposed of, or when no further economic

b.3. Other matters

Items under property, plant and equipment are derecognised when they are sold or otherwise disposed of, or when no further economic benefits are expected to be obtained when they are used, sold or otherwise disposed of.

Gains or losses arising on the disposal or retirement of property, plant and equipment are recognised in profit or loss for the period under “*Other gains/(losses)*” in the consolidated income statement and are calculated as the difference between the selling price and the carrying amount of the asset.

property (excluding land) is depreciated on a straight-line basis over the useful lives of the assets. The average useful life of this investment property is 50 years.

Investment property is derecognised when it is sold or otherwise disposed of, or when no further economic benefits are expected to be obtained when it is used, sold or otherwise disposed of.

Gains or losses arising on the disposal or retirement of investment property are recognised in profit or loss for the period under “*Other gains/(losses)*” in the consolidated income statement and are calculated as the difference between the selling price and the carrying amount of the asset.

tested for impairment and written down if recoverable amount has been reduced below carrying amount.

Based on the results of the impairment test described in Note 3.2f, the Parent’s Directors consider that the carrying amount of the assets does not exceed their recoverable amount.

benefits are expected to be obtained when they are used, sold or otherwise disposed of.

Gains or losses arising on the disposal or retirement of intangible assets are recognised in profit or loss for the period under “*Other gains/(losses)*” in the consolidated income statement and are calculated as the difference between the selling price and the carrying amount of the asset.

The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are described in Note 3.2.f.

e.1. Concessions

Concession contracts that are not subject to IFRIC 12 – Service Concession Arrangements are recognised using general criteria. Endesa depreciates any assets recognised as property, plant and equipment (see Note 3.2b) on a straight-line basis over the shorter of the asset's economic life or the concession term. When calculating asset impairment, Endesa's contractual obligations to invest in, improve or replace assets are considered to produce the future cash outflows required to generate cash inflows. Assets whose right to use has been conveyed by Endesa in exchange for consideration are accounted for using the criteria specified in Note 3.2g.

e.2. Research and development costs

Development expenditures on projects are recognised in the consolidated statement of financial position as an intangible asset when Endesa is reasonably assured of the technical feasibility of completing the project and that the project will generate future economic benefits.

Development expenditures are amortised over their useful life in accordance with a systematic plan which, in most cases, has been estimated at five years.

Research costs are recognised as expenses in the consolidated income statement. The amount of these costs, as shown in the consolidated income statement, amounted to Euro 114 million in 2023 (2022: Euro 123 million) and for all of them certification was requested or obtained from a body accredited by the Spanish National Accreditation Body ("ENAC") and a Binding Reasoned Report ("BRI") by the Ministry of Science and Innovation.

e.3. Other intangible assets

These assets include, without limitation:

- Software, which is initially recognised at cost of acquisition or production and subsequently carried

at cost less accumulated amortisation and any accumulated impairment losses. Software is amortised over its useful life which, in most cases, has been estimated at five years. During 2023 and 2022, personnel expenses amounting to Euro 31 million and 40 million were capitalised, respectively.

- Customer portfolios acquired through business combinations as a result of the merger of GEM Suministro Gas 3, S.L.U. and Madrileña Suministro de Gas, S.L.U., carried out in 2012 and 2015, respectively, which are initially recognised at fair value at the acquisition date. Subsequently, these assets are recognised at cost less accumulated amortisation and impairment losses, where applicable. The depreciation of these portfolios takes place over their useful lives and, at 31 December 2023, ranges from 15 to 25 years, based on the expected gradual decrease in these portfolios.

e.4. Incremental costs of obtaining a contract with a customer

The incremental costs of obtaining a contract are the costs incurred to obtain a contract with a customer and that it would not have been incurred if the contract had not been obtained.

Endesa recognises the incremental costs of obtaining contracts with customers as an intangible asset, insofar as they are directly related to a contract or a future contract that can be specifically identified and from which these costs are expected to be recovered.

This asset is depreciated systematically depending on the average expected useful life of the contracts with customers associated with these costs, which, at 31 December 2023, varies anywhere between 1 year to 15 years.

The costs of obtaining a contract that Endesa would have incurred, regardless of whether the contract is obtained or not, are recognised as an expense in the consolidated income statement when they occur.

f) Impairment of non-financial assets

Endesa assesses throughout the year and, in any case, at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount to determine the extent of any impairment loss. For identifiable assets that do not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the CGU to which

the asset belongs, i.e. the smallest identifiable group of assets that generates independent cash inflows.

It estimates the recoverable amount of the CGUs to which goodwill or intangible assets with indefinite useful lives have been allocated systematically at each reporting date.

If the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised for

the difference under “Depreciation, amortisation and impairment losses on non-financial assets” in the consolidated income statement. The impairment loss is first allocated to reduce the goodwill allocated to the CGU and then to the CGU’s remaining assets in proportion to the carry amount of each up to their fair value less selling costs, their value in use, or zero, whichever is greater.

A previously recognised impairment is reversed if there has been a change in the estimate of the asset’s recoverable amount. A reversal of an impairment loss is recognised by increasing the carrying amount of the asset with a credit to the consolidated income statement.

The reversal is limited to the carrying amount of the asset had no impairment loss been recognised. Impairment losses relating to goodwill cannot be reversed.

f.1. Cash generating units (CGUs)

Endesa considers that the assets of electricity generation business belonging to a single interconnected system and the assets of electricity distribution that receive joint remuneration represent a CGU.

The most significant CGUs at 31 December 2023 and 2022 were as follows:

Business	Cash generating unit (CGU)	Description	Main features
Generation	Iberian Peninsula generation	All Iberian Peninsula generation assets except for coal-fire plants are managed through an integrated portfolio approach, whose ultimate objective is to maximise the integrated margin on electricity generation and marketing.	- All assets are managed on a joint basis, irrespective of the type of technology used (combined cycle, fuel, nuclear and renewable energy, including hydroelectricity), depending on the availability of the facilities, weather conditions and demand, and on the need to cover the System’s technical restrictions, among other aspects. - The joint management and diversification of the generation portfolio enables Endesa to respond in a flexible way to the demand requirements through offers on different markets, coordinated by a single representative and liquidating party, thereby guaranteeing a secure supply. - Decision-making on operations is based on the installed capacity of the entire generation stock, applying an integrated margin management approach to optimise power purchases and sales.
	Generation in each of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla	Each of these geographical areas forms a cash generating unit (CGU) as the assets in each of them are managed jointly, as they are isolated or poorly connected territories, in which there is regulated remuneration that compensates the specificities of each geographical area and differentiated criteria of activity management at the level of each Autonomous Community or City.	
Distribution	Distribution	The assets of the distribution network in Spain constitute a single Cash Generating Unit (CGU), since said distribution network consists of a set of interrelated and dependent assets whose development, operation and maintenance are jointly managed.	

f.2. Calculation of recoverable amount

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is the present value of estimated future cash flows through their use in normal business and, as the case may be, of their disposal or other form of sale, taking account of their current state. In estimating value in use, Endesa prepares pre-tax cash flow projections based on the latest budgets available. These budgets include Endesa management’s best estimates of the income and expenditure of the CGUs according to industry projections, past experience and future expectations.

These forecasts cover the next 3 years, except for the Cash Generating Units (CGUs) for each of the Non-

Peninsular Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla, where the forecasts cover the next 5 years, while future cash flows until the end of the useful life of the assets, taking into account the residual value, if any, and applying reasonable growth rates that do not, in any case, increase or exceed growth rates for the industry.

The estimated future cash flows are discounted to present value using a pre-tax rate that reflects the cost of capital of the business and its geographical area. It considers the current time value of money and the risk premiums generally used by analysts for the business and the geographical area.

f.3. Main assumptions used in determining value in use

The models used by Endesa to determine the market variables used in the determination of value in use handle the scenario it consider most probable. In any event, throughout the year Endesa monitors, among other aspects, the trend and changes in the main assumptions

used to determine value in use in order to assess whether any asset may have suffered an impairment loss since the end of the previous year.

Discount rates

The pre-tax discount rates applied in 2023 and 2022 to the main CGUs fall within the following ranges:

	Currency	31 December 2023		31 December 2022	
		Minimum	Maximum	Minimum	Maximum
Iberian Peninsula Generation	Euro	8.0	9.3	6.4	7.7
Non-mainland Territories generation (TNP)					
Balearic Islands	Euro	8.6	8.6	7.6	7.6
Canary Islands	Euro	6.3	6.3	5.7	5.7
Ceuta	Euro	—	—	—	—
Melilla	Euro	6.9	6.9	6.9	6.9
Distribution	Euro	5.9	7.7	4.6	6.1

An analysis of the parameters comprising the 2023 discount rates reveals that the risk-free rate increased significantly, due, among others, to the consequences of the current macroeconomic and geopolitical environment, which have led to 6 interest rate hikes by the European Central Bank (ECB) during the 2023 financial year, climbing from 1.02% in 2022 to 3.26% in 2023, and the business' risk premium, which is based on deleveraged

betas considered for companies engaged in similar activities, has been maintained in both deregulated and regulated businesses.

Growth rates

The average growth rates used in 2023 and 2022 (g rate) to extrapolate the cash flow projections were as follows:

	2023	2022
Iberian Peninsula Generation	0.0 - 2.4	0.0 - 3.3
Non-mainland Territories generation (TNP)		
Balearic Islands	0.0	0.0
Canary Islands	0.0	0.0
Ceuta	0.0	0.0
Melilla	0.0	0.0
Distribution	2.1	1.6

⁽¹⁾ In the Cash Generating Units (CGUs) of Generation in the Non-Peninsular Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla, a growth rate is not applied because the cash flows of the regulated generation business are expected to continue.

These growth rates, which do not surpass the average growth rate of the Sector and markets in which Endesa operates, are in line with Spain's long-term inflation as well as market estimates.

Key assumptions

With these premises, the approach used to assign value to the key assumptions considered has taken into account the following items and/or parameters:

Item and/or parameter	Description
Trend of demand for electricity and gas	The estimated growth was calculated on the basis of the growth forecast for Gross Domestic Product (GDP) and other assumptions used by Endesa with respect to trends in consumption of electricity and gas in these markets.
Regulatory measures	A substantial part of Endesa's business is regulated and subject to wide-ranging complex regulations, which may be amended by the introduction of new laws, by amendments to existing laws in such a way that forecasts contemplate proper application of current regulations, and any other laws now in process that may come into force during the projected period.
Average rainfall and wind potential levels:	The forecasts are drawn up on the basis of the average weather conditions in a year, taking account of historical conditions series. However, the actual rainfall and wind potential levels of the preceding year were used for the first year of the projection, adjusting the average year accordingly.
Installed capacity	The generation activity takes into account the investment required to maintain installed capacity in proper operating conditions; distribution activity considers investment in grid maintenance, improvement and enhancement and the investment required to implement the remote metering plan, and supply activity takes into account the investment required to perform activities involving other products and services.
Production mix	The production "mix" was determined using complex specifically-developed internal forecast models that consider factors such as prices and availability of energy stocks (e.g. <i>Brent</i>, gas, coal), forecast demand, planned construction or the commissioning of new capacity in the various technologies. These models are constantly changing, factoring in changes in variables such as availability of the production base, availability of fuels or start-up of operation of new plants. They provide signals on prices in the system and estimates of production costs, on which output forecasts for generation facilities are based.
Assumptions for power sales and purchase prices	Assumptions for power sale and purchase prices are made based on complex, specifically developed internal forecasting models. The pool price is estimated taking into account different scenarios regarding the expected trend or performance in a series of determining factors such as the costs and productions of the different technologies, electricity demand, <i>commodity</i> prices and other market and macroeconomic variables, and, as a result of these models, the most likely scenario is considered. For these purposes, the performance of the electricity pool price primarily affects the Iberian Peninsula Generation Cash Generating Unit (CGU).
Electricity and gas sales prices	The prices at which electricity and gas are sold are determined on the basis of the prices established in sales contracts and future energy prices.
Estimate of fuel costs	Fuel costs are estimated taking into consideration existing supply contracts, and long-term forecasts are made for oil, gas or coal prices based on forward markets and estimates available from analysts.
Fixed costs	Fixed costs are projected considering estimated levels of activity for each company in terms of trends in personnel, as well as other operating and maintenance costs, forecast inflation and long-term maintenance contracts and other types of contracts.
Right of use	For the determination of the value in use of cash-generating units (CGUs) incorporating rights of use, the fixed lease payments included in the lease liability have been excluded.
Macroeconomic assumptions	External sources (e.g. analysts, domestic and international official bodies, etc.) are always used to compare macroeconomic assumptions, such as price trends, growth in gross domestic product (GDP) variations in demand, inflation, variations in interest rates and exchange rates.
Climate change	Energy transition scenarios and climate change impacts used in the valuation models (see Note 5.1).

The key assumptions used to determine value in use under the impairment tests of non-financial assets as at 31 December 2023 (2024–2026 Strategic Plan) are as follows:

	2024	2025	2026
Price of Brent (\$/bbl)	84	81	75
Carbon dioxide (CO ₂ /€/t)	93	98	102
TTF gas price (€/MWh)	50	44	35
PVB gas price (€/MWh)	47	42	35
Electricity demand – Iberian Peninsula (TWh)	248	254	260
Consumer Price Index (CPI) (average) (%)	2.7	1.9	1.9
Growth in Gross Domestic Product (GDP) Spain (%)	1.5	1.9	1.9
Arithmetic average daily electricity market price (€/MWh)	106	88	74

f.4. Impairment test

- Cash-Generating Units (CGUs) for each of the Non-mainland Territories (TNP) of Balearic Islands, Canary Islands, Ceuta and Melilla.

At 31 December 2023 and 2022, in order to bring the net carrying amount of the assets of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla in line with their recoverable amount, impairment totalling Euro 90 million and Euro 36 million, respectively, was recognised on the Cash Generating Units (CGUs) for each such TNP (see Notes 15 and 20.3). The impairment charge recorded in 2023 and 2022 is, mainly, a result of the change in the discount rate used to calculate the recoverable amount of these assets, in line with the European Central Bank's interest rate hikes during both years. Additionally, in fiscal year 2022, the Balearic Islands Cash Generating Unit (CGU) recorded a reversal of impairment losses due to the improvement in working capital flows, which offset the negative effect of the increase in the discount rate.

- Los Barrios Port Terminal (Cádiz).

At 31 December 2023 a reversal of the impairment of the Los Barrios (Cadiz) Port Terminal in the amount of Euro 7 million has been recorded as a result of the request for an extension of the Terminal's concession which, at the most, could last until 2057 (see Notes 15 and 20.3).

At 31 December 2022, an impairment charge of Euro 30 million was recorded for the Los Barrios Port Terminal (Cádiz), considering as a time horizon the concession term of the Terminal until 2032.

f.5. Sensitivity analysis

At 31 December 2023, Endesa carried out a sensitivity analysis on the results of the impairment tests described using the reasonable variations of the main key assumptions, with all other variables held constant, as shown below by Cash Generating Unit (CGU):

Millions of Euro

	31 December 2023					
	Iberian Peninsula Generation		Non-mainland Territories generation (TNP)		Distribution	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
50 bp increase in the Discount Rate	(2,885)	—	(21)	—	(3,022)	—
100 bp increase in the Discount Rate	(5,368)	—	(41)	—	(5,343)	—
50 bp reduction in the Growth Rate	—	(2,452)	—	(3)	—	(2,839)
5% reduction in the pool price	—	(243)	—	Na	—	Na
5% increase in operating and maintenance costs	(524)	—	(58)	—	(226)	—
5% increase in maintenance investments	(351)	—	(10)	—	(373)	—
1% decrease in electricity demand	—	(301)	—	(6)	—	Na

At 31 December 2023, as a result of this sensitivity analysis, it was concluded that an unfavourable change in the key assumptions used within the ranges considered, maintaining the remaining variables unchanged, would not result in an impairment of assets, except in the assets

of the Cash Generating Units (CGU) of the Non-Mainland Territories (TNP) of Balearic Islands, Canary Islands, Ceuta and Melilla and of the assets of the Los Barrios Port Terminal in Cádiz, whose carrying amount was adjusted to its value in use.

g) Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of a contract, Endesa assesses whether it is, or contains, a lease, and analyses whether various components are included in order to account separately for the lease from the other components that do not constitute a lease.

g.1. Lessee

Where the contract contains a lease component and one or more additional components, Endesa allocates the contract consideration to each lease component based on the relative individual price of the lease component, and the aggregate individual price of the non-lease components.

Leases in which Endesa acts as lessee are recognised at the inception of the lease by recognising, in the consolidated statement of financial position, a right-of-use asset representing the right to use the leased asset and a liability for the present value of the obligation to make lease payments over the lease term.

Right-of-use assets are initially measured at cost, which will comprise the amount of the initial measurement of the lease liability and any lease payments made on or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and dispose of the underlying asset, rehabilitate the site on which it is located or return the asset to the condition required by the lease.

To determine the term of the leases, Endesa has considered the non-cancellable period of the contract, except for those contracts in which it has a unilateral option to extend or terminate, in which case the extended or early termination period has been considered, if there is reasonable certainty that this option will be exercised. In this respect, Endesa has taken into consideration the time horizon used in the budget process.

Subsequent to initial recognition, Endesa measures the right-of-use asset at cost less accumulated depreciation and impairment losses, and adjusts for any changes in the measurement of the associated lease liabilities. Use rights are depreciated in the same way as the other similar depreciable assets if there is reasonable certainty that the lessee will acquire title to the asset at the end of the lease term. If no such certainty exists, the asset is

depreciated over the shorter of the estimated useful life of the asset and the lease term.

The initial value of the lease liability is calculated at the start date of the lease as the value of future lease payments that are not paid at that date, generally discounted at the lease's implicit interest rate. If the implicit interest rate of the lease is not available, Endesa uses the incremental rate of its borrowings according to the term of the contract and the type of underlying asset. These payments will comprise fixed or substantially fixed payments, less any lease incentives to be received by Endesa, as well as variable payments that depend on an index or rate, amounts that Endesa expects to pay for guarantees of the residual value of the underlying asset, the exercise price of the call option if Endesa is reasonably certain to exercise it and lease termination penalty payments if the lease term reflects Endesa's exercise of the early termination option.

Subsequently, the lease liability is increased to reflect the interest on the lease liability and reduced to reflect the lease payments made. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognised as an expense and allocated to income over the lease term so as to obtain a constant interest rate each year applicable to the remaining balance of the liability.

The lease liability shall be remeasured when certain changes in payments occur, such as changes in the lease term or changes in future payments. In such cases, the amount of the revaluation of the lease liability should generally be recognised as an adjustment to the right-of-use asset.

Variable lease payments, as well as contingent lease payments when it is probable that they will be incurred, are recorded as an expense in the consolidated income statement.

In the case of short-term leases and leases in which the underlying asset is of low value (less than USD 5,000), Endesa has elected to recognize the amounts accrued thereunder as an expense on a straight-line basis over the lease term.

g.2. Lessor

For a contract that contains a lease component and one or more additional lease or non-lease components, Endesa allocates the contract consideration in the same

way as it does for revenue from contracts with customers (see Note 3.2p.1).

Leases in which Endesa transfers substantially all the risks and rewards incidental to ownership of the underlying asset are classified as finance leases. All other leases are classified as operating leases.

Finance leases are recognised at the beginning of the lease term, recognising a financial asset at the present value of the minimum lease payments receivable, plus the residual value of the asset, discounted at the interest rate implicit in the lease. These payments will comprise fixed or substantially fixed payments, less any lease incentives payable, as well as variable payments that depend on an index or rate, any guarantee over the residual value of the underlying asset that the lessee provides to the lessor, the exercise price of the call option if the lessee is reasonably certain to exercise it, and lease termination penalty payments if the lease term reflects the lessee's exercise of the early termination option. The difference between the financial asset recognised and the amount to be received, which relates to unearned finance income, is allocated to the consolidated income statement in the year in which this interest is earned using the effective interest method.

Endesa recognises lease payments under operating leases as revenue on a straight-line basis. It also recognises as an expense the costs, including depreciation, incurred to obtain the lease income.

g.3. Sale and leaseback transactions

Endesa applies the requirements for determining when a performance obligation is satisfied in accordance with revenue recognition of contracts with customers to establish whether the transfer of an asset should be recognised as the sale of that asset (see Note 3.2p.1).

If the sale recognition criteria are met, Endesa, as the lessor-seller, measures the right-of-use asset arising from the leaseback as a proportion of the previous carrying amount of the asset related to the rights of use retained by Endesa, recognising only the amount of any gain or loss that relates to the rights transferred to the buyer.

If the criteria for recognition of the sale are not met, Endesa, as lessee-seller, continues to recognise the asset and recognises a financial liability for the consideration received (see Note 3.2h.4).

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

h.1. Classification and valuation of financial assets other than derivative financial instruments

For valuation purposes, Endesa classifies its financial assets at the date of initial recognition with regard to the business model and the characteristics of the contractual cash flows, whether permanent or temporary, into the following categories:

- Financial assets at amortised cost: they are recorded at amortised cost, if they are managed with a business model whose objective is to hold financial assets to receive contractual cash flows and the contractual conditions give rise, on specified dates, to cash flows that are only payments of principal and interests on the outstanding principal amount. In the initial recognition, the amortised cost corresponds to the initial fair value, less the refunds of the principal paid, plus accrued uncollected interest calculated using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

- Financial assets at fair value with changes in the consolidated statement of other comprehensive income: they are initially recorded at fair value if they are managed with a business model whose objective is to obtain contractual cash flows and sell financial assets, and the contractual conditions give rise, on specific dates, to cash flows that are only payments of principal and interests on the outstanding principal amount. The initial recognition at fair value includes the transaction costs directly attributable to the acquisition. In subsequent periods, these assets are measured at fair value, recognising the loss or gain in the consolidated statement of other comprehensive income, although the accrued

interest will be recognised in the Income Statement. The amounts recognised in the consolidated statement of other comprehensive income, except in the case of equity instruments allocated on initial recognition in this category, are recognised in the Income Statement at the time of the derecognition of the financial assets.

- Financial assets that must be at fair value with changes in the Income Statement: it includes financial assets held for trading, which are originated or acquired for the purpose of realising them in the short term or are part of a portfolio of identified financial instruments, which are managed jointly and there is evidence of actions to obtain short-term gains or there are derivative financial instruments that do not meet the definition of a financial guarantee contract or that have been designated as hedging instruments. They are initially recorded at fair value plus the transaction costs directly attributable to the transaction. In subsequent periods, these assets are measured at fair value, recognising the loss or gain in the consolidated income statement.

Endesa has designated equity instruments in this category.

Purchases and sales of financial assets are recognised on the trade date.

The criteria for recognising impairment of financial assets is described in Note 3.2h.3.

h.2. Cash and cash equivalents

Cash and cash equivalents on the consolidated statement of financial position includes cash in hand, demand deposits and other highly liquid investments maturing in the short term that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are recognised on the consolidated statement of financial position as bank borrowings.

Demand deposits with restrictions on their use arising from a contract with a third party are treated as "Cash and cash equivalents" as long as the contractual restrictions on use of the amounts held in them do not change the nature of the deposit and Endesa has access to such amounts.

h.3. Impairment of financial assets

In order to determine the need to recognise impairment in the value of financial assets, Endesa applies the expected credit loss method, in accordance with the following procedure:

- In the case of financial assets of commercial or trade

origin, accounts receivable for leases and contractual assets derived from contracts with customers included under "*Financial assets at amortised cost*", the expected credit losses during the life of the financial assets are determined collectively, grouped by type of customer and market.

The non-payment percentages are calculated separately for each of the groups identified, grouped by maturity, type of customer and market, based on the historical experience of non-payment for the last 36 months and taking into account the probability that an account receivable will pass on to the following scenarios until collection or write-off.

- The following aspects are taken into consideration for the other financial assets:
 - For financial assets in which there is an individualised identification of the counterparty, an individual assessment is made of both the probability of non-payment and the loss in case of non-payment. The expected loss is calculated by multiplying both factors by the net exposure in case of non-payment.
 - Large-volume assets of similar characteristics are grouped by nature and the expected total loss will be estimated.

However, the foregoing individually determines the expected credit losses on the assets for which there is objective evidence that Endesa will not be able to recover all the amounts according to the original terms of the contracts.

When evaluating whether the risk has increased significantly for a financial asset or group of financial assets, Endesa uses the modification in the non-payment risk that will occur during the expected life of the instrument.

Endesa recognises impairment losses on financial assets at amortised cost through use of an allowance account. The carrying amount is eliminated against the allowance account when the impairment is deemed to be irreversible. Impairment losses on trade receivables on leases and contractual assets arising from contracts with customers are recognised as an expense under "*Impairment losses on financial assets*" in the consolidated income statement and on other financial assets are recognised as an expense under "Financial expense" in the consolidated income statement (see Notes 15 and 16, respectively). Reversals in future periods of impairment losses are limited to what the amortised cost of the assets would have been had no impairment loss been recognised. If the impairment is irreversible, the carrying amount of the financial asset is eliminated from the allowance account.

At the date of authorisation for issue of the consolidated financial statements all material past-due financial assets are of a trading nature (Note 42.5).

h.4. Classification and valuation of financial liabilities other than derivative financial instruments

For valuation purposes, Endesa classifies its financial liabilities at the date of initial recognition:

- Financial liabilities at amortised cost: which include interest-bearing loans and borrowings and trade and other payables, and are initially recognised at the amount received, net of transaction costs. In subsequent periods, these liabilities are measured at amortised cost using the effective interest method (see Note 3.2h.1).
- Financial liabilities at fair value: they are initially recorded at fair value, which is the price of the transaction. The cost incurred in the transaction are recorded as an expense as they are incurred. After their initial recognition, they are recognised at fair value, recording the changes in the Income Statement.

As an exception, in specific cases where liabilities are the underlying of a fair value hedge, the portion of the hedged risk is measured at fair value.

To calculate the fair value of the debt, for the purpose of recognition in the consolidated statement of financial position and for disclosure of fair value included in Note 41.3, debt has been divided into liabilities bearing interest at a fixed rate and liabilities bearing interest at floating rates:

- Fixed-rate debt is that on which fixed-interest coupons established at the beginning of the transaction are paid explicitly or implicitly over its term.
- Floating-rate debt is that issued at a variable interest rate, i.e. each coupon is established at the beginning of each period on the basis of the reference interest rate. All these liabilities are measured by discounting the expected future cash flows using the market interest rate curve associated with the payment currency.

Endesa has reverse factoring arrangements in place with a number of financial entities (see Note 40), and a portion of such arrangements include sustainability criteria. Trade payables whose payment is managed by financial institutions are recognised under *"Trade and other payables"* in the consolidated statement of financial position to the extent that Endesa has transferred only the management of payment to the financial institutions, does not receive any funding from the financial institutions and remains the primary obligor in repaying those debts to the trade creditors concerned.

The confirming agreements entered into by Endesa do not contemplate additional guarantees granted to financial institutions, changes in interest rates or modification of the terms of payment of debts with respect to the conditions granted to trade creditors.

As of 31 December 2023, there are no supplier payment management transactions ("confirming") between Group companies.

h.5. Derivative financial instruments and hedge accounting

The derivatives held by Endesa relate mainly to transactions arranged to hedge interest rate, exchange rate or energy stock price risks (electricity, fuel, oil and derivatives and CO₂ emission rights), the purpose of which is to eliminate or significantly reduce said risks in the underlying hedged transactions.

Derivatives are measured at their fair value at the end of the reporting period. When their fair value is positive, they are carried under *"Derivative financial instruments"* in current or non-current assets, depending on their maturity and the intention of holding the derivative until maturity if they are financial derivatives, or if they are energy stock derivatives. When their fair value is negative, they are carried under *"Derivative financial instruments"* in current or non-current liabilities, depending on their maturity and the intention to hold the derivative until maturity if they are financial derivatives, or whether they are energy stock derivatives.

Any gains or losses arising from changes in the fair value of derivatives are recognised in the consolidated income statement, except where the derivative has been designated as a hedging instrument and the requirements for hedge accounting under IFRS have been met. In this case, recognition depends on the type of hedge as follows:

- Fair value hedges: the portion of the underlying for which the risk is hedged is measured at fair value, as is the hedging instrument, and any resulting valuation adjustments are recognised in the consolidated income statement in both cases.
- Cash flow hedges: changes in the fair value of derivatives are recorded, to the extent that such hedges are effective, under *"Other comprehensive income"* in the consolidated statement of other comprehensive income (see Note 35.1.6). The cumulative gain or loss recognised in this account is transferred to the consolidated income statement as the underlying hedged item affects profit or loss. The ineffective portion of the gain or loss on the hedges is recognised directly in the consolidated income statement.

A hedge is only applicable when there is a financial relationship between the hedged item and the hedging instrument, the credit risk of the hedged item does not have a dominant effect on the changes in value resulting from that financial relationship, and the hedging ratio of the hedging relationship is the same

as that resulting from the amount of the hedged item that Endesa actually uses to cover said amount of the hedged item.

Endesa, at inception and over the term of the hedge, assesses whether hedging relationship meets effectiveness requirements prospectively. The Company also assesses effectiveness at every reporting date or when there are significant changes that affect effectiveness requirements.

Endesa carries out a qualitative assessment of effectiveness when the fundamental terms of the instrument and the hedged item match. When the fundamental terms do not match, Endesa uses a hypothetical derivative with fundamental terms that match the terms of the hedged item to assess and measure ineffectiveness.

Endesa discontinues prospectively the hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedging accounting. For these purposes, the replacement or renewal of the hedging instrument is not an expiry or termination, provided that the transaction is consistent with Endesa's risk objective.

When hedge accounting is discontinued in a cash flow hedge, the amounts accumulated under "Other comprehensive income" in the consolidated statement of other comprehensive income are not recognised in the consolidated income statement until the future cash flows on the hedged item materialise (see Note 35.1.6). Conversely, amounts accumulated in "Other comprehensive income" in the consolidated statement of other comprehensive income are recognised in the consolidated income statement when the hedged future cash flows are no longer expected to occur.

h.5.1. Energy stock derivatives

At Endesa, risk management is carried out at comprehensive margin level, which means that the risk and positions of the various business activities are treated through a single consolidated view of risk and a single hedging decision process. This decision process is supported by risk and market analysis, resulting in market mandates. In this respect, a representation is made of the industrial assets and exposures to which the company's results are subject and, based on this, various strategies are proposed with the aim of cancelling or partially reducing the risk of the assets in the industrial portfolio. These mandates have a clear relationship with the underlying and arise from hedging decisions taken solely on the basis of business criteria. As a result, Endesa may choose to designate a hedging relationship between a hedging instrument and a hedged item and not apply its classification as an accounting hedge, even where the aim is to manage the risk. In the case of these transactions:

- There is always a fully traceable Hedging Committee mandate, which gives full meaning and explanation to the hedging purpose; and
- they are classified in the European Market Infrastructure Regulation (EMIR), the Markets in Financial Instruments Directive (MiFID II) and Markets in Financial Instruments Regulation (MiFIR) as "Risk-reducing" or "Hedge", following the standards of this Regulation in relation to over-the-counter (OTC) derivatives and the record-keeping of trades.

Changes in the fair value of these hedging financial instruments that are not classified as accounting hedges are recognised under "*Income and expenses from energy stock derivatives*" in the consolidated income statement.

Endesa has entered into forward contracts for the purchase or sale of energy stocks, mainly electricity, fuels and carbon dioxide (CO₂) emission allowances and guarantees of origin with physical delivery. As discussed above, these contracts are measured in the consolidated statement of financial position at their market value at the closing date, with differences in value recorded in the consolidated income statement as "*Revenue*" or "*Procurements and services*", except when all of the following conditions are met:

- The sole purpose of the contract is for own use, i.e. to generate electricity in fuel contracts, and for retail sale in electricity and gas purchase and sale contracts.
- Endesa's projections support the purpose of these contracts as for own use.
- Past experience of the contracts indicates that contracts have been for own use, except on rare occasions where another use has been necessary as a result of exceptional circumstances or due to logistics management that Endesa cannot control or predict.
- The contract does not provide for net settlement and there has not been past practice of net settling similar contracts.

In such cases, forward sales or purchases are accounted for as contracts pending performance and are recognised when performed under the corresponding "Revenues" or "Procurements and Services".

h.5.2. Power Purchase Agreement (PPAs) / Virtual Power Purchase Agreement (VPPAs)

Endesa has entered into long-term power purchase and sale contracts, Power Purchase Agreements ("PPAs"), whereby it undertakes to purchase or sell a certain volume of energy at a certain price.

When these contracts are settled through the physical delivery of electricity, they are recognised in the consolidated statement of financial position at their market value at the closing date, with differences in value recorded in the consolidated income statement as

“Revenue” or “Procurements and services”, except when the own-use exception described in Note 3.2h.5.1 is met. In these cases, forward purchases or sales are accounted for as contracts pending execution and are recorded when executed under the corresponding “Revenues” or “Procurements and Services” captions.

When these contracts are settled in cash, as Virtual Power Purchase Agreements (VPPAs), they are treated as derivatives within the scope of IFRS 9 – Financial Instruments, and are measured at market value, with the differences in value recorded in the consolidated income statement as “Income and expenses from energy commodity derivatives”, unless they have been designated as hedges for accounting purposes and meet the requirements to apply hedge accounting, described in Note 3.2h.5.

h.5.3. Embedded derivatives

Endesa evaluates whether derivatives are embedded in its contracts and financial instruments to determine if their characteristics and risks are closely related to those of the host contracts provided that the overall contract is not recognised at fair value. If their characteristics and risks are not closely related, the derivatives are separated, with changes in value recognised in the consolidated income statement.

h.5.4. Fair value

The fair value of the different derivative financial instruments is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at the end of the period.
- In the case of derivatives not quoted on an organised market, Endesa carries out valuations using internal tools and calculates the fair value of financial derivatives in due consideration of observable market variables, by estimating discounted future cash flows using zero-coupon yield curves for each currency on the last working day of each close, translated to euro at the exchange rate prevailing on the last working day of each close. When the gross market value has been obtained, a “Debt Valuation Adjustment (DVA)” is made in respect of credit risk, or a “Credit Valuation Adjustment (CVA)” in respect of counterparty risk. The measurement of CVA/DVA is based on potential future exposure of the instrument (creditor or debtor position) and the risk profile of the counterparties and of Endesa’s own risk profile. In 2023 and 2022, the value of the adjustments made due to the CVA counterparty risk and the DVA credit risk were not significant.

In accordance with the procedures described above, Endesa classifies financial instruments in accordance with the levels stipulated in Note 3.2q (see Note 45).

h.6. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for the loss it incurs when a specified obligor defaults on its payment obligation under the original or modified terms of a debt instrument, such as a surety or guarantee.

Financial guarantee contracts are initially recognised at fair value. Except where there is evidence to the contrary, fair value is the premium received plus the present value of any premiums to be received.

Subsequently, financial guarantee contracts are measured at the highest of the following amounts:

- The amount resulting from application of the accounting standard on provisions and contingencies (see Note 3.2l).
- The amount initially recognised less, where applicable, the portion thereof charged to the consolidated income statement because it relates to accrued income, in accordance with the principles of the accounting standard relating to revenue from contracts with customers (see Note 3.2p.1).

h.7. Guarantees provided and received

In guarantees extended and received for operating leases or to render services, the difference between the fair value and the amount disbursed is recognised as a prepayment or as revenue received in advance, and is recognised in the income statement over the period during which the service is rendered or the lease period lasts.

h.8. Derecognition of financial assets and liabilities

Financial assets are derecognised from the statement of financial position when:

- The contractual rights to the cash flows from the financial asset have expired or been transferred or Endesa has assumed a contractual obligation to pay the received cash flows to one or more beneficiaries; and
- Endesa has substantially transferred all the risks and rewards inherent to the ownership, or it has neither transferred nor substantially retained all the risks and rewards of the asset, but has transferred control of the asset.

In 2023 and 2022, Endesa entered into receivables transfer agreements qualifying as non-recourse factoring arrangements, as it transferred the risks and rewards of ownership of the financial assets transferred (see Notes 16.1 and 32.1).

For transactions in which Endesa retains substantially all the risks and rewards of ownership of a transferred financial asset, the consideration received is recognised in liabilities. Transaction costs are recognised on the consolidated income statement using the effective interest rate method.

Financial liabilities are derecognised from the statement of financial position when they are extinguished, that is, when the obligation deriving from the liability has been settled or cancelled or has expired.

i) Inventories

In general, inventories are measured at the lower of weighted average cost and net realisable value.

i.1. Nuclear fuel

The cost for acquiring nuclear fuel includes the borrowing costs on the financing while in process. Financial expenses of Euro 2 million in 2023 (Euro 1 million in 2022) were capitalised in this respect (see Note 16). Nuclear fuel in process is transferred to operating expenses when introduced in the reactor and recognised in profit and loss based on the power capacity consumed in the period.

i.2. Carbon dioxide (CO₂) emission allowances

Endesa companies that emit carbon dioxide (CO₂) in their electricity generation activity must deliver carbon dioxide (CO₂) emission rights (allowances), more precisely European Union Allowances (EUAs) equal to their emissions during the year in the first few months of the following year.

Therefore, the criteria for recognising CO₂ emission rights will be to recognise them as inventories, as follows:

- CO₂ emissions rights held as hedges on emissions are valued at the average weighted acquisition price, or the net realisable value, if the latter is lower.
- CO₂ emissions rights held for trading represent a

h.9. Offsetting financial assets and financial liabilities

A financial asset and a financial liability will be offset when the Company has a legally enforceable right to set off the recognised amounts and has the intention to simultaneously realise the asset and settle the liability on a net basis (see Note 43).

These rights will only be legally enforceable in the course of normal company operations, or in the event of non-compliance, insolvency or bankruptcy of the counterparty..

trading portfolio, and are recognised at their fair value less cost to sell, with changes to the consolidated statement of other comprehensive income.

i.3. Guarantees of Origin

Guarantees of origin generated in connection with the production of power from own facilities that run on renewable fuels are initially measured at cost, which is equivalent to their fair value, and are recognised under "Inventories". They are subsequently measured at the lower of cost and net realisable value, unless they are incorporated into the production cycle, for which no valuation adjustments are made to the extent that the finished products in which they are incorporated, i.e. electricity, are expected to be sold above cost.

Guarantees of Origin purchased from third parties and held for the purpose of certifying renewable energy that is sold are initially recognised at acquisition cost, at inventories heading, which is equivalent to their fair value, and are measured at the lower of cost and net realisable value. Meanwhile, those held for trading purposes make up a trading portfolio and are recorded at fair value with changes in the consolidated income statement.

Income and expenses arising from the sale and purchase of these certificates are recognised in the consolidated income statement under "Revenue from sales and services" and "Other variable procurements and services", respectively, with a corresponding change in inventories.

j) Grants related to assets

They are recognised when reasonable certainty exists that their associated conditions will be met. These amounts are recognised under “Grants” in the consoli-

dated statement of financial position and taken to the consolidated income statement under “Other operating income” over the useful lives of the asset.

k) Liabilities from contracts with customers

k.1. Rights for extension connections and Facilities transferred from customers

Endesa receives legally established compensation for the amounts paid for the construction or acquisition of certain facilities or, in some cases, is assigned the facilities directly in accordance with prevailing legislation. The concepts included under this heading are:

- “Facilities transferred from customers” corresponds to the valuation of distribution facilities ceded by customers and the revenue received from third parties other than official bodies, and income from extension and connection rights necessary to handle requests for new services, or to extend existing ones.
- It also includes “Rights for extension connections” related to new installation extensions which the distributor must make in accordance with requested voltage and power, within legally-established limits, which are necessary to allow for new supply and extensions to the existing grid. These rights for extension connection are regulated up

to and including 2000 by Royal Decree 2949/1982, of 15 October, from 2001 by Royal Decree 1955/2000, of 1 December, and since 2013, by Royal Decree 1048/2013, of 27 December.

Assets and liabilities from contracts with customers are recognised at the fair value of the asset on the date the assets are transferred and taken to profit and loss under other operating income in the consolidated income statement over the useful life of the asset, thereby offsetting the related depreciation charge.

k.2. Other liabilities from contracts with customers

Endesa presents contracts with customers as a contract liability for recognition in the consolidated statement of financial position of the obligation to transfer goods or services for which it has received consideration from the customer (or for which consideration is receivable from the customer).

l) Provisions and contingencies

Liabilities existing at the consolidated statement of financial position date that arise as a result of past events and could have a negative impact on Endesa's equity, materialisation of which is considered probable, and the amount and settlement date of which are uncertain, are recognised as provisions in the consolidated statement of financial position at the present value of the most probable amount Endesa will need to disburse to settle the liability.

Endesa also recognises provisions for liabilities arising from ongoing lawsuits and termination benefits, deposits and similar guarantees and to hedge risks.

Provisions are made based on the best information available at the date of preparation of the consolidated financial statements on the most likely outcome of the event for which provision is required and are re-estimated at the end of each reporting period.

Contingent assets and contingent liabilities are recognized in the consolidated financial statements based on

the probability of an inflow or outflow of resources, respectively, and Endesa discloses them in Note 51.

l.1. Provisions for employee benefits

Defined benefit plans

For defined benefit plans, Endesa recognises the expenditure relating to these provisions on an accruals basis over the working life of the employees by performing actuarial studies at the reporting date, calculated using the projected unit credit method. Provisions for defined benefit plan represent the present value of the accrued provisions after deducting the fair value of the qualifying plan assets. Actuarial losses and gains arising from the measurement of plan liabilities and assets are recognised directly, net of the related tax effect, in “Other comprehensive income” in the consolidated statement of other comprehensive income (see Note 35.1.7).

For each of the plans, if the difference between the actuarial liability for services rendered and the plan assets is positive, the difference is recorded under *"Non-current provisions: Provisions for employee benefits"* on the liabilities side of the consolidated statement of financial position, and if negative, under *"Other non-current assets"* on the assets side of the consolidated statement of financial position, provided that the relevant requirements are met (see Notes 29 and 37.1).

Defined contribution plans

Post-employment plans that have been fully insured and for which Endesa has therefore transferred all the risk are treated as defined contribution plans. Consequently, the existence of actuarial liabilities or plan assets is not considered.

Contributions to defined contribution plans are recognised as an expense in the consolidated income statement as the employees provide their services.

I.2. Provisions for workforce restructuring plans

Endesa recognises termination or temporary lay-off benefits when there is an individual or group agreement with the employees that will enable them, unilaterally or by mutual agreement with the Company, to cease working for Endesa, or to temporarily suspend their employment contract in exchange for termination benefits or consideration. If a mutual agreement is required, a provision is only recorded in situations in which Endesa has decided to give its consent to the termination of employment, and consent has been notified to the employee either individually or collectively to employee representatives. In all cases in which these provisions are recognised, the employees expect that these retirements will proceed, and that there will be official notification by the Company to the employee or to the employee's representatives and it is unlikely that significant changes will be made in the plan.

Endesa has restructuring plans which arose as part of the corresponding workforce reduction plans approved by the government, or in agreements drawn up with employee representatives. The plans guarantee payment of an indemnity or maintenance of regular payments during the period of early retirement or suspension of the employment contract.

Endesa recognises the full amount of the expenditure relating to these plans when the obligation is accrued,

understood as the time at which the company is unable to prevent the disbursement, depending on the commitments undertaken with the employee or the employee's representatives. These sums are determined, where appropriate, from actuarial surveys conducted to calculate the actuarial obligation at period-end. The actuarial gains and losses disclosed are recognised in the consolidated income statement.

I.3. Provision to cover the cost of carbon dioxide emission allowances (CO₂)

Endesa's companies that generate CO₂ emissions in their electricity generation activity must deliver CO₂ emission allowances equal to their emissions during the year in the first few months of the following year.

The obligation to deliver emission allowances for the CO₂ emitted during the year is recognised as a current provision under *"Other current provisions"* in the consolidated statement of financial position. The related cost is recognised under *"Other variable procurements and services"* in the consolidated income statement (see Notes 10.3 and 37.3, respectively). This obligation is recognised at the same amount as the CO₂ emission allowances to be delivered to cover this obligation under *"Inventories"* in the consolidated statement of financial position (see Note 3.2i.2).

If, at the reporting date of the consolidated statement of financial position, Endesa does not hold all the CO₂ emission allowances required, the cost and the provision are recognised on the basis of a best estimate of the price that Endesa will have to pay to acquire them. When a more appropriate estimate does not exist, Endesa estimates the acquisition price for the allowances not held by it as the market price at the reporting date.

I.4. Provisions to cover Guarantees of Origin

Endesa companies that use Guarantees of Origin in their electricity trading activity must redeem in the following year the Guarantees of Origin assigned to the consumers to whom they have supplied electricity during the months pertaining to the guarantees to be redeemed.

The obligation to deliver Guarantees of Origin made during the year is recorded under *"Other current provisions"* in the consolidated statement of financial position, and the corresponding cost is recognised under *"Other variable procurements and services"* in the consolidated income statement (see Notes 10.3 and 37.3, respectively). This obligation is measured at the same

amount at which the Guarantees of Origin, which are to be delivered to cover this obligation under "Inventories" in the consolidated statement of financial position (see Note 3.2j.3) and at the prices committed in the forward contracts for the purchase of guarantees of origin that have not yet been delivered.

If, at the reporting date, Endesa does not hold all the Guarantees of Origin required, the cost and the provision are recognised on the basis of a best estimate of the price that Endesa will have to pay to acquire them. When a more appropriate estimate does not exist, Endesa estimates the acquisition price for the guarantees not held by it as the market price at the reporting date.

I.5. Provisions for decommissioning costs

Endesa recognises a provision for the expected cost to dismantle some of its plants and certain electricity distribution facilities (see Notes 3.2b, 3.2c and 37.3). Provision adjustments due to financial discounting are recognised with a charge to "*Financial expenses*" in the consolidated income statement (see Note 16).

m) Foreign currency transactions

Transactions in currencies other than the functional currency of each company are recognised in the functional currency by applying the exchange rates prevailing at the transaction date.

During the year, differences arising between the balances translated at the exchange rate at the transaction date and those translated at the exchange rate at the date of collection or payment are recorded as financial income or financial expenses under "*Net exchange differences*" in the consolidated income statement (see Note 16.1).

n) Current/non-current classification

In the accompanying consolidated statement of financial position, balances due to be settled within 12 months are classified as current and those due to be settled in a period of more than 12 months are classified as non-current.

In the case of those obligations that mature at short term but with respect to which the expectation and power, at

The interest rates applied for the corresponding discounting, depending on the remaining useful life of the associated asset, have been placed in the following ranges:

%	2023	2022
Financial discounting rates	2.2 – 3.4	0.3 – 3.0

I.6. Onerous contracts

In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), Endesa recognises a provision for the present value of the difference between the costs and foreseen benefits of the contract. Such costs shall reflect the lower of the cost of complying with its provisions, which includes both incremental costs and the allocation of other costs that are directly related to compliance, and the amount of any compensation or penalties resulting from non-compliance.

At 31 December 2023 and 2022, no provisions for onerous contracts were made.

Balances receivable or payable at year-end denominated in currencies other than the functional currencies in which the financial statements of the consolidated companies are denominated are translated to euro at year-end exchange rates. The resulting valuation differences are recognised as financial profit or loss under the heading "*Net exchange differences*" in the consolidated income statement (see Note 16.1).

Endesa's discretion, exists of long-term refinancing through credit facilities available immediately on an unconditional basis, in accordance with the existing financing conditions, and whose claimability exceeds 12 months from the closing date of the consolidated financial statements, are classified as non-current liabilities.

o) Income tax

Most of Endesa's subsidiaries pay corporate income tax under the consolidated tax regime. In 2023, there were two tax consolidation groups at Endesa:

- Consolidated tax group 572/10, whose Parent is Enel, S.p.A. and its representative in Spain is Enel Iberia, S.L.U., which includes all the entities over which Enel, S.p.A. (the Italian parent company of the Enel Group) holds a stake of at least 75% or 70% (in the case of listed investees or subsidiaries), and which meet requirements provided for in Spanish legislation on taxation of the consolidated profits of corporate groups.

A total of 109 companies made up that consolidated tax group at 31 December 2023 (31 December 2022: 97 companies), the most significant of which were as follows: Enel Iberia, S.L.U., Endesa, S.A., Edistribución Redes Digitales, S.L.U., Endesa Energía, S.A.U., Endesa Financiación Filiales, S.A.U., Endesa Generación, S.A.U., Endesa Medios y Sistemas, S.L.U. and Enel Green Power España, S.L.U.

- In 2023 Endesa acquired all the shares of Energía Ceuta XXI Comercializadora de Referencia, S.A.U. through its subsidiary Endesa Energía, S.A.U., which until then was wholly owned by Empresa de Alumbrado Eléctrico de Ceuta S.A.U. (see Note 7) and formed part of the consolidated tax group under number 21/02. Consequently, as from 1 January 2024, as the requirements of the regulations governing the taxation of the consolidated profit of groups of companies are met, Energía Ceuta XXI Comercializadora de Referencia, S.A.U. will be included in the consolidated tax group to which Endesa belongs.
- Consolidated tax group 21/02, whose Parent and representative in Spain is Empresa de Alumbrado Eléctrico de Ceuta, S.A. This tax group was set up after Endesa took control of that company and comprised, as of December 31, 2023, the following two companies: Empresa de Alumbrado Eléctrico de Ceuta, S.A. and Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U.

Endesa's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

The income tax expense for the year is calculated as the sum of the current tax of the different companies resulting from applying the tax rate to the taxable income (tax loss) for the year, after taking into account any available tax deductions, plus the change in deferred tax

assets and liabilities, and tax credits for loss carryforwards and unused tax relief.

The differences between the carrying amount of assets and liabilities and their tax base give rise to deferred tax assets or liabilities, which are measured at the tax rates that are expected to apply to the years when the assets are realised and the liabilities settled.

Deferred tax assets are recognized for all deductible temporary differences, except those arising from the initial recognition of assets and liabilities in a transaction other than a business combination, those that at the date of the transaction affect neither the taxable profit nor the accounting profit and, at the time of the transaction, do not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are also recognised for deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Income tax and changes in deferred tax assets and liabilities are recognised in the consolidated income statement or in equity accounts in the consolidated statement of financial position, depending on where the profits or losses giving rise to them have been recognised. Deferred tax assets and tax credits are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which the related temporary differences can be recovered or the related tax assets can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination, or that at the time it occurs affects neither taxable profit nor accounting profit and does not result in equal taxable and deductible temporary differences.

However, a deferred tax liability is recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, or interests in joint arrangements, unless the timing of the reversal of the temporary difference is controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax credits arising from economic events occurring during the year are deducted from the accrued income

tax expense, unless there are doubts as to their realization, in which case they are not recognized until they actually materialize.

The deferred tax assets and liabilities recognised are reviewed at the end of each reporting period in order to ascertain whether they still exist, and the appropriate adjustments are made.

Uncertain tax treatments

In addition, Endesa reflects the effect of uncertainty in uncertain tax treatments when determining taxable profit or loss, tax bases, unused tax losses or tax credits or the related tax rates. It does this by assessing whether to consider each uncertain tax treatment separately or in conjunction with one or more other uncertain tax treatments, to determine which approach best predicts the resolution of uncertainty. When it is concluded that it is not probable that the tax authority will accept an uncertain tax treatment, Endesa reflects the effect of the uncertainty by generally using the most likely amount method, i.e. the single most likely amount within a range of possible outcomes.

The presentation of liabilities or assets related to uncertain tax treatments are presented as current or deferred tax assets or liabilities (see Notes 25.1 and 40).

Administrative verification

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the tax authorities or before the inspection period of four years has elapsed.

At 31 December 2023, the following years are open to tax inspection:

	31 December 2023
Consolidated Tax Group for Income Tax (no 572/10)	2006, 2019 and subsequent
Consolidated Tax Group for Income Tax (no 21/02)	2019 and subsequent
Other Endesa subsidiaries	2019 and subsequent

During the year 2023 the Tax Authorities have initiated a procedure for the verification and investigation of the Tax Consolidation Group with number 572/10 for Corporate Income Tax for the years 2019 to 2022, as well as for Value Added Tax (VAT) and Withholdings for the years 2020 to 2022, from which contingent liabilities could arise. At the date of preparation of these Consolidated Financial Statements, the proceedings are in the phase of gathering information and analysis by the Inspection, so it is not possible to estimate the possible economic consequences that could arise from the procedure.

p) Income and expense recognition

p.1. Revenue from contracts with customers

1. General income recognition criteria

As general criteria, Endesa recognises the income from its ordinary activities as the delivery of the goods or the rendering of the services contractually agreed to with its customers occurs during the life of the contract and for the amount of the consideration to which it expects to be entitled in exchange for said goods or services.

In particular, Endesa follows the following stages for the recognition of revenue from contracts with customers:

1. Identification of the contract with the customer.
2. Identification of the contract performance obligations.
3. Determination of the transaction price.
4. Allocation of the transaction price among the contract performance obligations.
5. Revenue recognition as performance obligations are met by determining whether the performance obligation is satisfied over time or at a point in time.

When a contract includes several goods or services, in order to assess whether they should be accounted for separately or jointly, Endesa considers both the

individual characteristics of the goods or services and the nature of the commitment within the context of the contract, also evaluating all facts and circumstances related to the specific contract under the relevant legal and regulatory framework. In deciding when a performance obligation is fulfilled, Endesa assesses when control of the goods or services is transferred to the customer, assessed primarily from the customer's perspective.

In the case of contracts with customers with several performance obligations (bundled sales contracts that provide the customer with electricity, gas and other value-added services), the transaction price is allocated to each performance obligation based on the stand-alone selling price of each performance obligation determined at the beginning of the contract. The stand-alone selling price is estimated based on observable prices in sales transactions of the good when sold separately under similar circumstances and to similar customers. In the absence of observable market prices, the price is estimated based on the most appropriate valuation method based on available information.

Assets and liabilities under contracts with customers

Endesa presents the contracts with customers in the statement of financial position as an asset or a liability of the contract, depending on the relationship between Endesa's performance and the payment made by the customer:

- The contract with the customer is presented as a liability of the contract when the customer has paid a consideration before the goods or services have been transferred to the customer, in such a way that there is an obligation on the part of Endesa to transfer the goods or services to the customer from which it has already received a consideration.
- The contract with the customer is presented as an asset of the contract when Endesa has transferred goods or services to the customer before the customer has delivered the consideration, so Endesa has the right to the consideration in exchange for the goods or services that it has transferred to the customer. Endesa excludes from this amount the amounts presented as accounts receivable.

Principal versus agent

When a third party is involved in providing goods or services to a customer, Endesa analyses whether the nature of its commitment is a performance obligation consisting of providing the goods or services itself to the customer (Endesa acting as principal) or whether its commitment is to organise the supply of those goods or services for the third party (Endesa acting as agent).

When Endesa acts as principal, it recognises the revenue for the gross amount of the consideration to which it expects to be entitled in exchange for the goods or services transferred, but when it acts as an agent, it recognises the revenue for the amount of any payment or commission to which it expects to have the right in exchange for arranging the provision of its goods or services for the other party.

II. Specific criteria for income recognition by segments

The following is a detail, by segment, of the main types of Endesa's revenues, indicating both their nature and timing of the performance obligation, as well as their accounting treatment:

Segments	Type of Revenue	Nature and Time of Fulfillment of the Execution Obligation	Accounting Treatment
Generation and Supply	Electricity and Gas Sales	• The amount of electricity and gas sales includes both sales in the liberalized market and sales in the regulated market of gas at the Last Resort Rate (TUR) and of electricity at the Voluntary Price for Small Consumers (PVC). • In the case of electricity and gas sales contracts with clients, the committed assets are identified as a single performance obligation, as they correspond to a series of different assets that are substantially the same and whose transfer pattern is the same. Said execution obligation is recognized at the time of delivery of the energy to the customer. • The consideration to be received for the energy supply will be valued based on the price established in the contract with the client for the energy supplied at each moment in time.	• Sales of electricity and gas are recorded as income on the date they are delivered to the customer, based on the quantities supplied during the period, even when they have not been invoiced and according to the unit price established in the contract. Therefore, income includes the estimate of the supplied energy not yet read on the customer's meters (see Note 32). • The methodology used to estimate the energy supplied to clients pending billing is as follows: - The income from the energy supplied not yet read in the client's meters is based on estimates of the amount of energy supplied and all the usual components of the price for each type of client. - The amount of energy supplied (GWh) is estimated from the following parameters: i. The energy purchases made to the market during that period of time, in central bars (bc), this being a known data through the orders placed. ii. The estimation of energy losses through transportation and distribution based on established parameters that are continually updated with the latest real information available; iii. The actual volume of energy billed to customers. - The difference between the estimate of total energy supplied (i) - (ii) and the energy already billed (iii) corresponds to the amount of Energy pending billing. - Regarding the price (€/GWh), it is estimated from the following components: i. The cost of energy, which corresponds to the purchases made on the market in that period of time, including all components, plus an estimate of the deviations due to customer consumption profiling; ii. Transportation and distribution costs, based on access rates, and iii. The margin associated with each of the different products that clients have contracted based on the parameters defined in their contract and for the different products in the catalog.

Segments	Type of Revenue	Nature and Time of Fulfillment of the Execution Obligation	Accounting Treatment
Generation and Supply	Wholesale Electricity Sales	In electricity sales in the wholesale market, the committed goods are identified as a single performance obligation, since they correspond to a series of different goods that are substantially the same and whose transfer pattern is the same. This performance obligation is recognized at the time of delivery of the energy in the wholesale market.	They are recognized as revenue on the date they are delivered, based on the electricity delivered and ancillary services supplied.
	Renewable, Cogeneration and Waste Generation Activity	- It has a special remuneration regime established by Royal Decree 413/2014, of June 6, which regulates the activity of electricity production from renewable energy sources, cogeneration and waste, which allows it to receive income in addition to the average peninsular price to guarantee it a reasonable profitability and to be able to compete with other technologies on an equal footing (see Note 6). - Likewise, Article 22 of Royal Decree 413/2014, of June 6, incorporates a mechanism called "Value of Adjustments for Deviations in the Market Price" that adjusts the electricity sales prices estimated by the regulator at the beginning of the regulatory half-period, and which have been considered in the determination of the specific remuneration, with the actual market prices resulting in each half-period, so that a positive or negative balance is generated annually, which is incorporated in the next review of remuneration parameters of the following regulatory half-period, and which will be compensated during the rest of the useful life of the facility through a higher or lower specific remuneration.	- These revenues are recorded as energy sales are transferred to the market since this additional remuneration complements the revenues from the electricity market to achieve the reasonable profitability set. - In accordance with the provisions of Article 22 of said Royal Decree, as a general rule, Endesa records each of the market deviations, positive and negative, arising under Royal Decree 413/2014, of June 6, unless leaving the compensation system would have significantly more adverse economic consequences than remaining in it.
	Generation in Non-Peninsular Territories (TNP)	Remuneration is regulated (see Note 6), basically based on the operation and availability of the facilities, with part of this remuneration being received from the valuation of the energy sold at the average peninsular price, and the rest, until the established remuneration is reached, from the settlements made by the National Markets and Competition Commission (CNMC).	These revenues are recorded as electricity sales are transferred to the market.
Distribution	Regulated Revenues from the Electricity Distribution Activity:	- The National Markets and Competition Commission (CNMC) is responsible for settling the remuneration recognized to electricity distribution companies. - This performance obligation is satisfied and recognized as revenue from ordinary activities over time.	These revenues are recorded in accordance with the regulatory framework of the electricity sector in Spain (see Note 6).

p.2. Other income and expense

Dividends received from equity instruments are recognised as income at the date the right to receive them arises in the consolidated income statement. Financial assets and financial liabilities at amortised cost recognise interest income and interest expense using the effective interest rate method applicable to the principal amount outstanding during the relevant accrual period. Interest income is recognised to the extent that it is probable that the economic benefits will flow to the Company and that the amount can be measured reliably.

Moreover, financial income and expenses also include changes in the fair value of financial instruments other than derivatives relating to both financial assets and liabilities at amortised cost and financial assets and liabilities at fair value through profit or loss. Endesa recognises non-financial asset purchase or sale contracts settled net in cash or another financial instrument at their net amount. Contracts entered into and maintained for the purpose of receiving or delivering these non-financial assets are recognised on the basis of the contractual terms of the purchase, sale or usage requirements expected by the entity.

Expenses are recognised on an accruals basis. Disbursements that will not generate future economic benefits or which do not qualify for recognition as an asset are recognised immediately.

q) Fair value measurement

Fair value is defined as the price that would be collected for the sale of an asset or that would be paid for the transfer of a liability, in an orderly transaction between market players at the valuation date.

The valuation is calculated on the premise that the transaction is carried out on the main market, i.e. the market with the largest volume or activity of the asset or liability. In the absence of a main market, it is assumed that the transaction is carried out on the most advantageous market, i.e. that which maximises the amount received from selling the asset or that which minimises the amount paid to transfer the liability.

The fair value of the asset or the liability is determined by applying the assumptions that would be made by the market players at the time the price of the asset or liability is set, on the understanding that the market players are acting in their best economic interests. The market players are independent of each other, they are well informed, they can carry out a transaction with the asset or liability, and are motivated to carry out the transaction but are not in any way obliged or forced to do so.

Assets and liabilities measured at fair value may be classified on the following levels (see Note 45):

- Level 1: fair value is calculated from quoted prices in active markets for identical assets or liabilities.

- Level 2: fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and refer in all cases to quotations obtained from publications of specialized companies. The methods and assumptions used to determine fair value within Level 2 by class of assets or liabilities take into account the estimate of future cash flows discounted to present value using zero-coupon yield curves for each currency on the last working day of each closing, translated to euro at the exchange rate prevailing on the last working day of each closing. All these measurements are made using internal tools.
- Level 3: the fair value is calculated from inputs for assets or liabilities that are not based on observable market data. Specifically, they are valued under analytical approximation formulas based on a series of parameters, mainly, contract terms, market curves, aiming and volatilities. The price curve used to calculate their valuation is built on the basis of fundamental models and market quotations.

Endesa uses valuation tools to measure the fair value of assets and liabilities that are suited to the circumstances and for which sufficient data are available to appraise fair value, making maximum use of major observable variables and minimum use of non-observable variables.

r) Earnings (loss) per share

Basic net earnings per share are calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares of the Parent owned by Endesa.

The basic earnings per share of continuing and discontinued operations are calculated by dividing profit after tax of continuing and discontinued operations, respectively, minus the portion corresponding to non-controlling interests, by the weighted average number of ordinary shares of the Parent outstanding during the

period, without counting the average number of shares of the Parent owned by Endesa.

In 2023 and 2022, Endesa did not perform any potentially dilutive transactions that could cause diluted earnings per share to differ from basic earnings per share (See Notes 19. 35.1.8, 35.1.12).

s) Dividends

Dividends receivable are recognised when the right to collect them is generated.

Dividends payable are recognised as a reduction in "Equity" on the date on which they are approved by the competent body, which is usually the Board of Directors

in the case of interim dividends and the shareholders at their general meeting of shareholders in the case of dividends charged against reserves or final dividends (see Note 35.1.10).

t) Share-based payment plans

Endesa has granted certain employees of its business group that occupy positions of greater responsibility remuneration plans based on equity instruments, in which, in exchange for the services they provide, Endesa settles them with equity instruments. These plans are also combined with cash settlements, whose amount is based on the value of equity instruments (see Note 47.3.5).

Endesa recognises the services received from in-house employees as "Personnel expenses" in the consolidated income statement, at the time of obtaining them and, by contrast, it posts the corresponding increase in Equity under "*Other equity instruments*" of the consolidated statement of changes in equity if the transaction is settled with equity instruments or the corresponding liability under "*Non-current provisions*" of the statement of financial position if the transaction is settled in cash with an amount that is based on the value of the equity instruments.

Transactions in which it is necessary to complete a certain period of services are recognised to the extent that such services are provided throughout that period.

In transactions with employees settled with equity instruments, both the services provided and the increase in the Equity to be recognised shall be measured at the fair value of the equity instruments transferred, referred to the date of the concession agreement.

Once the goods and services received have been recognised, in accordance with the provisions of the preceding paragraphs, as well as the corresponding increase in Equity, no additional adjustments will be made to the Equity after the date of irrevocability.

In transactions settled in cash, the goods or services received and the liability to be recognised shall be measured at the fair value of the liability, referring to the date on which the requirements for recognition are met. Subsequently, and until settlement, the corresponding liability shall be measured at fair value at the closing date of each financial year, with any valuation changes that occurred during the financial year being charged to the consolidated income statement.

Fair value is determined by reference to the market value of the shares at the grant date, net of estimated dividends to which the employee is not entitled, during the performance period (see Note 47.3.5).

u) Treasury shares

Own shares acquired by Endesa in the year are recognised at the value of the consideration delivered in exchange, directly as a reduction of Equity under "*Shares and investments in equity*" in the consolidated statement of financial position (see Note 35.1.8).

The results arising from the purchase and sale of equity instruments are recognised directly in equity, and no results are recognised in the consolidated income statement under any circumstances.

v) Related-party transactions

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

All Company transactions with related parties are performed on an arm's length basis. Transfer prices are adequately supported and consequently the Company's Directors consider that no significant risks exist in this respect from which significant liabilities could arise in the future (see Note 47).

w) Non-current assets held for sale and discontinued operations

Endesa classifies as non-current assets held for sale non-current assets or disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to classify non-current assets or disposal groups as held for sale, they must be available for sale in their present condition, subject only to terms that are usual and customary for sales transactions, and the transaction must be considered highly probable.

Endesa does not depreciate non-current assets or disposal groups classified as held for sale; rather they are measured at the lower of carrying amount and fair value less costs to sell.

Endesa recognises initial and subsequent impairment losses on assets classified in this category with a charge to profit or loss from continuing operations in the consolidated income statement, unless it is a discontinued operation.

A discontinued operation is a component of Endesa's business that has either been disposed of or is classified as held for sale, whose operations and cash flows are clearly distinguishable from the rest, and represents a separate major line of business or a geographical area of operations that is significant and can be considered separate from the rest; is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

Endesa presents the profit after tax from discontinued operations under *"Profit after tax from discontinued operations"* in the income statement, as well as the profit after tax recognised on measurement at fair value less costs to sell, or on the disposal of the assets or disposal groups comprising the discontinued operation.



4. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

At the date of preparation of these consolidated financial statements, the following standards, amendments to standards and interpretations have been adopted by the

European Union and have been applied for the first time in the consolidated financial statements for the year ended 31 December 2023:

Standards, amendments and interpretations	Mandatory application: Years beginning on or after
Amendments to IAS 1 <i>"Presentation of Financial Statements"</i> and to IFRS Practice Statement 2: Making Materiality Judgements	1 January 2023
Amendments to IAS 8 <i>"Accounting Policies, Changes in Accounting Estimates and Errors"</i> : Definition of Accounting Estimates	1 January 2023
IFRS 17 <i>"Insurance Contracts"</i> including amendments ⁽¹⁾	1 January 2023
Amendments to IAS 12 <i>"Income Taxes"</i> : Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12 – <i>Income Taxes</i> : International Tax Reform – Pillar Two Model Rules	1 January 2023

⁽¹⁾ Includes Amendment to IFRS 17 *"Insurance Contracts"*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021) and Amendment to IFRS 17 (issued on 25 June 2020).

These amendments and improvements did not have a significant impact on the interim condensed consolidated financial statements for the year ended 31 December 2023, except for the amendments to IAS 12 – Income Taxes: Deferred tax related to Assets and Liabilities arising from a Single Transaction.

Amendments to IAS 12 – *Income Taxes*: Deferred tax related to Assets and Liabilities arising from a Single Transaction

With the amendment effective as of 1 January 2023, Endesa recognised, at 1 January 2022 "Deferred tax assets" and "Deferred tax liabilities" for the temporary differences arising on the initial recognition of right-of-use assets and the related lease liabilities for Euro 129 million and Euro 131 million, respectively (1 January 2023: Euro 107 million and Euro 110 million, respectively). The cumulative impact was a negative Euro 2 million recognised in *"Equity"*.

The impact of the amendment on the 2022 consolidated income statement was less than Euro 1 million, negative.

Amendments to IAS 12 – *Income Taxes*– International Tax Reform: Pillar Two Model Rules

As of 31 December 2023 the "Pillar Two Legislation" has not entered into force in any of the countries in which Endesa operates, consequently the Amendments to IAS 12 *"Income Taxes"* – International Tax Reform: Pillar Two Model Standards to be applied retroactively and which introduce a temporary exception to the accounting for deferred taxes arising from the application of the Pillar Two model standards of the Organization for Economic Cooperation and Development (OECD) have had no impact on Endesa's Consolidated Financial Statements (see Note 18).

5. INFORMATION ON NON-FINANCIAL MATTERS

5.1. Climate Change

Endesa pursues a business model that aims to respond to the main challenges facing the society in which it operates, and with the aim of leading the energy transition, in line with the United Nation's Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement. The aim is to meet the challenge of decarbonisation of the economy by helping to achieve the objective of containing the average increase in global

temperatures at 1.5 °C compared with the pre-industrial period, creating shared value for all stakeholders and spreading its sustainability principles and commitments throughout the value chain.

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

Specifically, the 2024-2026 Strategic Plan is based on the following strategic axes:

Strategic Axes	Actions	Performance
Profitability, Flexibility and Resilience	• Selective capital allocation to increase flexibility and resilience. • Focus on the "Partnership" model, key to maximize risk-return profile and asset rotation.	• Compatible with the path of decarbonization of the Company's generation mix. • Focusing the offer to domestic and business customers on value-added services and on the supply of electricity from non-emitting sources.
Efficiency and Effectiveness	• Focus on maximizing cash generation. • Cost control and streamlined structure to balance inflation and costs.	
Financial and Environmental Sustainability	• Financial stability, seeking to create value while addressing the challenges of Climate Change.	

This 2024-2026 Strategic Plan is adapted to the new energy context and is based on a more selective and efficient capital allocation strategy. As a result, the gross investments contemplated in this new Plan for the period 2024-2026 remain in line with the previous plan and are estimated at gross Euro 8,900 million. To this end, distribution networks and renewable generation, two of the pillars of clean electrification, continue to be the key pillars of growth.

Endesa has decided to lead and enable the Energy Transition by ensuring that it is ready to seize all opportunities. The Company's strategy is fully focused on the energy transition, with more than 90% of planned investments earmarked to improve one of the Sustainable Development Goals (SDGs), enabling Endesa to adopt risk mitigation "by design" and maximise opportunities by taking a stance that takes into account the relevant phenomena identified in the medium and long term.

These strategic decisions are supported by the best operating practices in place at the Company.

The Climate Change strategy, along with all the related risks and opportunities, is described in Sections 5.3 – Climate Change and 6.4.1a.2 – Climate Change Risks of the consolidated Management Report for the year ended 31 December 2023, which are fully aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Accordingly, and following the recommendations of the European Securities and Markets Authority (ESMA) and the document titled *Effects of Climate-Related Matters on Financial Statements* published by the International Accounting Standards Board (IASB) in November 2020 and updated in July 2023, Endesa includes disclosures relating to climate change in the Notes to the consolidated financial statements for the year ended 31 December 2023, as detailed below:

Topic	Notes	Contents
Estimates related to climate change	3.1 and 5.1.1	Impact of climate change issues on accounting estimates, focusing on the estimation of the present value of future cash flows of the Cash Generating Units (CGUs), along with the Paris Agreement commitments and their impact on the useful life of tangible and intangible assets.
Regulatory framework	6	- Spain: Strategic energy and climate framework. - Europe: European regulation related to energy and environment, and sustainable finance.
Sustainable investments and acquisition commitments	7.1, 20.1, 20.2, 23.1 and 23.2	Investment plan and asset acquisition commitments related to renewable generation, infrastructure related to grid development and investments for the development of mobility, city, electronic industries and the home automation business.
Impairment of non-financial assets	3.2f.3, 5.1.1, 20.3, 23.3 and 24.1	Impact of climate change commitment on the measurement of non-financial assets in order to determine any impairment losses.
Provisions	37.2 and 37.3	Obligations associated with the energy transition relating to the affected employees and future costs for the closure of the facilities.
Sustainable financing	41.3 and 5.1.2	Financial debt with sustainability clauses, including new commercial paper programme. "Endesa, S.A. SDG 13 Euro Commercial Paper Programme" (ECP) and other financial transactions carried out.
Long-term financial power purchase agreements	3.2h.5.2 and 45.5	Main features of long-term Power Purchase Agreements (PPAs).
Share-based payments	47.3.5	Variable remuneration linked to sustainability targets.
Market Mechanisms Associated with Environmental Targets	3.2i.2, 3.2i.3, 3.2i.3, 3.2i.4, 5.1.3, 10.3, 31.1, 31.2, 37.3 and 5.1.3	- Description and accounting of carbon dioxide (CO₂) emission allowances and Guarantees of Origin. - Recognition of costs and associated provision.

