OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

Report and financial statements of Enel SpA at December 31, 2022

We live in an increasingly interconnected world where the companies that will continue to thrive in the long run will be those able to act collectively, creating and sharing value with all stakeholders. This is what the graphic design of the Enel Group's Corporate Reporting expresses through the development of connected and balanced forms. Elements inspired by nature, whose movement offers a narration of harmony, growth and evolution.

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EMARKET SDIR CERTIFIED

Enel is Open Power

PURPOSE

OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

VISION

Open Power to tackle some of the world's biggest challenges.

POSITIONING

Open Power

PRINCIPLES OF CONDUCT

- Make decisions in daily activities and take responsibility for them.
- Share information, being willing to collaborate and open to the contribution of others.
- Follow through with commitments, pursuing activities with determination and passion.
- Change priorities rapidly if the situation evolves.
- Get results by aiming for excellence.
- Adopt and promote safe behavior and move proactively to improve conditions for health, safety and well-being.
- Work for the integration of all, recognizing and leveraging individual diversity (culture, gender, age, disabilities, personality, etc.).
- Work focusing on satisfying customers and/or coworkers, acting effectively and rapidly.
- Propose new solution and do not give up when faced with obstacles or failure.
- Recognize merit in co-workers and give feedback that can improve their contribution.

MISSION

- Open access to electricity for more people.
- Open the world of energy to new technology.
- Open up to new uses of energy.
- Open up to new ways of managing energy for people.
- Open up to new partnerships.

VALUES

- Trust
- Proactivity
- Responsibility
- Innovation

Letter to shareholders and other stakeholders

Dear shareholders and stakeholders,

During 2022, the Enel Group pursued with determination its growth strategy along the lines of increasingly decarbonized electrification to guarantee its customers competitive prices, sustainability and energy security.
Enel confirms its position as the largest private operator in the renewable energy sector in the world, having reached around 59 GW of managed capacity with the plants built this year. It is also the largest private electricity distributor globally, with around 73 million end users connected to increasingly digital grids, with around 63% of users equipped with smart meters. Furthermore, the Group manages the largest customer base among private companies, with about 67 million customers.

Our business model, entirely based on digital platforms, allows the Group to optimally seize the opportunities generated by the energy transition now under way at the global level.
The Group's financial performance in 2022 demonstrated our resilience even in highly volatile and adverse environments, such as that characterizing the year just ended.
The Group's leadership in sustainability has once again been recognized worldwide, underscored by its constant presence in various major sustainability rankings and indices.

73 million
End users

59 GW
Renewables capacity managed

Michele Crisostomo

Chairman

Francesco Starace

Chief Executive Officer
and General Manager

The macroeconomic environment

After a strong post-pandemic recovery, the global macroeconomic environment in 2022 experienced a generalized slowdown in the real economy, with global GDP growth of around 3% on an annual basis. The world economies were impacted by sudden and growing inflationary pressures that forced many central banks to rapidly tighten their monetary policies, with a consequent impact on the financial markets. The military conflict between Russia and Ukraine, and the resulting global uncertainty, has also aggravated conditions on the energy, commodity and food markets, with direct repercussions on the prices of final consumer goods.
In the United States, the real economy was heavily affected by growing inflationary pressures, which prompted the Federal Reserve to implement rapid increases in its benchmark interest rate. In the euro area, the 1st Half of the year witnessed an economic recovery that outpaced expectations, while in the 2nd Half, with the emergence of the great uncertainty engendered by the hostilities between Russia and Ukraine and the sudden increase in energy prices, the European economies saw growth slow significantly. The European Central Bank also decided to rapidly adjust its monetary policy stance, with multiple increases in its benchmark rates.
In Latin America, the macroeconomic context was characterized by two different phases. The 1st Half of the year saw a significant post-pandemic recovery, while in the 2nd Half the economies of the area experienced the rapid and large high increase in international commodity prices, mainly driven by the conflict between Russia and Ukraine. National central banks responded by tightening their monetary policies, which, as a result, dampened the economic recovery.
On the energy front, in 2022 the European gas market experienced substantial volatility. The sharp rise in prices, which saw the TTF (Title Transfer Facility) index exceed €300/MWh during August, was caused by the supply uncertainty of flows from Russia, which steadily decreased over the past year. The achievement of high storage filling percentages achieved before the winter season, together with temperatures that exceeded seasonal averages in November and December, subsequently led to a sharp fall in European gas prices in the closing months of 2022.
The rise in gas prices and a number of hitches along the supply chain in turn led to an increase in coal prices, which in 2022 reached an average of $290/t.
The quotations of CO_2 within the ETS (Emission Trading System) also increased, rising by over 50% compared with the previous year, despite the slowdown in economic activity in the 4th Quarter.
The bullish dynamics on the commodity markets produced a sharp increase in electricity prices

throughout Europe, which in the case of Italy and Spain exceeded 140% and 50%, respectively, compared with 2021.
As had occurred in 2021, 2022 was also characterized by pronounced volatility in the industrial metals sector, albeit with different dynamics. The 1st Half of the year was characterized by unexpected peaks and sharp increases in prices, mainly for aluminum and nickel. In the 2nd Half, however, fears for the short-term growth outlook dominated, with a partial reversal of benchmark prices compared with the peak recorded in the 1st Half.

Performance

In 2022, the Enel Group continued its growth path despite the turbulence associated with the volatility of the prices of commodities and raw materials.
In particular, the 2022 financial year closed with ordinary EBITDA of €19.7 billion, an increase of 3% compared with 2021. Ordinary profit amounted to €5.4 billion, down about 4% compared with the previous year. The dividend for 2022 amounts to €0.40 per share, up 5% compared with 2021. In terms of cash generation, FFO in 2022 amounted to about €9.1 billion. Net debt amounted to €60.1 billion, down €9.6 billion compared with September 30, 2022.

Main developments

As in previous years, in 2022 Enel once again achieved a new record for generation capacity from renewable sources, globally building 5,223 MW of new renewables capacity, including 387 MW of BESS.
With the plants built in 2022, installed renewable capacity, including batteries, reached about 59 GW, producing a total of about 124 TWh of power from renewable sources over the year, of which about 66 TWh from wind and sun, about 52 TWh from hydroelectric and about 6 TWh from geothermal.
The pipeline of projects under development in 2022 also set a record, with 462 GW, inclusive of renewable energy plants, batteries capacity and capacity already under construction, an increase of around 24% compared with the previous year. At the same time, the process of decommissioning and conversion of coal-fired plants continues.
As a result, the Group's specific greenhouse gas emissions linked to electricity generation in 2022 amounted to 229 gCO_{2eq}/kWh, in line with the objectives certified by the Science Based Target initiative (SBTi) in accordance with the path to limit the increase in global temperature to 1.5 °C.
In 2022, the creation of digital platforms was also completed. Using advanced analytics and artificial intelligence algorithms, these will analyze more than 50 million data points on a daily basis to optimize the management of our wind and solar plants throughout their entire life cycle, from design and construction to operation and maintenance.
2022 was also a crucial year for the opening of the 3Sun Gigafactory construction site in Sicily. The project will increase the production of photovoltaic panels at the current factory from 200 MW per year to 3 GW by 2024, raising efficiency standards while improving the reliability and sustainability of the panels produced. A journey that began more than fifteen years ago and which will help make a substantial contribution to the revival of the photovoltaic industry in Italy and Europe, giving the country a position on a strategic supply chain for the energy transition.
Enel's strong commitment to electricity grids, which are enablers and protagonists of the energy transition, also continues. Thanks to the investment in their modernization and their even greater digitalization, 63% of the Group's end users are equipped with smart meters, while a total of about 65 GW of distributed renewable energy, more than half of which in Italy, is connected to our grids.
The digital transformation continues through the adoption of a platform operating model based on advanced technological solutions that impact all operating processes – from the design and construction of new grid infrastructure to the optimization of operating and maintenance activities and managing the relationship with customers. The volume of electricity distributed worldwide was 508 TWh, constantly improving the quality of service rendered to our customers.
2022 was also a crucial year for the development and growth of the NewCo Gridspertise, launched in 2021 with the aim of making Enel's innovative solutions in the smart meter field available to third-party distribution companies to accelerate the energy transition.
The strong commitment of the Group to the development of the electricity distribution infrastructure

serving Italy is confirmed once again this year. Developments in this regard include the successful participation in the two tenders under the NRRP relating to Smart Grids and Grid Resilience, with the award of around €3.5 billion to e-distribuzione, and the success of the Energy for Growth project, with the training of 2,500 people a year once fully operational.
Following the birth of Enel X Global Retail, a new organizational model was defined among the various countries to better develop and manage the increasingly integrated, innovative and sustainable solutions that use the commodity as a competitive lever. Enel X Global Retail focuses on the electrification of consumption, studying its effective benefits for customers with the aim of defining a strategy for acceleration at the global level, leveraging about 67 million customers.
Through the new Global e-Mobility Business Line we are accelerating the electrification of transport thanks to the strategic focus and the strengthening of the offering and the operating model. This has enabled a significant increase in commercial performance in terms of charging points sold (around 92 thousand in 2022, +82% compared with 2021) and charging services provided (43 GWh in 2022, +134% compared with 2021).
In order to ensure that we take a customer-centric approach to all processes, a recurring customer satisfaction survey system was consolidated in 2022 through the continuous measurement on a global scale of the Group Net Promoter Score.[1] In 2022, Global Customer Operations received around 1 million feedbacks, which made it possible to define and guide improvement initiatives to make the customer experience increasingly simple, intuitive and effective. One result was a 34% reduction in commercial complaints compared with the previous year.
On the financial front, Enel issued "sustainability-linked" bonds in euros, US dollars and British pounds in a total amount equivalent to about €12.1 billion. These issues are linked to the achievement of Enel's sustainability objective for the reduction of direct greenhouse gas emissions (Scope 1) and also contribute to achievement of the United Nations Sustainable Development Goal (SDG) 13 ("Climate Action"). For the first time ever for a multinational energy group, a bond linked to full decarbonization was issued, in line with the Group's goal of achieving zero direct greenhouse gas emissions by 2040.
The bond issue programs have made it possible to achieve a ratio between sustainable funding sources and the Group's total gross debt of about 63%.
Furthermore, on December 22, 2022, Enel obtained a €12 billion revolving credit line dedicated to funding the collateral requirements for trading activities on energy markets. This financing operation, the effectiveness of which is subject to the signing of an implementing decree by the competent ministries, falls within the framework of the measures made available to all energy companies based in Italy that meet specific characteristics in order to ensure, in the current environment of high volatility in the energy markets, the effective operation of the market on equal terms with other European operators in the sector.
Among extraordinary transactions, in January 2022 the subsidiary Enel Produzione SpA completed the acquisition of the entire share capital of ERG Hydro Srl, owner of hydroelectric plants located in central Italy with an installed capacity of 527 MW and an average annual output of about 1.5 TWh.
In March 2022, Enel X International Srl renewed its partnership with the private equity fund Cinven in Ufinet Latam, having acquired 79.4% of the share capital of Ufinet Latam SLU from Sixth Cinven Fund and at the same time sold 80.5% of the share capital of the same company to Seventh Cinven Fund, ending up with an indirect stake of 19.5% of the share capital.
In October 2022, Enel completed the closing for the sale of its entire stake in PJSC Enel Russia, equal to 56.43% of the latter's share capital, to PJSC Lukoil and the Closed Combined Mutual Investment Fund "Gazprombank-Frezia", thus completing the divestment of all its electricity generation assets in Russia.
In December 2022, a) Enel completed, through Enel Grids Srl, the sale of 50% of the subsidiary Gridspertise Srl to the private equity fund CVC Capital Partners Fund VIII, following which Enel and CVC now exercise joint control over the company; b) the subsidiary Enel Chile SA completed the sale of the entire investment, equal to 99.09% of the share capital, held in Enel Transmisión Chile SA, a Chilean electricity transmission company, to Sociedad Transmisora Metropolitana SpA; and c) the subsidiary Enel Brasil SA completed the sale of its entire stake held in the Brazilian electricity distribution company Celg Distribuição SA – Celg-D, equal to about 99.9% of the latter's share capital, to Equatorial Participações e Investimentos SA.

(1) The Net Promoter Score (NPS) is calculated as the percentage of "promoters" less the percentage of "detractors" (score between 0 and 6 out of 10). The values therefore lie in a range of -100 to +100 (NPS = % Number of Promoters - % Number of Detractors).

Strategy and forecasts for 2023-2025

The combined effect of two years of the COVID-19 pandemic, geopolitical tensions and extreme weather events related to climate change has increased the need for an acceleration in the energy transition and digitalization, together with the reorganization and rebalancing of global supply chains.
The current situation underscores the need to achieve certain objectives in terms of accessibility, safety and sustainability. To achieve these objectives, over the course of the Plan, the Group plans to focus on an integrated business model targeted at the sustainable electrification of energy consumption, an increasingly necessary step in global energy systems, supplying about 90% of fixed-price sales in the core countries with zero-emission electricity in 2025, bringing generation from renewable sources to around 75% of the total, and digitalizing about 80% of grid customers.
The consequence of the strategy focused on the integrated margin is the particular attention to the countries where the Group's presence covers the entire value chain in order to fully seize the opportunities associated with the energy transition. In this context, the process that began years ago towards the disposal of the assets no longer aligned with our strategy is reaching completion, with planned disposals of around €21 billion over the 2022-2024 period in terms of the positive contribution to the reduction of the Group’s net debt. The majority of this plan is expected to be completed by the end of 2023, completing the path towards a more agile corporate structure, focused on the six core countries (Italy, Spain, United States, Brazil, Chile and Colombia).
The Group intends to ensure growth and financial strength by combining a compound annual growth rate (“CAGR”) of 9-10% in ordinary profit with an expected FFO/net debt ratio of 28% starting in 2023, as well as maintaining a fixed DPS of €0.43 in 2023-2025, an increase on the €0.40 paid in 2022. In addition, the DPS for 2024 and 2025 is to be considered a sustainable minimum, not a maximum.
The Group confirms the use of two different business models: the Ownership model, in which the Group directly invests in renewables, grids and customers, and the Stewardship model, in which the Group invests capital in existing businesses, newly established enterprises or acquiring minority stakes, in order to maximize the value of the know-how developed in the various businesses. These models will be applied, depending on the geographical area and the operational context, to achieve the defined objectives.
The Group’s investments in 2023-2025 will amount to about €37 billion. More than 80% will be aligned with the criteria of the European taxonomy, as they relate to activities that contribute to the mitigation of climate change thanks to the strong contribution of investments in renewables, the connection of distributed generation to the grid and advanced services for industrial and private customers.
Some 60% of the Group’s investments, of which about 50% in generation and about 10% in advanced energy customers and services, are expected to support the Group’s integrated commercial strategy, with grids accounting for about 40% of investments over the period covered by the Strategic Plan. At the country level, about 85% of these investments are expected to be allocated to Italy, Spain and the United States, where the Group can also benefit from policies to support sustainable electrification introduced by the EU and the United States.
By 2025, the Group plans to add about 21 GW of installed renewable capacity, including 4 GW of BESS.
The decarbonization strategy, combined with the push towards electrification, enables the Group to once again confirm its commitment to combating climate change. In 2022, the Group delineated a decarbonization roadmap, which covers both direct and indirect emissions along the entire value chain. It is composed of four targets that were certified by the Science Based Target initiative (SBTi) in December, in line with the goal of keeping global warming below 1.5 °C.
Enel’s new certified targets follow up on the ambition set by the Company in 2021, when it brought forward its commitment to achieving zero emissions by ten years, from 2050 to 2040.
The Plan is based on the implementation of a number of fundamental strategic steps: i) the abandonment of coal-fired generation by 2027 and gas-fired generation by 2040, replacing the thermal generation portfolio with new renewables capacity and hybridizing renewables with storage solutions; ii) by 2040, 100% of the electricity sold by the Group will be generated from renewables and by the same year the Group will stop selling gas to end users.
About 40% of investments over the course of the Strategic Plan will be dedicated to the grids in five of

the six core countries, specifically Italy, Spain, Brazil, Chile and Colombia, where the Group has an integrated position and where its experience in digital evolution can be best deployed, mainly in large metropolitan areas. The drivers of investments are: the continuous improvement of the quality and resilience of grids to better handle the increase in loads, the continuation of the digitalization process now under way and the increase in demand for new connections in the wake of the substantial growth of distributed energy and the expansion of urban grids.

The Group's net debt will reach around €51-52 billion by the end of 2023, with a ratio of net debt to EBITDA of around 2.4-2.5x, remaining stable over the rest of the Plan period.

The Group's ordinary EBITDA will grow to between €22.2 and 22.8 billion in 2025, from €19.7 billion in 2022, with a CAGR of 4-5%, and the Group's ordinary profit will grow to €7.0-7.2 billion in 2025, from €5.4 billion in 2022, with a CAGR of 9-10%.

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PL Income Statement

BS Statement of Financial Position

CF Statement of Cash Flows

EQ Statement of Changes in Equity

OCI Statement of Comprehensive Income

1.

Report on Operations

Dividend policy

Enel's dividend policy remains simple and predictable, with a DPS of €0.43 for the period 2023-2025, increasing from €0.40 in 2022. The DPS for 2024 and 2025 is to be considered a sustainable minimum.

Business model

Enel confirms its business model based on a proven Ownership model, including the so-called "Tier 1" countries where the Group has an integrated business or an important position (Italy, Spain, Chile, Colombia, Brazil, United States), and Stewardship model, in countries where joint ventures, PPAs, acquisitions of non-controlling interests offer particularly profitable opportunities

Growth of sustainable finance sources

In line with the "Sustainability-Linked Financing Framework" and Enel's sustainability objectives for the reduction of direct emissions (Scope 1), Enel makes increasing use of sustainable finance instruments

Enel organizational model

The Enel Group structure is organized into a matrix that comprises:

- five Global Business Lines, which are responsible in all the geographical areas in which the Group operates for developing, building, operating and maintaining assets, engaging in trading activities, as well as developing and managing the portfolio of new products and services (in addition to commodities);
- four Areas and two Countries, which are responsible for managing relations with customers, institutions and regulatory authorities, sales of electricity, gas and new products and services at the country level; providing staff services and activities to the Global Business Lines present in the country, integrating the activities of the Business Lines present in the countries;
- three Global Service Functions, which are responsible for the integrated management of all Group activities relating to the development and governance of digital solutions, procurement and customer processes.

The Holding Company is focused on activities involving a significant degree of policymaking, coordination and control for the Group as a whole.
Operating through Administration, Finance and Control, People and Organization, Communications, Legal and Corporate Affairs, Innovability (Innovation and Sustainability) and Audit functions, the Holding Company seeks to:

- manage activities with significant value creation potential for the Group;
- manage activities aimed at protecting the Group from events that could have a negative impact on its financial position, image or business continuity;
- support top management and the Business Lines/Functions/Areas/Countries in key strategic decisions concerning those activities and related strategic control issues.

The Holding Company exercises its policymaking, coordination and control role in essentially two ways:

- direct management: in which, in addition to performing the policymaking, coordination and control role, it also has total or prevalent responsibility for performing the associated activities (e.g., finance, M&A, etc.);
- indirect management: in which it plays a policymaking and supervisory role, while execution of operations is essentially delegated to the Business Lines/Functions/Areas/Countries on the basis of policies, processes and guidelines. The supervisory role is exercised by way of ex-post control processes.

Furthermore, in order to ensure the effective coordination and development of our activities, a reporting system has been established between the Holding Company functions indicated above and the corresponding staff functions at the Business Line/Function/Area/Country level. This reporting connection envisages that the Head of the Holding Company function and the Head of the Business Line/Function/Area/Country jointly manage the appointment, evaluation and development of the head of the corresponding Holding Company function at the Business Line/Function/Area/Country level.
Each Holding Company function is responsible for defining policies, processes, procedures and organizational structures, within the scope of their remit, for the entire Group.
The Holding Company functions are also charged with managing and supervising the professional families in their respective functions at the Business Line/Function/Area/Country level.
The following summarizes the main responsibilities attributed to the Holding Company, which are exercised by the latter in compliance with company law and the management autonomy of the listed subsidiaries and/or those subject to functional separation, in force in the various countries in which we operate.

Administration, Finance and Control

The Administration, Finance and Control function has the mission of:

- managing the strategic planning, industrial planning, budgeting and reporting processes for the Group; monitoring the evolution of the Group's operating and financial results, identifying any deviations and suggesting possible corrective actions;
- supporting the Group Investment Committee in evaluating investment proposals;
- conducting M&A operations;
- defining the optimal structure of Group capital and the composition of debt, managing loans, liquidity and relations with the international banking system, financial institutions, investors and analysts and managing financial risk and insurance coverage for the entire Group;
- preparing the financial statements of Enel SpA and setting the guidelines and policies for preparing the financial statements of the Group companies;
- preparing an adequate and effective internal control platform for financial and tax information for corporate reporting;
- ensuring tax compliance for Enel SpA and tax planning, guidelines and policies for the Group;
- monitoring and managing commodity, financial and strategic risks as well as any other risk that could potentially affect the Group's value, with a view to optimizing or minimizing their impact.

People and Organization

The People and Organization function has the mission of:
- defining organizational arrangements in line with Group strategies, guiding change management programs;
- managing the function's budget and the long-term plan at the Group level, defining guidelines and objectives; defining the Group's guidelines for the compensation and benefit process; managing industrial relations;
- developing the Group's technical, professional and managerial skills in accordance with the needs of the business, promoting integration across the business and cultures;
- defining the Group's strategies and guidelines for managing health, safety, the environment, quality and security, ensuring their implementation at the Group level.

Communications

The Communications function has the mission of:
- developing and managing the global Enel brand identity, leveraging the Group's resources, skills and operational excellence;
- managing relations with global media;
- developing and managing internal communication of local and global content and defining the guidelines to be applied at the country level;
- managing and optimizing the Group's online communication channels, including the Group's websites and social network presence.

Legal and Corporate Affairs

The Legal and Corporate Affairs function has the mission of:
- providing legal assistance and support to the entire Group, identifying and managing legal issues and litigation and ensuring the compliance of activities carried out by Group companies with applicable laws and regulations;
- managing the corporate governance system and advising on the related issues (including relations with the financial market regulatory authorities and managing the corporate bodies and the system of delegated powers).

Innovability (Innovation and Sustainability)

The Innovability (Innovation and Sustainability) function has the mission of:
- promoting the sharing and development of new ideas for possible business approaches and new technologies, providing structured monitoring of the proposals from their reception to the incubation of an idea through to its ultimate deployment, coordinating the various Global Business Lines and Service Functions;
- promoting and identifying potential startups and partnerships, in collaboration with the Global Business Lines and Countries;
- promoting, coordinating and supporting innovative projects among the Global Business Lines;
- promoting and consolidating the Group's strategy for innovation and providing appropriate reporting on innovation activities within the Group;
- managing the process of planning and defining sustainability objectives, preparing the Group's Sustainability Plan and monitoring achievement of the associated results;
- preparing the Group Sustainability Report, preparing an appropriate and effective consolidated Sustainability/Non-Financial Statement, drafting the declaration of alignment with the European taxonomy and defining guidelines and policies for the Sustainability Reports and the sustainability disclosures of the Group companies;
- establishing an adequate and effective Internal Sustainability Control System for sustainability/non-financial information reporting;
- handling the Group's relations with international bodies on CSR issues, managing CSR/CSV projects at the Group level.

Audit

The Audit function has the mission of:
- systematically and independently assessing the effectiveness and adequacy of the Enel Group's internal control system;
- supporting each part of the Group in monitoring risks and identifying mitigation actions.

Enel shareholders

At December 31, 2022, the fully subscribed and paid-up share capital of Enel SpA totaled €10,166,679,946, represented by the same number of ordinary shares with a par value of €1.00 each. Share capital is unchanged compared with that registered at December 31, 2021. In 2022 the Company purchased a total of 2,700,000 treasury shares to support the 2022 Long-Term Incentive Plan (LTI Plan) for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code. Considering the 4,889,152 treasury shares already owned and taking account of the award on September 5, 2022 of 435,357 ordinary treasury shares to the beneficiaries of the 2019 Long-Term Incentive Plan, Enel SpA holds a total of 7,153,795 treasury shares, all supporting the 2019, 2020, 2021 and 2022 LTI Plans.

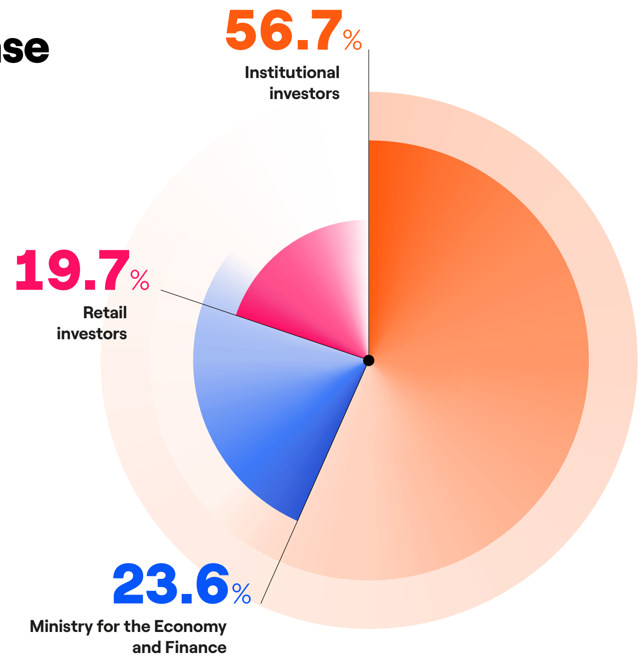
Significant shareholders

At December 31, 2022, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, shareholders with an interest of greater than 3% in the Company's share capital included the Ministry for the Economy and Finance (with a 23.585% stake) and BlackRock Inc. (with a stake of 5.114% held for asset management purposes).

Composition of shareholder base

Since 1999, Enel has been listed on the Euronext Milan market organized and operated by Borsa Italiana SpA. Enel's shareholders include leading international investment funds, insurance companies, pension funds and ethical funds.

With regard to Environmental, Social and Governance (ESG) investors in Enel, at December 31, 2022, socially responsible investors (SRIs) held around 14.9% of the share capital (up from 14.6% at December 31, 2021), while investors who have signed the Principles for Responsible Investment represent 42.1% of the share capital.



Corporate boards

Board of Directors

CHAIRMAN
Michele Crisostomo

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER
Francesco Starace

SECRETARY
Silvia Alessandra Fappani

DIRECTORS
Cesare Calari
Costanza Esclapon de Villeneuve
Samuel Leupold
Alberto Marchi
Mariana Mazzucato
Mirella Pellegrini
Anna Chiara Svelto

Board of Statutory Auditors

CHAIRMAN
Barbara Tadolini

AUDITORS
Luigi Borré
Maura Campra

ALTERNATE AUDITORS
Carolyn A. Dittmeier
Tiziano Onesti
Piera Vitali

Audit Firm

KPMG SpA

2022

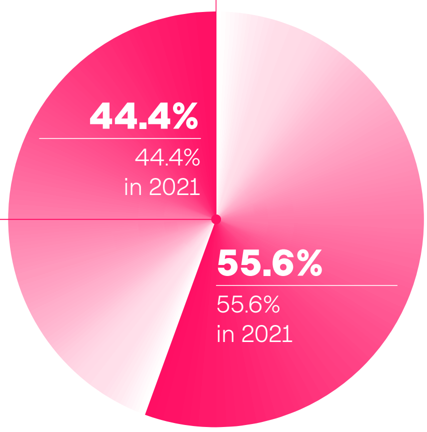
COMPOSITION OF THE BOARD OF DIRECTORS

1 executive director
1 in 2021

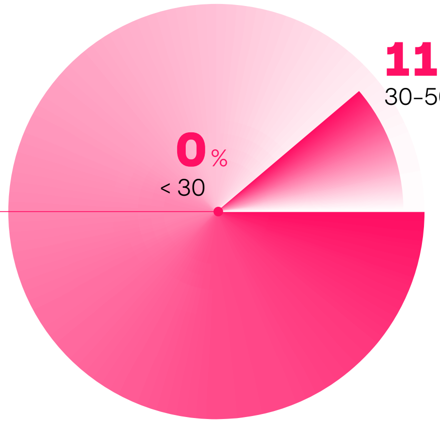
8 non-executive directors
8 in 2021

of which 8 independent[(1)]
8 in 2021

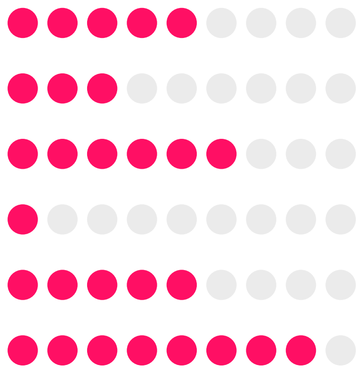
GENDER



AGE



EXPERTISE



(1) The figures for 2022 and 2021 refer to directors qualifying as independent pursuant to the Consolidated Law on Financial Intermediation and the Italian Corporate Governance Code (2020 edition).

Powers

Board of Directors

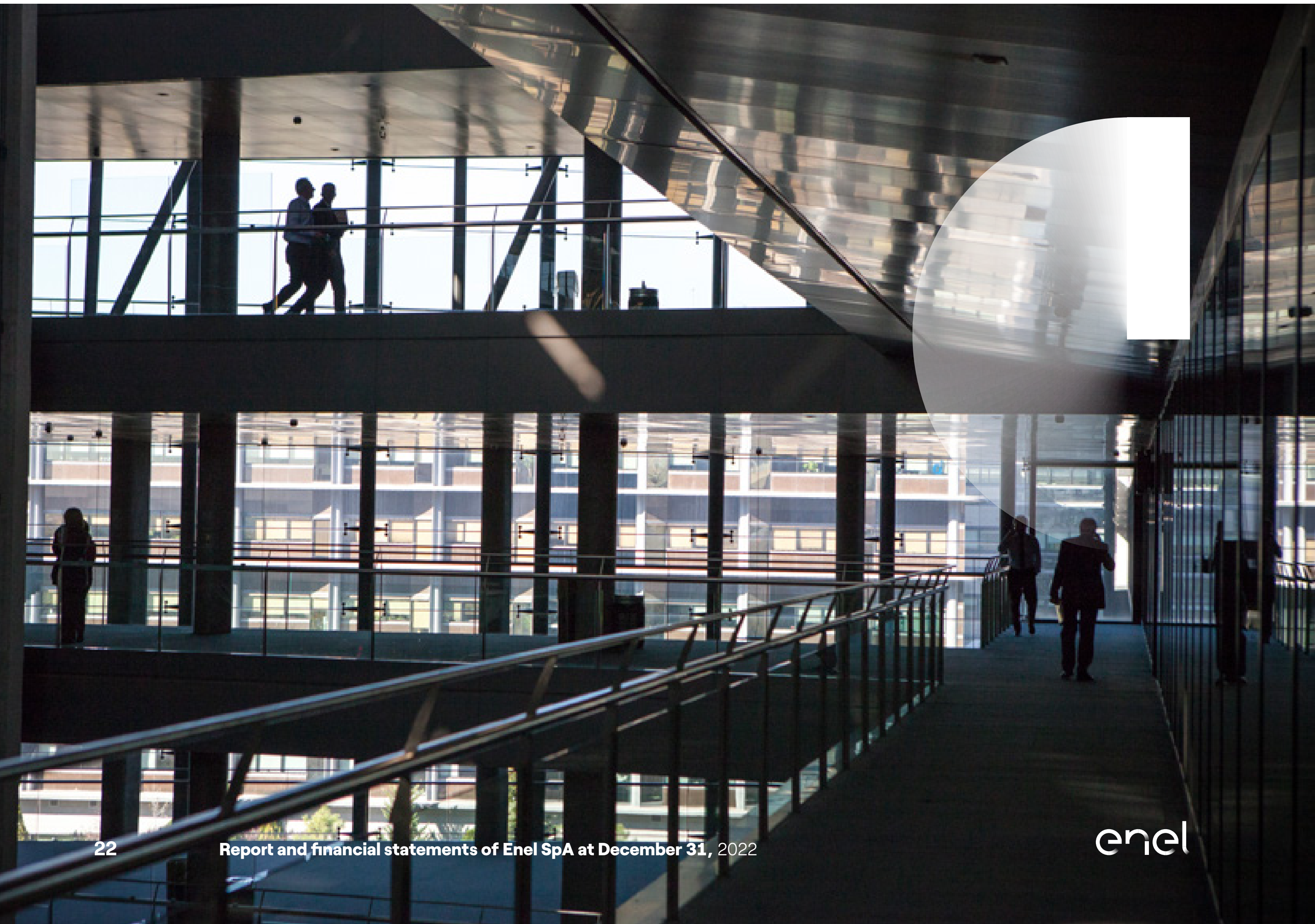
The Board is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the Company, and specifically has the power to carry out all the actions it deems advisable to implement and attain the corporate purpose.

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 15, 2020, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company and to sign on its behalf, and in addition is vested by a Board resolution of May 15, 2020 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the Bylaws or that the aforesaid resolution reserves for the Board of Directors.



Enel shares

Enel and the financial markets

	2022	2021
Gross operating profit per share (euro)(1)	1.96	1.70
Operating profit per share (euro)(1)	1.10	0.74
Group profit per share (euro)	0.17	0.31
Group ordinary profit per share (euro)	0.53	0.55
Dividend per share (euro)	0.380	0.358
Group equity per share (euro)	2.82	2.92
Share price - 12-month high (euro)	7.20	8.95
Share price - 12-month low (euro)	4.00	6.53
Average share price in December (euro)	5.15	6.77
Market capitalization (millions of euro)(2)	52,325	68,804
No. of shares outstanding at December 31 (millions)(3)	10,167	10,167

(1) The figure for 2021 has been adjusted, for comparative purposes only, to take account of the classification under the item "Profit/(Loss) from discontinued operations" of profit/(loss) connected with the assets held in Russia (which were sold in the 4th Quarter of 2022), Romania and Greece as the requirements of IFRS 5 for their classification as discontinued operations have been met.
(2) Calculated on average share price in December.
(3) The number of shares includes 7,153,795 treasury shares in 2022 and 4,889,152 treasury shares in 2021.

		at Dec. 31, 2022	at Dec. 31, 2021
Rating			
Standard & Poor's	Outlook	NEGATIVE	STABLE
	Medium/long-term	BBB+	BBB+
	Short-term	A-2	A-2
Moody's	Outlook	NEGATIVE	STABLE
	Medium/long-term	Baa1	Baa1
	Short-term	-	-
Fitch	Outlook	STABLE	STABLE
	Medium/long-term	BBB+	A-
	Short-term	F2	F2

Global macroeconomic conditions in 2022 were characterized by a generalized slowdown in the real economy from the pace registered in the post-pandemic recovery that had marked 2021. High inflation quickly and unexpectedly impacted global economies, and forced the central banks to promptly adopt restrictive monetary policies. Furthermore, the military conflict between Russia and Ukraine, and the resulting uncertainty it has engendered on a global scale, has significantly impacted the energy, commodity and food markets, with direct repercussions on the prices of final consumer goods.

The inflationary dynamics, accompanied by the consequent restrictive financial conditions imposed by the Federal Reserve, weighed on the performance of US GDP, with output growing by 2.1% on an annual basis.
In the euro area, the first half of the year experienced a faster than expected recovery, while the second half was marked by a significant slowdown in the European economies due to the high uncertainty deriving from the military conflict between Russia and Ukraine, as well as the sudden increase in energy prices. The restrictive monetary policy measures introduced by the European Central Bank to counter the increase in inflation led to a deterioration in financial conditions on the markets.

The situation was similar in Latin America, where after a significant recovery in private demand for goods and services in the first half of the year, macroeconomic conditions were characterized by the restrictive monetary policies of the national central banks, which dampened the economic recovery.