5.1.1. Estimates and accounting judgements related to the risks and implications of climate change and the energy transition

The main estimates used and accounting judgements made by Endesa's Management to quantify certain assets, liabilities, revenues, expenses and commitments reported in relation to the effects of climate change and the energy transition are described below:

a) Commitment to climate change in the valuation of non-financial assets

Endesa is fully committed to developing a sustainable business model in line with the Paris Agreement target of achieving no more than a 1.5 °C increase in temperature compared to the pre-industrial era. For Endesa, the fight against climate change is an unprecedented challenge. It has been setting ambitious targets through the successive Strategic Plans it has approved.

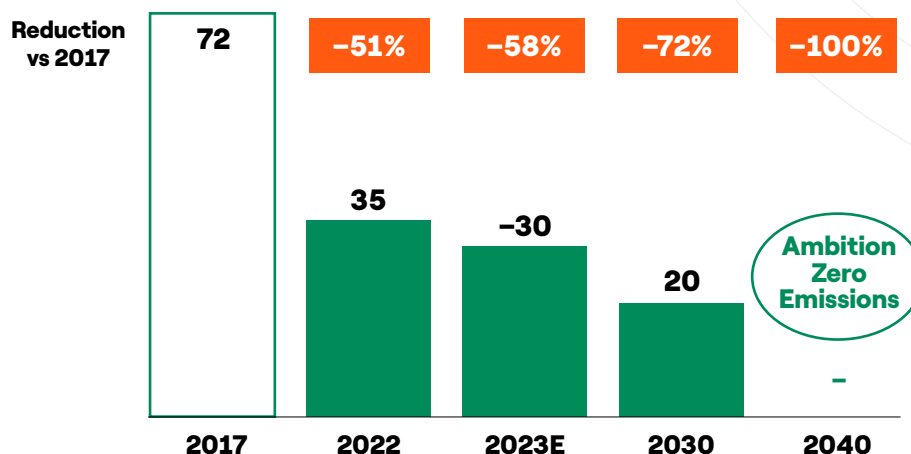
The 2024–2026 Strategic Plan presented on 23 November 2023 is a further show of this long-term approach, striving to achieve financial strength, environmental Sustainability and value creation, while addressing the challenges posed by climate change, all of which will be achieved by pursuing the strategic lines of action.

Endesa maintains the total exit of coal in Spain in 2027, with the end of operation of the Alcudia power plant and after obtaining the authorization for the closure of the last coal plant in the peninsula (As Pontes) in 2023. The Company maintains the ambition to achieve full decarbonization of the company by 2040, achieving 100% emission-free generation and having abandoned the gas business.

These assumptions are considered in the approach used to assign value to the key assumptions used to perform the impairment test of non-financial assets (see Note 3.2f.3).

Path to complete decarbonisation by 2040:

TOTAL ABSOLUTE EMISSIONS
(tCO₂eq)



Zero emissions – Decarbonization pathway aligned with the Paris Agreement (1.5°C pathway) covering direct and indirect emissions through specific targets

The analysis of the impact of Climate Change on the most relevant magnitudes of Endesa's business is a complex activity that requires defining a framework of Scenarios and coherent analysis. Endesa uses climate, energy and macroeconomic scenarios in the short-medium term (1-3 years, in which sensitivity analyses can be carried out based on the Strategic Plan), medium term (2027-2034, in which it is possible to appreciate the effect of the Energy Transition and the impact of the National Integrated Energy and Climate Plan (PNIEC)), and long term (2035-2050, in which, in addition to the more evident effects of the Energy Transition, chronic structural changes at the climate level should begin to manifest themselves), to assess the flexibility and resilience of its Strategic Plan, and identify the risks and opportunities that arise. These scenarios enable it to analyse the impact of changes to climate variables (Physical Scenarios) and the trend in regulatory and technological aspects (Transition Scenarios), in terms of extreme events, chronic phenomena and the transition, respectively. Accordingly, Endesa has assessed climate change issues in order to determine how they have affected the reasonable and sustainable assumptions used to estimate its cash flow projections. Endesa has taken into account the following impacts arising from climate change in building its long-term horizon (2050):

- The estimation of the terminal value considers a long-term growth rate aligned with the expected trend in electricity demand in Spain over the 2026-2050 horizon. This is achieved using Endesa's energy models, which enable demand to be quantified taking into account assumptions related to temperature rises due to climate change and trends related to the Energy Transition in accordance with the Physical and Transition Scenarios chosen by Endesa for long-term planning, all consistent with the objectives of the Paris Agreement and the National Energy and Climate Plan 2021-2030 (NECP) (currently under review) as described in Section 5.3.2 Climate Strategy. Long-Term Scenarios of the Consolidated Management Report.
- Factoring in changes in the levels of hydro, wind and photovoltaic generation of Endesa's renewable assets associated with the projection of underlying weather conditions (temperature, precipitation, wind speed and solar power).
- Estimating the costs of decommissioning coal/fuel and combined cycle power plants, in line with Endesa's long-term goal of achieving full decarbonisation of the company by 2040 and 100% emission-free generation, and having also exited the gas business by that time.

b) Main Endesa assets exposed to climate change and energy transition risk

Business	Type of assets and main climate change impacts
Generation	Coal-fired/fuel-oil thermal power plants Endesa plans to achieve the complete cessation of coal-fired electricity generation by 2027 and continues to work towards the closure of those plants that remained open at 31 December 2023. - In relation to thermal power plants: - In August 2023, authorisation was received for the closure of the As Pontes thermal power plant, whose net book value as of December 31, 2023 and 2022 is equal to Euro 0 million. - As regards Units 3 and 4 of the Alcludia thermal power plant, which remain operational, they have been running at a maximum of 500 h/year since 17 August 2021. At 31 December 2023, their net book value was Euro 26 million (31 December 2022: Euro 25 million). - With respect to fuel oil-fired plants, all of which belong to the Cash Generating Units (CGUs) associated with Non-mainland Territories Generation (TNP), their net book value at 31 December 2023 came to Euro 406 million (31 December 2022: Euro 487 million). - In 2023, the delay in the call for the competitive concurrence procedure in the Non-Peninsular Territories (TNP) (Canary Islands, Balearic Islands, Ceuta and Melilla) in which Endesa is the main generator, means a blockage of the possibilities to renew the generation park, or to have access to less emitting fuels. All this, together with a generation park that is increasing its age, has had important consequences in the emission of Greenhouse Gases (GHG) in these Electric Systems.
	Renewable generation facilities - Endesa has drawn up a decarbonisation pathway in line with the Paris Agreement (1.5 °C pathway), including both direct emissions (Scope 1), and indirect emissions (Scope 2 and 3). To succeed, Endesa has been busy deploying new renewable capacity to make all its generation activity (both on and off the Iberian Peninsula) 100% emission-free. - As at 31 December 2023, the net book value of property, plant and equipment relating to renewable generation facilities stood at Euro 4,163 million (31 December 2022: Euro 3,752 million). - The value in use of renewable generation facilities can be altered by potential physical impacts related to climate change, notably a scarcity of water, solar and wind resources. It can also be affected by regulatory changes, demand for energy and power sales and purchase price assumptions.
Distribution	Distribution networks - As at 31 December 2023, the net book value of property, plant and equipment relating to transmission and distribution facilities stood at Euro 12,414 million (31 December 2022: Euro 12,233 million). - Endesa considers distribution networks and demand-side electrification to be key to mitigating climate change. Therefore, the investments made distribution assets, which are regulated, aim to improve quality, reduce losses, enhance resilience and allow for the integration of new connection requests. - The Distribution Business may be affected by regulatory changes and extreme weather events, affecting service quality. The distribution network also faces the challenges derived from being the necessary integrating element to facilitate the Energy Transition, in view of the growth of the renewable generation park and the extension of the offer of value-added services and electricity supply for customers.
Supply	Capture costs and charging stations The non-financial assets of the Supply business exposed to the threat of climate change and the energy transition include, among others, customer acquisition costs and charging stations, largely due to the trend in demand in this new environment.

c) Provisions for decommissioning costs

In relation to climate change, Endesa estimates the costs of decommissioning coal/fuel and combined cycle plants, in line with the long-term objective of achieving 100% renewable generation by 2040 and of certain electricity distribution facilities, the distribution networks being the mainstay of clean electrification (see Note 3.21.5). These provisions are recorded at their present value (see Note 37.3).

d) Carbon dioxide (CO₂) emission allowances and guarantees of origin

Carbon dioxide (CO₂) emission allowances

Endesa has set itself the long-term goal of becoming "Net-Zero" by 2040, effectively meaning zero emissions, and considering the use of neutralisation instruments only for those emissions for which there is no emission-free technological solution.

The obligation to deliver emission allowances for the CO₂ emitted during the year is recognised as a current provision under "*Other current provisions*" in the consolidated statement of financial position. The related cost is recognised under "*Other variable procurements and services*" in the consolidated income statement (see Note 3.21.2).

Guarantees of origin

In line with its commitment to decarbonization, Endesa aims to promote clean electrification by promoting both the generation and sale of electricity from renewable energy sources.

With regard to the sale of electricity, Endesa guarantees to its end consumers that the electricity it sells has been produced from renewable energy sources or high-efficiency cogeneration through the associated guarantees of origin that certify the supply of such electricity to these customers. Additionally, Endesa generates guarantees of origin in relation to the

production of energy from its own facilities that make use of renewable resources.

The obligation to deliver the guarantees of origin made during the year is recorded under "Other Current Provisions" in the Consolidated Statement of Financial Position, and the related cost is recorded under "Other Variable Procurements and Services" in the Consolidated Income Statement (see Note 3.21.4).

e) Recoverability of deferred tax assets

At the end of each reporting period, the deferred tax assets recognised are reviewed for recoverability, including the effects of climate change and energy transition, and are adjusted accordingly to reflect the results of the analysis (see Note 25).

f) Regulation

The regulatory framework related to climate change and energy transition is in constant flux. Endesa's activities are subject to wide-reaching environmental regulations. Any inability to comply with current environmental regulations or requirements or any changes to applicable environmental regulations or requirements could adversely affect its business activities, results, financial position and cash flows.

In 2023, the EU continued to make good progress towards its ambitious climate targets, despite the recent

energy crisis. These include technological aspects such as electrification of demand, grid interconnections, storage systems, increased deployment of renewable energies and the integration of other energy sources, such as hydrogen and biomethane. However, when transforming the EU's energy system, it is also important to ensure energy security, boost energy independence, ramp up domestic production of clean technologies, and make energy more affordable, as evidenced by the recent energy crisis.

In this context, the main legislative proposals of the "Fit for 55" package were deployed, allowing the European Commission to submit an updated version of its Nationally Determined Contributions (NDC) to the UN Framework Convention in October 2023.

As for Spain, the European objectives to combat climate change are set out in its 2021–2030 National Energy and Climate Plan (NEPC) (currently under review) and in its 2021–2030 National Adaptation Plan (NAP) (see Note 6).

g) Lawsuits

Endesa's activities are subject to extensive environmental legislation and regulation and non-compliance with such legislation and regulation may adversely affect Endesa's business, results and financial position.

Further information on litigation or arbitration in which Endesa companies are involved is disclosed in Note 51.

5.1.2. Sustainable financing

Following the adoption by the United Nations (UN) of Agenda 2030 for Sustainable Development and the Paris Agreement on Climate Change, the European Commission published its Action Plan known as "*Financing Sustainable Growth*", one of the objectives of which is to redirect capital flows towards sustainable investments. Endesa foresees that more than 80% of the planned investment is aligned with the European Union Taxonomy. In this same sense, the percentage of gross

financial debt linked to sustainability objectives foreseen in the Strategic Plan is expected to exceed 80% in 2026. Endesa's new financing, therefore, mostly incorporates sustainability objectives (see Note 41.4.2).

The gross sustainable financial debt held by Endesa in 2023 amounts to Euro 9,210 million, which represents 67% of total gross financial debt (Euro 11,817 million and 64%, respectively, at 31 December 2022) (see Note 41.3).

5.1.3. Market mechanisms associated with environmental objectives

Endesa's companies are affected by national and international environmental regulations and participate in the market mechanisms associated with environmental objectives described below:

a) Terms and nature of market mechanisms associated with environmental objectives

Environmental Mechanism	Environmental Mechanism Terms	Nature
Emissions Trading Scheme	- The European Union has set very ambitious targets for the reduction of greenhouse gas emissions and has developed the emissions trading scheme as a fundamental element to facilitate compliance with these targets. - This mechanism, applicable in all European Union countries, establishes an annual emissions limit for electricity generation and industrial plants, which is reached through a progressive reduction of available emission allowances. - Emission allowances are predominantly put into circulation through auctioning (57%), while the remaining amount (43%) is distributed as a free allocation to those installations belonging to sectors considered at risk of carbon leakage. - The installations concerned must surrender emission allowances, called "European Union Allowances" (EUAs), equivalent to the emissions made during the previous year, by September 30 of the following year.	- Legally mandated environmental scheme that ensures emissions reductions aligned with the Paris Agreement and the Company's strategic objectives. - Since 2013, there is no free allocation of emission allowances for thermal electricity generation and electricity companies must go to the market to purchase carbon dioxide (CO₂) emission allowances. This mechanism motivates companies to make decisions aimed at reducing their emissions and thus bringing the European Union closer to a more sustainable future. - Endesa companies that produce carbon dioxide (CO₂) emissions in their thermal electricity generation activity must deliver, by September 30 of the following year, the so-called "European Union Allowances" (EUAs), equivalent to the emissions made during the previous year. - Endesa closes 2023 consolidating the accumulated emissions reduction of 66% in just 7 years since the adoption of the Paris Agreement in 2015 despite the punctual deviation in the last 2 years with respect to the planned path due, among others, to the Russia-Ukraine conflict, geopolitical tensions and the energy crisis. - At December 31, 2023, inventories and the provision for rights to be delivered to cover carbon dioxide (CO₂) emissions totaled €884 million and €917 million, respectively (see Notes 31 and 37.3).
Guarantees of origin	- This European mechanism aims to promote the use of energy generated from renewable energy sources. - In Spain, the Comisión Nacional de los Mercados y la Competencia (CNMC) is responsible for the Guarantee of Origin System, as well as for issuing and managing the guarantees of origin generated. - Companies may request guarantees of origin for the energy they generate in electricity production facilities from renewable sources. - Companies that commercialize renewable energy are obliged to redeem a volume of guarantees of origin equivalent to the sales of renewable energy made to customers.	- This mechanism affects Endesa's marketing companies that have to accredit the renewable energy that is marketed, i.e., Endesa companies that use guarantees of origin in their electricity marketing activity must redeem in the following year the guarantees of origin assigned to the consumers to whom they have supplied electricity of renewable origin during the months corresponding to the guarantees to be redeemed. - On the other hand, Endesa companies that generate energy from their own facilities that make use of renewable resources obtain guarantees of origin issued by the National Markets and Competition Commission (CNMC). - At December 31, 2023, inventories and the provision for rights to deliver Guarantees of Origin amounted to a total of Euro 109 million and Euro 147 million, respectively (see Notes 31 and 37.3).

Environmental Mechanism	Environmental Mechanism Terms	Nature
Certificados Eficiencia Energética (CAE ⁽¹⁾ , CEE)	• Directive 2012/27/EU of the European Parliament and of the Council, of October 25, on Energy Efficiency, introduced a mandatory target for the annual reduction of final energy consumption. In Spain, compliance with said target has historically materialized through: a. A national system of obligations implemented through contributions to the National Energy Efficiency Fund (FNEE), and b. A set of alternative measures, which in no case can be financed with the previous fund, and which are of a very diverse nature (taxes, certain advertising campaigns, renewal of the vehicle fleet, etc.). • This system of obligations imposes an annual energy savings obligation on electricity and gas retailers and wholesale operators of petroleum products and liquefied petroleum gases (LPG) (obligated parties), which has taken the form of a payment to the aforementioned National Energy Efficiency Fund (FNEE). However, since 2023, marketers and wholesale operators are allowed, on a voluntary basis, in addition to contributing financially to the National Energy Efficiency Fund (FNEE), to complete the fulfillment of their obligation by providing the so-called Energy Saving Certificates (CAE). • Every year a Ministerial Order is published which establishes the minimum amount that each subject must contribute to the National Energy Efficiency Fund (FNEE), as well as the number of Energy Saving Certificates (CAEs) that may be delivered by December 31. In the event of not providing all the expected Energy Saving Certificates (ESCs), the obligor must make a supplementary equivalent contribution. • In France, following the European Union agreements on energy and climate, the "POPE" Law was passed in 2005, which regulates the obligation for energy suppliers and fuel distributors to generate or finance energy savings in the following sectors: transport, residential, small and medium-sized enterprises (SMEs) and agriculture. • The obligation is calculated on the basis of the invoicing to consumers in the affected sectors and is fulfilled through the presentation of an equivalent number of Energy Efficiency Certificates (EEC). • If the obligor does not meet its obligations at the end of the period, financial penalties of between €15/MWh and €20/MWh will be applied.	• This mechanism affects Endesa's marketing companies that have to contribute annually to the National Energy Efficiency Fund (FNEE). A minimum mandatory percentage of contribution to the National Energy Efficiency Fund (FNEE) is established, being able to present Energy Saving Certificates (CAEs), if they so wish, to complete their annual obligation. Otherwise, the annual obligation could be met only by means of a financial contribution to the National Energy Efficiency Fund (FNEE) for the total amount of the obligations (see Note 6). • For these purposes, Endesa's marketers may delegate the obtaining of Energy Saving Certificates (CAEs) to a "delegated party". Endesa X Servicios, S.L.U. was registered as a "delegated subject". • Endesa Energía, S.A.U. carries out the commercialization activity, through a branch, in the liberalized market in France and participates in the mechanism as an obliged actor. • The supply of Energy Efficiency Certificates (EEC) is carried out through the primary market or in the secondary market. • At December 31, 2023, inventories and the provision for rights to deliver Energy Efficiency Certificates totaled 11 million euros and 14 million euros, respectively (see Notes 31 and 37.3).

⁽¹⁾ Certificate of Energy Saving (CAE) is an electronic document that guarantees that, after carrying out an Energy Efficiency action, a new final energy saving equivalent to 1 kWh has been achieved.

b) Accounting standards related to market mechanisms associated with environmental objectives

The recording and valuation rules relating to carbon dioxide (CO₂) emission allowances and guarantees of origin and other environmental certificates are described in Notes 3.2i.2, 3.2i.3, 3.2i.3 and 3.2i.4.

c) Accounting impacts related to market mechanisms associated with environmental objectives

Cost of market mechanisms associated with environmental objectives

The detail of operating costs related to market mechanisms associated with environmental objectives, which are included in the caption "Other Variable Procurements and Services" in the Consolidated Income Statements for fiscal years 2023 and 2022, is as follows:

Millions of Euro

	Notes	2023	2022
Consumption of Carbon Dioxide Emission Allowances (CO ₂)		925	865
Consumption of Guarantees of Origin and other Environmental Certificates		157	109
TOTAL	10.3	1,082	974

The number of carbon dioxide (CO₂) emission rights, guarantees of origin and other environmental certificates used by Endesa in its environmental compliance obligations are as follows:

Millions of Euro

Notes	2023		2022	
	Carbon Dioxide (CO ₂) Emission Allowances (thousands of tons)	Guarantee of Origin and other Environmental Certificates (GWh)	Carbon Dioxide (CO ₂) Emission Allowances (thousands of tons)	Guarantee of Origin and other Environmental Certificates (GWh)
Beginning Balance	10,421	16,815	10,670	10,934
Autoproduced	—	11,732	—	10,661
Purchase	13,824	13,625	10,262	12,063
Sale	—	—	—	—
Redemption	(13,271)	(22,939)	(10,511)	(16,843)
Ending Balance	10,974	19,233	10,421	16,815

Provision to cover the cost of market mechanisms associated with environmental targets

At 31 December 2023 and 2022, the composition and movement of provisions to cover the cost of carbon

dioxide (CO₂) emission allowances, guarantees of origin and other environmental certificates relating to the obligations to deliver them to the competent authorities is as follows:

Millions of Euro

Notes	31 December 2023		31 December 2022	
	Non-Current	Current	Non-Current	Current
Provisions for Carbon Dioxide Emission Allowances (CO ₂)	—	917	—	862
Provisions for Guarantees of Origin and other Environmental Certificates	—	161	—	81
TOTAL	—	1,078	—	943

Millions of Euro

Balance as of 31 December 2022	Operating Expenses		Financial Results (Note 16.1)	Net Provisions Charged to Fixed Assets (Note 20)	Payments	Transfers and others	Balance as of 31 December 2023
	Provisions	Reversal					
Provisions for Carbon Dioxide Emission Allowances (CO ₂)	862	(869)	—	—	—	(1)	917
Provisions for Guarantees of Origin and other Environmental Certificates	81	(77)	—	—	—	—	161
TOTAL	943	(946)	—	—	—	(1)	1,078

5.2. Russia–Ukraine conflict

Russia–Ukraine conflict and macroeconomic landscape

The macroeconomic and geopolitical landscape in the year ended 31 December 2023 was fraught with uncertainty and volatility within the energy markets, as a result of:

- the ongoing conflict between Russia and Ukraine, which shows no signs of abating any time soon, and the impacts of this on the supply and prices of raw materials, mainly gas. This has been further compounded by simmering tensions and flashpoints in the Middle East;
- the sharp increase in inflation together with possible tensions along the supply chain and the implications of the reopening of the Chinese economy;
- cybersecurity; and
- the current macroeconomic backdrop of rising interest rates, which has resulted in higher costs of financing of public and corporate debt.

The liquid fuels markets balanced out once the sanctions imposed by the European Union on imports of Russian crude oil and other products arising from the conflict in Ukraine entered into force. There is currently availability of products at the main refining and trade hubs in northern Europe. For its part, Endesa has secured its fuel oil and gasoil supply needs for the Non-mainland Territory (TNP) plants with companies of acknowledged solvency and 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 ensured. Gas prices in the European markets affected by the reduction of Russian gas to Europe, particularly the Title Transfer Facility (TTF), followed a neutral trend during the year ended 31 December 2023 and proved to be highly volatile, despite considerable gas storage levels and weak demand. Endesa holds positions in the TTF due to its strategy of hedging expected revenues from gas sales, and liquidity needs have declined as a result of the net position subject to margining of financial instruments traded on organised markets.

With regard to uranium (UF_6), Endesa has covered its nuclear fuel needs for reactor refuels in successive years. Given the complexity of the current environment and following the recommendations of the European Securities and Markets Authority (ESMA), Endesa monitors both the status and changes in the current situation generated by the conflicts in Russia–Ukraine and the Middle East in order to manage the potential risks and changes in macroeconomic, financial and commercial variables, as well as the regulatory measures in force, with a view to updating its estimates as to the possible impacts on the consolidated financial statements. This analysis is described in the following Notes to the consolidated financial statements for the year ended 31 December 2023:



Topic	Notes	Contents
Going Concern	2.2	Impact of the conflict and the macroeconomic environment on the activities carried out by Group companies.
Regulatory framework	6	Regulatory measures adopted by EU and national authorities in response to the economic and social consequences of the conflict and of the present environment.
Impairment of non-financial assets	20.3, 23.3 and 24.1	Monitoring of the current context.
Inventories	31	Effect of the economic environment on contracts with "take or pay" clauses.
Provisions	37	Actuarial assumptions used.
Financial instruments	35.1.6 and 41	<i>Adjusting the business model and the characteristics of contractual cash flows from financial assets, and reclassification among the categories of such assets. Changes in the valuation and settlement of energy stocks, detail of financial instruments and compliance with applicable regulations for applying hedge accounting.</i>
Borrowings	28, 30 and 41.3	Details of financial debt (borrowings).
Energy stock price risk	42.3	Sensitivity analysis. Changes in electricity and gas prices in energy markets and other raw materials.
Liquidity risk	41.4 and 42.4	Details of the liquidity position.
Credit risk	42.5	Analysis of the impairment of financial assets.
Concentration risk	42.6	Analysis of possible delays in supplies and compliance with contracts at supply chain level.
Fair value measurement	45	Details of financial assets and liabilities measured at fair value.

In accordance with the above, in the year ended December 31, 2023, the effects derived from both the conflict and the current context have not had a significant impact on the Gross Operating Income (EBITDA) or Operating Profit Income (EBIT). The net position subject to margining in the Organized Markets in which Endesa contracts its financial instruments shows the evolution of the gas market, whose prices have been at lower levels than those prior to the conflict, which has led to lower

collateralization needs, with a balance at 31 December 2023 of Euro 1,220 million (Euro 6,724 million at 31 December 2022), which has had a positive impact on Endesa's liquidity position (see Note 41.1.1).

In a constantly evolving scenario, Endesa continuously monitors macroeconomic and business variables in order to have the best estimate of the potential impacts in real time.



6. INDUSTRY REGULATION



6.1. Regulatory framework in Spain

Law 24/2013 of 26 December on the Electricity Sector, which repeals and replaces Law 54/1997 of 27 November, which included the basic regulation of the Electricity Sector, established the new general framework for the operation of the sector and the regime of activities and agents. The most significant aspects of this scheme are as follows:

- The new law introduces the basic principle of the economic and financial sustainability of the electricity system in such a way that revenues are sufficient to cover all system costs. System costs will be financed by access tariffs for transmission and distribution networks (to cover remuneration of both activities), charges established for the payment of other costs, items from the General State Budget and any other revenue or financial mechanism established. Also:
 - Any increase in costs or reduction in revenues must be accompanied by an equivalent reduction of other costs or a revenue increase. Simultaneously, no downward reviews of charges are possible for as long as there are cost items used to pay debt from previous years.
 - From 2014 onwards, temporary imbalances that may arise will be limited to a maximum annual amount of 2% of the estimated system revenue (or 5% in cumulative terms). Any transitory imbalance will be financed by all players taking part of the settlement system, in proportion to their remuneration. If these limits are exceeded, access fees or charges will be reviewed in an equivalent amount. Within these limits, any imbalance will entitle the financing parties to recover those funds in the five following years, at an equivalent market interest rate.
 - The General State Budget for each year will finance 50% of the compensation for the Electricity Systems of Non-mainland Electricity Systems (TNP) for that year.
- Concerning remuneration for activities, the law stipulates that remuneration for transmission, distribution and production in non-mainland territories (TNP) systems and production from renewable energy sources, high-efficiency cogeneration and waste will take into account the costs of an efficient and well-managed company. Remuneration parameters will be established in due consideration of the cyclical situation of the economy, demand for electricity and an adequate return on these activities over six-year regulatory periods. The Law set the remuneration on assets for the first regulatory period (which ended on 31 December 2019) as the average yield on 10-year Treasury Bills on the secondary market for the three months prior to the entry into force of Royal Decree Law 9/2013, of 12 July, plus 200 basis points for transmission, distribution and production in non-mainland territories (TNP) systems, plus 300 basis points for production from renewable energy sources, high-efficiency cogeneration and waste. For the second regulatory period, which started on 1 January 2020, the value of the financial remuneration rate for electricity transmission and distribution activities was established by Circular 2/2019 of 20 November, of the Spanish Markets and Competition Commission (CNMC), while the financial remuneration for production activities in the Non-mainland Territories (TNP) subject to an additional remuneration regime, and production from renewable energy sources, cogeneration and waste subject to a specific remuneration system, was established by Royal Decree Law 17/2019 of 22 November.
- Ordinary regime and special regime electricity generation is not differentiated, without prejudice to specific considerations for certain technologies.
- The Last Resort Tariff (LRT), which applies to most domestic consumers, will be renamed as Small Consumer Voluntary Price (SCVP), and the Last Resort Tariff will be maintained for vulnerable consumers and those that do

not meet the requirements to be eligible for the Small Consumer Voluntary Price tariff and temporarily do not have a current contract with a free-market supplier.

In addition to the basic regulation, a number of provisions were also approved since 2012 to reduce the deficit of regulated activities and guarantee the financial stability of the System. These include Royal Decree Law 9/2013, of 12 July, adopting urgent measures to guarantee the financial stability of the electricity system and modifying, inter alia, the remuneration system for generating facilities using renewable energies, cogeneration and waste, and electricity transmission and distribution activities.

Additionally, Law 15/2012, of 27 December, on fiscal measures for energy sustainability, which came into force on 1 January 2013, introduced new taxes (or amendments to existing taxes) affecting generating facilities. The following taxes were introduced:

- General tax on production, equivalent to 7% of the total income received. This tax has subsequently been temporarily suspended on several occasions.
- Tax on spent nuclear fuel and radioactive waste and storage at centralised facilities.
- Hydroelectric generation levy which, following the Spanish Supreme Court ruling of 19 April 2021, was modified by Law 7/2022 of 8 April, and is now equivalent to 25.5% of revenue, which will be reduced by 92% for facilities with an installed capacity of 50 MW or lower and by 90% for pumping stations with more than 50 MW, as well as, in the manner to be determined by applicable regulations, for those production arrangements or facilities that require incentives on the grounds of general energy policy.
- Green tax on the consumption of natural gas, coal, fuel oil and diesel for electricity generation, subsequently eliminated in certain cases through Royal Decree Law 15/2018, of 5 October 2018.

The provisions of this law stipulate that the taxes collected, along with other sums from the auction of greenhouse gas emission rights, will be used to finance the costs of the electricity system.

Along with the general provisions, several regulatory implementations were approved regarding the various activities associated with the supply of electricity.

Additionally, as a result of the energy transition process, as well as the adaptation of the functions of the Spanish Markets and Competition Commission (CNMC) to EU regulations, the Spanish Government approved certain amendments to the current regime, which we will explain at greater length in due course.

Royal Decree Law 1/2019, of 11 January, on urgent measures to adjust the competences of the Spanish Markets and Competition Commission (CNMC) to the requirements of EU law in relation to Directives 2009/72/EC and 2009/73/EC of the European Parliament and Council, of 13 July 2009, concerning common rules for the internal market in electricity and natural gas.

This Royal Decree Law was published in the Spanish Official State Gazette on 12 January 2019, for the purpose of amending the duties of the Spanish Markets and Competition Commission (CNMC) to comply with EU legislation, following requests filed by EU authorities.

According to this Royal Decree Law, the Spanish Markets and Competition Commission (CNMC) will be responsible for approving, via circulars, aspects such as the structure, methodology and specific values of access tariffs for natural gas and electricity transmission and distribution networks, and for liquefied natural gas (LNG) plants; the methodology and parameters for establishing remuneration for the transmission and distribution of gas and electricity, liquefied natural gas plants (LNG), the Gas System operator or technical manager or the remuneration rate on transmission and distribution activities within the maximum limit established by the Government.

The Ministry of Ecological Transition and Demographic Challenge (MITECO) will approve a series of energy policy guidelines that the Spanish Markets and Competition Commission (CNMC) will have to take into consideration, which will cover aspects such as supply security, the economic and financial sustainability of the System, supply independence, air quality, efforts to combat climate change, demand management, the selection of future technologies or the rational use of energy. MITECO will have one month in which to approve the circulars of the Spanish Markets and Competition Commission (CNMC) concerning energy policy, or that have an impact on tariffs, remuneration on regulated activities, access and connection conditions and the rules for operating the electricity and gas system. In the event of any discrepancy, a Cooperation Committee will work to reach an understanding.

In any case, the new duties of the Spanish Markets and Competition Commission (CNMC) will be applicable from 1 January 2020. Furthermore, any procedures begun prior to this Royal Decree Law coming into force, as well as any procedure that, regardless of when it was initiated, refer to years prior to 2019, will be substantiated pursuant to previous regulations.

The Royal Decree Law likewise amends certain aspects of Law 24/2013, of 26 December, on the Electricity Sector. Regarding the financial rate of remuneration on transmission and distribution, which by virtue of the Royal Decree Law will be established by the Spanish Markets and Competition Commission (CNMC), the government will set in law a maximum threshold for this rate, linked to 10-year treasury bonds in the 24 months prior to the month of May in the year preceding the start of each new regulatory period, plus a spread to be established for each regulatory period. If at the start of the new period said maximum threshold has not been established, the maximum threshold corresponding to the previous period will be extended, or failing this, the rate of remuneration from the previous period will be used.

As for generation operations adhering to the additional remuneration system in Non-mainland Territories (TNP), the rate of financial remuneration will be set by the Government. This rate may be modified before the start of each regulatory period, linked to 10-year treasury bonds in the 24 months prior to the month of May in the year preceding the start of each new regulatory period, plus a spread to be established under law for each regulatory period. If at the start of a new regulatory period this rate of financial remuneration has not been established, that of the previous regulatory period will be deemed to be extended.

Lastly, regarding facilities producing electricity from renewable energy sources, high efficiency cogeneration and waste using specific remuneration systems, in the review corresponding to each regulatory period, the value on which the reasonable rate of return is based over the remaining regulatory life of standard facilities may be amended, and will be established by law.

Pursuant to Royal Decree Law 1/2019, of 11 January, the Spanish Markets and Competition Commission (CNMC) has an area of responsibility that includes approving and setting certain regulatory aspects via circulars:

- Circular 2/2019, of 12 November, on the financial remuneration rate for electricity and gas: Circular on the financial remuneration rate for the second regulatory period (2020–2025), in which the Spanish Markets and Competition Commission (CNMC) sets a value of 5.580% (6.003% for 2020) for electricity transmission and distribution activities.
- Circular 3/2019, of 20 November, on the functioning of the wholesale electricity market and the operation of the System: Circular on the methodologies regulating the operation of the wholesale electricity generation market and the management of the System, in order to establish energy market regulations for different time horizons (forward, day-ahead, intraday markets, balancing and

alleviation of congestion in the Electricity System) and set the methodologies for technical aspects of system operations to ensure the progressive harmonisation and convergence of the European electricity markets.

- Circular 6/2019, of 5 December, on the methodology for remunerating electrical distribution: Circular on the remuneration methodology for the electricity distribution activity to establish the parameters, criteria and remuneration method for this activity in the next regulatory period. The Circular contains a new remuneration formula that regroups certain items included in Royal Decree 1048/2013, of 27 December, and creates new ones. Certain aspects of loss, quality and fraud incentives are also amended.
- Circular 3/2020, of 15 January, on the methodology to calculate access tariffs for electricity transmission and distribution networks. On 31 January 2024, the National Commission of Markets and Competition (CNMC) has initiated a public consultation process on a proposal that would modify this Circular.
- Circular 1/2021, of 20 January, on the methodology and access conditions, in addition to the connection to the transmission and distribution grids of electricity production facilities, with the goal of regulating the procedures, periods and criteria for evaluating access capacity and grant permits, improve the transparency of the process, and other aspects to control the percentage of completion of the projects to ensure that they are properly culminated.
- Communication 1/2019 of 23 October, which defines a set of financial ratios to assess the level of indebtedness and economic and financial capacity of regulated companies, proposing recommended values for said ratios, and creating an overall index of key ratios that would have an impact on remuneration below certain values. The scope covers the transmission and distribution activities of the electricity and gas sectors. In addition, to analyse holding operations, it could also apply to companies operating in Non-mainland Territories (TNP) in the Electricity Sector, and to companies operating in the hydrocarbons sector.

Remuneration on electricity distribution activity

Royal Decree 1048/2013 of 27 December was published on 30 December 2013, establishing the methodology for calculating remuneration for power distribution, extending from Royal Decree Law 9/2013 of 12 July and Law 24/2013 of 26 December. These aim to provide a stable predictable methodology to guarantee, under

homogeneous criteria nationwide, appropriate return at the lowest possible cost to the system. The chief aspects of this methodology follow:

- Investment in non-amortised assets in service will be remunerated in due consideration of the net value of the assets and a financial remuneration rate based on 10Y treasury bills plus 200 basis points, in addition to the operation and maintenance of the assets.
- There will be remuneration for the costs required to carry out distribution activities, such as meter reading, supply contract process, billing access tariffs and management of non-payments, customer phone service, charges for occupancy of public areas and structural costs.
- There are incentives and penalties in connection with improvements to supply quality, reducing losses on distribution networks, and a new fraud reduction incentive.
- The extra costs of specific regulations introduced by regional or local authorities will not be borne by the electricity tariff.
- Collection of the payment of remuneration for facilities commissioned in year n will start from 1 January of the year $n+2$, and a financial cost will be recognised.
- Mechanisms have been established to control investment. For the whole sector, the maximum volume of authorised investment has been limited to a total of 0.13% of Gross Domestic Product (GDP). Distributors will submit to MITECO their annual and multi-year investment plans for approval, and a favourable report from the regional authorities concerned will also be required. Limits are also established for deviations from the standard, just recognising part of the extra costs, which must be duly justified and audited. Volumes of investment will also be reduced in the event of non-compliance with the plans established, and the possibility is established of early construction of a facility, provided it is already envisaged and its cost is not met by the system.

The format established in the Royal Decree will apply when the first regulatory period commences, and until that time the transitory system established in Royal Decree-Law 9/2013 of 12 July will be applicable.

On 28 November 2015, the Official State Gazette published Royal Decree 1073/2015, of 27 November 2015, which modifies certain provisions in the Royal Decrees on the remuneration of electricity networks (Royal Decree 1047/2013, of 27 December 2013, for transmission, and Royal Decree 1048/2013, of 27 December 2013, for distribution). Among other aspects, Royal Decree 1073/2015, of 27 November, eliminates the yearly update of unitary values based on the CPI, in accordance with Law 2/2015, of 30 March 2015, on de-indexing the economy.

On 12 December 2015, Ministerial Order IET/2660/2015, of 11 December 2015, was published, establishing the types of installations and unitary value to be used in calculating distribution remuneration. This Order set the beginning of the first regulatory period as at 1 January 2016.

Order IET/980/2016 of 10 June, setting the remuneration on distribution activity for 2016, was published in the Official State Gazette (BOE) on 17 June 2016. On 15 September 2017, the announcement of the Deputy Head of Resources, Claims and Relations with the Ministry of Justice was published in the Official State Gazette (BOE), informing of the hearing procedures for the order issued by the Ministry of Energy, Tourism and Digital Agenda, initiating the procedure to file a declaration of adverse effect on the public interest of Ministerial Order IET/980/2016, of 10 June. In parallel, on 21 September 2020 Order TED/865/2020, of 15 September, was published in the Official State Gazette (BOE), implementing various Supreme Court rulings in relation to the remuneration of electricity distribution activities in 2016. In the case of Endesa, a new value is set for the base parameter (coefficient in base one that reflects, for the company, the supplement to one of the volume of facilities commissioned up to 31 December of the base year, which have been financed and transferred by third parties). Following the initiation of the procedure for annulment on the grounds of the decision being detrimental to the public interest, the Supreme Court subsequently handed down a judgment partially upholding the action, whereupon MITECO initiated the processing of a proposal for an Order implementing that judgment. This was ultimately approved as Order TED/490/2022, of 31 May, which also takes into account the effects of Order TED/865/2020, of 15 September.

Meanwhile, Order TED/749/2022 of 27 July was published on 3 August 2022, approving the incentive or penalty for the reduction of losses in the electricity distribution network for 2016, modifying the base remuneration for 2016 for several distribution companies, and approving the remuneration of electricity distribution companies for 2017, 2018 and 2019. This Ministerial Order establishes the value of the remuneration payable for the years 2017 to 2019, which does not cover the remuneration of all the investment and operation and maintenance items. The Company believes that these items have been adequately justified, and has therefore lodged an appeal before the Supreme Court.

In accordance with Royal Decree Law 1/2019 of 11 January, the remuneration methodology from 2020 onward is established by the Spanish Markets and Competition Commission (CNMC).

Under this mandate, the Commission approved Circular 6/2019, of 5 December, on the remuneration methodology

for electricity distribution, which aims to establish the parameters, criteria and methodology for the remuneration of this activity in the following regulatory period. It contains a new remuneration formula that regroups certain items included in Royal Decree 1048/2013, of 27 December, and creates new ones. Certain aspects of loss, quality and fraud incentives are also amended.

Meanwhile, on 16 December 2022, processing began on the proposed Resolution of the Spanish Markets and Competition Commission (CNMC) establishing the remuneration for 2020, although it does not cover all of the investments made by the Company and which had been previously approved by the CNMC itself and the Secretary of State for Energy, as part of the multi-year plans submitted to these two institutions.

In relation to the financial remuneration rate for the second regulatory period, CNMC Circular 2/2019 of 12 November sets a value of 5.580% (6.003% for 2020) for electricity transmission and distribution activities.

Finally, it should be noted that on February 1, 2024, the Resolution of January 18, 2024, of the National Commission for Markets and Competition (CNMC) was published, establishing the methodology for calculating the adjustment to be made to the annual remuneration of electricity transmission and distribution companies for the use of fiber optics in the performance of activities other than the transmission and distribution of electricity. The amounts booked pursuant to this regulation at 31 December 2023 are described in Note 9.1.

Non-mainland Territories Electricity Systems (TNP)

Electricity supply activities in non-mainland territories (TNP) are subject to a specific regulation addressing the particular nature of their geographic locations. This special regulation was developed by Royal Decree 1747/2003 of 19 December 2003 and the Ministerial Orders of 30 March 2006 which implemented this Royal Decree.

The main element of the non-mainland regulatory system was that electricity production was remunerated under the feed-in tariff system, unlike in mainland Spain, in view of the specific features of these systems.

On 30 October 2013, Law 17/2013 of 29 October was published in the Official State Gazette. Its aim is to provide a better guarantee of supply and increase competition in non-mainland territories (TNP) systems, and the main aspects are as follows:

- For reasons of safety or technical and economic efficiency, additional remuneration to the mainland spot market price may be given for new generation facilities in

non-mainland territories (TNP) electricity systems, even if power output required to cover demand is exceeded.

- The additional or bonus regime will not be applied to new facilities in the Electricity Systems of the Non-mainland Territories (TNP), owned by a company or business group that holds more than 40% of generating power in that System. An exception is made in the case of facilities awarded through capacity tenders for the deployment of renewable energy sources that have administrative authorisation or have been registered in the remuneration pre-assignment register. Another exception is made for investment in upgrading and improving efficiency at plants already in operation which do not entail an increase in capacity or where there are no other agents interested in developing facilities.
- To obtain the additional remuneration regime for new installations or renovations of existing installations, a favourable compatibility decision must be secured before the preliminary administrative authorisation is obtained.
- The System Operator will be the owner of pumped-storage hydro plants intended to guarantee security of supply, or the integration of renewable sources. In all other cases an award procedure will be carried out. Notwithstanding the above, any company holding a hydroelectric operating concession granted before 1 March 2013, or which had been granted administrative authorisation but had not been granted authorisation to bring the plant on stream, will retain ownership but will be liable for a guarantee amounting to 10% of the total investment and must comply with an execution timetable.
- Regasification plants will be exclusively owned by the Technical System Operator, and the facilities concerned must be transferred within 6 months at market price. If the facility does not have administrative authorisation, the price will be limited to the total costs actually incurred up to 1 March 2013.
- Remuneration associated with fuel costs will be established by a mechanism taking account of the principles of competition, transparency, objectivity and non-discrimination.
- A compatibility ruling by the Department of Energy Policy and Mines will be necessary for the approval of new groups, to ascertain that the facility is compatible with the technical criteria stipulated by the System Operator and economic cost-reduction criteria.
- There is a possibility of reducing remuneration at facilities in island and non-mainland territories (TNP) electricity systems in the event of a substantial decrease in their availability, the guarantee of supply or the supply

quality indexes attributed to generating facilities. It is also possible that the government will take action in the electricity sector to guarantee supply in situations of risk. On 1 August 2015, the Official State Gazette published the Royal Decree 738/2015, of 31 July, on Non-Mainland Territories (TNP) generation. This Royal Decree established a scheme similar to the current scheme, made up of remuneration for fixed costs, which includes fixed investment and fixed operations and maintenance costs, and for variable costs, including fuel and variable operations and maintenance costs, and takes into account, within the costs of these systems, the taxes arising from Law 15/2012, of 27 December 2012, on fiscal measures for energy sustainability. Certain aspects of the methodology are changed in order to improve the efficiency of the system. The Royal Decree also implements matters already contained in Law 17/2013 of 29 October, to guarantee supply and increase competition in these systems. It envisages, among other aspects, a competitive procedure for obtaining the favourable compatibility decision introduced by the aforementioned Law 17/2013, of 29 October.

The Royal Decree took effect from 1 September 2015 and included a transitory period from 1 January 2012 for certain measures. In accordance with Additional Provision 11, its full and definitive effectiveness is subordinated to the non-existence of objections by the European Commission with respect to its compatibility with the EU regulations concerned. In this regard, on 28 May 2020, the European Commission approved the scheme laid down in the Royal Decree, concluding that it complies with the criteria of the Services of General Economic Interest and that it is compatible with the internal market. The scheme was initially approved until 31 December 2025 in the case of the Balearic Islands, and until 31 December 2029 in the case of the Canary Islands, Ceuta and Melilla. The Kingdom of Spain may request that it be maintained prior to those dates.

In accordance with Electricity Sector Law 24/2013, of 26 December, the financial remuneration rate of the net investment recognised will be tied to the return on the 10-year treasury bills on the secondary market plus the appropriate spread. For the first regulatory period, which runs until 31 December 2019, this rate will correspond to the average return of the price on the secondary market of the 10-year treasury bills for April, May and June 2013, plus 200 basis points. At 1 January 2020, and in accordance with Royal Decree Law 17/2019, of 22 November, on urgent measures for the necessary adaptation of remuneration parameters affecting the

Electricity System and to respond to the cessation of activity of thermal generation power plants, the remuneration rate has been set in the 2020-2025 period at a value of 5.580%, with the value corresponding to 2020 being 6.003%.

On 28 December 2019, Order TEC/1260/2019, of 26 December, was published in the Official State Gazette, reviewing the technical and economic remuneration parameters of the Non-mainland Territories (TNP) generation groups for the next regulatory period 2020-2025. This order sets out the new values that will apply in the second regulatory period 2020-2025 for the different technical and economic parameters that determine the remuneration of the generation groups of the Non-Peninsular Territories (TNP), applying the methodology already contained in Royal Decree 738/2015, of 31 July.

In relation to fuel prices, Order TED/776/2020 of 4 August was published in the Official State Gazette (BOE) on 7 August 2020, revising the product and logistics prices to be used in determining the price of fuel, with effect from 1 January 2020. It should be noted that on 16 November 2021, the Supreme Court issued Ruling no. 1337/2021 in relation to the appeal lodged by Endesa against this Order, thereby ordering the central government (MITECO) to issue, within six months, a new ministerial order regulating fuel auctions.

As a result, Order TED/1315/2022 was published on 30 December 2022, implementing Supreme Court Ruling 1337/2021 of 16 November 2021, on the need to regulate auctions for the supply of fuel in the Non-mainland Territories (TNP), as well as other technical aspects. The Order establishes the procedure on how to run the auctions, which will be held every two years and will be for the product placed in power plants (or the raw material in the case of Balearic gas). They will be descending price auctions based on starting prices obtained by increasing the reference prices by 10% (3% for natural gas), which will be those prices prevailing until the auctions are held and in the event that the auctions are abandoned or cancelled. Applicable from 27 January 2022, the reference price for natural gas will be the price on the Iberian Gas Market (MIBGAS), while for other fuels it will be defined on the basis of a series of international indices, to which a premium may be added. The Order also recognises logistics costs for bringing the product to the plant, which may be reviewed every three years. In addition, the Order incorporates the use of natural gas in the Canary Islands and Melilla as well as liquefied petroleum gases (LPG) in the Canary Islands, together with other less polluting fuels.

Following the publication of Order TED/1315/2022, on 3

February 2023 the Directorate General for Energy Policy and Mines issued its Resolution of 24 January 2023, setting the product prices and special taxes applicable to hard coal, fuel oil, diesel oil and gas oil for the second half of 2021 to be applied in the settlement for that period for generating groups located in non-mainland territories. The Order states that the fuel prices should be applied by reference to the values provided for in Transitional Provision Three of Royal Decree 738/2015, of 31 July, as the Directorate General for Energy Policy and Mines believes that Supreme Court Judgment 1337/2021 of 16 November 2021 has been declared unlawful and should not apply for the purpose of setting fuel prices.

Meanwhile, 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. On 6 November 2023, a public hearing was held on a new version of this proposal for a resolution, which updates the power needs to reflect the latest information received from the System Operator and addresses a number of additional aspects, such as new criteria and scales for assessing the applications ultimately submitted.

In addition, Royal Decree 446/2023, of 13 June, adjusting the methodology for calculating the voluntary prices for small electricity consumers (SCVP), modified certain regulatory aspects relating to generation activity in Non-mainland Territories (TNP), notably:

- It eliminates the adjustment factor for fuel bills effective as of 1 January 2023.
- It introduces a correlation factor in the calculation of carbon dioxide (CO₂) emission allowances effective as of 1 July 2023 to consider actual emissions of facilities.
- It recognises a financial cost for the lag between the completion of settlement of Electricity Sector regulated activities for the year in which the measures are approved and the date of approval of the final settlement for that year, based on the one-year Euribor rate plus 50 basis points due to the economic impacts arising from the extraordinary measures taken to guarantee security of supply.

Lastly, the resolutions approving the final amounts of the costs of the production activity of Non-mainland

Territories (TNP) for 2018 and 2019 were published in July 2023, and in September, the processing of the proposal for a resolution in respect of 2020 got under way.

Production from renewable energy sources, cogeneration, and waste

Royal Decree 413/2014 of 6 June approved a new remuneration framework for facilities producing electricity from renewable energy sources, combined heat and power, and waste, following Royal Decree Law 9/2013, of 12 July, adopting urgent measures to ensure the financial stability of the electricity system, and Electricity Industry Law 24/2013, of 26 December.

The new methodology replaces the previous regulated tariff structure with a new framework which applies the concept of reasonable return, guaranteeing a profit before tax based on the average yield of 10-year treasury bills plus 300 basis points. Under this new framework, in addition to remuneration for the sale of electricity valued at market price, facilities will be eligible to receive specific remuneration consisting of a term per unit of installed capacity which covers, where appropriate, the investment costs for a standard facility that cannot be recovered through electricity sales on the market, which is known as return on investment, and an operating term which covers, where applicable, the difference between the operating expenses and the income from the investment on the production market for this standard facility, which is known as return on operations.

The new remuneration system will be applied equally to facilities already in operation and new installations. For new facilities, adherence to the specific remuneration regime will be established through a series of competitive procedures.

In non-mainland territories (TNP) systems, an incentive is established for investment when generation costs are reduced.

The regulation also establishes the terms under which remuneration parameters should be reviewed. These may only be modified, as applicable, every six years, every three years or every year. The standard value of the initial investment and the regulatory useful life of the asset will remain unchanged once they have been recognised for each standard facility.

Ministerial Order IET/1045/2014, of 16 June, approving the remuneration parameters for standard facilities applicable to certain facilities producing electricity from renewable energy sources, combined heat and power, and waste, and establishing specific values for the standard costs for

each of the standard facilities defined, was published in the Official State Gazette on 20 June 2014.

Ministerial Order IET/1459/2014, of 1 August, approving the remuneration parameters and establishing a mechanism for allocating remuneration for new wind and photovoltaic facilities in electrical systems of non-mainland territories (TNP) electricity systems, was published in the Spanish Official State Gazette on 5 August 2014.

On 28 February 2020, Order TED/171/2020, 24 February, was published in the Official State Gazette, which updates the remuneration parameters of model installations applicable to certain electricity production facilities from renewable energy sources, cogeneration and waste, to apply them to the regulatory period beginning on 1 January 2020. This Order updates the values that will apply in the second regulatory period 2020-2025 for the different parameters that determine the remuneration of these facilities, in accordance with the methodology established in their general regulations, and without prejudice to the periodic updating mechanisms contemplated therein. The values of the different parameters have been applicable since 1 January 2020, in accordance with the provisions of Royal Decree Law 17/2019, of 22 November. The Order also approves the expected market price for each year of the semi-period 2020-2022.

Meanwhile, Royal Decree Law 17/2019 22 November 2019 sets the reasonable rate of return for renewable energy, cogeneration and waste facilities at 7.090% as of 1 January 2020. Those facilities existing prior to Royal Decree Law 9/2013 of July 12 may maintain the current rate (7.398%) until 2031 if they have not filed arbitration proceedings, or waived them.

On 24 June 2020, Royal Decree Law 23/2020, of 23 June, was published, approving measures in energy mining and other areas for economic revival. Among other aspects, this Royal Decree Law introduces a new auction model for future renewable energy developments, based on the long-term recognition of a fixed price for energy, being able to distinguish between different technologies.

On 5 August 2020, Order TED/765/2020 and Order TED/766/2020 were published in the Official State Gazette, both of 3 August, laying down the regulatory bases for investment aid auctions in renewable thermal energy production facilities and renewable electricity generation facilities, respectively, all of which can be co-financed with European Union funds. The aid shall be granted by means of non-refundable grants through tender processes in the whole of Spain, specifying the geographical scope of application in each call. The

proceedings must be completed by 30 June 2023, unless a more restrictive period is expressly established in the announcements. The Institute for Energy Diversification and Savings (IDAE) has already launched several calls for investment aid in facilities through tender processes for different regions in Spain.

Subsequently, on 4 November 2020, Royal Decree 960/2020, of 3 November 2020, was published in the Official State Gazette, regulating the development of the new remuneration scheme for future renewable energy developments, known as the Economic Renewable Energy Regime (REER). This economic regime shall be granted by auctions regulated by Ministerial Order, which shall fix a maximum quota of energy and/or power to be auctioned, which may distinguish between different technologies according to their technical characteristics, size, manageability, location or technological maturity; the product to be auctioned will be the installed capacity, electricity or a combination of both, and the price per unit of electricity will be offered in Euro/MWh.

As regards energy remuneration, the price to be received for each unit sold on the daily or intraday market will be the offered price (for adjustment and balance sheet services, it will be the price of the respective markets). Alternatively, incentives for market participation or exposure may be established, by means of a percentage of market adjustment to be applied to the daily market price, whose correction percentage on the price set in the auction shall be defined in each call.

All facilities of this regime will participate in the market and the Iberian Energy Market Operator - Polo Español ("OMIE") will settle the differences between the daily or intraday market prices and the award price of the facilities.

Similarly, an auction schedule shall be set by Ministerial Order for a minimum period of five years, updated at least annually, which may include deadlines, frequency, capacity and technologies. This timeline was published on 5 December 2020, through Order TED/1161/2020, of 4 December, regulating the first auction mechanism for the granting of the economic renewable energy regime and establishing the indicative timetable for the 2020-2025 period. This timetable will be updated annually and will be geared towards achieving the renewable production targets set out in the National Energy and Climate Plan 2021-2030 (NECP) (currently under review). Auctions shall be convened by means of a Resolution by the Secretary of State for Energy. Four auctions have been held since then, resulting in awards of 3,034 MW, 3,124 MW, 177 MW and 45.5 MW.

Lastly, on 8 July 2023, Order TED/741/2023 of 30 June was published in the Official State Gazette (BOE), updating the remuneration parameters for the 2023–2025 half-period to incorporate, among other aspects, amendments to the electricity market price benchmarks and fuels to be used for certain facilities operating under the specific remuneration regime for renewable energies, cogeneration and waste, with a view to making the relevant prices and values more closely aligned with current market conditions. The envisaged market prices also incorporate references to forward prices, in accordance with a mandate introduced by Royal Decree Law 5/2023 of 28 June.

In recent years, in the wake of COVID-19 and with the war still raging in Ukraine, various steps have been taken to ramp up production from renewable sources, cogeneration and waste. These include the following:

- In a bid to prevent speculative activity within the renewable energy sector and also to prevent administrative bodies from becoming overwhelmed, it is established that at those nodes reserved for capacity tenders, certain procedures that the promoters may have initiated before the competent body will be suspended for a period of 18 months (running from the publication of Royal Decree Law 20/2022, of 27 December).
- Further progress has been made in streamlining and fast-tracking the processing of renewable installations. The deadline for renewable projects with access permits granted on or after 1 January 2018 has been extended by 12 months to comply with the milestone of obtaining the administrative construction authorisation, among other improvements. Moreover, the current deadline for obtaining the definitive authorisation for bringing these facilities into operation has been extended from five to eight years.
- In relation to access tenders, there are plans to free up 10% of the capacity set aside for tenders at nodes where tenders for renewable self-consumption installations have been held, or will be held.
- Specific fast-track procedures have been set put in place to expedite handling procedures for new renewable plants, for wind-powered facilities of up to 75 MW and photovoltaic facilities of up to 150 MW, with connection lines of less than 15 kW.

The amounts recognised under this regulation at 31 December 2023 are described in Notes 9.1 and 39.

Self-consumption

On 10 October 2015, Royal Decree 900/2015, of 9 October, which regulates the administrative, technical and economic requirements for supplying and generating electricity for self-consumption, was published in

the Spanish Official State Gazette, thus establishing a regulatory framework that guarantees the economic sustainability of the system and the adequate distribution of system costs.

It also stipulates the tariffs and charges payable for self-consumption, in accordance with Law 24/2013, of 26 December 2013, on the Electricity Sector, which already established that self-consumption must contribute to financing the costs and services of the system in the same amount as other consumers. There are two exceptions to this rule where consumers are exempt from paying costs:

- Consumers on islands; and
- Small consumers with a contracted capacity of no more than 10 kW.

Meanwhile, a record of the self-consumption facilities has been created in order for the System Operator and electricity distributors to be aware of the generation facilities in their networks and to therefore ensure the correct operation of the Electricity System under safe conditions.

On 6 October 2018, Royal Decree Law 15/2018, of 5 October, was published, amending certain aspects of the regulation of self-consumption. In particular, self-consumption modalities were simplified and shared self-consumption is enabled. Likewise, the application of charges and tariffs in the case of self-consumption energy of renewable origin, cogeneration or waste is eliminated. The Royal Decree Law also features measures to simplify administrative and technical processes, especially for small facilities.

Royal Decree 244/2019, of 5 April, was published in the Official State Gazette on 6 April 2019, regulating the administrative, technical and economic conditions of the self-consumption of electricity, in compliance with Royal Decree Law 15/2018, of 5 October, on urgent measures for energy transition and consumer protection.

Royal Decree 244/2019, of 5 April, addresses the following points, among others:

- In addition to the individual self-consumption connected to an internal grid, it includes the concept of collective self-consumption, whereby a group of consumers can be associated with the same generation facility (for example, homeowners' associations or companies/industries located in the same area).
- It also defines the concept of "production facilities close to and connected with consumption facilities", thereby enabling self-consumption using generation facilities located in the same building (the current situation) and other nearby facilities.

- It introduces a simplified mechanism to compensate surpluses (energy generated by self-consumption facilities which is not immediately used by the customer) for installations with capacity of less than 100 kW and provided that electricity is produced using renewable sources. In this case, to obtain compensation it will not be necessary to set up as an energy producer, as the supply company will compensate the user for any surplus energy through its monthly invoice. This compensation could be as much as 100% of the power consumed during the month.
- For collective and communal self-consumption, the energy will be shared among associated consumers in proportion to their contracted power. The Royal Decree permits the development of dynamic sharing ratios so that the consumer can take advantage of the surplus produced by another associated consumer if it is not consuming its allocated share.
- Administrative procedures for all consumers will be simplified, particularly for small self-consumers (installation of up to 15 kW or 100 kW, for self-consumption without surpluses). Measurement configurations have been simplified such that in most cases a single meter at the distribution network border will be sufficient.
- Lastly, a monitoring system has been established for these facilities to supervise their impact on System operations and to allow them to be integrated gradually and safely.

On 21 December 2021, the Council of Ministers approved a Self-consumption Roadmap, which aims to identify the challenges and opportunities presented by self-consumption and establish measures to ensure its mass deployment in Spain in the coming years.

Likewise, on 22 December 2021, Royal Decree Law 29/2021 of 21 December was published in the Official State Gazette, adopting urgent measures in the field of energy to promote electric mobility, self-consumption and the deployment of renewable energies, which, among other aspects, introduces modifications to the current regulation to speed up its processing, as well as to link these networks not only to consumers connected to the internal grid but also to other consumers near that grid and connected through the distribution and transmission networks.

Lastly, it should be noted that steps have been taken to promote self-consumption in response to the ongoing war in Ukraine, such as extending the distance for photovoltaic self-consumption in installations close to the grid to 2,000 metres, while also making certain changes to the location of such installations, which, in addition to being on rooftops, may also be placed on

industrial land or on structures whose main purpose is not the generation of electricity.

Capacity mechanisms

On 23 November 2017, Order ETU/1133/2017, of 21 November, was published, amending Order IET/2013/2013, of 31 October, regulating the competitive mechanism for assigning the management service for interruptibility demand.

Among other aspects, the Order amended the remuneration of the availability service, extending the service to the first half of 2018 and eliminating hydroelectric facilities from the collection of this availability service during said period.

Order TEC/1366/2018, of 20 December, establishing electricity access tariffs for 2019, repealed the incentive for availability under Order ITC/3127/2011, of 17 November, until the capacity mechanisms are reviewed for adaptation to European regulations and the energy transition process.

In 2021, MITECO initiated the processing of a proposal for an Order creating a capacity market in the mainland electricity system. This proposal is based on an auction system ("pay as bid"), which would be used to contract the final capacity (MW) requirements detected in the demand coverage analyses conducted by the System Operator, Red Eléctrica de España, S.A.U. (REE).

The auction system is open to existing and new generating, storage and demand management facilities, setting down certain requirements for the maximum emissions of CO₂ emission rights for the participating facilities.

The draft Order regulates aspects relating to the different types of auctions planned, the rights and obligations of capacity service providers, including their remuneration regime or penalty system in the event of non-compliance by the providers.

Vulnerable consumers. "Bono Social" discount rate

Law 24/2013, of 26 December, introduces certain measures to reduce the cost of electricity supply for customers who qualify as vulnerable by meeting the relevant requirements. The mechanism for financing the cost of these measures has undergone several changes since its implementation because it was deemed non-compliant with applicable legal requirements.

On 24 December 2016, Royal Decree-Law 7/2016 of 23 December, was published to regulate the financing of the costs of the Social Bonus and other measures to

protect vulnerable electricity consumers. According to this Royal Decree Law the social bonus will be financed by the parents of company groups that carry out energy supply activities, or by the companies themselves if they do not form part of a corporate group, in the percentage corresponding to their customer share. This percentage will be calculated annually by the Spanish Markets and Competition Commission (CNMC).

On 7 October 2017, Royal Decree 897/2017, of 6 October, was published, regulating the concept of the vulnerable consumer, the Social Bonus and other protection measures for domestic electricity consumers, as well as Order ETU/943/2017, of 6 October, implementing Royal Decree 897/2017, of 6 October.

Among other aspects, three categories of vulnerable customers have been identified based on the average income level, through the Spanish Public Income Index (IPREM), establishing different discount percentages according to each category. The three categories are:

- Vulnerable customers (25% discount).
- Severely vulnerable customers (40% discount).
- Severely vulnerable customers at risk of social exclusion (100% discount), classified as severely vulnerable customers for which the social services can be proved to be paying at least 50% of their bill.

This Royal Decree also regulates other aspects relating to supply and, among others, raises from two to four months the term for cutting off of supply to vulnerable customers (severely vulnerable customers at risk of social exclusion cannot be cut off as power is considered to be a basic supply).

Royal Decree Law 15/2018, of 5 October, on urgent measures for energy transition and consumer protection, has extended the group of beneficiaries of the Social Bonus, including single-parent families, as well as those with dependent members in grade 2 or 3, who fall short of certain income thresholds. Further, the cases in which supply may not be cut off due to payments in arrears for vulnerable consumers have been extended to include families approved by the social services with children under the age of 16, or dependants or disabled family members, where these amounts will be covered by the groups obliged to fund the social bonus. The maximum consumption levels with a right to a discount has also been increased. Lastly, a thermal social bonus has been created for heating, to be funded by the General State Budget. This Royal Decree Law envisages approval within 6 months of a National Strategy to Combat Energy Poverty. MITECO began a public consultation on this issue on 19 December 2018, which was ultimately approved on 5 April 2019.

As a result of the various judgments handed down on the mechanism for financing the Social Bonus, Royal Decree Law 6/2022, of 29 March, adopting urgent measures under the National Response Plan to address the economic and social impacts of the war in Ukraine, stipulates, among other measures, a new mechanism to finance the Social Bonus. In accordance with this new mechanism, the Social Bonus will be covered by all electricity sector players (generation, transmission, distribution and supply, as well as direct consumers), in line with the tax-free aggregated billings of each activity, based on which a unitary contribution value will be set for each activity. If the degree of coverage of contributions is 20% lower than the real financing needs, the Spanish Markets and Competition Commission (CNMC) may propose new contribution values. Royal Decree Law 6/2022, of 29 March, temporarily fixes these unitary contribution values until the CNMC proposes the definitive unitary values for 2022, which have since been approved through order TED/733/2022, of 22 July. Lastly, it establishes that the amounts that have been borne by the reference suppliers, and recognised in the ruling, to finance the Social Bonus, will be assumed by the new parties obligated to meet such costs (see Note 51). The Royal Decree Law also establishes that the financing of the Social Bonus will be incorporated as a cost in the remuneration of activities with regulated remuneration. On 31 January 2023, Order TED/81/2023, dated 27 January 2023, was published, updating for 2023 the different unit values to be paid by the parties obliged to finance the Social Bonus, which have been updated downwards through Royal Decree Law 8/2023, dated 27 December, adopting measures to face the economic and social consequences derived from the conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought.

Meanwhile, due to the repercussions of the COVID-19 pandemic and the ongoing war in Ukraine, steps have been taken in recent years to protect the most vulnerable consumers, including the following (some of which have recently been extended):

- The discounts for beneficiaries of the Social Bond have been increased, until 30 June 2024, from 25% to 65% for vulnerable consumers, and from 40% 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.

- Moreover, the ban on cutting the supply of electricity, water and gas to vulnerable customers, severely vulnerable consumers, or those at risk of social exclusion has been extended until 30 June 2024.
- A minimum vital supply is established for vulnerable consumers who remain in default four months after the first payment request, establishing limited power by law that guarantees minimum comfort, which cannot be exceeded during the period of six months in which the supply cannot be cut off.
- Other aspects of the criteria to gain entitlement to the Social Bonus were also modified. Specifically, the automatic renewal of the Social Bonus is set for every two years. In addition, new criteria have been put in place to determine the category of vulnerable consumer. It is now based on the concept of cohabitation unit, formed by those people that live in the same household as a married couple, cohabiting partnership, second degree of consanguinity, affinity, adoption or similar relationship. A value of 1.5 times the Public Index of Multiple Purpose Income (IPREM), divided into 14 payments, is set as the base threshold, which will increase by 0.3 for each additional member of legal age and by 0.5 for each minor forming the cohabitation unit. Those receiving the minimum vital income will also form part of the group that benefits from the Social Bonus. The foregoing thresholds will be increased by 1 in certain cases (significant dependence, gender violence, terrorism, etc.), and they will be reduced by 50% for severely vulnerable consumers.

Meanwhile, in relation to the mandate set forth in Royal Decree Law 15/2018 of 5 October, on 5 April 2019 the Council of Ministers approved the 2019–2024 National Strategy against Energy Poverty. The draft defines the concepts of energy poverty and vulnerable consumers, providing a diagnosis of the current status of energy poverty, including the impact on health, personal and social development and equality, and establishes lines of action and reduction targets.

The National Strategy to combat Energy Poverty is the result of the need to maintain and improve benefit systems (electric and thermal Social Bonus) as transition tools that will give increased importance to structural measures to find long-term solutions for the root cause. To properly analyse and monitor the different types of energy poverty, the indicators established by the European Energy Poverty Observatory are used as the official primary indicators (high share of energy

expenditure in income, hidden energy poverty, inability to keep home adequately warm and arrears on utility bills). In order to improve the lowest value in the series of these indicators in 2008–2017, and raise the European Union average, the Strategy establishes a minimum reduction objective of 25% in 2025 (vs 2017), with a target of 50%. The National Strategy to combat Energy Poverty will have a duration of five years (2019–2024), and a series of operating plans are expected to be developed for its implementation. It will be managed and monitored by the Institute for Energy Diversification and Savings (IDAE). The amounts booked pursuant to this regulation at 31 December 2023 are described in Note 10.3.

Deficit in regulated activities

Royal Decree–Law 6/2009, of 30 April, and Royal Decree–Law 6/2010, of 9 April, stipulated that as of 2013 any grid access tariffs established should be sufficient to cover all electricity System Costs, with no ex-ante deficit. For the 2009–2012 period, Royal Decree Law 6/2009 of 30 April 2009 capped the deficit for each year and the access charges established for those years must be sufficient to prevent those limits being exceeded. These limits were changed under Royal Decree–Law 14/2010 of 23 December, and Royal Decree–Law 29/2012 of 28 December.

The aforementioned Royal Decree–Laws in turn regulated the securitisation of the collection rights accumulated by the electricity companies on financing that deficit, including compensation for as yet unrecovered stranded costs in non-mainland generation for the 2001–2008 period.

Moreover, this legislation requires that, in the event of any mismatch in the timing of settlements of regulated activities, a certain percentage should be financed by the companies specified in the above-mentioned legislation (44.16% corresponds to Endesa), and that these companies are entitled to recover the amounts paid in settlements of regulated activities for the year in which they are recognised.

Royal Decree 437/2010, of 9 April, regulated the securitisation of the electricity system deficit generated until 31 December 2012, and Royal Decree 1054/2014, of 12 December, regulated the deficit generated in 2013. With the transfers made under these Royal Decrees, the last of which was agreed on 15 December 2014, all of the rights recognised for the tariff deficit up to 2013 have been transferred.

From 2014 onwards, Electricity Sector Law 24/2013, of 26 December, established that any timing mismatches that

may arise will be financed by all parties in the settlement system, in proportion to the remuneration allocated thereto, limited to a maximum annual amount of 2% of the estimated System revenue (or 5% in cumulative terms). If these limits are exceeded, access fees or charges will be reviewed in an equivalent amount. Within these limits, the mismatches will entitle the financing parties to recover those funds in the five years following, at an equivalent market interest rate.

Royal Decree Law 20/2022, of 27 December, on measures in response to the economic and social repercussions of the war in Ukraine and to support the reconstruction of the island of La Palma and other situations of vulnerability, establishes that 90% of the estimated imbalance in 2022 will be allocated to 2023. Following this transfer, the final settlement for 2022, as approved by the National Markets and Competition Commission (CNMC) on 28 November 2023, revealed a surplus of Euro 1,690 million, after applying Euro 772 million of the surplus carried forward from 2021. The amounts booked pursuant to this regulation at 31 December 2023 are described in Note 41.1.1.

Strategic Energy and Climate Framework

The European Union has embraced a clear commitment to fight against global warming, setting a target to reduce greenhouse gas (GHG) emissions by at least 80% from 1990 to 2050, and defining ambitious goals and objectives for all member states. It also signed the Paris Agreement, the aim of which is to prevent the planet from heating up by more than 2°C compared to pre-industrial levels, in addition to other efforts to ensure that the global rise in temperature does not exceed 1.5°C (see Note 5.1). The transposition of these objectives into Spanish legislation is essentially composed of the following documents:

- Law 7/2021 of 20 May on Climate Change and Energy Transition, published in the Official State Gazette (BOE) on 21 May 2021: This represents the regulatory and institutional framework to introduce the Union European's commitment to decarbonise the economy through to 2050, and the global commitment of the Paris Agreement. This law includes, inter alia, the following measures:
 - Targets are set for two temporary pathways: by 2030, a greenhouse gas (GHG) emission reduction target of at least 23% compared to 1990, a generation target of at least 74% of renewable electricity, and a target to improve Energy Efficiency by at least 39.5% compared with the trend scenario; and by 2050, to achieve climate neutrality and a 100% renewable Electricity System.

- Measures to promote renewable energy through a remuneration framework based on the long-term recognition of a fixed energy price.
- The new hydraulic concessions will be aimed at supporting the integration of unmanageable renewables.
- Introduction of new players in the Electricity Sector such as storage facility holders or independent aggregators.
- Limits are set on the exploitation of hydrocarbons by restricting fossil fuel subsidies and reviewing their taxation.
- Promotion of Energy Efficiency measures and use of renewables in building construction.
- Promotion of electric mobility in order to have a vehicle stock with no direct emissions of carbon dioxide (CO₂) by 2050, with new passenger cars and light commercial vehicles having no direct emissions from 2040. It also pursues the establishment by no later than 2023 of low-emission areas in municipalities of more than 50,000 inhabitants and island territories and the obligation to develop charging infrastructure at petrol stations.
- Mobilising resources to combat climate change: at least Euro 450 million of revenue from carbon dioxide (CO₂) auctions will be spent annually to cover Electricity System costs.
- National Energy and Climate Plan (NECP) 2021–2030 (currently under review), approved by the Council of Ministers on 16 March 2021, following its authorisation by the European Commission: it is the framework for the national strategic plan to integrate the energy and climate policy, reflecting Spain's contribution to achieving the targets set by the European Union. The 2021–2030 NECP also establishes the milestones and steps in the transition towards modernising the whole economy and includes: a 23% reduction in greenhouse gas (GHG) emissions vs 1990, a roll-out of renewable energies to account for 42% of total energy produced in the country (74% for electricity generation) and a 39.5% improvement in Energy Efficiency. It also establishes the effort required from all sectors (energy, industrial, transport, agriculture, residential, waste, and natural supplies) through to 2030. Alongside this, the Government has adopted the National Long-Term Strategy, known as “España 2050”, which identifies nine major national challenges, notably the creation of a carbon-neutral, sustainable and climate change-resilient society. On 28 June 2023, the Council of Ministers, following a prior public consultation process, agreed to submit to the European Commission a new draft update of the 2021–2030 National Energy and Climate Plan (NECP), which proposes raising the bar in

relation to the climate and energy targets to be achieved by 2030. More precisely, it is now proposed to raise the emissions reduction target from 23% to 32%, the final renewable energy consumption target from 42% to 48%, the target for renewables in electricity generation from 74% to 81%, and the final energy consumption reduction target from 41.7% to 44%. The new plan also envisions a total of 62 GW in wind power, 76 GW in photovoltaic, 4.8 GW in solar thermal, 1.4 GW in biomass, and 22 GW of storage installed by 2030. This updating process will allow Spain to meet the new EU objectives and will address prevailing circumstances and needs, especially the impact of the measures and objectives included in the Recovery, Transition and Resilience Plan (RTRP), which plans to use more than 40% of the funds to push forward with ecological transition. The final document of the plan is due to be submitted to the European Commission in June 2024.

- Fair transition strategy: the aim is to optimise job opportunities in areas that will be affected by the transition to a low-carbon economy.

Lastly, the 2021–2030 National Climate Change Adaptation Plan (PNACC), which is the basic planning framework for promoting coordinated action in the face of the effects of climate change, was approved by the Council of Ministers on 22 September 2020.

Recovery, Transformation and Resilience Plan of the Economy

On 7 October 2020, the Government presented the Plan for the Recovery, Transformation and Resilience of the Economy to respond to the challenges of the next decade, focusing on four transformations needed to modernise and boost Spain's economy: ecological transition, digital transformation, gender equality, and social and territorial cohesion.

The Recovery Plan will entail a significant volume of public and private investment in the coming years and is financed with funds from the European Union Recovery Plan (Next Generation EU).

The Plan includes 10 key policies that are considered tractors since they have a direct impact on the productive sectors with the greatest capacity to transform the economic and social fabric. These are:

Policies

1. Urban and rural agenda, combating the depopulation and development of agriculture.
2. Resilient infrastructures and ecosystems.
3. Fair and inclusive energy transition.
4. An administration for the 21st Century.
5. Modernisation and digitisation of the industrial fabric and of SMEs, recovery of tourism and boost for an entrepreneurial Spanish nation.
6. Pact for science and innovation. Strengthening the capabilities of the National Health System.
7. Education and knowledge, continuous training and capacity building.
8. New economy of employment care and policies.
9. Boosting the culture and sport industry.
10. Modernisation of the tax system for inclusive and sustainable growth.

Investment in ecological transition will account for more than 37% of the total Plan and digitisation for 33%.

In the energy area, previous policies include actions such as: massive deployment of renewable generation, smart grids and electrical infrastructures; the development of a renewable hydrogen roadmap and its sectoral integration; the development of a Fair Transition Strategy to ensure the use of areas affected by the energy transition; and the promotion of sustainable mobility and building

rehabilitation as well as the promotion of Energy Efficiency measures.

As a result, several ministries launched calls inviting interested parties to present specific projects dealing with certain areas of action under the Plan.

Meanwhile, various Strategic Projects for Economic Recovery and Transformation (PERTE) have been approved; a global vehicle that envisages action across different sectors.

Projects	Sectors
Strategic Project for Economic Recovery and Transformation (PERTE)	For electric and connected vehicle development.
	For renewable energies, renewable hydrogen and storage.
	Circular economy.
	Industrial decarbonisation.
	For cutting-edge healthcare.
	Agri-food.
	New economics of language.
	For the naval industry.
	Aerospace.
	Digitalisation of the water cycle.
	Microelectronics and semiconductors.
	Social and care economy.

On 6 June 2023, the Council of Ministers approved the final document of the addendum extending the Recovery, Transformation and Resilience Plan (RTRP), which was approved by the European Commission on 2 October 2023. The addendum introduces a new package of reforms, reinforces the Strategic Projects for Economic Recovery and Transformation (PERTE), and includes several newly created funds to channel loans. Specifically, it includes Euro 84 billion in loans, a further Euro 7.7 billion in grants and Euro 2.6 billion under the REPowerEU programme, taking total aid under the Recovery, Transformation and Resilience Plan to Euro 160 billion. The addendum included the creation of the Autonomous Community Resilience Fund, endowed with Euro 20 billion to finance major regional projects, added a series of tax relief and credits, and strengthened certain areas of governance.

Regulations on access and connection permits to electrical power transport and distribution networks

In accordance with the new responsibilities assigned to the Spanish Markets and Competition Commission (CNMC) arising from Royal Decree Law 1/2019 of 11 January, the specific rules on access and connection permits must be developed both by the Government, under Royal Decree, and by the Spanish Markets and Competition Commission (CNMC), through a circular, depending on the respective competences.

On 30 December 2020, Royal Decree 1183/2020, of 29 December, on access and connection to electricity transport and distribution networks was published in the Official State Gazette. This Royal Decree regulates the criteria and procedure for granting access and connection permits for both producers and consumers.

The general criterion will be the temporary priority. However, in order to give impetus to the penetration of renewable energies, exceptions are made to this general criterion in cases of hybridisation of existing generation facilities and access capacity tenders in new hubs of the transport network or in those hubs in which power capacity is deregulated or arises.

It establishes the possibility that, by Ministerial Order, capacity tenders may be announced that are only applicable in new hubs that are introduced through a new planning process, or those in which a certain volume of access capacity is deregulated. Participants must be renewable generation facilities, which may also include storage.

It also regulates aspects relating to the storage and hybridisation of facilities, as well as the guarantee regime. Lastly, exemptions are introduced for access and connection permissions to self-consumption facilities, and the figure of the single hub partner is eliminated, which has so far been responsible for processing access and connection permissions when multiple player connection requests existed for the same hub, so that from now on each promoter will be directly related to the network manager.

Meanwhile, Circular 1/2021, of 20 January, of the Spanish Markets and Competition Commission (CNMC), was published in the Official State Gazette on 22 January 2021, establishing the methodology and conditions of access and connection to the transmission and distribution networks of electricity production facilities. This Circular regulates the procedures, deadlines and criteria for the assessment of access capacity and the granting of permits.

On 3 November 2021, Order TED/1182/2021, of 2 November 2021, was published in the Official State Gazette, subsequently corrected by Order TED/1198/2021,

of 3 November 2021, regulating the procedure and requirements applicable to public tender for granting the renewable generation facilities at the Justa Mudéjar 400 kV transition hub evacuation access capacity to the electricity transmission network and calls for tenders. This Order establishes the specific regulatory bases for granting access capacity to the Justa Mudéjar transition hub affected by the closure of the Teruel thermal power plant to foster new renewable power and optimise its potential by generating socio-economic benefits for this area.

On 10 June 2022, the Ministry of Ecological Transition and the Demographic Challenge (MITECO) initiated the processing of a proposal for an Order to call a tender for access capacity at certain nodes of the transmission grid, in accordance with the provisions of Royal Decree 1183/2020, of 29 December, for a total capacity of 5,844 MW.

Meanwhile, the Resolution of the Secretary of State for Energy dated 3 August 2022 was published on 9 August 2022, resolving to hold another tender for access capacity at certain nodes of the transmission grid. Various resolutions were also published in 2023 for the holding of access capacity tenders for certain nodes of the transmission grid.

Lastly, the Spanish government has acted in response to the economic effects of the COVID-19 crisis and the ongoing war in Ukraine by introducing certain measures to manage access and connection permits, among other aspects.

Small Consumer Voluntary Prices (SCVP) for electricity and its legal contracting regime

This Royal Decree 216/2014, of 28 March, published on 29 March, sets out the methodology for calculating the Small Consumer Voluntary Price (SCVP) from 1 April 2014. Key aspects of this Royal Decree are as follows:

- The cost of energy to be used in calculating the SCVP will be the energy price per hour in the daily and intraday market in the invoice period, plus adjustment services, capacity payments and System Operator and Market Operator financing payments.
- For consumers with remote meters integrated in the system, the hourly price will be applied to the actual hourly consumption; otherwise, the profile published by the System Operator will be used.
- As an alternative, the suppliers of reference will be required to make an offer to customers entitled to the SCVP in the form of a fixed price for a one-year period, comprising the revisable access tolls and a fixed value for one year (in €/kWh) for the remaining items. The offer will remain in force for one month, and will be consistent

throughout Spain. Each supplier of reference may have only one offer in force during the period.

- The Royal Decree also establishes that the Social Bonus will be equal to a 25% discount on the SCVP.

Hourly billing procedures for the Small Consumer Voluntary Price (SCVP) were published on 4 June 2015. Under these procedures, at 1 July 2015, consumers with an integrated remote meter will be billed according to their real hourly consumption instead of their consumption profile. Notwithstanding the above, electricity companies had until 1 October 2015 to adapt their IT systems.

On 25 November 2016, Royal Decree 469/2016, of 18 November, establishing the methodology for calculating the trading margin on the Small Consumer Voluntary Price was published in the Spanish Official State Gazette, thus complying with various judgments handed down by the Supreme Court that annulled the trading margin contained in Royal Decree 216/2014, of 28 March, establishing the procedure to calculate Small Consumer Voluntary Prices for electricity and the legal framework for contracting power.

On 24 December 2016, the Ministerial Order ETU/1948/2016, of 22 December, was published, which came into force on 1 January 2017, and establishes the trading margin on the Small Consumer Voluntary Price. Through Ministerial Order ETU/258/2017, of 24 March, published on 25 March 2017 and entering into force the following day, a new value was set for the part of said trading margin corresponding to the contribution cost to the Energy Efficiency National Fund.

On 1 October 2021, the Ministry of Ecological Transition and Demographic Challenge (MITECO) launched a preliminary public consultation process to analyse the amendment of the Small Consumer Voluntary Price (SCVP) regulations, and to receive proposals on how best to reduce their volatility and optimise their design with a view to the energy transition process. Following this preliminary consultation period, the Ministry for Ecological Transition and the Demographic Challenge (MITECO) initiated the hearing process for a draft Royal Decree that would modify, among other aspects, the formula for calculating the cost of energy of the Voluntary Price for Small Consumers (PVPC), incorporating, together with the daily and intraday market price, a basket of forward products, and modifying its scope, which would be applicable to domestic customers and micro-companies with a contracted power of up to 10 kW.

Royal Decree 446/2023, of 13 June was published on 14 June 2023, modifying, effective 1 January 2024, the

methodology for calculating the voluntary prices for small consumers (PVPC), most notably:

- The PVPC will apply to domestic consumers and micro-enterprises with a contracted power equal to or less than 10 kW.
- The energy cost will be partially indexed to forward markets, incorporating a basket of forward products referenced to OMIP. This will be done gradually, with 25% in 2024, 40% in 2025 and 55% from 2026. The remainder will be the spot price. The part indexed to forward signals is distributed among the monthly (10%), quarterly (36%) and (54%) product. Via a Ministerial Order, these percentages may be amended and a reference included in the formulation to the price arising from auctions of manageable inframarginal and non-emitting energy provided for in Royal Decree Law 17/2021, of 14 September, if reference suppliers participate.
- The Voluntary Price for Small Consumers (PVPC) recognises for reference suppliers the cost of financing the Social Bonus set annual by the related Order along with an additional coefficient for the recovery of the amounts borne since Royal Decree Law 6/2022, of 29 March.

Furthermore, this Royal Decree amends certain regulatory aspects of generation in Non-mainland Territories (TNP).

Energy efficiency

Law 18/2014 of 15 October approving urgent measures to boost growth, competitiveness and efficiency, with regard to energy efficiency, created the Energy Efficiency National Fund with the aim of achieving energy savings. 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%). It can meet the rest of its obligation by presenting Energy Savings Certificates (CAE).

Meanwhile, on 25 January 2023, Royal Decree 36/2023 of 24 January was published, establishing a system of Energy Saving Certificates (ESCs), as partially implemented by Order TED/815/2023 of 18 July. Meanwhile, Order TED/845/2023 of 18 July was enacted to approve the catalogue of standardised measures relating to Energy Efficiency actions.

Lastly, on 26 December 2023, processing began on the proposal for an Order relating to contributions to be made to the National Energy Efficiency Fund in 2024. Endesa is assigned an equivalent economic amount

of savings obligations for 2024 of Euro 99 million, of which at least 35% will have to be covered by financial contributions to the Fund, while the rest of its obligations may be satisfied by presenting ESCs.

Methodology for calculating electricity and gas system charges

Together with the approval of the methodology to determine access tariffs to electricity and gas networks, the responsibility for which lies, under Royal Decree Law 1/2019 of 11 January, with the Spanish Markets and Competition Commission (CNMC), the Government must approve the methodology to calculate the charges for the Electricity and Gas systems. These methodologies must set out and explain the variables used to distribute the costs that have to be covered by the charges, in a way that is not discriminatory and that is aligned with the Government's energy policies, i.e. that fosters efficiency, electrification of the economy and a fair energy transition.

In accordance with this, on 18 March 2021 the Official State Gazette (BOE) published Royal Decree 148/2021, of 9 March 2021, which establishes the methodology for calculating charges for the Electricity System. The methodology for the Gas System was approved by Royal Decree 1184/2020 of 29 December.

2023 electricity tariff

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

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

2024 electricity tariff

The Resolution of 21 December 2023 of the Spanish Markets and Competition Commission (CNMC) was published in the Official State Gazette (BOE) on 25 December 2023, approving the prices of the access tariffs for energy transmission and distribution grids

applicable as of 1 January 2024, revealing an average reduction of 1.1% from the prices in effect as of 1 January 2023.

In relation to the charges for 2024, Royal Decree Law 8/2023, of 27 December, adopting measures to address the economic and social repercussions of the ongoing conflicts in Ukraine and the Middle East, and to mitigate the effects of the drought in Spain (and to which we will refer further below), has extended the charges for 2023 until the ministerial order approving those applicable for 2024 is ultimately approved. In this regard, on February 14, 2024, Order TED/113/2024, dated February 9, 2024, was published in the Official State Gazette (BOE), establishing the prices of the electricity system charges and establishing various regulated costs of the electricity system for the year 2024, which maintains the level of the charges with respect to 2023, coming into force on February 15, 2024.

Draft of the Seventh General Radioactive Waste Plan (GRWP)

In 2020, the Ministry for Ecological Transition and Demographic Challenge (MITECO) initiated the ordinary strategic environmental assessment procedure for the 7th General Radioactive Waste Plan (GRWP), a document that updates the Government's policy on the management of radioactive waste, including spent nuclear fuel, and the dismantling and decommissioning of nuclear facilities. The Strategic Environmental Statement of the GRWP was published on 27 July 2023. The Plan was ultimately approved by the Council of Ministers on 27 December 2023. In this respect, given the variations in the estimates of future costs derived from this Plan, on 12 January 2024 MITECO launched a consultation process regarding a proposal for a Royal Decree modifying the fixed unitary tariff relating to the non-tax public levy used to finance the services provided by Empresa Nacional De Residuos Radiactivos, S.A., S.M.E. (Enresa) in respect of the nuclear power plants in operation. According to this proposal, the unit fixed charge will increase from 7.98 €/MWh to 11.14 €/MWh as of 1 July 2024.

Draft Law creating the National Fund for the Sustainability of the Electricity System

On 1 June 2021, the Council of Ministers approved a draft law creating the National Fund for the Sustainability of the Electricity System (known as FNSSE), for parliamentary processing. The purpose of this bill is to finance, totally or partially, the costs associated with the specific remuneration regime for renewable energies,

cogeneration and waste, which are currently part of the electricity access tariffs. This Fund will be equipped with contributions from operators in the various energy sectors, and not just electricity, but also taxes derived from Law 15/2012, of 27 December, proceeds from auctions of carbon dioxide (CO₂) emission rights, as well as other contributions, with a limit of 10% of the Fund's annual revenue, from items from the General State Budgets (PGE) or from Community funds. Thus, the Bill envisions a mechanism aimed at redistributing, among all energy sectors, the cost associated with meeting existing renewable targets at country level, to be undertaken gradually over a period of five years.

Energy Storage Strategy

On 9 February 2021, the Council of Ministers approved the Energy Storage Strategy, an element considered to be crucial for the transition to an emissions-neutral economy and the effective integration of renewable energies into the electricity system.

The Energy Storage Strategy quantifies storage needs in line with those envisaged in the 2021–2030 National Energy and Climate Plan (NECP) and the target for climate neutrality before 2050, from the 8.3 GW currently available to around 20 GW in 2030 and 30 GW in 2050. Furthermore, all the technologies forming energy storage are classified according to the applicable method and system, the actions for their effective deployment are identified, together with the regulatory challenges for the participation of storage in electricity markets, taking into account the market access procedures and their role in the price structure and signals. In addition, the economic challenges they represent are analysed, in conjunction with the need for industrial policies that encourage their financing.

Draft bill on the remuneration of carbon dioxide (CO₂) not emitted

On 3 August 2021, the Council of Ministers approved a draft law governing the remuneration for carbon dioxide (CO₂) not emitted from the electricity market, for its scrutiny by parliament.

This draft law establishes an obligation to remunerate mainland production facilities that do not emit greenhouse gases that were in operation before 25 October 2003, in proportion to the higher revenue obtained by adding the value of the CO₂ emission rights that exceed €20.67/tCO₂ for marginal emission technologies to the wholesale market price. This excludes plants equal to or below 10 MW, whenever they came on-

stream, and those with a remuneration regime regulated under article 14 of Law 24/2013, of 26 December 2013, on the Electricity Sector.

The amounts collected will be used to finance capacity mechanisms and the remaining rate charges (mainly renewable energies and timing mismatches), except for 10% which will be used, with respect to the public administrations, to jointly finance the cost of supplying highly vulnerable customers at risk of social exclusion.

Royal Decree on closed electricity distribution grids

On 26 April 2023, Royal Decree 314/2023 of 25 April was published, developing the procedure and requirements for the granting of administrative authorisation for closed electricity distribution grids and regulating the special conditions and requirements for closed electricity distribution grids and their owners, as well as the administrative authorisation procedure and revocation events.

In accordance with this provision, an industrial area not exceeding 8 km² 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 (CNAE/NACE) and those who, while belonging to groups D and E, qualify 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.

Electric vehicle charging services

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

- Two legal figures are defined that can participate in the charging activities for the public or companies for

their fleet, establishing their rights and obligations: the Charging Station Operator, owner of the operating rights of the charging stations and head of their physical operations, and the Electric Mobility Service Supplier Company, an intermediary between the operators and the users of electric vehicles, which can provide value added services those users.

- It reinforces the obligatory nature of one-off public charging stations by eliminating technical or contractual barriers.
- In addition, both operators and suppliers must deliver the necessary information to the Ministry of Ecological Transition and Demographic Challenge (MITECO), to the autonomous communities of Spain and to Ceuta and Melilla, with the aim of publishing an official map of charging stations, showing, among other information, the location of such stations, their characteristics and charging prices.

Actions in the field of energy in the wake of the COVID-19 health crisis, the war in Ukraine and other situations of vulnerability

Since March 2020, and following the announcement of a State of Alarm in response to the COVID-19 pandemic and ensuing health crisis, the government adopted a series of legislative provisions through various Royal Decree-Laws that envisaged various actions to counteract the economic and social repercussions of the pandemic. Since then, some of these measures have been extended —and new measures adopted— in response to the economic and social consequences of the ongoing war in Ukraine.

The main steps taken in this context, aside from specific measures associated with the various electricity supply activities that have already been described in previous sections, are as follows:

- In the tax realm, the reduction in Value Added Tax (VAT) on gas and electricity to 5% was extended until 31 December 2023; excise tax on electricity was lowered to 0.5% and the tax on the value of electricity production was suspended (in relation to this particular measure, the Electricity System will be compensated by an equivalent amount to ensure that revenues and the costs of the charges are balanced).
- Further information must be included and explained in the electricity bill, so that customers are able to understand the various items included on their bills following the regulatory modifications that have been approved, among others.
- Suppliers will have to inform customers of any intention

to modify the contract one month in advance, including a price comparison and an estimate of the annual cost, before and after such modification. They must also publish and send to the Spanish Markets and Competition Commission ("CNMC") transparent, comparable and updated information on the prices of the available offers at all times, including the conditions on contract termination and additional services required by the contract.

- Turning to tariffs and charges, an 80% reduction in electricity tariffs for electricity intensive consumers remained in effect until 31 December 2023, with the resulting cost to be compensated out of the General State Budget ("PGE"), with a specific item worth Euro 112.5 million. 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.
- In relation to the Tariff of Last Resort (TUR) for natural gas, the requirement of a maximum increase of 15% in the cost of the raw material for gas TUR reviews relating to 2022 was extended until 31 December 2023. Meanwhile, a new TUR was created, valid until 31 December 2023, for communities of owners (or groups thereof) with consumption exceeding 50,000 kWh/year and energy services companies, with the aim of reducing costs. The cost of these gas measures will be covered by the General State Budget.
- All charging stations with over 3 MW of capacity are declared as being of public utility, subject to authorisation by the Ministry for the Ecological Transition and the Demographic Challenge (MITECO). Stations with lower capacity are exempt from the requirement to obtain administrative authorisation. Moreover, to promote electric mobility, it includes a deduction of 15% on the purchase value of new electric vehicles and of the amounts for installing a charging station on a taxpayer's property not used for a business activity from personal income tax withholding) until 31 December 2024.
- Aid is also provided to gas-intensive companies to compensate for the increase in natural gas prices.
- Extraordinary discounts of Euro 0.20/kg (0.20 euro/l) have been introduced for certain energy products, such as petrol, diesel fuel, liquefied petroleum gas (LPG), liquefied natural gas (LNG), compressed natural gas (CNG), biomethane or biodiesel.
- In keeping with European legislation, it introduces a new subject in the electricity sector: citizen energy communities. Among other rights, these communities

are able to own distribution networks and act as representatives for consumers to carry out collective self-consumption. For the existing concept of renewable energy communities, new rights have been defined based on specific European legislation, whereby the related distribution grid operator will facilitate "energy transfers". These communities will be subject to tariffs and charges and the related fees and taxes, so that they contribute to the overall distribution of the system's cost.

Several of these measures have subsequently been extended through Royal Decree Law 8/2023 of 27 December, on measures to address the economic and social repercussions of the ongoing conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought in Spain, which we will refer to further below. These measures included the presentation, by the Spanish Government on 11 October 2022, of a Contingency Plan known as the *+Energy Security Plan*, to help protect the population against the price crisis caused by the war in Ukraine, reduce gas consumption, improve energy autonomy, become more competitive and increase energy exports as a measure of solidarity with the rest of Spain's partners across the European Union. The Government estimates that the Plan will enable a reduction in primary natural gas consumption of between 5.1% and 13.5% during the coming winter, which, together with other measures already put in place or on the drawing board, will enable the EU's commitments to be met. The Plan envisions 73 measures (some already approved or launched and others not yet finalised, for which legislation will be reviewed), structured in six main blocks:

1. Energy Efficiency and storage.
2. Driving the energy transition.
3. Protection of vulnerable consumers, households and businesses.
4. Tax measures.
5. Strategic autonomy.
6. Solidarity with the rest of the European partners.

Regulatory test bed to promote research and innovation in the electricity sector

On 12 July 2022, Royal Decree 568/2022 of 11 July was published in the Official State Gazette (BOE), establishing the general framework of the regulatory test bed for the promotion of research and innovation in the electricity sector. The aim is to set up controlled spaces in which to test potential regulatory improvements with a view to expediting regulatory changes and helping to ensure

that amendments are better adapted to the needs of the sector. Hence, the regulation enables the start-up of pilot projects to boost research and innovation, limited in volume, duration and geographical area, and which may require exemptions of the sectoral regulation. The project's developers must subscribe a test protocol with the Secretary of State for Energy, in cooperation with the Spanish Markets and Competition Commission (CNMC), which will establish the specific rules and conditions for each pilot project. On 6 June 2023, Order TED/567/2023 of 31 May was published in the Official State Gazette (BOE), announcing access to the regulatory test bed for the promotion of research and innovation in the electricity sector.

Temporary mechanism for reducing the market revenues of generation facilities by incorporating the value of the price of natural gas into wholesale market prices

Royal Decree Law 17/2021, of 14 September, on urgent measures to mitigate the impact of soaring natural gas prices on the retail gas and electricity markets, established, among other aspects, an obligation on non-emitting power generation facilities to pay, from its entry into force on 16 September 2021 and until 31 March 2022, an amount proportional to the alleged higher revenue they would have obtained after the value of the price of natural gas was included in wholesale electricity prices. This mechanism was subsequently amended by Royal Decree Law 23/2021, of 26 October, on urgent energy measures to protect consumers and increase transparency in the wholesale and retail electricity and natural gas markets. This excludes plants with a remuneration regime regulated under article 14 of Electricity Sector Law 24/2013, of 26 December, and those with power of 10 MW or less. The amount resulting from this revenue reduction will be earmarked to reduce the System charges. Likewise, the scope of the payment obligation will not apply to the energy covered by fixed price and term contracts prior to Royal Decree Law 17/2021, of 14 September 2021, or to the energy covered by new fixed price contracts with coverage for a period equal to or greater than one year. In the event that in these forward contracts part of the energy is partially indexed to the market price, only the proportional non-indexed part will be excluded. Producers will submit monthly a responsible statement and supporting documentation of the energy covered by forward instruments. In addition, it is established that producers and marketers must periodically inform the Spanish Markets and Competition Commission ("CNMC")

of the forward contracting instruments, both physical and financial, between companies of the same business group or with third parties.

Royal Decree Law 6/2022, of 29 March, adopting urgent measures in the framework of the National Plan in response to the economic and social consequence of the war in Ukraine, made a number of further amendments. More precisely, energy covered by forward fixed price contracts prior to 31 March 2022 are exempt from the mechanism, while hedging instruments with a coverage period of one year or more and arranged at a fixed price subsequent to 31 March 2022 are excluded if the fixed price is equal to or less than Euro 67/MWh. In the case of bilateral agreements between the generation and supply segments of the same business group, the hedging price will be the price that the suppliers pass on to the end consumers and, in that case, the exempt fixed price will be determined by increasing the value of Euro 67/MWh in the sector's average supply margin.

Lastly, Royal Decree Law 18/2022 of 18 October, on measures to provide added protection for energy consumers and to contribute to the reduction of natural gas consumption under the *Plan + Seguridad para tu energía (+SE)* plan, as well as measures regarding the remuneration of public sector staff and the protection of temporary agricultural workers affected by the drought, was extended until 31 December 2023.

Production cost adjustment mechanism to reduce the wholesale electricity price

On 14 May 2022, Royal Decree Law 10/2022, of 13 May, was published in the Official State Gazette (BOE), establishing a temporary production cost adjustment mechanism to reduce the price of electricity in the wholesale market. This measure establishes a mechanism for adjusting the production cost of marginal fossil fuel technologies, with the aim of achieving an equivalent reduction in the wholesale market matching price, initially until 31 May 2023, but which was subsequently extended until 31 December 2023 by Royal Decree-Law 3/2023, of 28 March, extending the production cost adjustment mechanism for reducing the price of electricity on the wholesale market regulated in Royal Decree-Law 10/2022, of 13 May.

The mechanism establishes an adjustment based on the difference between the reference price for gas consumed by thermal power plants and the spot gas price in Spain's organised gas market (MIBGAS). The current gas price path, established by Royal Decree Law 3/2023, envisages increasing values from 45 €/MWh in January 2023 to 65 €/MWh in December 2023. This mechanism will be

applicable to combined cycle plants, coal-fired thermal plants and cogeneration not covered by any regulated remuneration framework, as well as, in accordance with Royal Decree Law 20/2022 of 27 December, cogeneration and waste facilities prior to 2013 and with an installed capacity of between 50 MW and 100 MW, which are permitted to temporarily waive the specific remuneration regime. The amount of the adjustment will be distributed among Iberian demand that benefits directly from the adjustment, either because it purchases energy at a price directly linked to the wholesale market value or because a new contract has been signed or one that already factors in the mechanism's beneficial impact on wholesale prices is renewed. In relation to this last aspect, storage supply units – both batteries and pumping consumption – as well as auxiliary service providers for power generators, are exempt from payment of the adjustment cost. The effectiveness of this mechanism was conditional on the authorisation of the European Commission, which was granted on 8 June 2022, whereupon the Spanish Ministry of Ecological Transition and the Demographic Challenge (MITECO) enacted Order TED/517/2022, of 8 June, which set 14 June 2022 as the start date for the mechanism (for matching on 15 June 2022). This mechanism expired on 31 December 2023.

Long-term mechanism to promote power contracting

Royal Decree Law 17/2021, of 14 September, on urgent measures to mitigate the impact of soaring natural gas prices on the retail gas and electricity markets, introduced certain market mechanisms to encourage long-term contracting of power, through auctions of long-term power purchase agreements covering a maximum of 25% of the lowest 10-year value of manageable, non-emitting infra-marginal production that is not subject to a specific remuneration regime and has not been successful in bidding at renewable auctions. Sellers will be those electricity producers that are deemed to be dominant operators in electricity generation. And buyers may be suppliers (except those of the groups that are leading electricity operators) and direct consumers, together with benchmark suppliers in the terms set by the resolution of the announcement.

Statute for electro-intensive consumers

Royal Decree 444/2023, of 13 June 2023, was published on 14 June 2023, amending Royal Decree 1106/2020 of 15 December 2023, which regulates the Statute on electro-intensive consumers. This Royal Decree amends the Statute

on electro-intensive consumers approved in 2020, which regulated the requirements for certain industrial facilities to be eligible for certification as an electro-intensive consumer. The amendment expands the catalogue of eligible activities and reduces certain requirements, thus expanding the number of beneficiaries. It also updates the maximum amount of grants for offsetting the cost associated with the specific remuneration regime for renewable energy and the cost of non-mainland electricity systems included in charges, from 85% for all activities to: 85% for sectors at significant risk; 75% for sectors at risk (and up to 85% if they can demonstrate that 50% of consumption comes from carbon sources and have entered into forward contracts for 10% of consumption or 5% of consumption with self-consumption from renewable source); or a higher percentage for especially vulnerable facilities (i.e. when electricity cost exceeds certain gross added value –GAV– thresholds). However, in no case may charges borne by beneficiaries be less than or equal to Euro 0.5/MWh.

In addition, and as indicated above, consumers who hold an electro-intensive consumer certificate are temporarily entitled to a reduction of up to 80% on the access tariffs to the electricity transmission and distribution networks.

Changes in environmental assessment legislation

Royal Decree 445/2023, of 13 June, was published in the Official State Gazette (BOE) on 14 June 2023, amending Annexes I, II and III of Law 21/2013, of 9 December, on environment assessments, regulating projects subject to the ordinary and simplified assessment procedure to bring them in line with European legislation and provide greater coherence to and update their content based on the experience amassed over the years during which that Law has remained in force. Key aspects include:

- It introduces new types of projects subject to environmental impact assessments under the ordinary process, especially those projects with an impact on the energy sector, industry and mining.
- It expands the scope of the simplified assessment process by eliminating several thresholds that excluded some projects from the process. Projects now subject to the simplified assessment process include: standalone energy storage facilities using electrochemical batteries or any technology that is hybridised with electric power facilities; certain repowering of existing power transmission lines; or industrial facilities for the production of electrolytic, photoelectric or photocatalytic hydrogen from renewable sources.

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

The Law was ultimately published in the Official State Gazette (BOE) on 28 December 2022, and the main aspects of the Law in relation to the energy levy are as follows:

- For 2023 and 2024, the Law introduces a temporary levy of 1.2% on the net turnover earned from activities carried out in Spain during the calendar year prior to the year in which the payment obligation arises (which will arise on the first day of the calendar year) (see Note 51).
- The taxable revenue will not include revenue subject to the Tax on Hydrocarbons, the Special Tax of the Autonomous Community of the Canary Islands on Fuels Derived from Petroleum and the Complementary Levies on Fuels and Oil-based Fuels in Ceuta and Melilla, which have either been paid or borne by way of repercussion. The taxable revenue will also exclude revenue relating to regulated activities, understood as regulated price supply (PVPC for electricity, TUR for gas, bottled LPG and piped LPG), regulated income from the electricity and natural gas transmission and distribution grids and, in the case of generation subject to regulated remuneration and additional remuneration in the non-mainland territories, all revenue received from the facilities, including that received from the market and economic dispatch.
- The levy will apply to persons or entities with the status of main operator in the energy sectors and whose annual turnover in 2019 exceeded Euro 1,000 million, or whose turnover in 2017, 2018 and 2019 for the activity qualifying them as main operator exceeded 50% of their total turnover for the year in question. The Law also states that the status of main operator in the energy sectors will be held by persons or entities engaged in crude oil or natural gas production, coal mining or oil refining in Spain and that generate, in the year prior to the year in which the obligation to pay the levy arises, at least 75% of their turnover from economic activities in the field of extraction, mining, oil refining or the manufacture of coking plant products.
- Where the companies form part of a tax group that is taxed under the consolidated tax regime, net turnover shall be determined by reference to that group.
- This levy will have the legal status of a non-tax public charge, and will not be considered a tax-deductible expense for the purposes of the taxable base for corporate income tax, nor may it be passed on to third parties.

Royal Decree-Law 8/2023 of 27 December, on measures to address the economic and social repercussions of the conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought in Spain, has extended these temporary levies to 2024, without prejudice to the introduction, in the General State Budget Law for 2024, of an incentive that will be applicable in the energy sector for strategic investments made from 1 January 2024, and the review of the configuration of both levies for their integration into the tax system for fiscal year 2024.

Royal Decree Law 8/2023 of 27 December, on measures to respond to the economic and social repercussions of the conflicts in Ukraine and the Middle East, and to alleviate the effects of the drought in Spain

On 28 December 2023, this Royal Decree Law was published in the Official State Gazette (BOE), extending the existing measures and enacting new ones, in response to the economic repercussions of the ongoing conflicts in Ukraine and the Middle East, as well as the drought in Spain. Key aspects of this law affecting the energy sector include:

- In the field of energy taxation, some of the measures already in place have been extended, with certain changes and new features added. In the case of Value Added Tax (VAT), the reduced rate of 5%, in force until 31 December 2023, has been raised to 10% for the whole of 2024 in the case of electricity, and until 31 March 2024 for natural gas. With regard to the Special Electricity Tax, the reduced rate of 0.5% hitherto in effect until 31 December 2023 climbs to 2.5% in the first quarter of 2024 and to 3.8% during the second quarter of 2024; and with regard to the Tax on the Value of Electricity Production, the rate will be 3.5% in the first quarter of 2024, 5.25% in the second quarter of 2024 and 7% thereafter. Lastly, the energy tax of 1.2% of net turnover has been extended into 2024, without prejudice to the introduction in the 2024 General State Budget of an incentive for strategic investments made in the energy sector from 1 January 2024 onward, and the review of the configuration of the tax for its eventual integration into the tax system in fiscal year 2024.
- Among the social protection measures, the discounts under the Social Bonus (65% for vulnerable consumers, 80% for severely vulnerable consumers and 40% for low-income working households) have been extended until 30 June 2024, as had the prohibition on cutting basic supplies of electricity, water and gas to vulnerable consumers in the event of non-payment. In addition,

the limit on the growth of the regulated gas tariff (TUR) and the existence of the specific Regulated Tariff (TUR) for homeowners' associations has been extended. Meanwhile, the unit values of the funding of the Social Bonus for the various categories of agents obliged to do so have been adjusted.

- In relation to tariffs and charges, the 2023 charges have been extended until such time as the 2024 charges are approved by means of Ministerial Order, and the 80% discount on access tariffs to electricity transmission and distribution grids for the electro-intensive industry has been maintained. Lastly, it is envisaged that the surpluses from the 2022 and 2023 settlements will be used to finance the 2024 Electricity System charges, and the General State Budget will include an extra item to finance the costs associated with the charges, so as to ensure the economic and Financial Sustainability of the system.
- As for the deployment of renewable energy projects, the deadlines set out in the regulations for the fulfilment of certain administrative milestones have been extended. Thus, for projects with access and connection permits after 31 December 2017 but prior to this regulation, the deadline for proving administrative authorisation for construction has been extended by a further six months, until 25 July 2024. In addition, these projects may request, within three months the entry into force of the Royal Decree Law or the date of administrative authorisation for construction —whichever comes later—, an extension of the period for obtaining the definitive operating permit, up to a maximum of eight years from 25 July 2020, or obtaining the access permits, whichever comes later. For pumped-storage and offshore wind, extensions may be requested, provided that the total period of validity of the permits, excluding the final operating permit, does not exceed nine years. Likewise, Law 24/2013, of 26 December, on the electricity sector, is amended in order to introduce non-economic award criteria, with a weight of up to 30% of the total score awarded at renewable energy auctions.
- In relation to self-consumption, and with the aim of ensuring that surplus power is evacuated from these facilities, the freeing up of 10% of the capacity set aside for auctions is envisaged for all nodes of the electricity transmission grid, thus extending the system already existing under Royal Decree Law 6/2022, of 29 March, to those auction nodes declared since then or to be declared in the future.
- In relation to requests for access to the electricity grid for new consumption, various measures have been

introduced to prevent the hoarding of permits for large consumption, more precisely through financial collateral and the automatic expiry of permits after certain periods of time have elapsed.

- Last but not least, the hydroelectric storage of energy has been included among the water uses, ranking third in order of preference of use, behind the supply of water to towns and cities and agricultural use, but ahead of the production of electricity and other industrial uses. In this regard, pumping concessions are adapted accordingly and their repowering promoted.

Gas system

On 22 May 2015, Law 8/2015, of 21 May, was published, amending Law 34/1998, of 7 October, on the hydrocarbons sector, and regulating certain tax and non-tax measures in relation to the exploration, research and exploitation of hydrocarbons, the purpose of which is, among others, to amend the Hydrocarbons Law in order to bring it up to date with the times with the aim of increasing competition and transparency in the hydrocarbons sector, reducing fraud, guaranteeing greater consumer protection, reducing costs for consumers and adapting the system of infringements and penalties.

With respect to natural gas, the law seeks to create an organised natural market that offers consumers more competitive and transparent prices and allows the entry of new suppliers to increase competition. An operator for the organised gas market will also be appointed, any authorised natural gas installer may carry out inspections (this was previously the responsibility of distributors), the entry of new suppliers is encouraged through the mutual recognition of licences to supply natural gas to other EU-member countries where there is an existing agreement; and certain measures have been adopted regarding minimum security inventories so as to, but without impairing the security of supply, give suppliers greater flexibility at a lower cost, enabling the Corporation for Strategic Oils Reserves ("CORES") to maintain strategic natural gas inventories.

On 31 October 2015, Royal Decree 984/2015 of 30 October was published, which regulates the organised gas market and third-party access to the installations of the gas system. This Royal Decree contains the basic regulations for operation of the gas market, in addition to other measures such as the procedure for inspection of gas facilities.

On 13 December 2017, following the resolution of the Council of Ministers dated 10 November 2017, a resolution

was published establishing the terms and conditions governing the service, making it mandatory for the dominant natural gas market operators, which include Endesa, to act as market makers.

Natural gas tariff for 2023

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

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%.

On 29 June 2023, the Resolution of the Directorate-General for Energy Policy and Mines of 27 June 2023, establishing the Last Resort Tariff (LRT) for natural

gas to be applied from 1 July 2023, with reductions of approximately 2.3%, 2.8% and 3.0%, respectively, for the Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and the 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 3.4% and 5%.

Lastly, the Resolution of the Directorate-General for Energy Policy and Mines of 28 September 2023 was published on 29 September 2023, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 October 2023, with reductions of approximately 3.4%, 0.3% and 1.1%, respectively, for the 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 increased by between 10.7% and 20.2%.

Natural gas tariff for 2024

The Resolution of the Directorate-General for Energy Policy and Mining of 28 December 2023 was published on 29 December 2023, establishing the Last Resort Tariff (LRT) for natural gas to be applied from 1 January 2024, with increases of approximately 6.5%, 7.9% and 8.5%, respectively, for Last Resort Tariff 1 (LRT1), Last Resort Tariff 2 (LRT2) and Last Resort Tariff 3 (LRT3). Meanwhile, the LRT tariffs applicable to communities of owners, as ushered in by Royal Decree Law 18/2022 of 18 October, have been raised by between roughly 4.8% and 6.8%.

6.2. Regulatory framework in Europe

Energy and the environment in Europe.

Regulation (EU) 2021/1119 of the European Parliament and of the Commission of 30 June 2021, establishes the framework for achieving climate neutrality and amending climate Regulations setting a Europe-wide target of reducing net greenhouse gas emissions (GGE) by at least 55% by 2030 compared to 1990 levels.

In addition, on 14 July 2021, the European Commission adopted a package of proposals to help achieve this target (known as “Fit for 55”). The main proposals were as follows:

- A review of the Emissions Trading Scheme (ETS), which reduces emissions cap by increasing the annual reduction

rate and sets a reduction target of 62% in 2030 compared to 2005. Among other matters, the review eliminates the free allocation of certificates for aviation, brings maritime shipping within the scope, and creates a new emissions system for road transport and buildings.

- Strengthening the Regulation on binding annual greenhouse gas emission reductions by Member States (known as the Effort Sharing Regulation) through emission reduction targets for each Member State in relation to buildings, road and domestic maritime transport, agriculture, waste and small industries.
- A review of the Renewable Energy Directive, which was approved in October 2023 (EU Directive 2023/2413),

leading to an increase in the renewable generation target from the 40% proposed in the “Fit for 55” package to 42.5% (with an ambition to achieve 45%), as envisioned under the REPowerEU Plan, which we will discuss in the following section.

- A review of the Energy Efficiency Directive (EU Directive 2023/1791), which was approved in September 2023, by establishing an EU-wide target of an 11.7% reduction in consumption by 2030, which is more ambitious than the 9% target envisaged in the Fit for 55 package but lower than the proposal set out in the REPowerEU Plan (13%).
- Stronger CO₂ emissions standards are proposed for cars and vans, so that all new cars registered as of 2035 will be zero-emission. To ensure drivers are able to charge or fuel their vehicles, the Regulation of the European Parliament and of the Council on the deployment of alternative fuels infrastructure will require Member States to expand charging capacity in line zero-emission car sales, and to install charging and fuelling points at regular intervals on major highways: every 60 km for electric charging and every 150 km for hydrogen refuelling.
- The aviation and maritime sectors must have access to clean electricity supply in major ports and airports.
- The revision of the Energy Taxation Directive, which proposes aligning the taxation of energy products with EU energy and climate policies.
- A new carbon border adjustment mechanism is proposed that will put a carbon (CO₂) price on imports of a targeted selection of products, including electricity. This mechanism was approved in May 2023 by means of Regulation (EU) 2023/956 of 10 May.

Measures to combat high energy prices

Increased energy prices in the second half of 2021, due to the post-COVID economic recovery and the concomitant increase in demand, led the European Commission to publish a communication in October 2021 with the procedures that the Member States may adopt to meet the increase in prices without breaching existing European legislation.

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

- On 8 March 2022, it published the communication titled “*REPowerEU: Joint European action for more affordable, secure and sustainable energy*”, which focused on the need to ensure sufficient gas reserves looking ahead to the coming winter and to reduce reliance on the supply of Russian gas by diversifying European Union supply

and promoting renewable energy; it also indicated the measures that could be applied by the Member States to respond to high energy market prices and the conditions under which certain procedures had to be undertaken by Member States.

- On 23 March 2022, it published its Communication titled “*Security of supply and affordable energy prices: Options for immediate measures and preparing the next winter*”, which sets out the various options that would allow the Member States to cope with rising energy prices.

These two communications took shape through various initiatives and plans:

- On 18 May 2022, the European Commission presented the REPowerEU Plan in response to the difficulties and disruptions in the world energy market caused by Russia’s invasion of Ukraine. This Plan envisions various measures to reduce Europe’s reliance on Russian fossil fuels in the short run, advance the ecological transition and save energy, while increasing clean energy production and ensuring the resilience of the EU-wide energy system. It was supported by financial and legal measures to build the new energy infrastructure and energy system that Europe needs.
- Meanwhile, on 18 May 2022, the Communication from the Commission titled “*Short-term energy market interventions and long-term improvements in the electricity market design – A course for action*” was published. The communication outlines several additional short-term options to address the high energy prices and respond to potential disruptions to the supply of Russian gas. It also addresses various areas in which the design of the electricity market can be optimised to accommodate the transition away from fossil fuels and to increase resilience to price shocks, as well as consumer protection and affordable electricity supply.

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

- Reducing 10% of gross monthly consumption and at least 5% of consumption in 10% of peak hours, or 3% of peak hour consumption, effective from December 2022 to March 2023.
- Introducing a cap of 180 €/MWh on the market revenues of certain infra-marginal electricity producers and re-appportion the surplus among end customers.
- Enabling Member States to apply public intervention measures when setting supply prices for households

and small- and medium-sized enterprises.

- Establishing a solidarity contribution from EU companies primarily active in the oil, natural gas, coal and refining sector, calculated on the basis of “excess” profits earned above and beyond previous years, to be applied in the tax year 2022 and/or 2023.

In relation to these measures, on 5 June 2023, the European Commission published its report on the review of the temporary emergency measures to alleviate high energy prices, indicating that it did not consider it necessary to extend these measures.

The Regulation also addressed the liquidity difficulties that energy companies are experiencing as a result of rising prices and volatility and states that the Council is assessing, together with European regulators (European Securities and Markets Authority (ESMA) and European Banking Authority (EBA)), issues related to collateral and guarantees, as well as possible ways to limit excessive intraday volatility.

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

In this regard, on 29 December 2022, Regulation 2022/2578 was published in the Official Journal of the European Union, establishing the so-called market correction mechanism, which is a temporary instrument that is activated to limit episodes of excessively high gas prices in the European Union that do not reflect global market prices. This mechanism applies to natural gas transactions on the main derivatives markets of the Title Transfer Facility (TTF) and derivatives linked to other virtual exchange points, with maturities of between one month and one year. This Regulation was due to run until 31 January 2024. However, on 19 December 2023, Regulation (EU) 2023/2920 was published in the Official Journal of the European Union (OJEU), extending its validity until 31 January 2025.

Regulation (EU) 2022/2576 was also published on 29 December 2022, to improve levels of solidarity through enhanced coordination of gas purchases, reliable price benchmarks and cross-border gas exchanges. On 29 December 2023, Regulation (EU) 2023/2919, amending Regulation (EU) 2022/2576 as regards the prolongation of its period of application until 31 December 2024, was published in the Official Journal of the European Union (OJEU).

Meanwhile, Regulation (EU) 2022/2577 laying down a framework to accelerate the deployment of renewable energy was published on 29 December 2022. The Regulation was due to run for an initial term of 18

months. However, certain provisions have since been extended until 30 June 2025 by virtue of Regulation (EU) 2024/223, which was published in the Official Journal of the European Union (OJEU) on 10 January 2024.

On 28 March 2023, by virtue of Regulation (EU) 2023/706, the Council agreed to extend, for a further year (from 1 April 2023 to 31 March 2024), the voluntary measure in place to reduce gas demand within Member States by 15%, as set out in Council Regulation (EU) 2022/1369 of 5 August 2022.

In relation to the issue of collateralization, on 28 November 2023, the European Commission has adopted a proposal for a Regulation amending Commission Delegated Regulation 153/2013, and extending until 29 May 2024, for non-financial clearing members, the use of uncollateralized bank guarantees vis-à-vis Clearing Houses for energy derivatives. This Regulation will be published at the end of the Parliamentary and Council scrutiny period. Once published in the Official Journal of the European Union (OJEU), it will enter into force the following day.

Proposal for a reform of the electricity market

On 14 March 2023, the European Commission adopted its proposals on the reform of the electricity market, for discussion 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 promoting the use of power purchase agreements (PPAs) and using Contracts for Differences (CfDs) for new wind, solar, geothermal, hydroelectric and nuclear facilities, 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: By establishing hedging obligations for marketers to reduce exposure to market volatility; creating the role of supplier of last resort; enabling Member States, in the event of a crisis, to extend regulated retail prices to households and SMEs; and further toughening the prohibition on disconnecting vulnerable consumers, among other measures.

In addition, the proposal states that network remuneration methodologies should take into account investments capable of anticipating grid and network needs.

On 14 September 2023, the European Parliament approved an agreement on the electricity market reform

proposal, and on 17 October 2023 the Council reached an agreement regarding its stance on the matter. Ultimately, both institutions were able to reach an agreement on 14 December 2023, which is expected to be formally adopted in early 2024. Notably, under the final agreement, capacity mechanisms no longer qualify as mechanisms of last resort, and it also calls on the European Commission to study how to expedite and streamline the approval process.

Meanwhile, on 14 March 2023 the European Commission adopted a proposal to amend the Regulation on wholesale energy market integrity and transparency (REMIT). The proposal considerably expands the powers of the European Union Agency for the Cooperation of Energy Regulators (ACER), granting it sanctioning and investigative powers. The proposal also attempts to define terms like inside information and market participant. Meanwhile, it introduces new provisions, taken from the Market Abuse Regulation, duplicating in certain cases the obligations of market participants. On 16 November 2023, the Council and the European Parliament reached a provisional agreement. The legislative process awaits formal approval by the Council and the Parliament and publication in the Official Journal of the European Union (OJEU).

Renewable Energy Directive

On 18 October 2023, the revised Renewable Energy Directive (EU) 2023/2413 was published in the Official Journal of the European Union.

Most notably, the Directive introduces a renewable energy target of 42.5% of the EU's final energy consumption by 2030, with the aim of ultimately reaching 45%. The Directive likewise introduces various measures to speed up permitting and differentiate between projects located inside or outside what are known as "*acceleration areas for renewables*".

It also establishes certain requirements that gases must meet to be considered renewable. Two delegated acts complete the criteria that gases of non-biological origin, such as hydrogen, must meet in order to be considered renewable.

Energy Efficiency Directive

On 20 September 2023, the revised Energy Efficiency Directive (Directive (EU) 2023/1791 on Energy Efficiency and amending Regulation (EU) 2023/955) was published in the Official Journal of the European Union. The Directive envisions more ambitious targets, with a mandatory EU energy consumption reduction target of 11.7% by 2030

compared to a baseline calculated in 2020. In terms of Energy Efficiency obligation schemes at end-customer level, the annual reduction obligation is raised from 0.8% to 1.3% in 2024–2025, to 1.5% in 2026–2027, and to 1.9% in 2028–2030.

Directive and Regulation on the internal market in natural gas, renewable gases and hydrogen

On 27 November 2023 and 8 December 2023, the European Parliament and Council reached an agreement on the Gas Package Directive and Regulation. The main aim of the package is to facilitate the market entry of renewable and low-carbon gases.

The main points agreed upon are the definition of low-carbon hydrogen, the unbundling of hydrogen networks, the maximum blending percentage to be accepted by network operators (set at 2%) and the creation of a new independent hydrogen entity, known as the EU Entity for Hydrogen Network Operators (ENNOH), which will coordinate the planning and development of the EU hydrogen infrastructure.

The joint purchase of gas from EU countries is maintained on a voluntary basis.

Energy Efficiency of Buildings Directive

An agreement on the Energy Efficiency of Buildings Directive was reached on 7 December 2023.

The main aspects agreed upon include the obligation to install solar energy in new public buildings and in existing non-residential buildings if they undergo substantial renovation work; the desire to phase out fossil fuel boilers by 2040; minimum energy performance standards; and the obligation for new public buildings to be zero emission from 2028 and any other building from 2030. In relation to electric vehicles in buildings, pre-wiring will be mandatory for new and renovated buildings to increase the minimum number of charging stations. In addition, Member States will have to establish national building renovation passport systems and one-stop-shops for building renovation work.

Financial regulation

In October 2022, the European Commission approved Commission Delegated Regulation 2022/2310 of 18 October 2022, increasing the value of the clearing threshold for positions held in OTC commodity derivative contracts and other OTC derivative contracts to Euro 4 billion.

On 7 December 2022, the European Commission adopted a proposal to amend the Regulation on OTC derivatives, central counterparties and trade repositories (EMIR). This proposal is currently being discussed in the trilogue phase between the European institutions (Council, Parliament and Commission) with the aim of reaching a consensus and adopting the final text.

The main changes on the table include the calculation of positions towards the clearing threshold. The proposal also states only those derivatives that are not cleared at an authorised central counterparty (CCP) or a CCP recognised under European Union law should be included in the calculation. It is also proposed to remove the exemption from reporting intragroup transactions. It also allows CCPs to accept highly liquid commercial bank and public bank guarantees as eligible collateral, provided that they are unconditionally available upon request within the liquidation period.

Meanwhile, on 7 March 2023, Spanish Law 6/2023, on securities markets and investment services, was published in the Official State Gazette (BOE), which transposes into the laws of Spain Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis (known as the "MiFID quick fix"). This Directive removes the requirement to notify the regulator of the intention to apply the ancillary business exemption for those companies whose group-wide activity is ancillary to the main business. The Directive also ushers in a third criterion for considering that the activity is ancillary, based on the net outstanding exposure in commodity derivatives, emission allowances or derivatives thereof for cash settlement outside a trading venue, not exceeding the threshold of Euro 3 billion. These provisions are further developed in Royal Decree 813/2023 of 8 November, on the legal regime for investment firms and other entities providing investment services, which further specifies that the position limits regime would apply even if exempted on the basis of the ancillary activity exemption.

The Directive also amends the position limit regime, limiting it to those derivatives that are considered critical or significant. These provisions are implemented by Royal Decree 814/2023 of 8 November on financial instruments, admission to trading, registration of negotiable securities and market infrastructures.

Sustainable finance

Following the adoption by the United Nations (UN) of Agenda 2030 for Sustainable Development and the Paris Agreement on Climate Change, the European Commission published its Action Plan known as "*Financing Sustainable Growth*", one of the objectives of which is to redirect capital flows towards sustainable investments.

As part of the Action Plan, Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment was published in 2020 (Taxonomy Regulation).

To be considered environmentally sustainable, an economic activity must make a substantial contribution to one or more of the six environmental targets set out in the Regulation, including the mitigation of and adaptation to climate change and refraining from causing any significant damage to any of the other environmental targets.

Furthermore, the technical criteria that must be met for an economic activity to be considered as making a substantial contribution to climate change mitigation and adaptation have been defined in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021. Broadly speaking, the Taxonomy covers electricity production activities using renewable sources and excludes generation using fossil fuels. The technical criteria to be met by nuclear energy and natural gas-fired power generation in order to be covered by the taxonomy have yet to be defined.

On 10 December 2021, Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 was published in the Official Journal of the European Union (OJEU), setting out the information to be provided and the calculations to be made in order to comply with the obligations contained in the Taxonomy Regulation.

In March 2022, the European Commission approved the Complementary Climate Delegated Act on climate change mitigation and adaptation, which envisages a raft of activities related to gas and nuclear energy.

Meanwhile, in March 2022, the sustainable finance platform presented the European Commission with a report with recommendations, which will act as a base for the Commission to draft a delegated regulation on the technical criteria of the four remaining objectives of the Taxonomy, which are as follows: sustainable use and the protection of water and marine resources, transition towards a circular economy and the prevention and control of pollution and the protection and recovery of biodiversity and ecosystems.

On 13 June 2023, the European Commission adopted a new set of European Union (EU) Taxonomy criteria for economic activities that make a substantial contribution to one or more of the non-climate environmental objectives: sustainable use and the protection of water and marine resources, transition towards a circular economy, the prevention and control of pollution, and the protection and recovery of biodiversity and ecosystems. This Regulation entered into force last December 2023 and is applicable from 1 January 2024.

State Aid

On 23 March 2022, the European Commission issued a notification on the Temporary Framework relating to state aid measures aimed at supporting the economy following Russia's invasion of Ukraine. In this Temporary Framework, the European Commission specified the criteria that should guide the assessment of compatibility with the internal market of the state aid measures that may be adopted by the Member States to alleviate the economic effects arising from the war and the subsequent sanctions adopted by the European Union and its international partners, as well as the countermeasures adopted by Russia.

The European Commission also passed several amendments throughout 2022 to the *Temporary State Aid Crisis Framework*, allowing Member States to continue to make use of the flexibility provided for in the

State aid rules to support the economy following Russia's invasion of Ukraine and in line with the objectives of the REPowerEU Plan until 31 December 2023. The European Commission has since extended the previous Framework until June 2024, increasing the amount of aid that companies can receive.

Wholesale market

Since 10 May 2022, and following the review criteria established in Decision 4/2017 of the Agency for the Cooperation of Energy Regulators (ACER) of the European Union, the harmonised maximum limit price on the daily market was increased from €3,000/MWh to €4,000/MWh. Decision 4/2017 stipulated that the upper limit should be increased by €1,000/MWh five weeks after 60% of the limit had been reached. Although the value of 4,000 €/MWh was reached in August 2022, which should lead to a new increase, this has yet to be completed and in September 2022 the Agency for the Cooperation of Energy Regulators (ACER) initiated a review of the criteria for modifying the price limits. On 10 January 2023, the Agency for the Cooperation of Energy Regulators (ACER) approved Decision 1/2023, containing the new criteria.



7. CHANGES IN CONSOLIDATION SCOPE

7.1. Subsidiaries

Additions

In the years ended 31 December 2023 and 2022, the following Subsidiaries were included in the consolidation scope:

Company	Transaction	Date	Activity	Companies added					
				Stake at 31 December 2023 (%)		Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Endesa Mobility, S.L.U. ⁽¹⁾	Formation	26 January 2023	Mobility	100.00	100.00	–	–	–	–
Enel Green Power España Solar 1, S.L.U. ⁽²⁾	Formation	27 July 2023	Photovoltaic	100.00	100.00	–	–	–	–
EGPE Solar 2, S.L.U. ⁽²⁾	Formation	27 July 2023	Photovoltaic	100.00	100.00	–	–	–	–
Stonewood Desarrollos, S.L.U. ⁽³⁾	Acquisition	17 February 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Green Power 1, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Green Power 2, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Green Power 3, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Green Power 4, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Arena Green Power 5, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Enigma Green Power 1, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power Ren 4, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power Ren 5, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power Ren 6, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power Ren 7, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power Ren 8, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power Ren 9, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Shark Power Ren 10, S.L.U. ⁽³⁾	Acquisition	14 June 2022	Photovoltaic	100.00	100.00	100.00	100.00	–	–
Empresa de Alumbrado Eléctrico de Ceuta Energía, S.L.U. ⁽⁴⁾	Formation	21 November 2022	Supply	100.00	100.00	100.00	100.00	–	–

⁽¹⁾ Company incorporated by Endesa, S.A. 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 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. The spin-off was ultimately filed on 3 April 2023.

⁽²⁾ Companies incorporated by Enel Green Power España, S.L.U. companies.

⁽³⁾ Companies acquired by Enel Green Power España, S.L.U. for a total of Euro 26 million, which was fully disbursed at 31 December 2023.

⁽⁴⁾ Company formed by Endesa Energía, S.A.U.

Outstanding disbursements

As at 31 December 2023 and 2022, outstanding disbursements pertaining to the acquired companies as well as outstanding requirements and the estimated date of payment were as follows:

Millions of Euro

	Total payments pending		Acquisition date	Stipulations outstanding	Estimated payment date
	31 December 2023	31 December 2022			
Arena Power Solar 11, S.L.U. Arena Power Solar 12, S.L.U. Arena Power Solar 13, S.L.U.	3	3	25 February 2021	Start date of project construction ("Ready to Build").	"Ready to Build": December 2024
Arena Power Solar 20, S.L.U.	2	2	29 July 2021	Obtainment of the Environmental Impact Statement (EIS) and the start date for construction of the project ("Ready to Build").	Environmental Impact Statement (EIS): March 2024 "Ready to Build": December 2025
Savanna Power Solar 4, S.L.U. Savanna Power Solar 5, S.L.U. Savanna Power Solar 6, S.L.U. Arena Power Solar 33, S.L.U. Arena Power Solar 34, S.L.U. Arena Power Solar 35, S.L.U. Savanna Power Solar 9, S.L.U. Savanna Power Solar 10, S.L.U.	10	20	25 February 2021 15 March 2021	Start date of project construction ("Ready to Build").	"Ready to Build": March 2025
Suggestion Power, Unipessoal, Lda	3	3	14 September 2020	Date of Investment Committee (IC) meeting. Construction start date ("Ready to Build") and Commercial Operation Date ("COD").	Investment Committee (IC): October 2024 "Ready to Build": January 2025 Commercial Operation Date (COD): August 2026
Stonewood Desarrollos, S.L.U.	–	2	17 February 2022	–	–
TOTAL	18	30			

These companies are, on the one hand, in the process of obtaining permits and licenses for the development of the projects and, therefore, have not generated revenues

since the date of acquisition. Specifically, in 2023 the gross investments made by these companies amounted to EUR 6 million (EUR 57 million in 2022) (see Note 20.1)

Changes

In the years ended 31 December 2023 and 2022, the following changes occurred in the percentage of control and economic stake at the following subsidiaries included within the consolidation scope:

Company	Transaction	Activity	Changes in companies					
			Stake at 31 December 2023 (%)		Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)	
			Control	Financial share	Control	Financial share	Control	Financial share
Energía Ceuta XXI Comercializadora de Referencia, S.A.U. ⁽¹⁾	Acquisition	Supply	100.00	100.00	100.00	96.42	100.00	96.42
Energías Especiales de Careón, S.A. ⁽²⁾	Acquisition	Wind	97.00	97.00	97.00	97.00	77.00	77.00
Energías Especiales de Peña Armada, S.A.U. ⁽²⁾	Acquisition	Wind	-	-	100.00	100.00	80.00	80.00

⁽¹⁾ On 1 July 2023, Endesa Energía, S.A.U. (buyer) acquired the company Energía Ceuta XXI Comercializadora de Referencia, S.A.U. from Empresa de Alumbrado Eléctrico de Ceuta, S.A. (seller) for an insignificant amount.

⁽²⁾ Holdings acquired by Enel Green Power España, S.L.U. for Euro 9 million, of which Euro 7 million related to the price of the shareholding in those companies and Euro 2 million to the payment of the debt that the companies assumed with the former shareholders. These transactions have no impact on the consolidated income statement and represent an effect on Equity of Euro 7 million, of which Euro 3 million relates to Equity in the hands of Non-controlling Interests and Euro 4 million to Equity of the Parent (see Notes 35.2 and 46.3).

Exclusions

In the year ended 31 December 2023, the following subsidiaries were removed or excluded from the consolidation scope:

Company	Transaction	Activity	Exclusions			
			Stake at 31 December 2023 (%)		Stake at 31 December 2022 (%)	
			Control	Financial share	Control	Financial share
Xaloc Solar, S.L.U. ⁽¹⁾	Sale	Photovoltaic	-	-	100.00	100.00
Endesa Comercialização de Energia, S.A.	Dissolution	Supply	-	-	100.00	100.00

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

In the year ended 31 December 2022, no subsidiaries were removed from the consolidation scope.

Mergers

In the years ended 31 December 2023 and 2022, the following merger operations took place among subsidiaries included within the consolidation scope:

Acquirer	Merger date	Acquiree/s	Company mergers					
			Stake at 31 December 2023 (%) (Acquiree)		Stake at 31 December 2022 (%) (Acquiree)		Stake at 31 December 2021 (%) (Acquiree)	
			Control	Financial share	Control	Financial share	Control	Financial share
Endesa, S.A.	2 November 2023	Endesa Red, S.A.U. ⁽¹⁾	-	-	100.00	100.00	100.00	100.00
Enel Green Power España, S.L.U.	19 September 2023	Energías Especiales Peña Armada, S.A.U.	-	-	100.00	100.00	100.00	100.00
	22 June 2022	Parque Eólico Tico, S.L.U.	-	-	-	-	100.00	100.00
	15 June 2022	Castiblanco Solar, S.L.U.	-	-	-	-	100.00	100.00
	15 June 2022	Coquina Solar, S.L.U.	-	-	-	-	100.00	100.00
	15 June 2022	Navalvillar Solar, S.L.U.	-	-	-	-	100.00	100.00
	15 June 2022	Valdecaballero Solar, S.L.U.	-	-	-	-	100.00	100.00
	7 October 2022	Planta Eólica Europea, S.A.U.	-	-	-	-	100.00	100.00

⁽¹⁾ On 22 September 2023, the Board of Directors of Endesa, S.A. and the Sole Director of Endesa, S.A.'s wholly-owned investee, Endesa Red, S.A.U., approved the planned merger whereby the latter would be absorbed by Endesa, S.A. through the en-bloc transfer of its assets and liabilities, resulting in that company's extinction without liquidation. The merger by absorption of Endesa Red, S.A.U. into Endesa, S.A. was filed with effect from 2 November 2023.

7.2. Associates

Inclusions

In the years ended 31 December 2023 and 2022, the following Associates were added to the consolidation scope:

Company	Notes	Transaction	Activity	Companies added					
				Stake at 31 December 2023 (%)		Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Renovables Brovales Segura de León 400 KV, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	64.05	64.05	–	–	–	–
María Renovables, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	45.36	45.36	–	–	–	–
Brazatortas 220 Renovables, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	33.96	33.96	33.96	33.96	–	–
Endesa X Way, S.L. ⁽²⁾	26.1	Formation and sale	E-mobility	49.00	49.00	49.00	49.00	–	–
Energías Limpias de Carmona, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	18.75	18.75	18.75	18.75	–	–
Evacuación Carmona 400-220 KV Renovables, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	9.39	9.39	9.39	9.39	–	–
Infraestructuras San Serván Set 400, S.L. ⁽¹⁾	26.1	Acquisition	Photovoltaic	19.23	19.23	19.23	19.23	–	–
Instalaciones San Serván II 400, S.L. ⁽¹⁾	26.1	Acquisition	Photovoltaic	23.81	23.81	23.81	23.81	–	–
Promotores Mudéjar 400kV, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	37.19	37.19	37.19	37.19	–	–
Renovables Brovales 400kV, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	64.15	64.15	64.15	64.15	–	–
Ribina Renovables 400, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	40.21	40.21	39.24	39.24	–	–
Seccionadora Almodóvar Renovables, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	37.50	37.50	37.50	37.50	–	–
Set Carmona 400 KV Renovables, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	16.00	16.00	16.00	16.00	–	–
Transformadora Almodóvar Renovables, S.L. ⁽¹⁾	26.1	Formation	Photovoltaic	60.53	60.53	60.53	60.53	–	–

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

⁽²⁾ On 9 February 2022, Endesa Movilidad Eléctrica, S.L.U. was formed. (currently known as Endesa X Way, S.L.), in which Endesa X Servicios, S.L.U. has a 100% ownership interest. Subsequently, on 4 April 2022, the partial spin-off of Endesa X Servicios, S.L.U. was formalised, whereby the electric mobility management business unit, which includes the provision of the electric vehicle charging station management service and related activities, was transferred to Endesa X Way, S.L. On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its stake in that company to Enel X Way, S.r.l. (Enel Group company and parent of the electric mobility business), in exchange for Euro 122 million, generating a gross capital gain of Euro 121 million (see Notes 12, 46.2 and 47.1).

Changes

In the years ended 31 December 2023 and 2022, the following changes occurred in the percentage of control and economic stake at the following associates included within the consolidation scope:

Company	Notes	Transaction	Activity	Changes in companies					
				Stake at 31 December 2023 (%)		Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Solana Renovables, S.L. ⁽¹⁾	26.1	Sale	Photovoltaic	39.90	39.90	49.84	49.84	49.84	49.84
Ribina Renovables 400, S.L. ⁽¹⁾	26.1	Acquisition	Photovoltaic	40.21	40.21	39.24	39.24	–	–
Renovables Manzanares 400 KV, S.L. ⁽¹⁾	26.1	Acquisition	Photovoltaic	43.98	43.98	43.98	43.98	27.86	27.86

⁽¹⁾ The key figures for this company and related transaction are not significant.

Exclusions

In the years ended 31 December 2023 and 2022, the following associates were excluded from the consolidation scope:

Company	Notes	Transaction	Activity	Exclusion of companies					
				Stake at 31 December 2023 (%)		Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Tecnatom, S.A. ⁽¹⁾	34 and 46.2	Sale	Nuclear	–	–	45.00	45.00	45.00	45.00
Boiro Energía, S.A., S.L. ⁽²⁾	26.1	Sale	Renewable energies.	–	–	–	–	40.00	40.00
Depuración Destilación Reciclaje, S.L. ⁽²⁾	26.1	Sale	Renewable energies.	–	–	–	–	40.00	40.00
Proyecto Almería Mediterráneo, S.A. (In liquidation) ⁽³⁾	26.1	Dissolution	Water desalination	–	–	–	–	45.00	45.00

⁽¹⁾ On 24 November 2023, the sale of the stake in this company was completed in exchange for Euro 27 million, with no gain or loss resulting from the transaction.

⁽²⁾ On 2 June 2022, Enel Green Power España, S.L.U. completed the sale of its investment in these companies for a total of Euro 14 million. The gross gain generated on the sale amounted to Euro 1 million (see Notes 14 and 46.2).

⁽³⁾ The key figures for this company were not material.

7.3. Joint arrangements

7.3.1. Joint operations

Inclusions, changes and exclusions

There were no inclusions, changes in percentage control and economic stake or exclusions of any joint operations from the consolidation scope in the years ended 31 December 2023 and 2022.



7.3.2. Joint ventures

Inclusions

In the years ended 31 December 2023 and 2022, the following joint ventures were included in the consolidation scope:

Company	Notes	Transaction	Activity	Companies acquired					
				Stake at 31 December 2023 (%)		Stake at 31 December 2022 (%)		Stake at 31 December 2021 (%)	
				Control	Financial share	Control	Financial share	Control	Financial share
Grineo Gestión Circular, S.L. ⁽¹⁾	26.2	Formation	Services	35.00	35.00	–	–	–	–
Campos Promotores Renovables, S.L. ⁽²⁾	26.2	Formation	Photovoltaic	25.30	25.30	25.30	25.30	–	–
Infraestructura de Evacuación Peñaflo 220 KV, S.L. ⁽²⁾	26.2	Formation	Photovoltaic	41.14	41.14	41.14	41.14	–	–
Novolito Recuperación de Baterías, S.L. ⁽¹⁾	26.2	Formation	Battery recovery	45.00	45.00	45.00	45.00	–	–
Rebuilding Agente Rehabilitador, S.L. ⁽³⁾	26.2	Formation	Infrastructure and Services	50.00	50.00	50.00	50.00	–	–

⁽¹⁾ Companies formed by Endesa Generación, S.A.U. for an amount of less than Euro 1 million.

⁽²⁾ Companies formed directly and/or indirectly by Enel Green Power España, S.L.U. for an immaterial amount.

⁽³⁾ Company formed by Endesa X Servicios, S.L.U. for a non-material amount.

Changes and exclusions

In the years ended 31 December 2023 and 2022, there were no changes in the percentages of control, financial share and exclusion of any joint venture included within the consolidation scope.



8. SEGMENT INFORMATION

8.1. Basis of segmentation

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

- Generation, together with Supply;
- Distribution;
- Structure 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.