The adverse macroeconomic situation impacted the performance of the financial markets. The main European stock indices closed 2022 with losses: the Italian FTSE-MIB index -13.3%, the Spanish Ibex35 index -5.6%, the German DAX -12.4% and the French CAC40 index -9.8%.

The euro-area Utilities sector (EURO STOXX Utilities) closed the year with a decline of 11.3%.

Finally, as regards the Enel stock, 2022 ended with a price of €5.03 per share, a decline of 28.6% on the previous year.

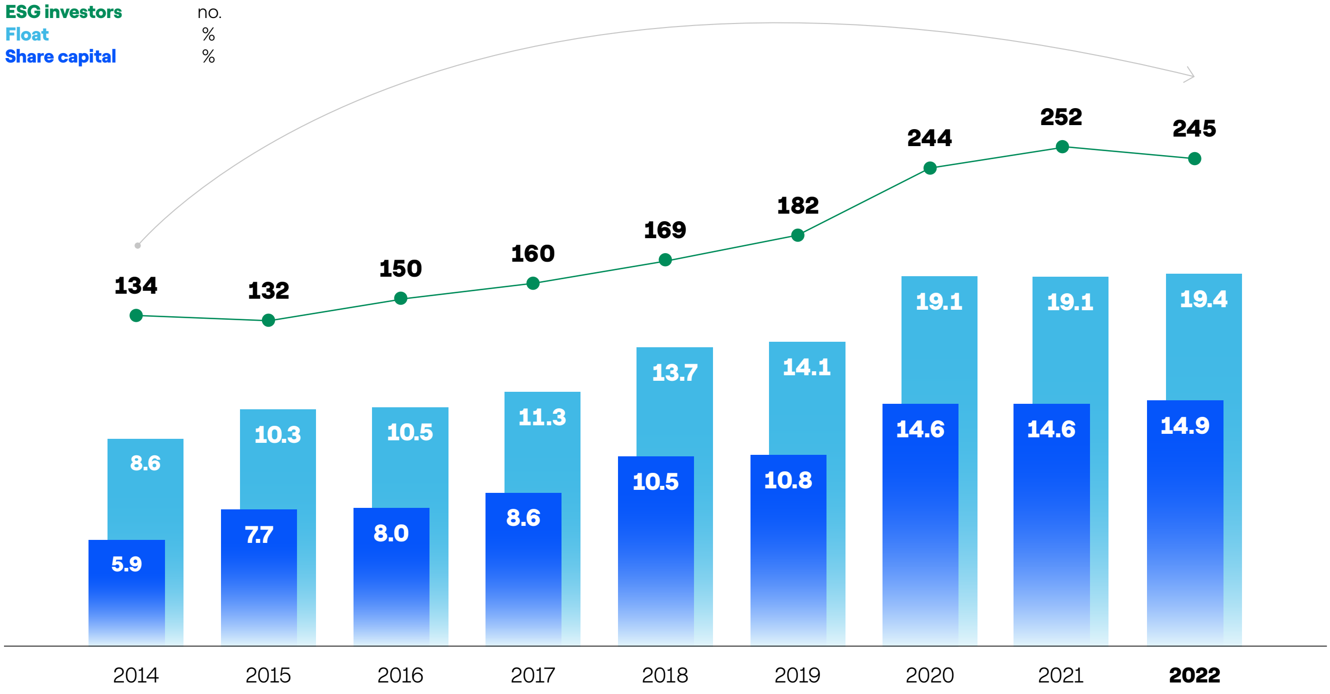
On January 26, 2022 Enel paid an interim dividend of €0.19 per share from 2021 profits and on July 20, 2022 it paid the balance of the dividend for that year in the amount of €0.19. Total dividends distributed in 2022 amounted to €0.38 per share, about 6% higher than the €0.358 per share distributed in 2021.
On January 25, 2023 an interim dividend of €0.20 per share was paid in respect of ordinary profit for 2022, while the balance of the dividend is scheduled for payment on July 26, 2023.

At December 31, 2022, institutional investors had reduced their position in Enel to 56.7% of share capital (compared with 59.4% at December 31, 2021), while the share of individual investors rose to 19.7% (as against 17.0% at December 31, 2021). The interest of the Ministry for the Economy and Finance was unchanged at 23.6%.
Socially responsible investors (SRIs) held about 14.9% of share capital at December 31, 2022 (up from 14.6% at December 31, 2021) and represent 26.2% of institutional investors (24.6% at December 31, 2021). Investors who have signed the Principles for Responsible Investment represent 42.1% of share capital.

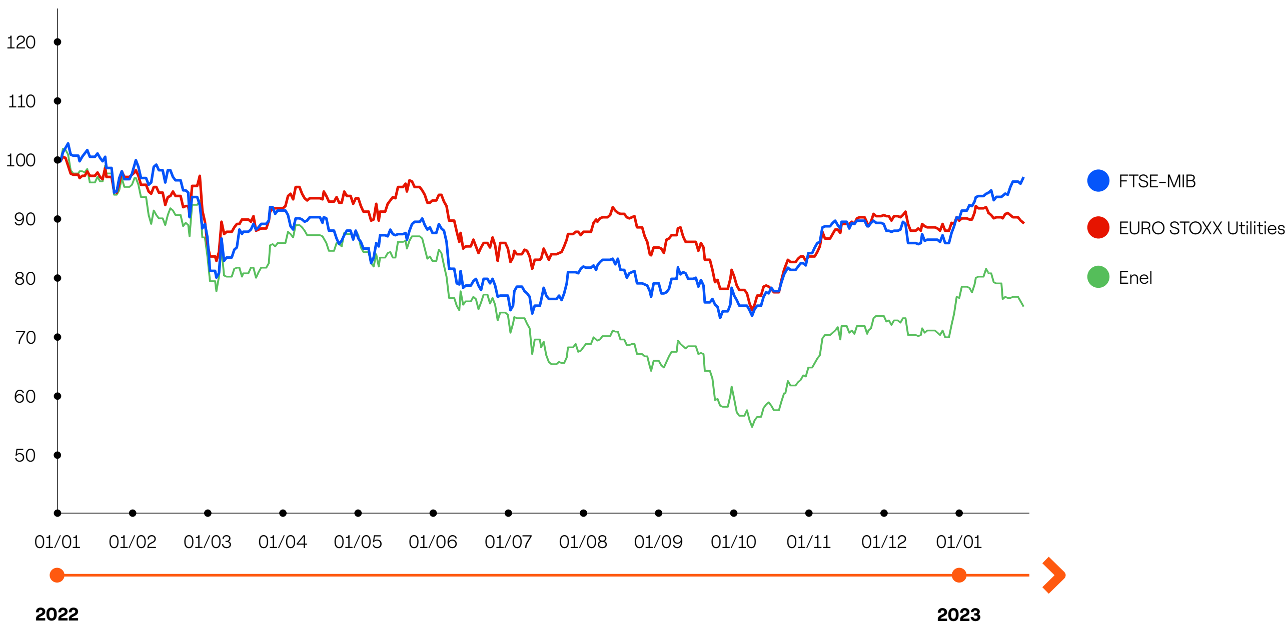
For further information we invite you to visit the Investor Relations section of our corporate website (https://www.enel.com/it/investitori/in-evidenza) and download the "Enel Investor Relations" app, which contains both economic and financial information (annual reports, semi-annual and quarterly reports, presentations to the financial community, analyst estimates and stock market trading trends involving the shares issued by Enel and its main listed subsidiaries, ratings and outlooks assigned by rating agencies) and up-to-date data and documentation of interest to shareholders and bondholders in general (price sensitive press releases, outstanding bonds, bond issue programs, composition of Enel's corporate bodies, bylaws and regulations of Shareholders' Meetings, information and documentation relating to Shareholders' Meetings, procedures and other documentation concerning corporate governance, the Code of Ethics and organizational and management arrangements.

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683051; e-mail: investor.relations@enel.com).

Growth in ESG investors



Performance of Enel share price and the EURO STOXX Utilities and FTSE-MIB indices from January 1, 2022 to January 31, 2023



Source: Bloomberg.

Activities of Enel SpA

Enel SpA, in its capacity as an industrial holding company, determines strategic objectives for the Group and the subsidiaries, coordinating their activity. The activities that Enel SpA performs as part of its policymaking and coordination function in respect of the other Group companies, as reflected in the organizational structure adopted by the Company, can be summarized as follows:
Holding Company functions, connected with the coordination of governance processes at the Group level:

- Administration, Finance and Control;
- People and Organization;
- Communications;
- Legal and Corporate Affairs;
- Innovability (Innovation and Sustainability);
- Audit.

Enel SpA meets the Group's liquidity requirements, mainly using the cash flows generated by ordinary operations and a range of funding sources, appropriately managing any excess liquidity.

Significant events in 2022

Placement of a multi-tranche €2.75 billion sustainability-linked bond

On January 10, 2022, Enel Finance International NV (EFI) issued a multi-tranche sustainability-linked bond for institutional investors in the Eurobond market in the total amount of €2.75 billion.
The new issue, guaranteed by Enel, is linked to the achievement of Enel's sustainable objective relating to the reduction of direct greenhouse gas emissions (Scope 1), contributing to United Nations Sustainable Development Goal (SDG) 13 ("Climate Action") and in line with the Group's Sustainability-Linked Financing Framework.
The proceeds from the issue will be used by EFI to fund the Group's ordinary financing needs.

Placement of a multi-tranche $3.5 billion sustainability-linked bond

On June 9, 2022, Enel Finance International NV issued a multi-tranche sustainability-linked bond for institutional investors in the US and international markets totaling $3.5 billion, equivalent to about €3.3 billion. The bond is linked to the achievement of Enel's sustainability objective relating to the reduction of direct greenhouse gas emissions (Scope 1), contributing to United Nations Sustainable Development Goal (SDG) 13 ("Climate Action") and in accordance with the Group's Sustainability-Linked Financing Framework.

Enel launches a sustainability-linked share buyback program serving its 2022 Long-Term Incentive Plan

On June 16, 2022, the Board of Directors of the Company, implementing the authorization granted by the Shareholders' Meeting of May 19, 2022 and in compliance with the relevant terms already disclosed to the market, approved the launch of a share buyback program for 2.7 million shares (the "Program"), equivalent to approximately 0.027% of Enel's share capital.
The Program started on June 17 and ended on July 20 with the purchase of a total of 2,700,000 Enel ordinary shares (equal to 0.026557% of the share capital) at a volume-weighted average price of €5.1951 per share, for total of approximately €14 million.
Additionally, on September 5, a total of 435,357 shares were awarded to the beneficiaries of the Long-Term Incentive Plan for 2019.
Taking account of the foregoing and considering the treasury shares already held, Enel holds a total of 7,153,795 treasury shares, equal to 0.070365% of the share capital.

Enel and Intesa Sanpaolo finalize acquisition of Mooney

On July 14, 2022, Enel SpA, acting through its wholly-owned subsidiary Enel X Srl, and Intesa Sanpaolo SpA, acting through its subsidiary Banca 5 SpA, finalized the acquisition from Schumann Investments SA, a company controlled by the international private equity fund CVC Capital Partners Fund VI, of 70% of the share capital of Mooney Group SpA, a fintech company operating in proximity banking and payments. Specifically, after having obtained the required administrative authorizations, Enel X acquired 50% of Mooney's share capital, whereas Banca 5, which previously owned a 30% stake in Mooney, increased its investment to 50%, placing Mooney under the joint control of both parties.

Enel launches a €1 billion sustainability-linked bond in the Eurobond market

On September 6, 2022, Enel Finance International NV launched a sustainability-linked bond for institutional investors in the Eurobond market in the total amount of €1 billion. The new issue is linked to the achievement of Enel's sustainable objective relating to the reduction of direct greenhouse gas emissions (Scope 1), contributing to United Nations Sustainable Development Goal (SDG) 13 ("Climate Action") and in accordance with the Group's Sustainability-Linked Financing Framework.

Enel issues new $4 billion multi-tranche US dollar sustainability-linked bonds

On October 6, 2022, Enel Finance International NV, the Dutch-registered finance company, and Enel Finance America LLC, the US-registered finance company, issued sustainability-linked bonds with a total aggregate amount of $4.0 billion, equivalent to about €4.1 billion, reserved for institutional investors in the US and international markets. The bonds will be issued separately in different tranches and are guaranteed by Enel.
The bonds are linked to the achievement of Enel's sustainability objective relating to the reduction of direct greenhouse gas emissions (Scope 1), contributing to United Nations Sustainable Development Goal (SDG) 13 ("Climate Action") and in accordance with the Group's Sustainability-Linked Financing Framework.
The transaction is linked to a trajectory towards full decarbonization with the 30-year tranche linked to the Enel Group's target of achieving zero direct greenhouse gas emissions by 2040 from the production of electricity and heat.

Sale of entire 56.43% stake in PJSC Enel Russia

On October 12, 2022, the Company finalized the sale of its entire stake in PJSC Enel Russia, equal to 56.43% of the latter's share capital, to PJSC Lukoil and the Closed Combined Mutual Investment Fund "Gazprombank-Frezia", for a total of about €137 million, following satisfaction of all the conditions set out in the two separate contracts entered into with them, including approval of the transaction by the President of the Russian Federation in accordance with paragraph 5 of Decree 520 of August 5, 2022. As a result of the transaction, Enel has disposed of all its Russian power generation assets, which included approximately 5.6 GW of conventional capacity and around 300 MW of wind capacity at different stages of development. The transaction is consistent with the Group's strategic aim to focus its activities mainly in countries where an integrated position along the value chain can drive growth and enhance value creation from the opportunities offered by the energy transition.

The overall transaction generated a positive effect on the Group's consolidated net debt of about €610 million and a negative impact on reported Group profit of around €1.3 billion, mainly reflecting the release of a currency translation reserve of around €1.0 billion as of September 30, 2022. This accounting effect will not have any impact on ordinary financial performance.

Enel agrees on a $800 million sustainability-linked general purpose loan with EKF and Citi

In October, the Enel Group received a facility from Denmark's export credit agency, EKF, for up to $800 million. The facility, arranged by Citi, is based on the Group's worldwide business relationship with Danish suppliers and is aimed at supporting the development of wind energy as well as mitigating the effects caused by climate change, as part of Enel's 2040 Net-Zero ambition, through a flexible instrument.

This agreement represents EKF's first sustainability-linked general purpose financing. As part of the agreement, Enel Finance America LLC will benefit from the ability to make a significant upfront drawdown with a first tranche in October 2022 and the remainder with a second tranche to be utilized early in 2023, with both amounts intended to support the development of Enel's strategy to increase investments in wind, helping to lead the energy transition towards decarbonization.

Under the agreement, EKF is the Lender and Citi acts as Mandated Lead Arranger, Facility Agent and Counter-Guarantor to EKF.

Enel approves the issue of hybrid bonds up to a maximum of €2 billion

On December 14, 2022, the Board of Directors of Enel SpA ("Enel" or the "Company") authorized Enel to issue, by December 31, 2023, of one or more non-convertible subordinated hybrid bonds, including perpetual bonds, in an overall maximum amount of up to €2 billion. The bonds are to be placed exclusively with European and non-European institutional investors, including through private placements.

In the same resolution, Enel's Board of Directors also revoked the resolution of December 16, 2021 not yet implemented concerning the issue of one or more bonds of the same type by the Company.

If issued, the new bonds will enable Enel to refinance the maturities of a number of outstanding hybrid bonds.

The Board of Directors also delegated to the Chief Executive Officer the task of deciding the issue of the new bonds and their respective characteristics and, accordingly, of establishing for each issue – taking account of the evolution of market conditions – the timing, amount, currency, interest rate and further terms and conditions, as well as the placement methods and any listing on regulated markets or multilateral trading facilities.

Enel enters into exclusive negotiations with PPC on sale of all Romanian operations

On December 14, 2022, Enel announced that it had entered into an Exclusivity Agreement with the Greek company Public Power Corporation SA (PPC) concerning the potential disposal of all the equity investments held by Enel Group in Romania ("Target Assets").

On March 9, 2023, the two companies signed an agreement to sell all the equity stakes held by the Enel Group in Romania to PPC. The agreement provides that PPC will pay a total consideration of approximately €1,260 million, equivalent to an enterprise value of about €1,900 million (on a 100% basis). In addition, the total consideration is subject to adjustments customary for this kind of transactions as well as to an earn-out mechanism for a potential additional payment based on the future value of the retail business.

The transaction is in line with the Group's current Strategic Plan, which envisages the repositioning of Enel on higher growth six core countries.

The closing of the sale, which is expected by the 3rd Quarter of 2023, is subject to certain conditions precedent customary for this kind of transactions, including the clearance from competent Antitrust authorities.

Enel closes sale of 50% of Gridspertise to CVC

On December 22, 2022, Enel, acting through Enel Grids Srl, finalized the sale of 50% of its wholly-owned subsidiary Gridspertise Srl to the international private equity fund CVC Capital Partners Fund VIII (CVC), following the fulfillment of all conditions set out in the agreement signed on October 18, 2022.

Under the provisions of the above agreement, CVC paid a total of about €300 million, equivalent to an enterprise value of €625 million (on a 100% basis). In addition, the agreement includes potential deferred payments that could bring the enterprise value up to €1 billion (on a 100% basis).

The overall transaction had a positive impact in the Enel Group's EBITDA of around €500 million, alongside an expected positive effect on the Group's consolidated net debt of around €300 million.

Following the transaction, Enel and CVC operate the company on a joint control basis.

The transaction is in line with the Enel Group's current Strategic Plan, under the Stewardship model, which envisages investments carried out with third parties, with the aim to add new infrastructure and services in order to accelerate the electrification process of customers' energy demand.

Enel signs a €12 billion revolving credit facility guaranteed by SACE

On December 23, 2022, the Company and a pool of financial institutions composed of Banco BPM SpA, BPER Banca SpA, Cassa Depositi e Prestiti SpA (CDP), Intesa Sanpaolo SpA and UniCredit SpA, with the latter also acting as agent bank, signed a €12 billion revolving credit facility (the "Credit Facility") to fund the collateral requirements of the trading activities of Enel and Enel Global Trading SpA on energy markets.

The Credit Facility, which is guaranteed by the Italian export credit agency SACE SpA (SACE) up to 70% of its nominal amount (the "Guarantee") and has a term of about 18 months, was finalized in line, *inter alia*, with the provisions of (i) Communication C(2022) 7945 final from the European Commission regarding the "Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia" and European Commission Decision SA.104722 of December 20, 2022 regarding "State aid: amendments to Italian scheme, including up to €23 billion budget increase, to support companies in context of Russia's war against Ukraine", as well as (ii) Decree Law 50 of May 17, 2022 (the "Aid Decree"), ratified with Law 91 of July 15, 2022, as amended by Decree Law 144 of September 23, 2022, ratified with Law 175 of November 17, 2022.

The Credit Facility is part of a structured course of action to protect Italy's energy system, aimed at providing sector operators with an additional tool for managing the risks associated with the very large size reached by the contracts stipulated to cover industrial positions (so-called margining) due to the continuing volatility of the energy markets as a result of the crisis. Therefore, the transaction falls within the framework of the measures that current legislation makes available to all Italy-based companies that meet specific characteristics, in order to face the negative

effects deriving from the Russia-Ukraine crisis. The transaction is in line with similar instruments made available in other European countries.
The Credit Facility has a 50-basis-point spread above Euribor and a non-use fee equal to 35% of the spread. Under the provisions of the "Aid Decree", the annual guarantee premium is, in relation to the guaranteed amount, set at 50 basis points for the first year and 100 basis points for the second year. The disbursement of the first drawing on the Credit Facility and the effectiveness of the Guarantee are subject to the adoption of a specific decree of Italy's Minister for the Economy and Finance, in agreement with the Minister for Enterprises and Made in Italy.
The Credit Facility does not have any impact on the Enel Group's net financial debt. The Group has a sound liquidity position, amounting to around €24.7 billion (excluding the Credit Facility) at the end of September 2022.
The overall transaction operation qualifies as one with related parties due to the fact that Enel, CDP and SACE are companies under the common control of Italy's Ministry for the Economy and Finance. Specifically, for Enel the transaction represents, under this perspective, a transaction of "greater importance" having regular nature and completed at market-equivalent or standard terms. As such, the transaction is exempt from the obligation to publish an *ad hoc* information document and the approval procedures set out in the relevant CONSOB regulations, in accordance with the latter and with the Enel Procedure for Transactions with Related Parties.

Definition of performance indicators

In order to present the results of the Parent and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and by Enel SpA and presented in the consolidated and separate financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated and separate financial statements, which management feels are useful in monitoring the performance of the Group and the Parent and representative of the financial performance of the business.

With regard to those indicators, on April 29, 2021, CONSOB issued warning notice no. 5/2021, which gives force to the Guidelines issued on March 4, 2021, by the European Securities and Markets Authority (ESMA) on disclosure requirements under Regulation (EU) 2017/1129 (the Prospectus Regulation), which took effect on May 5, 2021. The Guidelines update the previous CESR Recommendations (ESMA/2013/319, in the revised version of March 20, 2013) with the exception of those concerning the special issuers referred to in Annex no. 29 of Delegated Regulation (EU) 2019/980, which were not converted into Guidelines and remain applicable.

As from May 5, 2021, the ESMA Guidelines replace references contained in previous CONSOB communications to the CESR Recommendations on the prospectus, including those contained in Communication no. DEM/6064293 of July 28, 2006 regarding the net financial position.

These Guidelines are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

Accordingly, in line with the regulations cited above, the criteria used to construct these indicators are as follows:

Gross operating profit: an operating performance indicator, calculated as "Operating profit" plus "Depreciation, amortization and impairment losses".

Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:

- "Deferred tax assets";
- "Other financial assets" included in "Other non-current financial assets";
- "Long-term borrowings";
- "Employee benefits";
- "Provisions for risks and charges (non-current portion)";
- "Deferred tax liabilities".

Net working capital: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:

- "Long-term loan assets (current portion)", "Cash collateral" and "Other financial assets" included in "Other current financial assets";
- "Cash and cash equivalents";
- "Short-term borrowings" and the "Current portion of long-term borrowings";
- "Provisions for risks and charges (current portion)";
- "Other borrowings" included in "Other current liabilities".

Gross capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net working capital", "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale".

Net capital employed: calculated as the algebraic sum of "Gross capital employed" and "Provisions for risks and charges".

Net financial debt: a financial structure indicator, calculated as:

- "Long-term borrowings", "Short-term borrowings" and the "Current portion of long-term borrowings", taking account of "Short-term borrowings" included in "Other current liabilities";
- net of "Cash and cash equivalents";
- net of the "Current portion of long-term loan assets", "Cash collateral" and "Other financial assets" included in "Other current financial assets";
- net of "Other financial assets" included in "Other non-current financial assets".

Performance and financial position of Enel SpA

Performance

The financial performance of Enel SpA for the years 2022 and 2021 is summarized in the table below:

Millions of euro			
	2022	**2021**	**Change**
Revenue			
Revenue from sales and services	116	125	(9)
Other income	17	1,644	(1,627)
Total	**133**	**1,769**	**(1,636)**
Costs			
Purchases of consumables	-	1	(1)
Services, leases and rentals	206	197	9
Personnel expenses	105	179	(74)
Other operating costs	27	14	13
Total	**338**	**391**	**(53)**
Gross operating profit/(loss)	**(205)**	**1,378**	**(1,583)**
Depreciation, amortization and impairment losses	1,330	734	596
Operating profit/(loss)	**(1,535)**	**644**	**(2,179)**
Net financial income/(expense) and income/(expense) from equity investments			
Income from equity investments	8,770	4,451	4,319
Financial income	2,563	1,313	1,250
Financial expense	2,747	1,760	987
Total	**8,586**	**4,004**	**4,582**
Pre-tax profit/(loss)	**7,051**	**4,648**	**2,403**
Income taxes	(106)	(114)	8
PROFIT FOR THE YEAR	**7,157**	**4,762**	**2,395**

Revenue from sales and services regards revenue for management services, IT assistance and other services provided to subsidiaries. The decrease of €9 million is attributable to reductions in revenue from management services (€8 million) and from IT services (€4 million), which were partially offset by the increase in revenue from other services (€3 million).

Other income essentially includes the chargeback of costs for Enel SpA personnel seconded to other Group companies, which increased by €2 million.
In 2021, other income included a €1,629 million capital gain from the sale of the 50% investment held in the joint venture Open Fiber SpA to Macquarie Asset Management and CDP Equity SpA.

Costs for *purchases of consumables* were essentially unchanged on the previous year.

Costs for *services, leases and rentals* regard services provided by third parties in the amount of €73 million and by Group companies in the amount of €133 million.
Third-party services mainly include communication services, professional and technical services, strategic consulting, business management and organization, legal and notary services as well as IT services.
The charges for services provided by Group companies essentially refer to the subsidiaries Enel Global Services Srl and Enel Italia SpA and concern system and application assistance services, services for management of the motor pool and other personal services, management

services, administrative services, personnel management services, and telecommunication costs.

Personnel expenses totaled €105 million, a decrease of €74 million compared with 2021. The reduction is mainly attributable to the decrease in costs for early-retirement incentives due to adjustments to the related plans.

Other operating costs, in the amount of €27 million, increased by €13 million on the previous year essentially due to the write-off of trade receivables of €8 million, following the sale of the equity interest in PJSC Enel Russia.

The **gross operating loss** of €205 million reflects a decrease of €1,583 million from the previous year, mainly attributable to a decrease in revenue, partially offset by lower personnel expenses.

Depreciation, amortization and impairment losses amounted to €1,330 million, an increase of €596 million on the previous year.
Depreciation and amortization amounted to €56 million, of which €4 million in depreciation and €52 million in amortization.
Impairment losses include the adjustment in the value of the investments in subsidiaries in Romania, recognized as non-current assets held for sale, for a total of €995 million, as well as the adjustment of €195 million to the investment in PJSC Enel Russia, which was sold in October 2022.
The item also reflects the adjustment in the value of equity investments in Enel Green Power SpA (in the amount of €228 million), Enel Innovation Hubs Srl (€16 million), and Enel Investment Holding BV (€1 million).
It also includes reversals of impairment losses on the investments in the subsidiaries Enel Global Trading SpA (€162 million) and Enel Global Services Srl (€1 million).
In 2021, depreciation, amortization and impairment losses of €734 million mainly included adjustments to the value of investments in the distribution companies in Romania (totaling €270 million), in Enel Green Power SpA (€497 million), and in other subsidiaries in Italy and the Netherlands (totaling €21 million). The item also included reversals of impairment losses on the investments in the subsidiaries Enel Global Trading SpA (€43 million), Enel Italia SpA (€41 million), and Enel Innovation Hubs Srl (€7 million).

The **operating loss** came to €1,535 million. The €2,179 million decrease in profitability from 2021 is attributable to the aforementioned decrease in revenue and to higher impairment losses on equity investments.

Income from equity investments amounted to €8,770 million and included dividends approved by subsidiaries and associates in the amount of €8,761 million and joint ventures in the amount of €9 million. Compared to the previous year, income from equity investments increased by €4,319 million, mainly reflecting the distribution of available reserves by Enel Italia SpA (€6,000 million), partially offset by a decrease in earnings distributed by Enel Iberia SRLU, Enel Américas SA, and Enel Chile SA.
Net financial expense came to €184 million and essentially reflects interest expense on debt (€694 million), partially offset by commission income on guarantees issued for other companies of the Group (€204 million), interest income on financial assets (€183 million), and net financial income on derivative contracts (€171 million).
Compared with the previous year, net financial expense decreased by €263 million, reflecting the increase in interest and other financial income (€148 million) and the positive contribution of exchange rate developments (€133 million), partially offset by the decrease in financial income on derivative instruments (€11 million).

Income taxes for the year showed a creditor position of €106 million, mainly as a result of the reduction in the tax base for corporate income tax (IRES) compared with pre-tax profit due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group under the consolidate taxation mechanism in accordance with corporate income tax law (Article 96 of the Consolidated Income Tax Code).
Compared with the previous year, the change of €8 million is mainly due to the decline in estimated taxable income for IRES.

Profit for the year totaled €7,157 million, compared with €4,762 million the previous year. The increase of €2,395 million mainly reflects the increase in income from equity investments and the results of finance operations, partially offset by the decrease in other income and the increase in impairment adjustments on equity investments as described above.

Analysis of financial position

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	144	155	(11)
- equity investments	59,952	60,269	(317)
- net other non-current assets/(liabilities)	(246)	(465)	219
Total	**59,850**	**59,959**	**(109)**
Net working capital:			
- trade receivables	294	275	19
- net other current assets/(liabilities)	(2,066)	(1,818)	(248)
- trade payables	(154)	(167)	13
Total	**(1,926)**	**(1,710)**	**(216)**
Gross capital employed	**57,924**	**58,249**	**(325)**
Provisions:			
- employee benefits	(131)	(172)	41
- provisions for risks and charges and net deferred taxes	6	89	(83)
Total	**(125)**	**(83)**	**(42)**
Non-current assets classified as held for sale	654	-	654
Net capital employed	**58,453**	**58,166**	**287**
Total equity	**38,342**	**34,967**	**3,375**
NET FINANCIAL DEBT	**20,111**	**23,199**	**(3,088)**

The decrease in **net non-current assets** essentially reflected:

- €317 million from a decrease in the value of the investments in subsidiaries, which was basically attributable to the following transactions:
  - the capital contribution to the subsidiary Enel North America Inc. in the amount of €880 million;
  - the acquisition of an interest in Enel X Way Srl by Enel X Italia Srl in the amount of €58 million and the subsequent capital contribution of €800 million to Enel X Way Srl;
  - the reclassification as "Non-current assets held for sale" of the interest held in the subsidiary PJSC Enel Russia, recognized at a value of €332 million, following the agreements signed at the end of June 2022 on the sale by Enel SpA to PJSC Lukoil and the Closed Combined Mutual Investment Fund "Gazprombank-Frezia" of the entire stake, which was completed in October 2022;
  - the reclassification as "Non-current assets held for sale" of the investments held in Romanian subsidiaries for a total of €1,649 million as a result of the Exclusivity Agreement signed with the Greek company Public Power Corporation SA (PPC) in relation to the potential sale of all equity interests held by the Enel Group in Romania;
  - the impairment losses on the investments in Enel Green Power SpA (€228 million), Enel Innovation Hubs Srl (€16 million) and Enel Investment Holding NV (€1 million), and the reversal of the impairment losses recognized on Enel Global Trading SpA (€162 million) and Enel Global Services Srl (€1 million);
  - the increase in the fair value measurement of the equity investment in Empresa Propietaria de la Red SA in the amount of €2 million;
- €11 million from changes in property, plant and equipment and intangible assets, the net result of capital expenditure and depreciation and amortization for the year;
- €219 million from the decrease in "Net other non-current assets/(liabilities)", which essentially reflected a decrease in non-current derivative liabilities (€637 million) and in non-current derivative assets (€405 million).

Net working capital, a negative €1,926 million, went even further negative, by €216 million, compared to December 31, 2021, due to the following:

- €248 million for the negative balance of "Net other current assets/(liabilities)" as a result of:
  - a decrease in other current assets (€479 million), due in particular to lower receivables from Group companies for dividends to be collected;

- an increase in current derivative liabilities (€48 million);
- the increase in other current liabilities (€88 million) due to the combined effect of higher payables to Group companies for IRES under the tax consolidation mechanism and the decrease in VAT and income taxes payable;
- the increase in current derivative assets (€330 million);

- €19 million for the increase in trade receivables, of which €18 million due from Group companies;
- €13 million for the decrease in trade payables, of which €67 million due to Group companies.

Net capital employed at December 31, 2022 amounted to €58,453 million and was funded by equity of €38,342 million and net financial debt of €20,111 million.

Equity amounted to €38,342 million, an increase of €3,375 million on the previous year. The change is mainly attributable to net profit for 2022 in the amount of €7,464 million, the distribution of the dividend for 2021 in the amount of €0.19 per share (for a total of €1,932 million), as approved by the Shareholders' Meeting on May 19, 2022, and the interim dividend for 2022 approved by the Board of Directors on November 3, 2022, and paid as from January 25, 2023 (€0.20 per share, for a total of €2,033 million).

Net financial debt amounted to €20,111 million at the end of the year, with a debt-to-equity ratio of 52.4% (66.3% at the end of 2021).

Analysis of the financial structure

Millions of euro

	at Dec. 31, 2022	at Dec. 31, 2021	Change
Long-term debt:			
- bank borrowings	1,527	2,508	(981)
- bonds	4,262	4,324	(62)
- other lease financing	-	1	(1)
- loans from subsidiaries	12,407	18,739	(6,332)
Long-term debt	*18,196*	*25,572*	*(7,376)*
Long-term loan assets from third parties	(4)	(3)	(1)
Net long-term debt	**18,192**	**25,569**	**(7,377)**
Short-term debt/(liquidity):			
- current portion of long-term loans	1,430	216	1,214
- short-term bank borrowings	25	640	(615)
- short-term debt payable to Group companies	3,000	-	3,000
- cash collateral received	365	298	67
Short-term debt	*4,820*	*1,154*	*3,666*
- short-term loans granted to Group companies	(512)	-	(512)
- other short-term financial receivables	(5)	(9)	4
- cash collateral paid	(389)	(1,077)	688
- net short-term financial position with Group companies	2,873	(1,486)	4,359
- cash and cash equivalents with banks and short-term securities	(4,868)	(952)	(3,916)
Net short-term debt/(liquidity)	**1,919**	**(2,370)**	**4,289**
NET FINANCIAL DEBT	**20,111**	**23,199**	**(3,088)**

Net financial debt amounted to €20,111 million, a decrease of €3,088 million from the previous year, the result of a decrease of €7,377 million in net long-term financial debt, partly offset by an increase of €4,289 million in net short-term financial debt.

The main financial transactions decreasing financial debt in 2022 were:

- the repayment of a drawing of €1,000 million on a sustainability-linked line of credit during the previous year;
- the early repayment of three Loan Agreements from Enel Finance International NV (€5,000 million) and the repayment of two borrowings falling due from Enel Finance International NV (€118 million);
- the repayment of two short-term bank loans totaling €400 million and the repayment of short-term revolving credit lines in the amount of €165 million;
- the €3,000 million drawing on a line of revolving credit signed in 2022 with Enel Finance International NV;
- the use by Enel Global Trading of a short-term loan granted in 2022 in the amount of €512 million.

Cash and cash equivalents amounted to €4,868 million, an increase of €3,916 million on December 31, 2021, mainly attributable to an increase in dividends received from Group companies during the year.

Please see the section "Cash flows" below for more details.

Cash flows

Millions of euro			
	2022	**2021**	**Change**
Cash and cash equivalents at the beginning of the year	**952**	**2,127**	**(1,175)**
Cash flows from operating activities(1)	8,689	6,757	1,932
Cash flows from investing activities	(1,647)	(9,739)	8,092
Cash flows from financing activities(1)	(3,126)	1,807	(4,933)
Cash and cash equivalents at the end of the year	**4,868**	**952**	**3,916**

(1) The figure for coupons paid to hybrid bond holders has been presented differently from that published in the separate financial statements for 2021.

Cash flows from operating activities in 2022 were a positive €8,689 million (€6,757 million at December 31, 2021), up €1,932 million on the previous year, mainly reflecting an increase in dividends received, partly offset by an increase in financial expense and in cash requirements connected with the change in net working capital.

During the year, financing activities absorbed cash flows of €3,126 million. This mainly reflected the repayment of long-term borrowing (€10,466 million) and the payment of dividends (€3,882 million), partly offset by the issue of new long-term financing (€4,251 million), the net decrease in financial debt (€7,108 million) and the payment of coupons to holders of perpetual hybrid bonds (€123 million).

Investing activities absorbed cash flows of €1,647 million essentially reflecting capital contributions to Enel North America Inc. (€880 million) and the acquisition of the interest in Enel X Way Srl by Enel X Italia Srl and the subsequent increase in capital by the latter company (totaling €858 million), partially offset by the liquidity of €137 million generated by the sale of Enel Russia.