No external customers represented 10% or more of the revenue of any Endesa segment in either 2023 or 2022.

8.2. Segment information

8.2.1. Segment information: consolidated income statement for the years ended 31 December 2023 and 2022

Millions of Euro

	2023
	Generation and Supply
	
REVENUE	23,179
Revenue with third parties	23,148
Revenue from transactions between segments	31
PROCUREMENTS AND SERVICES	(16,094)
INCOME AND EXPENSES FROM ENERGY DERIVATIVES	(3,172)
CONTRIBUTION MARGIN	3,913
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	(1,635)
GROSS OPERATING INCOME (EBITDA)	2,278
Depreciation and amortisation, and impairment losses on non-financial assets	(1,137)
Depreciation and amortisation	(1,031)
Provision for impairment of non-financial assets	(116)
Reversal of impairment of non-financial assets	10
Impairment losses on financial assets.	(271)
Provision for impairment of financial assets	(384)
Reversal of impairment of financial assets	113
OPERATING INCOME	870
Net profit/(loss) of companies accounted for using the equity method	6
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS ⁽¹⁾	1,544

⁽¹⁾ Includes additions of Euro 147 million in Rights of Use (Euro 133 million in Generation and Retail, Euro 7 million in Distribution, and Euro 7 million in Structure and Services) (see Note 21).



2023			
Distribution	Structure and services	Consolidated adjustments and eliminations	Total
			
2,466	501	(687)	25,459
2,302	9	—	25,459
164	492	(687)	—
(166)	(209)	157	(16,312)
—	—	—	(3,172)
2,300	292	(530)	5,975
(563)	(530)	530	(2,198)
1,737	(238)	—	3,777
(684)	(43)	—	(1,864)
(694)	(43)	—	(1,768)
—	—	—	(116)
10	—	—	20
3	—	—	(268)
(62)	—	—	(446)
65	—	—	178
1,056	(281)	—	1,645
4	—	—	10
892	27	—	2,463

	2022
	Generation and Supply
	
REVENUE	30,722
Revenue with third parties	30,686
Revenue from transactions between segments	36
PROCUREMENTS AND SERVICES	(23,565)
INCOME AND EXPENSES FROM ENERGY DERIVATIVES	(2,217)
CONTRIBUTION MARGIN	4,940
FIXED OPERATING COSTS AND OTHER GAINS AND LOSSES	(1,231)⁽¹⁾
GROSS OPERATING INCOME (EBITDA)	3,709
Depreciation and amortisation, and impairment losses on non-financial assets	(1,008)
Depreciation and amortisation	(939)
Provision for impairment of non-financial assets	(98)
Reversal of impairment of non-financial assets	29
Impairment losses on financial assets.	(137)
Provision for impairment of financial assets	(285)
Reversal of impairment of financial assets	148
OPERATING INCOME	2,564
Net profit/(loss) of companies accounted for using the equity method	11
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS⁽²⁾	1,451

⁽¹⁾ Includes the gross gain generated by the sale of the 51% stake of Endesa X Way, S.L. to Enel Way, S.r.l. and recognition of the retained interest (49%) at fair value, following the loss of control of this company, for a total amount of Euro 238 million (see Note 26.1).

⁽²⁾ Includes additions of Euro 23 million in Rights of Use (Euro 19 million in Generation and Retail, Euro 3 million in Distribution, and Euro 1 million in Structure and Services) (see Note 21).



2022				
Distribution	Structure and Services	Consolidated adjustments and eliminations		Total
				
2,348	472	(646)		32,896
2,202	8	—		32,896
146	464	(646)		—
(139)	170	140		(23,394)
—	—	—		(2,217)
2,209	642	(506)		7,285
(506)	(489)	506		(1,720)
1,703	153	—		5,565
(660)	(48)	—		(1,716)
(666)	(48)	—		(1,653)
—	—	—		(98)
6	—	—		35
(25)	—	—		(162)
(96)	—	—		(381)
71	—	—		219
1,018	105	—		3,687
4	—	—		15
891	28	—		2,370



8.2.2. Segment information: statement of financial position at 31 December 2023 and 2022

Millions of Euro

	31 December 2023
	Generation and Supply
	
Property, Plant and Equipment⁽¹⁾	10,132
Intangible assets	1,401
Goodwill	361
Investments accounted for using the equity method	257
Non-current assets under contracts with customers	—
Trade receivables for sales and services and other receivables	4,262
Current assets under contracts with customers	—
Other⁽²⁾	1,923
ASSETS SEGMENTS	18,336
TOTAL ASSETS	
Non-current liabilities under contracts with customers	20
Non-current provisions	2,089
Provisions for employee benefits	116
Other non-current provisions	1,973
Current liabilities under contracts with customers	3
Current provisions	1,137
Provisions for employee benefits	—
Other current provisions	1,137
Suppliers and other payables	4,101
Other⁽³⁾	127
LIABILITIES SEGMENTS	7,477
TOTAL LIABILITIES	

⁽¹⁾ Includes rights of use amounting to Euro 810 million (Euro 716 million in Generation and Supply, Euro 25 million in Distribution and Euro 69 million in Structure and Services) (see Note 21).

⁽²⁾ Includes Investment Property amounting to Euro 69 million (Euro 67 million in Distribution and Euro 2 million in Structure and Services) (see Note 22), Inventories amounting to Euro 2,060 million (Euro 1,875 million in Generation and Supply and Euro 185 million in Distribution) (see Note 31), and Other Non-Current Assets amounting to Euro 386 million (Euro 48 million in Generation and Supply, Euro 336 million in Distribution and Euro 2 million in Structure and Services) (see Note 29).

⁽³⁾ Includes grants of Euro 227 million (Euro 36 million in Generation and supply and Euro 191 million in Distribution) (see Note 36) and Other non-current liabilities of Euro 578 million (Euro 91 million in Generation and supply, Euro 480 million in Distribution and Euro 7 million in Structure and services) (see Note 38).

31 December 2023				
Distribution	Structure and Services	Consolidated adjustments and eliminations		Total
				
12,555	152	—		22,839
215	30	—		1,646
97	4	—		462
13	3	—		273
—	—	—		—
801	271	(422)		4,912
4	—	—		4
588	4	—		2,515
14,273	464	(422)		32,651
				41,283
4,328	—	—		4,348
534	232	—		2,855
125	27	—		268
409	205	—		2,587
424	—	—		427
94	146	—		1,377
—	—	—		—
94	146	—		1,377
1,779	784	(422)		6,242
671	7	—		805
7,830	1,169	(422)		16,054
				41,283



31 December 2022

Generation and supply



Property, plant and equipment⁽¹⁾	9,808
Intangible assets	1,388
Goodwill	361
Investments accounted for using the equity method	259
Non-current assets under contracts with customers	—
Trade receivables for sales and services and other receivables	4,969
Current assets under contracts with customers	—
Other⁽²⁾	1,951
ASSETS SEGMENTS	18,736
TOTAL ASSETS	
Non-current liabilities under contracts with customers	13
Non-current provisions	2,185
Provisions for employee benefits	121
Other non-current provisions	2,064
Current liabilities under contracts with customers	9
Current provisions	1,002
Provisions for employee benefits	—
Other current provisions	1,002
Suppliers and other payables	5,257
Other⁽⁴⁾	139
LIABILITIES SEGMENTS	8,605
TOTAL LIABILITIES	

⁽¹⁾ Includes rights of use amounting to Euro 782 million (Euro 683 million at Generation and Retail Supply; Euro 25 million at Distribution; and Euro 74 million at Structure and Services) (see Note 21).

⁽²⁾ Includes Investment property worth Euro 59 million (Euro 57 million at Distribution and Euro 2 million at Structure and Services) (see Note 22), Inventories amounting to Euro 2,122 million (Euro 1,930 million at Generation and Retail Supply and Euro 192 million at Distribution) (see Note 31), and Other non-current assets amounting to Euro 304 million (Euro 18 million at Generation and Retail Supply, Euro 283 million at Distribution and Euro 3 million at Structure and Services) (see Note 29).

⁽³⁾ See Note 4.

⁽⁴⁾ Includes grants amounting to Euro 238 million (Euro 36 million at Generation and Retail Supply and Euro 202 million at Distribution) (see Note 36) and Other non-current liabilities amounting to Euro 588 million (Euro 102 million at Generation and Retail Supply, Euro 478 million at Distribution, and Euro 8 million at Structure and Services) (see Note 38).

31 December 2022				
Distribution	Structure and services	Consolidated adjustments and eliminations		Total
				
12,371	159	—		22,338
209	39	—		1,636
97	4	—		462
12	3	—		274
—	—	—		—
677	232	(406)		5,472
8	—	—		8
531	3	—		2,485
13,905	440	(406)		32,675
				50,067 ⁽³⁾
4,287	—	—		4,300
578	201	—		2,964
131	26	—		278
447	175	—		2,686
285	—	—		294
86	148	—		1,236
—	—	—		—
86	148	—		1,236
1,120	248	(406)		6,219
681	6	—		826
7,037	603	(406)		15,839
				50,067 ⁽³⁾



At 31 December 2023 and 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

	Notes	31 December 2023	31 December 2022
TOTAL ASSETS	4	41,283	50,067
Other non-current financial assets	28	663	1,160
Non-current derivative financial instruments	44	879	1,249
Deferred tax assets	25	1,608	2,660
Current income tax assets	32	233	49
Other tax assets	32	312	166
Other current financial assets	30	1,777	8,677
Current derivative financial instruments	44	1,054	2,533
Cash and cash equivalents	33	2,106	871
Non-current assets held for sale and discontinued operations	34	—	27
ASSETS SEGMENTS		32,651	32,675
TOTAL LIABILITIES	4	41,283	50,067
Equity	35	7,204	5,758
Non-current borrowings	41.3	9,636	11,704
Non-current derivative financial instruments	44	544	2,408
Other non-current financial liabilities	39	8	—
Deferred tax liabilities	25	1,308	1,425
Current borrowings	41.3	4,091	6,784
Current derivative financial instruments	44	1,673	4,990
Other current financial liabilities	39	104	51
Current income tax liabilities	40	215	544
Other tax liabilities	40	446	564
LIABILITIES SEGMENTS		16,054	15,839

8.2.3. Segment information: consolidated statements of cash flows for the years ended 31 December 2023 and 2022

Millions of Euro

Statement of cash flows	2023			
	Generation and Supply	Distribution	Structure, services and others ⁽¹⁾	Total
Net cash flows from operating activities	3,296	2,268	(867)	4,697
Net cash flows from investing activities	3,706	(992)	482	3,196
Net cash flows from financing activities	(7,017)	(1,275)	1,634	(6,658)

⁽¹⁾ Structure, Services and Adjustments.

Millions of Euro

Statement of cash flows	2022			
	Generation and Supply	Distribution	Structure, services and others ⁽¹⁾	Total
Net cash flows from operating activities	(199)	1,595	276	1,672
Net cash flows from investing activities	(10,053)	(901)	2,798	(8,156)
Net cash flows from financing activities	10,291	(694)	(2,945)	6,652

⁽¹⁾ Structure, Services and Adjustments.

8.3. Information by geographical area

8.3.1. Results of the Parent, revenues from sales and services to external customers, and other operating revenues to external customers, for the years ended 31 December 2023 and 2022

Millions of Euro

Country	2023		
	Income of the Parent	Revenue from sales and services	Other operating income
Spain	666	20,589	377
France	28	1,247	—
Portugal	33	1,050	2
Luxembourg	—	859	—
Germany	12	523	—
Singapore	—	147	—
Switzerland	—	147	3
United Kingdom	—	406	—
Netherlands	—	34	—
Italy	—	6	7
Morocco	3	—	—
Other	—	62	—
TOTAL	742	25,070	389

Millions of Euro

Country	2022		
	Income of the Parent	Revenue from sales and services	Other operating income
Spain	2,458	28,588	325
Portugal	46	1,794	1
Italy	—	104	2
France	25	1,139	23
Germany	9	564	—
Netherlands	1	37	—
Morocco	2	—	—
United Kingdom	—	104	—
Other	—	215	—
TOTAL	2,541	32,545	351

8.3.2. Property, plant and equipment, investment property, intangible assets and goodwill at 31 December 2023 and 2022

Millions of Euro

	31 December 2023			
	Property, plant and equipment	Investment property	Intangible assets	Goodwill
Spain	22,538	69	1,639	462
Portugal	297	—	7	—
France	4	—	—	—
TOTAL	22,839	69	1,646	462

Millions of Euro

	31 December 2022			
	Property, plant and equipment	Investment property	Intangible assets	Goodwill
Spain	22,022	59	1,628	462
Portugal	312	—	8	—
France	4	—	—	—
TOTAL	22,338	59	1,636	462

9. INCOME

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Revenue from sales and services	9.1	25,070	32,545
Other operating income	9.2	389	351
TOTAL		25,459	32,896

9.1. Revenue from sales and services

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Electricity sales		16,572	23,511
Sales to the deregulated market		12,077	14,966
Sales to the Spanish deregulated market		10,673	13,305
Sales to customers in deregulated markets outside Spain		1,404	1,661
Sales at regulated prices		1,623	2,985
Wholesale market sales		1,324	3,828
Compensation for Non-mainland Territories (TNP)		1,557	1,578
Remuneration for investment in renewable energies		(9) ⁽¹⁾	154 ⁽²⁾
Gas sales		5,419	6,121
Sales to the deregulated market		5,214	5,964
Sales at regulated prices		205	157
Regulated revenue from electricity distribution		1,930	1,879
Verifications and Hook-Ups		32	40
Rendering of services at facilities		47	33
Other sales and rendering of services		1,064	956
Sales related to Value Added Services		398	403
Proceeds due to capacity		11	17
Sales of other energy stocks		386	273
Provision of services and others		269	263
Lease revenue	21.2	6	5
TOTAL		25,070	32,545

⁽¹⁾ In 2023 includes the recording of a liability of Euro 9 million for market price deviation adjustments relating to those standard facilities (SF) which, according to the best estimate of energy market prices, will receive a Return on Investment (RoI) during their regulatory useful life and for which leaving the remuneration regime would have significantly more adverse economic consequences than remaining in it (see Note 6).

⁽²⁾ In 2022, this included a return on investment for 2022 in the amount of Euro 31 million, due to the impact of the publication of Royal Decree Law 6/2022, of 29 March, approving the updated remuneration parameters for electricity production facilities from renewable sources as of 1 January 2022, as updated by Order TED/1232/2022, of 2 December. Additionally in 2022, this heading also included the recognition of Euro 113 million of income for the reversal of the liability for adjustments due to deviation from the relative market price in relation to those standard facilities which, as of 31 December 2022, had recovered their Net Asset Value (NAV) and facilities that had ceased to receive a return on Investment (RoI) since 1 January 2023 pursuant to Order TED/741/2023, of 30 June, which updated the remuneration parameters applicable to certain electrical energy production facilities in the 2023–2025 half period (see Note 6).

Revenue from ordinary activities under contracts with customers recognised in this heading in 2023 amounted to Euro 24,904 million.

9.2. Other operating income

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Charge to results of facilities transferred from customers and rights for extension connections and other liabilities from contracts with customers	27.2	178	171
Grants released to income		96	72
Guarantees of Origin and other environmental certificates ⁽¹⁾		78	33
Other allocations to profit/(loss) from grants ⁽²⁾		18	39
Third party compensation		27	5
Other		88	103
TOTAL		389	351

⁽¹⁾ Relates mainly, to the guarantees of origin generated in relation to the production of energy at own facilities that run on renewable resources.

⁽²⁾ In 2023, it included Euro 16 million in capital subsidies (see Note 36) and Euro 2 million in operating subsidies (Euro 15 million (see Note 36) and Euro 24 million, respectively, in 2022).

Revenue from ordinary activities under contracts with customers recognised under this heading in 2023 amounted to Euro 194 million (2022: Euro 193 million).



10. PROCUREMENTS AND SERVICES

10.1. Power purchased

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	2023	2022
Electricity	4,055	8,933
Energy stocks	2,889	3,968
TOTAL	6,944	12,901

In 2023, purchases of energy stocks included an expense of Euro 515 million recognised by Endesa Generación, S.A.U. following an arbitration award for the price review

of a long-term contract for the supply of liquefied natural gas (LNG) (see Notes 16.1 and 51).

10.2. Fuel consumption

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	2023	2022
Energy stocks		
Coal	64	95
Nuclear fuel	100	111
Fuel oil	1,344	1,529
Gas	1,200	2,614
TOTAL	2,708	4,349

10.3. Other variable procurements and services

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Taxes and charges		1,132	856
Temporary Energy Tax	6 and 51	208 ⁽¹⁾	—
Rate for the treatment of radioactive waste		205	218
Street lighting / works licences		234	310
Nuclear charges and taxes		115	97
Catalonia environmental tax		138	140
Water tax		38	2
Other taxes and charges		194	89
Social Bonus discount rate	6 and 51	248	(2)
Consumption of carbon dioxide (CO ₂) emission rights	5.1	925	865
Consumption of energy with guarantees of origin and other environmental certificates	5.1	157	109
Costs related to Value Added Services		194	217
Purchases of other energy stocks		448	220
Other		343	276
TOTAL		3,447	2,541

⁽¹⁾ Includes the recognition of the expense associated with the temporary energy levy introduced by Law 38/2022, of December 27, for the establishment of temporary energy levies and levies on credit institutions and financial credit establishments and which creates the temporary solidarity tax on large fortunes, and modifies certain tax regulations.

⁽²⁾ In 2023 and 2022 the accrual of the Social Bonus is included in accordance with Royal Decree Law 6/2022, of March 29, considering the unitary contributions for each agent established in Order TED 733/2022, of July 22, in the amount of 248 million euros and 160 million euros, respectively. By Ruling 202/2022, dated February 21, 2022, issued by the Supreme Court in Appeal No. 687/2017, Endesa, S.A.'s right to be compensated for the amounts borne for the financing and co-financing with the Public Administrations of the Social Bonus, during the entire period of validity of the third financing scheme of the Social Bonus, discounting those amounts that, where applicable, would have been passed on to customers, was recognized. On July 28, 2023, the Secretary of State for Energy notified Endesa of a Resolution recognizing (i) the right to be compensated for the amounts paid for the financing of the Social Voucher in the amount of 172 million euros (including interest of 19 million euros), (ii) the right to be compensated for the management of the Social Voucher in the amount of 6 million euros, plus interest of 1 million euros; (iii) with respect to the cost of financing the Bono Social associated to consumers supplied by Endesa Energía, S.A.U. no compensation is recognized. On September 18, 2023, Endesa submitted a written statement of allegations to the Supreme Court, together with the corresponding expert reports, in order to demonstrate that Endesa has not passed on the cost of financing the Social Bonus associated with customers in the free segment of the supply market and that, consequently, it is entitled to full compensation. Additionally, in fiscal year 2022 included the recording of 18 million euros of income relating to the reversal of the amounts accrued and not paid corresponding to Settlement 12 of fiscal year 2021 finally not issued by the National Markets and Competition Commission (CNMC) in relation to the financing of the Social Bonus, as a result of the Supreme Court Ruling 202/2022, dated February 21, 2022, issued in Appeal 687/2017.

11. INCOME AND EXPENSES FROM ENERGY STOCK DERIVATIVES

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Revenue	41.5		
Revenue from derivatives designated as hedging instruments		1,153	3,592
Revenue from cash flow hedging derivatives ⁽¹⁾		1,153	3,592
Income from derivatives at fair value with changes in profit/loss		1,936	5,773
Revenue from fair value derivatives recognised in the income statement		1,936	5,773
Total revenue		3,089	9,365
Expenses	41.5		
Expenses from derivatives designated as hedging instruments		(2,817)	(5,058)
Expenses from cash flow hedging derivatives ⁽¹⁾		(2,817)	(5,058)
Expenses from derivatives at fair value with changes in profit/loss		(3,444)	(6,524)
Expenses from fair value derivatives recognised in the income statement		(3,444)	(6,524)
Total expenses		(6,261)	(11,582)
TOTAL		(3,172)	(2,217)

⁽¹⁾ At 31 December 2023, this includes a positive impact of Euro 200 million on the income statement due to inefficiencies (31 December 2022: negative net amount of Euro 293 million).

12. PERSONNEL EXPENSES

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Wages and salaries		719	711
Contributions to pension schemes	37.1	40	45
Provisions for workforce restructuring plans		170	—
Provisions for collective redundancy procedures	37.2.1	(1)	(2)
Provisions for contract suspensions	37.2.2	171 ⁽¹⁾	2
Other personnel expenses/employee benefits expense		208	199
TOTAL		1,137	955

⁽¹⁾ Includes a provision of Euro 165 million in line with the commitment to improve efficiency, within the framework of the digital transformation process that Endesa has been carrying out for years, which contemplates the departure of a maximum of 201 employees affected by the resulting digitalisation of processes (see Note 37.2).

Information on the average and final headcount is disclosed in Note 50.

13. OTHER FIXED OPERATING EXPENSES

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	2023	2022
Repairs and maintenance	331	307
Insurance premiums	64	58
Independent professional services and external services	93	85
Leases and levies	24	27
Taxes and charges	119	110
Travel expenses	14	15
Systems and Telecommunications Services.	184	196
Disciplinary Proceedings	19	44
Other	575	511
TOTAL	1,423	1,353

14. OTHER GAINS/ (LOSSES)

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Disposals of investments in Group companies and other:		—	239
Investment of 51% and profit and loss recognised as a result of the loss of control over Endesa X Way, S.L.		—	121
Holding of 51% of Endesa X Way, S.L.	7.2, 26 and 47.1	—	121
Results recognised as a consequence of the loss of control of Endesa X Way, S.L.	26	—	117
Other	7.2 and 26	—	1
Non-current asset disposals		17	14
Land adjoining the Foix thermal power plant (Barcelona)		6	—
Land located in Alcudia (Balearic Islands)		—	13
Land located in Granada, Malaga and Teruel of the Generation and Retail Supply Business		6	—
Other ⁽¹⁾		5	1
TOTAL		17	253

⁽¹⁾ Relates to gross gains generated by the sale of land and real estate.



15. DEPRECIATION AND AMORTISATION, AND IMPAIRMENT LOSSES

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

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
DEPRECIATION AND AMORTISATION	8.2.1	1,768	1,653
Provision for the depreciation of property, plant and equipment	20	1,418	1,334
Provision for amortisation of intangible assets	23	350	319
IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS		96	63
Provision for impairment losses	8.2.1	116	98
Provision for impairment losses on property, plant and equipment and investment property		95	95
Mainland coal-fired thermal power plants ⁽¹⁾	3.2f4 and 20.3	1	33
Cash-Generating Units (CGUs) in Non-mainland Territories (TNP) ⁽²⁾	3.2f4 and 20.3	90	60
Wind farm and photovoltaic plant projects ⁽³⁾	20.3	4	2
Other property, plant and equipment and investment property		—	—
Provision for impairment losses on intangible assets		21	3
Wind farm and photovoltaic plant projects ⁽³⁾	23.3	21	1
Other intangible assets		—	2
Reversal of impairment losses	8.2.1	(20)	(35)
Reversal of impairment losses on property, plant and equipment and investment property		(18)	(35)
Mainland coal-fired thermal power plants ⁽¹⁾	3.2f4 and 20.3	(7)	(5)
Cash-Generating Units (CGUs) in Non-mainland Territories (TNP) ⁽²⁾	3.2f4 and 20.3	—	(24)
Other property, plant and equipment and investment property ⁽⁴⁾	20 and 22	(11)	(6)
Reversal of impairment losses on intangible assets	23.3	(2)	—
Wind farm and photovoltaic plant projects ⁽³⁾		(2)	—
TOTAL		1,864	1,716

⁽¹⁾ Includes the reversal of impairment losses for the Los Barrios Port Terminal (Cádiz) amounting to Euro 7 million (Euro 30 million of impairment losses in 2022).

⁽²⁾ In fiscal years 2023 and 2022 includes the impairment charge for the Cash Generating Units (CGUs) for each of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla, for a total net amount of Euro 90 million and Euro 36 million, respectively.

⁽³⁾ Corresponds to the provision and reversal of impairment losses for several wind farm and photovoltaic plant projects, owned by Enel Green Power España, S.L.U. and subsidiaries of the renewables business, mainly as a result of obtaining a negative Environmental Impact Statement (EIS).

⁽⁴⁾ Includes the reversal of impairment losses totalling Euro 10 million on the property where the former headquarters of Gas y Electricidad Generación, S.A.U. and its annexed land located in Palma de Mallorca were located (Euro 6 million in 2022).

15.2. Impairment losses on financial assets

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Provision for impairment losses	8.2.1, 41.1.3 and 41.5.1	446	381
Provision for impairment losses on receivables from contracts with customers		440	381
Provision for impairment losses on other financial assets		6	—
Reversal of impairment losses	8.2.1, 41.1.3 and 41.5.1	(178)	(219)
Reversal of impairment losses on receivables from contracts with customers		(176)	(218)
Reversal of impairment losses on other financial assets		(2)	(1)
TOTAL		268	162

16. FINANCIAL PROFIT/(LOSS)

16.1. Financial profit/(loss) excluding derivative financial instruments

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Financial income		38	236
Income from financial assets at amortised cost		7	2
Income from financial assets and liabilities at fair value through profit or loss ⁽¹⁾	16.2	1	89
Income for workforce restructuring plans	37.2.1 and 37.2.2	—	87
Other financial income ⁽²⁾		30	58
Financial expenses		(705)	(343)
Expenses for financial liabilities at amortised cost	41.5.2	(505)	(246)
Costs for financial assets and liabilities at fair value through profit or loss ⁽¹⁾	16.2	(43)	—
Post-employment commitments expense	37.1	(9)	(7)
Expenses for workforce restructuring plans	37.2.1 and 37.2.2	(33)	(14)
Expenses for other provisions	37.3	(54)	(26)
Capitalised financial expenses	3.2b.1 and 3.2i.1	14	5
Expenses for impairment losses on other financial assets	41.1.3 and 41.5.1	4	(6)
Gains/(losses) on disposal of financial assets	32.1	(49)	(41)
Other financial expenses		(30) ⁽³⁾	(8)
Exchange gains/(losses)		21	(23)
Gains		83	102
Losses		(62)	(125)
TOTAL		(646)	(130)

⁽¹⁾ Relates entirely to the fair value measurement of financial liabilities underlying a fair value hedge (see Note 16.2).

⁽²⁾ In 2023 and 2022, a total of Euro 4 million and Euro 16 million, respectively, were recognised as late-payment interest due to the recognition of Endesa, S.A.'s right to be indemnified for the amounts paid to fund and co-fund the Social Bonus (Bono Social) with the public authorities over the term of the third Social Bonus funding scheme. Therefore, all such amounts paid are to be reimbursed to the claimant, less any amounts it may have passed on to its customers (see Note 10.3).

⁽³⁾ Includes Euro 15 million in late payment interest following recognition of the arbitration award for the price review of a long-term liquefied natural gas (LNG) supply contract (see Notes 10.1 and 51).

Net exchange differences

Net exchange differences yielded a gain of Euro 21 million in 2023 (net exchange losses of Euro 23 million in 2022). The change is due mainly to the fluctuations in the EUR/USD exchange rate over the course of 2023 and

the resulting impact on payments under contracts denominated in dollars and on borrowings associated with rights of use corresponding to charter agreements for the transport of liquefied natural gas (LNG).

16.2. Revenue and financial expenses on derivative financial instruments

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Revenue	41.5		
Revenue from derivatives designated as hedging instruments		88	12
Revenue from cash flow hedging derivatives		44	6
Revenue from fair value hedging derivatives	16.1	44	6
Income from derivatives at fair value with changes in profit/loss		—	1
Income from derivatives at fair value with changes in profit/loss		—	1
Total revenue		88	13
Expenses	41.5		
Expenses from derivatives designated as hedging instruments		(34)	(99)
Expenses from cash flow hedging derivatives		(3)	(8)
Expenses on fair value hedging derivatives	16.1	(31)	(91)
Expenses from derivatives at fair value with changes in profit/loss		2	1
Expenses from derivatives at fair value with changes in profit/loss		2	1
Total expenses		(32)	(98)
TOTAL		56	(85)



17. NET INCOME FROM COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Associates	26.1	(8)	13
Energías Especiales del Bierzo, S.A.		2	4
Gorona del Viento El Hierro, S.A.		(6)	1
Compañía Eólica Tierras Altas, S.A.		1	3
Endesa X Way, S.L.		(4)	(4)
Boiro Energía, S.A.		—	2
Other		(1)	7
Joint Ventures	26.1	18	2
Front Marítim del Besòs, S.L.		(2)	(2)
Nuclenor, S.A.		4	(7)
Énergie Électrique de Tahaddart, S.A.		3	2
Suministradora Eléctrica de Cádiz, S.A.		3	4
Other		10	5
TOTAL		10	15

18. INCOME TAX

During 2023 and 2022, the breakdown of sales on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Current income tax for the year		347	703
Deferred income tax for the year	25	(40)	118
Adjustment of prior years		—	48
Income tax provisions		(4)	22
TOTAL		303	891

Reconciliation of accounting profit to the income tax expense

The 2023 and 2022 reconciliation of “Accounting profit/ (loss) from continuing activities” with the income tax expense is as follows:

Millions of Euro

	2023					
	Income Statement	Rate (%)	Income and expenses directly recognised in equity	Rate (%)	Total	Rate (%)
Profit after tax from continuing operations	762	—	2,923	—	3,685	—
Income tax	303	—	975	—	1,278	—
Accounting profit/(loss) before tax	1,065	—	3,898	—	4,963	—
Theoretical tax	266	25,0	975	25,0	1,241	25,0
Permanent differences	87	—	—	—	87	—
Dividend exemption limitation	18	—	—	—	18	—
Impact of net gains/(losses) under the equity consolidated method	(3)	—	(1)	—	(4)	—
Non-deductible provisions	—	—	—	—	—	—
Expense not tax deductible due to the Temporary Energy Levy	52	—	—	—	52	—
Consolidation adjustments and others	20	—	1	—	21	—
Tax credits taken to profit and loss	(39)	—	—	—	(39)	—
Prior years’ adjustments and other deferred taxes	(7)	—	—	—	(7)	—
Tax impact in the year	307	—	975	—	1,282	—

Millions of Euro

	2022					
	Income Statement	Rate (%)	Income and expenses directly recognised in equity	Rate (%)	Total	Rate (%)
Profit after tax from continuing operations	2,596	—	(1,364)	—	1,232	—
Income tax	891	—	(483)	—	408	—
Accounting profit/(loss) before tax	3,487	—	(1,847)	—	1,640	—
Theoretical tax	872	25,0	(462)	25,0	410	25,0
Permanent differences	11	—	(21)	—	(10)	—
Dividend exemption limitation	19	—	—	—	19	—
Impact of net gains/(losses) under the equity consolidated method	(4)	—	(7)	—	(11)	—
Consolidation adjustments and others	(4)	—	(14)	—	(18)	—
Tax credits taken to profit and loss	(39)	—	—	—	(39)	—
Prior years’ adjustments and other deferred taxes	(23)	—	—	—	(23)	—
Tax impact in the year	821	—	(483)	—	338	—

Reconciliation of net tax

In 2023 and 2022, the reconciliation of the income tax expense to the net tax from continuing activities is as follows:

Millions of Euro

	Notes	2023		
		Income Statement	Income and expenses directly recognised in equity	Total
Tax impact in the year		307	975	1,282
Change in deferred tax	25.1 and 25.2	40	(975)	(935)
Net income of continuing operations		347	—	347

Millions of Euro

	Notes	2022		
		Income Statement	Income and expenses directly recognised in equity	Total
Tax impact in the year		821	(483)	338
Change in deferred tax	25.1 and 25.2	(118)	483	365
Net income of continuing operations		703	—	703

Details of the income tax expense

The breakdown of the income tax expense for 2023 and 2022 is as follows:

Millions of Euro

	2023		
	Current tax	Change in deferred taxes (Note 25)	Total
Recognition in the income statement, of which:	347	(40)	307
Net income of continuing operations	347	—	347
Deferred taxes	—	(40)	(40)
Depreciation and amortisation of assets	—	17	17
Employee benefit provisions	—	29	29
Other provisions	—	(6)	(6)
From measurement of derivative financial instruments	—	(2)	(2)
Loss carryforwards	—	(66)	(66)
Unused tax credits	—	(5)	(5)
Other	—	(7)	(7)
Recognition in equity, of which:	—	975	975
Employee benefit provisions	—	(2)	(2)
From measurement of derivative financial instruments	—	977	977
Tax impact in the year	347	935	1,282

			2022
	Current tax	Change in deferred taxes (Note 25)	Total
Recognition in the income statement, of which:	703	118	821
Net income of continuing operations	703	—	703
Deferred taxes	—	118	118
Depreciation and amortisation of assets	—	(63)	(63)
Employee benefit provisions	—	25	25
Other provisions	—	62	62
From measurement of derivative financial instruments	—	23	23
Loss carryforwards	—	8	8
Unused tax credits	—	7	7
Other	—	56	56
Recognition in equity, of which:	—	(483)	(483)
Employee benefit provisions	—	69	69
From measurement of derivative financial instruments	—	(552)	(552)
Other	—	—	—
Tax impact in the year	703	(365)	338

The deductions and tax credits taken to the income statement in 2023 and 2022 were as follows:

Millions of Euro

	2023	2022
Deductions for investments in new fixed assets in the Canary Islands	33	23
Deductions on charitable gifts	3	3
Deductions for Contributions to Corporate Social Security Systems	1	—
Credit for the production of tangible movable goods in the Canary Islands	—	11
Credit for income received in Ceuta and Melilla	2	2
Total tax deductions and credits taken to the income statement	39	39

International Tax Reform: Pillar Two Model Rules

Endesa operates mainly in Spain and Portugal, and to a lesser extent, through branches, in Germany, France and the Netherlands. At December 31, 2023 the “Pillar Two Legislation” has not entered into force in any of these countries, consequently, the application of the Amendments to IAS 12 “Income Taxes” – International Tax Reform: Pillar Two Model Standards that introduce an exception to the recognition of deferred tax assets and liabilities related to Pillar Two corporate income taxes (see Note 4) has no impact on Endesa.

In Spain, a Law is being processed in order to transpose Council Directive (EU) 2022/2523 of December 15, 2022, on the guarantee of an overall minimum level of taxation in the European Union. The Draft Bill regulates a Qualified National Complementary Tax that will enter into force

in 2024 and provides, subject to certain requirements, for its non-applicability during a transitional period provided that admissible country-by-country information is submitted. This country-by-country information is submitted by Enel, S.p.A. (the Italian parent company of the Enel Group) to the Italian Administration and would allow the Qualified National Complementary Tax to be zero in the event that, among other requirements, the simplified tax rate in Spain is higher than 15% or when the results before tax on business profits, extracted from this information, are less than or equal to the amount corresponding to the exclusion of income linked to the economic substance. In this sense, for purely informative purposes, sufficient requirements would be met for the Qualified National Complementary Tax to be zero.

19. BASIC AND DILUTED EARNINGS PER SHARE

In 2023 and 2022 the weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share (see Note 3.2r) is as follows:

Number of shares

	Notes	2023	2022
Number of ordinary shares during the year	35.1.1	1,058,752,117	1,058,752,117
Number of shares of the Parent owned by Endesa, S.A.	35.1.8	234,679	254,610
Weighted average number of ordinary shares outstanding		1,058,471,772	1,058,566,751

Basic and diluted earnings per share for 2023 and 2022 are as follows:

Millions of Euro

	Basic and diluted earnings per share	
	2023	2022
Profit after tax from continuing operations	762	2,596
Profit after tax from discontinued operations	—	—
Profit for the period	762	2,596
Parent	742	2,541
Non-controlling interests	20	55
Weighted average number of ordinary shares outstanding	1,058,471,772	1,058,566,751
Basic earnings per share (Euro)	0.70	2.40
Diluted earnings per share (Euro)	0.70	2.40
Basic earnings per share from continuing operations (Euro)	0.70	2.40
Diluted earnings per share from continuing operations (Euro)	0.70	2.40
Basic earnings per share from discontinued operations (Euro)	—	—
Diluted earnings per share from discontinued operations (Euro)	—	—

20. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2023 and 2022 the composition and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro

Property, plant and	Electricity generation facilities			
	Land	Buildings	Hydro power plants	Coal-fired/fuel-oil power plants
				
Cost	331	1,403	3,465	9,431
Accumulated depreciation	(35)	(414)	(2,627)	(6,889)
Impairment losses	(17)	(35)	(2)	(2,140)
Balance at 31 December 2022	279	954	836	402
Inclusion/(exclusion) of companies	—	—	—	—
Investments ^(Note 20.1)	129	17	—	3
Charges	(14)	(54)	(44)	(115)
Depreciation ^(Note 15.1)	(14)	(55)	(44)	(64)
Impairment losses ^(Note 15.1)	—	1	—	(51)
Disposals	(21) ⁽³⁾	(3)	—	—
Transfers and other ⁽²⁾	4	188	42	33
Total changes	98	148	(2)	(79)
Cost	443	1,603	3,506	9,466
Accumulated depreciation	(49) ⁽⁴⁾	(461)	(2,670)	(6,952)
Impairment losses	(17)	(40)	(2)	(2,191)
Balance at 31 December 2023⁽⁵⁾	377	1,102	834	323

⁽¹⁾ Relates to low and medium voltage, metering and remote control equipment and other installations.

⁽²⁾ Includes charges to property, plant and equipment of changes in the estimated decommissioning costs of facilities amounting to a negative Euro 70 million (see Note 37.3), and the transfer from "Intangible assets" of wind farm and photovoltaic plants on which construction has commenced in the amount of a positive Euro 14 million (see Note 23);

⁽³⁾ Includes the renegotiation of lease payments for the land on which certain renewable generation facilities are located.

⁽⁴⁾ Includes the depreciation of the right-of-use asset for the land on which certain renewable generation facilities are located.

⁽⁵⁾ Includes right-of-use assets amounting to Euro 810 million (see Note 21).

Electricity generation facilities				Transmission and distribution facilities ⁽¹⁾	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
Nuclear power plants	Combined cycle plants	Renewable energy plants	Total				
							
10,570	4,166	2,791	30,423	23,752	839	1,294	58,042
(8,197)	(1,782)	(420)	(19,915)	(11,828)	(532)	—	(32,724)
—	(679)	(9)	(2,830)	—	(45)	(53)	(2,980)
2,373	1,705	2,362	7,678	11,924	262	1,241	22,338
—	—	—	—	—	—	—	—
43	2	23	71	20	7	1,824	2,068
(290)	(138)	(131)	(718)	(664)	(57)	2	(1,505)
(290)	(99)	(131)	(628)	(664)	(57)	—	(1,418)
—	(39)	—	(90)	—	—	2	(87)
—	—	—	—	—	—	—	(24)
116	(5)	326	512	763	36	(1,541)	(38)
(131)	(141)	218	(135)	119	(14)	285	501
10,712	4,162	3,131	30,977	24,475	882	1,561	59,941
(8,470)	(1,880)	(543)	(20,515)	(12,432)	(588)	—	(34,045)
—	(718)	(8)	(2,919)	—	(46)	(35)	(3,057)
2,242	1,564	2,580	7,543	12,043	248	1,526	22,839

Property, plant and Equipment in operation and in progress	Electricity generation facilities			
	Land	Buildings	Hydro power plants	Coal-fired/fuel-oil power plants
				
Cost	349	1,176	3,421	9,336
Accumulated depreciation	(25)	(377)	(2,589)	(6,834)
Impairment losses	(17)	(35)	(2)	(2,108)
Balance at 31 December 2021	307	764	830	394
Inclusion/(exclusion) of companies	—	—	—	—
Investments ^(Note 20.1)	19	4	—	2
Charges	(10)	(43)	(39)	(91)
Depreciation ^(Note 15.1)	(10)	(43)	(39)	(59)
Impairment losses ^(Note 15.1)	—	—	—	(32)
Disposals	(1)	(4)	—	—
Transfers to non-current assets held for sale	—	—	—	—
Transfers and other ⁽²⁾	(36)	233	45	97
Total changes	(28)	190	6	8
Cost	331	1,403	3,465	9,431
Accumulated depreciation	(35) ⁽³⁾	(414)	(2,627)	(6,889)
Impairment losses	(17)	(35)	(2)	(2,140)
Balance at 31 December 2022 ⁽⁴⁾	279	954	836	402

⁽¹⁾ Relates to low and medium voltage, metering and remote control equipment and other Installations.

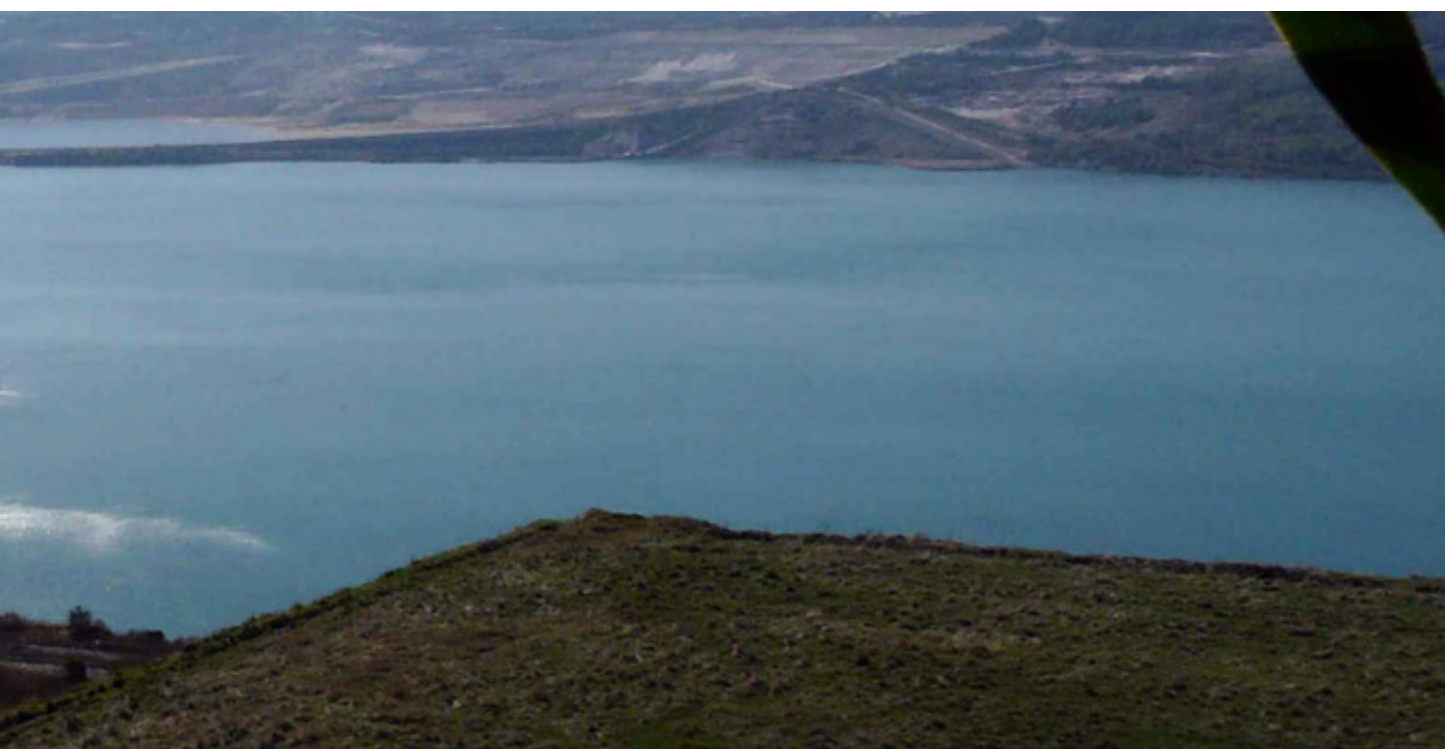
⁽²⁾ Includes charges to property, plant and equipment of changes in the estimated decommissioning costs of facilities amounting to a negative Euro 293 million (see Note 37.3); the transfer from "Intangible assets" of wind farm and photovoltaic plants on which construction has commenced in the amount of a positive Euro 52 million (see Note 23); and the financial discount of expected payments for rights of use for a negative Euro 47 million (see Note 21).

⁽³⁾ Includes depreciation of right-of-use assets relating to land on which certain renewable generation facilities are located.

⁽⁴⁾ Includes right-of-use assets totalling Euro 782 million (see Note 21).



Electricity generation facilities				Transmission and distribution facilities ⁽¹⁾	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
Nuclear power plants	Combined cycle plants	Renewable energy plants	Total				
							
10,529	4,229	2,288	29,803	23,044	819	1,309	56,500
(7,925)	(1,682)	(316)	(19,346)	(11,268)	(474)	—	(31,490)
—	(673)	(7)	(2,790)	—	(45)	(26)	(2,913)
2,604	1,874	1,965	7,667	11,776	300	1,283	22,097
—	—	—	—	—	—	—	—
33	2	17	54	23	3	1,799	1,902
(285)	(108)	(114)	(637)	(623)	(61)	(27)	(1,401)
(285)	(102)	(112)	(597)	(623)	(61)	—	(1,334)
—	(6)	(2)	(40)	—	—	(27)	(67)
—	—	—	—	—	—	(2)	(7)
—	—	—	—	—	—	—	—
21	(63)	494	594	748	20	(1,812)	(253)
(231)	(169)	397	11	148	(38)	(42)	241
10,570	4,166	2,791	30,423	23,752	839	1,294	58,042
(8,197)	(1,782)	(420)	(19,915)	(11,828)	(532)	—	(32,724)
—	(679)	(9)	(2,830)	—	(45)	(53)	(2,980)
2,373	1,705	2,362	7,678	11,924	262	1,241	22,338



20.1. Main investments and divestments

20.1.1. Main investments

During years 2023 and 2022, the detail of the investments in property, plant and equipment made is as follows:

Millions of Euro

Activity Segment	Investments in property, plant and equipment	
	2023	2022
Generation and Supply 	1,192	1,072
Conventional generation 	289	253
• Mainly includes investments in the maintenance of generation facilities for diverse technologies, primarily nuclear.		
Renewable Generation 	859	785
• In line with the successive Strategic Plans to have been approved by Endesa, the growth of emission-free power generation is one of the Company's key strategic pursuits. Accordingly, Endesa invested a total of Euro 693 million (Euro 749 million in 2022) in the construction of electricity generation facilities from renewable sources (see Notes 5.1 and 8). • Investments in this activity include the recognition of a right of use asset corresponding to the land on which certain renewable generation facilities are located, amounting to Euro 129 million.		
Supply of power and other products and services 	44	34
• Relates mainly to investments in charging stations for the e-Mobility business, in accordance with the strategic objective of achieving customer loyalty by providing a full range of value added services.		
Distribution 	859	819
• Relates mainly to grid extensions, as well as investments aimed at optimising grid operation and efficiency, adapting the grid to emerging needs among customers and improving the quality of service and resilience of the grid itself in accordance with Endesa's strategy.		
Structure and others⁽¹⁾ 	17	11
TOTAL	2,068	1,902

⁽¹⁾ Structure, Services and Adjustments.

As of 31 December 2023, the start-up dates of the projects foreseen in the investment plan have not been significantly modified.

20.1.2. Main divestments

During 2023, write-offs for rights of use amounting to Euro 20 million have been recorded as a result, among other aspects, of the renegotiation of the lease payments corresponding to the land where certain renewable generation facilities are located. In 2022, there were no derecognitions involving significant amounts under this heading of the consolidated statement of financial position.

20.2. Purchase commitments

At 31 December 2023 and 2022, the breakdown of commitments to purchase property, plant and equipment is as follows:

Millions of Euro

Activity Segment	Acquisition commitments	
	31 December 2023 ⁽¹⁾	31 December 2022 ⁽²⁾
Generation and Supply 	633	715
Distribution 	526	384
Structure and Others ⁽³⁾ 	1	1
TOTAL	1,160	1,100

⁽¹⁾ Includes Euro 80 million and Euro 5 million with Associates and Group companies, respectively (see Note 47.1.2). There are no amounts committed in respect of Joint Ventures.

⁽²⁾ None of these amounts are committed to Group companies or relate to associates or joint ventures.

⁽³⁾ Structure, services and adjustments.

20.3. Impairment test

A net impairment charge of Euro 87 million and Euro 66 million was recognised in 2023 and 2022, respectively, as follows:

Millions of Euro

	Notes	2023	2022
Los Barrios Port Terminal (Cadiz)		(7)	30
Cash-Generating Units (CGUs) in Non-mainland Territories (TNP)		90	36
Balearic Islands		52	(24)
Canary Islands		20	38
Ceuta		13	22
Melilla		5	—
Renewable Assets and Others		4	—
TOTAL	3.2f.4, 8.2 and 15	87	66

The recoverable value of these assets at 31 December 2023 and 2022 was as follows:

Millions of Euro

	31 December de 2023 ^{(1),(2)}	31 December de 2022 ⁽¹⁾
Los Barrios Port Terminal (Cadiz)	18	2
Cash-Generating Units (CGUs) in Non-mainland Territories (TNP)	701	1,954
Balearic Islands	286	987
Canary Islands	391	924
Ceuta	9	23
Melilla	15	20

⁽¹⁾ Relates to the recoverable value after tax.

⁽²⁾ The recoverable amount for 2023 has decreased with respect to 2022, mainly due to the reduction of the collection right related to the Non-Peninsular Territories Compensation (TNP).

In 2023 and 2022, the events giving rise to the main impairment charges were as follows:

- Cash-Generating Units (CGUs) for each of the Non-mainland Territories (TNP) of Balearic Islands, Canary Islands, Ceuta and Melilla.

At 31 December 2023 and 2022, in order to bring the net carrying amount of the assets of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla in line with their recoverable amount, net impairment totalling Euro 90 million and Euro 36 million, respectively, was recognised on the Cash Generating Units (CGUs) for each such TNP (see Notes 3.2f.4 and 15.1).

The impairment charge recorded in 2023 and 2022 is a result, mainly, of the change in the discount rate used to calculate the recoverable amount of these assets, in line with the European Central Bank's interest rate hikes during both years. Additionally, in fiscal year 2022, the

Balearic Islands Cash Generating Unit (CGU) recorded a reversal of impairment losses due to the improvement in working capital flows, which offset the negative effect of the increase in the discount rate.

- Los Barrios Port Terminal (Cadiz)

At 31 December 2023 a reversal of the impairment of the Los Barrios (Cádiz) Port Terminal in the amount of Euro 7 million has been recorded as a result of the request for an extension of the Terminal's concession which, at the most, could last until 2057 (see Notes 3.2f.4 and 15.1).

At 31 December 2022, an impairment charge of Euro 30 million was recorded for the Los Barrios Port Terminal (Cadiz), considering the time horizon of the Terminal's concession until 2032.

The basic methodology, assumptions and sensitivity analysis considered to perform these impairment tests are indicated in Note 3.2 f.



20.4. Other information

Co-ownerships

At 31 December 2023 and 2022, property, plant and equipment include the following co-owned assets:

Millions of Euro

	Co-ownerships		
	% ownership	31 December 2023	31 December 2022
Central Nuclear Vandellós II, C.B.	72.00	778	785
Central Nuclear Ascó II, C.B.	85.00	620	594
Central Nuclear Almaraz, C.B.	36.02	271	293
Saltos del Navia, C.B.	50.00	13	13
Central Nuclear Trillo, C.B.	1.00	11	10

Environmental issues

In 2023 and 2022, Endesa's investments and expenses in environmental protection activities were as follows:

Millions of Euro

	2023	2022
Annual gross investment	30	29
Cumulative gross investment	1,997	1,967
Annual expenditure	104	99
Depreciation, amortisation and impairment losses	30	24
Other expenses	74	75

Insurance

Endesa and its subsidiaries have taken out insurance policies to cover the risk of damage to their property, plant and equipment and any claims that could be filed against them in their business activities, considering these policies to be sufficient to cover the risks to which they are subject. The possible loss of profits that could result from outages at the plants is also covered. In 2023, pay-outs from insurance companies in relation to property damage arising from accidents amounted to Euro 20 million (Euro 23 million in 2022).

Under current legislation in Spain and pursuant to Law 24/2013 of 26 December on the electricity sector, Endesa

is insured for up to Euro 1,200 million against third-party liability claims for possible nuclear accidents at its plants. Any loss or damage in excess of this amount would be subject to the international conventions to which Spain is a signatory. The nuclear power plants are also insured against damage to their facilities (including stocks of nuclear fuel) and machinery breakdowns, with maximum coverage of Euro 1,500 million for each plant. However, on 28 May 2011 the Spanish government published Law 12/2011 of 27 May on civil liability for nuclear damage or damage caused by radioactive materials, in addition to broadening the concept of nuclear damage, raises operator liability to Euro 1,200 million, while also allowing operators to cover this liability in several ways. This Regulation entered into force on 1 January 2022, following the joint ratification by the Member States of the Protocols of 12 February 2004, amending the Nuclear Civil Liability Convention (Paris Convention) and the Brussels Convention, complementing the foregoing. The civil nuclear liability coverage arranged by Endesa is capped at Euro 1,200 million from 1 January 2022.

In 2023, Endesa did not detect any significant impacts in relation to the insurance policies it has taken out.

Other Information

At 31 December 2023 and 2022, the net carrying amount of the thermal power plants on which Endesa had submitted closure authorisation applications and the

provisions to dismantle said plants, as recognised under “Non-current provisions” in the consolidated statement of financial position, was as follows:

Millions of Euro

 Thermal power plant	Date of application	Date of closure certificate	31 December 2023		31 December 2022	
			Carrying amount	Decommissioning provision (Note 37.3)	Carrying amount	Decommissioning provision (Note 37.3)
As Pontes (A Coruña)	27 December 2019	1 December 2023	—	119	—	119
Litoral (Almería)	27 December 2019	26 November 2021	—	66	—	77
Compostilla II (León) – Groups III, IV and V	19 December 2018	23 September 2020	—	59	—	64
Teruel (Teruel)	19 December 2018	21 July 2020	—	28	—	47
Alcudia (Balearic Islands) – Groups I and II	27 December 2018	30 December 2019	—	30	—	32
TOTAL			—	302	—	339

Fully depreciated property, plant and equipment still in use at 31 December 2023 and 2022 was as follows:

Millions of Euro

	31 December 2023	31 December 2022
Buildings	190	194
Other property, plant and equipment	302	286
TOTAL⁽¹⁾	492	480

⁽¹⁾ Does not include Euro 5,118 million at 31 December 2023 and 2022, relating to thermal power plants the closure of which has been authorised or requested.

At 31 December 2023, property, plant and equipment amounting to Euro 39 million (Euro 70 million at 31 December 2022) had been pledged to secure financing received from third parties (see Notes 35.1.13, 41.4.3 and 48).



21. RIGHT-OF-USE ASSETS

The breakdown of right of use assets, included under “Property, plant and equipment” in the consolidated statement of financial position at 31 December 2023 and 2022, and of changes in 2023 and 2022, are as follows:

Millions of Euro

Right-of-use assets	Land	Buildings	Electricity generating facilities: Combined cycle plants	Other property, plant and equipment	TOTAL
Balance at 31 December 2022	207	97	305	173	782
Additions	129	16	—	2	147
Disposals	(20)	—	—	—	(20)
Depreciation and impairment losses	(14)	(18)	(28)	(37)	(97)
Transfers and other	(2)	—	—	—	(2)
Balance at 31 December 2023⁽¹⁾	300	95	277	138	810

⁽¹⁾ Allocated to the Iberian Peninsula cash generating unit (CGU) (Euro 716 million), Distribution (Euro 25 million) and Structure and Services (Euro 69 million) (see Note 8.2.2).

Millions of Euro

Right-of-use assets	Land	Buildings	Electricity generating facilities: Combined cycle plants	Other property, plant and equipment	TOTAL
Balance at 31 December 2021	243	110	336	211	900
Additions	19	2	—	2	23
Disposals	—	—	—	—	—
Depreciation and impairment losses	(10)	(14)	(28)	(42)	(94)
Transfers and other ⁽¹⁾	(45)	(1)	(3)	2	(47)
Balance at 31 December 2022⁽²⁾	207	97	305	173	782

⁽¹⁾ Relates to the financial update of the expected payments for the rights of use.

⁽²⁾ Allocated to the Iberian Peninsula cash generating unit (CGU) (Euro 683 million), Distribution (Euro 25 million) and Structure and Services (Euro 74 million) (see Note 8.2.2).

In 2023 and 2022, the effect of right of use assets on the consolidated income statement is as follows:

Millions of Euro

	Notes	2023	2022
Depreciation charge for right of use assets		97	94
Interest expenses on borrowings associated with rights of use		37	47
Financial expense	16 and 46.1	42	34
Exchange gains/(losses)		(5)	13
Expenses relating to short-term leases and/or low-value assets ⁽¹⁾		—	—
Expenses relating to variable payments in leases		2	6
Total effect on the consolidated income statement		136	147

⁽¹⁾ Leases expiring in the 12 months following first-time application and/or when the value of the underlying assets is less than USD 5,000.

21.1. Rights-of-use assets as lessee

At 31 December 2023, the most significant leases signed by Endesa where it acts as lessee are as follows:

Contract	Company	Duration	Description
Tolling agreement with Elecgas, S.A. (company 50% owned by Endesa Generación, S.A.U.)	Endesa Generación, S.A.U.	For 25 years, of which 12 years remain.	Making available, to Endesa Generación, S.A.U., the entire production capacity of its plant and commitment to transform the gas supplied into electricity in exchange for a financial toll.
Lease agreements for the office buildings	Edistribución Redes Digitales, S.L.U.	Approximately four years.	Lease of office buildings, mostly located in Barcelona, Lleida and Zaragoza.
Lease agreement for Endesa's headquarters, located in Ribera del Loira (Madrid)	Endesa Medios y Sistemas, S.L.U.	Until 2030	Lease of the headquarters (Madrid).
Lease agreements for the land on which certain renewable power generation facilities are located	Renewable energy companies	Expiring between 2024 and 2080	Long-term contracts, which may contain automatic renewal clauses, the consideration for which is fixed by combining an amount based on installed capacity (MW) and, in some cases, production (GWh).
Chartering contracts for the transport of liquefied natural gas (LNG)	Endesa Energía, S.A.U.	7 years	Contracts for the chartering of carriers for the transport of liquefied natural gas (LNG)
Plant lease agreements	Renewable energies, services and thermal power generation companies	Expiring between 2024 and 2025	Contracts for the coverage of specific services available according to operational requirements
Vehicle lease agreements	Renewable energies, services and supply companies	Multi-year end dates, with a maximum of four years.	Vehicle fleet.

In general, the amount of leases with purchase options coincides with the amount of the last instalment.

21.2. Right-of-use assets as lessor

Finance leases

At 31 December 2023 and 2022, Endesa was not party to any finance lease agreements in which it acted as lessor.

Operating leases

At 31 December 2023, the most significant operating lease agreements in which Endesa acted as lessor were those signed by Endesa X Servicios, S.L.U. in the form of contracts with third parties, largely in relation to value added products and services.

Future collections on operating lease agreements at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023	31 December 2022
Less than one year	2	2
Between 1 and 2 years	2	2
Between 2 and 3 years	2	1
Between 3 and 4 years	2	1
Between 4 and 5 years	1	5
Beyond five years	4	4
TOTAL	13	15

Rental income recognised in 2023 totalled Euro 6 million
(Euro 5 million in 2022) (see Note 9.1).

22. INVESTMENT PROPERTY

At 31 December 2023 and 2022 the composition and
movements of this item of the accompanying consolidated
statement of financial position were as follows:

Millions of Euro

	Land	Buildings	TOTAL
Cost	140	7	147
Accumulated depreciation	—	(4)	(4)
Impairment losses	(83)	(1)	(84)
Balance at 31 December 2022	57	2	59
Investments	—	—	—
(Charge)/reversal of impairment losses ^(Note 15)	10 ⁽¹⁾	—	10
Disposals due to sale	—	—	—
Other	—	—	—
Total changes	10	—	10
Cost	140	7	147
Accumulated depreciation	—	(4)	(4)
Impairment losses	(73)	(1)	(74)
Balance at 31 December 2023	67	2	69

⁽¹⁾ Includes the reversal of impairment losses on the property where the former headquarters of Gas y Electricidad Generación, S.A.U. and its annexed land located in Palma de Mallorca were located, following the appraisals carried out by third parties.

Millions of Euro

	Land	Buildings	TOTAL
Cost	142	24	166
Accumulated depreciation	—	(20)	(20)
Impairment losses	(89)	(2)	(91)
Balance at 31 December 2021	53	2	55
Investments	—	—	—
(Charge)/reversal of impairment losses ^(Note 15)	6	—	6 ⁽¹⁾
Disposals due to sale	(2)	—	(2) ⁽²⁾
Other	—	—	—
Total changes	4	—	4
Cost	140	7	147
Accumulated depreciation	—	(4)	(4)
Impairment losses	(83)	(1)	(84)
Balance at 31 December 2022	57	2	59

⁽¹⁾ Includes the reversal of impairment losses on the property where the former headquarters of Gas y Electricidad Generación, S.A.U. and its annexed land located in Palma de Mallorca were located, following the appraisals carried out by third parties.

⁽²⁾ Relates to the sale of a property located in Seville, which generated a capital gain of Euro 2 million (see Note 14).

22.1. Other information

Insurance

Endesa has taken out insurance policies to cover the risk of damage to its investment property and any claims that could be filed against it in its business activities. The Group considers that coverage provided by these policies is sufficient.

In 2023, Endesa did not detect any significant impacts in relation to the insurance policies it has taken out.

Other Information

The market value of investment properties at 31 December 2023 was Euro 72 million (Euro 59 million at 31 December 2022) (see notes 3.2c and 45.2).

At 31 December 2023 and 2022, none of the investment properties were fully depreciated and there were no restrictions on their sale.

Direct expenses recognised in the 2023 and 2022 consolidated income statements for investment property were not material.

At 31 December 2023 and 2022, Endesa held no contractual obligations to purchase, build or develop any investment property, or any obligations concerning repairs, maintenance and improvements for a material amount.

23. INTANGIBLE ASSETS

At 31 December 2023 and 2022 the composition and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro

	Software	Concessions	Cost of customer acquisition	Other	TOTAL
Cost	2,167	65	715	1,034	3,981
Accumulated depreciation	(1,618)	(31)	(373)	(315)	(2,337)
Impairment losses	—	(4)	—	(4)	(8)
Balance at 31 December 2022	549	30	342	715	1,636
Additions/(Reductions) of companies ^(Note 7.1)	—	—	—	(2)	(2)
Investments ^(Note 23.1)	132	—	204	59	395
Charges	(152)	(2)	(150)	(65)	(369)
Depreciation ^(Note 15.1)	(152)	(2)	(150)	(46)	(350)
Impairment losses ^(Note 15.1)	—	—	—	(19)	(19)
Disposals	—	—	—	—	—
Transfers and other ⁽¹⁾	—	—	—	(14)	(14)
Total changes	(20)	(2)	54	(22)	10
Cost	2,298	65	918	1,084	4,365
Accumulated depreciation	(1,769)	(33)	(522)	(389)	(2,713)
Impairment losses	—	(4)	—	(2)	(6)
Balance at 31 December 2023	529	28	396	693⁽²⁾	1,646

⁽¹⁾ Relates to the transfer to "Property, plant and equipment" of wind farm and photovoltaic plants on which construction has begun (see Note 20).

⁽²⁾ Includes mainly authorisations for the operation of the wind farms and photovoltaic plans and customer portfolios acquired, for Euro 668 million and Euro 12 million, respectively.

Millions of Euro

	Software	Concessions	Cost of customer acquisition	Other	TOTAL
Cost	1,991	65	495	1,023	3,574
Accumulated depreciation	(1,468)	(30)	(254)	(275)	(2,027)
Impairment losses	—	(4)	—	(1)	(5)
Balance at 31 December 2021	523	31	241	747	1,542
Inclusion/(exclusion) of companies	—	—	—	—	—
Investments ^(Notes 7.1 and 23.1)	176	—	220	72	468
Charges	(150)	(1)	(119)	(52)	(322)
Depreciation ^(Note 15.1)	(150)	(1)	(119)	(49)	(319)
Impairment losses ^(Note 15.1)	—	—	—	(3)	(3)
Disposals	—	—	—	—	—
Transfers and other ⁽¹⁾	—	—	—	(52)	(52)
Total changes	26	(1)	101	(32)	94
Cost	2,167	65	715	1,034	3,981
Accumulated depreciation	(1,618)	(31)	(373)	(315)	(2,337)
Impairment losses	—	(4)	—	(4)	(8)
Balance at 31 December 2022	549	30	342	715⁽²⁾	1,636

⁽¹⁾ Relates to the transfer to "Property, plant and equipment" of wind farm and photovoltaic plants on which construction has begun (see Note 20).

⁽²⁾ Includes mainly authorisations for the operation of the wind farms and photovoltaic plans and customer portfolios acquired, for Euro 633 million and Euro 14 million, respectively.

23.1. Main investments and divestments

23.1.1. Main investments

Details of investments in intangible assets in 2023 and 2022 are as follows:

Millions of Euro

Activity Segment	Investments in intangible assets		
	2023	2022	
Generation and Supply 	352	379	
Conventional generation 	18	19	• Includes investments in the systems and telecommunications activity (ICT).
Renewable generation 	64	71	• Mainly includes investments aimed at achieving the strategic objectives of decarbonisation in renewable electricity production systems and facilities.
Marketing of power and other products and services 	270	289	• Relating mainly to the capitalisation of incremental costs incurred in obtaining contracts with electricity, gas and e-Home and e-Industries customers for a total of Euro 204 million (Euro 220 million in 2022), in line with the strategic objective of electrifying end demand and developing value-added services. • It also includes investments in the systems and telecommunications activity (ICT), in line with the digitalisation strategy and the strategic objective of electrification of demand.
Distribution 	33	72	• Corresponds to investments in the systems and telecommunications activity (ICT) in accordance with the digitalization strategy and the strategic objective of more efficient networks. and includes, among others, the investment relating to the license to use the Blue Sky Grid Platform with Enel Global Infrastructure and Networks, S.r.l. (EGIN) in the amount of €4 million and Euro 40 million, respectively (see Note 47.1.2).
Structure and others⁽¹⁾ 	10	17	• Mainly includes investments in the systems and telecommunications (ICT) activity.
TOTAL	395	468	

⁽¹⁾ Structure, Services and Adjustments.

23.1.2. Main divestments

In 2023 and 2022, there were no derecognitions involving significant amounts in this item of the consolidated statement of financial position.

23.2. Purchase commitments

At 31 December 2023 and 2022, the breakdown of commitments to purchase intangible assets, mainly software, is as follows:

Millions of Euro

Activity Segment	Purchase commitments ⁽¹⁾	
	31 December 2023	31 December 2022
Generation and supply 	90	97
Distribution 	25	93
Structure and Other ⁽²⁾ 	—	6
TOTAL	115	196

⁽¹⁾ As of 31 December 2023 and 2022, Euro 25 million and Euro 93 million, respectively, are committed to Group companies (see Note 47.1.2). None of these amounts are committed to Associated Companies or Joint Ventures.

⁽²⁾ Structure, Services and Adjustments.

23.3. Other information

Impairment test

In 2023, an impairment charge of Euro 19 million (see Note 15.1) was recognised in respect of several wind farm and photovoltaic plant projects owned by Enel Green Power España, S.L.U. and certain subsidiaries of the renewables business, mainly as a result of obtaining a negative Environmental Impact Statement (EIS).

In 2022, no material impairment losses were recognised under this heading in the consolidated statement of financial position.

The basic methodology, assumptions and sensitivity analysis considered to perform these impairment tests are indicated in Note 3.2 f.

Other Information

A 31 de diciembre de 2023 el importe del inmovilizado intangible totalmente amortizado que se encuentra todavía en uso asciende a 245 Millions of Euro (225 Millions of Euro a 31 de diciembre de 2022).

24. GOODWILL

At 31 December 2023 and 2022 the composition and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro

	Notes	Cash-generating unit (CGU)	31 December 2023	31 December 2022
Enel Green Power España, S.L.U.	8.2	Iberian Peninsula Generation	296	296
Eléctrica del Ebro, S.A.U.	8.2	Distribution	2	2
Empresa de Alumbrado Eléctrico de Ceuta, S.A.	8.2	Distribution	21	21
Systems and telecommunication activity (ICT)	8.2	Iberian Peninsula Generation	65	65
		Distribution	74	74
		Endesa, S.A.	4	4
TOTAL			462	462

Total goodwill relates to the geographical area of Spain.

24.1. Other information

Impairment test

At 31 December 2023, Endesa assessed the recoverability of this goodwill, for which it performed an impairment test on the Cash Generating Units (CGUs) to which these assets were assigned, no impairment losses were evidenced.

The basic methodology, assumptions and sensitivity analysis considered to perform these impairment tests are indicated in Note 3.2 f.

25. DEFERRED TAX ASSETS AND LIABILITIES

25.1. Deferred tax assets and liabilities

During 2023 and 2022 the origin and movement of deferred tax assets and liabilities recognised in both years, as well as deferred tax assets and liabilities recognised that are not eligible for offset, are as follows:

Millions of Euro

	Deferred tax assets and liabilities				
	Balance at 31 December 2022 ⁽¹⁾	(Debit)/credit in profit and loss (Note 18)	(Debit)/credit in equity (Note 18)	Transfers and other	Balance at 31 December 2023
Deferred tax assets:					
Depreciation and amortisation of assets	414	(52)	—	(1)	361
Provisions for employee benefits	241	(29)	2	3	217
Other provisions	340	6	—	(4)	342
From measurement of derivative financial instruments	1,466	1	(1,052)	(1)	414
Loss carryforwards	6	66	—	—	72
Unused tax credits	16	5	—	—	21
Other	177	2	—	2	181
TOTAL	2,660	(1)	(1,050)	(1)	1,608
Deferred tax liabilities:					
Depreciation and amortisation of assets	666	(35)	—	(1)	630
From measurement of derivative financial instruments	383	(1)	(75)	(1)	306
Other	376	(5)	—	1	372
TOTAL	1,425	(41)	(75)	(1)	1,308
Deferred tax assets not eligible for offset	1,494				547
Deferred tax liabilities not eligible for offset	259				247
Deferred tax eligible for offset	1,166				1,061

⁽¹⁾ See Note 4.

	Deferred tax assets and liabilities				
	Balance at 31 December 2021 ⁽¹⁾	(Debit)/credit in profit and loss (Note 18)	(Debit)/credit Equity (Note 18)	Transfers and other	Balance at 31 December 2022 ⁽¹⁾
Deferred tax assets:					
Depreciation and amortisation of assets	405	12	—	(3)	414
Provisions for employee benefits	296	(25)	(69)	39	241
Other provisions	441	(62)	—	(39)	340
From measurement of derivative financial instruments	1,115	(23)	374	—	1,466
Loss carryforwards	14	(8)	—	—	6
Unused tax credits	23	(7)	—	—	16
Other	197	(24)	—	4	177
TOTAL	2,491	(137)	305	1	2,660
Deferred tax liabilities:					
Depreciation and amortisation of assets	717	(51)	—	—	666
From measurement of derivative financial instruments	561	—	(178)	—	383
Other	339	33	—	4	376
TOTAL	1,617	(18)	(178)	4	1,425
Deferred tax assets not eligible for offset					1,494
Deferred tax liabilities not eligible for offset					259
Deferred tax eligible for offset					1,166

⁽¹⁾ See Note 4.

Recovery of the deferred tax assets depends on the generation of sufficient taxable profits in the future. As at the date of authorisation for issue of these consolidated financial statements the Parent's Directors consider that the projected future profits of Endesa companies will be sufficient to recover such assets.

At 31 December 2023 and 2022, there are recognised deferred taxes related to tax losses awaiting recognition amounting to Euro 10 million.

At 31 December 2023, there were deferred tax assets corresponding to tax loss carryforwards liable to be offset by future profits in the amount of Euro 72 million (Euro 6 million at 31 December 2022).

At 31 December 2023 and 2022 the breakdown of the deferred tax assets corresponding to unused tax credits available for use against future profits and the final year they may be utilised are as follows:

Millions of Euro

Year	31 December 2023	31 December 2022
2032	3	3
2033	3	—
2034	—	—
2035	—	—
2036	—	—
2037	—	—
2038	2	—
No time limit	13	13
TOTAL	21	16

At 31 December 2023 and 2022, there were no deferred tax liabilities not recognised in the consolidated statement of financial position associated with investments in subsidiaries, associates and jointly controlled entities

where Endesa can control the reversal thereof and it is probable that they will not reverse in the foreseeable future.

25.2. Other information

Realisation of deferred tax assets and liabilities

The estimated deferred tax assets and liabilities recognised on the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023	31 December 2022 ⁽¹⁾
Deferred tax assets	1,608	2,660
Realisable in one year	448	1,245
Realisable in over one year	1,160	1,415
Deferred tax liabilities	1,308	1,425
Realisable in one year	224	245
Realisable in over one year	1,084	1,180

⁽¹⁾ See Note 4.

26. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND JOINTLY-CONTROLLED ENTITIES

26.1. Investments accounted for using the equity method

Details of this heading in the accompanying consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023	31 December 2022
Associates	188	181
Joint Ventures	85	93
TOTAL	273	274

The full list of investees over which Endesa has significant influence is provided in Appendix I of these consolidated financial statements. These companies do not have publicly listed share prices.

At 31 December 2023 and 2022, there were no significant restrictions imposed on the capacity of associates or joint ventures to transfer funds to Endesa in the form of cash dividends, or repay loans or advances made by Endesa (see Note 35.1.13).

At 31 December 2023 and 2022, Endesa did not have any significant contingent liabilities related to associates or joint ventures.

Loans and guarantees granted to associates and joint ventures at 31 December 2023 and 2022, as well as related transactions therewith in 2023 and 2022 are detailed in Notes 28.1, 30, 41.1.1 and 47.2.

At 31 December 2023 and 2022 the detail and movements of this item of the accompanying consolidated statement of financial position were as follows:

Millions of Euro

	Percentage (%) ⁽¹⁾	Balance at 31 December 2022	Additions/(Reductions) of companies	Investments or increases	Disposals or reductions	Share of profit/(loss) of equity-accounted investees ^(Note 17)	Dividends	Transfers and other	Balance at 31 December 2023
Associates		181	—	18	—	(8)	(6)	3	188
Elcogas, S.A. (in liquidation)	41.0	—	—	—	—	—	—	—	—
Energías Especiales del Bierzo, S.A.	50.0	7	—	—	—	2	(2)	(1)	6
Gorona del Viento El Hierro, S.A.	23.2	13	—	—	—	(6)	—	—	7
Compañía Eólica Tierras Altas, S.A.	37.5	7	—	—	—	1	(1)	—	7
Cogenio Iberia, S.L.	20.0	5	—	—	—	—	—	1	6
Endesa X Way, S.L.	49.0	124	—	2	—	(4)	—	—	122
Other		25	—	16	—	(1)	(3)	3	40
Joint Ventures		93	—	10	(5)	18	(19)	(12)	85
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	43.7	5	—	—	—	—	—	—	5
Front Marítim del Besòs, S.L.	61.4	31	—	—	—	(2)	—	1	30
Nuclenor, S.A.	50.0	—	—	7	—	4	—	(11)	—
Énergie Électrique de Tahaddart, S.A.	32.0	11	—	—	(5)	3	(2)	1	8
Suministradora Eléctrica de Cádiz, S.A.	33.5	9	—	—	—	3	(3)	(1)	8
Other		37	—	3	—	10	(14)	(2)	34
TOTAL		274	—	28	(5)	10	(25)	(9)	273

⁽¹⁾ Percentage at 31 December 2023.



	Percentage (%) ⁽¹⁾	Balance at 31 December 2021	Inclusion/ (Exclusion) of companies	Investments or increases	Disposals or reductions	Share of profit/ (loss) of equity - accounted investees (Note 17)	Dividends	Translation differences	Transfers and other	Transfers to non- current assets held for sale	Balance at 31 December 2022
Associates		80	106	17	(3)	13	(8)	—	3	(27)	181
Tecnatom, S.A.	45.0	27	—	—	—	—	—	—	—	(27)	—
Elcogas, S.A. (in liquidation)	41.0	—	—	—	—	—	—	—	—	—	—
Energías Especiales del Bierzo, S.A.	50.0	4	—	—	—	4	(2)	—	1	—	7
Gorona del Viento El Hierro, S.A.	23.2	13	—	—	—	1	(1)	—	—	—	13
Compañía Eólica Tierras Altas, S.A.	37.5	8	—	—	—	3	(3)	—	(1)	—	7
Cogenio Iberia, S.L.	20.0	5	—	—	—	—	—	—	—	—	5
Endesa X Way, S.L.	49.0	—	118	10	—	(4)	—	—	—	—	124
Boiro Energía, S.A.	40.0	7	(9)	—	—	2	—	—	—	—	—
Other		16	(3)	7	(3)	7	(2)	—	3	—	25
Joint Ventures		100	—	16	(6)	2	(33)	(1)	15	—	93
Tejo Energia - Produção e Distribuição de Energia Elétrica, S.A.	43.7	12	—	—	—	—	(7)	—	—	—	5
Front Marítim del Besòs, S.L.	61.4	33	—	—	—	(2)	—	—	—	—	31
Nuclenor, S.A.	50.0	—	—	14	—	(7)	—	—	(7)	—	—
Énergie Électrique de Tahaddart, S.A.	32.0	18	—	—	(6)	2	(2)	(1)	—	—	11
Suministradora Eléctrica de Cádiz, S.A.	33.5	10	—	—	—	4	(5)	—	—	—	9
Other		27	—	2	—	5	(19)	—	22	—	37
TOTAL		180	106	33	(9)	15	(41)	(1)	18	(27)	274

⁽¹⁾ Percentage at 31 December 2022

Associates

Information at 31 December 2023 and 2022 taken from the financial statements of the main jointly-controlled entities, used to prepare the accompanying consolidated financial statements is as follows:

Millions of Euro

	Statement of Financial Position											
	Elcogas, S.A. (in liquidation)		Energías Especiales del Bierzo, S.A.		Gorona del Viento El Hierro, S.A.		Compañía Eólica Tierras Altas, S.A.		Cogenio Iberia, S.L.		Endesa X Way, S.L.	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Non-current assets	—	—	13	16	65	68	14	16	39	35	33	33
Current assets	15	16	3	2	20	17	7	7	24	23	63	54
Cash and cash equivalents	14	15	1	—	18	17	4	5	18	17	1	3
Other current assets	1	1	2	2	2	—	3	2	6	6	62	51
Total assets	15	16	16	18	85	85	21	23	63	58	96	87
Equity	(114)	(114)	12	14	55	55	18	20	30	28	42	44
Non-current liabilities	129	130	2	3	27	28	2	2	24	18	3	3
Non-current borrowings	129	130	1	2	—	—	—	—	24	18	2	3
Other non-current liabilities	—	—	1	1	27	28	2	2	—	—	1	—
Current liabilities	—	—	2	1	3	2	1	1	9	12	51	40
Current borrowings	—	—	—	—	—	—	—	—	5	9	—	—
Other current liabilities	—	—	2	1	3	2	1	1	4	3	51	40
Total equity and liabilities	15	16	16	18	85	85	21	23	63	58	96	87

Millions of Euro

	Income Statement											
	Elcogas, S.A. (in liquidation)		Energías Especiales del Bierzo, S.A.		Gorona del Viento El Hierro, S.A.		Compañía Eólica Tierras Altas, S.A.		Cogenio Iberia, S.L.		Endesa X Way, S.L.	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	—	—	8	15	7	10	4	20	17	20	78	32
Depreciation, amortisation and impairment losses	—	—	(2)	(2)	(3)	(3)	(3)	(3)	(6)	(6)	(1)	(2)
Financial income	—	—	—	—	—	—	—	—	1	—	—	—
Financial expense	—	—	—	—	—	—	—	—	(1)	(1)	—	—
Profit/(loss) before tax	(1)	(1)	4	11	1	4	2	11	1	1	(10)	(14)
Corporate income tax	—	—	(1)	(3)	—	—	—	(3)	—	—	3	33
Profit/(loss) from continuing operations	(1)	(1)	3	8	1	4	2	8	1	1	(7)	19
Profit/(loss) after tax from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	—	1	—	—	—
Total comprehensive income	(1)	(1)	3	8	1	4	2	8	2	1	(7)	19

The figures relate to the individual companies concerned.

Gorona del Viento El Hierro, S.A.

In 2023 the result of the 23.2% holding in Gorona del Viento El Hierro, S.A., amounting to a negative Euro 6 million, mainly reflects the losses associated with the reduction in the remuneration for the power guarantee received by

this Company, based on the update of the annual standard operating hours of the hydro-wind power plant, approved by the Directorate General for Energy Policy and Mines.

Endesa X Way, S.L.

On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its holding in Endesa Movilidad Eléctrica, S.L.U., currently known as Endesa X Way, S.L., to Enel X Way, S.r.l. (Enel Group company and parent of the electric mobility business), in exchange for Euro 122 million, generating a gross capital gain of Euro 121 million (see Notes 7.2, 14, 46.2 and 47.1).

This sale transaction caused Endesa to relinquish control over Endesa X Way, S.L., thus leading to the recognition of the retained interest in that company at its fair value

and the recognition of a gross gain of Euro 117 million (see Note 14).

In order to integrate this company using the equity method in Endesa's consolidated financial statements, the purchase price was allocated on the basis of the fair value of the assets acquired and liabilities assumed (Net assets acquired) from Endesa X Way, S.L.

At 31 December 2023 and 2022, the reconciliation of the carrying amount of the stake in Endesa X Way, S.L. to the financial information relating to this company is as follows:

Millions of Euro

	31 December 2023	31 December 2022
Equity of the company	42	44
Share in equity (49%)	20	22
Goodwill	102	102
Equity-accounted investment	122	124

Joint ventures

Information at 31 December 2023 and 2022 taken from the financial statements of the main joint ventures, used to prepare the accompanying consolidated financial statements, is as follows:

Millions of Euro

	Statement of Financial Position									
	Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.		Front Marítim del Besòs, S.L.		Nucenor, S.A.		Énergie Électrique de Tahaddart, S.A.		Suministradora Eléctrica de Cádiz, S.A.	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Non-current assets	23	24	—	—	1	6	17	32	60	62
Current assets	77	77	122	129	22	17	40	29	15	20
Cash and cash equivalents	55	55	—	—	12	1	24	20	11	7
Other current assets	22	22	122	129	10	16	16	9	4	13
Total assets	100	101	122	129	23	23	57	61	75	82
Equity	60	66	122	128	9	(4)	26	35	38	26
Non-current liabilities	30	25	—	—	10	14	—	1	21	22
Non-current borrowings	—	—	—	—	—	—	—	1	5	6
Other non-current liabilities	30	25	—	—	10	14	—	—	16	16
Current liabilities	10	10	—	1	4	13	31	25	16	34
Current borrowings	—	—	—	—	—	—	—	—	5	13
Other current liabilities	10	10	—	1	4	13	31	25	11	21
Total equity and liabilities	100	101	122	129	23	23	57	61	75	82

Millions of Euro

	Income Statement									
	Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.		Front Marítim del Besòs, S.L.		Nucenor, S.A.		Énergie Électrique de Tahaddart, S.A.		Suministradora Eléctrica de Cádiz, S.A.	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	4	4	—	—	15	1	44	34	18	21
Depreciation, amortisation and impairment losses	(1)	(10)	—	—	—	(20)	(15)	(15)	(3)	(3)
Financial income	—	—	—	—	—	—	1	—	—	—
Financial expense	—	—	—	—	(1)	—	—	—	—	—
Profit/(loss) before tax	(6)	(20)	(8)	(8)	(5)	(22)	15	8	10	14
Corporate income tax	—	—	—	—	—	—	(5)	(3)	(2)	(2)
Profit/(loss) from continuing operations	(6)	(20)	(8)	(8)	(5)	(22)	10	5	8	12
Profit/(loss) after tax from discontinued operations	—	—	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	5	2	—	(3)	—	—
Total comprehensive income	(6)	(20)	(8)	(8)	—	(20)	10	2	8	12

Details of these joint ventures' equity correspond to information on the individual companies.

Front Marítim del Besòs, S.L.

The reconciliation of the carrying amount of the stake in Front Marítim del Besòs, S.L. along with financial information concerning the company at 31 December 2023 and 2022, is as follows:

Millions of Euro

	31 December 2023	31 December 2022
Equity of the company	122	128
Share in equity (61.37%)	75	79
Loss ⁽¹⁾	(45)	(48)
Equity-accounted investment	30	31

⁽¹⁾ Elimination of the result generated in Endesa Generación, S.A.U., in proportion to its percentage shareholding for the contribution to the company of certain land it owned at the Tres Chimeneas site in Sant Adrià de Besòs (Barcelona).

Nuclenor

On 17 July 2023, Order TED/796/2023 of 13 July was published, whereby the Ministry for Ecological Transition and the Demographic Challenge (MITECO) authorised the start of the dismantling work on the Santa María de Garoña nuclear power plant. The Order also authorises the transfer of ownership of the facility from Nuclenor, S.A. to Empresa Nacional de Residuos Radiactivos, S.A., S.M.E. (Enresa), which is tasked with the decommissioning phase, with ownership effectively transferred on 19 July 2023.

As a result, the corporate purpose of Nuclenor, S.A., which consisted of operating the nuclear power plant it owned at Santa María de Garoña, has been modified to now focus on offering collaboration services with the Empresa Nacional de Residuos Radiactivos, S.A., S.M.E. (Enresa) in connection with the operation, maintenance, dismantling and decommissioning of the Santa María de Garoña nuclear power plant.

In 2023, the heading “*Net profit/(loss) of companies accounted for using the equity method*” in the consolidated income statement showed a positive impact of Euro 4 million in relation to the 50% stake held in Nuclenor, S.A., due, among other factors, to the recognition of the services rendered to Enresa during the transfer of ownership and dismantling phase of the plant, and a partial reversal of the additional cost that the Company had estimated in previous periods that it would incur in honouring its future commitments to third parties and in respect of active and former personnel.

Further, at 31 December 2023 and 2022, “*Non-current provisions*” on the liabilities side of the consolidated statement of financial position included a provision to cover the estimated cost overrun that the company will incur until the aforementioned Santa María de Garoña plant is ultimately decommissioned (see Note 37.3).

Other companies

At 31 December 2023 and 2022, the aggregate information in the financial statements for the remaining

associates and joint ventures considered individually to not be relevant is as follows:

Millions of Euro

	Associates		Joint Ventures	
	2023	2022	2023	2022
Profit/(loss) from continuing operations	(9)	24	22	8
Profit/(loss) after tax from discontinued operations	—	—	—	—
Other comprehensive income	4	5	(4)	45
Total comprehensive income	(5)	29	18	53

26.2. Jointly-controlled entities

At 31 December 2023 and 2022 information taken from the financial statements of the main jointly-controlled entities, used to prepare the accompanying consolidated financial statements is as follows:

Millions of Euro

	Statement of Financial Position			
	Asociación Nuclear Ascó-Vandellós II, A.I.E.		Minglanilla Renovables 400KV, A.I.E.	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Non-current assets	68	35	6	5
Current assets	63	102	1	1
Cash and cash equivalents	—	—	1	1
Other current assets	63	102	—	—
Total assets	131	137	7	6
Equity	16	16	1	1
Non-current liabilities	28	34	—	—
Non-current borrowings	—	—	—	—
Other non-current liabilities	28	34	—	—
Current liabilities	87	87	6	5
Current borrowings	—	—	2	2
Other current liabilities	87	87	4	3
Total equity and liabilities	131	137	7	6

Millions of Euro

	Income Statement			
	Asociación Nuclear Ascó-Vandellós II, A.I.E.		MINGLANILLA RENOVABLES 400KV, A.I.E.	
	2023	2022	2023	2022
Revenue	231	167	—	—
Depreciation, amortisation and impairment losses	—	—	—	—
Financial income	—	1	—	—
Financial expense	(1)	(1)	—	—
Income before tax	4	(59)	—	—
Income tax	—	—	—	—
Profit/(loss) from continuing operations	4	(59)	—	—
Profit/(loss) after tax from discontinued operations	—	—	—	—
Other comprehensive income	(4)	60	—	—
Total comprehensive income	—	1	—	—

The breakdown of cash flows generated by jointly-controlled entities in 2023 and 2022 is as follows:

Millions of Euro

	2023	2022
Net cash flows from operating activities	3	(54)
Net cash flows from investing activities	(2)	53
Net cash flows from financing activities	1	1

At 31 December 2023 and 2022, Endesa had not incurred any significant contingent liabilities related to jointly-controlled entities.

27. ASSETS AND LIABILITIES FROM CONTRACTS WITH CUSTOMERS



At 31 December 2023 and 2022, these headings of the consolidated statement of financial position break down as follows:

Millions of Euro

	Notes	31 December 2023		31 December 2022	
		Non-current	Current	Non-current	Current
Assets from contracts with customers	27.1	—	4	—	8
Liabilities from contracts with customers	27.2	4,348	427	4,300	294

27.1. Non-current and current assets from contracts with customers

In 2023 and 2022, movements in these headings of the consolidated statement of financial position were as follows:

Millions of Euro

	2023 ⁽¹⁾	2022 ⁽¹⁾
Opening balance	8	6
Disposals	(28)	(32)
Amount taken to income	24	34
Closing balance	4	8

⁽¹⁾ Net amount, includes value adjustment of Euro 1 million in both years (see Note 41.1.3).

At 31 December 2023 and 2022, current assets under contracts with customers mainly correspond to contracts for the execution of works entered into between Endesa Ingeniería, S.L.U. and Red Eléctrica de España, S.A.U. (REE), which will remain in effect until 2025. In 2023, these assets generated income of Euro 39 million, recognised under “Revenue from sales and services” in the consolidated income statement (Euro 20 million in 2022).

At 31 December 2023, Endesa had future service commitments in place for a total of Euro 15 million, relating to contracts for the execution of works arranged with Red Eléctrica de España, S.A.U. (REE) (Euro 18 million at 31 December 2022) (see Note 48).

27.2. Current and non-current liabilities from contracts with customers

At 31 December 2023 and 2022, the composition and movements of these headings of the consolidated statement of financial position are as follows:

Millions of Euro

	Facilities transferred from customers and Rights for extension connections	Other non-current liabilities from contracts with customers	Total
Balance at 31 December 2021	4,223	61	4,284
Additions	195	4	199
Amount taken to income	—	—	—
Transfers to current and other	(176)	(7)	(183)
Balance at 31 December 2022	4,242	58	4,300
Additions	196	9	205
Amount taken to income	—	—	—
Transfers to current and other	(159)	2	(157)
Balance at 31 December 2023	4,279	69	4,348

At 31 December 2023 and 2022, this heading mainly includes the following items:

- “Facilities transferred from customers”, which shows the valuation of distribution facilities transferred from customers and the revenue received from third parties other than official bodies, and income from extension and hook up rights necessary to handle requests for new services, or to extend existing ones.
- It also includes “Rights for extension connections” related to new installation extensions which the distributor must make in accordance with requested voltage and power, within legally established limits, which are necessary to allow for new supply and extensions to the existing grid.

In 2023 and 2022 the movements in current liabilities from contracts with customers of the consolidated statement of financial position was as follows:

Millions of Euro

	Notes	2023	2022
Opening balance		294	270
Amount taken to income	9.2	(178)	(171)
Transfers and other		311	195
Closing balance		427	294



28. OTHER NON-CURRENT FINANCIAL ASSETS

At 31 December 2023 and 2022 the composition and movement in this caption of the consolidated statement of financial position was as follows:

Millions of Euro

	Balance at 31 December 2022	Additions or charges	Disposals, derecognition or reductions	Valuation adjustments recognised in equity	Transfers and other	Changes in consolidation scope	Balance at 31 December 2023
Loans and receivables	1,177	63	(643)	—	82	—	679
Equity instruments	8	—	—	—	—	—	8
Impairment losses	(25)	—	1	—	—	—	(24)
TOTAL	1,160	63	(642)	—	82	—	663

Millions of Euro

	Balance at 31 December 2021	Additions or charges	Disposals, derecognition or reductions	Valuation adjustments recognised in equity	Transfers and other	Changes in consolidation scope	Balance at 31 December 2022
Loans and receivables	595	658	(17)	—	(59)	—	1,177
Equity instruments	8	—	—	—	—	—	8
Impairment losses	(23)	—	(2)	—	—	—	(25)
TOTAL	580	658	(19)	—	(59)	—	1,160

Details of other non-current financial assets, by maturity, at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023	31 December 2022
Between 1 and 3 years	114	118
Between 3 and 5 years	23	18
Beyond 5 years	526	1,024
TOTAL	663	1,160

28.1. Loans and other receivables

Details of loans and other receivables at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Compensation for stranded costs in non-mainland generation (TNP)	6	85	—
Guarantee deposits	38	434	437
Loans to employees		80	48
Loans to associates, joint ventures and joint operating companies	41.1.1 y 47.2	3	2
Financial guarantees recognised as assets	3.2h.6, 30 y 35.1.12	47	668
Other financial assets		30	22
Value adjustments	41.1.3	(22)	(22)
TOTAL		657	1,155

Guarantees and deposits

At 31 December 2023 and 2022, "Guarantees and deposits" mainly include guarantees and deposits received from customers in Spain at the date of signing contracts in guarantee of electricity supply, and which are also recognised as "Other non-current liabilities" in the consolidated statement of financial position, as they have been deposited with the pertinent public administrations in accordance with prevailing standards in Spain (see Note 38).

Financial guarantees recognised in assets

At 31 December 2023 and 2022, this heading included the financial guarantees set aside in order to be able to trade in the organised markets that Endesa uses to arrange its derivative financial instruments.

Loans to associates, joint ventures and joint operating companies

Details by maturity of non-current and current loans to associates and joint ventures and jointly-controlled entities at 31 December 2023 and 2022 are as follows:

Millions of Euro

Notes	Balance at 31 December 2023	Current maturities – 2024 ^(Nota 30)	Non-current maturities					Subsequent years	Total
	2025	2026	2027	2028					
Euro	71	68	—	—	—	—	3	3	
Foreign currency	—	—	—	—	—	—	—	—	
TOTAL	71	68	—	—	—	—	3	3	

Millions of Euro

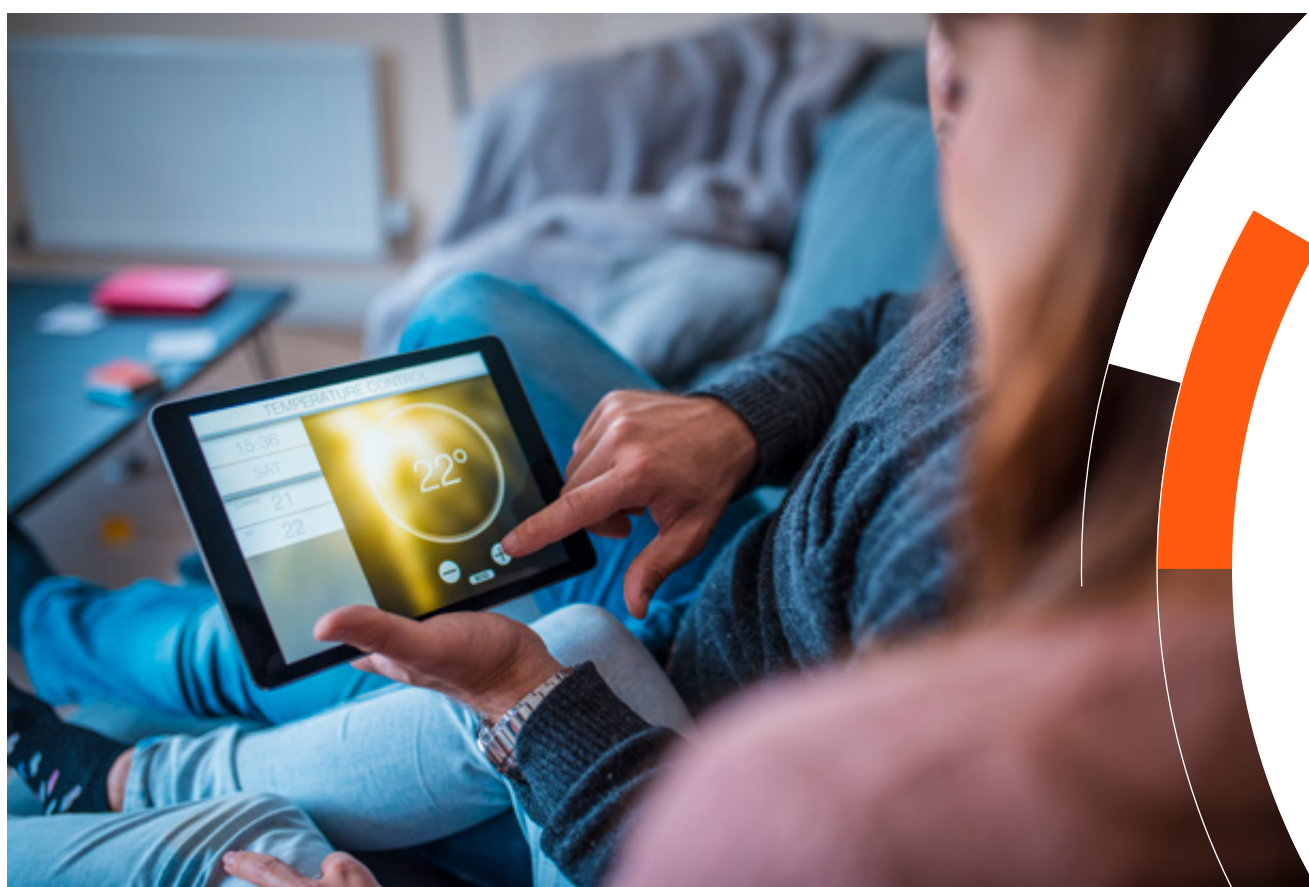
		Balance at 31 December 2022	Current maturities – 2023 ^(Nota 30)	Non-current maturities					
Notes				2024	2025	2026	2027	Subsequent years	Total
Euro		67	65	1	–	–	1	–	2
Foreign currency		–	–	–	–	–	–	–	–
TOTAL	47.2	67	65	1	–	–	1	–	2

In 2023 and 2022, these loans earned interest at an average annual rate of 5.6% and 5.4%, respectively.

28.2. Equity instruments

At 31 December 2023 and 2022, this category includes equity instruments that correspond to interests in other companies, net of impairment, amounting to Euro 6 million and Euro 5 million, respectively.

The individual amount of the rest of the investments recognised under this item is not significant.



29. OTHER NON-CURRENT ASSETS

Details of this heading in the accompanying consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Remuneration of distribution activity	6	333	279
Other assets ⁽¹⁾		53	25
TOTAL		386	304

⁽¹⁾ At 31 December 2023, it included the accounting balance of the surplus due to the difference between the actuarial liability and the market value of the related assets of Endesa's defined benefit pension plans amounting to Euro 41 million (31 December 2022: Euro 8 million) (see Note 37.1).

30. OTHER CURRENT FINANCIAL ASSETS

Details of this heading in the accompanying consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Financing of the revenue shortfall from regulated activities in Spain and other regulated remuneration	6	—	14
Compensation for stranded costs in non-mainland generation (TNP)	6	473	2,254
Limitation on increase of last resort access tariff (LRT)	6	5	67
Loans to employees		14	11
Loans to associates, joint ventures and joint operating companies	41.1.1 y 47.2	68	65
Financial guarantees recognised as assets	35.1.12	1,173	6,056
Other financial assets		46	216
Value adjustments	41.1.3	(2)	(6)
TOTAL		1,777	8,677

The fair value of these financial assets does not differ substantially from their carrying amount.

31. INVENTORIES

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023	31 December 2022
Energy stocks:	709	1,050
Coal	10	93
Nuclear fuel	255	246
Fuel oil	93	110
Gas	351	601
Other inventories	377	392
Carbon dioxide (CO ₂) emission rights	884	653
Guarantees of origin and other environmental certificates	120	57
Value adjustments	(30)	(30)
TOTAL	2,060	2,122

31.1. Carbon dioxide (CO₂) emission allowances

In 2023 and 2022, CO₂ emission allowances for 2022 and 2021 were redeemed, resulting in the derecognition of Euro 869 million and Euro 326 million, respectively (13 million tonnes and 11 million tonnes, respectively).

At 31 December 2023, the provision for allowances to be delivered to cover the carbon dioxide (CO₂) emissions under the heading “*Current provisions*” in the consolidated statement of financial position amounted to Euro 917 million (31 December 2022: Euro 862 million) (see Note 37.3).

31.2. Guarantees of origin and other environmental certificates

In 2023 and 2022, the 2022 and 2021 Guarantees of Origin were redeemed, resulting in a derecognition of Euro 76 million and Euro 8 million, respectively (22,939 GWh and 16,843 GWh, respectively).

At 31 December 2023, the provision for rights to deliver Guarantees of Origin and other environmental certificates included under “*Current provisions*” in the consolidated statement of financial position came to Euro 161 million (31 December 2022: Euro 81 million) (see Note 37.3).

31.3. Purchase commitments

Inventory purchase commitments amounted to Euro 18,848 million at 31 December 2023 (31 December 2022: Euro 22,942 million), of which a portion relates to agreements featuring “take or pay” clauses, as follows.:

Millions of Euro

	Future purchase commitments at 31 December 2023 ⁽¹⁾						
	Carbon dioxide (CO ₂) emission rights	Electricity	Nuclear fuel	Fuel oil	Gas	Other	Total
2024 - 2028	100	—	572	38	7,361	57	8,128
2029 - 2033	—	—	56	810	5,489	—	6,355
2034 - 2038	—	—	10	—	3,812	—	3,822
2039 - Other	—	—	—	—	543	—	543
TOTAL	100	—	638	848	17,205	57	18,848

⁽¹⁾ None of these amounts correspond to joint ventures.

At 31 December 2023 and 2022, commitments to acquire inventories includes the commitment to acquire liquefied natural gas for contracts arranged in 2014 with Corpus Christi Liquefaction, LLC, part of which are guaranteed by Enel, S.p.A. (see Note 47.1.2).

With respect to the agreements that contain “take or pay”

clauses, in the current context, the forecasts indicate that Endesa will continue to consume certain inventories under these agreements (see Note 5.2).

The Company’s Directors consider that Endesa will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

31.4. Other information

Valuation adjustments

In 2023 and 2022, there was no impairment of inventories involving significant amounts in this item of the consolidated statement of financial position.

Insurance

Endesa has taken out insurance policies to cover the possible risks of damage to its inventories, considering that said policies were sufficient to cover the risks to which it is subject.

In 2023, Endesa did not detect any significant impacts in relation to the insurance policies it has taken out.

Other Information

At 31 December 2023 and 2022, Endesa had not pledged material amounts of inventories to secure the repayment of debts.

32. TRADE AND OTHER RECEIVABLES

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Trade receivables for sales and services and other receivables	41.1.1	4,912	5,472
Trade receivables for sales and services		4,609	4,817
Trade receivables for electricity sales		3,181	3,323
Trade receivables for gas sales		1,064	1,037
Receivables from other transactions		306	283
Receivable from Group companies and associates	47.1.3 y 47.2	58	174
Other receivables		895	1,129
Remuneration of distribution activity		283	231
Other receivables from third parties		559	478
Other receivable from Group companies and associates	47.1.3 y 47.2	53	420
Value adjustments	41.1.3	(592)	(474)
Trade receivables for sales and services		(488)	(370)
Other receivables		(104)	(104)
Tax assets		545	215
Current income tax		233	49
VAT receivable		304	153
Other taxes		8	13
TOTAL		5,457	5,687

Balances included under this heading in the consolidated statement of financial position do not generally earn interest.

At 31 December 2023 and 2022, no one customer had balances payable to Endesa that were significant with respect to Endesa's total revenues or receivables (see Note 42.6).

Since regular meter reading periods are not matched to the end of the reporting period, Endesa provides a sales estimate to customers performed by its supply companies Endesa Energía, S.A.U., Endesa Energía Renovable, S.L.U.,

Energía XXI Comercializadora de Referencia, S.L.U., Empresa de Alumbrado Eléctrico de Ceuta Energía, S.L.U. and Energía Ceuta XXI Comercializadora de Referencia, S.L.U., which have yet to be billed.

At 31 December 2023, the cumulative balances of power and gas sales yet to be billed to the end customer are recognised under "Trade and other receivables" of the accompanying consolidated statement of financial position and amount to Euro 1,533 million and Euro 476 million respectively (31 December 2022: Euro 1,850 million and Euro 529 million) (see Note 3.2p.1).

32.1. Other information

Collection period

The average collection period for trade receivables was 45 days in 2023 and 36 days in 2022. Therefore, fair value does not differ significantly from carrying amount.

Other Information

At 31 December 2023 and 2022, there are no significant restrictions on the use of collection rights of this nature. Factoring transactions were carried out in 2023 and 2022. Undue balances at 31 December 2023 and 2022 amounted to Euro 1,630 million and Euro 2,294 million, respectively, which were derecognised from the consolidated statement of financial position. These transactions were recognised at a cost of Euro 49 million and 41 million, respectively, under "*Net financial profit/(loss)*" in the consolidated income statement (see Note 16.1).

33. CASH AND CASH EQUIVALENTS

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023	31 December 2022
Cash in hand and at banks	1,281	871
Other cash equivalents	825	—
TOTAL	2,106	871

Short-term cash investments mature in less than 3 months from the date of acquisition. At 31 December 2023, the caption "Other Cash Equivalents" includes 3 deposits for a total amount of Euro 825 million bearing interest at market rates.

At 31 December 2023 and 2022, the composition of this heading in the consolidated statement of financial position, by currency, is as follows:

Millions of Euro

	Currency	
	31 December 2023	31 December 2022
Euro	2,103	869
US dollar (USD)	2	—
Pound sterling (GBP)	1	2
TOTAL	2,106	871

There were no investments in sovereign debt at 31 December 2023 and 2022.

At 31 December 2023, the balance of cash and cash equivalents includes Euro 5 million corresponding to the

debt service reserve account set up by certain Endesa renewable energy subsidiaries by virtue of the project finance loans arranged (Euro 8 million at 31 December 2022) (see Note 41.4.3).

34. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023	31 December 2022
ASSETS		
NON-CURRENT ASSETS	—	27
Investments accounted for using the equity method	—	27
TOTAL ASSETS	—	27

At 31 December 2022, this heading of the consolidated statement of financial position included the 45% stake held by Endesa Generación, S.A.U. in Tecnatom, S.A.

On 24 November 2023, this stake was sold to Westinghouse Electric Spain, S.A.U. in exchange for Euro 27 million, with no gain or loss generated on the transaction (see Notes 7.2 and 46.2).

35. EQUITY

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022 ⁽¹⁾
Total equity of the Parent	35.1	7,017	5,557
Share capital	35.1.1	1,271	1,271
Share premium	35.1.2	89	89
Legal reserve	35.1.3	254	254
Revaluation reserve	35.1.4	404	404
Other reserves	35.1.5	106	106
(Treasury shares and own equity instruments)	35.1.8	(4)	(5)
Retained earnings	35.1.9	5,876	6,812
Interim dividend	35.1.10	(529)	—
Other equity instruments		5	4
Reserve for actuarial gains and losses	35.1.7	(199)	(190)
Adjustments due to changes in value		(256)	(3,188)
Translation differences		(1)	(1)
Reserve for the revaluation of unrealised assets and liabilities	35.1.6	(255)	(3,187)
Total equity of non-controlling interests	35.2	187	201
TOTAL EQUITY		7,204	5,758

⁽¹⁾ See Note 4.

35.1. Equity: of the Parent

35.1.1. Share capital

At 31 December 2023, Endesa had share capital of Euro 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euro 1.2 each, subscribed for and fully paid up and all admitted for trading on the Spanish stock exchanges. There were no changes in share capital in 2023 and 2022.

At 31 December 2023 and 2022, the percentage of Endesa, S.A. share capital held by the Enel Group through Enel Iberia, S.L.U. was 70.1% (see Note 1).

At that date, no other shareholder held more than 10% of the share capital of Endesa, S.A.

35.1.2. Share premium

The share premium arises from the Company's corporate restructuring. Article 303 of the consolidated text of the Spanish Corporate Enterprises Act expressly permits the use of the share premium to increase capital and does not establish any specific restrictions as to its use.

Nonetheless, at 31 December 2023, Euro 31 million of the share premium are restricted to the extent that they are subject to tax assets capitalised in prior years (Euro 33 million at 31 December 2022).

35.1.3. Legal reserve

In accordance with Article 274 of the consolidated text of the Spanish Corporate Enterprises Act, an amount equal to 10% of the profit for the year must be earmarked for the legal reserve until such reserve represents at least 20% of the share capital.

The legal reserve may be used to increase share capital provided that the balance of the reserve exceeds 10% of the

increased capital amount. Except for the aforementioned purpose, the legal reserve may not be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

At 31 December 2023 and 2022, Endesa, S.A. held the minimum amount stipulated in law for this reserve.

35.1.4. Revaluation reserve

The "Revaluation reserve" is a result of the revaluation of assets made pursuant to Royal Decree-Law 7/1996, of 7 June.

On 1 January 2000, the revalued assets were contributed to the corresponding companies following the corporate restructuring carried out by Endesa, S.A:

This balance can be used, tax-free, to offset the accounting loss for the year or accounting losses accumulated from prior years or that could arise in the future, and to increase share capital or unrestricted reserves. It may be allocated to unrestricted reserves provided that the monetary surplus has been realized. The capital gain will be deemed to have

been realized in respect of the portion corresponding to the depreciation taken for accounting purposes or when the updated assets have been transferred or retired from the accounting records.

This balance would be taxed if used for any purpose other than that foreseen in Royal Decree Law 7/1996 of 7 June 1996.

However, at 31 December 2023, Euro 193 million are restricted to the extent that they are subject to tax assets capitalised in prior years (Euro 207 million at 31 December 2022).

35.1.5. Other reserves

At 31 December 2023 and 2022, this section mainly consists of the redeemed capital reserve in the amount of Euro 102 million, in compliance with Article 335 of Spain's Corporate Enterprises Act, which requires companies to post to this reserve an amount equal to the par value of the redeemed shares or of the reduction in their par value,

when the reduction is charged to unrestricted profits or reserves by redeeming shares acquired free of charge by the Company. The drawdown on this reserve will be subject to the same requirements as set forth for reducing share capital.

35.1.6. Reserve for the revaluation of unrealised assets and liabilities

Movement in this reserve in 2023 and 2022 is as follows:

Millions of Euro

	31 December 2022	Change in market value	Amount taken to income	Other transactions with shareholders or owners	31 December 2023
Hedging transactions	(3,176)	1,568	1,364	—	(244)
Interest rate derivatives	80	(16)	(36)	—	28
Exchange rate derivatives	63	(27)	(47)	—	(11)
Energy stock derivatives	(3,319)	1,611	1,447	—	(261)
Investments in associates and joint ventures	(11)	—	—	—	(11)
TOTAL	(3,187)	1,568	1,364	—	(255)

	31 December 2021	Change in market value	Amount taken to income	Other transactions with shareholders or owners	31 December 2022
Hedging transactions	(1,520)	(2,535)	879	—	(3,176)
Interest rate derivatives	(8)	86	2	—	80
Exchange rate derivatives	11	139	(87)	—	63
Energy stock derivatives	(1,523)	(2,760)	964	—	(3,319)
Investments in associates and joint ventures	(37)	26	—	—	(11)
TOTAL	(1,557)	(2,509)	879	—	(3,187)

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

At 31 December 2023, the amount shown under “*Value adjustments*” – “*Hedging transactions*” came to a negative Euro 244 million (negative Euro 3,176 million at 31 December 2022) and included mainly gas financial derivatives arranged for 2024–2026, as a result of Endesa’s hedging strategy.

35.1.7. Reserve for actuarial gains and losses

At 31 December 2023 and 2022 this reserve derives from actuarial gains and losses recognised in equity (see Note 37.1).

35.1.8. Treasury shares

Endesa, S.A. holds treasury shares to cover the long-term variable remuneration plans in force, which include the delivery of shares as part of the strategic incentive payment (see Note 47.3). The purchase of these shares was carried out through Temporary Share Buyback Programmes.

Under these programmes, Endesa, S.A. acquired a total of 253,820 treasury shares in prior years. On 6 September 2023, Endesa, S.A. paid 30% of the long-term remuneration to have accrued in previous years under the 2020–2022 Strategic Incentive Plan, which entailed the delivery to the beneficiaries of 21,282 ordinary shares in Endesa, S.A. for a total amount of less than Euro 1 million. As a result, 232,538 shares remained in the possession of the Parent as at 31 December 2023.

Likewise, 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 at the Company’s General Shareholders’ Meeting held on 5

May 2020, and also in conformity with the approval of the Company’s Board of Directors held on 22 February in relation to the plan to award shares to employees (“*Flexible Share Remuneration Programme*”). This Temporary Share Buyback Programme aims to acquire shares to comply with the obligations under the Flexible Share Remuneration Programme for serving employees of the Endesa Group in Spain who opt in 2023 to receive a portion of their salary in shares of Endesa, S.A. as part the Endesa’s general remuneration policy framework. The Temporary Share Buyback Programme includes the volume of shares required to cover the monetary amount requested by employees.

Within the framework of the aforementioned Programme, in 2023 Endesa, S.A. acquired 613,000 own shares of the Parent for Euro 12 million, of which, at 31 December 2023, 1,351 remained in the hands of the Parent.

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

	Number of shares	Nominal value (Euros/Share)	% of total share capital	Average acquisition cost (Euro/Share)	Total cost of acquisition (Euro)
Treasury shares at 31 December 2023	234,679	1.2	0.02217	19.25	4,518,265
Strategic Incentive Plans	232,538	1.2	0.02196	19.25	4,475,783
Flexible Stock Compensation Programs	2,141	1.2	0.00020	19.84	42,482
Treasury shares at 31 December 2022	254,610	1.2	0.02405	19.25	4,901,357
Strategic Incentive Plans	253,820	1.2	0.02397	19.25	4,885,524
Flexible Stock Compensation Programs	790	1.2	0.00007	20.04	15,833

35.1.9. Retained earnings

Details of the Company's reserves at 31 December 2023 and 2022 are as follows.

Millions of Euro

	31 December 2023	31 December 2022 ⁽¹⁾
Voluntary reserves	702	693
Merger reserve	676	667
Other unrestricted reserves	26	26
Other retained earnings	5,174	6,119
TOTAL	5,876	6,812

⁽¹⁾ See Note 4.

On 22 September 2023, the Board of Directors of Endesa, S.A. (Absorbing Company) and the Sole Director of Endesa Red, S.A.U. (Absorbed Company) signed and approved joint plans for the merger by absorption of Endesa Red, S.A.U. As a result of this arrangement, a merger reserve of Euro 9 million was recognised to reflect the difference between the net value of the interest held in 100% of the share capital of Endesa Red, S.A.U. prior to the merger, effective for accounting purposes as of 1 January 2023.

The merger reserve stems from the corporate restructuring of the Company, including the restructuring arrangement just mentioned, and its balance at 31 December 2023 amounted to Euro 676 million, of which Euro 76 million cannot be distributed because it is subject to certain tax relief (Euro 667 million and Euro 78 million, respectively, at 31 December 2022).

35.1.10. Dividends

2023

At its meeting held on 22 November 2023, Endesa, S.A.'s Board of Directors agreed to pay its shareholders a gross interim dividend against 2023 profit of Euro 0.5 per share, which gave rise to a pay-out of Euro 529 million on 2 January 2024 (see Note 40). This interim dividend was deducted from the parent's equity at 31 December, 2023.

Pursuant to article 277 of Royal Decree Law 1/2010, of 2 July 2010, approving the consolidated Corporate Enterprises Act, the projected liquidity statement of Endesa, S.A., showing that the Company has sufficient liquidity to distribute this dividend, is as follows:

Millions of Euro

	From 1 November 2023 to 31 October 2024
Available at start of period	7,201
Cash in hand and at banks and cash equivalents	83
Undrawn loans with Group companies	7,118
Increases in cash	1,536
Ordinary activities	255
Financial transactions	1,281
Decreases in cash	(6,114)
Ordinary activities	(577)
Financial transactions	(5,537)
Available at end of period	2,623
Proposed interim dividend on 2023 results	529

This amount does not exceed the earnings obtained by Endesa, S.A. in 2023, having deducted prior years' losses and the amount to be allocated to the obligatory reserves specified by law or in the Bylaws, as well as the estimate of the tax to be paid on these earnings.

2022

Approval was given at Endesa, S.A.'s General Shareholders' Meeting held on 28 April 2023 to pay shareholders a total gross dividend, charged against 2022 earnings and against retained earnings from previous years, of Euro 1.5854 per share, or Euro 1,678 million in total, as follows:

Millions of Euro

	Notes	Approval date	Euro per share, gross	Amount	Payment date
Dividends		28 April 2023	1.5854	1,678	3 July 2023
Total dividend paid against 2022 profit	46.3		1.5854	1,678	

35.1.11. Gains and losses recognised in the consolidated statement of other comprehensive income

The composition at 31 December 2023 and 2022, and movements in relation to gains and losses recognised in the consolidated statement of other comprehensive income are as follows:

Millions of Euro

		31 December 2022		
	Notes	Total	Of the Parent	Non-controlling interests
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS		(190)	(190)	—
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		—	—	—
Actuarial gains and losses	37.1	(190)	(190)	—
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		—	—	—
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		(3,187)	(3,188)	1
Hedging transactions		(3,175)	(3,176)	1
Translation differences		(1)	(1)	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		(11)	(11)	—
Equity Instruments at Fair Value through Other Comprehensive Income		—	—	—
Other Income and Expenses that may be reclassified to profit for the period		—	—	—
TOTAL		(3,377)	(3,378)	1



Changes in 2023					31 December 2023		
Valuation gains/ (losses)	Amounts Transferred to Income Statement	Income tax effect (Note 18)	Changes in consolidation scope and other	Other transactions with shareholders or owners	Total	Of the Parent	Non-controlling interests
(11)	—	2	2	—	(197)	(197)	—
—	—	—	—	—	—	—	—
(13)	—	2	2	—	(199)	(199)	—
2	—	—	—	—	2	2	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
2,087	1,822	(977)	—	—	(255)	(256)	1
2,087	1,822	(977)	—	—	(243)	(244)	1
—	—	—	—	—	(1)	(1)	—
—	—	—	—	—	(11)	(11)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
2,076	1,822	(975)	2	—	(452)	(453)	1

31 December 2021

	Notes	Total	Of the Parent	Non-controlling interests
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT AND LOSS		(455)	(455)	—
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		—	—	—
Actuarial gains and losses	37.1	(455)	(455)	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		—	—	—
Equity Instruments through Other Comprehensive Income		—	—	—
Other Income and Expenses not Reclassified to Profit for the Period		—	—	—
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		(1,557)	(1,557)	—
Hedging transactions		(1,520)	(1,520)	—
Translation differences		—	—	—
Share of Other Comprehensive Income Recognised on Investments in Joint Ventures and Associates		(37)	(37)	—
Equity Instruments at Fair Value through Other Comprehensive Income		—	—	—
Other Income and Expenses that may be reclassified to profit for the period		—	—	—
TOTAL		(2,012)	(2,012)	—



Changes in 2022					31 December 2022		
Valuation gains/ (losses)	Amounts Transferred to Income Statement	Income tax effect (Note 18)	Changes in consolidation scope and other	Other transactions with shareholders or owners	Total	Of the Parent	Non-controlling interests
335	—	(69)	(1)	—	(190)	(190)	—
—	—	—	—	—	—	—	—
335	—	(69)	(1)	—	(190)	(190)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
(3,353)	1,171	552	—	—	(3,187)	(3,188)	1
(3,378)	1,171	552	—	—	(3,175)	(3,176)	1
(1)	—	—	—	—	(1)	(1)	—
26	—	—	—	—	(11)	(11)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
(3,018)	1,171	483	(1)	—	(3,377)	(3,378)	1

35.1.12. Capital management

Capital management at Endesa focuses on maintaining a solid financial structure that optimises the cost of capital and the availability of financial resources to guarantee business continuity in the long run. This policy of financial prudence makes it possible to maintain an adequate level of value creation for shareholders while guaranteeing Endesa's liquidity and solvency.

The Parent's Directors consider that an indicator of its ongoing financial position is its consolidated leverage ratio. Details of this ratio at 31 December 2023 and 2022 are as follows:

Millions of Euro

		Leverage	
	Notes	31 December 2023	31 December 2022
Net financial debt:		10,405	10,869
Non-current borrowings	41.3	9,636	11,704
Current borrowings	41.3	4,091	6,784
Debt derivatives recognised as financial assets	44	61	87
Cash and cash equivalents	33	(2,106)	(871)
Debt derivatives recognised as assets	44	(57)	(111)
Financial guarantees recognised as assets	28.1 y 30	(1,220)	(6,724)
Equity:	35	7,204	5,758
Of the Parent	35.1	7,017	5,557
Non-controlling interests	35.2	187	201
Leverage (%) ⁽¹⁾		144,43	188,76

⁽¹⁾ Leverage (%) = Net financial debt /equity.

Endesa upholds principles of prudence in relation to its debt structure by obtaining long-term financing that enables it to adjust its maturity schedules to its capacity to generate cash flows, in line with the business plan in place.

The Company also has short-term financing that helps optimise the management of its working capital requirements and improve the cost of its debt.

The Company has a strong financial position and unconditional lines of credit contracted with top-tier entities available for significant amounts. This, together with the implementation of specific plans to improve and efficiently manage liquidity, will allow it to comfortably finance the growth of the business (see Note 42.4).

Taking into account the expectations of earnings and the envisaged investment plan, the dividend policy in place will allow it to maintain adequate levels of leverage moving forwards.

The following dividends were approved and distributed in 2023 and 2022 (see Note 35.1.10):

Millions of Euro

Dividends Approved and Paid					
	Notes	Approval date	Euro per share, gross	Amount	Payment date
Dividends		28 April 2023	1.5854	1,678	3 July 2023
Total dividend paid against 2022 profit	46.3		1.5854	1,678	
Interim dividend		24 November 2021	0.500	529	3 January 2022
Final dividend		29 April 2022	0.9372	992	1 July 2022
Total dividend paid against 2021 profit	46.3		1.4372	1,521	

Endesa's long-term ratings allocated by credit rating agencies at the respective dates of issue of the consolidated financial statements for the years ended 31

December 2023 and 2022, qualify as investment grade, and are as follows:

	Credit rating							
	31 December 2023 ⁽¹⁾				31 December 2022 ⁽¹⁾			
	Long term	Short term	Outlook	Date of last report	Long term	Short term	Outlook	
Standard & Poor's	BBB	A-2	Stable	19 December 2023	BBB+	A-2	Negative	
Moody's	Baa1	P-2	Negative	20 December 2023	Baa1	P-2	Negative	
Fitch	BBB+	F2	Stable	12 February 2024	BBB+	F2	Stable	

⁽¹⁾ At the respective dates of preparing the consolidated financial statements.

The Parent's Directors consider that the credit rating assigned by the agencies would enable the Parent to access the financial markets on reasonable terms if need be.

35.1.13. Restrictions on the availability of funds and pledges of shares of subsidiaries

At 31 December 2023, certain Endesa subsidiaries that operate in the renewable energy business, and which are financed through project finance, are subject to clauses in their financing agreements that must be met before profits can be distributed to shareholders.

At 31 December 2023, financial debt subject to these restrictions totalled Euro 39 million (31 December 2022: Euro 70 million) (see Notes 20.4, 41.4.3 and 48).

35.2. Equity: of non-controlling interests

At 31 December 2023 and 2022, the composition and movements of this item of the consolidated statement of financial position are as follows:

Millions of Euro

	Balance at 31 December 2022	Dividends paid	Profit/(loss) for the year	Investments or extensions	Disposals or reductions ⁽¹⁾	Other movements	Balance at 31 December 2023
Aguilón 20, S.A.	27	(7)	1	—	—	—	21
Empresa de Alumbrado Eléctrico de Ceuta, S.A.	3	—	—	—	—	—	3
Eólica Valle del Ebro, S.A.	3	—	—	—	—	—	3
Explotaciones Eólicas Saso Plano, S.A.	13	(4)	1	—	—	—	10
Parque Eólico Sierra del Madero, S.A.	26	—	1	—	—	—	27
Sociedad Eólica de Andalucía, S.A.	33	(8)	9	—	—	—	34
Other	96	(8)	8	—	(7)	—	89
TOTAL	201	(27)	20	—	(7)	—	187

⁽¹⁾ Relates to the return of shareholders' contributions from Bosa del Ebro S.L. and Tauste Energía Distribuida, S.L., amounting to Euro 4 million and Euro 3 million, respectively (see Note 46.3).

Millions of Euro

	Balance at 31 December 2021	Dividends paid	Profit/(loss) for the year	Investments or Extensions ⁽¹⁾	Disposals or reductions ⁽²⁾	Other movements	Balance at 31 December 2022
Aguilón 20, S.A.	23	(2)	6	—	—	—	27
Empresa de Alumbrado Eléctrico de Ceuta, S.A.	3	—	—	—	—	—	3
Eólica Valle del Ebro, S.A.	3	—	—	—	—	—	3
Explotaciones Eólicas Saso Plano, S.A.	10	(1)	4	—	—	—	13
Parque Eólico Sierra del Madero, S.A.	22	(3)	7	—	—	—	26
Sociedad Eólica de Andalucía, S.A.	28	(4)	9	—	—	—	33
Other	75	(7)	29	4	(5)	—	96
TOTAL	164	(17)	55	4	(5)	—	201

⁽¹⁾ Relates to the contribution of funds from shareholders of Explotaciones Eólicas Santo Domingo de Luna, S.A. (see Note 46.3).

⁽²⁾ Relates to the purchase of non-controlling interests (20%) in Energías Especiales de Peña Armada, S.A.U. and Energías Especiales de Careón, S.A., for a total of Euro 3 million, and the return of funds to shareholders of Bosa del Ebro, S.L. for a total of Euro 2 million (see Notes 7.1 and 46.3).

At 31 December 2023 and 2022, the balance of "Equity of non-controlling interests" mainly shows the non-controlling interests held by Enel Green Power España, S.L.U.

At 31 December 2023 and 2022 the most relevant items of the consolidated statement of financial position, income

statement and statement of cash flows of the main Endesa companies with non-controlling interests used to draw up these consolidated financial statements are as follows:

Millions of Euro

	Statement of Financial Position											
	Aguilón 20, S.A. Empresa de Alumbrado Eléctrico de Ceuta, S.A. Eólica Valle del Ebro, S.A. Explotaciones Eólicas Saso Plano, S.A. Parque Eólico Sierra del Madero, S.A. Sociedad Eólica de Andalucía, S.A.											
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Non-current assets	77	80	116	104	8	8	28	28	87	84	108	113
Current assets	10	27	6	15	2	1	7	18	5	5	25	39
Total assets	87	107	122	119	10	9	35	46	92	89	133	152
Equity	44	56	98	92	6	6	27	36	64	61	82	80
Non-current liabilities	31	42	18	20	2	2	7	6	11	11	36	49
Current liabilities	12	9	6	7	2	1	1	4	17	17	15	23
Total equity and liabilities	87	107	122	119	10	9	35	46	92	89	133	152

Millions of Euro

	Income Statement											
	Aguilón 20, S.A. Empresa de Alumbrado Eléctrico de Ceuta, S.A. Eólica Valle del Ebro, S.A. Explotaciones Eólicas Saso Plano, S.A. Parque Eólico Sierra del Madero, S.A. Sociedad Eólica de Andalucía, S.A.											
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	12	28	28	45	4	7	18	5	31	17	55	28
Profit/(loss) before tax	4	17	5	4	1	—	14	2	23	9	36	13
Profit/(loss) from continuing operations	3	13	4	4	1	—	10	1	17	7	27	10
Profit/(loss) after tax from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—
Other comprehensive income	—	1	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	3	14	4	4	1	—	10	1	17	7	27	10

Millions of Euro

	Statement of cash flows											
	Aguilón 20, S.A. Empresa de Alumbrado Eléctrico de Ceuta, S.A. Eólica Valle del Ebro, S.A. Explotaciones Eólicas Saso Plano, S.A. Parque Eólico Sierra del Madero, S.A. Sociedad Eólica de Andalucía, S.A.											
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net cash flows from operating activities	3	15	20	8	2	2	2	12	7	22	18	35
Net cash flows from investing activities	—	—	(20)	(7)	(1)	(2)	(1)	(1)	(6)	(14)	—	(3)
Net cash flows from financing activities	(20)	(8)	—	—	—	—	(11)	(2)	—	(8)	(37)	(19)

The equity data correspond to the information of the individual companies, except for those of Empresa

Alumbramiento Eléctrico de Ceuta, S.A., which correspond to its consolidated financial statements.

36. GRANTS

At 31 December 2023 and 2022, the composition and movements of this item of the consolidated statement of financial position are as follows:

Millions of Euro

	Notes	Grants related to assets
Balance at 31 December 2021		254
Additions		1
Amount taken to income	9.2	(15)
Transfers to current and other		(2)
Balance at 31 December 2022		238
Additions		5
Amount taken to income	9.2	(16)
Transfers to current and other		—
Balance at 31 December 2023		227

The heading “*Capital grants*” mainly shows grants received under the partnership agreements entered into to improve the quality of supply in the electricity distribution network with, inter alia, the Ministry of Ecological Transition and the Demographic Challenge (MITECO) and the corresponding public bodies of the regional governments.

At the 31 December 2023 and 2022, Endesa had fulfilled all the requirements to receive and apply the grants disclosed above.



37. PROVISIONS

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023		31 December 2022	
		Non-current	Current	Non-current	Current
Provisions for employee benefits		268	—	278	—
Provisions for pensions and other similar obligations	37.1	238	—	248	—
Other employee benefits		30	—	30	—
Provisions for workforce restructuring plans		536	207	519	204
Collective redundancy procedures	37.2.1	9	25	14	28
Contract suspension	37.2.2	527	182	505	176
Other provisions	37.3	2,051	1,170	2,167	1,032
TOTAL		2,855	1,377	2,964	1,236

37.1. Provisions for pensions and other similar obligations

Provisions for pensions and other similar obligations in the consolidated statement of financial position are the result of obligations set forth in collective or individual agreements with the Company's employees, whereby the Company undertakes to supplement the public social security system benefits in the event of retirement, permanent disability and death.

Pension commitments, both defined benefits and defined contributions, are basically arranged through pension plans or insurance policies, except as regards certain benefits in kind, which due to their nature have not been externalised and are covered by in-house provisions.

Net and gross actuarial liabilities

At 31 December 2023 and 2022 the balance included in the consolidated statement of financial position as a result of the difference between the actuarial liability relating to

defined benefit obligations and the market value of plan assets is as follows:

Millions of Euro

	31 December 2023	31 December 2022
Actuarial liability	585	589
Plan assets	(388)	(349)
Shortfall recognised in respect of actuarial liability	197	240

At 31 December 2023 and 2022, the following amounts are recorded in the consolidated statement of financial position:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Provisions for Pensions and Similar Obligations	37	238	248
Other non-current assets	29	(41)	(8)
Shortfall recognised in respect of actuarial liability		197	240

At 31 December 2023 and 2022 information on net actuarial liabilities relating to defined benefit scheme obligations was as follows:

Millions of Euro

	Notes	2023			
		Pensions	Energy	Health insurance	Total
Opening net actuarial liability		27	212	1	240
Net interest expense	16	1	8	—	9
Service costs in the period	12	4	1	—	5
Contributions in the period		(59)	(14)	—	(73)
Other movements		3	—	—	3
Actuarial (gains) losses arising from changes in financial assumptions		22	7	—	29
Actuarial (gains) losses arising from experience adjustments		6	(12)	—	(6)
Actuarial return on plan assets excluding interest expense		(10)	—	—	(10)
Closing net actuarial liability		(6)	202	1	197

Millions of Euro

	Notes	2022			
		Pensions	Energy	Health insurance	Total
Opening net actuarial liability		228	380	2	610
Net interest expense	16	1	6	—	7
Service costs in the period	12	7	1	—	8
Contributions in the year		(39)	(13)	—	(52)
Other movements		2	—	—	2
Actuarial (gains) losses arising from changes in financial assumptions		(247)	(83)	(1)	(331)
Actuarial (gains) losses arising from experience adjustments		2	(79)	—	(77)
Actuarial return on plan assets excluding interest expense		73	—	—	73
Closing net actuarial liability		27	212	1	240

At 31 December 2023 and 2022 information on gross actuarial liabilities relating to defined benefit scheme obligations was as follows:

Millions of Euro

	2023			
	Pensions	Energy	Health insurance	Total
Opening actuarial liability	376	212	1	589
Financial expenses	14	8	—	22
Service costs in the period	4	1	—	5
Benefits paid in the period	(43)	(14)	—	(57)
Actuarial (gains) losses arising from changes in financial assumptions	22	7	—	29
Actuarial (gains) losses arising from experience adjustments	6	(12)	—	(6)
Other movements	3	—	—	3
Closing actuarial liability	382	202	1	585

Millions of Euro

	2022			
	Pensions	Energy	Health insurance	Total
Opening actuarial liability	837	380	2	1,219
Financial expenses	10	6	—	16
Service costs in the period	7	1	—	8
Benefits paid in the period	(74)	(13)	—	(87)
Actuarial (gains) losses arising from changes in financial assumptions	(247)	(83)	(1)	(331)
Actuarial (gains) losses arising from experience adjustments	2	(79)	—	(77)
Insurance for benefits payable ⁽¹⁾	(161)	—	—	(161)
Other movements	2	—	—	2
Closing actuarial liability	376	212	1	589

⁽¹⁾ Relates to the payment of premiums on insurance arrangements for defined benefit commitments in order to fully eliminate the risks assumed by Endesa in respect of insured commitments. The amounts paid led to a reduction in plan assets in the same amount. The cost of the policy was Euro 3 million lower than the actuarial liability corresponding to these obligations. Therefore, a positive effect was recognised for this amount under "Personnel expenses" in the consolidated income statement.

A breakdown of net actuarial liabilities, the changes in the market value of assets relating to defined benefit obligations at 31 December 2023 and 2022 is as follows:

Millions of Euro

	2023			
	Pensions	Energy	Health insurance	Total
Initial market value of the affected assets	349	—	—	349
Expected return	13	—	—	13
Contributions in the period	59	14	—	73
Benefits paid in the period	(43)	(14)	—	(57)
Actuarial (losses) gains	10	—	—	10
Final market value of the affected assets ⁽¹⁾	388	—	—	388

⁽¹⁾ Post-employment benefits other than pension schemes are not included.

Millions of Euro

	2022			
	Pensions	Energy	Health insurance	Total
Initial market value of the affected assets	609	—	—	609
Expected return	9	—	—	9
Contributions in the period	39	13	—	52
Benefits paid in the period	(74)	(13)	—	(87)
Actuarial (losses) gains	(73)	—	—	(73)
Insurance for benefits payable	(161)	—	—	(161)
Final market value of the affected assets ⁽¹⁾	349	—	—	349

⁽¹⁾ (1) Post-employment benefits other than pension schemes are not included.

Impact on the Consolidated Income Statement and the Consolidated Statement of Other Comprehensive Income

In 2023 and 2022, amounts recognised for defined-benefit and defined contribution pension provisions in the consolidated income statement, are as follows

Millions of Euro

	Notes	2023	2022
Plan assets		(14)	(12)
Current cost during the year ⁽¹⁾	12	(5)	(8)
Net financial expenses	16	(9)	(7)
Other current costs during the year	12	—	3 ⁽²⁾
Defined contribution		(35)	(40)
Current cost in the period ⁽²⁾	12	(35)	(40)
TOTAL		(49)	(52)

⁽¹⁾ In 2023, it includes Euro 4 million of the current cost for the year relating to early retirees which was previously recognised as a provision under "Provision for workforce restructuring" and which was transferred during the year to "Provisions for pensions and other similar obligations" (Euro 4 million in 2022).

⁽²⁾ A total of Euro 21 million previously included under "Provisions for workforce restructuring plans" (2022: Euro 21 million) was contributed in 2023.

In 2023 and 2022, amounts recognised for provisions to cover defined-benefit obligations in the consolidated statement of other comprehensive income are as follows:

Millions of Euro

	Notes	2023	2022
Actuarial return on plan assets excluding interest expense		18	(73)
Actuarial gains and losses		(31)	408
TOTAL	35.1.11	(13)	335

At 31 December 2023, based on the best estimate available, forecast contributions to defined benefit plans in 2024 amount to approximately Euro 26 million (Euro

15 million at 31 December 2022 to cover defined benefit plans in 2023).

Plan assets

The main categories of defined benefit plan assets as a percentage of total assets, at 31 December 2023 and 2022, as follows:

Percentage (%)	31 December 2023	31 December 2022
Fixed income assets ⁽¹⁾	47	45
Shares ⁽¹⁾	28	30
Investment property and other	25	25
TOTAL	100	100

⁽¹⁾ Includes shares and bonds of Enel Group companies in the amount of Euro 11 million at 31 December 2023 (31 December 2022: Euro 8 million).

The breakdown of the fair value of fixed income securities by geographical area 31 December 2023 and 2022 is as follows:

Millions of Euro	31 December 2023	31 December 2022
Country		
United States	52	44
Spain	13	8
France	11	8
Germany	8	11
Italy	7	5
Netherlands	4	4
United Kingdom	2	5
Luxembourg	2	4
Belgium	2	—
Other	81	68
TOTAL	182	157

At 31 December 2023 and 2022, the value of defined benefit plan assets placed in sovereign debt instruments is as follows:

Millions of Euro	31 December 2023	31 December 2022
Country		
Spain	5	3
Italy	4	3
France	3	3
Germany	2	5
Belgium	2	—
Other	39	29
TOTAL	55	43

Shares and fixed-income instruments have quoted prices in active markets. The expected return on plan assets was estimated taking into account forecasts for the main fixed income and equity markets and assuming that the various asset classes would have similar weights to those of the preceding year. The average return rate in 2023 was 6.88%, positive (9.89%, negative, in 2022).

Currently, the investment strategy and risk management are the same for all plan participants, with no correlation strategy between assets and liabilities.

Actuarial assumptions

The assumptions used when calculating the actuarial liability in respect of uninsured defined benefit obligations at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Mortality tables	PERM / FCOL2020	PERM / FCOL2020
Interest rate	3.30% - 3.32%	3.74% - 3.77%
Expected return on plan assets	3.31%	3.77%
Salary increase ⁽¹⁾	1.00%	1.00%
Increase in the cost of health care	5.14%	4.98%

⁽¹⁾ Benchmark percentage for estimating salary increases.

At 31 December 2023 and 2022, the actuarial assumptions for interest rate and health care cost increases and wage reviews include, among others, the consequences of the prevailing macroeconomic and geopolitical environment (see Note 5.2).

The interest rate applied to discount the commitments is obtained from a curve constructed using the yields on corporate bond issues by companies with an "AA" credit rating and based on the estimated term over which the provisions deriving from each commitment will be settled.

Sensitivity analysis

At 31 December 2023 and 2022, the sensitivity of the value of the actuarial liability for pensions to fluctuations in the main actuarial assumptions, with the other variables remaining constant, is as follows:

Millions of Euro

Assumption	31 December 2023		31 December 2022	
	Pensions	Other defined benefit commitments	Pensions	Other defined benefit commitments
50 bp decrease in the interest rate	26	11	27	12
50 bp increase in the interest rate	(24)	(10)	(25)	(11)
50 bp decrease in the Consumer Price Index (CPI) ⁽¹⁾	(3)	N/A	(3)	N/A
50 bp increase in the Consumer Price Index (CPI) ⁽¹⁾	3	N/A	3	N/A
1% increase in healthcare costs	N/A	N/A	N/A	N/A
1 year increase in the life expectancy of working and retired employees	32	14	22	9

⁽¹⁾ Benchmark percentage for estimating salary increases.

Other Information

Endesa's pension plans are administered in accordance with the general restrictions on management and risk assumption in the respective legislations applicable in Spain.

At present, the pension fund to which the pension plans promoted by Endesa companies are subject is exposed to the specific risks inherent to the assets in which it invests, which are predominantly:

- Risks of investment in fixed-income assets arises from interest rate variations and the credit risk of the portfolio shares.
- Risks of investment in equities arises from the potential impact of volatility (changes) in the prices of the related assets, which is greater than that of fixed income.

- Risks of investment in derivative financial instruments arise in accordance with the degree of related leverage, making them especially vulnerable to changes in the prices of the underlying assets (benchmark asset).
- Investment in assets denominated in currencies other than the euro bear additional risk related to changes in exchange rates.
- Investments in non-tradable assets, made in less efficient markets with scant liquidity, pose measurement risks arising from the approaches used and the lack of market prices for comparison.

At 31 December 2023 the weighted average duration, calculated based on probable flows of the obligation, was 13.45 years (12.4 years at 31 December 2022), and the calendar for payments of defined benefit provisions is as follows:

Millions of Euro		
	31 December 2023	31 December 2022
Year 1	24	26
Year 2	26	27
Year 3	28	30
Year 4	31	32
Year 5	32	34
Beyond year 5	831	900
TOTAL	972	1,049

The classification of defined benefit plan assets measured at fair value by fair value hierarchy at 31 December 2023 and 2022 are as follows:

Millions of Euro								
	31 December 2023				31 December 2022			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Defined benefit plan assets	388	262	86	40	349	209	38	102

The valuation of assets classified as Level 3 is determined based on valuation reports prepared by the corresponding management company.

37.2. Provisions for workforce restructuring plans

Provisions for the various workforce restructuring plans included in the consolidated statement of financial position are the result of individual or collective agreements with the Company's employees, whereby the Company

undertakes to supplement state benefits in the event of termination or suspension of employment by agreement between the parties.

37.2.1. Collective redundancy procedures

At 31 December 2023, there were two types of plans in force: Mining Plans 2006–2012 and Mining Plan 2016, affecting a total of 284 people, all of them in early retirement (393 people at 31 December 2022).

Movements in this non-current provision in 2023 and 2022 are as follows:

Millions of Euro

	Notes	2023	2022
Opening balance		14	27
Amounts charged to the income statement		1	(6)
Personnel expenses	12	(1)	(2)
Finance income	16	2	(4)
Transfers to current and other		(6)	(7)
Closing balance		9	14

At 31 December 2023, the “Current provisions” heading of the consolidated statement of financial position included Euro 25 million in provisions for collective redundancy procedures (Euro 28 million at 31 December 2022).

Actuarial assumptions

The assumptions used in the actuarial calculation of the provisions arising under these collective redundancy procedures at 31 December 2023 and 2022 were as follows:

	31 December 2023	31 December 2022
Interest rate	3.14%	3.57%
CPI	2.57%	2.78%
Mortality tables	PERM / FCOL2020	PERM / FCOL2020

At 31 December 2023 and 2022, the actuarial assumptions for interest rate and health care cost increases and wage reviews include, among others, the consequences of the prevailing macroeconomic and geopolitical environment (see Note 5.2).

Sensitivity analysis

At 31 December 2023 and 2022, as a result of the sensitivity analysis, it is concluded that an increase or decrease of 50 b.p. in the main actuarial assumptions, keeping all other variables constant, does not have a significant economic impact.

37.2.2. Agreement on voluntary suspension or termination of employment contracts

At 31 December 2023, in application of the “Agreement on voluntary suspension or termination of employment contracts under the Framework Agreement on Guarantees for Endesa, S.A. and its electrical subsidiaries”, Endesa posted a provision of Euro 709 million (Euro 681 million at 31 December 2022), affecting a maximum number of

2,396 employees, for whom Endesa has undertaken not to exercise the option of requesting their return to the company (2,625 employees at 31 December 2022).

Movements in this non-current provision in 2023 and 2022 are as follows:

Millions of Euro

	Notes	2023	2022
Opening balance		505	740
Amounts charged to the income statement		202	(67)
Personnel expenses	12	171	2
Finance income	16	31	(69)
Transfers to current and other		(180)	(168)
Closing balance		527	505

At 31 December 2023, “Current provisions” in the consolidated statement of financial position includes

Euro 182 million in provisions for the contract suspension agreement (31 December 2022: Euro 176 million).

Obligations associated with the energy transition process

Endesa is committed to leading the energy transition and its course of action includes the need to decarbonise and increase the renewable generation assets and digitalise the distribution network, the customer portfolio and customer service (see Note 5.1).