The cash requirements of financing and investing activities were funded by the cash flows generated by operating activities in the amount of €8,689 million, resulting in cash and cash equivalents at year end of €4,868 million.

Performance of the main subsidiaries

Millions of euro	Financial statements	Non-current assets		Current assets		Total assets	
		at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Endesa SA	Consolidated	30,035	28,316	19,925	11,652	49,960	39,968
Enel Américas SA	Consolidated	25,307	24,630	7,275	6,235	32,582	30,865
Enel Chile SA	Consolidated	9,680	8,534	3,370	1,315	13,050	9,849
Enel Italia SpA	Consolidated	38,877	34,767	16,524	13,502	55,401	48,269
Enel North America Inc.	Consolidated	14,226	11,295	2,113	1,198	16,339	12,493
Enel Energie Muntenia SA	Separate	92	84	547	260	639	344
Enel Energie SA	Separate	48	33	628	290	676	323
Enel Finance International NV	Separate	43,871	40,869	17,738	8,793	61,609	49,662
Enel Grids Srl	Separate	75	190	511	403	586	593
Enel Global Services Srl	Separate	144	189	545	568	689	757
Enel Global Thermal Generation Srl	Separate	12	16	99	146	111	162
Enel Global Trading SpA	Separate	830	914	28,008	44,129	28,838	45,043
Enel Green Power SpA	Separate	1,092	2,153	2,072	1,029	3,164	3,182
Enel Holding Finance Srl	Separate	7,872	7,872	2	2	7,874	7,874
Enel Iberia SRLU	Separate	26,298	26,599	799	1,136	27,097	27,735
Enel Innovation Hubs Srl	Separate	-	-	9	26	9	26
Enel Insurance NV	Separate	538	453	549	640	1,087	1,093
Enel Investment Holding BV	Separate	1	2	5	5	6	7
Enel Romania SA	Separate	5	5	19	21	24	26
Enel X Srl	Separate	993	526	183	198	1,176	724
Enel X Way Srl	Separate	936	-	46	-	982	-
Enelpower Srl	Separate	2	3	38	38	40	41
E-Distribuţie Banat SA	Separate	424	399	56	87	480	486
E-Distribuţie Dobrogea SA	Separate	379	359	58	53	437	412
E-Distribuţie Muntenia SA	Separate	981	940	212	217	1,193	1,157

Non-current liabilities		Current liabilities		Equity		Total equity and liabilities	
at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
23,517	18,602	20,682	15,822	5,761	5,544	49,960	39,968
10,681	10,712	7,427	6,883	14,474	13,270	32,582	30,865
4,738	4,169	3,485	2,211	4,827	3,469	13,050	9,849
27,714	20,088	23,942	17,739	3,745	10,442	55,401	48,269
6,971	3,671	3,607	4,408	5,761	4,414	16,339	12,493
13	17	597	234	29	93	639	344
5	7	647	214	24	102	676	323
41,379	31,259	9,944	8,339	10,286	10,064	61,609	49,662
26	49	241	519	319	25	586	593
33	57	605	669	51	31	689	757
24	41	81	103	6	18	111	162
953	912	27,505	44,714	380	(583)	28,838	45,043
1,819	2,023	863	623	482	536	3,164	3,182
-	-	-	-	7,874	7,874	7,874	7,874
3,046	3,409	616	971	23,435	23,355	27,097	27,735
-	-	2	3	7	23	9	26
443	307	133	252	511	534	1,087	1,093
-	1	1	-	5	6	6	7
2	3	17	18	5	5	24	26
115	114	868	438	193	172	1,176	724
4	-	160	-	818	-	982	-
6	6	8	9	26	26	40	41
150	146	87	64	243	276	480	486
135	135	104	50	198	227	437	412
379	365	234	158	580	634	1,193	1,157

Millions of euro	Financial statements	Revenue		Costs		Gross operating profit/(loss)	
		at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Endesa SA	Consolidated	32,896	20,899	27,331	16,621	5,565	4,278
Enel Américas SA	Consolidated	14,933	13,689	10,352	10,221	4,581	3,468
Enel Chile SA	Consolidated	5,402	3,180	4,122	2,599	1,280	581
Enel Italia SpA	Consolidated	58,033	34,833	51,849	28,241	6,184	6,592
Enel North America Inc.	Consolidated	2,103	1,477	1,211	867	892	610
Enel Energie Muntenia SA	Separate	1,343	682	1,394	715	(51)	(33)
Enel Energie SA	Separate	1,480	700	1,547	699	(67)	1
Enel Finance International NV	Separate	1,667	1,012	1,561	2,113	106	(1,101)
Enel Grids Srl	Separate	690	504	422	511	268	(7)
Enel Global Services Srl	Separate	908	959	819	936	89	23
Enel Global Thermal Generation Srl	Separate	101	116	112	133	(11)	(17)
Enel Global Trading SpA	Separate	82,598	23,680	82,464	23,547	134	133
Enel Green Power SpA	Separate	449	286	309	288	140	(2)
Enel Holding Finance Srl	Separate	-	-	-	-	-	-
Enel Iberia SRLU	Separate	40	33	39	37	1	(4)
Enel Innovation Hubs Srl	Separate	6	6	6	6	-	-
Enel Insurance NV	Separate	149	119	149	106	-	13
Enel Investment Holding BV	Separate	1	2	2	2	(1)	-
Enel Romania SA	Separate	12	15	11	13	1	2
Enel X Srl	Separate	203	112	126	118	77	(5)
Enel X Way Srl	Separate	47	-	53	-	(6)	-
Enelpower Srl	Separate	-	-	-	-	-	-
E-Distribuţie Banat SA	Separate	228	116	254	96	(26)	20
E-Distribuţie Dobrogea SA	Separate	134	108	151	85	(17)	23
E-Distribuţie Muntenia SA	Separate	148	194	167	149	(19)	45

Amortization, depreciation and impairment losses		Operating profit/(loss)		Net financial income/(expense) and income/(expense) from equity investments		Pre-tax profit/(loss)		Income taxes		Profit/(Loss) for the year	
at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
1,878	2,322	3,687	1,956	(200)	(32)	3,487	1,924	891	467	2,596	1,457
2,529	1,217	2,052	2,251	(967)	(611)	1,085	1,640	797	682	288	958
286	293	994	288	944	(160)	1,938	128	512	17	1,426	111
3,039	3,831	3,145	2,761	(649)	369	2,496	3,130	1,586	825	910	2,305
418	337	474	273	(186)	(132)	288	141	97	28	191	113
14	12	(65)	(45)	(12)	1	(77)	(44)	(10)	(6)	(67)	(38)
14	13	(81)	(12)	(10)	2	(91)	(10)	(12)	(1)	(79)	(9)
–	–	106	(1,101)	(42)	186	64	(915)	20	(175)	44	(740)
2	–	266	(7)	(5)	(1)	261	5	(31)	(5)	292	10
68	64	21	(41)	1	(3)	22	(44)	8	(9)	14	(35)
1	1	(12)	(18)	1	(1)	(11)	(19)	2	(1)	(13)	(18)
32	23	102	110	(52)	(56)	50	54	62	57	(12)	(3)
596	(40)	(456)	38	378	(39)	(78)	(1)	36	(11)	(114)	10
–	–	–	–	–	–	–	–	–	–	–	–
(1)	(1)	2	(3)	672	7,706	674	7,703	(51)	83	725	7,620
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	13	7	8	7	21	2	5	5	16
–	1	(1)	(1)	–	–	(1)	(1)	–	–	(1)	(1)
–	1	1	1	–	–	1	1	–	–	1	1
43	13	34	(18)	(3)	(4)	31	(22)	(23)	(5)	54	(17)
17	–	(23)	–	4	–	(19)	–	(4)	–	(15)	–
–	–	–	–	–	–	–	–	(1)	–	1	–
43	23	(69)	(3)	–	–	(69)	(3)	(10)	–	(59)	(3)
18	19	(35)	4	(3)	–	(38)	4	(6)	1	(32)	3
21	48	(40)	(3)	(1)	1	(41)	(2)	(4)	1	(37)	(3)

People centricity

Enel SpA employees at December 31, 2022 numbered 889. In 2022, the number of employees increased by 55, reflecting the net balance between new hires and terminations.

The following table reports the average number of employees by category with comparative figures for the previous year, as well as the headcount at December 31, 2022.

No.	Average workforce			Headcount
	2022	2021	Change	at Dec. 31, 2022
Senior managers	154	148	6	164
Middle managers	449	417	32	481
Office staff	261	246	15	244
Total	**864**	**811**	**53**	**889**

The following table reports changes in the workforce during the year.

Headcount at Dec. 31, 2021	New hires	Terminations	Inward transfers	Outward transfers	Balance at Dec. 31, 2022
834	39	27	153	110	889

Training and development

The rapid, ongoing evolution of our business and the support of our strategy for a fair transition have resulted in a need for new technical and professional skills and led to the natural obsolescence of others. Within this landscape, ongoing employee training, along with strategies of upskilling, aimed at developing training and empowerment programs to improve performance within a given role, and reskilling, aimed at learning new skills and capabilities that enable people to fill new positions, are of increasing importance.

In 2022, in support of these strategies, we provided a total of about 3.1 million hours of training, up from the previous year (about 2.9 million hours in 2021), an average of approximately 47 hours per employee (vs. more than 44 hours per employee in 2021). This was made possible by the upgrading of digital tools and the E-Ducation platform, which ensured broad access to content and expanded the culture of digitalization for learning, including remotely. In Italy, we signed a remote-work agreement that allows employees in roles that can be performed remotely to work remotely for up to 60% of their total work days, with the option to increase that percentage in certain cases. This capacity for flexibility and resilience leverages our consolidated experience with flexible working, which began in Italy as early as 2016 and then gradually spread throughout the Group, and the technological and digital transformation of corporate strategy that has made Enel the world's first major utility company to fully embrace the cloud model.

In addition to training and awareness initiatives to accompany the adoption of fully digital modes of work, we have continued training programs related to conduct, technical issues, safety, reskilling, and the digital culture.
In line with the Group's commitment, the training budget has been increased compared with the previous year, with total training costs incurred in 2022 coming to about €30 million (about €20 million in 2021).
In 2022, with regard to the development and assessment of Enel's people, we continued with the program Open Feedback Evaluation (OFE), a mechanism for the constant, 360° gathering of feedback from all employees, thereby creating an ongoing dialogue within the organization.
The new OFE model is made up of three interdependent dimensions: "Talent", which highlights an individual's skills related to the four Open Power values of Trust, Responsibility, Innovation and Proactivity; "Generosity", meaning a propensity for interacting with others; and "Action", i.e., the ability, as assessed by both superiors and peers, to achieve professional objectives.

With a view to promoting and developing individuality, mechanisms such as job shadowing, mentoring and coaching are available to increase awareness of and express one's talents, while promoting a climate of inclusiveness and active listening. This year, 667 employees worldwide were involved in mentoring initiatives (325 mentees and 342 mentors).

Finally, with regard to acknowledging the value of people, we made the transition in 2022 from a system based on assessments for entering management positions to the development of a program of empowerment that helps people to be more aware of their specific talents, attitudes, preferences and aspirations, while supporting them in more complex roles within the organization.
Within this context, new selection criteria have been introduced into the annual plan of management succession aimed at greater inclusiveness and at valuing diversity. More specifically, we have removed the age limit for eligibility in the succession plan and introduced a parameter than ensures at least 50% of all successors are women, while also incentivizing the inclusion of office staff among the appointments.

Open Listening and organizational wellness

At the end of 2022, we issued a new Open Listening survey concerning the organization's global corporate climate. The 2022 survey was completed by 75.6% of all Group employees, and the overall job-satisfaction rate was 89.6%. The goal of the survey is to measure employee wellness and job satisfaction through active listening in a number of areas of importance to the organization (including work-life balance, networking, training, diversity and inclusion).

In addition, in 2021, Enel worked with employees to create a global well-being model founded on eight pillars with an impact on overall satisfaction, namely: emotional, physical, social, ethical, financial and cultural well-being, work-life harmony, and sense of protection. To measure wellness and understand what is of greatest importance to people, a global well-being survey has been conducted. The results of the 2021 survey, which was repeated in October 2022 with the added dimension of motivation, led to the preparation and launch of the 2022 Global Wellness Program involving a diverse, multicultural team. The program is intended for all Enel employees and features an experience that is both physical and digital. As for results, the surveys measured an overall sense of wellness, worldwide, of 60%, meaning that 60% of all those surveyed reported feeling average to high levels of satisfaction with their own wellness.

Including diversity at Enel

At Enel, inclusion, wellness, engagement and value creation are fundamental aspects of our approach with our people. Our approach to diversity and inclusion is based on the principles of non-discrimination, equal opportunities, personal dignity, inclusion regardless of any form of diversity, and work-life balance. This approach is embodied in an organic set of actions that promote an attention to and expression of individuality, a culture of inclusiveness without prejudice, and a coherent mix of talents, qualities and experience, all of which creates value for our people and for our business.
The approach has been ratified in our Charter for the Individual, a protocol of intent that Enel signed on March 29, 2022, underscoring the importance of personal well-being and integrity to a healthy, safe, motivating and engaging ecosystem able to express its full potential.
This is an innovative protocol, a new model designed in this unprecedented era of uncertainty due to the COVID pandemic, which has transformed working relationships and has presented us with an extraordinary opportunity for change, capping off a cultural transformation at Enel that had already begun some time before. In processes of digital, cultural and energy transition, people are the key to our success – our true competitive advantage. Managing these times of rapid change calls for inclusiveness, especially in the workplace. It is out of this awareness that our Charter of the Person aims to value the individual as a key player in an ecosystem in which the Company and the trade unions work together to create a healthy, safe, motivating and engaging workplace – a workplace in which wellness, productivity, continuous learning, and safety can work in concert towards the complete fulfillment of the individual, with an ever greater role for, and hence accountability of, the person.
The milestones that have brought us to today began back in 2013 with publication of our Human Rights Policy. This was followed, in 2015, by Enel's adoption of the seven Women's Empowerment Principles (WEPs) promoted by the UN Global Compact and UN Women and the parallel publication of the Diversity and Inclusion Policy, which defines the principles of non-discrimination, equal opportunities, dignity, work-life balance, and inclusiveness regardless of any form of diversity. In 2019, our Workplace Harassment Policy introduced the issues of individual respect, integrity and dignity in the workplace into the prevention of all types of harassment, and these principles were dissemi-

nated in 2020 when we published online Enel's Statement Against Harassment in the workplace.[1] In 2021, we issued our global Policy on Digital Accessibility to ensure equal opportunities in access to digital systems and information.

In recent years, intensive awareness efforts have led to the dissemination and strengthening of a culture of inclusion at all levels and in all settings within the organization by way of communication campaigns and local and global events focused on a range of issues. Of note among the most important initiatives in 2022 are the actions dedicated to having a systemic impact on various aspects of the gender gap and the inclusion of disabilities, new global initiatives of STEM awareness, projects to support the vulnerable, initiatives related to cultural diversity in various countries, and events to raise awareness of the concept of individuality and uniqueness. In particular, we organized the global event YOUniqueness Makes the Difference aimed at exploring the concept of individual uniqueness in relationships and in the organization, and we completed the provision of training throughout the Group entitled Beyond Bias and Harassment in the Workplace.

Promoting a culture of inclusiveness at Enel also involves target setting and measurement. It is an approach that is encapsulated in an organic plan of actions measured by way of a broad set of KPIs subject to commitments approved by the corporate boards and published in the Sustainability Report and Plan. These commitments include: balancing the percentage of women in hiring processes; increasing the representation of women in senior and middle management and in succession plans; increasing the number of female students involved in STEM-awareness initiatives; and promoting projects for the inclusion of employees with disabilities at all stages of the employee journey.

More specifically, in terms of gender equality, company strategy is organized into various lines of action. We are working to increase the presence of women in hiring processes, reaching 52.2% in 2022 (52.1% in 2021) and continuing the upward trend of the last five years. In terms of women in management positions, we have seen both the number and the percentage of female managers continue to climb, increasing by 1.3 percentage points in 2022 (from 23.6% in 2021 to 24.9% in 2022). Actions to value the contribution of women throughout the organization, and not just in senior positions, have also continued, and the effects of these efforts will be better seen over the medium to long term, due in part to generational dynamics. Among the actions taken globally, the performance target for the percentage of women in top management succession plans has been confirmed for 2024 targets under the Long-Term Incentive Plans, and the weighting has been increased from 5% to 10% of the total in order to lend greater continuity to a policy to establish a suitable platform for management appointments into the near future.

Over the years, we have also increased our commitment to promote the presence of women in Science, Technology, Engineering and Math (STEM) training and careers in collaboration with schools and government, so as to overcome gender stereotypes and promote the importance of STEM and its integration with the humanities. These STEM awareness and orientation initiatives reached nearly 10,000 female secondary-school students in 2022 and more than 30,000 female students over the last six years.[2]

On the issue of disabilities, Enel provides equipment, services, working methods and other initiatives to create an inclusive climate for work and relationships for all that provides full autonomy at work regardless of the disability. Worldwide, we have 2,129 employees with disabilities. The issue is particularly relevant in Italy (with 1,568 employees with disabilities, about 74% of the Group total).

With Enel's participation in the global "Valuable 500" initiative in 2019, the issue became one of great interest, leading, in 2020, to the launch of the global project "Value for Disability", aimed at seizing potential business and promoting inclusion among employees and customers with disabilities by designing specific global and local plans of action. Every country with at least one employee with a disability has a focal point for hearing and responding to specific needs and designing dedicated actions, as stated in the Diversity and Inclusion Policy. Many countries have also organized initiatives focused on intercultural and intergenerational issues and on the LGBTQ+ community.

Finally, to promote care for all people who find themselves in circumstances that have had an impact on work, the MaCro@Work Caring Program for employees with chronic disorders and the Parental Program to support parenting throughout the Group are continuing in the various countries to which they have been extended.

The table below shows Enel's commitment to diversity and inclusion, including the percentage of employees with disabilities, the number of women in senior and middle management, and the ratio of the average salaries of women to those of men.

(1) https://www.enel.com/content/dam/enel-com/documenti/investitori/sostenibilita/enel-statement-against-harassment.pdf.
(2) Beginning in 2022, the figure only includes initiatives targeting primary and secondary schools.

Diversity and inclusion

		2022	2021	Change	
Disabled personnel or personnel belonging to protected categories	%	**3.3**	**3.2**	**0.1**	**3.1%**
Women in senior and middle management	no.	**4,462**	**4,163**	**299**	**7.2%**
Percentage of women in senior and middle management	%	**31.8**	**30.6**	**1.2**	**3.9%**
Percentage of women in management succession plans	%	**46.1**	**42.7**	**3.4**	**8.0%**
Percentage of women in senior management succession plans	%	**50**	**-**	**50**	**-**
Base salary and remuneration ratios					
Ratio of base salary women-to-men:	%	**104.7**	**104.8**	**-0.1**	**-0.1%**
- senior manager	%	83.9	84.6	-0.7	-0.8%
- middle manager	%	92.8	94.2	-1.4	-1.5%
- office staff	%	88.8	88.4	0.4	0.5%
- blue collar	%	125.0	111.2	13.8	12.4%
Ratio of base remuneration women-to-men:	%	**105.4**	**105.1**	**0.3**	**0.3%**
- senior manager	%	80.7	81.1	-0.4	-0.5%
- middle manager	%	91.9	93.2	-1.3	-1.4%
- office staff	%	89.3	88.4	0.9	1.0%
- blue collar	%	125.4	112.0	13.4	12.0%

Workplace health and safety

The mental and physical health and safety of our people are the most important thing to protect at Enel in all areas of life. It is precisely in this view that Enel is committed to developing and promoting a strong culture of safety that ensures we provide a healthy workplace that is free from hazards for all who work with and for the Group.
The constant commitment of us all, the integration of safety both in our processes and in our training, the reporting and analysis events, rigor in the selection and management of contractors, constant control over quality, the sharing of experience, and benchmarking against the leading international players are all cornerstones to our culture of safety.

Ensuring the health and safety of our people is a responsibility for all who work at Enel. This is why, as established in the Group's Stop Work Policy, both employees and contractors are required to stop any work immediately that could put the health and safety of themselves or other at risk or, similarly, that could harm the environment or compromise the quality of any of its component parts.

Each of the Group's business line has its own ISO 45001 compliant Health and Safety Management System. This management system centers around the identification of hazards, the qualitative and quantitative assessment of risks, the planning and implementation of preventive and protective measures and the verification of their efficacy, the implementation of any corrective action, and the preparation of the operating teams.
The following table reports the main workplace safety indicators:

		2022	2021	2022-2021	
Hours worked	millions of hours	**427.847**	**423.362**	**4.486**	**1.1%**
Enel	millions of hours	123.624	123.421	0.203	0.2%
Contractors	millions of hours	304.223	299.940	4.282	1.4%
Total Recordable Injuries (TRI)[1]	no.	**962**	**1,212**	**(250)**	**-20.6%**
Enel	no.	153	157	(4)	-2.5%
Contractors	no.	809	1,055	(246)	-23.3%
Total Recordable Injury Frequency Rate (TRI FR)[2]	i	**2.25**	**2.86**	**(0.61)**	**-21.3%**
Enel	i	1.25	1.27	(0.02)	-1.6%
Contractors	i	2.66	3.52	(0.86)	-24.4%
Fatal Injuries (FAT)	no.	**6**	**9**	**(3)**	**-33.3%**
Enel	no.	1	3	(2)	-66.7%
Contractors	no.	5	6	(1)	-16.7%
Fatal Injury Frequency Rate (FAT FR)	i	**0.014**	**0.021**	**(0.007)**	**-33.3%**
Enel	i	0.008	0.024	(0.016)	-66.7%
Contractors	i	0.016	0.020	(0.004)	-20.0%
Life Changing Accidents (LCA)[3]	no.	**2**	**4**	**(2)**	**-50.0%**
Enel	no.	-	1	(1)	-
Contractors	no.	2	3	(1)	-33.3%
Life Changing Accidents (LCA) frequency rate	i	**0.005**	**0.009**	**(0.004)**	**-44.4%**
Enel	i	-	0.008	(0.008)	-
Contractors	i	0.007	0.010	(0.003)	-30.0%
Lost Time Injury Rate with days lost (ACC>3 FR)[4]	i	**0.36**	**0.43**	**(0.07)**	**-16.3%**
Enel	i	0.48	0.49	(0.01)	-2.0%
Contractors	i	0.31	0.40	(0.09)	-22.5%
Lost Time Injury Frequency Rate with days lost (LTI FR)[5]	i	**0.50**	**0.65**	**(0.15)**	**-23.1%**
Enel	i	0.56	0.68	(0.12)	-17.6%
Contractors	i	0.48	0.64	(0.16)	-25.0%
High Potential Accidents Frequency Rate (HPO FR)[6]	i	**0.072**	**0.094**	**(0.022)**	**-23.4%**
Enel	i	0.057	0.065	(0.008)	-12.3%
Contractors	i	0.079	0.107	(0.028)	-26.2%

(1) Total Recordable Injuries (TRI): this includes all incidents that have caused injuries, including lost time injuries, incidents requiring the administration of first aid, or incidents that did not result in lost time.
(2) Total Recordable Injury Frequency Rate (TRI FR): as for all the frequency rates for the various types of incidents, this is calculated as the ratio of number of events to total hours worked (in millions).
(3) Life Changing Accidents (LCAs): injuries whose health consequences caused permanent changes in the life of the individual (e.g., amputation of a limb, paralysis, extensive and visible scarring, etc.). Beginning with the 2021 reporting cycle, the metric Life Changing Accidents replaced High Consequence Injuries following efforts to standardize safety reporting within the organization. Therefore, the figures for 2020 and 2019 have been recalculated in line with this new approach.
(4) Lost Time Injury Rate with days lost is calculated considering accidents in which the worker lost at least three days of work.
(5) Lost Time Injury Frequency Rate (LTI FR): all injuries that have resulted in at least one day of absence from work shown as a ratio to total hours worked (in millions).
(6) High Potential Accidents Frequency Rate (HPO FR): all injuries the characteristics of which have a high potential for causing a life-changing or fatal event, shown as a ratio to total hours worked (in millions).

Compared with the previous year, 2022 shows a significant reduction in all injury indicators, while the total number of hours worked has remained nearly constant (+1.1%).

In 2022, the Total Recordable Injury Frequency Rate (TRI FR) decreased from 2021 by 21.3% to about 2.2 injuries per million hours worked. This reduction is seen in both Enel employees (-1.6%) and in contractor personnel (-24.4%).

Responsible relations with communities

No. (million)	2022	2021	Change
Access to accessible and clean energy	15.6	13.2	2.4
Quality, fair and inclusive education	3.7	3.0	0.7
Decent work and economic growth	4.9	3.7	1.2

Establishing solid and lasting relationships with local communities in the countries in which Enel operates is a fundamental pillar of the Group's strategy, underpinning a model of development and management of the business that leaves no one behind and creates long-term shared value for all stakeholders. This model has been incorporated along the entire value chain and is divided into six main steps such as the analysis of the contexts already in the initial phase of the business projects, the mapping and analysis of stakeholders and their priorities, the development of the materiality matrix to then plan and manage sustainability projects, which are evaluated at different stages of project implementation. Models of sustainable construction sites and plants are also included in the approach. A further evolution has been the extension of this approach to the design, development and supply of energy services and products, as well as in the innovation of processes by using new technologies and helping to build increasingly circular, inclusive and sustainable communities.
In line with the Sustainable Development Goals (SDGs), Enel makes a concrete contribution to the sustainable progress of the territories in which it operates. This commitment is fully integrated into our purpose and corporate values, from the expansion of infrastructure to education and vocational training programs, and projects to support cultural and economic activities. Specific initiatives have been designed to promote access to energy with rural and suburban electrification, addressing energy poverty and promoting social inclusion for the most vulnerable segments of the population, also using new technologies and circular economy approaches and adopting a strategy that fully incorporates sustainability into our business model and activities. Various initiatives have been developed globally for the protection of biodiversity, in line with the Group's decarbonization strategy.

There are two major challenges in particular: the equitable and sustainable transition and the post-pandemic recovery.
The energy transition represents an important accelerator of growth and modernization of industry, thanks to the potential it offers in terms of economic development, well-being, quality of life and equality. Far-sighted policies are necessary to seize these opportunities, ensuring a just and inclusive transition and taking particular account of the needs of the social categories most exposed to change. Enel is convinced that in order to generate lasting profit, value must be shared with the entire environment in which it operates.
With the continuation of the COVID-19 pandemic, our commitment to support communities has also continued, with the activation of specific initiatives to sustain socio-economic recovery through the development of local marketplaces, facilitating access to credit and promoting inclusive business models to support the weaker segments of the population, with particular attention to people in physically, socially and economically vulnerable positions. Many digitalization projects have also been undertaken to support connectivity in rural areas, computer literacy, the participation of women in STEM fields, the development of e-commerce platforms and online or offline solutions with a positive impact on local economies.
In 2022, Enel developed over 2,300 sustainability projects involving more than 6.3 million beneficiaries in the countries in which Enel operates. In line with the SDGs, the projects concern activities such as the expansion of infrastructure, vocational education and training programs, projects to support cultural and economic activities, promotion of access to energy, rural and suburban electrification, addressing energy poverty and the promotion of social inclusion for the most vulnerable categories of the population. A fundamental lever in the realization of these projects is the use of over 1,200 active international partnerships with non-profit organizations, social enterprises, startups and institutions with close ties to the area.
An approach that leads to the implementation of a wide range of projects in different areas, thanks in part to the activation of virtuous ecosystems such as the Open Innovability® platform, which is based on openness and sharing, facilitating and promoting the identification of innovative social ideas and solutions.

The involvement of local communities is essential to develop a constructive dialogue that can actively contribute to facing the challenges posed by the social impacts of the decarbonization of the economy and to identify effective measures to respond to local needs in synergy with corporate objectives.

Sustainable supply chain

		2022	2021	Change	
Active suppliers	no.	20,434	11,311	9,123	80.7%
Suppliers (FTE)	no.	172,854	170,421	2,433	1.4%
Qualified suppliers assessed for ESG issues	%	99	99	-	-
Qualified suppliers assessed for social issues (including human rights and health and safety) for all goods categories	%	99	99	-	-
Qualified suppliers assessed for environmental issues for all goods categories	%	99	99	-	-

At Enel, purchasing processes are based on conduct oriented towards reciprocal good faith, transparency and collaboration. Suppliers are asked not only to meet the necessary quality standards but also to commit themselves to adopting best practices in the fields of human rights and the environment.
This is pursued within clear references to codes of conduct, including the Group's Human Rights Policy, the Code of Ethics, the Zero-Tolerance-of-Corruption Plan and global compliance programs.

In 2022 we signed agreements with a total of more than 6,213 vendors.

Assessments of environmental, social and governance aspects are conducted at all procurement phases, i.e., in the qualification phase, in the tender and contracting process and in the performance monitoring phase. Enel's global vendor qualification system (with about 31,400 active qualifications at December 31, 2022) enables us to accurately assess businesses that intend to participate in tender processes through the analysis of compliance with technical, financial, legal, environmental, human and ethical rights, including health and safety, and integrity requirements. The company must continue to meet these requirements throughout the duration of their qualification. Accordingly, companies already included in Enel's Register of Qualified Suppliers are constantly monitored for events involving both the company itself and its main officers, mainly through the use of external databases. As regards the tendering and bargaining process, in line with Enel's commitment to introduce sustainability issues in tendering processes, the Company has adopted a structured process for defining "sustainability requirements and rewarding factors (K)" which can be used by the various purchasing and monitoring units throughout the period of execution of the contract. The process provides for the presence of two "Libraries", which catalog all the sustainability requirements and Ks grouped into environmental, social, certification and circularity macro-categories. Furthermore, specific contractual clauses have been defined, which are included in all works, service and supply contracts and updated periodically, to take account of various regulatory developments and ensure alignment with international best practices.
The general terms of contract refer to the current regulations on pay, contributions, insurance and taxation for all workers employed in any capacity in the execution of the contract by the supplier. Furthermore, the principles and legal requirements referred to in the relevant ILO Conventions are explicitly referred to: equal treatment, prohibition of discrimination, abuse and harassment; trade union freedom, association and representation; refusal of forced labor; safety and environmental protection and sanitation conditions. In the event of conflict between regulatory sources, the more restrictive shall prevail. Vendor performance is evaluated and monitored throughout the procurement process. More specifically, monitoring systems used during the execution of the contract include Supplier Performance Management (SPM), whose objective within our collaboration with vendors is not only to undertake any corrective actions in the contract execution phase, but also to encourage a process of improvement using actions that reward the adoption of best practices. The process is based on an objective and systematic collection of data and information relating to the execution of the service covered by the contract. These data are used to produce specific indicators, also called categories (Quality, Punctuality, Health and Safety, Environment, Human Rights & Correctness, Innovation & Collaboration), which, when combined in a weighted average, represent the Supplier Performance Index (SPI).
Through the SPM process, 701 goods categories and 7,666 vendors were monitored in the last year (compared with 698 goods categories and some 6,782 vendors in 2021).

Meetings with suppliers continued in 2022 with a focus on sustainability issues, with specific reference to the protection of health and safety, as indispensable partners for sustainable progress in the entire context in which the Group operates.

Research and development

Enel SpA does not directly engage in research and development, as within the Group those activities are performed by a number of subsidiaries and associates.

Innovation

In line with the Open Power vision, the Group promotes an open innovation approach to address the challenges of the energy transition. The Open Innovation model makes it possible to connect all areas of the Company with startups, industrial partners, small and medium-sized enterprises (SMEs), research centers, universities and entrepreneurs – drawing in part on crowdsourcing platforms – to face the challenges of the business, taking into account the drivers of the Group's Strategic Plan. The Company has numerous innovation partnership agreements that, in addition to the traditional fields of action linked to renewable energy and conventional generation, have promoted the development of new solutions for e-mobility, microgrids, energy efficiency and the industrial Internet of Things (IoT).

Enel's innovation strategy leverages the online crowdsourcing platform openinnovability.com and a global network of 10 Innovation Hubs (3 of which are also Labs) and 22 Labs (3 of which are dedicated to startups), which consolidates the new model of collaboration with startups and SMEs. The latter offer innovative solutions and new business models and Enel makes its expertise, testing facilities and a global network of partners available to support its development and possible scale-up. The Hubs are located in the most relevant innovation ecosystems for the Group (Catania, Pisa, Milan, Silicon Valley, Boston, Rio de Janeiro, Madrid, Barcelona, Santiago de Chile, Tel Aviv). They manage relationships with all the players involved in innovation activities and constitute the main source of scouting for innovative startups and SMEs, responding to the innovation needs manifested by business lines. In September 2022 Enel inaugurated the new AI & Robotics Lab in Tel Aviv, specializing in the development of artificial intelligence and robotics for renewable energy and electricity grids.

Furthermore, in 2022, Enel was one of the first companies in the world to voluntarily adopt the ISO 56002 standard for innovation management. The ISO 56002 standard is part of the broader ISO 56000 series of standards and covers all aspects of innovation management: from the birth of an idea to its implementation on a global scale. It enables you to enhance the effectiveness of innovation and business opportunities, creating the conditions for a widespread culture of innovation that stimulates the creativity of employees and stakeholders and fosters the emergence of new value propositions in line with market developments.

Last year, the integration of Open Innovation Culture and Agile Transformation was launched at the Group level with the aim of providing the business with comprehensive support, from the generation of the idea to the project implementation phase, using Innovation and Agile methodologies as key drivers to create competitive advantage and generate cost optimization over time.

2022 saw the continuation of the activities of the innovation communities, multidisciplinary working groups created to innovatively address the most relevant issues for the business and new technologies in order to create value for the Group. To the existing communities of energy storage, blockchain, drones, energy accumulation, metaverse, robotics, sensors and quantum computing, other innovation communities have been added, including wearables, additive manufacturing, data monetization, artificial intelligence and machine learning, materials and hydrogen. The communities continuously monitor potential technological improvements or share useful new business models, value-added services or use cases for types of technology that could be implemented in different areas of the Enel Group.

As part of innovation activities, 194 Proofs of Concept were launched in 2022 (168 in 2021) to test innovative solutions, while 60 innovative solutions (46 in 2021) are in the scale-up phase and €104.5 million have been invested (including personnel costs) in innovation.

Digitalization

In 2022, innovation activities in the field of cyber security benefited from the network of Innovation Hubs, as well as from their portfolio of startups and partnerships forged at the Group level.

These interconnections have enabled the sharing of best practices and operating models, as well as the construction and enhancement of info-sharing channels.

The main initiatives in this area are reported below:

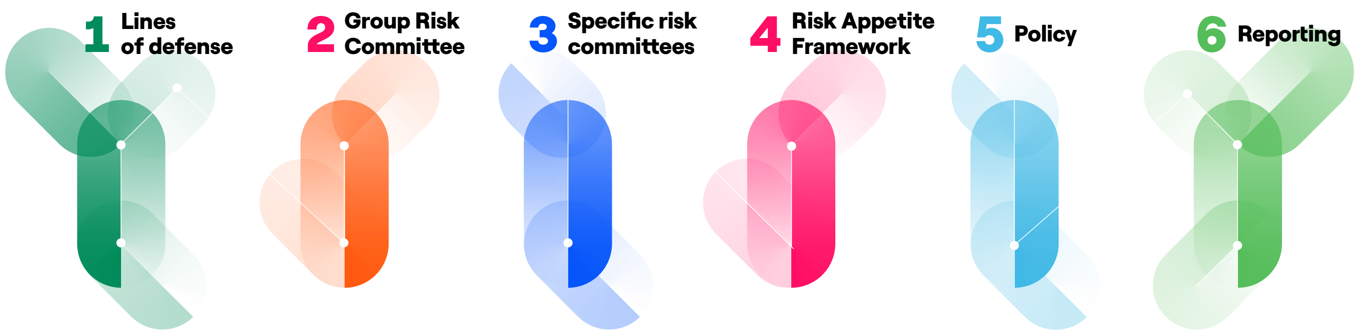
- analysis of solutions based on Quantum Key Distribution and Quantum safe encryption algorithms to enhance understanding of how to remedy current encryption models under threat from the future increase in computational capacity offered by quantum computing;
- software development support services and solutions to analyze open source code and third-party software libraries, both from the point of view of any vulnerabilities and from the point of view of user licenses;
- analysis of browser isolation solutions (isolation of the browser from the network to prevent it from becoming an entry point for malicious actors) and browser security to understand the resilience of central protection techniques compared with distributed approaches;
- virtual authentication solutions based on machine learning and artificial intelligence for distributed devices with low computational capabilities;
- services for identifying vulnerabilities in assets and third-party services used by the organization that could undermine the security of the organization itself (external attack surface);
- solutions that exploit the greater potential of artificial intelligence and machine learning to enhance capabilities in detecting IT threats and automating the process of analysis, correlation and response to incidents;
- solutions for identifying vulnerabilities of assets and devices (mobile devices, IoT, web applications, etc.) with the help of innovative techniques;
- review of industrial environments through the implementation of a vulnerability identification process with scripts without impacting the operating environments.

Main risks and opportunities

In its capacity as an industrial holding company, Enel SpA is exposed to the same risks associated with the Group's business.
In this regard, Enel adopted an internal control and risk management system (ICRMS), in line with the recommendations of the Corporate Governance Code.
Enel has also adopted a risk governance model based on a number of "pillars" as well as a uniform taxonomy of risks (the "risk catalogue") that facilitates their management and organic representation.

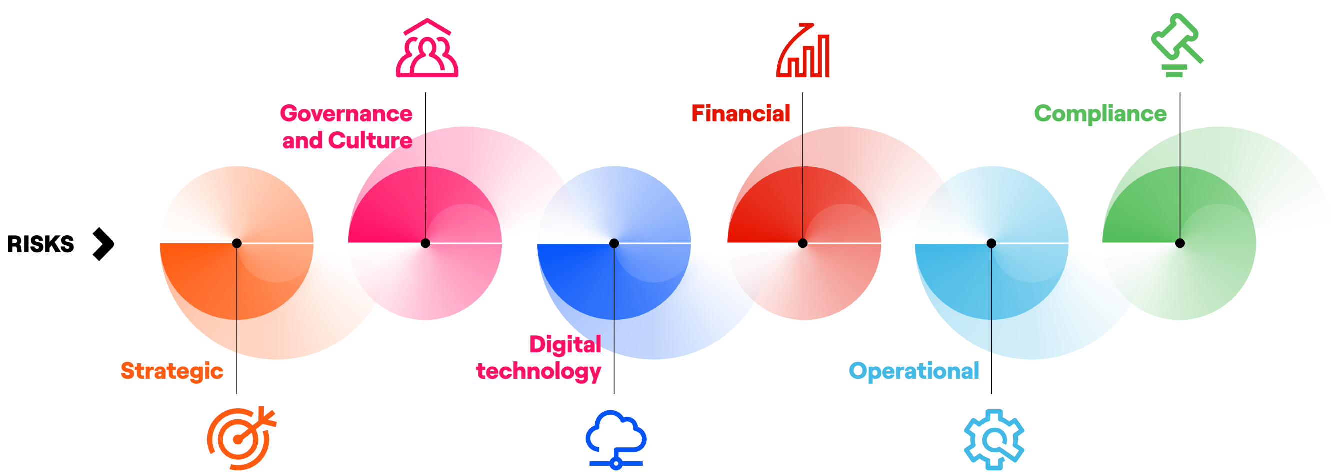
The "pillars" of risk governance

Enel has adopted a reference framework for risk governance that is implemented in the real world through the establishment of specific management, monitoring, control and reporting controls for each of the risk categories identified.
The Group's risk governance model is in line with the best national and international risk management practices and is based on the following pillars:



The Group "risk catalogue"

Enel has adopted a risk catalogue that represents a point of reference at the Group level and for all corporate units involved in risk management and monitoring processes. The adoption of a common language facilitates the mapping and comprehensive representation of risks within the Group, thus facilitating the identification of the main types of risk that impact Group processes and the roles of the organizational units involved in their management.
The risk catalogue groups the types of risk into macro-categories, which include, as shown below, strategic, financial and operational risks, (non)-compliance risks, risks related to governance and culture as well as digital technology.



Strategic risks

This category includes the following risks.

- Legislative and regulatory developments
- Macroeconomic and geopolitical trends
- Climate change
- Competitive environment

Legislative and regulatory developments

The Group operates in regulated markets and changes in the operating rules of the various systems, as well as the prescriptions and obligations characterizing them, impact the operations and performance of the Parent.
In order to manage the risks associated with these developments, Enel has intensified its relationships with local governance and regulatory bodies, adopting a transparent, collaborative and proactive approach in addressing and eliminating sources of instability in the legislative and regulatory framework. In this context Enel has also established specific corporate units that monitor the relevant issues associated with the evolution of legislation and regulations at the local, national and international levels.

Macroeconomic and geopolitical developments

While on the one hand the strong international presence of the Group expands and diversifies our business opportunities, on the other hand it entails risks connected with the exposure of cash flows and corporate assets to changes in the global macroeconomic and financial environment. Idiosyncratic risk factors include the volatility of exchange rates and changes in the economic, political, social and financial conditions in the various countries. Added to this are global risks connected with possible new health crises and military conflicts, such as the recent hostilities between Russia and Ukraine, which have already had a negative impact on global short- to medium-term growth prospects, and which may have impacts on the future continuity of supplies, the prices of materials and/or commodities, migration and economic activity in individual countries. These factors are therefore evaluated on the basis of the impacts that depend so closely on economic, social and energy conditions in individual nations.

Climate change

In order to identify the main types of risk and opportunity and their impact on the business associated with them in a structured manner consistent with the TCFD, we have adopted a framework that explicitly represents the main relationships between scenario variables and types of risk and opportunity, specifying the strategic and operational approaches to managing them, comprising mitigation and adaptation measures.
There are two main macro-categories of risks/opportunities: those connected with developments in physical variables and those linked to the evolution of the transition scenarios.
Physical risks are divided in turn between acute (i.e., extreme events) and chronic, with the former linked to extremely intense meteorological conditions and the latter to more gradual but structural changes in climate conditions. Extreme events expose the Group to the risk of prolonged unavailability of assets and infrastructure, the cost of restoring service, customer disruptions and so on. Chronic changes in climate conditions expose the Group to other risks or opportunities: for example, structural changes in temperature could cause changes in electricity demand and have an impact on output, while alterations in rainfall or wind conditions could impact the Group's business by increasing or decreasing potential electricity generation.
The assessment activities of physical risks allow the implementation of an adaptation strategy aimed at enhancing our capacity to manage adverse events (Response Management), increasing asset resilience, including design requirements (Resiliency Measures) and the identification of new business opportunities and options.
With regard to the energy transition towards a more sustainable model characterized by progressive electrification and the reduction of CO_2 emissions, in line with the Group's decarbonization strategy, there are risks and opportunities connected with both changes in the regulatory and legal context and trends in technology development and electrification and the consequent market developments, with potential effects on the prices of commodities and energy as well.

Competitive environment

The markets and businesses in which the Group operates are exposed to steadily growing competition and evolution, from both a technological and regulatory point of view, with the timing of these developments varying from country to country.
As a result of these processes, Enel is exposed to growing competitive pressure and, as electricity is this century's energy vector, competition driven by contiguous sectors is also rising, although this offers utilities the opportunity to move into new businesses.

The analysis of the competitive environment is one of the key elements of the analysis of the context in which the Group operates and defines its business ambitions. The risks associated with evolutionary developments in the market are also mitigated by the periodic monitoring of the comparative performance at an industrial and financial level of our competitors. The assessment activity is carried out using a framework designed to (i) identify the most relevant competitors and peers; (ii) analyze their results, the main business drivers, strategic and industrial objectives; and (iii) understand their current and prospective positioning.

Financial risks

As part of its operations, Enel is exposed to a variety of financial risks – partly reflecting the central treasury function it performs for the Group – that, if not appropriately mitigated, can directly impact our performance. These include currency risk, interest rate risk, credit and counterparty risk and liquidity risk.

- Interest rate
- Commodity
- Currency
- Credit and counterparty
- Liquidity

The financial risk governance arrangements adopted by Enel establish specific internal committees that are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.
The financial risk governance system also defines a system of operating limits, for each risk, which are monitored periodically by risk management units. the system of limits constitutes a decision-making tool to achieve its objectives bearing in mind the risk/opportunity tradeoff.
For further information on the management of financial risks, please see note 33 "Risk Management" of the financial statements.

Interest rate

Enel is exposed to the risk that changes in the level of interest rates could produce unexpected changes in net financial expense or financial assets and liabilities measured at fair value.
The exposure to interest rate risk derives mainly from the variability of the terms of financing, in the case of new debt, and from the variability of the cash flows in respect of interest on floating-rate debt.
The interest rate risk management policy seeks to contain financial expense and its volatility by optimizing the portfolio of financial liabilities and using OTC derivatives.
Risk control through specific processes, risk indicators and operating limits enables us to limit possible adverse financial impacts and, at the same time, to optimize the structure of debt with an adequate degree of flexibility.

Currency

In view of its geographical diversification, access to international markets for the issuance of debt instruments and transactions in commodities, Enel is exposed to the risk that changes in exchange rates between the presentation currency and other currencies could generate unexpected changes in the performance and financial aggregates in the financial statements.
The exposure to currency risk is mainly linked to the US dollar and is attributable to cash flows in respect of investments, dividends from foreign associates or the purchase or sale of equity investments and financial assets and liabilities.
The currency risk management policy is based on systematically hedging the exposures of the Company.
Appropriate operational processes ensure the definition and implementation of appropriate hedging strategies, which typically employ financial derivatives obtained on OTC markets.
Risk control through specific processes and indicators enables us to limit possible adverse financial impacts and, at the same time, to optimize the management of cash flows on the managed portfolios.

Credit and counterparty

The Company is exposed to credit and counterparty risk, i.e., the possibility of a deterioration in the creditworthiness of our counterparties in financial transactions that could have an adverse impact on the expected value of the creditor position. The exposure to credit and counterparty risk is essentially attributable to trading in derivatives, bank deposits and, more generally, financial instruments. Risk mitigation is pursued through the diversification of the portfolio (preferring counterparties with a high credit standing) and the adoption of specific standardized contractual frameworks that contain risk mitigation clauses (e.g., netting arrangements) and possibly the exchange of cash collateral. Managing risk based on specific risk indicators, and where possible limits, ensures that the economic and financial impacts associated with a possible deterioration in creditworthiness are contained within sustainable levels. Thanks to the risk management and monitoring policy adopted by Enel, there has been no significant changes in the financial exposure and credit standing.

Liquidity

Liquidity risk is the risk that Enel, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to situations of tension or systemic crises (credit crunches, sovereign debt crises, etc.) or changes in the perception of Enel riskiness by the market.
Among the factors that define the risk perceived by the market, the credit rating assigned to Enel by rating agencies plays a decisive role, since it influences its ability to access sources of financing and the related financial terms of that financing. A deterioration in the credit rating could therefore restrict access to the capital market and/or increase of the cost of funding, with consequent negative effects on the financial position, financial performance and cash flows of Enel.
In 2022, Enel's risk profile only changed compared with December 2021 for Fitch, whose rating went from "A-" with a stable outlook to "BBB+" with a stable outlook. Enel's rating remained "BBB+" with a stable outlook for Standard & Poor's and "Baa1" with a stable outlook for Moody's.
Enel's liquidity risk management policy is designed to maintain sufficient liquidity to meet expected commitments over a given time horizon without resorting to additional sources of financing, also retaining a prudential liquidity reserve, sufficient to meet any unexpected commitments. Furthermore, in order to meet its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of funding sources, which it uses to meet its financial needs, and a balanced maturity profile.
The increase in gas prices in 2022 following the Russia-Ukraine conflict had an impact on the margins on commodity derivatives, which reached unprecedented levels. At the end of the year, the liquidity risk index monitored for the Group was well within the limits set for 2022, demonstrating the Group's resilience even under severe liquidity conditions caused by extraordinary and unforeseeable events.

Digital technology risks

The risks within this category are described in the following sections.

- Cyber security
- Digitalization, IT effectiveness and service continuity

Cyber security

The speed of technological developments that constantly generate new challenges, the ever-increasing frequency and intensity of cyber-attacks and the attraction of critical infrastructures and strategic industrial sectors as targets underscore the potential risk that, in extreme cases, the normal operations of companies could grind to a halt.
In this context, cyber security risk represents the possibility that cyber-attacks could compromise corporate information systems (both management and industrial systems), with the main consequence being the interruption of services and the theft of sensitive information, with both financial and reputational impacts.
Cyber-attacks have evolved dramatically in recent years: their number has grown exponentially, as has their complexity and impact, making it increasingly difficult to promptly identify the source of threats. In the case of Enel, this exposure reflects the many environments in which it operates (data, industry and people), a circumstance that accompanies the intrinsic complexity and interconnection of the resources that over the years have been increasingly integrated into daily operating processes.
The Enel Group has adopted a holistic governance approach to cyber security that is applied to all the sectors of IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things). The framework is based on the commitment of top management, on global strategic management, on the involvement of all business areas as well as on the units involved in the design and implementation of our systems. The Group leverages the best technologies available on the market while also acting on the human factor through initiatives to increase awareness and understanding of cyber security, which represents the first line of corporate defense. In addition, the framework incorporates regulatory requirements for information security, as well as the execution of extensive tests (in IT, OT and IoT environments) to identify, mitigate and remove identified vulnerabilities.
In addition, the Group has developed an IT risk management methodology founded on "risk-based" and "cyber security by design" approaches, thus integrating the analysis of business risks into all strategic decisions and integrating security requirements over the entire life cycle of solutions and services. Enel has also created its own Cyber Emergency Readiness Team (CERT) in order to proactively respond to any IT security incidents.

Digitalization, IT effectiveness and service continuity

Enel is carrying out a complete digital transformation of how it manages the entire energy value chain, developing new business models and digitizing its business processes. A consequence of this digital transformation is that Enel is increasingly exposed to risks related to the functioning of the IT systems, implemented throughout the Company, which could lead to service interruptions or data losses and a consequent increase in operating costs, with significant reputational and financial impacts.
These risks are managed using a series of internal measures developed by the Global Digital Solutions unit, which is responsible for guiding Enel's digital transformation. It has set up an internal control system that introduces control points along the entire IT value chain, enabling us to prevent the emergence of risks engendered by such issues as the creation of services that do not meet business needs, the failure to adopt adequate security measures and service interruptions. The internal control system of Global Digital Solutions oversees both the activities performed in-house and those outsourced to external associates and service providers. Furthermore, Enel is promoting the dissemination of a digital culture and digital skills, in order to successfully guide the digital transformation and minimize the associated risks.

Operational risks

Operational risks for Enel are described in the following sections.

- People and organization
- Environment
- Procurement, logistics and supply chain

People and organization

Enel has placed sustainability at the center of its strategy as the heart of its business model in order to contribute to the achievement of the Sustainable Development Goals of the United Nations 2030 Agenda. The Group has incorporated sustainability into different geographical, economic and social contexts with the aim of guiding the Just Transition, essential for the future of the planet, accelerating the decarbonization of its energy mix through the growth of renewables and increasing electrification of consumption. The profound social, economic and cultural transformations we are experiencing, from the energy transition to the processes of digitalization and technological innovation, also have a profound effect on the world of work, renewing its paradigms and imposing major cultural and organizational changes, which require new professional qualifications and skills. In order to deal with change, it is essential to act inclusively, placing the Person at the center in his or her social and work dimension, with adequate tools to cope with this epochal transformation. Organizations must increasingly move towards new agile and flexible work and business models that are sustainable along the entire value chain. It is also essential to adopt policies to enhance the diversity and talents of each person, understanding that the contribution of the individual represents an essential element for the creation of widespread and shared value. The centrality of people and the management of human capital are thus expressed through the development of digital skills and competences; the promotion of reskilling and upskilling for our people (continuous, personalized, flexible, accessible and transversal) in order to ensure long life employability; the sharing of industry best practices and training aimed also at those who work with our people, both suppliers and contractors; the appropriate widespread involvement of the corporate purpose, which ensures the achievement of results while guaranteeing greater satisfaction for people understood as motivation and well-being.

Environment

Recent years have seen the continuation of the growth in the sensitivity of the entire community to risks connected with development models that impact the quality of the environment and ecosystems with the exploitation of scarce natural resources (including raw materials and water).

In some cases, the synergistic effects between these impacts, such as global warming and the increasing exploitation and degradation of water resources, have increased the risk of environmental emergencies in the most sensitive areas of the planet, with the risk of sparking competition among different uses of water resources such as industrial, agricultural and civil uses.

In response to these needs, authorities have imposed increasingly restrictive environmental regulations, placing ever more stringent constraints on the development of new industrial initiatives and, in the most impactful industries, incentivizing or requiring the elimination of technologies no longer considered sustainable.

Our international commitment in the mitigation of impacts on biodiversity is also growing. Already present in Europe in the Green Deal, in 2022 this was sanctioned by the Global Biodiversity Framework approved at COP 15 in Montreal.

In this context, companies in every sector, and above all industry leaders, are ever more aware that environmental risks are economic risks. As a result, they are called upon to increase their commitment and accountability for developing and adopting innovative and sustainable technical solutions and development models.

Enel has made the effective prevention and minimization of environmental impacts and risks a foundational element of each project across its entire life cycle.

The adoption of ISO 14001-certified environmental management systems across the entire Group ensures the implementation of structured policies and procedures to identify and manage the environmental risks and opportunities associated with all corporate activities. A structured control plan combined with improvement actions and objectives inspired by the best environmental practices, with requirements exceeding those for simple environmental regulatory compliance, mitigate the risk of impacts on the environment, reputational damage and litigation. Also contributing are the multitude of actions to achieve the challenging environmental improvement objectives set by Enel, such as those regarding atmospheric emissions, waste production and water consumption, especially in areas with high water stress and impacts on habitats and species.

The risk of water scarcity is directly mitigated by Enel's development strategy, which is based on the growth of generation from renewable sources that are essentially not dependent on the availability of water for their operation. Special attention is also devoted to assets in areas with a high level of water stress, in order to develop technological solutions to reduce consumption. Ongoing collaboration with local river basin management authorities enables us to adopt the most effective shared strategies for the sustainable management of hydroelectric generation assets. Finally, effective action is being taken for ecosystems to protect, restore and conserve biodiversity in species and natural habitats, respecting the mitigation hierarchy (avoid, minimize, restore and offset) as well as appropriate terrestrial, marine and river monitoring to verify the effectiveness of the measures adopted.

Enel takes an active part in the international engagement with influential stakeholders and networks (e.g., Business for Nature, Taskforce on Nature-related Financial Disclosures, World Business Council for Sustainable Development and Science Based Targets for Nature) on issues concerning nature and biodiversity.

Procurement, logistics and supply chain

The purchasing processes of Global Procurement and the associated governance documents form a structured system of rules and control points that make it possible to combine the achievement of economic business objectives with full compliance with the fundamental principles set out in the Code of Ethics, the Enel Global Compliance Program, the Zero-Tolerance-of-Corruption Plan and the Human Rights Policy, without renouncing the promotion of initiatives for sustainable economic development.

These principles have been incorporated into the organizational processes and controls that Enel has voluntarily decided to adopt in order to establish relationships of trust with all its stakeholders, as well as define stable and constructive relationships that are not based exclusively on ensuring financial competitiveness but also take account of best practices in essential areas for the Group, such as the avoidance of child labor, occupational health and safety and environmental responsibility. Thanks to the greater interaction and integration with the outside world and with the different parts of the corporate organization, the procurement process has assumed an increasingly central role in the creation of value. Global Procurement contributes to a resilient and sustainable supply chain, thinking from a circular economy perspective and fostering innovation, sharing the Group's values and objectives with suppliers who thereby become enablers of the achievement of Enel's targets.

More specifically, bonus factors have been introduced in tenders in order to engender virtuous behavior on the part of our suppliers. For example, the environmental impact of any customer is strongly influenced by the impact of its upstream supply chain, and that is why Global Procurement pushes its suppliers to objectively measure their carbon footprint and improve their performance.

From the point of view of the procurement process, the various Procurement Units almost systematically adopt the tender mechanism, thus ensuring maximum competition and equal access opportunities for all operators who are in possession of the technical, economic/financial and environmental requirements, security, human, legal and ethical rights. Procurement with direct assignment and without a competitive procedure can only take place in exceptional cases, duly motivated, in compliance with current legislation on the matter.

Furthermore, the single global supplier qualification system for the entire Enel Group, even before the procurement process begins, verifies that potential suppliers who intend to participate in procurement procedures are aligned with the Company's strategic vision and expectations in all the areas and requirements cited earlier and that they have adopted the same values.

With regard to the risk governance system, Global Procurement is focused on the application of metrics that indicate the level of risk before and after the mitigation action, in order to implement precautionary measures to reduce uncertainty to a tolerable level or mitigate any impacts in all business, technological and geographical areas. The effectiveness of supply chain risk management is monitored through specific indicators – including the probability of insolvency, the concentration of contracts with individual suppliers or industrial groups, the supplier's dependence on Enel, a performance indicator for the correctness of conduct during the tender, quality, punctuality and sustainability in the execution of the contract, country risk, etc. – for which thresholds have been specified to guide the definition of the procurement, negotiation and tender award strategy, enabling informed choices of risk and potential benefit (savings).

The actions taken to counter the impact of the COVID-19 emergency have focused in differentiating supply sources to avoid interruptions in the supply chain and the remote performance of activities that would ordinarily require physical interaction between Enel and the supplier (e.g., inspections at the company). Furthermore, to counter the consequences of the geopolitical situation in Ukraine, which has increased market volatility and further stressed the supply chain, already strained during the COVID-19 pandemic, Global Procurement constantly monitors activities related to the supply/logistics chain, with the active participation of our suppliers, through a specific contractual monitoring obligation, to mitigate the risks of market shortages, logistical problems and business interruptions.

Compliance risks

- Risks connected with the protection of personal data

Risks connected with the protection of personal data

In the era of the digitalization and globalization of markets, Enel's business strategy has focused on accelerating the transformation towards a business model based on a digital platform, using a data-driven and customer-centric approach along the entire value chain.
This exposes Enel to the risks connected with the protection of personal data (an issue that must also take account of the substantial growth in privacy legislation). Inadequate implementation of such protection could cause financial losses and reputational harm.
In order to manage and mitigate this risk, Enel has adopted a model for the global governance of personal data, with the appointment of personnel responsible for privacy issues at all levels (including the appointment of Data Protection Officers at the global and country levels) and digital compliance tools to map applications and processes and manage risks with an impact on protecting personal data, in compliance with specific local regulations in this field.

Outlook

In November 2022, the Group presented its new Strategic Plan for 2023-2025, setting out a strategy for responding to the new global challenges, based on simplification and focusing on the geographical areas that will make it possible to fully seize the opportunities associated with the energy transition.
In particular, the Strategic Plan seeks to:

- focus on an integrated industrial supply chain towards sustainable electrification;
- achieve strategic repositioning of businesses and geographical areas of operation;
- ensure growth and financial soundness by combining the growth of ordinary profit with stronger credit metrics as early as 2023.

In pursuing these objectives, between 2023 and 2025 the Group expects to invest a total of around €37 billion, of which 60% in support of the Group's integrated commercial strategy (generation, customers and services) and 40% on grids, to support their role as enablers of the energy transition.
The Plan will focus on four strategic actions.

- **Balancing client demand and supply to optimize risk/reward profile.**
  By 2025, the Group expects to sell around 80% of its electricity volumes in the six core countries with fixed-price contracts. The Group also expects to satisfy 100% of fixed-price sales with its own generation and long-term power purchase agreements (PPAs), envisaging that around 90% be covered by carbon-free sources, to further ensure the evolution of the Group's margins.
- **Decarbonization to ensure competitiveness, sustainability and security.**
  By 2025, the Group expects to add approximately 21 GW of installed renewable capacity (of which some 19 GW in core countries), positioning itself well towards achieving its decarbonization objectives, in line with the Paris Agreement.
- **Strengthening, developing and digitalizing grids to enable the transition.**
  The Group's strategy for grids concerns five of the six core countries, namely Italy, Spain, Brazil, Chile and Colombia.
- **Rationalization of business portfolio and geographical areas.**
  The Group plans a further rationalization of its structure, exiting some businesses and geographical areas that are no longer aligned with its strategy, in order to redefine the Group structure, maximizing shareholder value.

As a result of the strategic actions described above, the Group's ordinary EBITDA is expected to reach €22.2-22.8 billion in 2025, compared with €19.7 billion in 2022.
Group ordinary profit is expected to grow to €7.0-7.2 billion in 2025, compared with €5.4 billion in 2022.
Enel's dividend policy remains simple and predictable, with a DPS of €0.43 in the 2023-2025 period, up from €0.40 in 2022. Furthermore, the DPS in 2024 and 2025 should be considered as a sustainable minimum.

The following are planned for 2023:

- a continuation of the investment policy in renewable energy to support industrial growth and as part of the decarbonization policies followed by the Group;
- further investments in distribution grids, especially in Italy, with the aim of improving service quality and increasing the flexibility and resilience of the grid;
- a continuation of the investment policy dedicated to the electrification of consumption, with the aim of enhancing the growth of the customer base, as well as continuous efficiency improvement through global business platforms.

In view of the foregoing, the financial targets on which the Group's 2023-2025 Plan is based are reported below.

Financial targets

	2022	2023	2024	2025
Profit growth				
Ordinary EBITDA (€ billions)	19.7	20.4-21.0	21.4-22.0	22.2-22.8
Ordinary profit (€ billions)	5.4	6.1-6.3	6.7-6.9	7.0-7.2
Value creation				
Dividend per share (€)	0.40	0.43	0.43[1]	0.43[1]

(1) Minimum DPS.

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2022 – March 16, 2023 – the Enel Group meets the "conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 15 of the Markets Regulation (approved with Resolution no. 20249 of December 28, 2017).

Specifically, we report that:

- in application of the materiality criteria for the purposes of consolidation referred to in Article 15, paragraph 2, of the CONSOB Markets Regulation, 52 non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2021;
- they are: 1) Ampla Energia e Serviços SA (a Brazilian company belonging to Enel Américas SA); 2) Aurora Wind Project LLC (a United States company belonging to Enel North America Inc.); 3) Azure Sky Wind Project LLC (a United States company belonging to Enel North America Inc.); 4) Celg Distribuição SA - Celg-D (a Brazilian company that exited the scope of the Enel Group as from December 29, 2022); 5) Cimarron Bend Wind Holdings I LLC (a United States company belonging to Enel North America Inc.); 6) Codensa SA ESP (a Colombian company merged into Emgesa SA ESP on March 1, 2022); 7) Companhia Energética do Ceará - Coelce (a Brazilian company belonging to Enel Américas SA); 8) Dolores Wind SA de Cv (a Mexican company belonging to Enel Green Power SpA); 9) EGPNA Preferred Wind Holdings LLC (a United States company belonging to Enel North America Inc.); 10) Eletropaulo Metropolitana Eletricidade de São Paulo SA (a Brazilian company belonging to Enel Américas SA); 11) Emgesa SA ESP (a Colombian company belonging to Enel Américas SA, renamed Enel Colombia SA ESP on March 1, 2022); 12) Empresa Distribuidora Sur SA - Edesur (an Argentine company belonging to Enel Américas SA); 13) Enel Américas SA (a Chilean company directly controlled by Enel SpA); 14) Enel Argentina SA (an Argentine company belonging to Enel Américas SA); 15) Enel Brasil SA (a Brazilian company belonging to Enel Américas SA); 16) Enel Chile SA (a Chilean company directly controlled by Enel SpA); 17) Enel Distribución Chile SA (a Chilean company belonging to Enel Chile SA); 18) Enel Distribución Perú SAA (a Peruvian company belonging to Enel Américas SA); 19) Enel Finance America LLC (a United States company belonging to Enel North America Inc.); 20) Enel Fortuna SA (a Panamanian company belonging to Enel Américas SA); 21) Enel Generación Chile SA (a Chilean company belonging to Enel Chile SA); 22) Enel Generación Costanera SA (an Argentine company belonging to Enel Américas SA); 23) Enel Generación Perú SAA (a Peruvian company belonging to Enel Américas SA); 24) Enel Green Power Cachoeira Dourada SA (a Brazilian company belonging to Enel Américas SA); 25) Enel Green Power Chile SA (a Chilean company belonging to Enel Chile); 26) Enel Green Power Colombia SAS ESP (a Colombian company merged on March 1, 2022 into Emgesa SA ESP); 27) Enel Green Power Power Diamond Vista Wind Project LLC (a United States company belonging to Enel North America Inc.); 28) Enel Green Power México S de RL de Cv (a Mexican company belonging to Enel Green Power SpA); 29) Enel Green Power North America Development LLC (a United States company belonging to Enel North America Inc.); 30) Enel Green Power North America Inc. (a United States company belonging to Enel North America Inc.); 31) Enel Green Power Panamá Srl (a Panamanian company belonging to Enel Américas SA, renamed Enel Panamá CAM Srl on August 16, 2022); 32) Enel Green Power Perú SAC (a Peruvian company belonging to Enel Américas SA); 33) Enel Green Power Rattlesnake Creek Wind Project LLC (a United States company belonging to Enel North America Inc.); 34) Enel Green Power RSA (Pty) Ltd (a South African company belonging to Enel Green Power SpA); 35) Enel Green Power RSA 2 (RF) (Pty) Ltd (a South African company belonging to Enel Green Power SpA); 36) Enel Kansas LLC (a United States company belonging to Enel North America Inc.); 37) Enel North America Inc. (a United States company directly controlled by Enel SpA); 38) Enel Perú SAC (a Peruvian company belonging to Enel Américas SA); 39) Enel Rinnovabile SA de Cv (a Mexican company belonging to Enel Green Power SpA); 40) Enel Russia PJSC (a Russian company that exited the scope of the Enel Group on October 12, 2022); 41) Enel Trading North America LLC (a United States company belonging to Enel North America Inc.); 42) Enel Transmisión Chile SA (a Chilean company that exited the scope of the Enel Group on December 9, 2022); 43) Enel X North America Inc. (a United States company belonging to Enel North

America Inc.); 44) Essa2 SpA (a Chilean company merged on March 1, 2022 into Emgesa SA ESP); 45) Geotérmica del Norte SA (a Chilean company belonging to Enel Chile SA); 46) High Lonesome Wind Power LLC (a United States company belonging to Enel North America Inc.); 47) Red Dirt Wind Project LLC (a United States company belonging to Enel North America Inc.); 48) Rock Creek Wind Project LLC (a United States company belonging to Enel North America Inc.); 49) Rockhaven Ranchland Holdings LLC (a United States company belonging to Enel North America Inc.); 50) Thunder Ranch Wind Project LLC (a United States company belonging to Enel North America Inc.); 51) Tradewind Energy Inc. (a United States company belonging to Enel North America Inc.); 52) White Cloud Wind Project LLC (a United States company belonging to Enel North America Inc.);

- the balance sheet and income statement of the above companies included in the reporting package used for the purpose of preparing the 2022 consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 15, paragraph 1a) of the Markets Regulation) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2022 financial statements of Enel SpA together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Regulation approved with Resolution no. 11971 of May 14, 1999);
- the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 15, paragraph 1b) of the Markets Regulation);
- Enel SpA has verified that the above subsidiaries:
  - provide the auditor of the Parent, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 15, paragraph 1 (letter c-i) of the Markets Regulation);
  - use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent, Enel SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 15, paragraph 1 (letter c-ii) of the Markets Regulation).

Approval of the separate financial statements

The Shareholders' Meeting called to approve the separate financial statements, as provided for by Article 9.2 of the bylaws of Enel SpA, shall be called within 180 days of the close of the financial year. The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year, permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the Company is required to prepare consolidated financial statements.

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Civil Code are reported in the following notes to the financial statements: 32 "Financial instruments", 33 "Risk management", 34 "Derivatives and hedge accounting" and 35 "Fair value measurement".

Transactions with related parties

For more information on transactions with related parties, please see note 37.

Own shares

At December 31, 2022, treasury shares are represented by 7,153,795 ordinary shares of Enel SpA with a par value of €1.00 each (4,889,152 at December 31, 2021), purchased through an authorized intermediary for a total of about €47 million.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, the Group did not carry out any atypical or unusual operations in 2022. Such operations include transactions whose significance, size, nature of the counterparties, subject matter, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of non-controlling shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 42.

Incentive system

Enel's remuneration policy for 2022, which was adopted by the Board of Directors acting on a proposal of the Nomination and Compensation Committee and approved by the Shareholders' Meeting of May 19, 2022, was formulated on the basis of (i) the recommendations of the Italian Corporate Governance Code published on January 31, 2020; (ii) national and international best practice; (iii) the guidance provided by the favorable vote of the Shareholders' Meeting of May 20, 2021 on the remuneration policy for 2021; (iv) the results of the engagement activity on corporate governance issues pursued by the Company between January and March 2022 with the leading proxy advisors and some Enel's relevant institutional investors; (v) the findings of the benchmark analysis of the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer/General Manager and the non-executive directors of Enel for 2021, which was performed by the independent consultant Mercer.

This policy is intended to (i) foster Enel's sustainable success, which takes the form of creating long-term value for the benefit of shareholders, taking due consideration of the interests of other key stakeholders, so as to incentivize the achievement of strategic objectives; (ii) attract, retain and motivate personnel with the professional skills and experience required by the sensitive managerial duties entrusted to them, taking into account the remuneration and working conditions of the employees of the Company and the Enel Group; and (iii) promote the corporate mission and values.

The 2022 remuneration policy adopted for the Chief Executive Officer/General Manager and key management personnel envisages:

- a fixed component;
- a short-term variable component (MBO) that will be paid out on the basis of achievement of specific performance objectives. Namely:
  - for the CEO/General Manager, annual objectives have been set for the following components:
    - consolidated net ordinary profit;
    - Group opex;
    - funds from operations/consolidated net financial debt;
    - System Average Interruption Duration Index - SAIDI (gate objective), commercial complaints on the free commodity market in Italy (gate objective) and commercial complains received at the Group level;
    - workplace safety;
  - for key management personnel, the respective MBOs identify objective and specific annual goals connected with the Strategic Plan. They are determined jointly by the Administration, Finance and Control function and the People and Organization function;
- a long-term variable component linked to participation in specific long-term incentive plans. In particular, for 2022 this component is linked to participation in the Long-Term Incentive Plan 2022 for the management of Enel SpA and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code (2022 LTI Plan), which establishes three-year performance targets for the following:
  - Enel's average TSR (Total Shareholder Return) compared with the average TSR for the EURO STOXX Utilities - EMU index for the 2022-2024 period;
  - ROIC (Return on Invested Capital) - WACC (Weighted Average Cost of Capital), cumulative for 2022-2024;
  - Scope 1 GHG emissions per equivalent kWh generated by the Group in 2024;
  - percentage of women in top management succession plans at the end of 2024.

The 2022 LTI Plan establishes that any bonus accrued is represented by an equity component, which can be supplemented – depending on the level of achievement of the various targets – by a cash component. More specifically, the Plan envisages that 130% of the basic bonus of the Chief Executive Officer/General Manager (compared with a maximum of 280% of the basic bonus) and 65% of the basic bonus of key management personnel (compared with a maximum of 180% of the basic bonus) will be paid in Enel shares previously acquired by the Company. In addition, the disbursement of a significant portion of long-term variable remuneration (70% of the total) is deferred to the second year following the three-year performance period covered by the 2022 LTI Plan.