Accordingly, in 2020 Endesa recorded provisions for workforce restructuring plans related to the Decarbonisation Plan and the Digitalisation of Processes, the balance of which at 31 December 2023 amounted to

Euro 363 million (Euro 427 million at 31 December 2022). Endesa also set aside a provision of Euro 165 million in 2023, reflecting its commitment to make further efficiency improvements, which envisages the departure of a maximum of 201 employees affected, among others, by the digitalisation process.

Actuarial assumptions

The assumptions used in the actuarial calculation of the provisions arising from the contract suspension agreement at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Interest rate	3.14%	3.57%
Future increase in guarantee	1.00%	1.00%
Increase in other items	2.57%	2.78%
Mortality tables	PERM / FCOL2020	PERM / FCOL2020

At 31 December 2023 and 2022, the actuarial assumptions for interest rate and health care cost increases and wage reviews include, among others, the consequences of the prevailing macroeconomic and geopolitical environment (see Note 5.2).

Sensitivity analysis

At 31 December 2023 and 2022, the sensitivity of the value of the actuarial liability for terminating contracts to fluctuations in the main actuarial assumptions, with the other variables remaining constant, is as follows:

Millions of Euro

Assumption	31 December 2023		31 December 2022	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Interest rate	(11)	11	(10)	12
Guarantee and remaining items	4	(4)	2	(2)



37.3. Other provisions

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023		31 December 2022	
		Non-current	Current	Non-current	Current
Provisions for decommissioning costs		1,712	—	1,796	—
Nuclear power plants		571	—	581	—
Other plants		1,063	—	1,129	—
Dismantling of meters		74	—	81	—
Mine closures		4	—	5	—
Provisions for carbon dioxide emission rights (CO ₂)	5.1 y 31.1	—	917	—	862
Provisions for Guarantees of origin and other environmental certificates	5.1 y 31.2	—	161	—	81
Provisions for litigation, termination benefits and other legal or contractual obligations		339	92	371	89
TOTAL		2,051	1,170	2,167	1,032

During 2023 and 2022, the movement of this non-current and current provision is as follows:

Millions of Euro

	Operating expenses			Net financial profit/(loss) (Note 16.1)	Net provisions charged to property, plant and equipment (Note 20)	Payments	Transfers and other	Balance at 31 December 2023
	Balance at 31 December 2022	Charges	Reversals					
Provisions for decommissioning costs	1,796	26	(40)	50	(70)	(50)	—	1,712
Nuclear power plants	581	—	—	17	(27)	—	—	571
Other plants	1,129	26	(39)	31	(36)	(49)	1	1,063
Dismantling of meters	81	—	(1)	2	(7)	—	(1)	74
Mine closures	5	—	—	—	—	(1)	—	4
Provisions for carbon dioxide emission rights (CO ₂)	862	925	(869)	—	—	—	(1)	917
Provisions for Guarantees of origin and other environmental certificates	81	157	(77)	—	—	—	—	161
Provisions for litigation, termination benefits and other legal or contractual obligations	460	40	(43)	—	—	(18)	(8)	431
TOTAL	3,199	1,148	(1,029)	50	(70)	(68)	(9)	3,221

	Operating expenses			Net financial profit/(loss) (Note 16.1)	Net provisions charged to property, plant and equipment (Note 20)	Pagos	Transfers and other	Balance at 31 December 2022
	Balance at 31 December 2021	Charges	Reversals					
Provisions for decommissioning costs	2,134	25	(38)	24	(293)	(54)	(2)	1,796
Nuclear power plants	666	—	—	9	(93)	—	(1)	581
Other plants	1,376	25	(37)	14	(195)	(54)	—	1,129
Dismantling of meters	87	—	(1)	1	(5)	—	(1)	81
Mine closures	5	—	—	—	—	—	—	5
Provisions for carbon dioxide emission rights (CO ₂)	329	865	(332)	—	—	—	—	862
Provisions for Guarantees of origin and other environmental certificates	11	87	(18)	—	—	—	1	81
Provisions for litigation, termination benefits and other legal or contractual obligations	458	137	(64)	—	—	(64)	(7)	460
TOTAL	2,932	1,114	(452)	24	(293)	(118)	(8)	3,199

Provisions for decommissioning costs

Endesa recognises the costs it must incur to dismantle some of its power plants and certain electricity distribution facilities (see Note 3.2I.5). These provisions are recorded at their present value.

For nuclear power plants, this provision includes the amount that Endesa estimates it will have to pay until the government-owned company Empresa Nacional de Residuos Radiactivos, S.A., S.M.E. (Enresa) undertakes responsibility for decommissioning these plants (see Note 3.2b.1).

Provision to cover the cost of carbon dioxide (CO₂) emission allowances

This provision covers the obligations to deliver allowances for carbon dioxide (CO₂) emissions made during the year.

Endesa companies that generate CO₂ emissions in their electricity generation activity are required to deliver CO₂ emission allowances equal to their emissions during the year in the first few months of the following year (see Note 3.2I.3).

Provision to cover the cost of Guarantees of Origin and other environmental certificates

This provision includes the obligations to deliver guarantees of origin to the National Markets and Competition Commission (CNMC), equivalent to the electricity sold to end consumers generated from renewable energy sources or high-efficiency cogeneration.

Endesa companies that assure their end consumers that the electricity they sell has been produced from renewable energy sources or high-efficiency cogeneration must redeem the associated Guarantees of Origin certifying the supply of electricity to these customers within the first months of the following year (see Note 3.2I.4)

38. OTHER NON-CURRENT LIABILITIES

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Guarantee deposits	28.1	465	468
Other payables		113	120
TOTAL	41.2	578	588

39. OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Non-current		Current	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Interest payable on borrowings	—	—	103	51
Remuneration for investment in renewable energies	8	—	1	—
TOTAL	8	—	104	51

At 31 December 2023, the heading “Other non-current financial liabilities” includes the accumulated net amounts regarding to the adjustment for deviation from the market price relating to those standard facilities (SFs) which, according to the best estimate of energy market prices, will need to receive a Return on Investment (RoI) during their regulatory useful life and for which leaving

the remuneration regime would have significantly more adverse economic consequences than remaining in it (see Note 6).

At 31 December 2023, the cumulative net amount of unrecognised negative deviations amounted to Euro 79 million.

40. TRADE AND OTHER PAYABLES

Details of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Trade payables and other current liabilities	41.2.1	6,242	6,219
Suppliers and other payables		5,028	4,794
Dividend payable	35.1.10 y 35.1.12	530	3
Other payables		684	1,422
Tax liabilities		661	1,108
Current income tax		215	544
VAT payable		101	164
Other taxes		345	400
TOTAL		6,903	7,327

At 31 December 2023, the "Dividend payable" heading mainly shows the dividends corresponding to Endesa, S.A., as follows:

Millions of Euro

	Notes	Dividend payable	Euro per share, gross	Amount	Payment date
Interim dividend	35.1.10	2023	0.500	529	2 January 2024

At 31 December 2023, the amount of trade payables discounted with financing entities to manage payments to suppliers (reverse factoring), as recognised under "Trade and other payables" in the consolidated statement of financial position, totalled Euro 56 million (31 December 2022: Euro 26 million).

In 2023 and 2022, the financial income accrued on reverse factoring contracts came to less than Euro 1 million.

At 31 December 2023, the estimate of unbilled electricity and gas tariff costs, arising from unbilled energy supplied, amounted to Euro 132 million and Euro 96 million, respectively (Euro 190 million and Euro 87 million, respectively, at 31 December 2022) in the consolidated statement of financial position.

40.1. Information on the average payment period to suppliers. Additional provision three. “Duty of information” under Spanish Law 15/2010 of 5 July 2010, as amended by Law 18/2022 of 28 September

The following table shows the degree of compliance by Endesa with the statutory deadlines for payment to suppliers for commercial transactions under Law 15/2010, of 5 July, as subsequently modified by Law 18/2022, of 28 September:

Number of days

	2023	2022
Average payment period to suppliers	14	9
Ratio of transactions paid	13	8
Ratio of transactions pending payment	76	36

Millions of Euro

	2023	2022
Total payments made	13,431	22,232
Total payments pending	285	219

Millions of Euro

	2023	2022
Number of invoices paid within a period shorter than the maximum allowed	319,869	300,873
% of total invoices	91.81	85.52
Monetary volume of invoices paid within a period shorter than the maximum allowed	13,156	21,948
% of monetary total of payments to suppliers	97.56	98.72



41. FINANCIAL INSTRUMENTS

At 31 December 2023 and 2022, the classification of financial instruments in the consolidated statement of financial position is as follows:

Millions of Euro

	Notes	31 December 2023		31 December 2022	
		Non-current	Current	Non-current	Current
Financial asset instruments					
Derivative financial instruments	44	879	1,054	1,249	2,533
Other financial assets	28 y 30	663	1,777	1,160	8,677
Other assets	29	386	—	304	—
Trade receivables for sales and services and other receivables	32	—	4,912	—	5,472
Assets from contracts with customers	27.1	—	4	—	8
Cash and cash equivalents	33	—	2,106	—	871
TOTAL	41.1	1,928	9,853	2,713	17,561
Financial liability instruments					
Derivative financial instruments	44	544	1,673	2,408	4,990
Borrowings	41.3	9,636	4,091	11,704	6,784
Other financial liabilities	39	8	104	—	51
Other non-current	38	578	—	588	—
Trade and other payables	40	—	6,242	—	6,219
Liabilities from contracts with customers	27.2	4,348	427	4,300	294
TOTAL	41.2	15,114	12,537	19,000	18,338

41.1. Classification of non-current and current financial assets

At 31 December 2023 and 2022, the classification of financial assets in the consolidated statement of financial position by category is as follows:

Millions of Euro

	Notes	31 December 2023		31 December 2022	
		Non-current	Current	Non-current	Current
Financial assets at amortised cost	41.1.1	1,043	8,799	1,459	15,028
Other financial assets	28.1 y 30	657	1,777	1,155	8,677
Other assets	29	386	—	304	—
Trade receivables for sales and services and other receivables	32	—	4,912	—	5,472
Assets from contracts with customers	27.1	—	4	—	8
Cash and cash equivalents	33	—	2,106	—	871
Financial assets at fair value with changes in the income statement		85	358	177	1,313
Equity instruments	28.2	6	—	5	—
Derivatives not designated as hedging instruments	44.2	79	358	172	1,313
Financial assets at fair value with changes in the consolidated statement of other comprehensive income		—	—	—	—
Hedging derivatives	44.1	800	696	1,077	1,220
TOTAL		1,928	9,853	2,713	17,561

Endesa has not modified its business model, nor has it been significantly affected by the contractual cash flow characteristics of its financial assets; hence no reclassification was made between categories.

41.1.1. Financial assets at amortised cost

At 31 December 2023 and 2022, the details of the financial assets at amortised cost, by nature, is as follows:

Millions of Euro

		31 December 2023		31 December 2022	
	Notes	Non-current	Current	Non-current	Current
Financial assets at amortised cost					
Other financial assets		657	1,777	1,155	8,677
Financing of the revenue shortfall from regulated activities in Spain and other regulated remuneration	30	—	—	—	14
Compensation for stranded costs in non-mainland generation (TNP)	30	85	473	—	2,254
Limitation on increase of last resort access tariff (LRT)	30	—	5	—	67
Guarantee deposits	28.1	434	—	437	—
Loans to employees	28.1 y 30	80	14	48	11
Loans to associates, joint ventures and joint operating companies	30 y 47.2	3	68	2	65
Financial collateral	28.1 y 30	47	1,173	668	6,056
Other financial assets	28.1 y 30	30	46	22	216
Value adjustments	41.1.3	(22)	(2)	(22)	(6)
Other non-current assets	29	386	—	304	—
Remuneration of distribution activity		333	—	279	—
Other assets		53	—	25	—
Value adjustments	41.1.3	—	—	—	—
Trade receivables for sales and services and other receivables	32	—	4,912	—	5,472
Trade receivables for sales and services		—	4,609	—	4,817
Other receivables		—	895	—	1,129
Remuneration of distribution activity		—	283	—	231
Other		—	612	—	898
Value adjustments	41.1.3	—	(592)	—	(474)
Assets from contracts with customers	27.1	—	4	—	8
Assets from contracts with customers		—	6	—	10
Value adjustments	41.1.3	—	(2)	—	(2)
Cash and cash equivalents	33	—	2,106	—	871
TOTAL		1,043	8,799	1,459	15,028

The fair value of these financial assets does not differ substantially from their carrying amount.

41.1.2. Financial assets at fair value with changes in the income statement

At 31 December 2023 and 2022, this category includes equity instruments that correspond to interests in other companies amounting to Euro 6 million and Euro 5 million, respectively. The individual amount of the rest of the investments recognised under this item is not significant.

This category also includes derivatives not designated as hedges, which are disclosed in Note 44.2.

41.1.3. Valuation adjustments

At 31 December 2023 and 2022 the detail of expected losses recognised for financial assets measured at amortised cost under the general or simplified approach is as follows:

Millions of Euro

	Notes	31 December 2023				31 December 2022			
		Weighted average expected loss ratios	Gross balance	Value adjustment for expected losses	Net balance	Weighted average expected loss ratios	Gross balance	Value adjustment for expected losses	Net balance
Trade receivables for sales and services and other receivables	32	10.8%	5,504	592	4,912	8.0%	5,946	474	5,472
Current, not due		1.9%	4,250	80	4,170	0.6%	4,991	32	4,959
Due:		40.8%	1,254	512	742	46.3%	955	442	513
1 to 30 days		6.1%	82	5	77	2.4%	82	2	80
31 to 60 days		6.9%	87	6	81	7.9%	89	7	82
61 to 90 days		7.0%	114	8	106	11.9%	109	13	96
91 to 120 days		13.5%	89	12	77	20.0%	85	17	68
121 to 150 days		51.9%	52	27	25	26.8%	41	11	30
151 to 180 days		60.9%	46	28	18	26.8%	41	11	30
Over 180 days		54.3%	784	426	358	75.0%	508	381	127
Assets from contracts with customers	27.1	33.3%	6	2	4	20.0%	10	2	8
Other non-current financial assets.	28.1	3.2%	679	22	657	1.9%	1,177	22	1,155
Other current financial assets	30	0.1%	1,779	2	1,777	0.1%	8,683	6	8,677
Other non-current assets	29	0.0%	386	—	386	0.0%	304	—	304
Cash and cash equivalents	33	0.0%	2,106		2,106	0.0%	871		871
TOTAL			10,460	618	9,842		16,991	504	16,487

Trade receivables for sales and services and other receivables

In 2023 and 2022, the movement in “Value adjustment” under “Trade and other receivables for sales and services” was as follows:

Millions of Euro

	Notes	2023	2022
Opening balance		474	463
Charges	8.2, 15.2 y 41.5	264	163
Amounts used		(146)	(152)
Closing balance	32	592	474

In 2023, an increased impairment charge of Euro 101 million was recognised to cover impairment losses on customer contracts. In order to analyse the trend in this item, the following aspects should be taken into consideration:

Business	Amount	
Generation and Supply	▲ Euro 129 million	• Further provisions were recognised due to the deterioration in collections from residential and business-to-business (B2B) customers.
Distribution	▼ Euro 28 million	• In 2023, the payment performance of small energy trading companies normalised, having deteriorated substantially in 2022 amid the energy crisis stemming from the Russia-Ukraine conflict.

Assets from contracts with customers

In 2023 and 2022, the change in “Value adjustment” under “Assets from contracts with customers” (see Note 27.1) was as follows:

Millions of Euro

	Notes	2023	2022
Opening balance		2	1
Charges		—	1
Amounts used		—	—
Closing balance	27.1	2	2

Other non-current and current financial assets

In 2023 and 2022, the change in “Value adjustment” under “Other non-current and current financial assets” (see Notes 28 and 30) was as follows:

Millions of Euro

	Notes	2023		2022	
		Non-current financial assets	Current financial assets	Non-current financial assets	Current financial assets
Opening balance		22	6	21	2
Charges	8.2, 15.2, 16.1 y 41.5	—	—	1	5
Amounts used	15.2 y 16.1	—	(4)	—	(1)
Closing balance		22	2	22	6

Other non-current assets

In 2023 and 2022, no movement was recorded under the heading “Value adjustment” in “Other non-current assets”.

41.1.4. Commitments of financial assets

At 31 December 2023, Endesa had not entered into any agreements that included commitments to make financial investments of a significant amount.

41.2. Classification of non-current and current financial liabilities

At 31 December 2023 and 2022, the classification of financial instruments in the consolidated statement of financial position by category is as follows:

Millions of Euro

	Notes	31 December 2023		31 December 2022	
		Non-current	Current	Non-current	Current
Financial liabilities at amortised cost	41.2.1	14,556	10,864	16,578	13,348
Borrowings	41.3	9,622	4,091	11,690	6,784
Other financial liabilities	39	8	104	—	51
Other non-current	38	578	—	588	—
Trade payables and other current liabilities	40	—	6,242	—	6,219
Liabilities from contracts with customers	27.2	4,348	427	4,300	294
Financial liabilities at fair value through profit or loss		117	519	330	2,556
Financial Debt ⁽¹⁾	41.3	14	—	14	—
Derivatives not designated as hedging instruments	44.2	103	519	316	2,556
Hedging derivatives	44.1	441	1,154	2,092	2,434
TOTAL		15,114	12,537	19,000	18,338

⁽¹⁾ Relates in its entirety to financial liabilities that, from the start of the transaction, are underlying fair value hedges and are measured at fair value through the consolidated income statement.

41.2.1. Financial liabilities at amortised cost

At 31 December 2023 and 2022, the details of the financial liabilities at amortised cost, by nature, is as follows:

Millions of Euro

	Notes	31 December 2023		31 December 2022	
		Non-current	Current	Non-current	Current
Bonds and other marketable securities	41.3	—	—	—	4,988
Bank borrowings	41.3	5,302	744	5,805	981
Other borrowings	41.3	4,320	3,347	5,885	815
Trade payables and other current liabilities	40	—	6,242	—	6,219
Liabilities from contracts with customers	27.2	4,348	427	4,300	294
Other financial liabilities	39	8	104	—	51
Other non-current	38	578	—	588	—
TOTAL		14,556	10,864	16,578	13,348

41.3. Borrowings

At 31 December 2023 and 2022, the composition of “Non-current financial debt” and “Current financial debt” in the consolidated statement of financial position is as follows:

Millions of Euro

	Notes	31 December 2023				Fair value
		Nominal value	Carrying amount		Total	
			Non-current	Current		
Bonds and other marketable securities		12	14	—	14	14
Bank borrowings		6,095	5,302	744	6,046	6,089
Other borrowings		7,673	4,320	3,347	7,667	7,795
Borrowings associated with rights of use	21	868	784	84	868	868
Other		6,805	3,536	3,263	6,799	6,927
TOTAL ⁽⁴⁾		13,780	9,636	4,091	13,727	13,898

⁽¹⁾ Corresponding to financing sustainable at 67%.

Millions of Euro

		31 December 2022				
			Carrying amount			
	Notes	Nominal Value	Non-current	Current	Total	Fair value
Bonds and other marketable securities		5,012	14	4,988	5,002	5,007
Bank borrowings		6,876	5,805	981	6,786	6,721
Other borrowings		6,700	5,885	815	6,700	6,611
Borrowings associated with rights of use	21	844	756	88	844	844
Other		5,856	5,129	727	5,856	5,767
TOTAL⁽¹⁾		18,588	11,704	6,784	18,488	18,339

⁽¹⁾ Corresponding to financing sustainable at 64%.



At 31 December 2023 and 2022, the breakdown of the nominal value of gross financial debt without derivatives by maturity was as follows:

Millions of Euro

	Maturity		Carrying amount at 31 December 2023	Fair value	Nominal value		Maturity				Total nominal value	
					Current	Non-current	2025	2026	2027	2028		Subsequent years
Bonds and other marketable securities		14	14	—	12	—	—	—	—	12	12	
Fixed interest rate	2031	14	14	—	12	—	—	—	—	12	12	
Bank borrowings		6,046	6,089	761	5,334	533	460	952	1,838	1,551	6,095	
Fixed rate	2028	2,254	2,279	500	1,799	—	200	675	924	—	2,299	
Floating interest rate	2037	3,792	3,810	261	3,535	533	260	277	914	1,551	3,796	
Other borrowings		7,667	7,795	3,347	4,326	86	82	1,727	1,943	488	7,673	
Borrowings associated with rights of use		868	868	84	784	80	81	71	67	485	868	
Fixed interest rate	2080	868	868	84	784	80	81	71	67	485	868	
Other borrowings		6,799	6,927	3,263	3,542	6	1	1,656	1,876	3	6,805	
Fixed interest rate	2040	6,525	6,653	3,001	3,530	—	1	1,650	1,876	3	6,531	
Floating interest rate	2027	274	274	262	12	6	—	6	—	—	274	
TOTAL		13,727	13,898	4,108	9,672	619	542	2,679	3,781	2,051	13,780	

Millions of Euro

				Nominal value			Maturity					
	Maturity	Carrying amount at 31 December 2022	Fair value	Current	Non-current	2024	2025	2026	2027	Subsequent years	Total nominal value	
Bonds and other marketable securities		5,002	5,007	5,000	12	—	—	—	—	12	5,012	
Fixed interest rate	2031	14	14	—	12	—	—	—	—	12	12	
Floating interest rate	2023	4,988	4,993	5,000	—	—	—	—	—	—	5,000	
Bank borrowings		6,786	6,721	981	5,895	2,290	239	451	922	1,993	6,876	
Fixed rate	2028	1,674	1,527	—	1,674	500	—	200	675	299	1,674	
Floating interest rate	2038	5,112	5,194	981	4,221	1,790	239	251	247	1,694	5,202	
Other borrowings		6,700	6,611	815	5,885	3,075	531	76	1,733	470	6,700	
Borrowings associated with rights of use		844	844	88	756	74	74	76	65	467	844	
Fixed interest rate	2080	844	844	88	756	74	74	76	65	467	844	
Other borrowings		5,856	5,767	727	5,129	3,001	457	—	1,668	3	5,856	
Fixed interest rate	2040	4,657	4,567	1	4,656	3,001	1	—	1,651	3	4,657	
Floating interest rate	2027	1,199	1,200	726	473	—	456	—	17	—	1,199	
TOTAL		18,488	18,339	6,796	11,792	5,365	770	527	2,655	2,475	18,588	

At 31 December 2023 and 2022, the breakdown of gross financial debt before derivatives, by currencies, and the impact of currency hedges, is as follows:

Millions of Euro

	31 December 2023							
	Initial debt structure				Structure of debt subsequent to coverage		Interest rate	
	Amortised cost	Nominal Value	% of total	Effects of debt coverage ratio	Amortised cost	% of total	Average interest rate (%)	Effective interest rate (%)
Euro	13,586	13,639	99.0	—	13,586	99.0	3.2	3.2
US dollar (USD)	141	141	1.0	—	141	1.0	2.9	2.9
TOTAL	13,727	13,780	100.0	—	13,727	100.0	3.2	3.2

Millions of Euro

	31 December 2022							
	Initial debt structure				Structure of debt subsequent to coverage		Interest rate	
	Amortised cost	Nominal Value	% of total	Effects of debt coverage ratio	Amortised cost	% of total	Average interest rate (%)	Effective interest rate (%)
Euro	18,307	18,407	99.0	—	18,307	99.0	1.4	1.4
US dollar (USD)	181	181	1.0	—	181	1.0	2.9	2.9
TOTAL	18,488	18,588	100.0	—	18,488	100.0	1.4	1.4

The movement in the nominal amount of non-current interest-bearing loans and borrowings in 2023 and 2022 is as follows:

Millions of Euro

	Nominal amount at 31 December 2022	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2023
		Additions / (Disposals)	Transfers and other	Repayments and redemptions (Note 46.3)	New borrowings (Note 46.3)	
Bonds and other marketable securities	12	—	—	—	—	12
Bank borrowings	5,895	—	(1,275)	(702)	1,416	5,334
Other borrowings	5,885	120	(3,086)	(468)	1,875	4,326
Borrowings associated with rights of use	756	120	(92)	—	—	784
Other	5,129	—	(2,994)	(468)	1,875	3,542
TOTAL	11,792	120	(4,361)	(1,170)	3,291	9,672

Millions of Euro

	Nominal amount at 31 December 2021	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2022
		Additions / (Disposals)	Transfers and other	Repayments and redemptions (Note 46.3)	New borrowings (Note 46.3)	
Bonds and other marketable securities	12	—	—	—	—	12
Bank borrowings	3,311	—	791	(4)	1,797	5,895
Other borrowings	3,885	22	(130)	(5)	2,113	5,885
Borrowings associated with rights of use	861	22	(127)	—	—	756
Other	3,024	—	(3)	(5)	2,113	5,129
TOTAL	7,208	22	661	(9)	3,910	11,792

In 2023 and 2022 the change in the nominal value of current financial debt is as follows:

Millions of Euro

	Nominal amount at 31 December 2022	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2023
		Additions / (Disposals)	Transfers and other	Repayments and redemptions (Note 46.3)	New borrowings (Note 46.3)	
Bonds and other marketable securities	4,988	—	—	(17,611)	12,623	—
Bank borrowings	981	—	1,277	(1,498)	1	761
Other borrowings	815	9	3,089	(801)	235	3,347
Borrowings associated with rights of use	88	9	86	(99)	—	84
Other	727	—	3,003	(702)	235	3,263
TOTAL	6,784	9	4,366	(19,910)	12,859	4,108

Millions of Euro

	Nominal amount at 31 December 2021	Does not create cash flows		Creates cash flows		Nominal amount at 31 December 2022
		Additions / (Disposals)	Transfers and other	Repayments and redemptions (Note 46.3)	New borrowings (Note 46.3)	
Bonds and other marketable securities	2,915	—	1	(29,812)	31,884	4,988
Bank borrowings	134	—	(786)	(1,369)	3,002	981
Other borrowings	116	1	95	(124)	727	815
Borrowings associated with rights of use	82	1	92	(87)	—	88
Other	34	—	3	(37)	727	727
TOTAL	3,165	1	(690)	(31,305)	35,613	6,784

The average interest on gross interest-bearing loans and borrowings in 2023 was 3.2% (1.4% in 2022) (see Note 3.2b.1).

41.4. Other matters

41.4.1. Liquidity

As at 31 December 2023, Endesa's liquidity amounted to Euro 10,027 million (Euro 9,185 million at 31 December 2022), broken down as follows:

Millions of Euro

	Notes	Liquidity	
		31 December 2023	31 December 2022
Cash and cash equivalents	33	2,106	871
Freely available under credit facilities and loans ⁽¹⁾	42.4	7,921	8,314
TOTAL		10,027	9,185

⁽¹⁾ As of 31 December 2023 and 2022, Euro 3,525 million and Euro 4,950 million, respectively, relate to committed and irrevocable credit facilities available with Enel Finance International, N.V.

At 31 December 2023, Endesa has negative working capital in the amount of Euro 2,117 million. The amount available in long-term credit lines guarantees that Endesa can obtain sufficient financial resources to continue its operations,

realize its assets and settle its liabilities for the amounts shown in the Consolidated Statement of Financial Position (see Note 42.4).

41.4.2. Main financial transactions

The main transactions in 2023 were as follows:

- Endesa registered a new commercial paper programme known as “Endesa, S.A. SDG 13 Euro Commercial Paper Programme” (ECP), for a total of Euro 5,000 million, with no outstanding balance as at 31 December 2023. This Programme incorporates sustainability objectives, in line with the Strategic Plan.
- The following financial transactions were performed, most of which incorporate sustainability objectives (see Note 5.1):

Millions of Euro

Transaction	Counterparty	Signature date	Maturity date	Amount
Loan ⁽¹⁾⁽²⁾	European Investment Bank	17 January 2023	2038	250
Loan ⁽³⁾	Caixabank, S.A.	24 March 2023	3 May 2028	425
Loan ⁽³⁾	Kutxabank, S.A.	24 March 2023	4 May 2028	75
Loan ⁽³⁾	BNP Paribas	24 March 2023	5 May 2028	125
Loan ⁽³⁾	Enel Finance International N.V	4 May 2023	4 May 2028	1,875
Loan ⁽⁴⁾⁽⁵⁾	Club Deal	29 May 2023	30 November 2025	300
Loan ⁽²⁾⁽⁶⁾	European Investment Bank	28 June 2023	2038	200
Loan ⁽⁶⁾	Official Credit Institute	28 June 2023	28 June 2035	300
Loan ⁽⁵⁾	Banco de Sabadell, S.A.	7 November 2023	31 October 2028	250
Loan ⁽⁵⁾⁽⁷⁾	Caixabank, S.A.	21 December 2023	21 December 2028	400
Credit facility ⁽⁴⁾	BNP Paribas	24 March 2023	24 March 2026	125
Credit facility ⁽⁴⁾	Intesa San Paolo, S.P.A.	31 March 2023	31 March 2026	250
Credit facility ⁽⁴⁾	Enel Finance International N.V	4 May 2023	4 May 2026	1,125
Credit facility ⁽⁴⁾⁽⁵⁾	Club Deal	29 May 2023	30 November 2025	250
Credit facility	Industrial and Commercial Bank of China	7 November 2023	7 November 2027	120
Credit facility ⁽⁵⁾⁽⁸⁾	BNP Paribas	15 December 2023	15 December 2027	200
Credit facility ⁽⁵⁾⁽⁸⁾	Intesa San Paolo, S.P.A.	19 December 2023	19 December 2027	300
Credit facility ⁽⁵⁾⁽⁸⁾	Deutsche Bank, S.A.	19 December 2023	19 December 2027	125
Credit facility ⁽⁵⁾⁽⁸⁾	Banco Santander, S.A.	20 December 2023	20 December 2027	525
Credit facility ⁽⁸⁾	Caixabank, S.A.	21 December 2023	21 December 2027	250
TOTAL				7,470

⁽¹⁾ The credit conditions of these transactions are tied to the objective established in the company's Strategic Plan to reduce specific emission of Scope 1 carbon dioxide (CO₂) in 2024.

⁽²⁾ Relates to loans not paid out at 31 December 2023.

⁽³⁾ The credit conditions of these transactions are pegged to environmental sustainability goals according to the criteria set out in Article 3 of the EU Taxonomy Regulation for the 2023–2025 period.

⁽⁴⁾ The credit conditions of these transactions are pegged to environmental sustainability goals according to the criteria set out in Article 3 of the EU Taxonomy Regulation in 2023.

⁽⁵⁾ Renewable of existing loans and credit facilities.

⁽⁶⁾ The credit conditions of these transactions are tied to the objective established in the company's Strategic Plan to reduce specific emission of Scope 1 carbon dioxide (CO₂) in 2025.

⁽⁷⁾ The credit conditions of these transactions are pegged to environmental sustainability goals according to the proportion of investment aligned with the Taxonomy of the European Union for the 2024–2026 period.

⁽⁸⁾ The credit conditions of these transactions are pegged to environmental sustainability goals according to the proportion of investment aligned with the Taxonomy of the European Union for the 2024–2025 period.

41.4.3. Covenants

Certain Endesa subsidiaries are subject to compliance with certain obligations stipulated in their financing agreements (covenants), which are customary in contracts of this nature. At 31 December 2023, neither Endesa, S.A., nor any of its subsidiaries, were in breach of their financial obligations or any obligations that could require early repayment of their financial commitments.

Endesa's Directors do not consider that these clauses change the current/non-current classification in the consolidated statement of financial position at 31 December 2023.

Endesa, S.A.

The loan contracts of Endesa, S.A., which centralises almost all of Endesa's financing activity, do not contain financial ratio clauses that would lead to a breach of contract and trigger early maturity.

The outstanding bond issues of Endesa, S.A. (Euro 12 million at 31 December 2023) contain:

- Cross-default clauses), whereby such debt must be prepaid in the event of default (over and above a certain amount) on the settlement of certain obligations of Endesa, S.A.

In addition, the commitments of the outstanding bond issues of Endesa, S.A. and the bank financing arranged by Endesa, S.A. include the following clauses:

- Negative pledge clauses, whereby Endesa, S.A. may not issue mortgages, liens or other encumbrances on its assets (above a certain amount) to secure certain types of bonds, unless equivalent guarantees are issued in favour of the remaining debtors.
- *Pari passu* clauses, whereby bonds and bank financing have the same status as any other existing or future unsecured or non-subordinated debts issued by Endesa, S.A.

In addition, the main covenants in Endesa, S.A.'s borrowings are:

Millions of Euro

Clauses	Transaction	Covenants	Nominal debt	
			31 December 2023	31 December 2022
Related to credit ratings	Financial transactions with the European Investment Bank (EIB) and Official Credit Institute (ICO)	Additional or renegotiated guarantees in the event of credit rating downgrades	2,689	2,554
Relating to change of control.	Financial transactions with the European Investment Bank (EIB), the Official Credit Institute (ICO) and Enel Finance International, N.V.	May be repaid early in the event of a change of control at Endesa, S.A.	9,214 ⁽¹⁾	7,654 ⁽¹⁾
Related to asset transfers	Financial transactions with the European Investment Bank (EIB) and Official Credit Institute (ICO) and other financial institutions	Restrictions arise if a percentage of between 7% and 10% of Endesa's consolidated assets is exceeded (2)	6,013	6,178
Related to Sustainability	Financial Operations with the European Investment Bank (EIB), the Official Credit Institute (ICO) and other Financial Institutions	Credit conditions linked to Sustainability objectives such as the reduction of certain levels of carbon dioxide (CO ₂) emissions by certain dates, or reaching a ratio of peninsular net installed capacity with renewable sources within certain periods, or depending on the proportion of Investments according to European Taxonomy for different periods ⁽³⁾ .	7,912	10,298

⁽¹⁾ The amount signed was Euro 13,189 million at 31 December 2023 (Euro 12,604 million at 31 December 2022).

⁽²⁾ Above these thresholds, the restrictions would only apply, in general, if no equivalent consideration was received or if there was a material negative impact on Endesa, S.A.'s solvency.

⁽³⁾ Failure to comply with such stipulations shall only imply the modification of its financing conditions.

Subsidiaries of the renewables business

At 31 December 2023, certain Endesa subsidiaries operating in the renewable energy business and financed through project finance held financial debt of Euro 39 million (Euro 70 million at 31 December 2022) (see Notes

20.4, 35.1.13 and 48), with the contracts containing the following clauses:

Clauses	Transaction	Covenants
Relating to change of control.	Loan agreements signed for the financing of projects and related derivatives ⁽¹⁾ .	May be subject to acceleration (early repayment) in the event of a change of control.
Related to the fulfilment of obligations	Loan agreements signed for project financing purposes.	Pledge of shares granted to secure compliance with obligations under contract with respect to the lending financial institutions ⁽²⁾ .
Related to distribution of profit to shareholders		Restrictions subject to compliance with certain conditions.
Related to asset selling		Restrictions in the sense that authorisation must be obtained from a majority of lenders, and in certain cases, the proceeds must be used to repay the debt.
Relating to the Debt Service Reserve Account		Obligation to set up a Debt Service Reserve Account (see Note 33).

⁽¹⁾ With a positive net market value of Euro 1 million (positive Euro 2 million at 31 December 2022).

⁽²⁾ For the amount of the financial debt outstanding.

Moreover, those renewable energy subsidiaries must comply with certain Annual Debt Servicing Coverage Ratios (ADSCR). At 31 December 2023, there was no incident of non-compliance with those ratios.

41.4.4. Other matters

At 31 December 2023 and 2022, the estimated interest on gross financial debt, considering the interest rates prevailing on those dates and until maturity, is as follows:

Millions of Euro

Instrument	Interest on gross financial debt at 31 December 2023						
	Total	2024	2025	2026	2027	2028	Subsequent years
Bonds and other marketable securities	6	1	1	1	1	1	1
Bank borrowings	1,039	203	187	165	147	94	243
Other borrowings	909	228	150	146	121	54	210
Borrowings associated with rights of use	374	40	36	33	29	26	210
Other	535	188	114	113	92	28	—
TOTAL	1,954	432	338	312	269	149	454

Millions of Euro

Instrument	Interest on gross financial debt at 31 December 2022						
	Total	2023	2024	2025	2026	2027	Subsequent years
Bonds and other marketable securities	31	24	1	1	1	1	3
Bank borrowings	511	92	85	69	65	51	149
Other borrowings	570	156	138	61	58	34	123
Borrowings associated with rights of use	260	33	30	28	25	22	122
Other	310	123	108	33	33	12	1
TOTAL	1,112	272	224	131	124	86	275

At 31 December 2023 and 2022, no issues were convertible into Company shares or grant holders privileges or rights that could, in certain cases, make the issues convertible into shares.

41.5. Net gains and losses on financial assets and liabilities by category

41.5.1. Net gains and losses on financial assets by category

Net gains and losses on financial assets and liabilities by category in 2023 and 2022 are as follows:

Millions of Euro

	2023		2022	
	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income
Financial assets at amortised cost ⁽¹⁾	(264)	—	(168)	—
Financial assets at fair value with changes in the income statement ⁽²⁾	2,097	—	5,988	—
Financial assets at fair value with changes in the consolidated statement of other comprehensive income	—	—	—	—
Hedging derivatives ⁽³⁾	1,241	3,909	3,604	(2,207)
TOTAL	3,074	3,909	9,424	(2,207)

⁽¹⁾ Relates to net impairment losses pending collection (see Notes 15.2 and 16.1).

⁽²⁾ Relates to income from changes in energy stocks and financial derivatives (see Notes 9, 10.1, 10.3, 11 and 16.2).

⁽³⁾ Relates to income from cash flow hedges and fair value (see Notes 11 and 16.2).

41.5.2. Net gains and losses on financial liabilities by category

Net gains and losses on financial liabilities by category in 2023 and 2022 are as follows:

Millions of Euro

	2023		2022	
	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income	Net gains/(losses) in the consolidated income statement	Gains / (losses) recognised in the consolidated statement of other comprehensive income
Financial liabilities at amortised cost ⁽¹⁾	(505)	—	(246)	—
Financial liabilities at fair value through profit or loss ⁽²⁾	(3,532)	—	(6,583)	—
Hedging derivatives ⁽³⁾	(2,851)	—	(5,157)	—
TOTAL	(6,888)	—	(11,986)	—

⁽¹⁾ Relates to financial expenses for debt (see Note 16.1).

⁽²⁾ Relates to expenses for changes in energy stocks and financial derivatives (see Notes 9, 10.1, 10.3, 11 and 16.2).

⁽³⁾ Relates to expenses for cash flow hedges and fair value (see Notes 11 and 16.2).

42. CONTROL AND MANAGEMENT OF FINANCIAL RISKS

The activity of Endesa, S.A. and its Subsidiaries is carried out in an environment in which there are financial risks that may influence the evolution of its operations and economic results, and it is therefore necessary to manage and control exposure to these risks. Additional information on 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 2023.

In particular, the General Risk Control and Management Policy and the Risk Control and Management System (SCIGR) enable Endesa to identify, measure and control the various types of financial risk to which it is exposed (see Section 6.1 of the Consolidated Management Report for the year ended 31 December 2023) as described below.

42.1. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities bearing interest at fixed rates and the future flows from assets and liabilities indexed to floating interest rates.

The aim of interest rate risk management is to achieve a balanced financial debt structure and minimise the cost of financial debt over several years with relatively low income statement volatility, achieved by diversifying types of financial assets and liabilities and modifying the risk exposure profile by arranging derivatives.

The goal is to reduce the amount of borrowings subject to interest rate fluctuations is reduced by the use of interest rate swap contracts. In any case, the structure of the contracts adapts to that of the underlying financial instrument, and never exceeds the maturity of the underlying financial instrument, so that any changes in the fair value or cash flows of these contracts are offset by changes in the fair value or cash flows of the underlying position.

At 31 December 2023 and 2022, the structure of interest rate risk, factoring in the derivatives arranged, is as follows:

Millions of Euro

	Net position			
	31 December 2023		31 December 2022	
	Before derivatives	After derivatives	Before derivatives	After derivatives
Fixed interest rate	9,771	9,734	7,189	7,080
Floating interest rate	630	671	3,704	3,789
TOTAL	10,401	10,405	10,893	10,869

At 31 December 2023 and 2022, the reference interest rate for the borrowings arranged by Endesa is predominantly Euribor.

The breakdown of the notional amount of derivatives by interest rate at 31 December 2023 and 2022 is as follows:

Millions of Euro

INTEREST RATE DERIVATIVES	Net notional amount	
	2023	2022
Interest rate swaps		
Fixed to variable interest rate swaps	1,256	1,190
Variable to fixed interest rate swaps	1,187	1,187
TOTAL INTEREST RATE DERIVATIVES	2,443	2,377

Sensitivity analysis

At 31 December 2023 and 2022, the pre-tax impact of interest-rate fluctuations on the consolidated income statement and statement of other consolidated income, other variables remaining constant, is as follows:

Millions of Euro

	Basis points change	31 December 2023		31 December 2022	
		Consolidated income statement	Consolidated statement of other comprehensive income	Consolidated income statement	Consolidated statement of other comprehensive income
Financial expenses of variable gross borrowings after derivatives					
Interest rate increase	+25	16	—	24	—
Interest rate reduction	-25	(16)	—	(24)	—
Fair value of derivative financial hedging instruments					
Fair value					
Interest rate increase	+25	(6)	—	(9)	—
Interest rate reduction	-25	6	—	9	—
Cash flow					
Interest rate increase	+25	—	14	—	12
Interest rate reduction	-25	—	(14)	—	(12)
Fair value of derivative instruments not designated as hedging instruments					
Interest rate increase	+25	—	—	—	—
Interest rate reduction	-25	—	—	—	—

42.2. Currency risk

Foreign currency risks mainly relate to transactions for the purchase of raw energy (especially natural gas) on international markets where the prices of these materials are normally in US dollars (USD). Endesa is also exposed to this risk when managing debt denominated in foreign currency, procurements, the payment of insurance premiums, plant maintenance contracts, and dividends.

In order to mitigate exchange rate risk, Endesa has arranged currency swaps and exchange rate insurance, among others, and also seeks to achieve a balance between cash receipts and payments for its assets and liabilities denominated in foreign currency.

The term of the contracts never exceeds the maturity of the underlying financial instrument, so that any changes in the fair value or cash flows of these contracts are offset by changes in the fair value or cash flows of the underlying position.

The breakdown of the notional amount of derivatives by exchange rate at 31 December 2023 and 2022 is as follows:

Millions of Euro

	Net notional amount	
	2023	2022
EXCHANGE RATE DERIVATIVES		
Energy stock foreign exchange contracts		
Forward contracts/futures	3,018	3,249
Other contracts		
Forward contracts/futures	534	42
Total forward contracts/futures	3,552	3,291
TOTAL EXCHANGE RATE DERIVATIVES	3,552	3,291

Sensitivity analysis

At 31 December 2023 and 2022, the pre-tax impact of exchange-rate fluctuations of the euro against the US dollar (USD) on the consolidated income statement and

consolidated statement of other comprehensive income, other variables remaining constant, is as follows:

Millions of Euro

	Percentage variation	31 December 2023		31 December 2022	
		Consolidated income statement	Consolidated statement of other comprehensive income	Consolidated income statement	Consolidated statement of other comprehensive income
Fair value of derivative financial hedging instruments					
Cash flow					
Depreciation of the euro	10%	—	304	—	299
Appreciation of the euro	10%	—	(249)	—	(245)
Fair value					
Depreciation of the euro	10%	—	—	—	—
Appreciation of the euro	10%	—	—	—	—
Fair value of derivative instruments not designated as hedging instruments					
Depreciation of the euro	10%	(6)	—	5	—
Appreciation of the euro	10%	5	—	(4)	—

42.3. Energy stock price risk

The Company is exposed to the risk of fluctuations in energy stock prices, including carbon dioxide emission allowances (CO₂) and guarantees of origin, mainly through the following:

- Purchases of energy stocks in the electricity generation process.
- Power sale and purchase transactions on domestic and international markets.

Exposure to fluctuations in energy stock prices is controlled by monitoring risk limits as a measure to balance expected returns against assumed risk. These limits are based on expected results with a confidence interval of 95%. Industrial portfolio positions are reviewed monthly on the

basis of Profit at Risk, and the trading portfolio is reviewed daily on the basis of Value at Risk.

Individual analyses are also performed on the impact of certain relevant transactions on Endesa's risk profile and delivery of its predefined limits.

Exposure to this risk in the long term is managed by diversifying contracts, managing the procurements portfolio through reference to indices with a similar or comparable trend to that of the end electricity (generation) or sale (retailing) prices and through regularly renegotiated contractual clauses aimed at maintaining the economic balance of procurements.

In the short and medium term, fluctuations in energy prices are managed through specific hedges, generally derivatives. The following table sets out the notional value of outstanding

operations as at 31 December 2023 and 31 December 2022, classified by type of instrument:

Millions of Euro

ENERGY STOCK DERIVATIVES	Notional	
	2023	2022
Swaps	6,870	9,176
Forward contracts/futures	5,488	8,941
Options	741	268
TOTAL ENERGY STOCK DERIVATIVES	13,099	18,385

Sensitivity analysis

At 31 December 2023 and 2022, the breakdown of the pre-tax impact on the consolidated income statement and the consolidated statement of other comprehensive

income on the value of existing energy stocks that would result from a change in commodity prices, all other things being equal, is as follows:

Millions of Euro

	31 December 2023			31 December 2022		
	Price changes in energy stocks	Consolidated income statement	Consolidated statement of other comprehensive income	Price changes in energy stock derivatives ⁽¹⁾	Consolidated income statement	Consolidated statement of other comprehensive income
Cash flow hedging derivatives						
Liquid fuel and gas derivatives	15%	—	(198)	20%	—	(259)
	-15%	—	198	-20%	—	252
Electricity derivatives	15%	—	284	20%	—	202
	-15%	—	(284)	-20%	—	(216)
Carbon dioxide (CO ₂) emission right derivatives	15%	—	(127)	20%	—	(88)
	-15%	—	127	-20%	—	85

⁽¹⁾ Modification made following the analysis of the prices of raw materials in response to the uncertainty stemming from the energy crisis in 2022.

Millions of Euro

Derivatives not designated as hedging instruments	31 December 2023			31 December 2022		
	Price changes in energy stocks	Consolidated income statement	Consolidated statement of other comprehensive income	Price changes in energy stocks ⁽¹⁾	Consolidated income statement	Consolidated statement of other comprehensive income
Liquid fuel and gas derivatives	15%	4	—	20%	(108)	—
	-15%	(4)	—	-20%	114	—
Electricity derivatives	15%	(7)	—	20%	4	—
	-15%	7	—	-20%	(6)	—
Carbon dioxide (CO ₂) emission right derivatives	15%	—	—	20%	8	—
	-15%	—	—	-20%	(8)	—
Deriving from Guarantees of origin and other environmental certificates	15%	—	—	20%	—	—
	-15%	—	—	-20%	—	—

⁽¹⁾ Modification made following the analysis of raw material prices considering the uncertainty of the energy crisis that occurred in fiscal year 2022.

42.4. Liquidity risk

Liquidity risk may cause difficulties in meeting the obligations associated with financial liabilities, which are settled by provision of cash or other financial assets. Liquidity risk management aims to guarantee a level of liquidity minimising opportunity cost, and to maintain a structure of financial debt on the basis of due dates and sources of finance. In the short term, liquidity risk is mitigated by maintaining a sufficient level of resources available unconditionally, including cash and short-term deposits, drawable lines of credit and a portfolio of highly liquid assets.

Endesa's liquidity policy consists of arranging committed long-term credit facilities, both with banks and Enel Group companies, and financial investments in an amount sufficient to cover projected needs over a given period based on the situation in and expectations about the debt and capital markets.

These needs include maturity of financial debt. Further details of the characteristics and conditions of borrowings and financial derivatives are provided in Notes 41.3 and 44, respectively.

The cash function is centralised at Endesa, S.A. and Endesa Financiación Filiales, S.A.U., which draw up cash forecasts to ensure that the Group has sufficient cash to meet operational needs, and maintain sufficient levels of availability on its loans and credit facilities.

Endesa's liquidity position at 31 December 2023 is described in Note 41.4.1.

Endesa has a strong financial position and unconditional credit facilities arranged with first-tier entities available for significant amounts.

However, in order to strengthen its liquidity position and ensure business continuity, Endesa has entered into a series of financial transactions (see Note 41.4.2).

Information on the breakdown of the nominal value of Endesa's borrowings by maturities is disclosed in Note 41.3.

42.5. Credit risk

Credit risk is generated when a counterparty does not meet its obligations set out in a financial or commercial contract, giving rise to financial losses. Endesa is exposed to credit risk from its operational and financial activities, including derivatives, deposits with banks, transactions in foreign currency and other financial instruments.

Endesa closely monitors the credit risk of its commodity, financial and commercial counterparties. Against an inflationary backdrop, with sharply rising interest rates, exposure to default with commercial counterparties has

risen considerably, although the collection management carried out by the Company has moderated the trend in past-due receivables (see Note 5.2).

Unexpected changes to the credit rating of a counterparty have an impact on the creditor's position in terms of solvency (non-compliance risk) or changes to market value (spread risk).

Endesa closely monitors its credit risk, taking additional precautions which include the following, among others:

	Additional precautions
Monitoring of credit risk	• Risk analysis, assessment and monitoring of counterparty credit quality
	• Establishing contractual clauses guarantee requests, or contracting insurance where necessary.
	• Exhaustive review of the level of counterparty exposure.
	• Counterparty diversification.

Historically, credit risk on trade receivables is limited, given the short period of collection from customers, as supply may be cut off in accordance with the applicable regulations before any significant arrears are accumulated (see Note 32).

At 31 December 2023, overdue receivables from customers for sales and services and other receivables amounted to Euro 1.254 million, representing 21.2 days of equivalent revenue (Euro 955 million and 12.0 days of equivalent revenue, respectively, at 31 December 2022).

Endesa's policies for managing credit risk on financial assets are as follows:

Endesa's risk policies	
Credit risk on financial assets	Endesa and its subsidiaries hold their cash surpluses at counterparties that are leading entities in the markets in which they operate. At 31 December, 2023, the greatest exposure to cash positions held with a counterparty not belonging to the Enel Group amounted to Euro 300 million (31 December 2022: Euro 225 million).
	Interest rate and exchange rate derivatives are arranged with highly solvent entities. At 31 December 2023, more than 96% of interest-rate and exchange-rate derivative exposure relate to transactions with entities with a credit rating of "A-" or higher (81% at year-end 2022).
	Credit risk associated with financial instruments arranged on energy stocks is also limited. At 31 December 2023, taking market values as a basis, exposure to energy stock derivatives was less than Euro 520 million (less than Euro 1,695 million at 31 December 2022).
	At 31 December 2023, the maximum accumulated credit risk by counterparty arising from interest rate, exchange rate and energy stock derivatives, totals Euro 538 million. Therefore, no counterparties accumulate more than 31% of the total credit risk related to financial instruments (31 December 2022: Euro 545 million and 30% total, respectively).

At 31 December 2023 and 2022, there were guarantees, letters of guarantee, and pledges received for commercial transactions, as follows:

Millions of Euro	31 December 2023	31 December 2022
Business to Business (B2B)	237	218
Counterparts in Energy Stock Markets	148	366
TOTAL	385	584

At 31 December 2023 and 2022, Endesa had not pledged significant guarantees, letters of guarantee or pledges.

Analysis of counterparty risk

At 31 December 2023 and 2022, the breakdown of the credit rating of current and non-current financial instruments which are not due, and which are not trade and other receivables, is as follows:



Millions of Euro

	Notes	31 December 2023	31 December 2022
Cash and cash equivalents	33	2,106	871
A+		501	103
A		487	203
A-		404	60
BBB+		215	104
BBB		389	323
BBB-		110	74
Counterparty without credit rating		—	4
Equity instruments	41.1.2	6	5
A-		3	1
BBB+		—	1
Counterparty without credit rating		3	3
Derivative financial instruments	44	1,933	3,782
AAA		505	909
AA-		10	18
A+		10	30
A		306	802
A-		207	144
BBB+		57	90
BBB		7	8
BBB-		87	50
BB+		16	756
BB		413	264
BB-		29	100
B+		1	—
B		—	5
B-		87	254
CCC+		1	1
CCC-		21	224
CC		175	127
D		1	—
Financial Guarantees Recorded in Assets	41.1.1	1,220	6,724
AAA		1,201	6,353
A		—	352
Counterparty without credit rating		19	19
Financial assets (1)		1,214	3,108
Financing of the revenue shortfall from regulated activities in Spain	6 y 41.1.1	—	14
Compensation for stranded costs in non-mainland generation (TNP)	6 y 41.1.1	558	2,254
Limitation on increase of last resort access tariff (LRT)	6 y 41.1.1	5	67
Guarantee deposits	41.1.1	434	437
Loans to employees	41.1.1	94	59
Loans to associates, joint ventures and joint operating companies	41.1.1 y 47.2	71	67
Other financial assets	41.1.1	76	238
Impairment losses		(24)	(28)
TOTAL		6,479	14,490

⁽¹⁾ Mainly includes receivables from Public Administrations, as well as from counterparties without a credit rating.

42.6. Concentration risk

Endesa is exposed to customer and supplier concentration risk when carrying on its activities.

Customer concentration risk

Concentration risk is managed and minimised by a business strategy with several diversification criteria:

	Diversification criteria
Customer concentration risk	• Customer typology: large industrial customers, medium-sized companies and residential customers, both private individuals and public authorities.
	• Economic activity of customers: commercial activity with customers operating in different sectors.
	• Types of product sold: electricity, gas and other products and services.

This strategy ensures that sales to a specific customer do not account for a major portion of Endesa's economic results.

This risk is controlled by regular monitoring of trade receivable accounts (debts past-due and outstanding) for individuals and groups of companies under joint control.

At 31 December 2023, receivables from the ten largest customers (business group) accounted for less than 32.1% of the total, although none of them individually accounted for more than 9.1% of the total at that date (29.4% and 7.8%, respectively, at 31 December 2022).

Supplier concentration risk

Endesa's current relationships with the main service suppliers and providers are essential for the development and growth of its business, and may affect its capacity to negotiate contracts with these parties under favourable conditions. Nonetheless, Endesa's technical and economic rating processes allow it to ensure the quality of services acquired as well as the supplier's financial status, and offer a diversified supplier portfolio in all its purchasing categories, thus making it possible to replace one in the case of interrupted service, mitigating its supplier concentration risk.

In its relationships with its main shareholder, Endesa is exposed to credit risk. In 2023 this risk was not significant, and related mainly to the potential change in energy stock hedging contracts which Endesa had arranged through Enel Group companies.

At 31 December 2023, its top 10 suppliers did not represent more than 28.1% of the total (31 December 2022: 36.4%). The potential one-off loss of a supplier should not have a significant effect on concentration risk, since the level of concentration with that supplier would have been low and the ability to replace suppliers is generally high. Moreover, Endesa regularly monitors the trend in this concentration risk (see Note 5.2).

42.7. Risks of commitments to purchase energy stocks

At 31 December 2023, inventory purchase commitments amounted to Euro 18,848 million (31 December 2022: Euro 22,942 million), a portion of which corresponds to agreements containing "take or pay" clauses (see Note 31.3).

The Company's Directors consider that Endesa will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

43. OFFSETTING OF NON-CURRENT AND CURRENT FINANCIAL ASSETS AND LIABILITIES

The detail of non-current and current financial assets and liabilities set off and not set off at 31 December 2023 and 2022 is as follows:

Millions of Euro

	Notes	31 December 2023					
		Gross amount of financial assets	Amount set off	Net amount of financial assets presented on the financial statements	Amounts in netting arrangements not set off		Net amount
					Financial instrument	Financial collateral	
Other non-current financial assets	28	663	—	663	—	—	663
Non-current derivative financial instruments	44	879	—	879	(564)	—	315
Other non-current assets	29	386	—	386	—	—	386
Total non-current financial assets		1,928	—	1,928	(564)	—	1,364
Trade receivables for sales and services and other receivables ⁽¹⁾	32	4,912	—	4,912	(284)	—	4,628
Current assets under contracts with customers	27.1	4	—	4	—	—	4
Other current financial assets	30	1,777	—	1,777	—	(835)	942
Current derivative financial instruments	44	1,054	—	1,054	(775)	—	279
Cash and cash equivalents	33	2,106	—	2,106	—	—	2,106
Total current financial assets		9,853	—	9,853	(1,059)	(835)	7,959

⁽¹⁾ Does not include balances with public administrations.

Millions of Euro

			31 December 2022				
				Net amount of financial assets presented on the financial statements	Amounts in netting arrangements not set off		
Notes	Gross amount of financial assets	Amount set off	Financial instrument		Financial collateral	Net amount	
Other non-current financial assets	28	1,160	—	1,160	—	—	1,160
Non-current derivative financial instruments	44	1,249	—	1,249	(426)	—	823
Other non-current assets	29	304	—	304	—	—	304
Total non-current financial assets		2,713	—	2,713	(426)	—	2,287
Trade receivables for sales and services and other receivables ⁽¹⁾	32	5,472	—	5,472	(645)	—	4,827
Current assets under contracts with customers	27.1	8	—	8	—	—	8
Other current financial assets	30	8,677	—	8,677	—	—	8,677
Current derivative financial instruments	44	2,533	—	2,533	(1,392)	—	1,141
Cash and cash equivalents	33	871	—	871	—	—	871
Total current financial assets		17,561	—	17,561	(2,037)	—	15,524

⁽¹⁾ Does not include balances with public administrations.

Millions of Euro

Millions of Euro

	Notes	31 December 2023						
		Gross amount of financial liabilities		Amount set off	Net amount of financial liabilities presented on the financial statements	Amounts in netting arrangements not set off		
						Financial instrument	Financial collateral	Net amount
Non-current liabilities under contracts with customers	27.2	4,348	—	4,348	—	—	4,348	
Non-current borrowings	41.3	9,636	—	9,636	—	—	9,636	
Non-current derivative financial instruments	44	544	—	544	(372)	—	172	
Other non-current financial liabilities	39	8	—	8	—	—	8	
Other non-current liabilities	38	578	—	578	—	—	578	
Total non-current financial liabilities		15,114	—	15,114	(372)	—	14,742	
Current liabilities under contracts with customers	27.2	427	—	427	—	—	427	
Current borrowings	41.3	4,091	—	4,091	—	(228)	3,863	
Current derivative financial instruments	44	1,673	—	1,673	(1,574)	—	99	
Other current financial liabilities	39	104	—	104	—	—	104	
Suppliers and other payables ⁽¹⁾	40	6,242	—	6,242	(284)	—	5,958	
Total current financial liabilities		12,537	—	12,537	(1,858)	(228)	10,451	

⁽¹⁾ Does not include balances with public administrations.

31 December 2022							
		Gross amount of financial liabilities	Amount set off	Net amount of financial liabilities presented on the financial statements	Amounts in netting arrangements not set off		
	Notes				Financial instrument	Financial collateral	Net amount
Non-current liabilities under contracts with customers	27.2	4,300	—	4,300	—	—	4,300
Non-current borrowings	41.3	11,704	—	11,704	—	—	11,704
Non-current derivative financial instruments	44	2,408	—	2,408	(426)	—	1,982
Other non-current financial liabilities	39	—	—	—	—	—	—
Other non-current liabilities	38	588	—	588	—	—	588
Total non-current financial liabilities		19,000	—	19,000	(426)	—	18,574
Current liabilities under contracts with customers	27.2	294	—	294	—	—	294
Current borrowings	41.3	6,784	—	6,784	—	—	6,784
Current derivative financial instruments	44	4,990	—	4,990	(1,392)	—	3,598
Other current financial liabilities	39	51	—	51	—	—	51
Suppliers and other payables ⁽¹⁾	40	6,219	—	6,219	(645)	—	5,574
Total current financial liabilities		18,338	—	18,338	(2,037)	—	16,301

⁽¹⁾ Does not include balances with public administrations.

44. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2023 and 2022, the breakdown of "Derivative financial instruments" in the consolidated statement of financial position is as follows:

Millions of Euro

	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Derivative financial asset instruments	879	1,054	1,249	2,533
Derivative financial liability instruments	544	1,673	2,408	4,990

In accordance with the risk management policy described in Note 42, Endesa mainly relies on interest rate, foreign currency and physical hedging derivatives.

Endesa does not present information on embedded derivatives separately, as the economic characteristics and risks incidental to these derivatives strictly relate to the host contracts.

Details of the notional and change in derivative financial instruments at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Non-current assets				Current assets			
	Notional		Fair value		Notional		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022
Fair value hedging derivatives	12	12	3	2	—	—	—	—
Interest rate	12	12	3	2	—	—	—	—
Cash flow hedging derivatives	4,493	4,483	797	1,075	3,252	3,460	696	1,220
Interest rate	706	1,190	54	109	—	—	—	—
Exchange rate	312	1,180	3	53	900	1,024	32	84
Energy stocks	3,475	2,113	740	913	2,352	2,436	664	1,136
Derivatives not designated as hedging instruments	483	288	79	172	1,310	2,617	358	1,313
Interest rate	—	—	—	—	—	—	—	—
Exchange rate	76	—	—	—	12	46	1	2
Energy stocks	407	288	79	172	1,298	2,571	357	1,311
TOTAL	4,988	4,783	879	1,249	4,562	6,077	1,054	2,533

Millions of Euro

	Non-current liabilities				Current liabilities			
	Notional		Fair value		Notional		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022
Fair value hedging derivatives	675	1,175	27	87	500	—	16	—
Interest rate	675	1,175	27	87	500	—	16	—
Cash flow hedging derivatives	2,839	3,765	414	2,005	3,161	4,591	1,138	2,434
Interest rate	550	—	18	—	—	—	—	—
Exchange rate	1,164	328	23	11	522	568	12	25
Energy stocks	1,125	3,437	373	1,994	2,639	4,023	1,126	2,409
Derivatives not designated as hedging instruments	442	377	103	316	1,927	3,285	519	2,556
Interest rate	—	—	—	—	—	—	—	—
Exchange rate	64	13	—	—	502	132	8	10
Energy stocks	378	364	103	316	1,425	3,153	511	2,546
TOTAL	3,956	5,317	544	2,408	5,588	7,876	1,673	4,990

The notional and/or contractual amounts of the contracts entered into do not reflect the actual risk undertaken by Endesa, since these amounts only constitute the basis on which the derivative settlement calculations were made.

44.1. Derivative instruments designated as hedging instruments

At 31 December 2023, Endesa had checked that it continued to meet the criteria established by the regulations for the application of hedge accounting. In 2023, there were interruptions of derivatives initially designated as cash flow hedges for a total of Euro 28

million in income, due, among other factors, to the cancellation, in September 2023, of a loan with Caixabank, S.A. and consequently the related derivatives.

There was no discontinuation of hedge accounting of derivatives initially designated as cash flows in 2022.

44.1.1. Interest rate risk

At 31 December 2023 and 2022, the detail of the notional value and average interest rate of interest rate and cash flow hedging derivatives by maturity is as follows:

Cash flow hedging derivatives at 31 December 2023		Maturity					
		2024	2025	2026	2027	2028	Subsequent years Total
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	—	—	—	250	—	1,006
	Average interest rate (%)	—	—	—	3.0	—	2.3

Cash flow hedging derivatives at 31 December 2022		Maturity					
		2024	2025	2026	2027	2028	Subsequent years Total
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	—	—	—	—	250	940
	Average interest rate (%)	—	—	—	—	3.0	0.8

At 31 December 2023 and 2022, the notional amount and average interest rate of interest rate fair value hedging derivatives by maturity are as follows:

Fair value hedging derivatives at 31 December 2023		Maturity					
		2024	2025	2026	2027	2028	Subsequent years Total
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	500	—	—	675	—	12
	Average interest rate (%)	0.1	—	—	1.9	—	5.7

Fair value hedging derivatives at 31 December 2022		Maturity					
		2023	2024	2025	2026	2027	Subsequent years Total
Interest Rate Swaps (IRS) in Euro	Notional (millions of Euro)	—	500	—	—	675	12
	Average interest rate (%)	—	0.1	—	—	1.9	5.7

At 31 December 2023 and 2022, the notional amount and average interest rate of interest rate fair value hedging derivatives by maturity are as follows:

Millions of Euro

INTEREST RATE DERIVATIVES	Hedging item	31 December 2023					
		Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
Cash flow hedging derivatives		1,256	36	706	54	550	18
Interest rate swaps	Variable rate financing	1,256	36	706	54	550	18
Fair value hedging derivatives		1,187	(40)	12	3	1,175	43
Interest rate swaps	Fixed rate bonds	12	3	12	3	—	—
	Fixed-rate financing	1,175	(43)	—	—	1,175	43
Total interest rate swaps		2,443	(4)	718	57	1,725	61
TOTAL INTEREST RATE DERIVATIVES		2,443	(4)	718	57	1,725	61

Millions of Euro

INTEREST RATE DERIVATIVES	Hedging item	31 December 2022					
		Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
Cash flow hedging derivatives		1,190	109	1,190	109	—	—
Interest rate swaps	Variable rate financing	1,190	109	1,190	109	—	—
Fair value hedging derivatives		1,187	(85)	12	2	1,175	87
Interest rate swaps	Fixed rate bonds	12	2	12	2	—	—
	Fixed-rate financing	1,175	(87)	—	—	1,175	87
Total interest rate swaps		2,377	24	1,202	111	1,175	87
TOTAL INTEREST RATE DERIVATIVES		2,377	24	1,202	111	1,175	87

At 31 December 2023 and 2022, cash flows projected for the coming years in relation to these derivatives are as follows:

Millions of Euro

INTEREST RATE DERIVATIVES Current value (net of accumulated interest)	Cash flow stratification expected						
	31 December 2023	2024	2025	2026	2027	2028	Subsequent years
Cash flow hedging derivatives	36	24	5	3	2	4	8
Positive fair value	54	21	10	8	7	6	13
Negative fair value	(18)	3	(5)	(5)	(5)	(2)	(5)
Fair value hedging derivatives	(40)	(41)	(9)	(5)	(4)	—	1
Positive fair value	3	—	—	—	—	—	1
Negative fair value	(43)	(41)	(9)	(5)	(4)	—	—

Millions of Euro

INTEREST RATE DERIVATIVES Current value (net of accumulated interest)	Cash flow stratification expected						
	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
Cash flow hedging derivatives	109	20	26	19	17	15	27
Positive fair value	109	20	26	19	17	15	27
Negative fair value	—	—	—	—	—	—	—
Fair value hedging derivatives	(85)	(15)	(39)	(13)	(12)	(10)	1
Positive fair value	2	1	—	—	—	—	1
Negative fair value	(87)	(16)	(39)	(13)	(12)	(10)	—

The effect of cash flow hedging derivatives on the consolidated statement of financial position, consolidated income statement and consolidated statement of other comprehensive income was as follows:

Millions of Euro

	31 December 2023						
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair value ⁽²⁾	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement ^{(3) (4)}	Amount reclassified from the statement of other comprehensive income to the income statement ^{(4) (5)}	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness
Derivados de Cobertura de Flujos de Caja							
Permutas de Tipo Interés	1,256	54	(18)	(70)	44	22	(3)
Total Derivados de Cobertura de Flujos de Caja	1,256	54	(18)	(70)	44	22	(3)

⁽¹⁾ Included under "Derivative financial instruments" on the assets side in the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

⁽³⁾ Amount reclassified to the Income Statement because the hedged item has affected profit or loss.

⁽⁴⁾ Included in "Income and expenses on derivative financial instruments" in the consolidated income statement.

⁽⁵⁾ Amount reclassified to the Income Statement because the cash flows Forward Contracts/ Futures are no longer expected to occur.

Millions of Euro

	31 December 2022			2022			
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair v alue ⁽²⁾	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement ^{(3) (4)}	Amount reclassified from the statement of other comprehensive income to the income statement ^{(4) (5)}	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness
Cash flow hedging derivatives							
Interest rate swaps	1,190	109	—	118	(4)	—	2
Total cash flow hedging derivatives	1,190	109	—	118	(4)	—	2

⁽¹⁾ Included under "Derivative financial instruments" on the assets side in the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

⁽³⁾ Amount reclassified to the Income Statement because the hedged item has affected profit or loss.

⁽⁴⁾ Included in "Income and expenses on derivative financial instruments" in the consolidated income statement.

⁽⁵⁾ Amount reclassified to the Income Statement because the cash flows Forward Contracts/ Futures are no longer expected to occur.

Considering effective cash flow hedges, 20% of debt was protected from interest rate risk at 31 December 2023 (45% at 31 December 2022). Considering fair value hedges, this percentage was 29% at 31 December 2023 (39% at 31 December 2022).

At 31 December 2023 and 2022, the effect of fair value hedging derivatives on the consolidated statement of financial position was as follows:

Millions of Euro

	31 December 2022		
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair value ⁽²⁾
Fair value hedging derivatives			
Interest rate swaps	1,187	3	(43)
Interest rate options	—	—	—
Total fair value hedging derivatives	1,187	3	(43)

⁽¹⁾ Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

Millions of Euro

	31 December 2021		
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair value ⁽²⁾
Fair value hedging derivatives			
Interest rate swaps	1,187	2	(87)
Interest rate options	—	—	—
Total fair value hedging derivatives	1,187	2	(87)

⁽¹⁾ Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

At 31 December 2023 and 2022, the effect of fair value hedging derivatives on the consolidated statement of financial position was as follows:

Millions of Euro

	31 December 2023			31 December 2022		
	Book amount of the item	Accumulated amount of the hedging adjustments of the fair value in the hedged item	Fair value used to measure ineffectiveness for the year	Book amount of the item	Accumulated amount of the hedging adjustments of the fair value in the hedged item	Fair value used to measure ineffectiveness for the year
Fair value hedging derivatives						
Fixed term debt	654	(33)	24	1,103	(84)	85
Total fair value hedging derivatives	654	(33)	24	1,103	(84)	85

The amounts recognised in the consolidated income statement in 2023 and 2022 in relation to the derivatives and hedged items of fair value hedges are as follows::

Millions of Euro

	2023		2022	
	Revenue	Expenses	Revenue	Expenses
Hedged items	—	43	89	—
Derivatives ⁽¹⁾	44	—	—	90
TOTAL	44	43	89	90

⁽¹⁾ Without settlement.

44.1.2. Currency risk

At 31 December 2023 and 2022, the detail of the notional value and average exchange rate of exchange rate hedging derivatives by maturity is as follows:

Cash flow hedging derivatives at 31 December 2023		Maturity						
		2024	2025	2026	2027	2028	Subsequent years	Total
EUR/USD Forward Contracts/EUR/USD	Notional (millions of Euro)	1,422	980	496	—	—	—	2,898
Exchange Rate Futures	Average exchange rate in EUR/USD	1.12	1.11	1.13	—	—	—	

Cash flow hedging derivatives at 31 December 2022		Vencimientos						
		2023	2024	2025	2026	2027	Subsequent years	Total
EUR/USD Forward Contracts/EUR/USD	Notional (millions of Euro)	1,592	905	603	—	—	—	3,100
Exchange Rate Futures	Average exchange rate in EUR/USD	1.14	1.15	1.11	—	—	—	

At 31 December 2023 and 2022, the detail of the notional value and fair value of exchange rate hedging derivatives by name and classified by type of item hedged, is as follows:

Millions of Euro

		31 December 2023					
EXCHANGE RATE DERIVATIVES		Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
Cash flow hedging derivatives							
Foreign exchange forward contracts/futures	Raw material foreign exchange contracts	2,875	—	1,199	35	1,676	35
	Other contracts	23	—	13	—	10	—
Total forward contracts/futures		2,898	—	1,212	35	1,686	35
TOTAL EXCHANGE RATE DERIVATIVES		2,898	—	1,212	35	1,686	35

Millions of Euro

		31 December 2022					
EXCHANGE RATE DERIVATIVES		Net notional amount	Net fair value	Notional, financial assets	Assets, fair value	Notional, financial liabilities	Liabilities, fair value
Cash flow hedging derivatives							
Foreign exchange forward contracts/futures	Raw material foreign exchange contracts	3,052	99	2,172	135	880	36
	Other contracts	48	2	32	2	16	—
Total forward contracts/futures		3,100	101	2,204	137	896	36
TOTAL EXCHANGE RATE DERIVATIVES		3,100	101	2,204	137	896	36

At 31 December 2023 and 2022, cash flows projected for the coming years in relation to these derivatives are as follows:

Millions of Euro

	Cash flow stratification expected						
Present value (net of accumulated interest)	31 December 2023	2024	2025	2026	2027	2028	Subsequent years
Exchange rate derivatives – cash flow hedges	—	22	(16)	(6)	—	—	—
Positive fair value	35	33	2	—	—	—	—
Negative fair value	(35)	(11)	(18)	(6)	—	—	—
Exchange rate derivatives – fair value hedges	—	—	—	—	—	—	—
Positive fair value	—	—	—	—	—	—	—
Negative fair value	—	—	—	—	—	—	—

Millions of Euro

	Cash flow stratification expected						
Present value (net of accumulated interest)	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
Exchange rate derivatives – cash flow hedges	101	59	36	6	–	–	–
Positive fair value	137	84	42	11	–	–	–
Negative fair value	(36)	(25)	(6)	(5)	–	–	–
Exchange rate derivatives – fair value hedges	–	–	–	–	–	–	–
Positive fair value	–	–	–	–	–	–	–
Negative fair value	–	–	–	–	–	–	–

El efecto de los derivados de cobertura de flujos de caja en el Estado de Situación Financiera Consolidado, en el Estado del Resultado Consolidado y en el Estado de Otro Resultado Global Consolidado ha sido el siguiente:

Millions of Euro

	31 December 2023			2023			
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair value ⁽²⁾	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement ^{(3) (4)}	Amount reclassified from the statement of other comprehensive income to the income statement ^{(4) (5)}	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness ⁽⁴⁾
Cash flow hedging derivatives							
Exchange rate forward contracts/futures	2,898	35	(35)	(100)	63	—	—
Total cash flow hedging derivatives	2,898	35	(35)	(100)	63	—	—

⁽¹⁾ Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

⁽³⁾ Amount reclassified to the Income Statement because the hedged item has affected profit or loss.