For more information on the remuneration policy for 2022, please see Enel's "Report on the remuneration policy for 2022 and compensation paid in 2021", which is available on the Company's website (www.enel.com).

2.

Corporate governance

Report on corporate governance and ownership structure

The corporate governance system of Enel SpA is compliant with the principles set forth in the January 2020 edition of the Italian Corporate Governance Code,(3) adopted by the Company, and with international best practice.

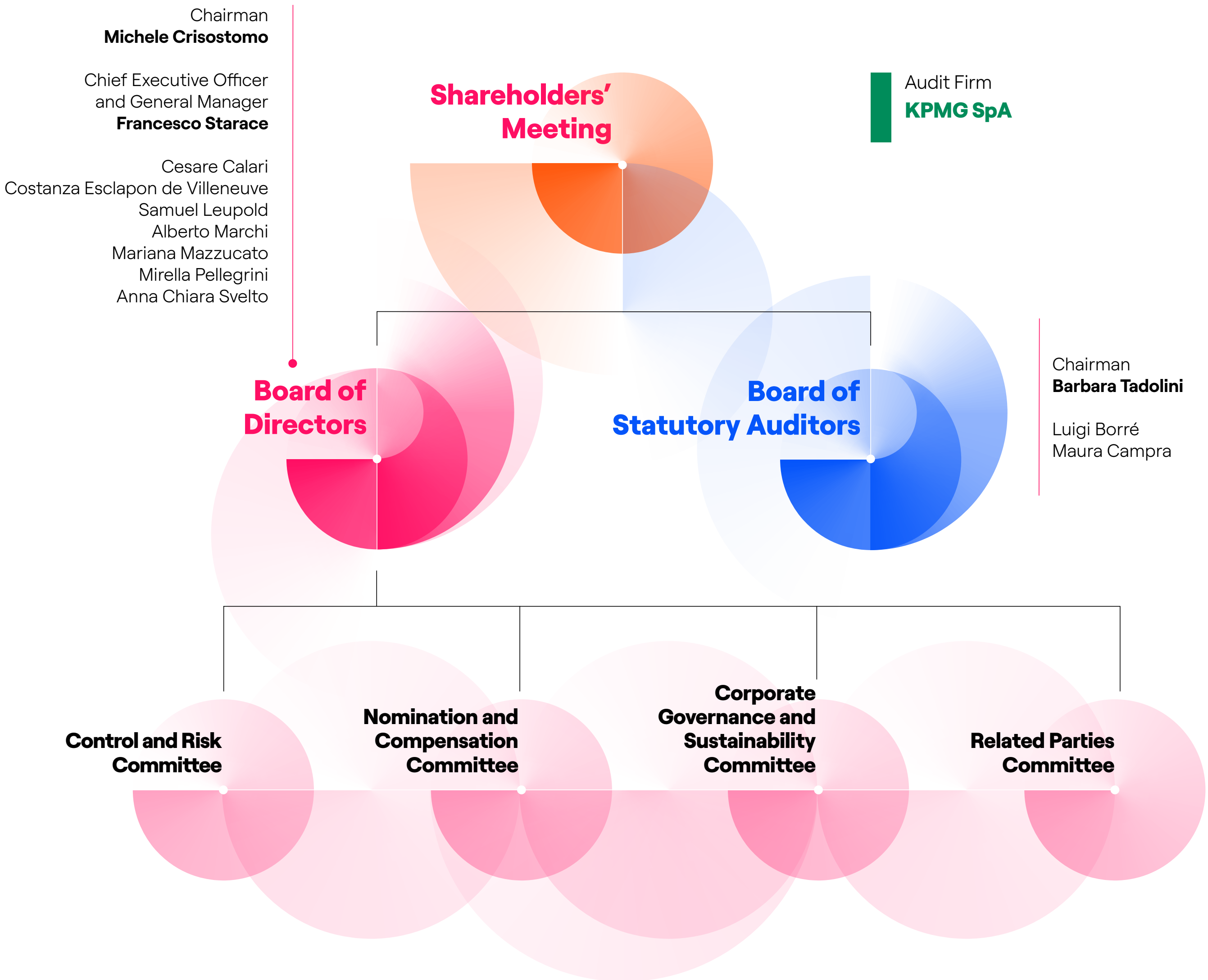
The corporate governance system adopted by Enel and the Group is essentially aimed at achieving sustainable success, as it is aimed at creating value for the shareholders over the long term, taking into account the environmental and social importance of the Enel Group's business operations and the consequent need, in conducting such operations, to adequately consider the interests of all relevant stakeholders.

In compliance with Italian legislation governing listed companies, Enel's organization comprises the following bodies:

- a Board of Directors charged with managing the Company, which has established (i) internal Board committees whose functions include the preliminary analysis of issues, the development of recommendations and the performance of advisory functions, in order to ensure the adequate internal allocation its functions, as well as (ii) a committee for transactions with related parties, which performs the functions envisaged by applicable legislation and specific company procedure;
- a Board of Statutory Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the Audit Firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;
- a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Statutory Auditors and their compensation and any stockholders' suits; (ii) the approval of the separate financial statements and allocation of profit; (iii) the purchase and sale of treasury shares; (iv) remuneration policy and its implementation; (v) stock-based compensation plans; (vi) amendments of the bylaws; (vii) mergers and demergers; and (viii) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Statutory Auditors.

(3) Available from the website of Borsa Italiana (at https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020-eng.en.pdf).



For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the Company's website (http://www.enel.com, in the "Governance" section).

3.

Separate financial statements

Profit of the year of €7,157 million

The result reflects the increase in other income and income from equity investments, as well as the results of financial operations. The increase on 2021 is €2,395 million.

Growing dividend

The dividend for 2022 is €0.40 per share, an increase of 5.3% compared to the dividend distributed in 2021.

Climate change effects

The Group's assessment process takes into account the impact of climate change in the long term.

Separate financial statements

Income Statement

Euro	Notes	2022		2021	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	4.a	116,051,123	*116,143,487*	125,426,702	*125,382,065*
Other income	4.b	16,663,153	*14,877,215*	1,643,537,558	*14,038,934*
	[Subtotal]	**132,714,276**		**1,768,964,260**	
Costs					
Purchase of consumables	5.a	386,707	*218,873*	523,948	*366,196*
Services, leases and rentals	5.b	206,383,096	*132,838,081*	196,758,516	*129,741,926*
Personnel expenses	5.c	104,681,593		178,564,663	
Depreciation, amortization and impairment losses	5.d	1,329,696,603		734,099,075	
Other operating costs	5.e	26,904,912	*615,302*	13,637,338	*680,506*
	[Subtotal]	**1,668,052,911**		**1,123,583,540**	
Operating loss		**(1,535,338,635)**		**645,380,720**	
Income from equity investments	6	8,770,435,089	*8,770,003,874*	4,450,596,876	*4,449,822,148*
Financial income from derivatives	7	2,131,015,975	*627,229,150*	1,072,689,763	*253,243,181*
Other financial income	8	431,697,733	*379,617,287*	239,976,218	*237,221,205*
Financial expense from derivatives	7	1,959,981,967	*1,166,367,143*	891,233,492	*505,710,198*
Other financial expense	8	786,552,405	*309,241,496*	869,140,792	*203,472,671*
	[Subtotal]	**8,586,614,425**		**4,002,888,573**	
Pre-tax profit		**7,051,275,790**		**4,648,269,293**	
Income taxes	9	(106,090,159)		(114,212,964)	
PROFIT FOR THE YEAR		**7,157,365,949**		**4,762,482,257**	

Statement of Comprehensive Income

Euro	Notes	2022	2021
Profit for the year		**7,157,365,949**	**4,762,482,257**
Other comprehensive income/(expense) that may be subsequently reclassified to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		294,350,690	124,454,364
Change in the fair value of hedging costs		(3,149,358)	15,717,853
Other comprehensive income/(expense) that may not be subsequently reclassified to profit or loss			
Remeasurement of net liabilities/(assets) for defined benefit plans		13,268,911	4,564,511
Change in the fair value of equity investments in other companies		1,952,292	-
Total other comprehensive income/(loss)	23	**306,422,535**	**144,736,728**
Comprehensive income/(loss) for the year		**7,463,788,484**	**4,907,218,985**

Statement of Financial Position

Euro	Notes				
ASSETS		**at Dec. 31, 2022**		**at Dec. 31, 2021**	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	10,527,976		11,735,807	
Intangible assets	11	133,425,176		143,456,537	
Deferred tax assets	12	146,252,786		298,539,457	
Equity investments	13	59,952,466,507		60,268,990,442	
Non-current financial derivative assets	14	348,779,629	*35,499,991*	753,312,462	*153,244,028*
Other non-current financial assets	15	13,667,732		15,417,338	
Other non-current assets	16	81,210,258	*68,953,577*	99,043,140	*86,843,927*
	[Total]	**60,686,330,064**		**61,590,495,183**	
Current assets					
Trade receivables	17	294,100,316	*294,690,317*	275,247,959	*276,190,306*
Income tax assets	18	164,519,486		141,877,919	
Current financial derivative assets	14	390,303,368	*85,798,846*	59,972,681	*23,256,617*
Other current financial assets	19	3,480,039,167	*3,019,086,075*	8,257,266,476	*7,133,865,088*
Other current assets	20	584,062,049	*282,681,908*	1,063,147,760	*1,044,515,604*
Cash and cash equivalents	21	4,867,872,963		952,254,599	
	[Total]	**9,780,897,349**		**10,749,767,394**	
Non-current assets classified as held for sale	22	**654,000,000**		**-**	
TOTAL ASSETS		**71,121,227,413**		**72,340,262,577**	

Euro	Notes				
LIABILITIES AND EQUITY		**at Dec. 31, 2022**		**at Dec. 31, 2021**	
			of which with related parties		*of which with related parties*
Equity					
Share capital		10,166,679,946		10,166,679,946	
Treasury share reserve		(47,077,924)		(36,046,337)	
Equity instruments - perpetual hybrid bonds		5,567,477,464		5,567,477,464	
Other reserves		11,835,447,410		11,510,379,340	
Retained earnings/(Loss carried forward)		5,695,687,373		4,928,260,660	
Profit for the year[(1)]		5,124,029,959		2,830,813,067	
TOTAL EQUITY	23	**38,342,244,228**		**34,967,564,140**	
Non-current liabilities					
Long-term borrowings	24	18,195,966,550	*12,406,766,403*	25,572,039,327	*18,738,942,712*
Employee benefits	25	131,204,919		171,939,929	
Non-current portion of provisions for risks and charges	26	26,699,393		49,212,156	
Deferred tax liabilities	12	98,253,224		149,317,756	
Non-current financial derivative liabilities	14	663,170,856	*163,067,356*	1,300,244,640	*25,575,645*
Other non-current liabilities	27	23,089,469	*8,493,024*	29,470,863	*8,473,280*
	[Total]	**19,138,384,411**		**27,272,224,671**	
Current liabilities					
Short-term borrowings	24	8,751,561,341	*8,362,050,365*	6,563,294,343	*5,624,719,235*
Current portion of long-term borrowings	24	1,430,638,032	*1,332,500,814*	215,621,277	*117,654,573*
Current portion of provisions for risks and charges	26	14,646,861		12,122,617	
Trade payables	28	154,478,681	*97,033,054*	167,020,616	*116,525,041*
Current financial derivative liabilities	14	178,393,271	*69,056,412*	130,821,277	*36,532,890*
Other current financial liabilities	29	238,249,602	*94,222,302*	226,570,923	*70,929,839*
Other current liabilities	31	2,872,630,986	*739,812,883*	2,785,022,713	*220,243,966*
	[Total]	**13,640,598,774**		**10,100,473,766**	
TOTAL LIABILITIES		**32,778,983,185**		**37,372,698,437**	
TOTAL LIABILITIES AND EQUITY		**71,121,227,413**		**72,340,262,577**	

(1) Profit for the year of €7,157 million (€4,762 million in 2021) is reported net of the interim dividend of €2,033 million (€1,932 million in 2021).

Statement of Changes in Equity (note 23)

Euro	Share capital	Share premium reserve	Negative treasury share reserve	Equity instruments reserve - perpetual hybrid bonds	Legal reserve	Reserve pursuant to Law 292/1993
At January 1, 2021	**10,166,679,946**	**7,475,994,347**	**(3,269,152)**	**2,385,529,628**	**2,033,335,988**	**2,215,444,500**
Other changes	-	20,021,716	(20,021,716)	-	-	-
Purchase of treasury shares	-	(42,879)	(12,755,469)	-	-	-
Reserve for share-based payments (LTI)	-	-	-	-	-	-
Equity instruments - perpetual hybrid bonds	-	-	-	3,181,947,836	-	-
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-
Allocation of 2020 profit						
Distribution of dividends	-	-	-	-	-	-
Retaining earnings	-	-	-	-	-	-
2021 interim dividend[1]	-	-	-	-	-	-
Comprehensive income for the year						
Other comprehensive income	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
At December 31, 2021	**10,166,679,946**	**7,495,973,184**	**(36,046,337)**	**5,567,477,464**	**2,033,335,988**	**2,215,444,500**
Other changes	-	-	-	-	-	-
Purchase of treasury shares	-	-	(14,071,647)	-	-	-
Reserve for share-based payments (LTI)	-	42,879	-	-	-	-
Issue of own shares	-	-	3,040,060	-	-	-
Equity instruments - perpetual hybrid bonds	-	-	-	-	-	-
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-
Allocation of 2021 profit						
Distribution of dividends	-	-	-	-	-	-
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-
Retaining earnings	-	-	-	-	-	-
2022 interim dividend[2]	-	-	-	-	-	-
Comprehensive income for the year						
Other comprehensive income	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
At December 31, 2022	**10,166,679,946**	**7,496,016,063**	**(47,077,924)**	**5,567,477,464**	**2,033,335,988**	**2,215,444,500**

(1) Approved by the Board of Directors on November 4, 2021 and paid as from January 26, 2022.
(2) Approved by the Board of Directors on November 3, 2022 and paid as from January 25, 2023.

Other reserves	Hedging reserve	Hedging costs reserve	Reserve from measurement of financial assets at FVOCI	Actuarial reserve	Retained earnings	Profit for the year	Total equity
73,472,904	**(442,654,761)**	**(15,977,786)**	**(119,746)**	**(39,242,244)**	**6,346,833,602**	**546,791,537**	**30,742,818,763**
–	–	–	–	–	–	–	**-**
36,046,337	–	–	–	–	(36,046,337)	–	**(12,798,348)**
9,364,236	–	–	–	–	–	–	**9,364,236**
–	–	–	–	–	–	–	**3,181,947,836**
–	–	–	–	–	(70,554,749)	–	**(70,554,749)**
–	–	–	–	–	(1,321,668,393)	(538,834,037)	**(1,860,502,430)**
–	–	–	–	–	8,767,598	(7,957,500)	**810,098**
–	–	–	–	–	928,939	(1,931,669,190)	**(1,930,740,251)**
–	124,454,364	15,717,853	–	4,564,511	–	–	**144,736,728**
–	–	–	–	–	–	4,762,482,257	**4,762,482,257**
118,883,477	**(318,200,397)**	**(259,933)**	**(119,746)**	**(34,677,733)**	**4,928,260,660**	**2,830,813,067**	**34,967,564,140**
1,034	–	–	–	–	–	–	**1,034**
14,026,715	–	–	–	–	(14,026,715)	–	**(14,071,647)**
7,525,713	–	–	–	–	–	–	**7,568,592**
(2,950,806)	–	–	–	–	2,950,806	–	**3,040,060**
–	–	–	–	–	–	–	**-**
–	–	–	–	–	(123,434,990)	–	**(123,434,990)**
–	–	–	–	–	–	(1,931,669,190)	**(1,931,669,190)**
–	–	–	–	–	70,554,749	(70,554,749)	**-**
–	–	–	–	–	829,952,104	(828,589,129)	**1,362,975**
–	–	–	–	–	1,430,759	(2,033,335,989)	**(2,031,905,230)**
–	294,350,690	(3,149,358)	1,952,292	13,268,911	–	–	**306,422,535**
–	–	–	–	–	–	7,157,365,949	**7,157,365,949**
137,486,133	**(23,849,707)**	**(3,409,291)**	**1,832,546**	**(21,408,822)**	**5,695,687,373**	**5,124,029,959**	**38,342,244,228**

Statement of Cash Flows

Euro	Notes	2022		2021	
			of which with related parties		*of which with related parties*
Pre-tax profit		**7,051,275,790**		**4,648,269,293**	
Adjustments for:					
Depreciation, amortization and impairment losses	5.d	1,329,696,603		733,837,566	
Exchange gains/(losses) on foreign currency assets and liabilities		41,292,295		136,964,008	
Accruals to provisions		13,500,103		57,484,302	
Dividends from subsidiaries, associates and other companies	6	(8,770,435,089)	*(8,770,003,874)*	(4,450,596,876)	*(4,449,822,148)*
Net financial (income)/expense		125,469,680	*630,833,857*	307,629,019	*218,718,799*
Cash flows from operating activities before changes in net working capital		**(209,200,618)**		**1,433,587,312**	
Increase/(Decrease) in provisions		(74,223,632)		(49,585,106)	
(Increase)/Decrease in trade receivables	17	(19,074,769)	*(18,500,011)*	(35,635,336)	*(34,399,878)*
(Increase)/Decrease in other financial and non-financial assets/liabilities		573,538,442	*1,028,253,294*	1,453,742,895	*(77,967,325)*
Increase/(Decrease) in trade payables	28	(12,541,935)	*(19,491,987)*	75,029,856	*66,982,542*
Interest income and other financial income collected		1,803,097,466	*685,825,927*	984,985,579	*709,947,923*
Interest expense and other financial expense paid		(2,058,692,623)	*(1,055,072,686)*	(1,101,636,478)	*(351,708,683)*
Dividends from subsidiaries, associates and other companies	6	9,112,358,781	*9,111,955,231*	4,550,337,971	*4,549,614,807*
Income taxes paid (consolidated taxation mechanism)		(426,270,915)		(552,962,935)	
Cash flows from operating activities (a)		**8,688,990,197**		**6,757,863,758**	
Investments in property, plant and equipment and intangible assets	10-11	(45,254,041)		(69,732,442)	
Investments in equity investments	13	(1,739,147,822)	*(1,739,147,822)*	(10,338,316,034)	*(10,338,316,034)*
Disinvestments from extraordinary transactions		136,635,930	*136,635,930*	668,617,876	*668,617,876*
Cash flows used in investing activities (b)		**(1,647,765,933)**		**(9,739,430,600)**	
New long-term borrowing	24	4,250,921,203	*410,711*	9,203,788,683	*7,700,000,000*
Repayments of borrowings	24	(10,465,909,645)	*(5,117,740,779)*	(846,996,081)	*(46,307,451)*
Net change in long-term borrowings/(loan assets)		(1,159,334,729)	*(1,214,846,241)*	183,426,475	*886,526,527*
Net change in short-term borrowings/(loans assets)		8,267,773,610	*8,090,248,848*	(5,199,163,804)	*(5,453,274,956)*
Dividends and interim dividends paid	23	(3,881,594,634)		(3,664,298,335)	
Issue/(Redemption) of hybrid bonds	23	-		2,213,861,760	
Coupons paid to holders of hybrid bonds[1]	23	(123,434,990)		(70,554,749)	
Purchase of treasury shares	23	(14,026,715)		(12,755,469)	
Cash flows from/(used in) financing activities (c)		**(3,125,605,900)**		**1,807,308,480**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**3,915,618,364**		**(1,174,258,362)**	
Cash and cash equivalents at the beginning of the year	21	952,254,599		2,126,512,961	
Cash and cash equivalents at the end of the year	21	**4,867,872,963**		**952,254,599**	

(1) The figure for coupons paid to hybrid bond holders has been presented differently from that published in the separate financial statements for 2021.

Notes to the separate financial statements

1. Form and content of the separate financial statements

Enel SpA has its registered office in Viale Regina Margherita 137, Rome, Italy, and since 1999 has been listed on the Mercato Telematico Azionario (Electronic Stock Exchange) organized and operated by Borsa Italiana SpA.
Enel is an energy multinational and is one of the world's leading integrated operators in the electricity and gas industries, with a special focus on Europe and Latin America.
As the Parent, Enel SpA has prepared the consolidated financial statements of the Enel Group as at and for the year ended December 31, 2022, which are published in a separate document.
The publication of these separate financial statements was approved by the Board of Directors on March 16, 2023.
These separate financial statements have been audited by KPMG SpA.

Basis of presentation

These separate financial statements for the year ended December 31, 2022 represent the separate financial statements of the Parent, Enel SpA, and have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
These separate financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.
The separate financial statements consist of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows and the related notes.
The assets and liabilities reported in the statement of financial position are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities included in disposal groups classified as held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.
The income statement classifies costs on the basis of their nature, with separate reporting of profit/(loss) from continuing operations and profit/(loss) from discontinued operations.
The statement of cash flows is prepared using the indirect method, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations.
For more information on cash flows in the statement of cash flows, please see the section "Cash flows" in the Report on Operations.
The separate financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS-EU, as explained in the measurement criteria for the individual items, and non-current assets and disposal groups classified as held for sale, which are measured at the lower between their carrying amount and the fair value less costs to sell.
The separate financial statements are presented in euro, the functional currency of the Company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.
The separate financial statements provide comparative information in respect of the previous year.

2. Accounting policies

2.1 Focus on non-financial issues

Climate change disclosures

The move towards "net zero" is under way worldwide and the processes of decarbonization and electrification of the global economy are crucial to avoiding the serious consequences of an increase in temperatures of over 1.5 °C.
With this outlook, the Group has set its strategic guidelines as follows:

- allocate capital to support a decarbonized electricity supply;
- enable the electrification of customers' energy demand;
- leverage the creation of value along the value chain;
- bring forward achievement of the sustainable "net-zero" goals to 2040.

Considering the risks related to climate change and the provisions of the Paris Agreement, the Group has decided to achieve the carbon neutrality objectives in advance and reflect its impact in assets, liabilities, and profit or loss, highlighting the significant and foreseeable impacts as required under the Conceptual Framework of the international accounting standards.
As regards the effects of issues related to climate change, the Group considers climate change as an implicit element in the application of methodologies and models used to make estimates in the evaluation and/or measurement of certain items. Furthermore, the Company has also taken into account the impacts of climate change in its significant management judgments.
For further details on the financial implications of issues related to climate change, please see note 2.2 "Use of estimates and management judgement" and to the notes relating to specific items.

Disclosure of impact of Russia-Ukraine conflict

During 2022, the Enel Group constantly monitored the effects of the international crisis on its business activities in Russia (with particular regard to provisioning of materials, services and labor), also assessing developments in market variables (e.g., exchange rates, interest rates). The Enel Group also took account of developments connected with the counter-sanctions envisaged by Russia targeting investments held in the country.
In addition, the Enel Group assessed the indirect impacts of the war in Ukraine on business activities, the financial situation and economic performance in the main euro-area countries in which it operates, with particular regard to shortages of raw materials from the areas affected by the conflict and the generalized increase in commodity prices.
In consideration of the various recommendations of national and supranational supervisory bodies[4] concerning this issue and in a constantly evolving scenario, characterized by considerable regulatory uncertainty and high and volatile prices, the Enel Group is constantly monitoring the macroeconomic and business variables that enable a best estimate of the potential impacts associated with regulatory changes, sanctions and restrictions on asset holdings, as well as on suppliers and contracts applicable to the Enel Group.

In this regard, it should be noted that no significant impacts related to the Russia-Ukraine conflict have emerged at December 31, 2022.

(4) ESMA Public Statements no. 71-99-1864 of March 14, 2022 and no. 32-63-1277 of May 13, 2022 and no. 32-63-1320 of October 28, 2022; CONSOB Warning Notices in the weekly notices of March 9-14, 2022 and March 10-21, 2022, and no. 3/22 of May 19, 2022.

2.2 Use of estimates and management judgment

Preparing these separate financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the carrying amounts of revenue, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the reporting date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the year in which the revision is made and in the related future periods.

In order to enhance understanding of the separate financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

With regard to the effects of climate change issues, the Company believes that climate change represents an implicit element in the application of the methodologies and models used to perform estimates in the valuation and/or measurement of certain accounting items. Furthermore, the Company has taken account of the impact of climate change in the significant judgments made by management.

Use of estimates

Recoverability of equity investments

The Company assesses the presence of evidence of impairment of each equity investment at least once a year, consistent with its strategy for managing the legal entities within the Group. If such evidence is found, the assets involved undergo impairment testing. The processes and procedures for determining the recoverable amount of each equity investment are based on assumptions that can be complex and whose nature requires management to use its judgment, especially as regards the identification of evidence of impairment, the forecasting of future profitability over the horizon of the Group business plan, the determination of the normalized cash flows underlying the estimation of terminal value and the determination of long-term growth rates and discount rates applied to forecasts of future cash flows.

Impairment of non-financial assets

Assets such as property, plant and machinery and intangible assets are adjusted for impairment when their carrying amount exceeds their recoverable amount, represented by the higher of their fair value less costs to sell and their value in use.

The recoverable amount is assessed in accordance with the criteria established by IAS 36, which are discussed in greater detail in the appropriate notes to the separate financial statements.

In determining the recoverable amount, the Company generally applies the value in use criterion. Value in use is the present value of the future cash flows that are expected to be derived from the asset, discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

Future cash flows used to determine value in use are based on the most recent business plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments. These projections cover the next three years. For subsequent years, account is taken of:

- assumptions concerning the long-term evolution of the main variables considered in the calculation of cash flows, as well as the average residual useful life of the assets or the duration of the concessions, based on the specific characteristics of the businesses;
- a long-term growth rate equal to the long-term growth of electricity demand and/or inflation (depending on the country and business) that does not in any case exceed the average long-term growth rate of the market involved.

The recoverable amount is sensitive to the estimates and assumptions used in the calculation of cash flows and the discount rates applied. Nevertheless, possible changes in the underlying assumptions on which the calculation of such amounts is based could generate different recoverable amounts. The analysis of each group of non-financial assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

In line with its business model and in the context of the acceleration of the decarbonization of the generation mix and driving the energy transition process, the Company has also carefully assessed whether climate change issues have affected the reasonable and supportable assumption used to estimate expected cash flows. In this regard, whe-

re necessary, the Company has also taken account of the long-term impact of climate change, in particular by considering in the estimation of the terminal value a long-term growth rate in line with the change in electricity demand determined using energy models for each country.
Information on the main assumptions used to estimate the recoverable amount of assets with reference to the impacts relating to climate change, as well as information on changes in these assumptions, is provided in the applicable notes.

Expected credit losses on financial assets

At each reporting date, the Company recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets and all other assets in the scope.
Loss allowances for financial assets are based on assumptions about risk of default and on the measurement of expected credit losses. Management uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.
The expected credit loss (ECL) – determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD) – is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (including shortfalls) discounted at the original effective interest rate.
In particular, for trade receivables, contract assets and right-of-use assets, including those with a significant financial component, the Company applies the simplified approach, determining expected credit losses over a period corresponding to the entire life of the asset, generally equal to 12 months.
Based on the specific reference market and the regulatory context of the sector, as well as expectations of recovery after 90 days, for such assets, the Company mainly applies a default definition of 180 days past due to determine expected credit losses, as this is considered an effective indication of a significant increase in credit risk. Accordingly, financial assets that are more than 90 days past due are generally not considered to be in default, except for some specific regulated markets.
For trade receivables and contract assets the Company mainly applies a collective approach based on grouping the receivables into specific clusters. Only if the trade receivables are deemed to be individually significant by management and there is specific information about any significant increase in credit risk does the Company apply an analytical approach.
In case of individual assessment, PD is mainly obtained from external providers.
Conversely, for collective assessment, trade receivables are grouped based on shared credit risk characteristics and past due information, considering a specific definition of default.
The contract assets are considered to have substantially the same risk characteristics as trade receivables for the same types of contracts.
In order to measure the ECL for trade receivables on a collective basis, as well as for contract assets, the Company considers the following assumptions related to ECL parameters:

- PD, assumed as to be the average default rate, is calculated on a cluster basis and taking into consideration a minimum of 24 months of historical data;
- LGD is function of the default bucket's recovery rates, discounted at the effective interest rate;
- EAD is estimated as the carrying exposure at the reporting date net of cash deposits, including invoices issued but not expired and invoices to be issued.

Based on specific management evaluations, the forward-looking adjustment can be applied considering qualitative and quantitative information in order to reflect possible future events and macroeconomic scenarios, which may affect the risk of the portfolio or the financial instrument.
For additional details on the key assumptions and inputs used please see note 32 "Financial instruments".

Determining the fair value of financial instruments

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances where this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.
In accordance with IFRS 13, the Company includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk, applying the method indicated in note 35 "Fair value measurement". Changes in the assumptions made in estimating the input data could have an impact on the fair value recognized for those instruments, especially in current conditions, where markets are volatile and highly uncertain and subject to rapid change.

Pensions and other post-employment benefits

Some of the Company's employees participate in pension plans offering benefits based on their wage history and years of service. Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs. Other components of the estimation that are considered include mortality and retirement rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in healthcare cost.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in retirement rates and the lifespan of participants, as well as changes in the effective cost of healthcare.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

For further details on the main actuarial assumptions, please refer to note 25 "Employee benefits".

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.

If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Provisions do not include liabilities to reflect uncertainties in income tax treatments that are recognized as tax liabilities.

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), the Company recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.

Changes in estimates of accruals to the provision are recognized in the income statement in the year in which the changes occur.

For more details on provisions for risks and charges, please see note 26 "Provisions for risks and charges".

Note 40 "Contingent assets and liabilities" also provides information regarding the most significant contingent liabilities for the Company.

Litigation

The Company is involved in various civil, administrative and tax disputes connected with the normal pursuit of its activities that could give rise to significant liabilities. It is not always objectively possible to predict the outcome of these disputes. The assessment of the risks associated with this litigation is based on complex factors whose very nature requires recourse to management judgments, even when taking account of the contribution of external advisors assisting the Company, about whether to classify them as contingent liabilities or liabilities.

Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made. Note 40 provides disclosures on the Company's most significant contingent liabilities.

Leases

When the interest rate implicit in the lease cannot be readily determined, the Company uses the incremental borrowing rate (IBR) at the lease commencement date to calculate the present value of the lease payments. This is the interest rate that the lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. When no observable inputs are available, the Company estimates the IBR making assumptions to reflect the terms and conditions of the lease and certain entity-specific estimates.

One of the most significant judgments for the Company is determining this IBR necessary to calculate the present value of the lease payments required to be paid to the lessor. The Company's approach to determining an IBR is based on the assessment of the following three key components: the risk-free rate, which considers the cash flows of the lease payments, the economic environment where the lease contract has been negotiated and the lease term; the credit spread adjustment, in order to calculate an IBR that is specific for the lessee considering any underlying Parent or other guarantee; and the lease-related adjustments, in order to reflect in the IBR calculation the fact that the discount rate is directly linked to the type of the underlying asset, rather than being a general incremental borrowing rate. In particular, the risk of default is mitigated for the lessors as they have the right to reclaim the underlying asset itself.

Recovery of deferred tax assets

At December 31, 2022, the separate financial statements report deferred tax assets in respect of tax losses or tax credits to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future income sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies and the tax rates applicable at the date of reversal. However, where the Company should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

The recoverability of deferred tax assets is reviewed at the end of each period. Deferred tax assets not recognized are reassessed at each reporting date in order to verify the conditions for their recognition.

Management judgment

Determining the useful life of non-financial assets

In determining the useful life of property, plant and equipment and intangible assets with a finite useful life, the Company considers not only the future economic benefits – contained in the assets – obtained through their use, but also many other factors, such as physical wear and tear, the technical, commercial or other obsolescence of the product or service produced with the asset, legal or similar limits (e.g., safety, environmental or other restrictions) on the use of the asset, if the useful life of the asset depends on the useful life of other assets.

Furthermore, in estimating the useful lives of the assets concerned, the Company has taken account of its commitment under the Paris Agreement.

Determination of the existence of control

Under the provisions of IFRS 10, control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.

The existence of control does not depend solely on ownership of a majority investment, but rather it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Company the power to direct the relevant activities of the investee in order to affect its returns.

For the purpose of assessing control, management analyzes all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and potential voting rights (call options, warrants, put options granted to non-controlling shareholders, etc.). These other facts and circumstances could be especially significant in such assessment when the Company holds less than a majority of voting rights, or similar rights, in the investee.

Furthermore, even if it holds more than half of the voting rights in another entity, the Company considers all the relevant facts and circumstances in assessing whether it controls the investee.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.

Finally, the assessment of the existence of control did not find any situations of *de facto* control.

Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of IFRS 11, a joint arrangement is an agreement where two or more parties have joint control.

Joint control only exists when the decisions over the relevant activities require the unanimous consent of the parties that share control.

A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

The Company re-assesses whether or not it has joint control if facts and circumstances indicate that changes have occurred in one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

Determination of the existence of significant influence over an associate

Associates are those in which the Company exercises significant influence, i.e., the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Company has a significant influence when it has an ownership interest of 20% or more.
In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.

Classification and measurement of financial assets

At initial recognition, in order to classify financial assets as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, management assesses both the contractual cash-flow characteristics of the instrument and the business model for managing financial assets in order to generate cash flows.
For the purpose of evaluating the contractual cash-flow characteristics of the instrument, management performs the SPPI test at an instrument level, in order to determine if it gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, performing specific assessment on the contractual clauses of the financial instruments, as well as quantitative analysis, if required.
The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
For more details, please see note 32 "Financial instruments".

Hedge accounting

Hedge accounting is applied to derivatives in order to reflect into the financial statements the effect of risk management strategies.
Accordingly, at the inception of the transaction the Company documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also assesses, both at hedge inception and on an ongoing basis, whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.
On the basis of management's judgment, the effectiveness assessment based on the existence of an economic relationship between the hedging instruments and the hedged items, the dominance of credit risk in the changes in fair value and the hedge ratio, as well as the measurement of the ineffectiveness, is evaluated through a qualitative assessment or a quantitative computation, depending on the specific facts and circumstances and on the characteristics of the hedged items and the hedging instruments.
For cash flow hedges of forecast transactions designated as hedged items, management assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.
For more details on the key assumptions used in assessing effectiveness and measuring the ineffective portion of hedges, see note 34.1 "Hedge accounting".

Leases

The complexity of the assessment of the lease contracts, and also their long-term expiring date, requires a strong professional judgments for the IFRS 16 application. In particular, for:

- the application of the definition of a lease to the cases typical of the sectors in which the Company operates;
- the identification of the non-lease component in the lease;
- the evaluation of any renewable and termination options included in the lease in order to determine the term of leases, also considering the probability of their exercise and any significant leasehold improvements on the underlying asset;
- the identification of any variable lease payments that depend on an index or a rate to determine where the changes of the latter impact the future lease payments and also the amount of the right-of-use asset;
- the estimate of the discount rate to calculate the present value of the lease payments; further details on assumptions about this rate are provided in the paragraph "Use of estimates".

Uncertainty over income tax treatments

The Company determines whether to consider each uncertain income tax treatment separately or together with one or more other uncertain tax treatments as well as whether to reflect the effect of uncertainty by using the most likely amount or the expected value method, based on which approach better predicts the resolution of the uncertainty for each uncertain tax treatments.
The Company makes significant use of professional judgment in identifying uncertainties about income tax treatments and reviews the judgments and estimates made in the event of a change in facts and circumstances that could change its assessment of the acceptability of a specific tax treatment or the estimate of the effects of uncertainty, or both.

2.3 Significant accounting policies

Related parties

Related parties are mainly those that share the same controlling entity with Enel SpA, the companies that directly or indirectly are controlled by Enel SpA, the associates or joint ventures (including their subsidiaries) of Enel SpA, or the associates or joint ventures (including their subsidiaries) of any Group company.
Related parties also include entities that operate post-employment benefit plans for employees of Enel SpA or its associates (specifically, the FOPEN and FONDENEL pension funds), as well as the members of the boards of statutory auditors, and their immediate family, and the key management personnel, and their immediate family, of Enel SpA and its subsidiaries. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include directors (whether executive or not).

Subsidiaries, associates and joint ventures

The Company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement, regardless of the nature of their formal relationship, and has the ability, through the exercise of its power over the investee, to affect its returns.
Associates comprise those entities in which the Company has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.
Joint ventures are joint arrangements over which the Company exercises joint control and has rights to the net assets of the arrangement. Joint control means sharing control of an arrangement, which only exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.
Equity investments in subsidiaries, associates and joint ventures are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost.
Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.

In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

Translation of foreign currency items

Transactions in currencies other than the functional currency are initially recognized at the spot exchange rate prevailing on the date of the transaction.
Monetary assets and liabilities denominated in a foreign currency other than the functional currency are subsequently translated using the closing exchange rate (i.e., the spot exchange rate prevailing at the reporting date).
Non-monetary assets and liabilities denominated in foreign currency that are recognized at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities in foreign currency measured at fair value are translated using the exchange rate at the date that the fair value was determined.
Any exchange differences are recognized through profit or loss.
In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration in foreign currency paid or received, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability associated with the advance consideration.
If there are multiple advance payments or receipts, the Company determines the transaction date for each payment or receipt of advance consideration.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by the IFRS, the Company applies IFRS 13.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e., an exit price).
The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e., the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which

the Company has access, i.e., the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.
When measuring fair value, the Company considers the characteristics of the asset or liability, in particular:

- for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
- for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e., the risk that an entity will not fulfill an obligation, including among others the credit risk of the Company itself;
- in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.
Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.
Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

	Depreciation period
Leasehold improvements	Shorter of the term of the contract and residual useful life
Civil buildings	40 years
Other assets	7 years

Land is not depreciated as it has an indefinite useful life.
Assets recognized under property, plant and equipment are derecognized either upon their disposal (i.e., at the date the recipient obtains control) or when no future economic benefit is expected from their use or disposal.

Leases

The Company holds property, plant and equipment for its various activities under lease contracts. At inception of a contract, the Company assesses whether a contract is, or contains, a lease.
For contracts entered into or changed on or after January 1, 2019, the Company has applied the definition of a lease under IFRS 16, that is met if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
Conversely, for contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease under IFRIC 4.
At commencement or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.
The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use).
The right-of-use asset represents a lessee's right to use an underlying asset for the lease term; it is initially measured at cost, which includes the initial amount of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset and to restore the underlying asset or the site on which it is located.
The lease liability is initially measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the lessee's incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the year in which the event or condition that triggers the payment occurs.
After the commencement date, the lease liability is measured at amortized cost using the effective interest method and is remeasured upon the occurrence of certain events.
The Company applies the short-term lease recognition exemption to its lease contracts that have a lease term of 12 months or less from the commencement date. It also applies the low-value assets recognition exemption to lease contracts for which the underlying asset is of low-value whose amount is estimated not material. As example, the Company has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
The Company presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities in "Borrowings".
Consistent with the requirement of the standard, the Company presents separately the interest expense on lease liabilities under "Other financial expense" and the depreciation charge on the right-of-use assets under "Depreciation, amortization and impairment losses".

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the Company and capable of generating future economic benefits. They are measured at purchase or internal development cost when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable expenses necessary to make the assets ready for their intended use.
Development expenditure is recognized as an intangible asset only when the Company can demonstrate the technical feasibility of completing the intangible asset and that it has intention, ability and resources to complete the asset in order to use or sell it.
Research costs are recognized as expenses.
Intangible assets with a finite useful life are recognized net of accumulated amortization and any impairment losses.
Amortization is calculated on a straight-line basis over the asset's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use.
Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.
The Company's intangible assets have a finite useful life.
Intangible assets comprise application software owned by the Company with an expected useful life of between three and five years.
Intangible assets are derecognized either at the time of their disposal (at the date when the recipient obtains control) or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, determined in accordance with the provisions of IFRS 15 concerning the transaction price, and carrying amount of the derecognized assets.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment.
Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually or more frequently if there is evidence suggesting that the assets may be impaired.
If such evidence exists, the recoverable amount of each asset involved is estimated on the basis of the use of the asset and its future disposal, in accordance with the most recent Group Business Plan. For more on the estimation of the recoverable amount, please see the section "Use of estimates".
The recoverable amount is calculated for an individual asset unless that asset is not capable of generating incoming cash flows that are largely independent of those generated by other assets or groups of assets.
If the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".
If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity; they are recognized and measured in accordance with IAS 32 and IFRS 9.
A financial asset or liability is recognized when, and only when, the Company becomes party to the contractual provision of the instrument (trade date).
Trade receivables arising from contracts with customers, in the scope of IFRS 15, are initially measured at their transaction price (as defined in IFRS 15) if such receivables do not contain a significant financing component or when the Company applies the practical expedient allowed by IFRS 15.
Conversely, the Company initially measures financial assets other than the trade receivables noted above at their fair value plus, in the case of a financial asset not recognized at fair value through profit or loss, transaction costs.
Financial assets are classified at initial recognition as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, on the basis of both Company's business model and the contractual cash-flow characteristics of the instrument.
For this purpose, the assessment to determine whether the instrument gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding is referred to as the SPPI test and is performed at an instrument level.
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
For purposes of subsequent measurement, financial assets are classified in three categories:

- financial assets measured at amortized cost (debt instruments);
- financial assets at fair value through OCI with no reclassification of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

This category mainly includes trade receivables, other financial assets and loan assets.
Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and whose contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method and are subject to impairment.
Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (FVOCI) - Equity instruments

This category includes mainly equity investments in other entities irrevocably designated as such upon initial recognition.
Gains and losses on these financial assets are never reclassified to profit or loss. The Company may transfer the cumulative gain or loss within equity.
Equity instruments designated at fair value through OCI are not subject to impairment testing.
Dividends on such investments are recognized in profit or loss unless they clearly represent a recovery of a part of the cost of the investment.

Financial assets at fair value through profit or loss

This category mainly includes: securities, equity investments in other companies, financial investment in fund held for trading and financial assets designated as at fair value through profit or loss at initial recognition.
Financial assets at fair value through profit or loss are:

- financial assets with cash flows that are not solely payments of principal and interest, irrespective of the business model;
- financial assets held for trading because acquired or incurred principally for the purpose of selling or repurchasing in short term;
- debt instruments designated upon initial recognition, under the option allowed by IFRS 9 (fair value option) if doing so eliminates, or significantly reduces, an accounting mismatch;
- derivatives, including separated embedded derivatives, held for trading or not designated as effective hedging instruments.

Such financial assets are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.
This category also includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the income statement when the right of payment has been established.
Financial assets that qualify as contingent consideration are also measured at fair value through profit or loss.

Impairment of financial assets

At each reporting date, the Company recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income (FVOCI), contract assets and all other assets within the scope of IFRS 9.

In compliance with IFRS 9, since January 1, 2018, the Company has adopted a new impairment model based on the determination of expected credit losses (ECL) using a forward-looking approach. In essence, the model provides for:

- the application of a single framework for all financial assets;
- the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, reflecting changes in the credit risk of the financial instrument;
- the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions.

For trade receivables, contract assets and lease receivables, including those with a significant financial component, the Company adopts the simplified approach, determining expected credit losses over a period corresponding to the entire life of the receivable, generally equal to 12 months.

For all financial assets other than trade receivables, contract assets and lease receivables, the Company applies the general approach under IFRS 9, based on the assessment of a significant increase in credit risk since initial recognition. Under this approach, a loss allowance on financial assets is recognized at an amount equal to the lifetime expected credit losses, if the credit risk on those financial assets has increased significantly, since initial recognition, considering all reasonable and supportable information, including also forward-looking inputs.

If at the reporting date, the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for those financial assets at an amount equal to 12-month expected credit losses.

For financial assets on which a loss allowance equal to lifetime expected credit losses has been recognized in the previous reporting period, the Company measures the loss allowance at an amount equal to 12-month expected credit losses when the condition regarding a significant increase in credit risk is no longer met.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with IFRS 9.

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly liquid financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents do not include bank overdrafts at the reporting date.

Financial liabilities at amortized cost

This category mainly includes borrowings, trade payables, lease liabilities and debt instruments.

Financial liabilities, other than derivatives, are recognized when the Company becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the carrying amount of the financial asset or liability.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as at fair value through profit or loss unless they are designated as effective hedging instruments.

Gains or losses on liabilities at fair value through profit or loss are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied.

In this case, the portion of the change in the fair value attributable to own credit risk is recognized in OCI.
The Company has not designated any financial liability as at fair value through profit or loss, upon initial recognition.
Financial liabilities that qualify as contingent consideration are also measured at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:
- the contractual right to receive the cash flows associated with the asset expires;
- the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements provided by IFRS 9 (the "pass through test");
- the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e., when the contractual obligation has been discharged, cancelled or expired.
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Derivative financial instruments

A derivative is a financial instrument or another contract:
- whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a credit rating or other variable;
- that requires no initial net investment, or one that is smaller than would be required for a contract with similar response to changes in market factors;
- that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on the positive or negative fair value and they are classified as "held for trading" within "Other business models" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.
All derivatives held for trading are classified as current assets or liabilities.
Derivatives not held for trading purposes, but measured at fair value through profit or loss since they do not qualify for hedge accounting and derivative designated as effective hedging instruments are classified as current or not current on the basis of their maturity date and the Company intention to hold the financial instrument until maturity or not.
For more details about derivatives and hedge accounting, please see note 34.1 "Hedge accounting".

Offsetting financial assets and liabilities

The Company offsets financial assets and liabilities when:
- there is a legally enforceable right to set off the recognized amounts, and
- there is the intention of either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.
This classification criterion is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable.
If the Company is committed to a sale plan involving loss of the asset and the requirements provided for under IFRS 5 are met, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.
The Company applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.
Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the statement of financial position.
The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.
Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying

amounts of such assets (or disposal groups) are measured in accordance with the accounting standard applicable to those assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for any initial or subsequent writedown of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are recognized in profit or loss from continuing operations.
If the classification criteria are no longer met, the Company ceases to classify the non-current assets (or disposal group) as held for sale. In this case they are measured at the lower of:

- the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or reversals of impairment losses that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- the recoverable amount, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.
A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- represents a separate major business line or geographical segment;
- is part of a single coordinated plan to dispose of a separate major business line or geographical segment; or
- is a subsidiary acquired exclusively with a view to resale.

The Company presents, in a separate line item of the income statement, a single amount comprising the total of:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is restated in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period. If the Company ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in profit or loss from continuing operations for all periods presented.

Employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the reporting date (using the projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds. If there is no deep market for high-quality corporate bonds in the currency in which the bond is denominated, the corresponding yield of government securities is used.
The liability, net of any plan assets, is recognized on an accrual basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.
If the plan assets exceed the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.
As regards the liabilities (assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest) are recognized in other comprehensive income when they occur. For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.
In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.
The Company is also involved in defined contribution plans under which it pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in profit or loss on the basis of the amount of contributions paid in the year.

Termination benefits

Liabilities for benefits due to employees for the early termination of employee service arise out of the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The event that gives rise to an obligation is the termination of employment rather than employee service. Termination benefits are recognized at the earlier of the following dates:

- when the Company can no longer withdraw its offer of benefits; and
- when the Company recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefits. Otherwise, if the termination benefits due to employees are expected to be settled wholly within 12 months of the close of the year in which those benefits are recognized, the Company measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly within 12 months of the close of the year in which those benefits are recognized, the Company measures the liability in accordance with the requirements for other long-term employee benefits.

Share-based payments

The Company undertakes share-based payment transactions settled with equity instruments as part of the remuneration policy adopted for the Chief Executive Officer and General Manager and for key management personnel. The most recent long-term incentive plans provide for the grant to recipients of an incentive represented by an equity component (settled with equity instruments) and a monetary component (paid in cash), which will accrue if specific conditions are met. The monetary component is classified as a cash-settled transaction if it is based on the price (or value) of the equity instruments of the company that issued the plan or, in other cases, as another long-term employee benefit. In order to settle the equity component through the bonus award of Enel shares, a program for the purchase of treasury shares to support these plans was approved. For more details on share-based incentive plans, please see note 36 "Share-based payments".

For the equity component, the Company recognizes the services rendered by employees as personnel expenses over the period in which the conditions for remaining in service and for achieving certain results must be satisfied (vesting period) and indirectly estimates their value, and the corresponding increase in equity, on the basis of the fair value of the equity instruments (i.e., the issuer shares) at the grant date. This fair value is based on the observable market price of the share, taking account of the terms and conditions under which the shares were granted (with the exception of vesting conditions excluded from the measurement of fair value).

The overall expense recognized is adjusted at each reporting date until the vesting date to reflect the best estimate available to Enel of the number of equity instruments for which the service and performance conditions other than market conditions will be satisfied, so that the amount recognized at the end is based on the effective number of equity instruments that satisfy the service and performance conditions other than market conditions at the vesting date.

No expense is recognized for awards which ultimately do not vest because the performance conditions other than market conditions and/or the service conditions have not been satisfied. Conversely, the transactions are considered to have vested irrespective of whether the market or non-vesting conditions are satisfied, provided that all other vesting conditions are met.

If the incentive based on equity instruments is paid in cash, the Company recognizes the services rendered by employees as personnel expenses over the vesting period and a corresponding liability measured at the fair value of the liability incurred. Subsequently, and until its extinction, the liability is remeasured at fair value at each reporting date, considering the best possible estimate of the incentive that will vest, with changes in the fair value recognized under personnel expenses. If the right to receive the monetary incentive does not vest because one or more conditions are not met, the related liability is reversed.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.

If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.

When the Company expects some or all charges to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Provisions do not include liabilities to reflect uncertainties in income tax treatments that are recognized as tax liabilities.

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), the Company recognizes a provision as the lower of the excess of unavoidable costs of meeting the obligations (i.e., costs that relate directly to the contract, whether incremental or resulting from an allotment of other costs) under the contract over the economic benefits expected to be received under it and any compensation or penalty arising from failure to fulfil it.
Changes in estimates of accruals to the provision are recognized in the income statement in the year in which the changes occur.

Revenue from contracts with customers

The Company recognizes revenue from contracts with customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services using a five-step model provided for in IFRS 15:

- identify the contract with the customer (step 1);
- identify the performance obligations in the contract (step 2);
- determine the transaction price (step 3);
- allocate the transaction price (step 4);
- recognize revenue (step 5).

The Company recognizes revenue when (or as) each performance obligation is satisfied by transferring the promised good or service to the customer.

Financial income and expense from derivatives

Financial income and expense from derivatives include:

- income and expense from derivatives measured at fair value through profit or loss on interest rate and currency risk;
- income and expense from fair value hedge derivatives on interest rate risk;
- income and expense from cash flow hedge derivatives on interest rate and currency risks.

Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as at fair value through other comprehensive income, interest income and expense are recognized using the effective interest rate method.
Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.
Other financial income and expense include also changes in the fair value of financial instruments other than derivatives.

Dividends

Dividends are recognized when the unconditional right to receive payment is established.
Dividends and interim dividends payable to the Company's shareholders are recognized as changes in equity in the period in which they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Income taxes

Current income taxes

Current income taxes for the year, which are recognized under "Income tax liabilities" net of payments on account, or under "Tax assets" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
Such liabilities and assets are determined using the tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period in the countries where taxable income has been generated.
Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

Deferred tax liabilities and assets

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of liabilities and assets in the financial statements and their corresponding amounts recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are enacted or substantively enacted as at end of the reporting period.
Deferred tax liabilities are recognized for all taxable temporary differences, except when such liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, the carryforward of tax losses and

unused tax credits. For more information concerning the recoverability of such assets, please see the appropriate section of the discussion of estimates.

Deferred taxes and liabilities are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity. Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets with current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Uncertainty over income tax treatments

In defining "uncertainty", it shall be considered whether a particular tax treatment will be accepted by the relevant taxation authority. If it is deemed probable that the tax treatment will be accepted (where the term "probable" is defined as "more likely than not"), then the Company recognizes and measures its current/deferred tax asset or liabilities applying the requirements in IAS 12.

Conversely, when the Company feels that it is not likely that the taxation authority will accept the tax treatment for income tax purposes, the Company reflects the uncertainty in the manner that best predicts the resolution of the uncertain tax treatment. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach provides better predictions of the resolution of the uncertainty. In assessing whether and how the uncertainty affects the tax treatment, the Company assumes that a taxation authority will accept or not an uncertain tax treatment supposing that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. The Company reflects the effect of uncertainty in accounting for current and deferred tax, using the expected value or the most likely amount, whichever method better predicts the resolution of the uncertainty.

Since uncertain income tax positions meet the definition of income taxes, the Company presents uncertain tax liabilities/assets as current tax liabilities/assets or deferred tax liabilities/assets.

3. New and amended standards and interpretations

The Company has applied the following standards, interpretations and amendments that took effect as from January 1, 2023.

- "*Amendments to IFRS 3 - Reference to the Conceptual Framework*", issued in May 2020. The amendments are intended to replace a reference to the definitions of assets and liabilities provided by the Revised Conceptual Framework for Financial Reporting issued in March 2018 (Conceptual Framework) without significantly changing its provisions.

  The amendments also add to IFRS 3 a requirement that, for transactions and other events within the scope of "IAS 37 - Provisions, contingent liabilities and contingent assets" or "IFRIC 21 - Levies", an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination.

  Finally, the amendments clarify the existing guidelines in IFRS 3 for contingent assets acquired in a business combination, specifying that, if it is not sure that an asset exists at the acquisition date, the contingent asset shall not be recognized.
- "*Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use*", issued in May 2020. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- "*Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract*", issued in May 2020. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. To this end, the cost of fulfilling a contract comprises the costs that relate directly to the contract. These consist of the incremental costs of fulfilling that contract or the allotment of other costs that relate directly to fulfilling contracts.
- "*Annual improvements to IFRS Standards 2018-2020*", issued in May 2020. The document mainly comprises amendments to the following standards:
  - "*First-Time Adoption of International Financial Reporting Standards*"; the amendment simplifies the application of IFRS 1 by an investee (subsidiary, associate or joint venture) that becomes a first-time adopter of IFRS Standards after its parent has already adopted them. More specifically, if the investee adopts the IFRSs after its parent and applies IFRS 1.D16 (a), then the investee can elect to measure the cumulative translation differences for all foreign operations at the amounts that would be included in the parent's

consolidated financial statements, based on parent's date of transition to the IFRSs;

- "*IFRS 9 - Financial Instruments*"; with regard to fees included in the "10 per cent" test for derecognition of financial liabilities, the amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. In determining those fees paid net of fees received, the borrower shall include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other party's behalf;
- "*IFRS 16 - Leases*"; the International Accounting Standards Board amended Illustrative Example 13 accompanying "IFRS 16 - Leases". Specifically, the amendment eliminates the potential for confusion in the application of IFRS 16 created by the way in which Illustrative Example 13 had illustrated the requirements for lease incentives. The example had included a reimbursement relating to leasehold improvements without explaining whether the reimbursement qualified as a lease incentive. The amendment removes the illustration of a reimbursement relating to leasehold improvements from the example;
- "*IAS 41 - Agriculture*"; the amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value. Accordingly, entities shall use pre-tax cash flows and a pre-tax rate to discount those cash flows.

The application of these amendments did not have a material impact on these separate financial statements.

Information on the Income Statement

Revenue

4.a Revenue from sales and services – *€116 million*

Millions of euro			
	2022	**2021**	**Change**
Revenue from sales and services			
Group companies	116	125	(9)
Third parties	-	-	-
Total revenue from sales and services	**116**	**125**	**(9)**

"Revenue from sales and services" includes management services provided to the subsidiaries within the management and coordination role as Parent Company (€69 million), IT services (€39 million) and other services (€8 million). The decrease of €9 million reflected the decrease in revenue from management services (€8 million) and IT services (€4 million), which was partially offset by the increase in revenue from other services (€3 million).

Revenue from sales and services breaks down by geographical segment as follows:

- €51 million in Italy (€59 million in 2021);
- €27 million in the European Union (€24 million in 2021);
- €38 million in other countries (€40 million in 2021).

4.b Other income – *€17 million*

"Other income" mainly includes the billing of costs for Enel SpA personnel seconded to other Group companies (€12 million), and to Fondazione Centro Studi Enel and Enel Cuore Onlus (€3 million).

In 2021, the item included the capital gain of €1,629 million, on the sale of the 50% interest held in the joint venture Open Fiber SpA, to Macquarie Asset Management and CDP Equity SpA.

Costs

5.a Purchase of consumables

Costs for the purchase of consumables did not change significantly on the previous year.

5.b Services, leases and rentals – *€206 million*

Costs for services, leases and rentals break down as follows.

Millions of euro	2022	2021	Change
Services	202	192	10
Leases and rentals	4	5	(1)
Total services, leases and rentals	**206**	**197**	**9**

Costs for services include costs for services provided by third parties in the amount of €73 million (€67 million in 2021) and by Group companies in the amount of €129 million (€125 million in 2021).
Costs for services provided by Group companies rose by €3 million, essentially reflecting system services (€14 million), partially offset by the decrease in costs for management services (€16 million), while costs provided by third parties increased by €7 million, largely attributable to an increase in costs for professional and IT services costs.
Costs for leases and rentals mainly concern costs for leasing assets from the subsidiary Enel Italia SpA.

5.c Personnel expenses – *€105 million*

Personnel expenses break down as follows.

Millions of euro	Notes	2022	2021	Change
Wages and salaries		81	76	5
Social security contributions		26	25	1
Post-employment benefits	25	6	6	-
Other long-term benefits	25	1	8	(7)
Share-based payments		5	4	1
Other costs and other incentive plans		(14)	60	(74)
Total personnel expenses		**105**	**179**	**(74)**

"Personnel expenses" totaled €105 million, a decrease of €74 million over 2021, mainly attributable to releases to profit or loss in the amount of €21 million, due to the adjustments to the related early termination incentive plans adopted by the Company in 2021. Costs for early termination incentive plans in 2021 amounted to €57 million. The cost of €5 million in respect of share-based payments refers to the stock component of the 2019, 2020, 2021 and 2022 Long-Term Incentive Plans granted by the Company to its employees.

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2022.

No.	Average number			Headcount
	2022	2021	Change	at Dec. 31, 2022
Managers	154	148	6	164
Middle managers	449	417	32	481
Office staff	261	246	15	244
Total	**864**	**811**	**53**	**889**

5.d Depreciation, amortization and impairment losses – *€1,330 million*

Millions of euro			
	2022	2021	Change
Depreciation	4	5	(1)
Amortization	52	32	20
Impairment losses	1,437	788	649
Reversals of impairment losses	163	91	72
Total depreciation, amortization and impairment losses	**1,330**	**734**	**596**

Depreciation and amortization came to €56 million, and include depreciation of €4 million and amortization of €52 million.

Impairment losses include impairment losses on the equity investments held in the subsidiaries in Romania (€995 million), Enel Green Power SpA (€228 million), Enel Innovation Hubs Srl (€16 million) and Enel Investment Holding BV (€1 million).

The item also includes impairment losses of €195 million, recognized on the interest held in the subsidiary PJSC Enel Russia, following the agreements signed in June 2022 providing for the sale of the entire stake, equal to 56.43% of the share capital of the latter, for a total of about €137 million, paid on the closing of the transaction in October 2022.

Reversals of impairment losses regarded the investments in the subsidiaries Enel Global Trading SpA (€162 million) and Enel Global Services Srl (€1 million).

In 2021, depreciation, amortization and impairment losses totaled €734 million, and mainly regarded impairment losses recognized on Romanian distribution subsidiaries (for a total €270 million), the stake held in Enel Green Power SpA (€497 million) and other interests in Italian and Dutch subsidiaries (€21 million). The item also included reversals of impairment losses regarding the investments in the subsidiaries Enel Global Trading SpA (€43 million), Enel Italia SpA (€41 million) and Enel Innovation Hubs Srl (€7 million).

For details on the criteria used to determine the impairment losses, see note 13 "Equity investments" below.

5.e Other operating costs – *€27 million*

Other operating costs increased by €13 million over 2021, mainly reflecting the write-off of trade receivables (€8 million) from PJSC Enel Russia.

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6. Income from equity investments – *€8,770 million*

Income from equity investments amounted to €8,770 million and regards dividends and interim dividends approved in 2022 by subsidiaries and associates in the amount of €8,761 million and by joint ventures in the amount of €9 million.

The increase of €4,319 million on the previous year is mainly attributable to the distribution by Enel Italia SpA of available reserves (€6,000 million), partly offset by a decrease in profits distributed by Enel Iberia SRLU, Enel Américas SA and Enel Chile SA.

At the end of the year, outstanding interim dividends for 2022 included those approved by the subsidiaries Enel Chile SA (€14 million), received in the first months of 2023, and the joint venture Rusenergosbyt LLC (€9 million).

Millions of euro	2022	2021	Change
Dividends from subsidiaries and associates	**8,761**	**4,409**	**4,352**
Enel Américas SA	99	303	(204)
Enel Chile SA	28	168	(140)
Enel Energie Muntenia SA	-	6	(6)
Enel Energie SA	-	2	(2)
Enel Global Trading SpA	-	86	(86)
Enel Iberia SRLU	648	1,175	(527)
Enel Italia SpA	7,970	2,609	5,361
Enel Rinnovabili Srl	-	25	(25)
E-Distribuţie Banat SA	-	8	(8)
Enel Innovation Hubs Srl	16	-	16
E-Distribuţie Muntenia SA	-	27	(27)
Dividends from joint ventures	**9**	**41**	**(32)**
Rusenergosbyt LLC	9	41	(32)
Dividends from other companies	**-**	**1**	**(1)**
Empresa Propietaria de la Red SA	-	1	(1)
Total income from equity investments	**8,770**	**4,451**	**4,319**

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7. Net financial income/(expense) from derivatives – *€171 million*

This item breaks down as follows.

Millions of euro	2022	2021	Change
Income from derivatives:			
- on behalf of Group companies:	**1,796**	**786**	**1,010**
- income from derivatives at fair value through profit or loss	1,796	786	1,010
- on behalf of Enel SpA:	**335**	**287**	**48**
- income from cash flow hedge derivatives	204	246	(42)
- income from derivatives at fair value through profit or loss	131	41	90
Total income from derivatives	**2,131**	**1,073**	**1,058**
Expense from derivatives:			
- on behalf of Group companies:	**1,791**	**785**	**1,006**
- expense from derivatives at fair value through profit or loss	1,791	785	1,006
- on behalf of Enel SpA:	**169**	**106**	**63**
- expense from cash flow hedge derivatives	114	86	28
- expense from derivatives at fair value through profit or loss	55	20	35
Total expense from derivatives	**1,960**	**891**	**1,069**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**171**	**182**	**(11)**

Net financial income from derivatives amounted to €171 million (€182 million in 2021), a decrease of €11 million mainly reflecting the combined effect of the increase in net financial expense from cash flow hedge derivatives (€70 million), the increase in net financial income on derivatives at fair value through profit or loss (€55 million) entered into on behalf of Enel SpA, and the increase in net financial income on derivatives entered into on behalf of Group companies (€4 million).

For more details on derivatives, see note 32 "Financial instruments" and note 34 "Derivatives and hedge accounting".

8. Net other financial income/(expense) – *€(355) million*

This item breaks down as follows.

Millions of euro			
	2022	**2021**	**Change**
Other financial income			
Interest income			
Interest income on non-current loan assets	-	15	(15)
Interest income on current loan assets	183	27	156
Total	**183**	**42**	**141**
Exchange gains	45	1	44
Other	204	197	7
Total other financial income	**432**	**240**	**192**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	88	51	37
Interest expense on bonds	297	365	(68)
Interest expense on other borrowings	309	203	106
Total	**694**	**619**	**75**
Exchange losses	90	179	(89)
Interest expense on defined benefit plans and other long-term employee benefits	1	1	-
Financial expense on debt management transactions	-	68	(68)
Other	2	2	-
Total other financial expense	**787**	**869**	**(82)**
NET OTHER FINANCIAL INCOME/(EXPENSE)	**(355)**	**(629)**	**274**

Other financial income amounted to €432 million, an increase of €192 million compared with the previous year, mainly reflecting:

- an increase of €156 million in interest income on short-term financial assets, partly offset by a decrease of €15 million in interest income on long-term financial assets;
- an increase of €44 million in exchange gains.

Other financial expense amounted to €787 million, a decrease of €82 million over 2021 mainly reflecting:

- a decrease of €89 million in exchange losses;
- a decrease of €68 million in financial expense on debt management transactions connected with the consent solicitation undertaken by the Company in the previous period;
- an increase of €106 million in interest expense received from Enel Finance International NV, together with an increase in interest expense on bank borrowings (€37 million) mainly reflecting the use of revolving credit lines of the Company, partially offset by the decrease of €68 million in interest on bonds as a result of the Company's finance strategy to actively manage maturities and the cost of borrowing.

9. Income taxes – *€(106) million*

Millions of euro	2022	2021	Change
Current taxes	(111)	(107)	(4)
Deferred tax income	9	(5)	14
Deferred tax expense	(4)	(2)	(2)
Total taxes	**(106)**	**(114)**	**8**

Income taxes for 2022 showed a benefit of €106 million, mainly as a result of the reduction in the tax base for the corporate income tax (IRES) compared with pre-tax profit due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group in accordance with corporate income tax law (Article 96 of the Consolidated Income Tax Code).

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro	2022	% rate	2021	% rate
Pre-tax profit	7,051		4,648	
Theoretical corporate income taxes (IRES)	**1,692**	**24.0%**	**1,116**	**24.0%**
Tax decreases:				
- dividends on equity investments, collected	(2,072)	-29.4%	(1,015)	-21.8%
- dividends on equity investments, not collected	-	-	(4)	-0.1%
- uses of provisions	(16)	-0.2%	(13)	-0.3%
- reversal of previous impairment losses	(39)	-0.6%	-	-
- other	(30)	-0.4%	(48)	-1.0%
- Open Fiber capital gain	-	-	(371)	-8.0%
Tax increases:				
- impairment losses/(gains) for the year	305	4.3%	189	4.1%
- accruals to provisions	1	-	18	0.4%
- prior-year expense	46	0.7%	1	-
- other	9	0.1%	8	0.2%
Total current corporate income taxes (IRES)	**(104)**	**-1.5%**	**(119)**	**-2.6%**
IRAP	**-**	**-**	**-**	**-**
Foreign taxes	**3**	**-**	**24**	**0.5%**
Difference on estimated income taxes from prior years	**(10)**	**-0.1%**	**(12)**	**-0.3%**
Definitive withholdings on dividends from foreign investees	**-**	**-**	**-**	**-**
Total deferred tax items	**5**	**0.1%**	**(7)**	**-0.2%**
- of which impact of change in tax rate	-		-	
- of which changes for the year	*5*		*(7)*	
- of which difference of prior-year estimates	-		-	
TOTAL INCOME TAXES	**(106)**	**-1.5%**	**(114)**	**-2.5%**

Information on the statement of financial position

Assets

10. Property, plant and equipment – *€11 million*

Developments in property, plant and equipment for 2021 and 2022 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction and advances	Total
Cost	1	5	3	5	27	41	1	83
Accumulated depreciation	-	(3)	(3)	(5)	(23)	(41)	-	(75)
Balance at Dec. 31, 2020	**1**	**2**	**-**	**-**	**4**	**-**	**1**	**8**
Capital expenditure	-	1	-	-	6	-	-	7
Entry into service	-	-	-	-	-	1	(1)	-
Depreciation	-	(1)	-	-	(2)	-	-	(3)
Total changes	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**4**
Cost	1	6	3	5	33	42	-	90
Accumulated depreciation	-	(4)	(3)	(5)	(25)	(41)	-	(78)
Balance at Dec. 31, 2021	**1**	**2**	**-**	**-**	**8**	**1**	**-**	**12**
Capital expenditure	-	-	-	-	2	-	-	2
Entry into service	-	-	-	-	-	-	-	-
Depreciation	-	(1)	-	-	(2)	-	-	(3)
Total changes	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**(1)**
Cost	1	6	3	5	35	42	-	92
Accumulated depreciation	-	(5)	(3)	(5)	(27)	(41)	-	(81)
Balance at Dec. 31, 2022	**1**	**1**	**-**	**-**	**8**	**1**	**-**	**11**

"Property, plant and equipment" totaled €11 million, a decrease of €1 million compared with December 31, 2021, reflecting the negative balance between depreciation recognized (€3 million) and capital expenditure for 2022 (€2 million).

11. Intangible assets – *€133 million*

Intangible assets, all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	Total
Balance at Dec. 31, 2020	**54**	**59**	**113**
Investments	42	20	62
Assets entering service	24	(24)	-
Amortization	(32)	-	(32)
Total changes	**34**	**(4)**	**30**
Balance at Dec. 31, 2021	**88**	**55**	**143**
Investments	4	38	42
Assets entering service	36	(36)	-
Amortization	(52)	-	(52)
Total changes	**(12)**	**2**	**(10)**
Balance at Dec. 31, 2022	**76**	**57**	**133**

"Industrial patents and intellectual property rights", in the amount of €76 million (€88 million at December 31, 2021), mainly regard costs incurred in purchasing applications software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average). The investments of €4 million concerned information-technology projects related to digital development projects for the computerization of business processes, compliance and reporting of Holding Company functions, in particular in the areas of Administration, Finance and Control, Legal and Corporate Affairs, Health and Safety, Communications, Innovability and Audit. "Other intangible assets under development" amounted to €57 million, an increase of €2 million reflecting the net positive balance between investments during the year and the value of assets entering service.

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12. Deferred tax assets and liabilities – *€146 million* and *€98 million*

Changes in deferred tax assets and deferred tax liabilities, grouped by type of timing difference, are shown below.

Millions of euro	at Dec. 31, 2021	Increase/ (Decrease) taken to profit or loss	Increase/ (Decrease) taken to equity	at Dec. 31, 2022
Deferred tax assets				
Nature of temporary differences:				
- provisions for risks and charges and impairment losses	3	1	-	4
- measurement of financial instruments	245	-	(139)	106
- other items	51	(11)	(4)	36
Total deferred tax assets	**299**	**(10)**	**(143)**	**146**
Deferred tax liabilities				
Nature of temporary differences:				
- measurement of financial instruments	(145)	-	47	(98)
- other items	(4)	4	-	-
Total deferred tax liabilities	**(149)**	**4**	**47**	**(98)**
Excess net deferred IRES tax assets after any offsetting	**150**			**48**

"Deferred tax assets" totaled €146 million (€299 million at December 31, 2021) and essentially regard deferred tax assets on the fair value measurement of cash flow hedges. "Deferred tax liabilities" came to €98 million (€149 million at December 31, 2021) and mainly regard deferred taxes on the fair value measurement of cash flow hedge instruments. The amount of deferred tax assets and liabilities was determined by applying a rate of 24% for IRES.

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13. Equity investments – *€59,952 million*

The table below shows the changes during the year for each investment, with the corresponding carrying amounts at the beginning and end of the year, as well as the list of investments held in subsidiaries, joint ventures, associates and other companies.