⁽⁴⁾ Included in "Income and expenses from energy stock instruments" in the consolidated income statement.

⁽⁵⁾ Amount reclassified to the Income Statement because the cash flows Forward Contracts/ Futures are no longer expected to occur.

Millions of Euro

	31 December 2022			2022			
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair value ⁽²⁾	Changes in the fair value in the statement of other comprehensive income	Amount reclassified from the statement of other comprehensive income to the income statement ^{(3) (4)}	Amount reclassified from the statement of other comprehensive income to the income statement ^{(4) (5)}	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness ⁽⁴⁾
Cash flow hedging derivatives							
Exchange rate forward contracts/futures	3,100	137	(36)	70	119	—	—
Total cash flow hedging derivatives	3,100	137	(36)	70	119	—	—

⁽¹⁾ Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

⁽³⁾ Amount reclassified to the Income Statement because the hedged item has affected profit or loss.

⁽⁴⁾ Included in "Income and expenses from energy stock instruments" in the consolidated income statement.

⁽⁵⁾ Amount reclassified to the Income Statement because the cash flows Forward Contracts/ Futures are no longer expected to occur.

44.1.3. Energy commodity risk

At 31 December 2023 and 2022, the detail of the notional value and average price of energy stock hedging derivatives by maturity is as follows:

Millions of Euro

Cash flow hedging derivatives at 31 December 2023			Maturity						
			2024	2025	2026	2027	2028	Subsequent years	Total
Swaps									
Liquid fuel and gas derivatives	Barrels	Notional (millions of euro)	493	106	11	—	—	—	610
		Average price (USD/ thousands of barrels)	75.3	78.4	69.4	—	—	—	—
	MBTU	Notional (millions of euro)	410	366	68	—	—	—	844
		Average price (USD/MBTU)	3.7	4.2	4.1	—	—	—	—
	Metric tonnes	Notional (millions of euro)	525	—	—	—	—	—	525
		Average price (USD/MT)	682.2	—	—	—	—	—	—
	MWh	Notional (millions of euro)	1,137	1,338	228	—	—	—	2,703
		Average price (€/MWh)	61.5	56.1	35.5	—	—	—	—
Electricity derivatives	MWh	Notional (millions of euro)	128	106	100	93	90	286	803
		Average price (€/MWh)	79.3	42.5	37.1	35.0	34.1	32.1	—
Coal and freight derivatives	Metric tonnes	Notional (millions of euro)	—	—	—	—	—	—	—
		Average price (USD/MT)	—	—	—	—	—	—	—
Forward contracts/futures									
Liquid fuel and gas derivatives	Barrels	Notional (millions of euro)	72	—	—	—	—	—	72
		Average price (USD/ thousands of barrels)	79.9	—	—	—	—	—	—
	MBTU	Notional (millions of euro)	6	25	176	—	—	—	207
		Average price (USD/MBTU)	3.1	3.4	4.0	—	—	—	—
	MWh	Notional (millions of euro)	1,757	303	451	—	—	—	2,511
		Average price (€/MWh)	72.0	50.9	36.7	—	—	—	—
Carbon dioxide (CO ₂) emission right derivatives	Metric tonnes	Notional (millions of euro)	445	337	21	—	—	—	803
		Average price (€/MT)	91.9	92.9	84.5	—	—	—	—
Options									
Liquid fuel and gas derivatives	Metric tonnes	Notional (millions of euro)	—	—	—	—	—	—	—
		Average price (USD/MT)	—	—	—	—	—	—	—
Electricity derivatives	MWh	Notional (millions of euro)	19	34	39	39	40	342	513
		Average price (€/MWh)	33.6	33.7	33.8	33.8	33.8	33.3	—
Total notional			4,992	2,615	1,094	132	130	628	9,591

			Maturity						
Cash flow hedging derivatives at 31 December 2022			2023	2024	2025	2026	2027	Subsequent years	Total
Swaps									
Liquid fuel and gas derivatives	Barrels	Notional (millions of euro)	493	117	48	—	—	—	658
		Average price (USD/thousands of barrels)	70.0	72.7	81.8	—	—	—	—
	MBTU	Notional (millions of euro)	400	343	254	—	—	—	997
		Average price (USD/MBTU)	3.3	3.6	4.3	—	—	—	—
	Metric tonnes	Notional (millions of euro)	893	112	—	—	—	—	1,005
		Average price (USD/MT)	633.1	709.5	—	—	—	—	—
	MWh	Notional (millions of euro)	832	815	919	7	—	—	2,573
		Average price (€/MWh)	68.2	60.9	64.6	50.0	—	—	—
Electricity derivatives	MWh	Notional (millions of euro)	158	118	98	93	86	334	887
		Average price (€/MWh)	122.7	81.4	39.1	36.0	32.8	29.3	—
Coal and freight derivatives	Metric tonnes	Notional (millions of euro)	9	—	—	—	—	—	9
		Average price (USD/MT)	253.5	—	—	—	—	—	—
Forward contracts/futures									
Liquid fuel and gas derivatives	Barrels	Notional (millions of euro)	—	43	—	—	—	—	43
		Average price (USD/thousands of barrels)	—	75.8	—	—	—	—	—
	MBTU	Notional (millions of euro)	—	—	—	—	—	—	—
		Average price (USD/MBTU)	—	—	—	—	—	—	—
	MWh	Notional (millions of euro)	3,291	1,593	180	—	—	—	5,064
		Average price (€/MWh)	89.4	72.9	59.4	—	—	—	—
Carbon dioxide (CO ₂) emission right derivatives	Metric tonnes	Notional (millions of euro)	296	160	50	—	—	—	506
		Average price (€/MT)	86.8	95.8	94.4	—	—	—	—
Options									
Liquid fuel and gas derivatives	Metric tonnes	Notional (millions of euro)	70	—	—	—	—	—	70
		Average price (USD/MT)	834.0	—	—	—	—	—	—
Electricity derivatives	MWh	Notional (millions of euro)	16	17	17	16	16	115	197
		Average price (€/MWh)	34.5	34.5	34.5	34.5	34.5	32.7	—
Total notional			6,458	3,318	1,566	116	102	449	12,009



At 31 December 2023 and 2022, the detail of the notional value and fair value of energy stock hedging derivatives and classified by type of raw material, is as follows:

Millions of Euro

	Assets				Liabilities			
	Notional		Fair value		Notional		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022
Energy stock derivatives								
Cash flow hedging derivatives								
Coal and freight derivatives	—	9	—	2	—	—	—	—
Swaps	—	9	—	2	—	—	—	—
Liquid fuel and gas derivatives	3,997	3,162	880	1,073	3,475	7,248	1,273	4,190
Swaps	2,763	2,668	613	1,020	1,919	2,565	430	726
Forward contracts/futures	1,234	472	267	49	1,556	4,635	843	3,461
Options	—	22	—	4	—	48	—	3
Electricity derivatives	1,190	1,013	433	939	126	71	224	209
Swaps	677	816	353	922	126	71	162	197
Forward contracts/futures	—	—	—	—	—	—	—	—
Options	513	197	80	17	—	—	62	12
Carbon dioxide (CO₂) emission right derivatives	640	365	91	35	163	141	2	4
Forward contracts/futures	640	365	91	35	163	141	2	4
TOTAL ENERGY STOCK DERIVATIVES	5,827	4,549	1,404	2,049	3,764	7,460	1,499	4,403

At 31 December 2023 and 2022, cash flows projected for the coming years in relation to these derivatives are as follows:

Millions of Euro

	Fair value stratification						
	31 December 2023	2024	2025	2026	2027	2028	Subsequent years
Fair value							
Cash flow hedging derivatives							
Liquid fuel and gas derivatives	(393)	(567)	115	59	—	—	—
Electricity derivatives	209	51	26	22	26	29	55
Carbon dioxide (CO ₂) emission right derivatives	89	54	35	—	—	—	—

Millions of Euro

	Fair value stratification						
	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
Fair value							
Cash flow hedging derivatives							
Liquid fuel and gas derivatives	(3,117)	(1,507)	(1,274)	(335)	(1)	—	—
Electricity derivatives	730	215	237	77	43	41	117
Carbon dioxide (CO ₂) emission right derivatives	31	16	14	1	—	—	—

The effect of cash flow hedging derivatives on the consolidated statement of financial position, consolidated income statement and consolidated statement of other comprehensive income was as follows:

Millions of Euro

	31 December 2023			2023			
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair value ⁽²⁾	Changes in the fair value in the consolidated statement of other comprehensive income	Amount reclassified from the consolidated statement of other comprehensive income to the consolidated income statement ^{(3) (4)}	Amount reclassified from the consolidated statement of other comprehensive income to the consolidated income statement ^{(4) (5)}	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness ⁽⁴⁾
Cash flow hedging derivatives							
Coal and freight derivatives	—	—	—	(2)	—	—	—
Liquid fuel and gas derivatives	7,472	880	1,273	4,465	(1,473)	6	166
Electricity derivatives	1,316	433	224	(443)	(456)	—	34
Carbon dioxide (CO ₂) emission right derivatives	803	91	2	59	—	—	—
Total cash flow hedging derivatives	9,591	1,404	1,499	4,079	(1,929)	6	200

⁽¹⁾ Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

⁽³⁾ Amount reclassified to the Income Statement because the hedged item has affected profit or loss.

⁽⁴⁾ Included in "Energy derivatives income and expenses" in the consolidated income statement.

⁽⁵⁾ Amount reclassified to the Income Statement because the future cash flows are no longer expected to occur.

Millions of Euro

	31 December 2022			2022			
	Net notional amount	Assets, fair value ⁽¹⁾	Liabilities, fair value ⁽²⁾	Changes in the fair value in the consolidated statement of other comprehensive income	Amount reclassified from the consolidated statement of other comprehensive income to the consolidated income statement ^{(3) (4)}	Amount reclassified from the consolidated statement of other comprehensive income to the consolidated income statement ^{(4) (5)}	Changes in the fair value derivatives recognised in the income statement due to ineffectiveness ⁽⁴⁾
Cash flow hedging derivatives							
Coal and freight derivatives	9	2	—	2	—	—	—
Liquid fuel and gas derivatives	10,410	1,073	4,190	(2,482)	(1,490)	—	(279)
Electricity derivatives	1,084	939	209	54	205	—	(15)
Carbon dioxide (CO ₂) emission right derivatives	506	35	4	30	—	—	1
Total cash flow hedging derivatives	12,009	2,049	4,403	(2,396)	(1,285)	—	(293)

⁽¹⁾ Included under "Derivative financial instruments" on the assets side of the consolidated statement of financial position.

⁽²⁾ Included under "Derivative financial instruments" on the liabilities side of the consolidated statement of financial position.

⁽³⁾ Amount reclassified to the Income Statement because the hedged item has affected profit or loss.

⁽⁴⁾ Included in "Energy derivatives income and expenses" in the consolidated income statement.

⁽⁵⁾ Amount reclassified to the Income Statement because the future cash flows are no longer expected to occur.

44.2. Derivative instruments not designated as hedging instruments

The breakdown of the notional amount of derivatives by maturity at 31 December 2023 and 2022 is as follows:

Millions of Euro

Derivatives not designated as hedging instruments	Notional value stratification						
	31 December 2023	2024	2025	2026	2027	2028	Subsequent years
Interest rate derivatives	—	—	—	—	—	—	—
Exchange rate derivatives	654	514	101	39	—	—	—
Coal and freight derivatives	—	—	—	—	—	—	—
Liquid fuel and gas derivatives	3,325	2,572	735	18	—	—	—
Electricity derivatives	110	89	17	2	2	—	—
Carbon dioxide (CO ₂) emission right derivatives	48	41	7	—	—	—	—
Deriving from Guarantees of origin and other environmental certificates	25	21	3	1	—	—	—

Millions of Euro

Derivatives not designated as hedging instruments	Notional value stratification						
	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
Interest rate derivatives	—	—	—	—	—	—	—
Exchange rate derivatives	191	178	5	8	—	—	—
Coal and freight derivatives	—	—	—	—	—	—	—
Liquid fuel and gas derivatives	5,951	5,404	420	127	—	—	—
Electricity derivatives	325	251	69	5	—	—	—
Carbon dioxide (CO ₂) emission right derivatives	76	50	20	6	—	—	—
Deriving from Guarantees of origin and other environmental certificates	24	19	4	—	1	—	—

At 31 December 2023 and 2022, the detail of the notional value and fair value of derivatives not designated as hedging instruments classified by type of item hedged, is as follows:



Millions of Euro

	Assets				Liabilities			
	Notional		Fair value		Notional		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022
Derivatives not designated as hedging instruments								
Interest rate derivatives	—	—	—	—	—	—	—	—
Swaps	—	—	—	—	—	—	—	—
Exchange rate derivatives	88	46	1	2	566	145	8	10
Currency futures	88	46	1	2	566	145	8	10
Liquid fuel and gas derivatives	1,595	2,527	411	1,245	1,730	3,424	598	2,765
Swaps	889	1,973	278	970	391	750	133	1,003
Forward contracts/futures	479	554	131	275	1,339	2,674	465	1,762
Options	227	—	2	—	—	—	—	—
Electricity derivatives	81	274	21	228	29	51	9	88
Swaps	81	274	21	228	24	50	2	88
Forward contracts/futures	—	—	—	—	4	—	6	—
Options	—	—	—	—	1	1	1	—
Carbon dioxide (CO ₂) emission right derivatives	20	47	2	7	28	29	2	5
Forward contracts/futures	20	47	2	7	28	29	2	5
Deriving from Guarantees of origin and other environmental certificates	9	11	2	3	16	13	5	4
Forward contracts/futures	9	11	2	3	16	13	5	4
TOTAL	1,793	2,905	437	1,485	2,369	3,662	622	2,872

The following table sets out the expected cash flows during future periods relating to derivatives not designated as hedging instruments.

Millions of Euro

	Fair value stratification						
	31 December 2023	2024	2025	2026	2027	2028	Subsequent years
Derivatives not designated as hedging instruments							
Interest rate derivatives	—	—	—	—	—	—	—
Exchange rate derivatives	(8)	(8)	—	—	—	—	—
Liquid fuel and gas derivatives	(187)	(164)	(21)	(2)	—	—	—
Electricity derivatives	12	12	1	(1)	—	—	—
Carbon dioxide (CO ₂) emission right derivatives	—	—	—	—	—	—	—
Deriving from Guarantees of origin and other environmental certificates	(3)	(2)	—	(1)	—	—	—

Millions of Euro

	Fair value stratification						
	31 December 2022	2023	2024	2025	2026	2027	Subsequent years
Derivatives not designated as hedging instruments							
Interest rate derivatives	—	—	—	—	—	—	—
Exchange rate derivatives	(8)	(8)	—	—	—	—	—
Liquid fuel and gas derivatives	(1,520)	(1,367)	(131)	(22)	—	—	—
Electricity derivatives	140	128	9	3	—	—	—
Carbon dioxide (CO ₂) emission right derivatives	2	2	—	—	—	—	—
Deriving from Guarantees of origin and other environmental certificates	(1)	—	(1)	—	—	—	—

45. FAIR VALUE MEASUREMENT

45.1. Fair value measurement of categories of financial assets

The classifications of financial assets measured at fair value in the consolidated statements of financial position by fair value hierarchy at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023							
		Non-current assets				Current assets			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Equity instruments	41.1	6	—	—	6	—	—	—	—
Fair value hedging derivatives	44.1	3	—	3	—	—	—	—	—
Interest rate		3	—	3	—	—	—	—	—
Cash flow hedging derivatives:	44.1	797	161	301	335	696	198	404	94
Interest rate		54	—	54	—	—	—	—	—
Exchange rate		3	—	3	—	32	—	32	—
Energy stocks		740	161	244	335	664	198	372	94
Derivatives not designated as hedging instruments	44.2	79	25	54	—	358	108	250	—
Exchange rate		—	—	—	—	1	—	1	—
Energy stocks		79	25	54	—	357	108	249	—
Inventories	31.1 and 31.2	—	—	—	—	3	—	3	—
TOTAL		885	186	358	341	1,057	306	657	94

Millions of Euro

	Notes	31 December 2022							
		Non-current assets				Current assets			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Equity instruments	41.1	5	—	—	5	—	—	—	—
Fair value hedging derivatives	44.1	2	—	2	—	—	—	—	—
Interest rate		2	—	2	—	—	—	—	—
Cash flow hedging derivatives:	44.1	1,075	31	388	656	1,220	52	895	273
Interest rate		109	—	109	—	—	—	—	—
Exchange rate		53	—	53	—	84	—	84	—
Energy stocks		913	31	226	656	1,136	52	811	273
Derivatives not designated as hedging instruments	44.2	172	105	66	1	1,313	171	1,141	1
Exchange rate		—	—	—	—	2	—	2	—
Energy stocks		172	105	66	1	1,311	171	1,139	1
Inventories	31.1 and 31.2	—	—	—	—	18	—	18	—
TOTAL		1,254	136	456	662	2,551	223	2,054	274

There were no level transfers among these financial assets in 2023 and 2022.

In the current context, Endesa has continued to use the same measurement standards to determine fair value (see Notes 3.1, 3.2h.5 and 3.2q).

45.2. Fair value measurement of categories of assets not measured at fair value

The classifications of financial liabilities measured at fair value in the consolidated statements of financial position by fair value hierarchy at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023				31 December 2022			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Investment property	3.2c and 22.1	72	—	—	72	59	—	—	59

45.3. Fair value measurement of categories of financial liabilities

The classifications of non-current and current financial liabilities measured at fair value in the consolidated statement of financial position by fair value hierarchy level at 31 December 2023 and 2022 are as follows:

Millions of Euro

	Notes	31 December 2023							
		Non-current liabilities				Current liabilities			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Bonds and other marketable securities	41.3	14	—	14	—	—	—	—	—
Bank borrowings	41.3	—	—	—	—	—	—	—	—
Fair value hedging derivatives	44.1	27	—	27	—	16	—	16	—
Interest rate		27	—	27	—	16	—	16	—
Cash flow hedging derivatives:	44.1	414	43	194	177	1,138	802	294	42
Interest rate		18	—	18	—	—	—	—	—
Exchange rate		23	—	23	—	12	—	12	—
Energy stocks		373	43	153	177	1,126	802	282	42
Derivatives not designated as hedging instruments	44.2	103	95	7	1	519	378	141	—
Interest rate		—	—	—	—	—	—	—	—
Exchange rate		—	—	—	—	8	—	8	—
Energy stocks		103	95	7	1	511	378	133	—
TOTAL	41 and 44	558	138	242	178	1,673	1,180	451	42

Millions of Euro

		31 December 2022							
		Non-current liabilities				Current liabilities			
	Notes	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Bonds and other marketable securities	41.3	14	—	14	—	—	—	—	—
Bank borrowings	41.3	—	—	—	—	—	—	—	—
Fair value hedging derivatives	44.1	87	—	87	—	—	—	—	—
Interest rate		87	—	87	—	—	—	—	—
Cash flow hedging derivatives:	44.1	2,005	1,308	553	144	2,434	2,157	254	23
Interest rate		—	—	—	—	—	—	—	—
Exchange rate		11	—	11	—	25	—	25	—
Energy stocks		1,994	1,308	542	144	2,409	2,157	229	23
Derivatives not designated as hedging instruments	44.2	316	185	131	—	2,556	1,608	948	—
Interest rate		—	—	—	—	—	—	—	—
Exchange rate		—	—	—	—	10	—	10	—
Energy stocks		316	185	131	—	2,546	1,608	938	—
TOTAL	41 and 44	2,422	1,493	785	144	4,990	3,765	1,202	23

There were no level transfers among these financial liabilities in 2023 and 2022.

45.4. Fair value measurement of categories of financial liabilities not measured at fair value

The non-current and current financial liabilities not measured at fair value in the consolidated statement of financial position, but disclosed in the notes to these

consolidated financial statements by fair value hierarchy level at 31 December 2023 and 2022 are as follows:

Millions of Euro

	31 December 2023			
	Fair value	Level 1	Level 2	Level 3
Bank borrowings	5,153	—	5,153	—
Fixed interest rate	1,751	—	1,751	—
Floating interest rate	3,402	—	3,402	—
Other borrowings	4,307	—	4,307	—
Borrowings associated with rights of use	784	—	784	—
Fixed interest rate	784	—	784	—
Other	3,523	—	3,523	—
Fixed interest rate	3,511	—	3,511	—
Floating interest rate	12	—	12	—
Total non-current liabilities	9,460	—	9,460	—
Bank borrowings	936	—	936	—
Fixed interest rate	528	—	528	—
Floating interest rate	408	—	408	—
Other borrowings	3,488	—	3,488	—
Borrowings associated with rights of use	84	—	84	—
Fixed interest rate	84	—	84	—
Other	3,404	—	3,404	—
Fixed interest rate	3,142	—	3,142	—
Floating interest rate	262	—	262	—
Total current liabilities	4,424	—	4,424	—

Millions of Euro

	31 December 2022			
	Fair value	Level 1	Level 2	Level 3
Bank borrowings	5,605	—	5,605	—
Fixed interest rate	1,506	—	1,506	—
Floating interest rate	4,099	—	4,099	—
Other borrowings	5,674	—	5,674	—
Borrowings associated with rights of use	756	—	756	—
Fixed interest rate	756	—	756	—
Other	4,918	—	4,918	—
Fixed interest rate	4,444	—	4,444	—
Floating interest rate	474	—	474	—
Total non-current liabilities	11,279	—	11,279	—
Bank borrowings	1,116	—	1,116	—
Fixed interest rate	21	—	21	—
Floating interest rate	1,095	—	1,095	—
Bonds and other marketable securities	4,993	—	4,993	—
Floating interest rate	4,993	—	4,993	—
Other borrowings	937	—	937	—
Borrowings associated with rights of use	88	—	88	—
Fixed interest rate	88	—	88	—
Other	849	—	849	—
Fixed interest rate	123	—	123	—
Floating interest rate	726	—	726	—
Total current liabilities	7,046	—	7,046	—

45.5. Other matters

Endesa has entered into long-term Power Purchase Agreements (PPAs) whereby it undertakes to purchase/sale a certain volume of energy at a certain price (see Note 3.2h.5.2).

At 31 December 2023, the main characteristics of these long-term financial contracts were as follows:

Contract ⁽¹⁾	Volume of energy arranged TWh	Term	Accounting treatment
Power purchase	0.03	2019-2028	Fair value with changes in profit/loss
Power purchase	22.65	2020-2035	Cash flow hedges
Sale of power	14.01	2022-2040	Cash flow hedges

⁽¹⁾ Virtual Power Purchase Agreement (VPPA) arranged at market price.

At 31 December 2023 and 2022, the balance of derivative financial instruments classified in level 3 corresponds to such financial agreements.

In 2023 and 2022, the changes in derivative financial instruments measured at Level 3 fair value were as follows:

Millions of Euro

	2023	2022
Opening balance	764	467
Net gains/(losses) in the consolidated income statement	(3)	—
Gains/(losses) recognised in the consolidated statement of other comprehensive income	(552)	297
Closing balance	209	764

The fair value of the derivative financial instruments classified in Level 3 was calculated by applying the cash flow method. To calculate these cash flow projections, the available market information is used as a base, complemented, where appropriate, with estimates from essential models that represent the functioning of these markets.

At 31 December 2023, none of the possible scenarios foreseen in these assumptions indicated would result in a significant change in the fair value of the financial instruments classified at this level.

46. STATEMENT OF CASH FLOWS

The Statement of Cash Flows includes cash movements during the year for both continuing and discontinued operations, calculated using the indirect method. At 31 December 2023, cash and cash equivalents stood at Euro 2,106 million (Euro 871 million at 31 December 2022) (see Note 33).

In 2023 and 2022, Endesa's net cash flows, broken down into operating, investing and financing activities, were as follows:

Millions of Euro

	Statement of cash flows	
	2023	2022
Net cash flows from operating activities	4,697	1,672
Net cash flows from investing activities	3,196	(8,156)
Net cash flows from financing activities	(6,658)	6,652

In 2023, net cash flows generated from operating activities (Euro 4,697 million) and those obtained from investing

activities (Euro 3,196 million) enabled net payments to be met arising from financing activities (Euro 6,658 million).

46.1. Net cash flows from operating activities

In 2023, net cash flows from operating activities amounted to Euro 4,697 million (Euro 1,672 million in 2022), broken down as follows:

Millions of Euro

	Notes	2023	2022
Gross profit before tax		1,065	3,487
Adjustments for:		4,177	2,439
Depreciation, amortisation and impairment losses	¹⁵	2,132	1,878
Other adjustments (net)		2,045	561
Changes in working capital:		1,011	(3,279)
Trade and other receivables		360	(294)
Inventories		(934)	(1,319)
Current financial assets		1,781	(1,540)
Trade payables and other current liabilities		(196)	(126)
		—	
Other cash flows from operating activities:		(1,556)	(975)
Interest received		77	124
Dividends received		25	42
Interest paid (1)		(480)	(232)
Corporate income tax paid		(854)	(532)
Other receipts from and payments for operating activities ⁽²⁾		(324)	(377)
NET CASH FLOWS FROM OPERATING ACTIVITIES		4,697	1,672

⁽¹⁾ Includes interest payments on borrowings for rights of use amounting to Euro 42 million in 2023 and Euro 34 million in 2022 (see Note 21).

⁽²⁾ Relates to payments of provisions.

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

Heading	Variation	
Changes in working capital	▲ Euro 4,290 million (+130.8%)	The change in this heading is the result of the following impacts: • The increase in trade and other receivables of Euro 654 million. • The decrease in payments for inventories of Euro 385 million. • Higher net collections of regulatory items amounting to Euro 3,321 million, including, mainly, an increase in compensation received due to cost overruns arising from generation in the Non-mainland Territories (TNP) (Euro 3,201 million), a reduction in amounts received in connection with the tariff deficit (Euro 141 million), and an increase in remuneration received for investment in renewable energies (Euro 140 million) due to the cap on the increase in the Last Resort Tariff (LRT) in respect of gas (Euro 121 million). • The increase in trade payables and other current liabilities for Euro 70 million, which includes, among others, the payment to the State Administration relating to the temporary energy tax recognised in "Other variable procurements and services", as ushered in by Law 38/2022, of 27 December (see Note 6).

In 2023 the Company has also continued with its active policy concerning the management of current assets and liabilities, focusing on, among other aspects, the improvement of processes, the factoring of accounts

receivable and agreements extending payment periods with suppliers (see Notes 32 and 40).

At 31 December 2023 and 2022 working capital broke down as follows:

Millions of Euro

	Notes	Working capital	
		31 December 2023	31 December 2022
Current assets ⁽¹⁾		10,352	19,027
Inventories	31	2,060	2,122
Trade and other receivables	32	5,457	5,687
Remuneration of distribution activity		283	231
Other		5,174	5,456
Current assets under contracts with customers	27	4	8
Other current financial assets	30	1,777	8,677
Compensation for extra costs of generation in Non-mainland Territories (TNP)		473	2,254
Collection rights for the financing of the deficit of regulated activities		—	14
Other		1,304	6,409
Current derivative financial instruments	44	1,054	2,533
Current liabilities ⁽²⁾		10,484	13,898
Current liabilities under contracts with customers	27	427	294
Current provisions	37	1,377	1,236
Current derivative financial instruments	44	1,673	4,990
Other current financial liabilities	39	104	51
Trade payables and other current liabilities	40	6,903	7,327
Dividend of the Parent	35.1.10 and 35.1.12	529	—
Other		6,374	7,327

⁽¹⁾ Does not include "Cash and cash equivalents".

⁽²⁾ Does not include "Current borrowings".

46.2. Net cash flows from investing activities

In 2023, net cash flows obtained from investing activities amounted to Euro 3,196 million (Euro 8,156 million used in 2022) and include, among other aspects:

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

Millions of Euro

	Notes	2023	2022
Acquisitions of property, plant and equipment and intangible assets		(2,284)	(2,132)
Acquisitions of property, plant and equipment ⁽¹⁾	20.1	(1,921)	(1,879)
Acquisitions of intangible assets	23.1	(395)	(468)
Facilities transferred from customers		95	101
Non-current asset suppliers		(63)	114
Proceeds from sale of property, plant and equipment and intangible assets		20	26
Other receipts from and payments for investing activities ⁽²⁾		106	98
TOTAL		(2,158)	(2,008)

⁽¹⁾ Not including additions for rights of use amounting to Euro 147 million at 31 December 2023 and Euro 23 million at 31 December 2022.

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

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

Millions of Euro

	Notes	2023	2022
Disposals of investments in Group companies		27	136
Sale of 45% of Tecnatom, S.A.	72 and 34	27	—
Sale of 51% of Endesa X Way, S.L. to Enel Way, S.r.l.	72 and 26.1	—	122
Sale of 40% stake in Boiro Energía, S.A. and Depuración Destilación Reciclaje, S.L.	72 and 26.1	—	14
TOTAL		27	136

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

Millions of Euro

	Notes	2023	2022
Purchase of other investments		(377)	(6,317)
Remuneration of non-current distribution activity	29	(305)	(245)
Net financial collateral	28.1 and 30	—	(5,848)
Other financial assets		(72)	(224)
Disposal of other investments		5,704	33
Net financial collateral	28.1 and 30	5,504	—
Other financial assets		200	33
TOTAL		5,327	(6,284)

46.3. Net cash flows from/ (used in) financing activities

In 2023, net cash flows applied to financing activities amounted to Euro 6,658 million (Euro 6,652 million obtained in 2022) and mainly include the following aspects:

- Cash flows from equity instruments:

Millions of Euro

	Notes	2023	2022
Acquisition of non-controlling interests in Energías Especiales de Peña Armada, S.A.U. and Energías Especiales de Careón, S.A.	35.2	—	(7)
Treasury shares and own equity instruments	35.1	—	(1)
Capital reduction at Énergie Électrique de Tahaddart, S.A.	26.1	5	—
Contribution by shareholders at Endesa X Way, S.L.	26.1	(2)	(10)
Divestment of Infraestructuras San Servan 200, S.L.	26.1	—	1
Contribution by shareholders at Comercializadora Eléctrica de Cádiz, S.A.	26.1	—	(2)
Contributions by equity holders of direct and/or indirect investees of Enel Green Power España, S.L.U.	26.1 and 35.2	(17)	—
Return of non-controlling contributions from Fondos de Bosa del Ebro, S.L. and Tauste Energía Distribuida, S.L.	35.2	(7)	(2)
TOTAL		(21)	(21)

- Drawdowns of non-current borrowings:

Millions of Euro

	Notes	2023	2022
Drawdowns on bank loans and credit facilities	41.4	1,075	975
Drawdowns of loans and credit facilities Enel Finance International N.V.	41.4	1,875	2,100
Drawdowns of loans from the European Investment Bank (EIB) and Official Credit Institute (ICO)		300	800
Other		41	35
TOTAL	41.3	3,291	3,910

- Reimbursements of non-current borrowings:

Millions of Euro

	Notes	2023	2022
Repayment of bank loans and credit facilities		(675)	—
Repayment of loans and credit facilities from Enel Finance International, N.V.		(450)	—
Other		(45)	(9)
TOTAL	41.3	(1,170)	(9)

- Repayments and proceeds from the following current borrowings:

Millions of Euro

	Notes	2023	2022
Drawn			
Issues of Euro Commercial Paper (ECP)	41.3	12,623	31,884
Drawdowns on bank loans and credit facilities			2,400
Other financial liabilities		236	1,329
Repayments			
Amortisation of Euro Commercial Paper (ECP)	41.3	(17,611)	(29,812)
Payments of right-of-use contracts		(99)	(87)
Repayments of bank loans and credit facilities		(1,969)	(1,200)
Repayments of loans from the European Investment Bank (EIB) and the Official Credit Institute (ICO)		(165)	(132)
Other financial liabilities		(66)	(74)
TOTAL	41.3	(7,051)	4,308

- Dividends paid:

Millions of Euro

	Notes	2023	2022
Dividends of the Parent paid	35.1.10 and 35.1.12	(1,678)	(1,521)
Dividends paid to non-controlling interests ⁽¹⁾	35.2	(29)	(15)
TOTAL		(1,707)	(1,536)

⁽¹⁾ Relating, mainly, to companies of Enel Green Power España, S.L.U.

47. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

Transactions between the Company and its Subsidiaries and Joint Operation Entities, which are related parties, form part of the Company's normal business activities (in terms of their purpose and conditions) and have been eliminated on consolidation. Therefore, they are not disclosed in this Note.

For information purposes, all companies comprising the Enel Group and not included in Endesa's consolidated financial statements are considered significant shareholders.

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

All transactions with related parties are performed on an arm's length basis.

47.1. Expenses and income and other transactions

Significant balances and transactions carried out with related parties in 2023 and 2022 were as follows:

47.1.1. Expenses and income

Millions of Euro

	2023				
	Significant shareholders	Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
Financial expenses	207	—	—	—	207
Leases	—	—	—	—	—
Services received	51	—	—	—	51
Purchases of inventories	33	—	—	—	33
Other expenses	1,173	—	—	—	1,173
Expenses on energy stock derivative financial instruments ⁽¹⁾	1,085	—	—	—	1,085
Power purchases	18	—	—	—	18
Management or cooperation agreements	70	—	—	—	70
TOTAL EXPENSES	1,464	—	—	—	1,464
Financial income	4	—	—	—	4
Dividends received	—	—	—	—	—
Rendering of services	5	—	—	—	5
Sales of inventories	261	—	—	—	261
Other revenue	447	—	—	—	447
Revenue on energy stock derivative financial instruments ⁽¹⁾	440	—	—	—	440
Power sales	3	—	—	—	3
Management or cooperation agreements	2	—	—	—	2
Leases	2	—	—	—	2
Other	—	—	—	—	—
TOTAL REVENUE	717	—	—	—	717

⁽¹⁾ Includes Euro 342 million, negative, recognised in the consolidated statement of Other Comprehensive Income.



Millions of Euro

	2022				
	Significant shareholders	Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
Financial expenses	164	—	—	—	164
Leases	—	—	—	—	—
Services received	50	—	—	—	50
Purchases of inventories	240	—	—	—	240
Other expenses	5,804	—	—	—	5,804
Expenses on energy commodity derivatives ⁽¹⁾	5,676	—	—	—	5,676
Power purchases	63	—	—	—	63
Management or cooperation agreements	65	—	—	—	65
TOTAL EXPENSES	6,258	—	—	—	6,258
Financial income	43	—	—	—	43
Dividends received	—	—	—	—	—
Rendering of services	10	—	—	—	10
Sales of inventories	461	—	—	—	461
Other revenue	4,823	—	—	—	4,823
Revenue on energy stock derivative financial instruments ⁽¹⁾	4,690	—	—	—	4,690
Power sales	9	—	—	—	9
Management or cooperation agreements	2	—	—	—	2
Leases	1	—	—	—	1
Other ⁽²⁾	121	—	—	—	121
TOTAL REVENUE	5,337	—	—	—	5,337

⁽¹⁾ Includes a positive Euro 2,338 million recognised in the consolidated statement of other comprehensive income.

⁽²⁾ Includes Euro 121 million corresponding to the gross capital gain generated on the sale of the 51% stake in Endesa X Way, S.L. to Enel X Way, S.r.l. (see Note 14).

47.1.2. Other transactions

Millions of Euro

	Notes	31 de diciembre de 2023				
		Significant shareholders	Directors and Senior Management (Note 47.3.1)	Endesa employees, companies or entities	Other related parties	Total
Financing agreements: Loans and capital contributions (lender)		—	1	—	—	1
Financing agreements: Loans and capital contributions (borrower)		10,056	—	—	—	10,056
Balance of Loans and Credit Lines Formalized and Drawn with Enel Finance International N.V.	47.1.3	6,525	—	—	—	6,525
Undrawn Committed and Irrevocable Lines of Credit with Enel Finance International N.V.	41.4.1 and 47.1.3	3,525	—	—	—	3,525
Balance of Credit Support Annex Formalized with Enel Global Trading S.p.A.		6	—	—	—	6
Guarantees provided	47.3.1	—	7	—	—	7
Guarantees received ⁽¹⁾	31.3	124	—	—	—	124
Commitments acquired ⁽²⁾		30	—	—	—	30
Dividends and other distributions	35.1.10 and 35.1.12	1,177	—	—	—	1,177
Other transactions ⁽³⁾		23	—	—	68 ⁽⁴⁾	91

⁽¹⁾ Includes the guarantee received from Enel, S.p.A. to comply with the agreement to purchase liquefied natural gas (LNG) from Corpus Christi Liquefaction, LLC.

⁽²⁾ Relates to commitments acquired with Group companies (see Notes 20.2 and 23.2). Includes, among other items, the commitment acquired with Enel Global Infrastructure and Networks S.r.l (EGIN) relating to the licence to use the Blue Sky Grid Platform for Euro 22 million.

⁽³⁾ Includes purchases of property, plant and equipment, intangible assets and other assets.

⁽⁴⁾ Relates to payments made to the pension plan for Endesa employees between January and 2023.

	Notes	Significant shareholders	31 December 2022			Total
			Directors and Senior Management (Note 47.3.1)	Endesa employees, companies or entities	Other related parties	
Financing agreements: Loans and capital contributions (lender)		—	1	—	—	1
Financing agreements: Loans and capital contributions (borrower)		10,563	—	—	—	10,563
Balance of Loans and Credit Lines Formalized and Drawn with Enel Finance International N.V.	47.1.3	5,100	—	—	—	5,100
Undrawn Committed and Irrevocable Lines of Credit with Enel Finance International N.V.	41.4.1 and 47.1.3	4,950	—	—	—	4,950
Balance of Credit Support Annex Formalized with Enel Global Trading S.p.A.		513	—	—	—	513
Guarantees provided	47.3.1	2,000	7	—	—	2,007
Guarantees received ⁽¹⁾	31.3	128	—	—	—	128
Commitments acquired ⁽²⁾	23.2	93	—	—	—	93
Dividends and other distributions	35.1.10 and 35.1.12	1,067	—	—	—	1,067
Other transactions ⁽³⁾		180 ⁽⁴⁾	—	—	68 ⁽⁵⁾	248

⁽¹⁾ Corresponds to the counter-guarantee provided by Endesa, S.A. to Enel, S.p.A. to guarantee the guarantee previously provided by Enel, S.p.A. to Endesa Generación, S.A.U. (for compliance with the obligations of the latter with third parties, derived from the operating rules of the organized national or international gas and electricity markets in which it participates), for an amount of up to Euro 2,000 million, with a duration until June 30, 2023 (see Note 48)

⁽²⁾ 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.

⁽³⁾ Corresponds to the commitment acquired with Enel Global Infrastructure and Networks S.r.l. (EGIN) relating to the License to use the Blue Sky Grid Platform.

⁽⁴⁾ Includes Euro 122 million corresponding to the price paid for the sale of the 51% stake in Endesa X Way, S.L. to Enel X Way, S.r.l. and Euro 46 million relating to the investment made in the period in relation to the License to use the Grid Blue Sky Platform with Enel Global Infrastructure and Networks S.r.l. (EGIN) (see Notes 7.2, 20.1 and 23.1).

⁽⁵⁾ Corresponds to payments made to the Endesa employee pension plan in 2022.

In 2023 and 2022, the Directors, or persons acting on their behalf, did not carry out any transactions with the Company (or its other subsidiaries) that were not part of their normal business activities or that were not carried out on an arm's length basis.

47.1.3. Balances at the reporting date

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

	Notes	31 December 2023						
		Significant shareholders			Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
		Enel Iberia, S.L.U.	Other significant shareholders	Total				
Customers and trade receivables	32	32	71	103	—	—	—	103
Loans and credits granted		2	—	2	1	—	—	3
Other receivables ⁽¹⁾		227	2	229	—	—	—	229
TOTAL RECEIVABLES		261	73	334	1	—	—	335
Suppliers and trade payables		489 ⁽²⁾	224	713	—	—	—	713
Loans and credits received ⁽³⁾		—	6,526	6,526	—	—	—	6,526
Other payables ⁽¹⁾		104	—	104	—	—	—	104
TOTAL PAYABLES		593	6,750	7,343	—	—	—	7,343

⁽¹⁾ Includes the receivables and payables, respectively, of the Endesa companies that make up the consolidated tax group with number 572/10, whose parent company is Enel, S.p.A. and its representative in Spain is Enel Iberia, S.L.U. (see Note 3.2o).

⁽²⁾ Includes mainly the interim dividend payable by Endesa, S.A. to Enel Iberia, S.L.U. amounting to Euro 371 million (see Notes 35.1.10 and 40).

⁽³⁾ Includes the carrying amount of the loans and credit facilities arranged and drawn down with Enel Finance International N.V. amounting to euro 6,520 million and the balance of the "Credit Support Annex" arranged with Enel Global Trading S.p.A. amounting to Euro 6 million.

Millions of Euro

31 December 2022								
	Notes	Significant shareholders			Directors and Senior Management	Endesa employees, companies or entities	Other related parties	Total
		Enel Iberia, S.L.U.	Other significant shareholders	Total				
Customers and trade receivables	³²	132	1,165	1,297	—	—	—	1,297
Loans and credits granted		1	—	1	1	—	—	2
Other receivables ⁽¹⁾		47	42	89	—	—	—	89
TOTAL RECEIVABLES		180	1,207	1,387	1	—	—	1,388
Suppliers and trade payables		43	1,629	1,672	—	—	—	1,672
Loans and credits received ⁽²⁾		—	5,613	5,613	—	—	—	5,613
Other payables ⁽¹⁾		398	10	408	—	—	—	408
TOTAL PAYABLES		441	7,252	7,693	—	—	—	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. (see Note 3.2o).

⁽²⁾ Includes the book balance of loans signed and credit lines arranged and drawn down with Enel Finance International N.V. in the amount of Euro 5,100 million and the balance of the "Credit Support Annex" arranged with Enel Global Trading, S.p.A. in the amount of Euro 513 million.

Enel Finance International N.V.

As of 31 December 2023 and 2022, the detail of the nominal value of Endesa's non-current and current financial debt with Enel Finance International N.V. is as follows:

Millions of Euro

	31 December 2023			31 December 2022				
	Limit	Non-current	Current	Limit	Non-current	Current	Conditions	Maturity
Credit Line Enel Finance International N.V. ⁽¹⁾	1,700	—	—	1,700	450	—	Margin of 67 b.p. and Non-Disposal Fee of 20 b.p.	25 May 2025
Credit Line Enel Finance International N.V. ⁽¹⁾	—	—	—	3,000	—	—	Margin of 87 b.p. and Non-Disposal Fee of 30 b.p.	22 November 2023
Credit Line Enel Finance International N.V. ⁽¹⁾	700	—	—	700	—	—	Margin of 72 b.p. and Non-Disposal Fee of 25 b.p.	13 May 2025
Credit Line Enel Finance International N.V. ⁽¹⁾	1,125	—	—	—	—	—	Margin of 132 b.p. and Non-Disposal Fee of 23 b.p.	4 May 2026
Intercompany Loan Enel Finance International N.V.	3,000	—	3,000	3,000	3,000	—	Fixed interest rate 3.000 %	29 October 2024
Intercompany Loan Enel Finance International N.V.	1,650	1,650	—	1,650	1,650	—	Fixed interest rate 1.997 %	13 May 2027
Intercompany Loan Enel Finance International N.V.	1,875	1,875	—	—	—	—	Fixed interest rate 4.263 %	4 May 2028
TOTAL	10,050	3,525	3,000	10,050	5,100	—		

⁽¹⁾ Committed and irrevocable credit lines (see Note 41.4.1).

47.2. Associates, joint ventures and jointly controlled entities

The following table shows trade receivables for sales and services, loans and guarantees to associates, joint ventures and joint operating companies at 31 December 2023 and 2022.

Millions of Euro

	Notes	Associates		Joint Ventures		Joint Operation	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Trade receivables for sales and services	32	13	6	5	7	3	—
Loans	28.1 and 41.1.1	63	60	1	1	7	6
Guarantees issued		—	—	—	—	—	—

In 2023 and 2022 transactions made with associates, joint ventures and jointly-controlled companies not eliminated on consolidation are as follows:

Millions of Euro

	Associates		Joint Ventures		Joint Operation	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Revenue	5	2	1	1	4	—
Expenses	(26)	(20)	(26)	(26)	(39)	(28)

47.3. Directors and Senior Management

47.3.1. Remuneration of the Board of Directors

Article 40 of the corporate bylaws states that “the remuneration of the Directors will comprise the following items: a monthly fixed salary and subsistence allowances for each meeting of the governing bodies of the Company and its committees.

Maximum global and annual compensation, for the Board as a whole and including all aforementioned items, shall be established by the General Shareholders’ Meeting and will remain in effect until it resolves upon an amendment thereof.

The Board itself shall be in charge of determining the exact amount to be paid in each accounting year, subject to the limits set forth by the General Shareholders’ Meeting, as well as distributing such amount between the aforementioned items and between the Directors in the manner, time and proportion as freely determined, taking into account the functions and responsibilities entrusted to each Director, whether they belong to any of the Board’s Committees and all other relevant objective circumstances.

The amount of said per diem shall be, at the most, the amount which, in accordance with the above paragraphs, is determined to be the fixed monthly allocation. The Board of Directors may, within this limit, establish the amount of the per diems.

The remuneration contemplated in the preceding sections, deriving from membership on the Board of Directors, shall be compatible with other remuneration, indemnity payments, contributions to insurance schemes or any other professional or labour earnings pertaining to the Directors for any other executive duties of advisory and representation which, as the case may be, they perform for the Company other than those of collegiate supervision and decision-making characteristic of their status as Directors, which shall be subject to the appropriate applicable legal scheme.

Without prejudice to the above-mentioned remunerations, the Executive Directors remuneration may also consist of the transfer of Company shares, options over them

or remuneration based on the value of the shares. The application of this remuneration model requires the agreement of the General Shareholders' Meeting, expressing, where appropriate, the maximum number of shares to be assigned during each financial year as part of this remuneration system, the strike price and the system used to calculate the strike price of share options, the value of the shares taken as a reference, when appropriate, the term of the remuneration plan and any other conditions deemed appropriate."

Members of the Board of Directors of Endesa, S.A. therefore received remuneration in their capacity as Directors of the Company.

- In 2023 and 2022, the monthly fixed salary for each Director was Euro 15.6 thousand gross.
- Fees for attending meetings of the Board of Directors, the Appointments and Remuneration Committee, the Audit and Compliance Committee and the Sustainability and Corporate Governance Committee amounted to Euro 1.5 thousand, gross, per meeting in 2023 and 2022.
- In addition to the remuneration established for the members of the Board of Directors, the following remuneration criteria shall be applicable to the posts indicated:
 - Non-executive Chairman of the Board of Directors: shall receive a fixed monthly remuneration of Euro 50,000, gross (rather than the fixed monthly remuneration of Euro 15,642.56, gross, provided for the other members).
 - Chairman of the Audit and Compliance Committee: shall receive gross monthly fixed remuneration of

Euro 5,000 in 2023 and of Euro 3,000 in 2022 (in addition to the monthly fixed remuneration as a member).

- Chairmen of the Appointments and Remuneration Committee and of the Sustainability and Corporate Governance Committee: shall receive gross monthly fixed remuneration of Euro 3,000 in 2023 and of Euro 2,000 in 2022 (in addition to the monthly fixed remuneration as a member).
- The members of the Board of Directors and Executive Directors receive remuneration for performing duties other than in their capacity as Directors in accordance with the salary structure of Senior Management of Endesa. The main components of this remuneration are:
 - Fixed annual remuneration: cash remuneration paid monthly in accordance with the complexity and responsibility of the functions entrusted.
 - Short-term variable remuneration: cash remuneration that is not guaranteed, subject to compliance with annual targets established through the Company's assessment systems.
 - Long-term variable remuneration: cash remuneration and shares that is not guaranteed, subject to compliance with multi-year targets.
 - Social and other benefits: remuneration (normally non-cash), received in accordance with certain special conditions or requirements determined voluntarily, legally, contractually or through collective bargaining.

Remuneration accrued by Directors

The remuneration accrued by the Directors in 2023 and 2022 was as follows:

Thousands of Euro

Item	Directors	
	2023	2022
Remuneration for belonging to the Board of Directors and/or Board Commissions	2,126	2,081
Salaries	1,000	960
Variable remuneration in cash	759 ⁽¹⁾	922 ⁽²⁾
Share-based payment plans	285 ⁽³⁾	259 ⁽⁴⁾
Indemnities	—	—
Long-term saving systems	7	6
Other items ⁽⁵⁾	158	158
TOTAL	4,335	4,386

⁽¹⁾ Corresponding to short-term variable remuneration and long-term variable remuneration for one third of the Strategic Incentive Plans 2021-2023, 2022-2024 and 2023-2025. The consolidated payment in 2023 amounted to Euro 975 thousand, corresponding to short-term variable remuneration (Euro 525 thousand) and long-term variable remuneration (Euro 450 thousand). In 2023 they have consolidated the effective payment of 70% of the Loyalty Plan 2019-2021 (326 thousand euros), and the right to payment of 30% of the Strategic Incentive Plan 2020-2022. This Strategic Incentive Plan has a cash payment component (Euro 62 thousand) and a share payment component, under which a delivery of 3,225 shares was made, resulting in a gross profit of Euro 62 thousand.

⁽²⁾ Corresponding to the short-term and long-term variable remuneration for one third of the Strategic Incentive Plans 2020-2022, 2021-2023 and 2022-2024. The consolidation of the payment in 2022 amounted to Euro 1,367 thousand, corresponding to short-term variable remuneration (Euro 680 thousand) and long-term variable remuneration (Euro 687 thousand). In 2022 they consolidated the effective payment of 70% of the Loyalty Plan 2018-2020, and the right to payment of 30% of the Loyalty Plan 2019-2021.

⁽³⁾ Corresponding to the long-term variable compensation accrued for one third of the Strategic Incentive Plans 2021-2023, 2022-2024 and 2023-2025.

⁽⁴⁾ Corresponding to the long-term variable compensation accrued for one third of the Strategic Incentive Plans 2020-2022, 2021-2023 and 2022-2024.

⁽⁵⁾ Includes remuneration in kind and life insurance.

Remuneration for membership on the Board of Directors and/or Board Committees, salaries and attendance fees

Details of the annual monetary remuneration received by the members of the Board of Directors, based on the post held, in 2023 and 2022 are as follows:

Thousands of Euro

	2023			2022		
	Remuneration for belonging to the board of Directors and/or Board Commissions	Attendance fees ⁽⁹⁾	Salaries	Remuneration for belonging to the board of Directors and/or Board Commissions	Attendance fees ⁽⁹⁾	Salaries
D. Juan Sánchez-Calero Guilarte	636	26	—	624	29	—
D. Flavio Cattaneo ⁽⁴⁾	—	—	—	—	—	—
D. Francesco Starace ⁽³⁾	—	—	—	—	—	—
D. José Damián Bogas Gálvez	—	—	1,000	—	—	960
D. Stefano de Angelis ⁽⁸⁾	—	—	—	—	—	—
D. Gianni Vittorio Armani ⁽⁶⁾	—	—	—	—	—	—
D.ª Eugenia Bieto Caubet	188	48	—	188	50	—
D. Ignacio Garralda Ruiz de Velasco	224	36	—	211	38	—
D.ª Pilar González de Frutos	188	47	—	188	51	—
D.ª Francesca Gostinelli ⁽²⁾	—	—	—	—	—	—
D.ª Alicia Koplowitz y Romero de Juseu	188	17	—	188	19	—
D. Francisco de Lacerda	248	48	—	224	51	—
D.ª Cristina de Parias Halcón ⁽²⁾	188	44	—	126	22	—
D. Antonio Cammisecra ⁽⁵⁾	—	—	—	—	—	—
D.ª Maria Patrizia Grieco ⁽¹⁾	—	—	—	62	10	—
D. Alberto de Paoli ⁽⁷⁾	—	—	—	—	—	—
TOTAL	1,860	266	1,000	1,811	270	960

⁽¹⁾ Left on 29 April 2022.

⁽²⁾ Joined on 29 April 2022.

⁽³⁾ Left on 10 May 2023.

⁽⁴⁾ Joined on 20 June 2023.

⁽⁵⁾ Left on 20 July 2023.

⁽⁶⁾ Joined on 25 July 2023.

⁽⁷⁾ Left on 18 September 2023.

⁽⁸⁾ Joined on 22 September 2023.

⁽⁹⁾ Allowances for attending each meeting of the Board of Directors and its Committees.

Variable remuneration in cash

The variable remuneration accrued in 2023 and 2022 by the Chief Executive Officer, for performing his executive tasks, was as follows:

Thousands of Euro

	2023		2022	
	Short term	Long term	Short term	Long term
D. José Damián Bogas Gálvez	525	233	680	242
TOTAL	525	233⁽¹⁾	680	242⁽²⁾

⁽¹⁾ Corresponding to the long-term variable remuneration, in cash, accrued for one third of the Strategic Incentive Plans 2021-2023, 2022-2024 and 2023-2025. The consolidation of the payment in 2023 amounted to 450 thousand euros, corresponding to the effective payment of 70% of the Loyalty Plan 2019-2021 (Euro 326 thousand), and the right to payment of 30% of the Strategic Incentive Plan 2020-2022. This Strategic Incentive Plan has a cash payment component (Euro 62 thousand) and a payment in shares, under which a delivery of 3,225 shares was made, resulting in a gross profit of Euro 62 thousand.

⁽²⁾ Corresponding to the long-term variable remuneration, in cash, accrued for one third of the 2020-2022, 2021-2023 and 2022-2024 Strategic Incentive Plans. The consolidation of the payment in 2022 amounted for this item to Euro 687 thousand (70% of the Loyalty Plan 2018- 2020 and 30% of the Loyalty Plan 2019-2021).

Long-term saving systems

During 2023, the contribution to funds and pension plans of Executive Directors totalled gross Euro 7 thousand (gross Euro 6 thousand in 2022).

Other items

The Chairman and the Chief Executive Officer, in accordance with Endesa's Director Remuneration Policy, receive remuneration in kind, including a group healthcare policy subsidising 100% of the cost of the payment of the holder and dependent family members, the assignment of a company vehicle under a renting system, together with other social benefits and attendance fees for the Chief Executive Officer.

Life and accident insurance premiums

The Chief Executive Officer has a life and accident insurance policy that guarantees certain capital and/or income, according to the contingency in question (death and disability coverage).

In 2023, the premium totalled gross Euro 78 thousand (gross Euro 85 thousand in 2022).

Advances and loans

At 31 December 2023, the Chief Executive Officer had a loan amounting to gross Euro 230 thousand bearing an average interest rate of 3.534% (31 December 2022: gross Euro 230 thousand bearing an average interest rate of 0.0167%) and an interest-free loan of gross Euro 421 thousand (31 December 2022: gross Euro 421 thousand) (interest subsidies are treated as remuneration in kind).

Pension funds and schemes: obligations assumed

At 31 December 2023, the Chief Executive Officer held accumulated fund and pension plan rights for the amount of gross Euro 14,280 thousand (gross Euro 13,868 thousand at 31 December 2022).

Guarantees provided by the Company to the Chief Executive Officer

At 31 December 2023, as regards remuneration, the Company had guarantees on behalf of the Chief Executive Officer amounting to net Euro 7,347 thousand to cover early retirement entitlements (net Euro 6,951 thousand at 31 December 2022) (see Note 47.1.2).

47.3.2. Remuneration of Senior Management

Identification of members of Senior Management who are not Executive Directors.

Members of Senior Management – 2023	
Name	Position ⁽¹⁾
D, Ignacio Jiménez Soler	General Manager – Communications
D, Juan María Moreno Mellado	General Manager – Energy Management
D, Paolo Bondi	General Manager – People and Organisation
D, Rafael González Sánchez	General Manager – Generation
D, Jose Manuel Revuelta Mediavilla	General Manager – Infrastructure and Networks
D, Francisco de Borja Acha Besga	General Secretary to the Board of Directors and General Manager of Legal and Corporate Affairs
D, Javier Uriarte Monereo	General Manager – Supply
D, José Casas Marín	General Manager – Institutional Relations and Regulation
D, Pablo Azcoitia Lorente	General Manager – Media
D, Gonzalo Carbó de Haya	General Manager – Nuclear Power
D, ^a Patricia Fernández Salís	General Manager – Audit
D, Manuel Fernando Marín Guzmán	General Manager – ICT Digital Solutions
D, ^a María Malaxechevarría Grande	General Manager – Sustainability
D, Ignacio Mateo Montoya	General Manager – Purchasing
D, Marco Palermo	General Manager – Administration, Finance and Control
D, Davide Ciciliato ⁽²⁾	General Manager – Endesa X

⁽¹⁾ List of persons included in this table as per the definition of Senior Management in CNMV Circular 5/2013, of 12 June.

⁽²⁾ On 31 October 2023, the CEO of Endesa X, Davide Ciciliato, stepped down. This Directorate was integrated into the General Directorate of Supply.

Members of Senior Management – 2022	
Name	Position ⁽¹⁾
D. Ignacio Jiménez Soler	General Manager – Communications
D. Juan María Moreno Mellado	General Manager – Energy Management
D. Paolo Bondi	General Manager – People and Organisation
D. Rafael González Sánchez	General Manager – Generation
D. Jose Manuel Revuelta Mediavilla	General Manager – Infrastructure and Networks
D. Francisco de Borja Acha Besga	General Secretary to the Board of Directors and General Manager of Legal and Corporate Affairs
D. Javier Uriarte Monereo	General Manager – Supply
D. José Casas Marín	General Manager – Institutional Relations and Regulation
D. Pablo Azcoitia Lorente	General Manager – Media
D. Davide Ciciliato	General Manager – Endesa X
D. Gonzalo Carbó de Haya	General Manager – Nuclear Power
D. ^a Patricia Fernández Salís	General Manager – Audit
D. Manuel Fernando Marín Guzmán	General Manager – ICT Digital Solutions
D. ^a María Malaxechevarría Grande	General Manager – Sustainability
D. Ignacio Mateo Montoya	General Manager – Purchasing
D. Luca Passa ⁽²⁾	General Manager – Administration, Finance and Control

⁽¹⁾ (1) List of persons included in this table as per the definition of Senior Management in CNMV Circular 5/2013, of 12 June.

⁽²⁾ Left on 31 December 2022 and was replaced by Mr Marco Palermo on 1 January 2023.

Remuneration of Senior Management

Details of the remuneration of Senior Management member who are not also Executive Directors in 2023 and 2022 are as follows:

Thousands of Euro

	Remuneration received			
	At the Company		For membership of Board of Directors of Endesa Group companies	
	2023	2022	2023	2022
Fixed remuneration	5,509 ⁽¹⁾	5,296 ⁽²⁾	—	—
Variable remuneration	3,638 ⁽³⁾	3,411 ⁽⁴⁾	—	—
Attendance fees	—	—	—	—
Bylaw-stipulated emoluments	—	—	—	—
Options on shares and other financial instruments	1,174 ⁽⁵⁾	968 ⁽⁶⁾	—	—
Other	343	314	—	—
TOTAL	10,664	9,989	—	—

⁽¹⁾ Remuneration received by Senior Management includes the amount corresponding to the discount for the purchase of shares, Euro 84 thousand euros, and the discount corresponding to the canteen Euro 6 thousand under the Flexible Compensation Plan.

⁽²⁾ The remuneration received by Senior Management includes the amount corresponding to the discount for the purchase of shares, Euro 96 thousand, and the discount corresponding to the canteen, Euro 3 thousand, as part of the Flexible Remuneration Plan.

⁽³⁾ Corresponding to the short-term and long-term variable remuneration for one third of the Strategic Incentive Plans 2021-2023, 2022-2024 and 2023-2025. The consolidated payment in 2023 amounted to Euro 4,299 thousand, corresponding to short-term variable remuneration (Euro 2,541 thousand) and long-term variable remuneration (Euro 1,688 thousand). In 2023, the effective payment of 70% of the Loyalty Plan 2019-2021 and the right to payment of 30% of the Strategic Incentive Plan 2020-2022 have been consolidated.

⁽⁴⁾ Corresponding to the short-term and long-term variable compensation for one third of the 2020-2022, 2021-2023 and 2022-2024 Strategic Incentive Plans. The consolidated payment in 2022 amounted to Euro 4,927 thousand, corresponding to short-term variable remuneration (Euro 2,408 thousand) and long-term variable remuneration (Euro 2,519 thousand). In fiscal year 2022 they have consolidated the effective payment of 70% of the Loyalty Plan 2018-2020, and the right to payment of 30% of the Loyalty Plan 2019-2021.

⁽⁵⁾ Corresponding to the long-term variable compensation accrued for one third of the Strategic Incentive Plans 2021-2023, 2022-2024 and 2023-2025.

⁽⁶⁾ Corresponding to the long-term variable compensation accrued for one third of the Strategic Incentive Plans 2020-2022, 2021-2023 and 2022-2024.

Thousands of Euro

	Other benefits			
	At the Company		For membership of Board of Directors of Endesa Group companies	
	2023	2022	2023	2022
Advances	586	517	—	—
Loans granted	—	154	—	—
Pension funds and schemes: contributions	816	784	—	—
Pension funds and schemes: obligations assumed	19,793	18,180	—	—
Life and accident insurance premiums	162	240	—	—

Guarantees provided by the Company to Senior Management

At 31 December 2023 and 2022, in terms of remuneration, the Company had not issued any guarantees to Senior Managers who are not also Executive Directors.

47.3.3. Guarantee clauses: Board of Directors and Senior Management

Guarantee clauses for dismissal or changes of control

These clauses were approved by the Board of Directors following the report of the Appointments and Remuneration Committee (ARC) and provide for termination benefits in the event of termination of the employment relationship and a post-contractual non-competition clause.

In relation to the Chief Executive Officer, the contract signed with him does not provide for compensation for the termination of his position. Notwithstanding the above, when the Chief Executive Officer ceases in his position, his previous relationship will be automatically terminated, that is, his Senior Management contract, suspended since his appointment as Chief Executive Officer, in which case, due to the termination of his Senior Management employment relationship, Mr José Damián Bogas Gálvez will be entitled to receive a net amount of Euro 7,347 thousand, this amount being the result of reducing the gross consolidated compensation in the amount for withholdings on account

of personal income tax and, where appropriate, the Social Security contributions applicable on the date of their payment. This amount will be updated upwards according to the Consumer Price Index (CPI) of the previous year.

This compensation is incompatible with the receipt of any other compensation arising from the termination of the Director's relationship. This net amount of Euro 7,347 thousand includes a two-year post-contractual non-compete undertaking lasting two years, included in the Chief Executive Officer's Senior Management contract.

This indemnity or guaranteed compensation is compatible with the Chief Executive Officer's defined benefit savings system. Termination in the event of death or retirement recognises the right of the Chief Executive Officer or his successors in title to the guaranteed compensation.

With regard to Senior Management and Management personnel, although this type of termination clause is not the norm, the contents of cases in which it arises are similar to the scenarios of general employment relationships.

The regime for these clauses is as follows:

Clauses	Regime
Dissolution	- By mutual agreement: termination benefit equal to an amount from 1 to 3 times the annual remuneration, on a case-by-case basis. Endesa's 2022–2024 Remuneration policy establishes that when there are new recruits to the Company or its Group in Senior Management, a maximum limit of two years of total and annual remuneration accrued will be established for payments for termination of the contract, including amounts not previously consolidated from long-term savings systems and amounts paid under agreements for non-post-contractual competition, applicable in any case, and in the same terms, to contracts with Executive Directors. - Upon the unilateral decision of the Executive: no entitlement to termination benefit, unless the decision to terminate the employment relationship is based on the serious and culpable breach by the Company of its obligations, the position is eliminated, or in the event of a change of control or any of the other causes for compensation for termination foreseen in Royal Decree 1382/1985 of 1 August 1985. - As a result of termination by the Company: termination benefit equal to that described in the first point. - At the decision of the Company based on the serious wilful misconduct or negligence of the Executive in discharging his duties: no entitlement to termination benefit. These conditions are alternatives to those arising from changes to the pre-existing employment relationship or its termination due to early retirement for Senior Managers.
Post-contractual Non-compete clause	In the vast majority of contracts, Senior Managers dismissed are required not to engage in any business activity that competes with Endesa for a period of two years; as consideration, the Executive is entitled to an amount equal to up to one hundred per cent of the annual fixed remuneration.

At 31 December 2023 and 2022, Endesa has 11 Executive Directors and Senior Managers with guarantee clauses.

47.3.4. Other disclosures concerning the Board of Directors

To increase the transparency of listed companies, the members of the Board of Directors have disclosed, to the best of their knowledge, the direct or indirect stakes they and

their related parties hold in companies engaged in the same, analogous or similar corporate purpose to that of Endesa, S.A., and the positions or duties they perform therein.

31 December 2023				
Name of Director	Personal or company tax ID	Name of company	Stake (%)	Position
D, Flavio Cattaneo	00811720580	Enel, S.p.A.	0.02459013	Chief Executive Officer and General Manager
D, Flavio Cattaneo	B85721025	Enel Iberia, S.L.U.	—	Chairman
D, José Damián Bogas Gálvez	B85721025	Enel Iberia, S.L.U.	—	Director
D, Stefano de Angelis	00811720580	Enel, S.p.A.	—	Administration, Finance and Control Manager
D, Gianni Vittorio Armani	00811720580	Enel, S.p.A.	—	Head of Enel Grids, S.r.l.
D, Gianni Vittorio Armani	00811720580	Enel, S.p.A.	—	Sole Director of Enel Grids, S.r.l.
D,ª Francesca Gostinelli	00811720580	Enel, S.p.A.	0.00028522	Global Head of Enel X Retail

31 December 2022				
Name of Director	Personal or company tax ID	Name of company	Stake (%)	Position
D, Francesco Starace	00811720580	Enel, S.p.A.	0.00576855	Chief Executive Officer and General Manager
D, Francesco Starace	B85721025	Enel Iberia, S.L.U.	—	Chairman
D, José Damián Bogas Gálvez	B85721025	Enel Iberia, S.L.U.	—	Director
D, Alberto de Paoli	00811720580	Enel, S.p.A.	0.00069644	Administration, Finance and Control Manager
D, Antonio Cammisecra	00811720580	Enel, S.p.A.	—	Division Head of Enel Grids S.r.l.
D, Antonio Cammisecra	00811720580	Enel, S.p.A.	—	Sole Director of Enel Grids S.r.l.
D,ª Francesca Gostinelli	00811720580	Enel, S.p.A.	0.00026177	Global Head of Strategy, Economics and Scenario Planning

In accordance with Article 229 of the Corporate Enterprises Act, members of the Board of Directors reported no situations of direct or indirect conflict with the interest of the Company in 2023.

Distribution by gender: At 31 December 2023, the Board of Directors of Endesa, S.A. comprised 12 Directors, five of whom were female (31 December 2022: 12 Directors, five of whom were female).

In 2023 and 2022, the Company had arranged third-

party liability insurance policies for Directors and Senior Managers for a gross amount of Euro 1,768 thousand and Euro 1,772 thousand, respectively. This insures both the Company's Directors and employees with management responsibilities.

In 2023 and 2022, there was no damage or loss caused by acts or omissions of the Directors that would have required use to be made of the third-party liability insurance premium held through the Company.

47.3.5. Share-based payment schemes tied to the Endesa, S.A. share price

Endesa's long-term variable remuneration is based on long-term remuneration schemes, known as "Loyalty and Strategic Incentive Plans", aimed primarily at strengthening the commitment of employees, who occupy positions of greater responsibility in the attainment of the Group's strategic targets. The Plan is structured through successive triennial programs, which start every year from 1 January 2010. Since 2014, the Plans have foreseen a deferral of the payment and the requirement for the Executive to be active on the date of liquidation thereof; and payments are made on two dates: 30% of the incentive will be paid in the year following the end of the Plan, and the remaining 70%, if applicable, will be paid two years after the end of the Plan.

Once the accrual period for the Loyalty and Strategic Incentive Plans has ended, the only entitlement to payment of these will be in the event of retirement, termination of the fixed-term contract or death, with payment to be made in due course, and may be advanced to the heirs

in the event of death. For those Loyalty and Strategic Incentive Plans for which the accrual period has not ended, only the amount pertaining to the Base Amount of the Incentive that has been allocated will payable *pro rata temporis* until the date of termination of the contractual relationship, when the Exercise Conditions for retirement or termination of the fixed-term contract are met.

Strategic Incentive Plan 2021–2023

On 30 April 2021, the General Shareholders' Meeting of Endesa, S.A. approved a long-term variable remuneration plan titled *2021–2023 Strategic Incentive Plan*, which aims primarily to reward the contribution to the sustainable compliance of the Strategic Plan of those that hold the greatest responsibility, including the Executive Directors of Endesa, S.A. The main features of this Plan are as follows:

	Main features
Strategic Incentive Plan 2021–2023	• The performance period will be three years, starting 1 January 2021.
	• The Plan provides for the allocation of an incentive comprising the right to receive: (i) a number of ordinary shares of Endesa, S.A. and (ii) a cash amount, referenced to a base incentive (target), subject to the conditions and possible variations under the Plan mechanism.
	• The Plan envisages a deferred payment: 30% of the incentive will be paid in the year following the end of the Plan, and the remaining 70%, if applicable, will be paid two years after the end of the Plan.

With respect to the total incentive accrued, the Plan expects up to 50% of the target incentive to be disbursed entirely in shares.

The amount of money to be paid is calculated as the difference between the total amount of the accrued incentive and the share payable in shares.

The accrual of the *2021–2023 Strategic Incentive* is linked to the fulfilment of four objectives during the performance period:

	Targets
Accrual of 2021–2023 Strategic Incentive	1 Performance of the average Total Shareholder Return (TSR) of Endesa, S.A. in relation to the performance of the average TSR of the Eurostoxx Utilities index, selected as the benchmark. This parameter will be weighted at 50% of the total incentive.
	2 Target for the cumulative Return on Average Capital Employed (ROACE) ⁽¹⁾ during the accrual period. Endesa's cumulative ROACE target represents the relationship between cumulative Ordinary Profit from Operations (ordinary EBIT) ⁽²⁾ and the cumulative average Net Capital Invested (NCI) ⁽³⁾ , during the 2021–2023 period. This parameter will be weighted at 25% of the total incentive.
	3 Net installed capacity for renewable sources, represented by the relationship between the net installed capacity for renewable sources and Endesa's total accumulated net installed capacity in 2023 (see Note 5.1). This parameter will be weighted at 15% of the total incentive.
	4 Reduction of Endesa's carbon dioxide (CO ₂) emissions (see Note 5.1). This parameter will be weighted at 10% of the incentive.

⁽¹⁾ "Return On Average Capital Employed" (ROACE) (%) = Ordinary Operating Income (Ordinary EBIT) / Average Net Capital Invested (Average NCI).

⁽²⁾ Ordinary Operating Income (Ordinary EBIT) (Millions of Euro) = Operating Income (EBIT) corrected for extraordinary unbudgeted purposes.