Millions of euro	Original cost	Impairment (losses)/gains	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding	Capital contributions and loss coverage	Acquisitions/ (Disposals)/ (Liquidations)/ (Repayments)
			at Dec. 31, 2021				
A) Subsidiaries							
Enel Global Services Srl	70	(1)	-	69	100.0	-	-
Enel Global Thermal Generation Srl	57	(39)	-	18	100.0	-	-
Enel Global Trading SpA	1,401	(162)	2	1,241	100.0	-	-
Enel Green Power SpA	2,006	(497)	3	1,512	100.0	-	-
Enel Grids Srl	59	-	1	60	100.0	-	-
Enel Holding Finance Srl	7,875	-	-	7,875	100.0	-	-
Enel Iberia SRLU	13,713	-	-	13,713	100.0	-	-
Enel Innovation Hubs Srl	70	(47)	-	23	100.0	-	-
Enel Insurance NV	502	-	-	502	100.0	-	-
Enel Investment Holding BV	4,497	(4,490)	-	7	100.0	-	-
Enel Italia SpA	12,790	-	4	12,794	100.0	-	-
Enel North America Inc.	3,155	-	-	3,155	100.0	880	-
Enel Romania SA	15	-	-	15	100.0	-	-
Enel X Srl	270	-	2	272	100.0	-	-
Enel X Way Srl	-	-	-	-	-	800	58
Enelpower Srl	189	(163)	-	26	100.0	-	-
Vektör Enerji Üretím AŞ	-	-	-	-	100.0	-	-
Enel Américas SA	11,657	-	-	11,657	82.3	1	-
E-Distribuţie Muntenia SA	952	(242)	-	710	78.0	-	-
Enel Energie Muntenia SA	330	-	-	330	78.0	-	-
Enel Chile SA	2,671	-	-	2,671	64.9	-	-
PJSC Enel Russia	442	(110)	-	332	56.4	-	-
E-Distribuţie Banat SA	421	(236)	-	185	51.0	-	-
E-Distribuţie Dobrogea SA	261	(60)	-	201	51.0	-	-
Enel Energie SA	208	-	-	208	51.0	-	-
Enel Finance International NV	2,624	-	-	2,624	25.0	-	-
Enel Green Power Chile SA	-	-	-	-	-	-	-
Total subsidiaries	**66,235**	**(6,047)**	**12**	**60,200**		**1,681**	**58**
B) Joint ventures							
Rusenergosbyt LLC	41	-	-	41	49.5	-	-
Total joint ventures	**41**	**-**	**-**	**41**		**-**	**-**
C) Associates							
CESI SpA	23	-	-	23	42.7	-	-
Total associates	**23**	**-**	**-**	**23**		**-**	**-**
D) Other companies							
Compañía de Transmisión del Mercosur SA	-	-	-	-	-	-	-
Elcogas SA in liquidation	5	(5)	-	-	4.3	-	-
Empresa Propietaria de la Red SA	5	-	-	5	11.1	-	-
Idrosicilia SpA	-	-	-	-	1.0	-	-
Red Centroamericana de Telecomunicaciones SA	-	-	-	-	11.1	-	-
Total other companies	**10**	**(5)**	**-**	**5**		**-**	**-**
TOTAL EQUITY INVESTMENTS	**66,309**	**(6,052)**	**12**	**60,269**		**1,681**	**58**

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Changes in 2022				at Dec. 31. 2022				
Mergers/Spin-offs	**Reclassifications**	**Value adjustments**	**Net change**	**Original cost**	**Impairment (losses)/gains**	**Other changes – IFRIC 11 & IFRS 2**	**Carrying amount**	**% holding**
–	–	1	1	70	–	1	71	100.0
–	–	–	–	57	(39)	–	18	100.0
–	–	162	162	1,401	–	2	1,403	100.0
–	–	(228)	(228)	2,006	(725)	4	1,285	100.0
–	–	–	–	59	–	2	61	100.0
–	–	–	–	7,875	–	–	7,875	100.0
–	–	–	–	13,713	–	1	13,714	100.0
–	–	(16)	(16)	70	(63)	–	7	100.0
–	–	–	–	502	–	–	502	100.0
–	–	(1)	(1)	4,497	(4,491)	–	6	100.0
–	–	–	–	12,790	–	5	12,795	100.0
–	–	–	880	4,035	–	–	4,035	100.0
–	(15)	–	(15)	–	–	–	–	100.0
(31)	–	–	(31)	239	–	2	241	100.0
31	–	–	889	889	–	–	889	100.0
–	–	–	–	189	(163)	–	26	100.0
–	–	–	–	–	–	–	–	100.0
–	–	–	1	11,658	–	–	11,658	82.3
–	(710)	–	(710)	242	(242)	–	–	78.0
–	(330)	–	(330)	–	–	–	–	78.0
–	–	–	–	2,671	–	–	2,671	64.9
–	(332)	–	(332)	110	(110)	–	–	–
–	(185)	–	(185)	236	(236)	–	–	51.0
–	(201)	–	(201)	60	(60)	–	–	51.0
–	(208)	–	(208)	–	–	–	–	51.0
–	–	–	–	2,624	–	–	2,624	25.0
–	–	–	–	–	–	–	–	–
–	**(1,981)**	**(82)**	**(324)**	**65,993**	**(6,129)**	**17**	**59,881**	
–	–	–	–	41	–	–	41	49.5
–	–	**–**	**–**	**41**	**–**	**–**	**41**	
–	–	–	–	23	–	–	23	42.7
–	**–**	**–**	**–**	**23**	**–**	**–**	**23**	
–	–	–	–	–	–	–	–	–
–	–	–	–	5	(5)	–	–	4.3
–	–	2	2	5	2	–	7	11.1
–	–	–	–	–	–	–	–	1.0
–	–	–	–	–	–	–	–	11.1
–	**–**	**2**	**2**	**10**	**(3)**	**–**	**7**	
–	**(1,981)**	**(80)**	**(322)**	**66,067**	**(6,132)**	**17**	**59,952**	

The table below reports changes in equity investments in 2022.

Millions of euro	
Increases	
Capital contribution to Enel North America Inc.	880
Acquisition of Enel X Way Srl	58
Capital contribution to Enel X Way Srl	800
Partial demerger of Enel X Srl to Enel X Way Srl	31
Enel Américas SA - Conversion ADR	1
Revaluation of investment held in Empresa Propietaria de la Red SA	2
Reversal of impairment loss on Enel Global Trading SpA	162
Reversal of impairment loss on Enel Global Services Srl	1
Total increases	**1,935**
Decreases	
Partial demerger of Enel X Srl to Enel X Way Srl	(31)
Reclassification of PJSC Enel Russia as "Non-current assets classified as held for sale"	(332)
Reclassification of E- Distribuţie Banat SA as "Non-current assets classified as held for sale"	(185)
Reclassification of E- Distribuţie Dobrogea SA as "Non-current assets classified as held for sale"	(201)
Reclassification of Enel Energie SA as "Non-current assets classified as held for sale"	(208)
Reclassification of E-Distribuţie Muntenia SA as "Non-current assets classified as held for sale"	(710)
Reclassification of Enel Energie Muntenia SA as "Non-current assets classified as held for sale"	(330)
Reclassification of Enel Romania SA as "Non-current assets classified as held for sale"	(15)
Impairment loss on the investment in Enel Green Power SpA	(228)
Impairment loss on the investment in Enel Innovation Hubs Srl	(16)
Impairment loss on the investment in Enel Investment Holding BV	(1)
Total decreases	**(2,257)**
NET CHANGE	**(322)**

In 2022 the carrying amount of investments in subsidiaries, joint ventures, associates and other companies decreased by €322 million as a result of:

- the capital contributions, on February 15, 2022 and March 14, 2022, to the subsidiary Enel North America Inc. in the amount of €880 million to support the business requirements of the subsidiaries;
- the incorporation, following the partial demerger of Enel X Srl on April 1, 2022, of Enel X Way Srl (formerly Enel X Charge Srl), with the aim (among others) of setting up a holding company for the development of electric mobility and MSP (Mobility Service Provider) of the Enel Group. The value of the demerged assets is €31 million;
- the acquisition on April 5, 2022 of an interest in Enel X Way Srl by Enel X Italia Srl, in the amount of €58 million;
- the capital contribution of €800 million, on April 19, 2022, to Enel X Way Srl in order to provide the company with the necessary financial resources to carry out the activities described above;
- the reclassification as "Non-current assets held for sale" of the interest held in the subsidiary PJSC Enel Russia, recognized at a value of €332 million, following the agreements signed at the end of June 2022 on the sale by Enel of the entire stake held in Enel Russia SpA to PJSC Lukoil and the Closed Combined Mutual Investment Fund "Gazprombank-Frezia". The sale was finalized in October for a total of about €137 million. The transaction was closed following the fulfillment of all the conditions set out in the two separate contracts entered into with them, including approval of the transaction by the President of the Russian Federation in accordance with paragraph 5 of Decree 520 of August 5, 2022;
- the reclassification as "Non-current assets held for sale" of the interests held in Romanian subsidiaries for a total amount of €1,649 million, as a result of the negotiations started for the sale of all the equity investments held by the Group in Romania;
- the increase in the fair value measurement of the equity investment in Empresa Propietaria de la Red SA in the amount of €2 million;
- the reversal in the amount of €162 million of the impairment loss recognized on the investment in Enel Global

Trading SpA to take account of the assumptions in the new business plan and market developments due to gas prices;

- the reversal in the amount of €1 million of the impairment loss recognized on the investment in Enel Global Services Srl;
- the impairment loss on the investment in Enel Green Power SpA, in the amount of €228 million, mainly due to the disposal of assets in Romania;
- the impairment loss on the investment in the subsidiary Enel Innovation Hubs Srl in the amount of €16 million, to take account of the performance and financial position of the company;
- the reversal in the amount of €1 million of the impairment loss recognized on the investment in Enel Investment Holding BV to take account of the performance and financial position of the company.

In accordance with IFRS 2, the carrying amount of investments in the subsidiaries involved in the Long-Term Incentive Plan for 2019, 2020, 2021 and 2022 has also been increased by the fair value of the equity component for the year, recognized in specific equity reserves, in the overall amount of €6 million. In the case of the award of equity instruments to the employees of indirect subsidiaries, the carrying amount of the equity investment in the direct subsidiary was increased.

The following table shows the assumptions used in determining the impairment loss on the investments held in Enel Green Power SpA, and the reversal of the impairment loss recognized on the investments in Enel Global Trading SpA and Enel Global Services Srl.

Millions of euro	Original cost	Growth rate(1)	Pre-tax WACC discount rate(2)	Explicit period of cash flows	Terminal value(3)	Original cost	Growth rate(1)	Pre-tax WACC discount rate(2)	Explicit period of cash flows	Terminal value(3)
	at Dec. 31, 2022					at Dec. 31, 2021				
Enel Green Power SpA	1,513	2.5%	8.4%	3 years	Annuity/26 years	2,008	1.7%	7.6%	3 years	Annuity/24 years
Enel Global Trading SpA	1,241	1.6%	8.6%	3 years	Perpetuity	1,198	1.7%	6.3%	3 years	Perpetuity
Enel Global Services Srl	70	1.6%	5.9%	3 years	Perpetuity	69	1.7%	4.2%	3 years	Perpetuity

(1) Perpetual growth rate for cash flows after the explicit forecast period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.

The recoverable amount of the equity investments recognized through the impairment tests was estimated by calculating the equity value of the investments through an estimate of their value in use using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. For the purpose of comparing the carrying amount of the investments, the enterprise value resulting from the estimation of future cash flows was converted into the equity value by subtracting the net financial position of the investee. Cash flows were determined on the basis of the best information available at the time of the estimate and drawn for the explicit period from the 2023-2025 Business Plan approved by the Board of Directors of the Company on November 22, 2022, containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing for these equity investments differs in accordance with the specific features and business cycles of the various companies. The terminal value, on the other hand, was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity demand and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market.

With regard to the investments held in the companies Enel Italia SpA, Enel X Way Srl, Enel North America Inc., Enel Global Thermal Generation Srl, Enel X Srl, the carrying amount is deemed to be recoverable even if individually greater than equity at December 31, 2022, for each investee. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically, for the companies Enel Italia SpA, Enel X Way Srl, Enel North America Inc., Enel Global Thermal Generation Srl and Enel X Srl, the negative difference between the carrying amount of the investments and their equity represented a trigger event, following which the equity value of the investments in consideration of their expected future cash flows was determined by means of an impairment test. As a result of this test, a greater value emerged that was not reflected in equity to an extent necessary to confirm the full recoverability of the value of the investments.

It should also be noted that these investments have passed their related impairment tests.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena. The following table reports the share capital and equity of the investments in subsidiaries, joint ventures, associates and other investees at December 31, 2022.

	Registered office	Currency	Share capital	Equity (millions of euro)	Prior year profit/(loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Global Services Srl	Rome	EUR	10,000	51	14	100.0	71
Enel Global Thermal Generation Srl	Rome	EUR	11,000,000	6	(13)	100.0	18
Enel Global Trading SpA	Rome	EUR	90,885,000	380	(12)	100.0	1,403
Enel Green Power SpA	Rome	EUR	272,000,000	482	(114)	100.0	1,285
Enel Grids Srl	Rome	EUR	10,100,000	319	292	100.0	61
Enel Holding Finance Srl	Rome	EUR	10,000	7,874	-	100.0	7,875
Enel Iberia SRLU	Madrid	EUR	336,142,500	23,435	725	100.0	13,714
Enel Innovation Hubs Srl	Rome	EUR	1,100,000	7	-	100.0	7
Enel Insurance NV	Amsterdam	EUR	60,000	511	5	100.0	502
Enel Investment Holding BV	Amsterdam	EUR	1,000,000	5	(1)	100.0	6
Enel Italia SpA	Rome	EUR	100,000,000	3,745	910	100.0	12,795
Enel North America Inc.	Andover	USD	50	5,761	191	100.0	4,035
Enel Romania SA	Buftea	RON	200,000	5	1	100.0	-
Enel X Srl	Rome	EUR	1,050,000	193	54	100.0	241
Enel X Way Srl	Rome	EUR	6,026,000	818	(15)	100.0	889
Enelpower Srl	Milan	EUR	2,000,000	26	1	100.0	26
Vektör Enerji Üretím AŞ	Istanbul	TRY	3,500,000	-	-	100.0	-
Enel Américas SA	Santiago	USD	15,799,498,545	14,474	288	82.3	11,658
E-Distribuţie Muntenia SA	Bucharest	RON	271,635,250	580	(37)	78.0	-
Enel Energie Muntenia SA	Bucharest	RON	37,004,350	29	(67)	78.0	-
Enel Chile SA	Santiago	CLP	3,882,103,470,184	4,827	1,426	64.9	2,671
E-Distribuţie Banat SA	Timisoara	RON	382,158,580	243	(59)	51.0	-
E-Distribuţie Dobrogea SA	Costanta	RON	280,285,560	198	(32)	51.0	-
Enel Energie SA	Bucharest	RON	140,000,000	24	(79)	51.0	-
Enel Finance International NV	Amsterdam	EUR	1,478,810,371	10,286	44	25.0	2,624
Enel Green Power Chile SA	Santiago	USD	842,121,531	1,228	30	-	-
B) Joint ventures							
Rusenersgobyt LLC	Moscow	RUB	18,000,000	159	158	49.5	41
C) Associates							
CESI SpA(1)	Milan	EUR	8,550,000	105	(10)	42.7	23
D) Other companies							
Compañía de Transmisión del Mercosur SA	Buenos Aires	ARS	2,025,191,313	-	-	-	-
Elcogas SA in liquidation	Puertollano	EUR	809,690	-	-	4.3	-
Empresa Propietaria de la Red SA	Panama	USD	58,500,000	156	18	11.1	7
Idrosicilia SpA	Milan	EUR	22,520,000	-	-	1.0	-
Red Centroamericana de Telecomunicaciones SA	Panama	USD	2,700,000	(10)	(2)	11.1	-

(1) The value of share capital, equity and profit/(loss) for the year refers to the financial statements at December 31, 2021.

Equity investments in other companies at December 31, 2022 are all related to unlisted companies. During the transition to IFRS 9, the option of measuring these financial assets at fair value through other comprehensive income was applied.

The investment in Elcogas SA was completely written off in 2014 and since January 1, 2015 the company, in which Enel has a stake of 4.3%, is in liquidation. The profit participation loan of €6 million granted in 2014 has also been written down to take account of accumulated losses.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021
Equity investments in unlisted companies measured at FVOCI	**7**	**5**
Empresa Propietaria de la Red SA	7	5
Red Centroamericana de Telecomunicaciones SA	-	-
Compañía de Transmisión del Mercosur SA	-	-
Elcogas SA in liquidation	-	-
Idrosicilia SpA	-	-

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14. Derivatives – *€349 million, €390 million, €663 million, €178 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Derivative financial assets	349	753	390	60
Derivative financial liabilities	663	1,300	178	131

For more details about the nature, recognition and classification of derivative financial assets and liabilities, please see notes 32 "Financial instruments" and 34 "Derivatives and hedge accounting".

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15. Other non-current financial assets – *€14 million*

This item breaks down as follows:

Millions of euro	Notes	at Dec. 31, 2022	at Dec. 31, 2021	Change
Financial prepayments		10	13	(3)
Other non-current financial assets included in debt	15.1	4	3	1
Total		**14**	**16**	**(2)**

"Financial prepayments" essentially refers to the remaining portion of the transaction costs on the €10 billion revolving credit line, established on December 18, 2017, and with a five-year term, between Enel SpA, Enel Finance International NV, and Mediobanca. The item reports the non-current portion of those costs, and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

15.1 Other non-current financial assets included in debt – *€4 million*

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Other loan assets	4	3	1
Total	**4**	**3**	**1**

"Other loan assets", equal to €4 million, are entirely accounted for by loans to employees.

16. Other non-current assets – *€81 million*

This item breaks down as follows.

Millions of euro			
	at Dec. 31, 2022	at Dec. 31, 2021	Change
Tax assets	12	12	-
Amounts due from subsidiaries for assumption of supplementary pension plan liabilities	69	87	(18)
Total other non-current assets	**81**	**99**	**(18)**

"Tax assets" include the residual amount of €9 million due in respect of the claim for reimbursement for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. These claims were submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011.
Tax assets also include the asset of €3 million arising from the definitive calculation of the withholding tax levied on the dividends of Enel Américas SA pertaining to 2021.
Amounts due from subsidiaries for assumption of supplementary pension plan liabilities refer to amounts due in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned are to reimburse the costs of extinguishing defined benefit obligations of the Parent, which are recognized under employee benefits.
On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of these amounts due from subsidiaries for assumption of supplementary pension plan liabilities came to €11 million (€25 million at December 31, 2021).

17. Trade receivables – *€294 million*

Millions of euro			
	at Dec. 31, 2022	at Dec. 31, 2021	Change
Trade receivables:			
- due from subsidiaries	278	260	18
- due from third-party customers	16	15	1
Total	**294**	**275**	**19**

Trade receivables due from subsidiaries primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. Trade receivables due from third-party customers concern services of various types.
Trade receivables due from subsidiaries break down as follows.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Subsidiaries			
Edistribución Redes Digitales SLU	8	7	1
e-distribuzione SpA	16	22	(6)
Endesa Energía SA	2	3	(1)
Endesa Generación SA	4	2	2
Endesa SA	13	10	3
Enel Américas SA	6	5	1
Enel Brasil SA	93	70	23
Enel Chile SA	9	7	2
Enel Distribución Chile SA	5	5	-
Enel Distribución Perú SAA	3	3	-
Enel Energia SpA	7	9	(2)
Enel Generación Chile SA	5	4	1
Enel Generación Perú SAA	2	2	-
Enel Global Services Srl	12	12	-
Enel Green Power Chile SA	3	1	2
Enel Green Power Hellas SA	3	2	1
Enel Green Power Italia Srl	2	4	(2)
Enel Green Power North America Inc.	10	5	5
Enel Green Power SpA	3	3	-
Enel Grids Srl	1	4	(3)
Enel Italia SpA	(1)	-	(1)
Enel North America Inc.	3	7	(4)
Enel Produzione SpA	4	4	-
Enel Romania Srl	5	5	-
PJSC Enel Russia	-	9	(9)
Enel X Srl	3	5	(2)
Enel X Way Srl	4	-	4
E-Distribuţie Banat SA	6	6	-
E-Distribuţie Dobrogea SA	3	3	-
E-Distribuţie Muntenia SA	10	9	1
Gas y Electricidad Generación SAU	1	2	(1)
Servizio Elettrico Nazionale SpA	1	2	(1)
Vektör Enerjí Üretím AŞ	8	8	-
Other	24	20	4
Total	**278**	**260**	**18**

Trade receivables by geographical segment are shown below.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Italy	56	70	(14)
EU	79	70	9
Non-EU Europe	2	10	(8)
Other	157	125	32
Total	**294**	**275**	**19**

18. Income tax assets – *€165 million*

Income tax assets at December 31, 2022 amounted to €165 million and essentially regard the Company's IRES credit for estimated current taxes for 2022 (€142 million) and the receivable for withholding tax on dividends of Enel Américas SA and Enel Chile SA (€16 million).

19. Other current financial assets – *€3,480 million*

Millions of euro				
	Notes	at Dec. 31, 2022	at Dec. 31, 2021	Change
Other current financial assets included in debt	19.1	3,395	8,197	(4,802)
Other sundry current financial assets		85	60	25
Total		**3,480**	**8,257**	**(4,777)**

For more information on "Other current financial assets included in debt", please see note 19.1.
"Other current financial assets" essentially refer to receivables in respect of Group companies for interest and other fees deriving from financial services contracts amounting to €11 million (€15 million at December 31, 2021), financial assets in respect of the outcome of derivative positions amounting to €20 million (€3 million at December 31, 2021), current accrued financial income of €40 million (€37 million at December 31, 2021) and current financial prepaid expense of €14 million (€5 million at December 31, 2021).

19.1 Other current financial assets included in debt – *€3,395 million*

Millions of euro				
	Notes	at Dec. 31, 2022	at Dec. 31, 2021	Change
Loan assets due from Group companies:		**3,001**	**7,111**	**(4,110)**
- short-term loan assets (intercompany current accounts)	32.1.1	2,489	7,111	(4,622)
- short-term financing		512	-	512
Loan assets due from others:		**394**	**1,086**	**(692)**
- other loan assets		5	9	(4)
- cash collateral for margin agreements on OTC derivatives	32.1.1	389	1,077	(688)
Total		**3,395**	**8,197**	**(4,802)**

20. Other current assets – €584 million

Millions of euro			
	at Dec. 31, 2022	at Dec. 31, 2021	Change
Tax assets	286	4	282
Other amounts due from Group companies	283	1,044	(761)
Other amounts due	15	15	-
Total	**584**	**1,063**	**(479)**

"Tax assets" amounted to €286 million and include €274 million in respect of the residual VAT credit for 2022 of the Enel VAT Group.
The change on the previous year is essentially due to the non-payment of the VAT payment on account in 2021, in line with the clarifications issued by the Revenue Agency, which ruled that, in the first year of establishment of the single VAT payer, the payment on account is not due given the absence of information on which to calculate the payment itself.
The item also includes the tax asset of €8 million in respect of the IRES reimbursement for 2011-2014 paid to Enel SpA following an agreement procedure (MAP) begun in 2021 and completed in 2022 with an agreement between the

Italian and Spanish tax authorities eliminating the double taxation charged to the multinational group following adjustments made to transfer prices applied in transactions between Enel SpA and its Spanish subsidiaries in 2011, 2012, 2013 and 2014.
Other amounts due from Group companies essentially regard receivables for the interim dividend approved in 2022 by the subsidiaries Rusenersgobyt LLC and Enel Chile SA (€12 million and €14 million, respectively), IRES assets in respect of the Group companies participating in the consolidated taxation mechanism (€154 million) and VAT assets in respect of companies participating in the Group VAT mechanism (€101 million).
In 2021, the item included the VAT credits in respect of the subsidiaries participating in the Enel VAT Group (€547 million) and assets for the interim dividend approved in 2021 by Enel Iberia SRLU, Enel Américas SA and Enel Chile totaling €368 million, which were received in early 2022.
Other amounts due, equal to €15 million at December 31, 2022, are substantially in line with the 2021 values.

BS
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21. Cash and cash equivalents – *€4,868 million*

Cash and cash equivalents break down as follows.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Bank and post office deposits	4,868	952	3,916
Cash and cash equivalents on hand	-	-	-
Total	**4,868**	**952**	**3,916**

Cash and cash equivalents amounted to €4,868 million, an increase of €3,916 million on December 31, 2021, reflecting cash flows generated by ordinary operations.
Cash flows from operating activities in 2022 were a positive €8,689 million (€6,757 million at December 31, 2021), an increase of €1,932 million compared with 2021, mainly reflecting an increase in dividends received, partly offset by an increase in financial expense paid and greater cash requirements connected with the change in net working capital.

During the year, financing activities absorbed cash flows of €3,126 million. This mainly reflected repayments in the period on long-term borrowings (€10,466 million), payment of dividends (€3,882 million) partly offset by the issue of new long-term borrowings (€4,251 million), the net reduction in financial debt (€7,108 million) and the payment of coupons to holders of hybrid perpetual bonds (€123 million).

Investing activities absorbed cash flows of €1,647 million, mainly reflecting the capital contributions to the subsidiary Enel North America Inc. (€880 million), the acquisition by Enel X Italia Srl of an interest in Enel X Way Srl and the recapitalization of the latter (€858 million), partly offset by the liquidity generated by the sale of Enel Russia (€137 million).

The cash requirements of investing and financing activities were primarily funded by the contribution of the cash flows generated by operating activities, which were a positive €8,689 million, determining a closing balance of cash and cash equivalents at year end of €4,868 million.

BS

22. Non-current assets classified as held for sale – *€654 million*

Non-current assets reclassified as held for sale include the equity investments in E-Distribuţie Muntenia SA, E-Distribuţie Banat SA, E-Distribuţie Dobrogea SA, Enel Energie SA, Enel Energie Muntenia SA and Enel Romania SA, for a total €654 million, following the agreement on the sale to the Greek company Public Power Corporation SA (PPC) of all the equity stakes held by the Enel Group in Romania.
The reclassified value reflects a value adjustment of €995 million made to align the value of the equity investments with the consideration in the sale agreement.

Liabilities and equity

23. Equity – *€38,342 million*

Equity amounted to €38,342 million, an increase of €3,375 million compared with December 31, 2021.
The change is mainly attributable to:
- profit for the year (€7,464 million);
- the distribution of the balance of the dividend for 2021 in the amount of €0.19 per share (for a total of €1,932 million), as approved by the Shareholders' Meeting on May 19, 2022, and the interim dividend for 2022 approved by the Board of Directors on November 3, 2022 and paid as from January 25, 2023 (€0.20 per share for a total of €2,033 million).

Share capital – *€10,167 million*

At December 31, 2022, the fully subscribed and paid-up share capital of Enel SpA totaled €10,166,679,946, represented by the same number of ordinary shares with a par value of €1.00 each.
The share capital is unchanged compared with the amount reported at December 31, 2021.
At December 31, 2022, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, shareholders with interests of greater than 3% in the Company's share capital were the Ministry for the Economy and Finance (with a 23.585% stake) and BlackRock Inc. (with a 5.114% stake held for asset management purposes).

Negative treasury share reserve – *€(47) million*

At December 31, 2022, treasury shares are represented by 7,153,795 ordinary shares of Enel SpA with a par value of €1.00 each (4,889,152 at December 31, 2021), purchased through a qualified intermediary for a total amount of about €47 million.
On June 16, 2022, the Board of Directors of the Company, implementing the authorization granted by the Shareholders' Meeting held on May 19, 2022, approved the launch of a share buyback program for 2.7 million, equivalent to about 0.027% of Enel's share capital.
The program, which began on June 17, 2022 and was completed on July 20, was introduced to serve the 2022 Long-Term Incentive Plan for the management of Enel and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code (2022 LTI Plan) which was also approved by Enel's Shareholders' Meeting of May 19, 2022.
As a result of these transactions, a total of 2,700,000 Enel shares (equal to 0.026557% of share capital), were acquired at a volume-weighted average price of €5.1951 per share for a total €14,026,715. Moreover, on September 5, 2022, Enel awarded 435,357 shares to the beneficiaries of the 2019 LTI Plan.
As a result of the award and considering the treasury shares already owned, at December 31, 2022 Enel held 7,153,795 treasury shares, equal to 0.070365% of share capital, serving the Long-Term Incentive Plans (the LTI Plans for 2019, 2020, 2021 and 2022).
In accordance with Article 2357-*ter*, paragraph 2, of the Civil Code, treasury shares do not participate in the distribution of the dividend.

Perpetual hybrid bonds – *€5,567 million*

The item regards the non-convertible subordinated perpetual hybrid bonds denominated in euros intended for institutional investors.
The item has not changed compared to the previous year.
During 2022, the Company paid coupons to holders of perpetual hybrid bonds for €123 million.

Other reserves – *€11,835 million*

Share premium reserve – *€7,496 million*
The share premium reserve at December 31, 2022 was equal to €7,496 million, unchanged compared with the previous year.

Legal reserve – *€2,034 million*
The legal reserve, equal to 20.0% of share capital, is unchanged compared with the previous year.

Reserve pursuant to Law 292/1993 – *€2,215 million*
The reserve shows the remaining portion of the adjustments carried out when Enel was transformed from a public entity to a joint-stock company.
In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Consolidated Income Tax Code shall apply.

Other reserves – *€137 million*
Other reserves include €19 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits.
The item also includes the unavailable reserve established for the purchase of treasury shares in the amount of €47 million in execution of the resolutions of the Ordi-

nary Shareholders' Meeting of Enel SpA and the reserves established to recognize the value of the equity component granted to the management of the Company and the subsidiaries as part of the 2019, 2020, 2021 and 2022 Long-Term Incentive Plans in the amount of €22 million. For further details, please see note 36 "Share-based payments".
It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

Hedging reserves – *€(27) million*

At December 31, 2022, the item includes the hedging reserve and the hedging costs reserve, amounting to a negative €27 million (net of the positive tax effect of €9 million).

Reserve from measurement of financial assets at FVOCI - *€2 million*

At December 31, 2022, the valuation reserve for financial assets at FVOCI came to €2 million, reflecting the fair vale measurement of Empresa Propietaria de la Red SA.

Actuarial reserve – *€(22) million*

At December 31, 2022, the actuarial reserve amounted to €22 million (net of the positive tax effect of €4 million). The reserve includes actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the new version of "IAS 19 - Employee Benefits".

The table below provides a breakdown of changes in the hedging and actuarial reserves in 2021 and 2022.

Millions of euro	At Jan. 1, 2021	Gross gains/(losses) recognized in equity during the year	Gross released to profit or loss	Taxes	Other changes	at Dec. 31, 2021	Gross gains/(losses) recognized in equity during the year	Gross released to profit or loss	Taxes	Other changes	at Dec. 31, 2022
Hedging reserve	(443)	347	(169)	(39)	(14)	(318)	464	(54)	(93)	(23)	(24)
Hedging costs reserve	(16)	21	-	(5)	-	-	(4)	-	1	-	(3)
Reserve from measurement of financial assets at FVOCI	-	-	-	-	-	-	2	-	-	-	2
Actuarial reserve	(39)	6	-	(2)	-	(35)	17	-	(4)	-	(22)
Gains/(Losses) recognized directly in equity	**(498)**	**374**	**(169)**	**(46)**	**(14)**	**(353)**	**479**	**(54)**	**(96)**	**(23)**	**(47)**

Retained earnings – *€5,696 million*

For 2022, the item shows an increase of €768 million, reflecting:

- the allocation of profit for the year 2021, in execution of the resolutions of the Shareholders' Meeting of May 19, 2022, in the amount of €71 million, covering the amounts paid in 2021 as coupons to the holders of perpetual hybrid bonds and the remainder of profit for a total of €831 million, including the portion of the undistributed dividend balance in respect of treasury shares held in the portfolio at the record date of July 19, 2022;
- the payment of coupons in the total amount of €123 million to the holders of perpetual hybrid bonds;
- the unavailable reserve established for the purchase of treasury shares serving the 2022 LTI Plan, for a total €14 million;
- the reclassification of a specific unavailable reserve of about €3 million as a result of the partial award of the treasury shares serving the 2019 LTI Plan following achievement of the Plan's performance objectives.

Profit for the year – €5,124 million

Profit for 2022, net of the interim dividend for 2022 of €0.20 per share (for a total €2,033 million), amounted to €5,124 million.

The table below shows the availability of reserves for distribution.

Millions of euro	at Dec. 31, 2022	Possible uses	Amount available
Share capital	10,167		
Capital reserves:			
- share premium reserve	7,496	ABC	7,496
- equity instruments - perpetual hybrid bonds	5,567		
Income reserves:			
- legal reserve	2,034	B	
- negative treasury share reserve	(47)		
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- hedging reserve	(27)		
- reserve from measurement of financial assets at FVOCI	2		
- reserve for capital grants	19	ABC	19
- stock option reserve	29	ABC	29 [1] [2]
- actuarial reserve	(22)		
- reserve for share-based payments (LTI)	22		
- other	67	ABC	20
Retained earnings/(Loss carried forward)	5,696	ABC	5,696
Total	**33,218**		**15,475**
of which amount available for distribution			*15,472*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5), of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development expenditure, or departures pursuant to Article 2423, paragraph 4, of the Civil Code.

It should be noted that, in the three previous years, the available reserve denominated "retained earnings" has been used in the amount of €1,322 million for the distribution of dividends to shareholders.

23.1 Dividends

The table below shows the dividends paid by the Company in 2021 and 2022.

	Amount distributed (in millions of euro)	Dividend per share (in euro)
Dividends distributed in 2021		
Dividends for 2020	3,638	0.358
Interim dividend for 2021[(1)]	-	-
Special dividends	-	-
Total dividends distributed in 2021	**3,638**	**0.358**
Dividends distributed in 2022		
Dividends for 2021	3,861	0.38
Interim dividend for 2022[(2)]	-	-
Special dividends	-	-
Total dividends distributed in 2022	**3,861**	**0.38**

(1) Approved by the Board of Directors on November 4, 2021 and paid as from January 26, 2022 (interim dividend per share of €0.19 for a total of €1,932 million).
(2) Approved by the Board of Directors on November 3, 2022 and paid as from January 25, 2023 (interim dividend per share of €0.20 for a total of €2,033 million).

Dividends distributed are shown net of the amounts attributable to treasury shares held at the respective record dates. The Company waived collection of dividends on these shares, which were recognized under retained earnings.

The dividend for 2022, equal to €0.40 per share, amounting to a total of €4,067 million (of which €0.20 per share, for a total of €2,033 million already paid as an interim dividend), will be proposed to the Shareholders' Meeting of May 10, 2023, at a single call.

These separate financial statements do not reflect the effects of the distribution of this dividend for 2022 to shareholders, with the exception of liabilities due to shareholders for the 2022 interim dividend approved by the Board of Directors on November 3, 2022, in the maximum potential amount of €2,033 million and paid as from January 25, 2023, net of the amount pertaining to the 7,153,795 treasury shares held as at the record date of January 24, 2023.

During the year, the Company also paid coupons totaling €123 million to the holders of perpetual hybrid bonds.

23.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2022.

To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2022 and 2021 is summarized in the following table.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Non-current financial debt	(18,196)	(25,572)	7,376
Net current financial debt	(1,919)	2,370	(4,289)
Non-current financial assets and long-term securities	4	3	1
Net financial debt	**(20,111)**	**(23,199)**	**3,088**
Equity	**38,342**	**34,967**	**3,375**
Debt/equity ratio	**(0.52)**	**(0.66)**	**0.14**

BS
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24. Borrowings – *€18,196 million, €1,430 million, €8,752 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Long-term borrowings	18,196	25,572	1,430	216
Short-term borrowings	-	-	8,752	6,563

For more details about the nature, recognition and classification of borrowings, please see note 32 "Financial instruments".

BS

25. Employee benefits – *€131 million*

The Company provides its employees with a variety of benefits, including deferred compensation benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses, supplementary pension plans, supplementary healthcare plans, additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans.
The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled by law, by contract, or under other forms of employee incentive schemes.
These obligations, in accordance with IAS 19, were determined using the projected unit credit method.
The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized at December 31, 2022 and at December 31, 2021.