⁽³⁾ Average Net Invested Net Capital (Average NIC) (Millions of Euro) = ((Equity + Net Financial Debt – Cash and Cash Equivalents) n + (Equity + Net Financial Debt – Cash and Cash Equivalents) n-1) / 2.

A threshold level beyond which the target is considered met and two performance levels for targets that have been overachieved is established for each target: performance above the first level equals 150%; and performance beyond

the second constitutes maximum achievement of 180%. Therefore, the level of variable remuneration would be between 0% and 180% of the base incentive.

Strategic Incentive Plan 2022–2024

On 29 April 2022, the General Shareholders' Meeting of Endesa, S.A. approved a long-term variable remuneration scheme known as the *2022–2024 Strategic Incentive Plan*. The purpose and characteristics of this plan are the same as those set out in the Strategic Incentive Plan 2021–2023 described in the previous section, while the performance period and objectives to which its accrual is tied differ.

Therefore, the accrual of the *2022–2024 Strategic Incentive* is linked to the fulfilment of four objectives during the performance period, which shall be three years starting on 1 January 2022:

	Targets
Accrual of 2022–2024 Strategic Incentive	1 Trend in the average Total Shareholder Return (TSR) of Endesa, S.A. in relation to the performance of the average TSR of the Eurostoxx Utilities index, selected as the benchmark for the peer group. This parameter will be weighted at 50% of the total.
	2 Target for the cumulative Return on Average Capital Employed (ROACE) ⁽¹⁾ amassed during the accrual period. Endesa's cumulative ROACE target represents the relationship between cumulative Ordinary Profit from Operations (ordinary EBIT) ⁽²⁾ and Net Capital Invested (NCI) ⁽³⁾ during the 2022–2024 period. This parameter will be weighted at 25% of the total incentive.
	3 Net installed capacity for renewable sources, represented by the relationship between the net installed capacity for renewable sources and Endesa's total accumulated net installed capacity in 2024 (see Note 5.1). This parameter will be weighted at 10% of the total incentive.
	4 Reduction of Endesa's carbon dioxide (CO ₂) emissions in 2024 (see Note 5.1). This parameter will be weighted at 10% of the incentive.
	5 Percentage of women in the management succession plans in 2024. This parameter is weighted at 5% of the incentive.

⁽¹⁾ "Return On Average Capital Employed" (ROACE) (%) = Ordinary Operating Income (Ordinary EBIT) / Average Net Capital Invested (Average NCI).

⁽²⁾ Ordinary Operating Income (Ordinary EBIT) (Millions of Euro) = Operating Income (EBIT) corrected for extraordinary unbudgeted purposes.

⁽³⁾ Average Net Invested Net Capital (Average NIC) (Millions of Euro) = ((Equity + Net Financial Debt – Cash and Cash Equivalents) n + (Equity + Net Financial Debt – Cash and Cash Equivalents) n-1) / 2.

Plan de Incentivo Estratégico 2023-2025

On 28 April 2023, the General Shareholders' Meeting of Endesa, S.A. approved a long-term variable remuneration plan known as the *Strategic Incentive Plan 2023-2025*. The purpose and characteristics of this plan are the same as those set forth in the *2021-2023 Strategic Incentive Plan*

and the *2022-2024 Strategic Incentive Plan*, as described in the previous sections, while the performance period and objectives to which its accrual is tied differ.

Therefore, the accrual of the *2023-2025 Strategic Incentive* is linked to the fulfilment of four objectives during the performance period, which shall be three years starting on 1 January 2023:

	Targets
Accrual of 2023-2025 Strategic Incentive	1 Evolución del «Total Shareholder Return» (TSR) medio de Endesa, S.A. respecto a la evolución del «Total Shareholder Return» (TSR) medio del índice Eurostoxx Utilities. elegido como Grupo comparable. Este parámetro tiene una ponderación del 50% en el total del incentivo.
	2 Objetivo ROIC («Return on Invested Capital») ⁽¹⁾ – WACC («Weighted Average Cost of Capital») ⁽³⁾ representado por la relación entre el NOPAT (EBIT Ordinario sin efecto fiscal) ⁽²⁾ y Capital Neto medio Invertido (CIN) ⁽⁴⁾ menos el WACC. Este parámetro tiene una ponderación del 30%.
	3 Reducción de emisiones de dióxido de carbono (CO ₂) de Endesa en España y Portugal en 2025 (véase Nota 5.1). Este parámetro tiene una ponderación del 10% en el incentivo.
	4 Porcentaje de mujeres en los planes de sucesión de la dirección en 2025. Este parámetro tiene una ponderación del 10% en el incentivo.

⁽¹⁾ Return on Invested Capital (ROIC) (%) = Ordinary Operating Income without tax effect (Ordinary EBIT without tax effect) / Average Net Invested Capital (Average NIC).

⁽²⁾ Ordinary EBIT without tax effect (Millions of Euro) = EBIT adjusted for non-budgeted after-tax extraordinary effects.

⁽³⁾ WACC (Weighted Average Cost of Capital) = Endesa's after-tax discount rate for the relevant period.

⁽⁴⁾ Average Net Invested Capital (Average NIC) (Millions of Euro) = ((Equity + Net Financial Debt) n + (Equity + Net Financial Debt) n-1) / 2.

The amount accrued under all of the plans in force in 2023 was Euro 4 million (Euro 3 million in 2022, relating to the 2020-2022, 2021-2023 and 2022-2024 Strategic Incentive Plans), with gross Euro 2 million corresponding to the estimate of share-based payments to be settled in equity instruments (gross Euro 1 million in 2022, relating to the 2020-2022, 2021-2023 and 2022-2024 Strategic Incentive Plans).

The heading "*Equity – Other equity instruments*" in the consolidated statement of financial position shows the changes in 2023, with the balance at 31 December 2023 being Euro 5 million (Euro 4 million as of 31 December 2022).



48. PURCHASE COMMITMENTS AND THIRD-PARTY GUARANTEES AND OTHER COMMITMENTS

At 31 December 2023 and 2022, there were guarantees provided to third parties for the following items and amounts and information on future purchase commitments as follows:

Millions of Euro

	Notes	31 December 2023	31 December 2022
Guarantees provided to third parties:			
Derivative financial instruments transactions in energy markets		—	2,000 ⁽¹⁾
Property, plant and equipment as a guarantee for financing received	20.4, 35.1.13 and 41.4.3	39	70
Short- and long-term gas contracts		366	445
Energy contracts		69	62
Lease agreement for methane tanker		100	161
Contracts to trade in financial markets		40	40
Supply Contracts for other Inventories		57	23
Associates, joint ventures and jointly controlled entities	47.2	3	3
TOTAL⁽²⁾		674	2,804
Future electricity purchase commitments:			
Property, plant and equipment	20.2	1,160	1,100
Intangible assets	23.2	115	102
Financial investments		—	—
Rendering of services	27.1	15	18
Purchases of energy stocks and others	31.3	18,848	22,942
Energy stocks		18,691	22,583
Electricity		—	—
Carbon dioxide (CO ₂) emission allowances		100	296
Other inventories		57	63
TOTAL		20,138	24,162

⁽¹⁾ Related 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 Note 47.1.2).

⁽²⁾ Does not include bank guarantees against third parties.

Endesa considers that any additional liabilities arising from guarantees given at 31 December 2023 would not be material.

There are no further commitments to those described in Notes 20, 23, 27, 31 and 41.1.4 of these consolidated financial statements.

The Company's Directors consider that Endesa will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

49. AUDIT FEES

At 31 December 2023 and 2022, the fees for services provided by the audit firm KPMG Auditores, S.L. and other entities in its network, regardless of time of invoicing, are as follows:

Thousands of Euro

	2023	2022
For Audit Services	2,086	1,872
For other accounting verification services ⁽¹⁾	909	829
For other services	-	-
TOTAL	2,995	2,701

⁽¹⁾ Pertaining to limited reviews of interim financial statements, agreed-upon procedures and compliance reports in relation to securities issues.



50. WORKFORCE

50.1. Final headcount

Endesa's final headcount is as follows:

Number of employees

	Final headcount					
	31 December 2023			31 December 2022		
	Male	Female	Total	Male	Female	Total
Managers	160	43	203	169	40	209
Middle management	2,425	1,345	3,770	2,477	1,330	3,807
Administration and management personnel and workers	4,033	1,029	5,062	4,174	1,068	5,242
TOTAL EMPLOYEES	6,618	2,417	9,035	6,820	2,438	9,258

Number of employees

	Final headcount					
	31 December 2023			31 December 2022		
	Male	Female	Total	Male	Female	Total
Generation and Supply	3,697	1,258	4,955	3,838	1,264	5,102
Distribution	2,254	496	2,750	2,265	490	2,755
Structure and others ⁽¹⁾	667	663	1,330	717	684	1,401
TOTAL EMPLOYEES	6,618	2,417	9,035	6,820	2,438	9,258

⁽¹⁾ Structure and services.

Number of employees

	Final headcount					
	31 December 2023			31 December 2022		
	Male	Female	Total	Male	Female	Total
Under 30	326	170	496	370	199	569
Between 30 and 50	3,729	1,565	5,294	3,888	1,617	5,505
Over 50	2,563	682	3,245	2,562	622	3,184
TOTAL EMPLOYEES	6,618	2,417	9,035	6,820	2,438	9,258

Number of employees

	Final headcount					
	31 December 2023			31 December 2022		
	Male	Female	Total	Male	Female	Total
Spain	6,601	2,401	9,002	6,811	2,427	9,238
Portugal	17	16	33	9	11	20
TOTAL EMPLOYEES	6,618	2,417	9,035	6,820	2,438	9,258

50.2. Average headcount

The tables below show Endesa's average headcounts:

Number of employees

	Average headcount					
	2023			2022		
	Male	Female	Total	Male	Female	Total
Managers	163	43	206	189	50	239
Middle management	2,428	1,322	3,750	2,429	1,261	3,690
Administration and management personnel and workers	4,099	1,042	5,141	4,158	1,056	5,214
TOTAL EMPLOYEES	6,690	2,407	9,097	6,776	2,367	9,143

Number of employees

	Average headcount					
	2023			2022		
	Male	Female	Total	Male	Female	Total
Generation and Supply	3,747	1,243	4,990	3,783	1,223	5,006
Distribution	2,258	491	2,749	2,275	469	2,744
Structure and others ⁽¹⁾	685	673	1,358	718	675	1,393
TOTAL EMPLOYEES	6,690	2,407	9,097	6,776	2,367	9,143

⁽¹⁾ Structure and services.

The average number of employees in jointly-controlled entities in 2023 and 2022 was 773 and 789, respectively.

The average number of persons employed in 2023 and 2022 with an incapacity greater than or equal to 33% was as follows:

Number of employees

	Average headcount with disabilities ⁽¹⁾					
	2023			2022		
	Male	Female	Total	Male	Female	Total
Managers	1	—	1	1	—	1
Middle management	27	7	34	24	6	30
Administration and management personnel and workers	41	14	55	39	13	52
TOTAL EMPLOYEES	69	21	90	64	19	83

⁽¹⁾ 33% or higher.

Number of employees

	Average headcount with disabilities ⁽¹⁾					
	2023			2022		
	Male	Female	Total	Male	Female	Total
Generation and Supply	30	10	40	30	9	39
Distribution	23	2	25	22	2	24
Structure and others ⁽²⁾	16	9	25	12	8	20
TOTAL EMPLOYEES	69	21	90	64	19	83

⁽¹⁾ Greater than or equal to 33%.

⁽²⁾ Structure and Services.

51. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

At the date of authorisation for issue of these consolidated financial statements, the main litigation and arbitration proceedings involving Endesa companies are as follows:

- There are predominantly two legal proceedings in progress against Edistribución Redes Digitales, S.L.U., both relating to the forest fire that occurred in Aguilar de Segarra (Barcelona) on 18 July 1998, which could result in the obligation to pay various claims for damages amounting to Euro 2.7 million.
- The administrative authorisations of the “Peña del Gato” and “Valdesamario” wind farms held by Energías Especiales del Alto Ulla, S.A.U. (company wholly owned Enel Green Power España, S.L.U.), were annulled through Supreme Court judgments of 13 July 2015 and 5 May 2017 respectively, on the grounds that the Environmental Impact Statement had not been processed correctly. For the same reasons, the licences granted by the Municipal Councils of Valdesamario and Riello for the Valdesamario wind farm were also invalidated (Ruling of the Castile and Leon High Court of 26 June 2017 and Ruling of the Administrative Appeal Court of Leon of 30 May 2017, both final), in addition to the permits for the farm’s feed-in infrastructures (Rulings of the Castile and Leon High Court of 13 and 19 March 2018, which were contested before the Supreme Court by its owner, Promociones Energéticas del Bierzo, S.L.U. (company wholly owned Enel Green Power España, S.L.U.), and the Supreme Court dismissed the three cassation appeals filed under the Orders of 20 December 2018 and 31 January 2019), and the approval of the Ponjos electrical substation transformation project (Ruling of the Administrative Appeal Court 1 of Leon of 31 May 2017, contested by Promociones Energéticas del Bierzo, S.L.U., which was appealed against); said appeal was upheld by the Ruling of the Castile and Leon High Court of Justice on 1 July 2021. Turning to the Peña del Gato wind farm, a new administrative authorisation was secured on 8 May 2017 (after re-processing the project, rectifying the defects of its environmental assessment). The facilities were commissioned on 3 January 2018 (14 machines), and the remaining 11 machines on 4 April 2018, after receiving the permit for the occupation of public forests, modified to adapt it

to the new administrative authorisation. In the ruling on the enforcement, the Castile and Leon High Court of Justice annulled the new administrative authorisation granted by the Order of 30 July 2018, understanding that it was issued to avoid the ruling of the High Court of 13 July 2015. An appeal for reconsideration was filed against said Order by the Regional Government of Castile and Leon and Energías Especiales del Alto Ulla, S.A.U., which was dismissed by the Order of 21 December 2018. Energías Especiales del Alto Ulla, S.A.U. filed a cassation appeal before the Supreme Court, which was not granted leave to proceed under a Decision of 3 July 2019.

The Peña del Gato wind farm was forced to shut down again in May 2019 as a result of the shutdown of the evacuation infrastructure. On 26 October 2021, Energías Especiales del Alto Ulla, S.A.U. was notified of the document filed before the Castile and Leon High Court of Justice by the “Platform for the Defence of the Cantabrian Mountain Range” association, which requested the halting of the processing of the new administrative authorisation and the performance of an environmental expert test, all within the framework of the enforcement of the Ruling that cancelled the administrative authorisation for the Peña del Gato wind farm. Both Energías Especiales del Alto Ulla, S.A.U. and the Regional Government of Castile and León opposed the application, which was rejected by order of the High Court of Justice of Castile and León on 10 February 2022. On 24 May 2022, a new administrative authorisation and environmental impact statement was obtained for the Peña del Gato and Valdesamario wind farms, as well as for the power evacuation infrastructure. Appeals have been lodged against these authorisations by several environmental associations, all of which have been dismissed by the Government of Castile and León. On 20 January 2023, Energías Especiales del Alto Ulla, S.A.U. received notice that the association “Plataforma para la Defensa de la Cordillera Cantábrica” (Platform for the Defence of the Cantabrian Mountains) had lodged two contentious-administrative appeals before the courts of León against the dismissal of the appeals previously lodged against the administrative authorisation and

environmental impact statement for the Valdesamario and Peña del Gato wind farms.

- The Supreme Court delivered judgment number 212/2022 on 21 February, in the appeal lodged by Endesa, S.A., Endesa Energía, S.A.U. and Energía XXI Comercializadora de Referencia, S.L.U. (Endesa), and in the appeals filed by other electricity sector companies against the obligation set out in Article 45(4) of Electricity Sector Law 24/2013, of 26 December, Royal Decree Law 7/2016, of 23 December, and Royal Decree 897/2017, of 6 October, to finance the cost of the Social Bonus, and to 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 cofinancing system with the administrations for the supply of severely vulnerable consumers that avail themselves of the Last Resort Tariff (LRT) and that are at risk of social exclusion; (ii) Articles 12 to 17 of Royal Decree 897/2017, of 6 October, to be inapplicable and null and void. In turn, the following is acknowledged, (iii) the right of the claimant to be compensated for the amounts paid to finance and 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 Sub-Directorate 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 10 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) effective delivery of the report of the Spanish National Markets and Competition Commission ("CNMC") on which the Ministry for the Ecological Transition and the Demographic Challenge ("MITECO") used to prepare its report on the state of enforcement of the judgment (as repeatedly requested), and (iii) that the State Lawyer be summoned to make pleadings and proceed to the ratification of the expert reports presented. On 26 May 2023, the Supreme Court handed down a ruling agreeing, inter alia, the following: (i) to initiate enforcement of the ruling, (ii) to order the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) to submit the report of the Spanish Markets and Competition Commission (CNMC) dated 24 March 2022 as requested, (iii) to partially uphold the motion filed by Endesa declaring Energía XXI Comercializadora de Referencia, S.L.U.'s entitlement to be paid an amount of Euro 152 million, plus legal interest calculated from the date of payment until the date of reimbursement, in connection with reference provided for in section four of the operative part of the ruling; (iv) to order the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) to quantify, within a maximum period of one month, the amount payable to the appellant as compensation for the share of Endesa's free supplier of the cost of financing the Social Bonus after deducting any applicable amount that had been passed on to customers, (v) to order the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) to quantify, as quickly as possible, the amount to be paid to the

appellant for amounts invested to implement the procedure to request, check and manage the Social Bonus application and, within a maximum period of two months, pay the appellant the appropriate amount plus legal interest in the terms specified in the verification and management procedure for the Social Subsidy and to pay the appellant the appropriate amount for this item within a maximum period of 2 months, plus legal interest in the terms indicated in the operative part of the ruling. On 28 July 2023, the Secretary of State for Energy served notice of a Resolution acknowledging Endesa's right to (i) compensation totalling Euro 172 million (including the corresponding legal interest) for the financing costs associated with customers in the regulated segment of the market; and (ii) compensation of Euro 7 million (including the corresponding legal interest) for the costs of implementing and processing the Social Bonus. However, the same Resolution of the Secretary of State for Energy does not recognise any compensation whatsoever as regards the cost of financing associated with customers in the unregulated segment of the supply market. On 18 September 2023, Endesa submitted a written pleading to the Supreme Court, accompanied by the corresponding expert reports, to reliably show that Endesa has not passed on the cost of financing the associated Social Bonus to customers in the unregulated segment of the market and that, consequently, it is entitled to full compensation.

- In June 2017, the Competition Authority of the Spanish Markets and Competition Commission agreed to initiate infringement proceedings against Energía XXI Comercializadora de Referencia, S.L.U. for a possible breach of Article 3 of the Competition Act 15/2007, of 3 July, involving the use of billing of customers adhering to the Small Consumer Voluntary Price (SCVP) system or Last Resort Tariff (LRT) to advertise the services offered by Endesa's free market retail supplier.

Following the investigation of the disciplinary proceedings, the sending of the proposed Resolution and the submission of the corresponding allegations by Energía XXI Comercializadora de Referencia, S.L.U., on 20 June 2019, the Spanish Markets and Competition Commission (CNMC) issued a Resolution imposing a fine of approximately Euro 5 million on Energía XXI Comercializadora de Referencia, S.L.U. for an alleged act of unfair competition contrary to Article 3 of Law 15/2007, of 3 July, on the Defence of Competition (LDC) and article 4 of Law 3/1991, of 10 January, on Unfair Competition (LCD).

According to the Spanish Markets and Competition Commission (CNMC), Energía XXI Comercializadora de Referencia, S.L.U. made use of a privileged channel

(invoices issued to customers under the Small Consumer Voluntary Price (SCVP) or the Last Resort Tariff (LRT) systems), which was not accessible to competitors, to advertise deregulated market services to a supposedly vulnerable group i.e. regulated market consumers.

On 31 July 2019, Energía XXI Comercializadora de Referencia, S.L.U. lodged a contentious-administrative appeal with the Audiencia Nacional, requesting the temporary suspension of the execution of the ruling imposing the fine, among other issues, on the grounds that (i) the Spanish Markets and Competition Commission (CNMC) had based its findings on unproven presumptions; (ii) the conduct of Energía XXI Comercializadora de Referencia, S.L.U. does not meet the necessary requirements to be considered an act contrary to good faith and (iii) no proof has been provided that the alleged conduct had an impact on competition and the public interest that is liable to be sanctioned under Article 3 of Law 15/2007, of 3 July, on the Defence of Competition (LDC).

On 10 October 2023, the Audiencia Nacional (National Court) handed down a ruling rejecting this appeal against an administrative decision, against which Energía XXI Comercializadora de Referencia, S.L.U. lodged an appeal in cassation before the Supreme Court, which is currently pending admission.

- On 14 December 2020, the Competition Directorate of the Spanish Markets and Competition Commission (CNMC) notified Enel Green Power España, S.L.U. and its parent, Endesa Generación, S.A.U. of the filing of disciplinary proceedings for the alleged abuse of dominant position by Enel Green Power España, S.L.U. 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. 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. put forward arguments stating that it had no position of dominance in the access and connection transmission grid market, nor had the figure of Single Hub Partner 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. 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, on the defence of competition. Following the investigation into the sanctioning proceedings, delivery of the Proposed Ruling and submission of the corresponding allegations by Enel Green Power España, S.L.U. On 10 June 2022, the Spanish Markets and Competition Commission (CNMC) issued a decision, ordering Enel Green Power España, S.L.U. and, jointly and severally, its parent company Endesa Generación, S.A.U., to pay a total fine of Euro 5 million for having committed two very serious infringements of 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., in its capacity as Single Hub Partner (SHP), 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. 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 Spanish National Court agreed to suspend enforcement of the fine, subject to the posting of sufficient security by the appellants. A statement of claim was filed on 20 April 2023 and the State Lawyer has already submitted its reply.

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

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

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

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

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

This reduction in the initial amount claimed has also occurred in other minor sanctioning proceedings, as well as the shelving of proceedings due to expiry, following recent rulings by the High Court of Justice of the Canary Islands, although in some cases expired files have been reopened.

- In the course of an arbitration process to review the price of a long-term liquefied natural gas supply contract initiated by Endesa Generación, S.A.U., the respondent, a liquefied natural gas producer, filed a counterclaim requesting payment of approximately

US\$ 1,283 million as of 30 September 2023. The proceedings have since been terminated and an award was delivered on 15 November 2023, partially upholding the counterclaim. Both parties have asked the tribunal for further clarification regarding certain aspects of the award. The tribunal has yet to respond. In parallel, the LNG producer has already issued an invoice for a total of USD 587 (see Notes 10.1 y 16.1).

- In the course of the price review proceedings in respect of a long-term supply contract for liquefied natural gas, the counterparty —a liquefied natural gas producer company— initiated, in March 2023, arbitration proceedings against Endesa Generación, S.A.U., requesting a payment of approximately USD 585 million at 31 December 2023. This amount could be reviewed, depending on prevailing market conditions over the coming months and until such time as the arbitration proceedings conclude, which is expected to take place in the second half of 2024 at the latest. The Company believes that this claim is not fully substantiated.
- Royal Decree Law 17/2021, of 14 September, on urgent measures to mitigate the impact of the escalation of natural gas prices in the retail gas and electricity markets, established a mechanism to reduce the excess remuneration of infra-marginal and non-emitting electricity production facilities, in proportion to the greater income obtained by them as a result of the incorporation of the value of the price of natural gas by marginal emitting technologies into electricity prices in the wholesale market.

In application of this provision, the System Operator was assigned the monthly settlement of the amount calculated in accordance with the methodology established by said Royal Decree Law, the payment of which will correspond to the generating companies owning the affected facilities, or to the marketing companies in the event that the energy produced by them is bilateralized within the same Group of companies.

Previously, on a monthly basis, each company or group of companies could declare the energy exempt from reduction because it was covered by a forward contracting instrument that complied with the requirements established at any given time (which have varied according to the successive Royal Decree Laws that have modified the original regulation).

In application of the foregoing, Endesa has proceeded throughout the year 2023 to declare the exempt energy that meets the legally established requirements, to pay the amount of the settlements made by the System Operator and, without prejudice to payment, to challenge those that it considers do not comply with current legislation.

The verification and verification of this mechanism corresponds to the National Markets and Competition Commission (CNMC). In application of this, on July 18,

2022, it initiated a verification and verification procedure of the Endesa Group's settlements corresponding to the period between September 16, 2021 and March 31, 2022. Despite the time elapsed, there is still no final resolution of the same, although throughout its processing certain discrepancies have surfaced that could affect the final amount to be settled. Given the complexity of the regulation, its successive and repeated modifications, and the absence of background or general and public contrasted criteria that would provide greater legal certainty on the application of the Royal Decree Law, it is not possible at this time to glimpse a final result, although the possibility of impacts on the amount of the final amounts to be settled, which have amounted to a total value of Euro 128 million in 2023, cannot be ruled out.

- Litigation is ongoing in relation to the proceedings initiated by the Tax Inspectorate in 2017 against Enel Green Power España, S.L.U. in relation to corporate income tax for the years 2010 to 2013. The main issue in dispute concerns whether or not the tax neutrality regime applies to the merger of Enel Green Power España, S.L.U. by absorption of Enel Unión Fenosa Renovables, S.A. (EUFER) in 2011. On 10 December 2019, the Central Tax Appeals Board issued a decision rejecting the claim for corporate income tax from 2011 (with regard to the position held by Enel Green Power España, S.L.U. as the surviving entity of Enel Unión Fenosa Renovables, S.A. (EUFER)), the decision was reached to lodge an appeal before the Spanish National Court. Likewise, on 16 June 2020, a partial ruling was received for corporate income tax for the years 2010 to 2013, where the effects of the application of the tax neutrality regime in that period are disputed, which, likewise, it has been decided to continue appealing before the Spanish High Court. The contingency associated with the process is not determinable a priori, insofar as the impacts associated with the asset revaluations that would take place as a result of the acceptance of the Administration's criteria must be evaluated. A guarantee is available to ensure cancellation of the debt.
- In relation to the inspection process for 2011–2014, definitive income tax and VAT settlement agreements from the Income Tax and VAT tax consolidation Groups to which Endesa, S.A. belongs and for personal income tax withholdings of each of the inspected companies were received on 9 July 2018 and have been under appeal before the National Court since 3 June 2022. The items under dispute stem mainly from the difference in criteria regarding the deductibility of plant decommissioning expenses, certain financial expenses and certain losses arising from the transfer of holdings in the period inspected and the deductibility of VAT under the pro rata rule. The contingency associated with the process is Euro 42 million. A guarantee was available to secure suspension of both debts. However, once

the request for precautionary suspension of the VAT settlement agreement was rejected on 5 June 2023, the amount was paid. The guarantee securing suspension of the debt for the income tax settlement agreement still remains in place.

- In relation with the inspection process for 2015–2018, definitive income tax and VAT settlement agreements were received in relation to the income tax and VAT tax consolidation groups to which Endesa, S.A. belongs and for personal income tax withholdings ("IRPF") at each of the companies inspected. The agreements were appealed against before the Central Tax Appeals Board. The items under dispute originate mainly from the differing criteria regarding the deductibility of certain financial expenses during the inspected period and in the rejection of part of the documented deduction for research, development and technology innovation. The contingency associated with the process is Euro 57 million. A guarantee is available to ensure cancellation of the debt.
- In relation to the Tax on Spent Nuclear Fuel regulated by Law 15/2012, of 27 December, on tax measures for energy Sustainability, there are various ongoing proceedings in which Endesa Generación S.A.U. has requested that tax base be modified, as it considers that, for the purposes of calculating the retroactivity coefficient provided for in Transitional Provision Three of the law, the criterion established in the Resolution of the Central Tax Appeals Board (TEAC) of 22 February 2022 should apply. By virtue of these claims, Endesa Generación has requested a refund of Euro 142 million.
- With respect to the new 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 Note 6), Endesa filed an appeal before the Spanish High Court in February 2023 against its implementing regulation on the grounds that the tax is contrary to both European and Spanish law. It has also self-challenged the self-assessments filed in 2023 and applied for a refund of Euro 208 million, together with interest on late payments (see Note 10.3).
- The different interpretation of Endesa and the union representation of workers on the effects of the termination of the implementation of the IV Endesa Framework Collective Agreement, which expired from 1 January 2019, particularly as regards the social benefits of retired staff, led to the presentation by trade unions with representation at Endesa companies of a collective dispute lawsuit before the National High Court at the beginning of 2019. On 26 March 2019, a judgment was issued in which the National High Court, considering Endesa to be in the right, declaring valid the interpretation of the Company that recognises the legality of the completion of the application of certain

social benefits to the retired employees as a result of the termination of the IV Endesa Framework Collective Agreement.

Trade union representatives at Endesa's companies filed a Cassation Appeal against it before the Supreme Court in April 2019. In December 2019, the majority union at Endesa, the General Workers' Union (UGT) agreed to withdraw this Appeal as a result of voluntarily having submitted itself to fair arbitration to resolve certain aspects relating to the "*V Endesa Framework Collective Agreement*". Therefore, the appeal before the Supreme Court continued to be processed at the request of the 3 requesting minority trade unions: Comisiones Obreras (CCOO), Sindicato Independiente de la Energía (SIE) and Confederación Intersindical Galega (IGC).

On 7 July 2021, the Supreme Court handed down Ruling (no. 761/2021), dismissing in full the appeals filed by the aforementioned trade unions, confirming the Spanish High Court Industrial Tribunal Ruling, of 26 March 2019, in its collective conflict procedure, no. 32/2019.

The Ruling mainly argues that the social benefits (among them, those relating to the electricity rate) exclusively arise from the collective agreements, both for serving and retired employees and their family members, so their extinguishment, as occurred in the case of the "*IV Endesa Framework Collective Agreement*", generally determines the contractualisation of the conditions established therein for serving employees and, in the case of non-active employees and their family members, led to the definitive extinguishment of all their rights, until they are regulated under the "*V Endesa Framework Collective Agreement*".

In addition to the aforementioned collective dispute claim, more than a thousand individual claims have been filed at the date of authorisation for issue of these consolidated financial statements by retired employees or employees that have availed themselves of the voluntary departure plan, since they considered that the termination of the "*IV Endesa Framework Collective Agreement*" did not affect them in the terms reported by the Company. Following the Supreme Court Ruling of 7 July 2021, the suspension on many of these claims was lifted, with most of the courts involved applying the "res judicata effect" on the individual processes involving the same subject matter, meaning that the individual claims to have been filed have been largely thrown out.

- Also, on 16 December 2020, trade unions Comisiones Obreras (CCOO), Sindicato Independiente de la Energía (SIE) and Confederación Intersindical Galega (CIG) brought a collective dispute claim on 16 December 2020, requesting the annulment of certain repealing provisions of the "*V Endesa Framework Collective Agreement*". In the claimants' view, the disputed repealing provisions entail the unlawful elimination of employee benefits and economic rights. Endesa maintains a contrary position,

defending its absolute legality in line with that argued in the challenge of the modification of social benefits to retired staff (favourable ruling of the National Court of 26 March 2019 and the Supreme Court of 7 July 2021). On 15 November 2021, the Spanish High Court handed down a ruling dismissing the claims of the appellant trade unions and upholding the legality of the “*V Endesa Framework Collective Agreement*”. This Ruling was appealed against before the Supreme Court by the (Workers’ Commissions (CCOO), Independent Energy Union (SIE) and Galega Intersindical Confederation (IGC) and is pending resolution at the authorisation date of these Consolidated Financial Statements.

- In January 2020, Endesa commenced a “*Substantial Modification of Employment Conditions*” (SMEC) process to establish the new organisation of the social benefits for personnel not included in the “*V Endesa Framework Collective Agreement*”. Following the appropriate procedure, on 24 March 2021, the consultation period ended with the agreement between Endesa and the majority trade union the General Workers’ Union (UGT) and the opposition of the Workers’ Commissions Unions (CCOO) and the Independent Energy Union (SIE), which did not consider that any of the causes envisaged in article 41 of the Workers’ Statute materialised to carry out the substantial modification intended by the Company. On 24 April 2020, a collective conflict claim was filed before the Spanish High Court by the Workers’ Commissions Unions (CCOO) and the Independent

Energy Union (SIE), a procedure which was suspended until the Supreme Court Ruling of 7 July 2021, relating to the “*IV Endesa Framework Collective Agreement*”, as described previously. The Spanish High Court handed down a Judgment on 11 November 2021 in which the claim was partially upheld filed by the trade unions declaring the nullity of the Substantial Modification of Employment Conditions agreements reached by Endesa and the General Workers’ Union (UGT), also observing the “*res judicata effect*” in relation to the pension rights of employees outside the agreement, since it involves a dispute already resolved by the Supreme Court Ruling of 7 July 2021. Both Endesa and the trade unions Comisiones Obreras (CCOO) and Sindicato Independiente de la Energía (SIE) filed a cassation appeal before the Supreme Court against the aspects of the ruling contrary to their interests and are currently awaiting a decision on the matter.

The Parent’s Directors consider that the provisions recognised in the consolidated statement of financial position adequately cover the risks relating to litigation, arbitration and other matters referred to in this Note, and do not expect these issues to give rise to any liability not already provided for.

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

Payments made to settle litigation in 2023 and 2022 came to Euro 18 million and Euro 44 million, respectively.



52. ACCOUNTING STANDARDS APPLICABLE IN THE FUTURE

a) Standards and interpretations endorsed by the European Union to be applied for the first time in periods beginning in 2024

Standards, amendments and interpretations	Mandatory application: Years beginning on or after
Amendment to IAS 1 – Presentation of Financial Statements ⁽¹⁾	1 January 2024
Amendments to IFRS 16 – Leases – Lease Liabilities in a Sale and Leaseback Transaction	1 January 2024

⁽¹⁾ Includes Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants.

In relation to the first application of the amendment to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Financial Restrictions, Endesa has analysed the potential impacts that these amendments could have on the Consolidated Financial Statements, and at the date

of preparation of these Consolidated Financial Statements no significant impact has been identified. With respect to the rest of the amendments, Endesa's management is evaluating the impact of their application, and this analysis had not been completed at the date of preparation of these Consolidated Financial Statements.

b) Standards and interpretations issued by the International Accounting Standards Board (IASB) not endorsed by the European Union (EU)

The International Accounting Standards Board (IASB) has approved the following International Standards which could affect Endesa and at the date of preparation of the

consolidated financial statements had yet to be endorsed by the European Union:

Normas. Modificaciones a Normas e Interpretaciones	Aplicación Obligatoria: ⁽¹⁾ Ejercicios Iniciados a Partir de
Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – "Financial Instruments: Disclosures" – Suppliers Finance Arrangements.	1 January 2024
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates	1 January 2025

⁽¹⁾ If adopted without changes by the European Union.

At the date of authorisation for issue of the consolidated financial statements, Endesa's management is assessing the impact of these standards and amendments, if endorsed by the European Union, on Endesa's consolidated financial statements.

53. EVENTS AFTER THE REPORTING PERIOD

Following several meetings of the Negotiating Committee of the VI Endesa Collective Bargaining Agreement, on 31 December 2023, the ordinary term of the V Endesa Framework Collective Bargaining Agreement expired and, as of 1 January 2024, the one-year extended period of validity came into force.

On 20 February 2024, the Constitutional Court Ruling 11/2024, of January 18, was published in the Official State Gazette (BOE), declaring the unconstitutionality of certain amendments introduced by Royal Decree Law 3/2016, of December 2, to Law 27/2014, of November 27, on Corporate Income Tax. Prior to that date, the Tax Consolidation Group with number 572/10, of which Enel, S.p.A. is the Parent Company and Enel Iberia, S.L.U. the representative entity in Spain, and to which Endesa, S.A. and its wholly owned subsidiaries belong, has challenged the assessments or requested the rectification of the self-assessments that would be favourable as a result of the declaration of unconstitutionality. Insofar as the

articles of the Corporate Income Tax Law have been repealed with the said Ruling in February 2024, the current and deferred tax assets and liabilities will be recognized in 2024 and it is estimated that the impact on Endesa's Consolidated Income Statement of the said declaration of unconstitutionality will amount to approximately Euro 11 million, positive, Euro 7 million of which would represent a decrease in the heading "Corporate Income Tax" and Euro 4 million would represent an increase in the heading "Financial Income" and would have its counterpart in an increase in the heading "Current Corporate Income Tax Assets" for an amount of Euro 20 million and a decrease in the heading "Deferred Tax Assets" for an amount of Euro 9 million in Endesa's Consolidated Statement of Financial Position.

Other than the events described above, no other significant events took place between 31 December 2023 and the date of authorisation for issue of the Consolidated Financial Statements that have not been reflected therein.

54. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These Consolidated Financial Statements are presented on the basis of IFRSs, as adopted by the European Union. Consequently, certain accounting practices applied by the Group that conform to IFRSs may not conform to

other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

APPENDIX I. ENDESA'S COMPANIES AND MATERIAL SHAREHOLDINGS

The companies comprising Endesa at 31 December 2023 are set out below.

The main activity of the companies comprising Endesa is classified as follows:

Legend

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

Company name	Registered office	Share capital	Activity
ENDESA, S.A.	MADRID (SPAIN)	EUR 1,270,502,540.40	
SOCIEDADES			
AGUILÓN 20, S.A.	ZARAGOZA (SPAIN)	EUR 2,682,000.00	
ARAGONESA DE ACTIVIDADES ENERGÉTICAS, S.A. (SOCIEDAD UNIPERSONAL)	TERUEL (SPAIN)	EUR 60,100.00	
ARANORT DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,010.00	
ARENA GREEN POWER 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 2, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 3, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 4, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA GREEN POWER 5, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 11, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 12, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 13, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 20, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 33, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 34, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ARENA POWER SOLAR 35, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ASOCIACIÓN NUCLEAR ASCÓ-VANDELLÓS II, A.I.E.	TARRAGONA (SPAIN)	EUR 19,232,400.00	
ATECA RENOVABLES, S.L.	MADRID (SPAIN)	EUR 3,000.00	
BAIKAL ENTERPRISE, S.L. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 3,006.00	
BALEARES ENERGY, S.L. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 4,509.00	
BAYLIO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
BOSA DEL EBRO, S.L.	ZARAGOZA (SPAIN)	EUR 3,010.00	
BRAZATORTAS 220 RENOVABLES, S.L.	MADRID (SPAIN)	EUR 3,000.00	
CAMPOS PROMOTORES RENOVABLES, S.L.	ALICANTE (SPAIN)	EUR 3,000.00	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
HOLDING			100.00		100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
PC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	85.41	85.41	85.41	85.41	KPMG AUDITORES
EM (IV)	SEGUIDORES SOLARES PLANTA 2. S.L. (SOCIEDAD UNIPERSONAL)	15.35		15.35		
	DEHESA DE LOS GUADALUPES SOLAR. S.L. (SOCIEDAD UNIPERSONAL)	14.93	50.00	14.93	50.00	UNAUDITED
	BAYLIO SOLAR. S.L. (SOCIEDAD UNIPERSONAL)	19.72		19.72		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
EM (A)	FURATENA SOLAR 1. S.L. (SOCIEDAD UNIPERSONAL)	16.98		16.98		
	BAYLIO SOLAR. S.L. (SOCIEDAD UNIPERSONAL)	16.98	33.96	16.98	33.96	UNAUDITED
EM (JV)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	25.30	25.30	25.30	25.30	UNAUDITED

Company name	Registered office	Share capital	Activity
CENTRAL HIDRÁULICA GÜEJAR-SIERRA, S.L.	SEVILLA (SPAIN)	EUR 364,213.34	
CENTRAL TÉRMICA DE ANLLARES, A.I.E.	MADRID (SPAIN)	EUR 595,001.98	
CENTRALES NUCLEARES ALMARAZ-TRILLO, A.I.E.	MADRID (SPAIN)	EUR 0.00	
COGENERACIÓN EL SALTO, S.L. (EN LIQUIDACIÓN)	ZARAGOZA (SPAIN)	EUR 36,060.73	
COGENIO IBERIA, S.L.	MADRID (SPAIN)	EUR 2,874,621.80	
COMERCIALIZADORA ELÉCTRICA DE CÁDIZ, S.A.	CÁDIZ (SPAIN)	EUR 600,000.00	
COMPAÑÍA EÓLICA TIERRAS ALTAS, S.A.	SORIA (SPAIN)	EUR 13,222,000.00	
CORPORACIÓN EÓLICA DE ZARAGOZA, S.L.	ZARAGOZA (SPAIN)	EUR 271,652.00	
DEHESA DE LOS GUADALUPES SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
DEHESA PV FARM 03, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
DEHESA PV FARM 04, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
DISTRIBUIDORA DE ENERGÍA ELÉCTRICA DEL BAGES, S.A.	BARCELONA (SPAIN)	EUR 108,240.00	
DISTRIBUIDORA ELÉCTRICA DEL PUERTO DE LA CRUZ, S.A. (SOCIEDAD UNIPERSONAL)	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 12,621,210.00	
EDISTRIBUCIÓN REDES DIGITALES, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 1,204,540,060.00	
EGPE SOLAR 2, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ELCOGAS, S.A. (EN LIQUIDACIÓN)	CIUDAD REAL (SPAIN)	EUR 809,690.40	
ELECGAS, S.A.	SANTARÉM (PORTUGAL)	EUR 50,000.00	
ELÉCTRICA DE JAFRE, S.A.	BARCELONA (SPAIN)	EUR 165,876.00	
ELÉCTRICA DE LÍJAR, S.L.	CÁDIZ (SPAIN)	EUR 1,081,821.79	
ELÉCTRICA DEL EBRO, S.A. (SOCIEDAD UNIPERSONAL)	BARCELONA (SPAIN)	EUR 500,000.00	
ELECTRICIDAD DE PUERTO REAL, S.A.	CÁDIZ (SPAIN)	EUR 4,960,246.40	
EMINTEGRAL CYCLE, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
EMPRESA CARBONÍFERA DEL SUR. ENCASUR, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 18,030,000.00	
EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA DISTRIBUCIÓN, S.A. (SOCIEDAD UNIPERSONAL)	CEUTA (SPAIN)	EUR 9,335,000.00	
EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA ENERGÍA, S.L. (SOCIEDAD UNIPERSONAL)	CEUTA (SPAIN)	EUR 10,000.00	
EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA, S.A.	CEUTA (SPAIN)	EUR 16,562,250.00	
ENDESA CAPITAL, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 60,200.00	
ENDESA ENERGÍA RENOVABLE, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 100,000.00	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	GATT AUDITORES
EM (A)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	UNAUDITED
EM (A)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	24.18	24.18	24.18	24.18	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	20.00	20.00	20.00	20.00	UNAUDITED
EM (A)	ENDESA X SERVICIOS, S.L. (SOCIEDAD UNIPERSONAL)	20.00	20.00	20.00	20.00	DELOITTE
EM (JV)	ENDESA, S.A.	33.50	33.50	33.50	33.50	DELOITTE
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	37.50	37.50	37.50	37.50	ERNST & YOUNG
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	25.00	25.00	25.00	25.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	45.00	100.00	45.00	100.00	KPMG AUDITORES
	ENDESA, S.A.	55.00		55.00		
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	—	—	UNAUDITED
EM (A)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	40.99	40.99	40.99	40.99	UNAUDITED
EM (JV)	ENDESA GENERACIÓN PORTUGAL, S.A.	50.00	50.00	50.00	50.00	KPMG AUDITORES
FC	HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	47.46	100.00	47.46	100.00	KPMG AUDITORES
	ENDESA, S.A.	52.54		52.54		
EM (JV)	ENDESA, S.A.	50.00	50.00	50.00	50.00	AVANTER AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (JV)	ENDESA, S.A.	50.00	50.00	50.00	50.00	DELOITTE
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	EMPRESA DE ALUMBRADO ELÉCTRICO DE CEUTA, S.A.	100.00	96.42	100.00	96.42	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	96.42	96.42	96.42	96.42	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 14,445,575.90	
ENDESA FINANCIACIÓN FILIALES, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 4,621,003,006.00	
ENDESA GENERACIÓN II, S.A. (SOCIEDAD UNIPERSONAL)	SEVILLA (SPAIN)	EUR 63,107.00	
ENDESA GENERACIÓN NUCLEAR, S.A. (SOCIEDAD UNIPERSONAL)	SEVILLA (SPAIN)	EUR 60,000.00	
ENDESA GENERACIÓN PORTUGAL, S.A.	LISBOA (PORTUGAL)	EUR 50,000.00	
ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	SEVILLA (SPAIN)	EUR 1,940,379,737.02	
ENDESA INGENIERÍA, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLA (SPAIN)	EUR 965,305.00	
ENDESA MEDIOS Y SISTEMAS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 89,999,790.00	
ENDESA MOBILITY, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 10,000,000.00	
ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 10,138,577.00	
ENDESA X SERVICIOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 32,396.00	
ENDESA X WAY, S.L.	MADRID (SPAIN)	EUR 600,000.00	
ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 11,152.74	
ENEL GREEN POWER ESPAÑA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENERGÍA BASE NATURAL, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENERGÍA CEUTA XXI COMERCIALIZADORA DE REFERENCIA, S.A. (SOCIEDAD UNIPERSONAL)	CEUTA (SPAIN)	EUR 65,000.00	
ENERGÍA EÓLICA ÁBREGO, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,576.00	
ENERGÍA EÓLICA GALERNA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,413.00	
ENERGÍA EÓLICA GREGAL, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,250.00	
ENERGÍA NETA SA CASETA LLUCMAJOR, S.L. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 9,000.00	
ENERGÍA XXI COMERCIALIZADORA DE REFERENCIA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 2,000,000.00	
ENERGÍA Y NATURALEZA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENERGÍAS ALTERNATIVAS DEL SUR, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 546,919.10	
ENERGÍAS DE ARAGÓN I, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,200,000.00	
ENERGÍAS DE GRAUS, S.L.	ZARAGOZA (SPAIN)	EUR 1,298,160.00	
ENERGÍAS ESPECIALES DE CAREÓN, S.A.	LA CORUÑA (SPAIN)	EUR 270,450.00	
ENERGÍAS ESPECIALES DEL ALTO ULLA, S.A. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 19,594,860.00	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	99.20		99.20		
	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	0.20	100.00	0.20	100.00	KPMG AUDITORES
	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	0.60		0.60		
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	—	—	UNAUDITED
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	ENDESA MOBILITY, S.L. (SOCIEDAD UNIPERSONAL)	49.00	49.00	49.00	49.00	KPMG AUDITORES
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	—	—	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	96.42	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA ENERGÍA, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	54.95	54.95	54.95	54.95	KPMG AUDITORES
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	66.67	66.67	66.67	66.67	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	97.00	97.00	97.00	97.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
ENERGÍAS ESPECIALES DEL BIERZO, S.A.	LEÓN (SPAIN)	EUR 1,635,000.00	
ENERGÍAS LIMPIAS DE CARMONA, S.L.	SEVILLA (SPAIN)	EUR 7,000.00	
ENERGIE ELECTRIQUE DE TAHADDART, S.A.	TÁNGER (MARRUECOS)	MAD 306,160,000.00	
ENIGMA GREEN POWER 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN I, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN II, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN III, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
ENVATIOS PROMOCIÓN XX, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
EÓLICA VALLE DEL EBRO, S.A.	ZARAGOZA (SPAIN)	EUR 3,561,342.50	
EÓLICAS DE AGAETE, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 240,400.00	
EÓLICAS DE FUENCALIENTE, S.A.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 216,360.00	
EÓLICAS DE FUERTEVENTURA, A.I.E.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 4,558,426.83	
EÓLICAS DE LA PATAGONIA, S.A.	CAPITAL FEDERAL (ARGENTINA)	ARS 480,930.00	
EÓLICAS DE LANZAROTE, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 1,758,225.50	
EÓLICAS DE TENERIFE, A.I.E.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 420,708.40	
EÓLICOS DE TIRAJANA, S.L.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 3,000.00	
EPRESA ENERGÍA, S.A.	CÁDIZ (SPAIN)	EUR 2,500,000.00	
EVACUACIÓN CARMONA 400-220 KV RENOVABLES, S.L.	SEVILLA (SPAIN)	EUR 10,003.00	
EXPLOTACIONES EÓLICAS DE ESCUCHA, S.A.	ZARAGOZA (SPAIN)	EUR 3,505,000.00	
EXPLOTACIONES EÓLICAS EL PUERTO, S.A.	ZARAGOZA (SPAIN)	EUR 3,230,000.00	
EXPLOTACIONES EÓLICAS SANTO DOMINGO DE LUNA, S.A.	ZARAGOZA (SPAIN)	EUR 100,000.00	
EXPLOTACIONES EÓLICAS SASO PLANO, S.A.	ZARAGOZA (SPAIN)	EUR 5,488,500.00	
EXPLOTACIONES EÓLICAS SIERRA COSTERA, S.A.	ZARAGOZA (SPAIN)	EUR 8,046,800.00	
EXPLOTACIONES EÓLICAS SIERRA LA VIRGEN, S.A.	ZARAGOZA (SPAIN)	EUR 4,200,000.00	
FOTOVOLTAICA YUNCLILLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	KPMG AUDITORES
EM (A)	ENVATIOS PROMOCIÓN I. S.L. (SOCIEDAD UNIPERSONAL)	6.25		6.25		UNAUDITED
	ENVATIOS PROMOCIÓN II. S.L. (SOCIEDAD UNIPERSONAL)	6.25	18.75	6.25	18.75	
	ENVATIOS PROMOCIÓN III. S.L. (SOCIEDAD UNIPERSONAL)	6.25		6.25		
EM (JV)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	32.00	32.00	32.00	32.00	DELOITTE
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.50	50.50	50.50	50.50	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	80.00	80.00	80.00	80.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	55.00	55.00	55.00	55.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	40.00	40.00	40.00	40.00	ERNST & YOUNG
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	40.00	40.00	40.00	40.00	LUJAN AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	BDO AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	60.00	60.00	60.00	60.00	KPMG AUDITORES
EM (JV)	ENDESA, S.A.	50.00	50.00	50.00	50.00	DELOITTE
EM (A)	ENVATIOS PROMOCIÓN I. S.L. (SOCIEDAD UNIPERSONAL)	3.13		3.13		UNAUDITED
	ENVATIOS PROMOCIÓN II. S.L. (SOCIEDAD UNIPERSONAL)	3.13	9.39	3.13	9.39	
	ENVATIOS PROMOCIÓN III. S.L. (SOCIEDAD UNIPERSONAL)	3.13		3.13		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	70.00	70.00	70.00	70.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	73.60	73.60	73.60	73.60	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	65.00	65.00	65.00	65.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
FRONT MARÍTIM DEL BESÒS, S.L.	BARCELONA (SPAIN)	EUR 6,000.00	
FRV CORCHITOS I, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 75,800.00	
FRV CORCHITOS II SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 22,000.00	
FRV GIBALBIN -JEREZ, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 23,000.00	
FRV TARIFA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FRV VILLALOBILLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FRV ZAMORA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FRV ZAMORA SOLAR 3, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
FUNDAMENTAL RECOGNIZED SYSTEMS, S.L. (SOCIEDAD UNIPERSONAL)	TERUEL (SPAIN)	EUR 3,000.00	
FURATENA SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
GAS Y ELECTRICIDAD GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	PALMA DE MALLORCA (SPAIN)	EUR 213,775,700.00	
GORONA DEL VIENTO EL HIERRO, S.A.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 30,936,736.00	
GRINEO GESTIÓN CIRCULAR, S.L.	LEÓN (SPAIN)	EUR 3,000.00	
GUADARRANQUE SOLAR 4, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLA (SPAIN)	EUR 3,006.00	
HIDROELÉCTRICA DE CATALUNYA, S.L. (SOCIEDAD UNIPERSONAL)	BARCELONA (SPAIN)	EUR 126,210.00	
HIDROELÉCTRICA DE OUROL, S.L.	LA CORUÑA (SPAIN)	EUR 1,608,200.00	
HIDROFLAMICELL, S.L.	BARCELONA (SPAIN)	EUR 78,120.00	
HISPANO GENERACIÓN DE ENERGÍA SOLAR, S.L.	BADAJOS (SPAIN)	EUR 3,500.00	
INFRAESTRUCTURA DE EVACUACIÓN PEÑAFLORES 220 KV, S.L.	MADRID (SPAIN)	EUR 3,500.00	
INFRAESTRUCTURAS PUERTO SANTA MARÍA 220, S.L.	MADRID (SPAIN)	EUR 3,000.00	
INFRAESTRUCTURAS SAN SERVÁN SET 400, S.L.	MADRID (SPAIN)	EUR 90,000.00	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
EM (JV)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	61.37	61.37	61.37	61.37	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A, (SOCIEDAD UNIPERSONAL)	23.21	23.21	23.21	23.21	ERNST & YOUNG
EM (JV)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	35.00	35.00	—	—	UNAUDITED
FC	ENDESA GENERACIÓN II, S.A, (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENDESA, S.A.	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
FC	HIDROELÉCTRICA DE CATALUNYA, S.L, (SOCIEDAD UNIPERSONAL)	75.00	75.00	75.00	75.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	UNAUDITED
EM (JV)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	41.14	41.14	41.14	41.14	UNAUDITED
FC	PUERTO SANTA MARÍA ENERGÍA I, S.L, (SOCIEDAD UNIPERSONAL)	50.00	100.00	50.00	100.00	UNAUDITED
	PUERTO SANTA MARÍA ENERGÍA II, S.L, (SOCIEDAD UNIPERSONAL)	50.00		50.00		
	BAYLIO SOLAR, S.L, (SOCIEDAD UNIPERSONAL)	6.41		6.41		
EM (A)	FURATENA SOLAR 1, S.L, (SOCIEDAD UNIPERSONAL)	6.41	19.23	6.41	19.23	UNAUDITED
	ARANORT DESARROLLOS, S.L, (SOCIEDAD UNIPERSONAL)	6.41		6.41		

Company name	Registered office	Share capital	Activity
INFRAESTRUCTURAS SAN SERVÁN 220, S.L.	MADRID (SPAIN)	EUR 12,000.00	
INSTALACIONES SAN SERVÁN II 400, S.L.	MADRID (SPAIN)	EUR 11,026.00	
KROMSCHROEDER, S.A.	BARCELONA (SPAIN)	EUR 627,126.00	
LUCAS SOSTENIBLE, S.L.	MADRID (SPAIN)	EUR 1,099,775.00	
MARÍA RENOVABLES, S.L.	ZARAGOZA (SPAIN)	EUR 3,000.00	
MINGLANILLA RENOVABLES 400KV, A.I.E.	VALENCIA (SPAIN)	—	
MINICENTRALES DEL CANAL IMPERIAL-GALLUR, S.L.	ZARAGOZA (SPAIN)	EUR 1,820,000.00	
MONTE REINA RENOVABLES, S.L.	MADRID (SPAIN)	EUR 4,000.00	
NOVOLITIO RECUPERACIÓN DE BATERÍAS, S.L.	LEÓN (SPAIN)	EUR 180,000.00	
NUCLENOR, S.A.	BURGOS (SPAIN)	EUR 5,406,000.00	
OLIVUM PV FARM 01, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
OXAGESA, A.I.E. (EN LIQUIDACIÓN)	TERUEL (SPAIN)	EUR 6,010.12	
PAMPINUS PV FARM 01, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
PARAVENTO, S.L.	LUGO (SPAIN)	EUR 3,006.00	
PARC EOLIC LA TOSSA-LA MOLA D'EN PASCUAL, S.L.	MADRID (SPAIN)	EUR 1,183,100.00	
PARC EOLIC LOS ALIGARS, S.L.	MADRID (SPAIN)	EUR 1,313,100.00	
PARQUE EÓLICO A CAPELADA, S.L. (SOCIEDAD UNIPERSONAL)	LA CORUÑA (SPAIN)	EUR 5,857,704.37	
PARQUE EÓLICO BELMONTE, S.A.	MADRID (SPAIN)	EUR 120,400.00	
PARQUE EÓLICO CARRETERA DE ARINAGA, S.A.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 1,007,000.00	
PARQUE EÓLICO DE BARBANZA, S.A.	LA CORUÑA (SPAIN)	EUR 3,606,072.63	
PARQUE EÓLICO DE SAN ANDRÉS, S.A.	LA CORUÑA (SPAIN)	EUR 552,920.00	
PARQUE EÓLICO DE SANTA LUCÍA, S.A.	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 901,500.00	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.80	30.80	30.80	30.80	UNAUDITED
	BAYLIO SOLAR. S.L. (SOCIEDAD UNIPERSONAL)	7.94		7.94		
EM (A)	FURATENA SOLAR 1. S.L. (SOCIEDAD UNIPERSONAL)	7.94	23.81	7.94	23.81	UNAUDITED
	ARANORT DESARROLLOS. S.L. (SOCIEDAD UNIPERSONAL)	7.94		7.94		
EM (A)	ENDESA MEDIOS Y SISTEMAS. S.L. (SOCIEDAD UNIPERSONAL)	29.26	29.26	29.26	29.26	ILV AUDIT AND ADVI- SORY
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	35.29	35.29	35.29	35.29	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	45.36	45.36	—	—	UNAUDITED
	ENERGÍA EÓLICA GALERNA. S.L. (SOCIEDAD UNIPERSONAL)	9.31		9.31		
	ENERGÍA EÓLICA GREGAL. S.L. (SOCIEDAD UNIPERSONAL)	9.31		9.31		
PC	ENERGÍA EÓLICA ÁBREGO. S.L. (SOCIEDAD UNIPERSONAL)	7.98	36.16	7.98	36.16	UNAUDITED
	ENERGÍA BASE NATURAL. S.L. (SOCIEDAD UNIPERSONAL)	4.78		4.78		
	ENERGÍA Y NATURALEZA. S.L. (SOCIEDAD UNIPERSONAL)	4.78		4.78		
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	36.50	36.50	36.50	36.50	UNAUDITED
EM (A)	FRV ZAMORA SOLAR 1. S.L. (SOCIEDAD UNIPERSONAL)	20.58	20.58	20.58	20.58	UNAUDITED
EM (JV)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	45.00	45.00	45.00	45.00	UNAUDITED
EM (JV)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	ERNST & YOUNG
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.17	50.17	50.17	50.17	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	80.00	80.00	80.00	80.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	75.00	75.00	75.00	75.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	82.00	82.00	82.00	82.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	66.33	66.33	66.33	66.33	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
PARQUE EÓLICO FINCA DE MOGÁN, S.A.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 3,810,340.00	
PARQUE EÓLICO MONTES DE LAS NAVAS, S.A.	MADRID (SPAIN)	EUR 6,540,000.00	
PARQUE EÓLICO MUNIESA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,006.00	
PARQUE EÓLICO PUNTA DE TENO, S.A.	SANTA CRUZ DE TENERIFE (SPAIN)	EUR 528,880.00	
PARQUE EÓLICO SIERRA DEL MADERO, S.A.	MADRID (SPAIN)	EUR 7,193,970.00	
PEGOP – ENERGÍA ELÉCTRICA, S.A.	SANTARÉM (PORTUGAL)	EUR 50,000.00	
PRODUCTIVE SOLAR SYSTEMS, S.L. (SOCIEDAD UNIPERSONAL)	TERUEL (SPAIN)	EUR 3,000.00	
PRODUCTORA DE ENERGÍAS, S.A.	BARCELONA (SPAIN)	EUR 60,101.21	
PROMOCIONES ENERGÉTICAS DEL BIERZO, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 12,020.00	
PROMOTORES MUDÉJAR 400KV, S.L.	ZARAGOZA (SPAIN)	EUR 3,000.00	
PROYECTOS UNIVERSITARIOS DE ENERGÍAS RENOVABLES, S.L.	ALICANTE (SPAIN)	EUR 27,000.00	
PUERTO SANTA MARÍA ENERGÍA I, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
PUERTO SANTA MARÍA ENERGÍA II, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
REBUILDING AGENTE REHABILITADOR, S.L.	MADRID (SPAIN)	EUR 250,000.00	
RENOVABLES ANDORRA, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
RENOVABLES BROVALES 400KV, S.L.	SEVILLA (SPAIN)	EUR 5,000.00	
RENOVABLES BROVALES SEGURA DE LEÓN 400 KV, S.L.	SEVILLA (SPAIN)	EUR 5,000.00	
RENOVABLES LA PEDRERA, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
RENOVABLES MANZANARES 400 KV, S.L.	MADRID (SPAIN)	EUR 5,000.00	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	90.00	90.00	90.00	90.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	75.50	75.50	75.50	75.50	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	52.00	52.00	52.00	52.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	58.00	58.00	58.00	58.00	KPMG AUDITORES
EM (JV)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	49.98	50.00	49.98	50.00	KPMG AUDITORES
	ENDESA GENERACIÓN PORTUGAL, S.A,	0.02		0.02		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	30.00	30.00	30.00	30.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	24.75	37.19	24.75	37.19	UNAUDITED
	RENOVABLES MEDIAVILLA, S.L, (SOCIEDAD UNIPERSONAL)	5.69		5.69		
	RENOVABLES LA PEDRERA, S.L, (SOCIEDAD UNIPERSONAL)	6.75		6.75		
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
EM (JV)	ENDESA X SERVICIOS, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
EM (A)	DEHESA DE LOS GUADALUPES SOLAR, S.L, (SOCIEDAD UNIPERSONAL)	6.24	64.15	6.24	64.15	UNAUDITED
	FURATENA SOLAR 1, S.L, (SOCIEDAD UNIPERSONAL)	6.24		6.24		
	BAYLIO SOLAR, S.L, (SOCIEDAD UNIPERSONAL)	6.24		6.24		
	SEGUIDORES SOLARES PLANTA 2, S.L, (SOCIEDAD UNIPERSONAL)	6.24		6.24		
	EMINTEGRAL CYCLE, S.L, (SOCIEDAD UNIPERSONAL)	16.99		16.99		
	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	22.20		22.20		
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	31.03	64.05	—	—	UNAUDITED
	EMINTEGRAL CYCLE, S.L, (SOCIEDAD UNIPERSONAL)	33.02		—		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	27.86	43.98	27.86	43.98	UNAUDITED
	STONEWOOD DESARROLLOS, S.L, (SOCIEDAD UNIPERSONAL)	16.12		16.12		

Company name	Registered office	Share capital	Activity
RENOVABLES MEDIAVILLA, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
RENOVABLES TERUEL, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
RIBINA RENOVABLES 400, S.L.	MADRID (SPAIN)	EUR 3,000.00	
SALTO DE SAN RAFAEL, S.L.	SEVILLA (SPAIN)	EUR 462,185.88	
SAN FRANCISCO DE BORJA, S.A.	ZARAGOZA (SPAIN)	EUR 60,000.00	
SANTO ROSTRO COGENERACIÓN, S.A. (EN LIQUIDACIÓN)	SEVILLA (SPAIN)	EUR 207,340.00	
SAVANNA POWER SOLAR 4, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 5, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLA (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 6, S.L. (SOCIEDAD UNIPERSONAL)	SEVILLA (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 9, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 10, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 12, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SAVANNA POWER SOLAR 13, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SECCIONADORA ALMODÓVAR RENOVABLES, S.L.	MÁLAGA (SPAIN)	EUR 5,000.00	
SEGUIDORES SOLARES PLANTA 2, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,010.00	
SET CARMONA 400 KV RENOVABLES, S.L.	SEVILLA (SPAIN)	EUR 10,000.00	
SHARK POWER, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 143,000.00	
SHARK POWER REN 4, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 5, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 6, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 7, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 8, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 9, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SHARK POWER REN 10, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,000.00	
SISTEMA ELÉCTRICO DE CONEXIÓN VALCAIRE, S.L.	MADRID (SPAIN)	EUR 175,200.00	
SISTEMAS ENERGÉTICOS MAÑÓN ORTIGUEIRA, S.A.	LA CORUÑA (SPAIN)	EUR 2,007,750.00	
SOCIEDAD EÓLICA DE ANDALUCÍA, S.A.	SEVILLA (SPAIN)	EUR 4,507,590.78	
SOCIEDAD EÓLICA EL PUNTAL, S.L.	SEVILLA (SPAIN)	EUR 3,286,000.00	
SOCIEDAD EÓLICA LOS LANCES, S.A.	SEVILLA (SPAIN)	EUR 2,404,048.42	

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	40.21	40.21	39.24	39.24	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	66.67	66.67	66.67	66.67	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	45.00	45.00	45.00	45.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	37.50	37.50	37.50	37.50	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	16.00	16.00	16.00	16.00	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
FC	SHARK POWER. S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	28.12	28.12	28.12	28.12	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	96.00	96.00	96.00	96.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	64.73	64.73	64.73	64.73	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	50.00	50.00	50.00	50.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	60.00	60.00	60.00	60.00	KPMG AUDITORES

Company name	Registered office	Share capital	Activity
SOLANA RENOVABLES, S.L.	MADRID (SPAIN)	EUR 6,246.00	
SOTAVENTO GALICIA, S.A.	LA CORUÑA (SPAIN)	EUR 601,000.00	
STONEWOOD DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 4,053,000.00	
SUGGESTION POWER. UNIPessoal. LDA,	LISBOA (PORTUGAL)	EUR 50,000.00	
SUMINISTRADORA ELÉCTRICA DE CÁDIZ, S.A.	CÁDIZ (SPAIN)	EUR 12,020,240.00	
SUMINISTRO DE LUZ Y FUERZA, S.L.	BARCELONA (SPAIN)	EUR 2,800,000.00	
TAUSTE ENERGÍA DISTRIBUIDA, S.L.	ZARAGOZA (SPAIN)	EUR 60,508.00	
TEJO ENERGIA – PRODUÇÃO E DISTRIBUIÇÃO DE ENERGIA ELÉCTRICA, S.A.	LISBOA (PORTUGAL)	EUR 5,025,000.00	
TERMOTEC ENERGÍA, A.I.E. (EN LIQUIDACIÓN)	VALENCIA (SPAIN)	EUR 481,000.00	
TERRER RENOVABLES, S.L.	MADRID (SPAIN)	EUR 5,000.00	
TICO SOLAR 1, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
TICO SOLAR 2, S.L. (SOCIEDAD UNIPERSONAL)	ZARAGOZA (SPAIN)	EUR 3,000.00	
TOLEDO PV, A.I.E.	MADRID (SPAIN)	EUR 26,887.96	
TORO RENOVABLES 400 KV, S.L.	MADRID (SPAIN)	EUR 3,000.00	
TORREPALMA ENERGY 1, S.L. (SOCIEDAD UNIPERSONAL)	MADRID (SPAIN)	EUR 3,100.00	
TRANSFORMADORA ALMODÓVAR RENOVABLES, S.L.	SEVILLA (SPAIN)	EUR 5,000.00	
TRANSPORTES Y DISTRIBUCIONES ELÉCTRICAS, S.A. (EN LIQUIDACIÓN)	GERONA (SPAIN)	EUR 72,121.45	
TRÉVAGO RENOVABLES, S.L.	MADRID (SPAIN)	EUR 3,000.00	
UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	LAS PALMAS DE GRAN CANARIA (SPAIN)	EUR 190,171,521.16	
VIRULEIROS, S.L.	LA CORUÑA (SPAIN)	EUR 160,000.00	
YEDESA COGENERACIÓN, S.A. (EN LIQUIDACIÓN)	ALMERÍA (SPAIN)	EUR 234,394.72	

FC: Full Consolidation; PC: Proportional Consolidation; EM: Equity Method; JV: Joint Venture; A: Associate.

Consolidation method	Shareholders	% ownership at 31/12/2023		% ownership at 31/12/2022		Auditor
		Control	Financial share	Control	Financial share	
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	39.90	39.90	49.84	49.84	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	36.00	36.00	36.00	36.00	AUDIESA
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENDESA GENERACIÓN PORTUGAL, S.A,	100.00	100.00	100.00	100.00	UNAUDITED
EM (JV)	ENDESA, S.A.	33.50	33.50	33.50	33.50	DELOITTE
FC	HIDROELÉCTRICA DE CATALUNYA. S.L, (SOCIEDAD UNIPERSONAL)	60.00	60.00	60.00	60.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	51.00	51.00	51.00	51.00	KPMG AUDITORES
EM (JV)	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	43.75	43.75	43.75	43.75	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	45.00	45.00	45.00	45.00	UNAUDITED
EM (JV)	SEGUIDORES SOLARES PLANTA 2. S.L, (SOCIEDAD UNIPERSONAL)	9.08		9.08		UNAUDITED
	DEHESA DE LOS GUADALUPES SOLAR, S.L, (SOCIEDAD UNIPERSONAL)	8.83	29.57	8.83	29.57	
	BAYLIO SOLAR, S.L, (SOCIEDAD UNIPERSONAL)	11.66		11.66		
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	33.33	33.33	33.33	33.33	KPMG AUDITORES
EM (A)	FRV ZAMORA SOLAR 1, S.L, (SOCIEDAD UNIPERSONAL)	8.28	8.28	8.28	8.28	UNAUDITED
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	60.53	60.53	60.53	60.53	UNAUDITED
FC	EDISTRIBUCIÓN REDES DIGITALES. S.L, (SOCIEDAD UNIPERSONAL)	73.33	73.33	73.33	73.33	UNAUDITED
EM (A)	SEGUIDORES SOLARES PLANTA 2. S.L, (SOCIEDAD UNIPERSONAL)	17.77		17.77		UNAUDITED
	FURATENA SOLAR 1, S.L, (SOCIEDAD UNIPERSONAL)	17.73	35.50	17.73	35.50	
FC	ENDESA GENERACIÓN, S.A. (SOCIEDAD UNIPERSONAL)	100.00	100.00	100.00	100.00	KPMG AUDITORES
FC	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	67.00	67.00	67.00	67.00	UNAUDITED
EM (A)	ENEL GREEN POWER ESPAÑA, S.L. (SOCIEDAD UNIPERSONAL)	40.00	40.00	40.00	40.00	UNAUDITED

SIGNATURES FOR AUTHORISATION FOR ISSUE

ENDESA, S.A. AND SUBSIDIARIES

CORRESPONDING TO THE CONSOLIDATED FINANCIAL STATEMENTS THE YEAR ENDED 31 DECEMBER 2023

The Consolidated Financial Statements (Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Consolidated Notes to the Financial Statements) for the year ended 31 December 2022 of ENDESA, Sociedad Anónima and

Subsidiaries have been authorised for issue in electronic format by the Board of Directors of ENDESA, Sociedad Anónima at its meeting held on 27 February 2024, following the format and labelling requirements established in Commission Delegated Regulation EU 2019/815, and are signed below by all the Directors, in compliance with Article 253 of the Corporate Enterprises Act ('LSC').

D. Juan Sánchez-Calero Guilarte Chairman	D. Flavio Cattaneo Vice Chairman
D. José Damián Bogas Gálvez Chief Executive Officer	D. Stefano de Angelis Board member
D. Gianni Vittorio Armani Vocal	Dña. Eugenia Bieto Caubet Board member
D. Ignacio Garralda Ruiz de Velasco Board member	Dña. Pilar González de Frutos Board member
Dña. Francesca Gostinelli Board member	Dña. Alicia Koplowitz y Romero de Juseu Board member
D. Francisco de Lacerda Board member	Dña. Cristina de Parías Halcón Board member

Madrid, 27 February 2024





5.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY ANNUAL FINANCIAL REPORT 2023

The members of the Board of Directors of Endesa, S.A., in accordance with Article 8 of Royal Decree 1362/2007, of 19 October, hereby declares that to the best of its knowledge and belief, the individual and Consolidated Financial Statements for the year ended 31 December 2023, authorised for issue in its meeting of 27 February 2024 and prepared in accordance with the applicable accounting principles, present a true and fair view of the equity, financial

position and results of Endesa, S.A. and of the consolidated companies taken as a whole and that the individual and consolidated management reports for 2023 include a true and fair analysis of the business performance and position of Endesa, S.A. and of the consolidated companies taken as a whole, along with a description of the main risks and uncertainties these face.

D. Juan Sánchez-Calero Guilarte Chairman	D. Flavio Cattaneo Vice Chairman
D. José Damián Bogas Gálvez Chief Executive Officer	D. Stefano de Angelis Board member
D. Gianni Vittorio Armani Board member	Dña. Eugenia Bieto Caubet Board member
D. Ignacio Garraida Ruiz de Velasco Board member	Dña. Pilar González de Frutos Board member
Dña. Francesca Gostinelli Board member	Dña. Alicia Koplowitz y Romero de Juseu Board member
D. Francisco de Lacerda Board member	Dña. Cristina de Parias Halcón Board member

Madrid, 27 February 2024



endesa