Millions of euro	2022				2021			
	Pension benefits	Health insurance	Other benefits	Total	Pension benefits	Health insurance	Other benefits	Total
CHANGES IN ACTUARIAL OBLIGATION								
Actuarial obligation at January 1	**123**	**34**	**15**	**172**	**151**	**32**	**17**	**200**
Current service cost	-	1	2	**3**	-	1	8	**9**
Interest expense	1	-	-	**1**		-	-	**-**
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	**-**	(9)	(2)	-	**(11)**
Actuarial (gains)/losses arising from changes in financial assumptions	(14)	(7)	-	**(21)**	-	3	-	**3**
Experience adjustments	3	1	-	**4**	-	2	-	**2**
Past service cost	-	-	-	**-**	(1)	-	-	**(1)**
(Gains)/Losses arising from settlements	-	-	-	**-**	-	-	-	**-**
Employer contributions	-	-	-	**-**	-	-	-	**-**
Contributions from plan participants	-	-	-	**-**	-	-	-	**-**
Payments for closures	-	-	-	**-**	-	-	-	**-**
Other payments	(17)	(2)	(9)	**(28)**	(18)	(2)	(11)	**(31)**
Other changes	-	-	-	**-**	-	-	1	**1**
Actuarial obligation at December 31	**96**	**27**	**8**	**131**	**123**	**34**	**15**	**172**

Millions of euro	2022	2021
(Gains)/Losses taken to profit or loss		
Service cost	3	9
Interest expense	1	-
(Gains)/Losses arising from settlements	-	-
Actuarial (gains)/losses on other long-term benefits	-	-
Other changes	-	-
Total	**4**	**9**

Millions of euro	2022	2021
Remeasurement (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	(17)	(6)
Other changes	-	-
Total	**(17)**	**(6)**

The current service cost for employee benefits in 2022 amounted to €4 million (€9 million in 2021).
The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2022	2021
Discount rate	3.60%-3.70%	0.00%-0.80%
Rate of wage increases	2.30%-4.30%	0.80%-1.80%
Rate of increase in healthcare costs	3.30%	2.50%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro	An increase of 0.5% in discount rate	A decrease of 0.5% in discount rate	An increase of 0.5% in inflation rate	An increase of 0.5% in remuneration	An increase of 0.5% in pensions currently being paid	An increase of 1% in healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(1)	2	(2)			5	29

26. Provisions for risks and charges – *€41 million*

Provisions for risks and charges cover probable potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty.

In determining the balance of the provision, we have taken account of both the charges that are expected to result from court rulings and other dispute settlements for the year and an update of the estimates for positions arising in previous years.

The following table shows changes in provisions for risks and charges.

Millions of euro	at Dec. 31, 2021	Taken to profit or loss: Accruals	Taken to profit or loss: Reversals	Utilization	Other changes	Total at Dec. 31, 2022	*of which current portion*
Provision for litigation and other risks and charges:							
- litigation	3	4	-	(1)	-	6	*4*
- other	6	-	-	-	-	6	*3*
Total	**9**	**4**	**-**	**(1)**	**-**	**12**	***7***
Provision for early retirement incentives	52	-	(18)	(5)	-	29	*7*
TOTAL PROVISIONS FOR RISKS AND CHARGES	**61**	**4**	**(18)**	**(6)**	**-**	**41**	***14***

The €3 million increase in the provision for litigation mainly reflects the provision to profit or loss for new disputes. The provision mainly refers to labor disputes.
The provision for other risks and charges, equal to €6 million, is unchanged on the previous year.

The decrease of €23 million in the provision for early retirement incentive plans adopted by the Company reflects releases to profit or loss of €18 million following the adjustment of the plans and uses during the period of €5 million.

27. Other non-current liabilities – *€23 million*

"Other non-current liabilities" amounted to €23 million (€30 million at December 31, 2021). They regard, in the amount of €8 million, the debt towards Group companies that initially arose following Enel SpA's application (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax assets (note 16).

The item also includes the liability to employees (€9 million) for early termination incentive plans adopted by the Company (€14 million in 2021) and the non-current portion of deferred income in respect of up-front fees made at the time of the establishment of a number of hedging derivative positions in the amount of €5 million (€7 million at December 31, 2021) in previous years, which are released to profit or loss on the basis of the amortization plan for the entire duration of the derivative itself.

28. Trade payables – *€155 million*

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Trade payables:			
- due to third parties	58	51	7
- due to Group companies	97	116	(19)
Total	**155**	**167**	**(12)**

"Trade payables" mainly include payables for the provision of services and other activities performed in 2022, and comprise payables due to third parties of €58 million (€51 million at December 31, 2021) and payables due to Group companies of €97 million (€116 million at December 31, 2021).

Trade payables due to subsidiaries at December 31, 2022 break down as follows.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Subsidiaries			
Endesa SA	1	1	-
Enel Global Services Srl	54	62	(8)
Enel Global Trading SpA	1	1	-
Enel Green Power SpA	7	4	3
Enel Grids Srl	2	22	(20)
Enel Iberia SRLU	6	5	1
Enel Innovation Hubs Srl	5	4	1
Enel Italia SpA	7	5	2
Enel Produzione SpA	1	1	-
Enel X Srl	2	-	2
Other	11	11	-
Total	**97**	**116**	**(19)**

Trade payables break down by geographical segment as follows.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Suppliers			
Italy	134	145	(11)
EU	15	16	(1)
Non-EU Europe	-	2	(2)
Other	6	4	2
Total	**155**	**167**	**(12)**

BS

29. Other current financial liabilities – *€238 million*

"Other current financial liabilities" mainly regard interest expense accrued on debt outstanding at year end.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Deferred financial liabilities	205	215	(10)
Other items	33	12	21
Total	**238**	**227**	**11**

More specifically, deferred financial liabilities mainly consist of interest expense accrued on financial debt, while the other items essentially include amounts due to banks and Group companies that accrued as of December 31, 2022, but were to be settled in the following year, comprising financial expense on hedge derivatives on commodity exchange rates entered into on behalf of Group companies.

30. Net financial position and long-term financial assets and securities – *€20,111 million*

The following table shows the net financial position and long-term financial assets and securities on the basis of the items on the statement of financial position.

Millions of euro	Notes	at Dec. 31, 2022	at Dec. 31, 2021	Change
Long-term borrowings	24	18,196	25,572	(7,376)
Short-term borrowings	24	8,752	6,563	2,189
Current portion of long-term borrowings	24	1,430	216	1,214
Other non-current financial assets included in debt	15.1	4	3	1
Other current financial assets included in debt	19.1	3,395	8,197	(4,802)
Cash and cash equivalents	21	4,868	952	3,916
Total		**20,111**	**23,199**	**(3,088)**

The net financial debt at December 31, 2022 and December 31, 2021 is reported below in accordance with Guideline 39, issued on March 4, 2021, by ESMA, applicable as from May 5, 2021, and with warning notice no. 5/2021 issued by CONSOB on April 29, 2021, which replaced references to the CESR Recommendations and those in Communication no. DEM/6064293 of July 28, 2006 regarding the net financial position.

Millions of euro	at Dec. 31, 2022		at Dec. 31, 2021		Change
		of which with related parties		*of which with related parties*	
Liquidity					
Bank and post office deposits	4,038		952		3,086
Liquid assets	**4,038**		**952**		**3,086**
Cash equivalents	**830**		**-**		**830**
Short-term loan assets	3,395		8,197		(4,802)
Other current financial assets	**3,395**	*2,489*	**8,197**	*7,111*	**(4,802)**
Liquidity	**8,263**		**9,149**		**(886)**
Current financial debt					
Current bank debt	(25)		(640)		615
Other short-term borrowings	(8,727)	*(8,362)*	(5,923)	*(5,625)*	(2,804)
Current financial debt (including debt instruments)	**(8,752)**		**(6,563)**		**(2,189)**
Current portion of long-term bank borrowings	(1,430)		(216)		(1,214)
Non-current financial debt (current portion)	**(1,430)**		**(216)**		**(1,214)**
Current financial debt	**(10,182)**		**(6,779)**		**(3,403)**
Net current financial debt	**(1,919)**		**2,370**		**(4,289)**
Non-current financial debt					
Long-term bank borrowings	(1,527)		(2,508)		981
Non-bank financing (leases)	–		(1)		1
Other long-term borrowings	(12,407)		(18,739)		6,332
Non-current financial debt (excluding current portion and debt instruments)	**(13,934)**		**(21,248)**		**7,314**
Bonds	**(4,262)**		**(4,324)**		**62**
Trade payables and other non-interest-bearing non-current liabilities with a significant financing component	**-**		**-**		**-**
Non-current financial debt	**(18,196)**		**(25,572)**		**7,376**
Net financial debt as per CONSOB instructions	**(20,115)**		**(23,202)**		**3,087**
Long-term loan assets	**4**	–	**3**	–	**1**
NET FINANCIAL DEBT	**(20,111)**		**(23,199)**		**3,088**

This statement of the net financial position does not include financial assets and liabilities in respect of derivatives, since derivative contracts, even if not designated as hedges for hedge accounting purposes, are in any case entered into by the Group for hedging purposes.
At December 31, 2022 those financial assets and liabilities are reported separately in the statement of financial position under the following items: "Non-current financial derivative assets" in the amount of €349 million (€753 million at December 31, 2021), "Current financial derivative assets" in the amount of €390 million (€60 million at December 31, 2021), "Non-current financial derivative liabilities" in the amount of €663 million (€1,300 million at December 31, 2021), and "Current financial derivative liabilities" in the amount of €178 million (€131 million at December 31, 2021).

BS

31. Other current liabilities – *€2,873 million*

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Tax liabilities	35	551	(516)
Amounts due to Group companies	739	220	519
Amounts due to employees, recreational/assistance associations	20	18	2
Amounts due to social security institutions	9	8	1
Amounts due to customers for security deposits and reimbursements	2	2	-
Other	2,068	1,986	82
Total	**2,873**	**2,785**	**88**

"Tax liabilities" amounted to €35 million and essentially regard amounts due to tax authorities for corporate income tax (IRES) of the companies participating in the national consolidated taxation mechanism (€30 million, compared with €250 million in 2021) and liabilities for personal income tax (IRPEF) withholdings for payroll employees in the amount of €4 million. In 2021, the item included Group VAT for the 4th Quarter of 2022 of the companies participating in the Enel VAT Group in the amount of €296 million.
The change on the previous year is essentially due to the non-payment of the VAT payment on account in 2021, in line with the clarifications issued by the Revenue Agency, which ruled that in the first year of establishment of the single VAT payer the payment on account is not due given the absence of information on which to calculate the payment itself.

"Amounts due to Group companies" amounted to €739 million. They consist of €456 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€86 million at December 31, 2021) and €283 million in respect of Group VAT (€134 million at December 31, 2021). The increase of €519 million reflects developments in the debtor positions noted above.
The item "Other", equal to €2,068 million, includes the liability for dividends to be paid to shareholders, essentially represented by the liability for the interim dividend for 2022 in the amount of €2,033 million, which was approved by the Board of Directors of Enel SpA on November 3, 2022 and paid as from January 25, 2023 (€0.20 per share for 2022; €0.19 per share for 2021).

32. Financial instruments

32.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IFRS 9, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Financial assets at amortized cost	32.1.1	**4**	**3**	**8,620**	**9,812**
Financial assets at FVOCI					
Equity investments in other companies	32.1.2	7	5	-	-
Total financial assets at FVOCI		**7**	**5**	**-**	**-**
Financial assets at FVTPL					
Derivative financial assets at FVTPL	34	199	178	156	60
Total financial assets at FVTPL		**199**	**178**	**156**	**60**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivatives	34	150	575	234	-
Total derivative financial assets designated as hedging instruments		**150**	**575**	**234**	**-**
TOTAL		**360**	**761**	**9,010**	**9,872**

For more details on the recognition and classification of current and non-current derivative financial assets, please see note 34 "Derivatives and hedge accounting".
For more information on the fair vale measurement, please see note 32.1.2 "Financial assets at fair value through other comprehensive income (FVOCI)".

32.1.1 Financial assets at amortized cost

The following table shows financial assets measured at amortized cost by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	at Dec. 31, 2022	at Dec. 31, 2021	Notes	at Dec. 31, 2022	at Dec. 31, 2021
Cash and cash equivalents		**-**	**-**	21	**4,868**	**952**
Trade receivables		**-**	**-**	17	**294**	**275**
Loan assets from Group companies						
Loan assets on intercompany current accounts		-	-	19.1	2,489	7,111
Current portion of long-term loan assets	19.1	-	-		-	-
Other financial assets		-	-		524	14
Total financial assets from Group companies		**-**	**-**		**3,013**	**7,125**
Loan assets from others						
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	389	1,077
Other financial assets		4	3		25	13
Total financial assets from others		**4**	**3**		**414**	**1,090**
Other financial assets		**-**	**-**		**31**	**370**
TOTAL		**4**	**3**		**8,620**	**9,812**

The main changes compared with 2021 regarded:

- an increase of €3,916 million in cash and cash equivalents, mainly reflecting higher dividends received during the period from Group companies;
- a decrease of €4,111 million in loans assets from Group companies, mainly reflecting the decrease in loan assets on the intercompany current account held with Group companies (€4,622 million), partly offset by an increase in in other financial assets (€512 million) attributable to the revolving credit line issued to Enel Global Trading;
- a decrease of €688 million in cash collateral paid to counterparties in derivatives transactions;
- a decrease of €339 million in other financial assets, reflecting a reduction in dividends authorized by subsidiaries and still outstanding at December 31, 2022.

Impairment losses on financial assets at amortized cost

Financial assets measured at amortized cost at December 31, 2022 amounted to €8,624 million and are recognized net of allowances for expected credit losses, which totaled €11 million at December 31, 2022 (€12 million at the end of 2021).

The Company mainly has the following types of financial assets measured at amortized cost subject to impairment testing:

- cash and cash equivalents;
- trade receivables;
- loan assets;
- other financial assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The expected credit loss (ECL) – determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD) – is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all shortfalls) discounted at the original effective interest rate.

Depending on the nature of the financial assets and the credit risk information available, the assessment of a significant increase in credit risk may be performed on:

- an individual basis, if the receivables are individually significant and for all receivables which have been individually identified for impairment based on reasonable and supportable information;
- a collective basis, if no reasonable and supportable information is available without undue cost or effort to measure expected credit losses on an individual instrument basis.

When there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, the gross carrying amount of the financial asset shall be reduced.

A write-off represents a derecognition event (e.g., the right to cash flows is legally or contractually extinguished, transferred or expired).

The following table shows the expected losses for each class of financial asset measured at amortized cost.

Millions of euro	at Dec. 31, 2022			at Dec. 31, 2021		
	Gross carrying amount	**Allowance for expected credit losses**	**Total**	**Gross carrying amount**	**Allowance for expected credit losses**	**Total**
Cash and cash equivalents	4,868	-	4,868	952	-	952
Trade receivables	300	6	294	282	7	275
Loan assets from Group companies	3,013	-	3,013	7,125	-	7,125
Loan assets from others	419	5	414	1,098	5	1,093
Other receivables	35	-	35	370	-	370
Total	**8,635**	**11**	**8,624**	**9,827**	**12**	**9,815**

To measure expected losses, the Company assesses trade receivables and contract assets with the simplified approach, on both an individual basis and a collective basis.

In the case of individual assessments, PD is generally obtained from external providers.

Otherwise, in the case of collective assessments, trade receivables are grouped on the basis of their shared credit risk characteristics and information on past due positions, considering a specific definition of default.

The Company mainly defines a defaulted position as one that is 180 days past due. Accordingly, beyond this time limit, trade receivables are presumed to be credit impaired.

The following table shows changes in the allowance for expected credit losses on financial assets and trade receivables.

Millions of euro	Allowance for expected credit losses					
	Financial assets			Trade receivables		
	Individual	Collective	Total	Individual	Collective	Total
Jan. 1, 2021 IFRS 9	**5**	**-**	**5**	**-**	**6**	**6**
Impairment losses	-	-	-	1	-	1
Utilization	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Total at Dec. 31, 2021 IFRS 9	**5**	**-**	**5**	**1**	**6**	**7**
Impairment losses	-	-	-	-	-	-
Utilization	-	-	-	(1)	-	(1)
Reversals	-	-	-	-	-	-
Total at Dec. 31, 2022 IFRS 9	**5**	**-**	**5**	**-**	**6**	**6**

32.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

This category mainly includes equity investments in unlisted companies irrevocably designated as such at the time of initial recognition.

Equity investments in other companies, equal to €7 million, are essentially represented by the equity investment held by Enel SpA in Empresa Propietaria de la Red SA.

At December 31, 2022 the fair value of the equity investment was determined on the basis of an independent appraisal using the income approach with the discounted cash flow method.

32.1.3 Financial assets at fair value through profit or loss (FVTPL)

This category exclusively includes current and non-current derivatives used mainly to hedge the debt of the Group companies. See note 34.2 "Derivatives at fair value through profit or loss" for more information.

32.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IFRS 9, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Financial liabilities at amortized cost	32.2.1	**18,196**	**25,572**	**12,428**	**8,935**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	34	197	180	178	131
Total		**197**	**180**	**178**	**131**
Derivative financial liabilities designated as hedging instruments					
Cash flow hedge derivatives	34	466	1,120	-	-
Total		**466**	**1,120**	**-**	**-**
TOTAL		**18,859**	**26,872**	**12,606**	**9,066**

For more details on the recognition and classification of current and non-current derivative financial liabilities, please see note 34 "Derivatives and hedge accounting".

For more details about the fair value measurement, please see note 35 "Fair value measurement".

32.2.1 Financial liabilities at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro	Non-current			Current		
	Notes	at Dec. 31, 2022	at Dec. 31, 2021	Notes	at Dec. 31, 2022	at Dec. 31, 2021
Long-term borrowings	24	18,196	25,572		1,430	216
Short-term borrowings		-	-	24	8,752	6,563
Trade payables		-	-	28	155	167
Other current financial liabilities		-	-	31	2,091	1,989
Total		**18,196**	**25,572**		**12,428**	**8,935**

Other current financial liabilities include the liability for the dividend to be paid to shareholders, essentially represented by the liability for the interim dividend for 2022 amounting to €2,033 million, which was approved by the Board of Directors of Enel SpA on November 3, 2022 and paid as from January 25, 2023 (€0.20 per share for 2022; €0.19 per share for 2021).

Borrowings

Long-term borrowings (including the portion falling due within 12 months) – *€19,626 million*

Long-term borrowings, which refer to bonds, bank borrowings and loans from Group companies, denominated in euros and other currencies, including the portion falling due within 12 months (equal to €1,430 million), amounted to €19,626 million at December 31, 2022.

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2022, including the portion falling due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
	at Dec. 31, 2022					at Dec. 31, 2021					Change
Bonds:											
- fixed rate	3,601	3,584	-	3,584	3,672	3,571	3,549	-	3,549	5,804	35
- floating rate	775	775	97	678	823	872	872	97	775	1,047	(97)
Total	**4,376**	**4,359**	**97**	**4,262**	**4,495**	**4,443**	**4,421**	**97**	**4,324**	**6,851**	**(62)**
Bank borrowings:											
- floating rate	1,527	1,527	-	1,527	1,548	2,508	2,508	-	2,508	1,398	(981)
Total	**1,527**	**1,527**	**-**	**1,527**	**1,548**	**2,508**	**2,508**	**-**	**2,508**	**1,398**	**(981)**
Non-bank financing:											
- under fixed-rate leases	1	1	1	-	1	2	2	1	1	2	(1)
Total	**1**	**1**	**1**	**-**	**1**	**2**	**2**	**1**	**1**	**2**	**(1)**
Loans from Group companies:											
- fixed rate	13,186	13,186	1,286	11,900	10,730	13,258	13,258	-	13,186	5,992	(72)
- floating rate	553	553	46	507	568	5,599	5,599	118	5,553	5,706	(5,046)
Total	**13,739**	**13,739**	**1,332**	**12,407**	**11,298**	**18,857**	**18,857**	**118**	**18,739**	**11,698**	**(5,118)**
Total fixed-rate borrowings	**16,788**	**16,771**	**1,287**	**15,484**	**14,403**	**16,831**	**16,809**	**1**	**16,736**	**11,798**	**(38)**
Total floating-rate borrowings	**2,855**	**2,855**	**143**	**2,712**	**2,939**	**8,979**	**8,979**	**215**	**8,836**	**8,151**	**(6,124)**
TOTAL	**19,643**	**19,626**	**1,430**	**18,196**	**17,342**	**25,810**	**25,788**	**216**	**25,572**	**19,949**	**(6,162)**

For more details about the maturity analysis of borrowings, please see note 33 "Risk management", while for more about fair value measurement inputs, please see note 35 "Fair value measurement".

The table below shows long-term borrowings by currency and interest rate.

Long-term borrowings by currency and interest rate

Millions of euro	Carrying amount		Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2022		
Euro	**23,689**	**17,476**	**17,480**	**2.4%**	**2.4%**
US dollar	1,406	1,495	1,498	7.8%	8.2%
Pound sterling	692	655	665	5.7%	5.9%
Other currencies	1	-	-	-	-
Total non-euro currencies	**2,099**	**2,150**	**2,163**		
TOTAL	**25,788**	**19,626**	**19,643**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	Repayments	New borrowings	Other	Exchange differences	Nominal value
	at Dec. 31, 2021					at Dec. 31, 2022
Bonds	4,443	(97)	-	-	30	4,376
Bank borrowings	2,508	(5,250)	4,250	-	19	1,527
Non-bank financing	2	(1)	-	-	-	1
Loans from Group companies	18,857	(5,118)	-	-	-	13,739
Total	**25,810**	**(10,466)**	**4,250**	**-**	**49**	**19,643**

Compared with December 31, 2021, the nominal value of long-term debt shows an overall decrease of €6,167 million, mainly due to:

- the early repayment of three loan agreements from Enel Finance International NV (€5,000 million) and the repayment of two borrowings falling due from Enel Finance International NV (€118 million);
- a decrease in bank borrowings reflecting repayments of revolving credit lines totaling €5,250 million;
- an increase in bank borrowings generated by uses of revolving credit lines totaling €4,250 million.

The following table reports the characteristics of the bank borrowings obtained in 2022.

New borrowings

Type of loan	Issuer	Issue date	Amount financed (millions of euro)	Currency	Interest rate (%)	Type of rate	Maturity
Bank borrowings							
	Enel SpA	07.03.2022	200	EUR	Euribor + 0.38%	Floating rate	03.05.2024
	Enel SpA	14.09.2022	200	EUR	Euribor + 0.38%	Floating rate	03.05.2024
	Enel SpA	30.09.2022	350	EUR	Euribor + 0.45%	Floating rate	26.07.2025
	Enel SpA	30.09.2022	648	EUR	Euribor + 0.40%	Floating rate	12.05.2025
	Enel SpA	30.09.2022	1,852	EUR	Euribor + 0.40%	Floating rate	05.03.2026
	Enel SpA	30.09.2022	1,000	EUR	Euribor + 0.52%	Floating rate	02.10.2024
Total			**4,250**				

New borrowings in 2022 involved revolving credit lines. At December 31, 2022, those uses had been entirely repaid. Recourse to this type of loan is part of the Group's financial optimization plan aimed at responding to the changing needs of the markets.

The main long-term borrowings of Enel SpA are governed by covenants that are commonly adopted in international business practice. These borrowings are mainly represented by the bond issues carried out within the framework of the Global/Euro Medium Term Notes program, issues of subordinated unconvertible hybrid bonds, the Revolving Facility Agreement obtained on March 5, 2021 by Enel SpA and Enel Finance International NV from a pool of banks and amended on May 11, 2022 of up to €13.5 billion (the "Revolving Facility Agreement"), the Sustainability-Linked Loan Facility Agreement obtained by Enel SpA on October 15, 2020 from a pool of banks in the amount of up to €1 billion, the €12 billion revolving credit facility signed by Enel SpA with a pool of financial institutions on December 23, 2022 and guaranteed by the Italian export credit agency SACE SpA up to 70% of its nominal amount (the "€12 billion Revolving Credit Facility"), the loans granted to Enel SpA by UniCredit SpA and the Facility Agreement obtained on October 5, 2021 by Enel SpA from Bank of America Europe Designated Activity Company in the amount of $348,750,000 (equal to €300 million at the signing date), the sustainability-linked financing agreement signed on September 30, 2022 between Enel Finance America LLC (EFA) as the borrower and Enel SpA (as the guarantor) with Denmark's Export Credit Agency (EKF) and Citi for a total of $800 million ("EKF Facility").

The main covenants in respect of the bond issues in the Global/Euro Medium Term Notes program of Enel SpA and Enel Finance International NV (including the green bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's eligible green projects) and those related to bonds issued by Enel Finance International NV on the American market can be summarized as follows:

- negative pledge clauses under which the issuer and the guarantor may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets or revenue, to secure certain financial borrowings, unless the same restrictions are extended equally or pro rata to the bonds in question;
- *pari passu* clauses, under which bonds and the associated guarantees constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor, do not grant preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

Since 2019, Enel Finance International NV has issued a number of "sustainable" bonds on the European market (as part of the Euro Medium Term Notes - EMTN bond issue program) and on the American market, both guaranteed by Enel SpA, linked to the achievement of a number of the Sustainable Development Goals (SDGs) of the United Nations that contain the same covenants as other bonds of the same type. In 2022 Enel Finance America LLC issued sustainability-linked bonds of the same type on the American market, guaranteed by Enel SpA.
The main covenants covering the hybrid bonds of Enel SpA, including the perpetual hybrid bonds that will only be repaid in the event of the dissolution or liquidation of the Company, can be summarized as follows:

- subordination clauses: each hybrid bond is subordinate to all other bonds of the issuer and has the same seniority as other hybrid financial instruments issued and greater seniority than equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Revolving Facility Agreement and other loan agreements signed by Enel SpA are substantially similar and can be summarized as follows[5]:

- negative pledge clauses, under which the borrower and, in some cases, significant subsidiaries may not establish mortgages, liens or other encumbrances on all or part of their respective assets to secure certain financial liabilities, with the exception of expressly permitted encumbrances;

(5) The €12 billion Revolving Credit Facility is part of a structured course of action to protect Italy's energy system and must exclusively be used to fund the collateral requirements of the trading activities of Enel and Enel Global Trading SpA on energy markets. Failure to meet this commitment constitutes an event of default. The transaction falls within the framework of the measures that current legislation makes available to all Italy-based companies that meet specific characteristics, in order to face the negative effects deriving from the Russia-Ukraine crisis. The transaction is in line with similar instruments made available in other European countries.
The EKF Facility provide for a "reputational damage" clause, under which EKF can request the cancellation of the financial commitment undertaken by it and the early payment of the sums disbursed if it has suffered ascertained harm to its own reputation or that of the Danish State as a result of substantial breach of certain regulations. It also provides for the commitment, also of the guarantor, to ensure compliance with certain environmental and social regulations and standards.

- disposals clauses, under which the borrower and, in some cases, the subsidiaries of Enel may not dispose of their assets or a significant portion of their assets or operations, with the exception of expressly permitted disposals;
- *pari passu* clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
- change-of-control clauses, which are triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

The borrowings considered specify events of default typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.

None of the covenants indicated above has been triggered to date.

Lastly, it should be noted that Enel SpA issued certain guarantees in the interest of a number of Group companies in relation to the commitments undertaken within the context of the loan agreements. These guarantees and the associated loan contracts include certain covenants and events of default, some borne by Enel SpA as the guarantor, typical of international business practice.

Debt structure after hedging

The following table shows the effect of the hedges of currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro	at Dec. 31, 2022					at Dec. 31, 2021				
	Initial debt structure			Hedged debt	Debt structure after hedging	Initial debt structure			Hedged debt	Debt structure after hedging
	Carrying amount	Nominal value	%			Carrying amount	Nominal value	%		
Euro	**17,476**	**17,480**	**89%**	**2,163**	**19,643**	**23,690**	**23,696**	**91.8%**	**2,114**	**25,810**
US dollar	1,495	1,498	8%	(1,498)	-	1,406	1,412	5.5%	(1,412)	-
Pound sterling	655	665	3%	(665)	-	692	702	2.7%	(702)	-
Total	**19,626**	**19,643**	**100.0%**	**-**	**19,643**	**25,788**	**25,810**	**100.0%**	**-**	**25,810**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

Gross long-term debt

%	at Dec. 31, 2022		at Dec. 31, 2021	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	15.0	8.0	34.8	29.8
Fixed rate	85.0	92.0	65.2	70.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

Short-term borrowings – *€8,752 million*

The following table shows short-term borrowings at December 31, 2022, by type.

Millions of euro	at Dec. 31, 2022	at Dec. 31, 2021	Change
Loans from third parties			
Bank borrowings	25	590	(565)
Bank borrowings (ordinary current account)	-	50	(50)
Cash collateral for CSAs on OTC derivatives received	365	298	67
Total	**390**	**938**	**(548)**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current account)	5,362	5,625	(263)
Other short-term borrowings from Group companies	3,000	-	3,000
Total	**8,362**	**5,625**	**2,737**
TOTAL	**8,752**	**6,563**	**2,189**

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

32.2.2 Financial liabilities at fair value through profit or loss (FVTPL)

This category includes solely current and non-current derivative financial liabilities relating mainly to hedges of the debt of Group companies. More information is given in note 34.2 "Derivatives at fair value through profit or loss".

32.2.3 Net gains/(losses)

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro	Net gains/(losses)		*of which: impairment loss/ gain*
	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022
Financial assets at amortized cost	371	232	-
Financial assets at FVOCI	-	1	-
Financial liabilities at amortized cost	(695)	(743)	-

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives".

33. Risk management

Financial risks

As part of its operations, the Company is exposed to a variety of financial risks, notably interest rate risk, currency risk, credit and counterparty risk and liquidity risk.

Enel SpA has adopted a system for governing financial risks comprising internal committees, dedicated policies and operating limits. The goal is to appropriately mitigate financial risks in order to prevent unexpected variations in financial performance, without ruling out the possibility of seizing any opportunities that may arise.

Interest rate risk and currency risk

As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

Interest rate risk and currency risk are primarily generated by the presence of financial instruments.

The main financial liabilities held by the Company include bonds, bank borrowings, other borrowings, derivatives, cash collateral for derivatives transactions and trade payables. The main purpose of those financial instruments is to finance the operations of the Company. The main financial assets held by the Company include loan assets, derivatives, cash deposits provided as collateral for derivatives contracts, cash and cash equivalents and short-term deposits, as well as trade receivables. For more details, please see note 32 “Financial instruments”.

The source of exposure to interest rate risk and currency risk did not change with respect to the previous year.

As the Parent, Enel SpA centralizes some treasury management functions and access to financial markets with regard to financial derivatives contracts on interest rates and exchange rates. As part of this activity, Enel SpA acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to the above risks for Enel SpA.

In 2022, the Group was positioned below the clearing thresholds for all asset classes established under the EMIR (Regulation (EU) no. 648/2012), maintaining its classification as a non-financial counterparty.

The volume of transactions in financial derivatives outstanding at December 31, 2022 is reported below, with specification of the notional amount of each class of instrument.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price).

The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company’s credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk for the Company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.

Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results.

This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.

The notional amount of outstanding contracts is reported below.

Millions of euro	Notional amount	
	at Dec. 31, 2022	at Dec. 31, 2021
Interest rate derivatives		
Interest rate swaps	5,246	6,699
Total	**5,246**	**6,699**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

The notional amount of open interest rate swaps at the end of the year was €5,246 million (€6,699 million at December 31, 2021), of which €1,490 million in respect of hedges of the Company’s share of debt, and €3,756 million in respect of hedges of the debt of Group companies with

the market intermediated in the same notional amount with those companies. The decrease in the overall notional amount is mainly attributable to the normal decline in the residual principal amount of amortizing instruments on interest rates.
For more details on interest rate derivatives, please see note 34 "Derivatives and hedge accounting".
The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.
At December 31, 2022, 15% of gross long-term financial debt was floating rate (34.8% at December 31, 2021). Taking account of hedges of interest rates considered effective pursuant to IFRS 9, 92% of gross long-term financial debt was hedged at December 31, 2022 (70.2% at December 31, 2021). Including derivatives treated as hedges for management purposes but ineligible for hedge accounting, the ratio is essentially unchanged.

Interest rate risk sensitivity analysis
The Company analyzes the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives.
These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.
With all other variables held constant, pre-tax profit would be affected as follows.

Millions of euro									
		at Dec. 31, 2022				at Dec. 31, 2021			
		Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt in foreign currency	25	3.9	(3.9)	-	-	19.2	(19.2)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	3.5	(3.5)	-	-	4.3	(4.3)	-	-
Change in fair value of derivatives designated as hedging instruments	25								
Cash flow hedges	25	-	-	12.0	(12.0)	-	-	47.9	(47.9)
Fair value hedges	25	-	-	-	-	-	-	-	-

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.
For Enel SpA, the main source of currency risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.
The exposure to currency risk did not change with respect to the previous year.
For more details, please see note 32 "Financial instruments".
In order to minimize exposure to changes in exchange rates, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.
Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards).
Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2022 and December 31, 2021, broken down by type of hedged item.

Millions of euro	Notional amount	
	at Dec. 31, 2022	at Dec. 31, 2021
Foreign exchange derivatives		
Currency forwards:	14,065	7,894
- hedging currency risk on commodities	10,252	5,216
- hedging future cash flows	2,656	2,347
- other currency forwards	1,157	331
Cross currency interest rate swaps	3,104	3,078
Total	**17,169**	**10,972**

More specifically, these include:

- currency forward contracts with a total notional amount of €10,252 million, of which €5,126 million to hedge the currency risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
- currency forward contracts with a notional amount of €2,656 million, to hedge the currency risk associated with other expected cash flows in currencies other than the euro, of which €1,335 million in market transactions;
- currency forward contracts with a notional amount of €1,157 million, of which €666 million in market transactions to hedge the currency risk on investment spending (€440 million) and, to a lesser extent, operating expenditure;
- cross currency interest rate swaps with a notional amount of €3,104 million to hedge the currency risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 34 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 11% of gross medium and long-term debt is denominated in currencies other than the euro.

Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the presentation currency or the functional currency of the Company, the debt is fully hedged using cross currency interest rate swaps.

Currency risk sensitivity analysis

The Company analyzes the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, pre-tax profit would be affected as follows.

Millions of euro		at Dec. 31, 2022				at Dec. 31, 2021			
		Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro
Change in financial expense on gross long-term floating-rate debt in foreign currency after hedging	10%	-	-	-	-	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	(0.1)	0.1	-	-	(2.8)	3.4	-	-
Change in fair value of derivatives designated as hedging instruments	10%								
Cash flow hedges	10%	-	-	(186.1)	227.5	-	-	(225.1)	275.1
Fair value hedges	10%	-	-	-	-	-	-	-	-

Credit and counterparty risk

Credit risk is represented by the possibility of a deterioration in the creditworthiness of a counterparty in a financial transaction that could have an adverse impact on the creditor position. The Company is exposed to credit risk from its financial activities, including transactions in derivatives, deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The sources of exposure to credit risk did not change with respect to the previous year.

The Company's management of financial credit risk is based on the selection of counterparties from among leading Italian and international financial institutions with high credit standing considered solvent both by the market and on the basis of internal assessments, diversifying the exposure among them. Credit exposures and associated credit risk are regularly monitored by the departments responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's risks, which are also designed to ensure prompt identification of possible mitigation actions to be taken.

Within this general framework, Enel SpA entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to credit risk.

Loan assets

Millions of euro					
Staging	**Basis for recognition of expected credit loss allowance**	**Average loss rate (PD*LGD)**	**Gross carrying amount**	**Expected credit loss allowance**	**Carrying amount**
	at Dec. 31, 2022				
Performing	12-month ECL	0.15%	3,432	5	3,427
Underperforming	Lifetime ECL		-	-	-
Non-performing			-	-	-
Total			**3,432**	**5**	**3,427**

Trade receivables and other financial assets: collective measurement

Millions of euro	at Dec. 21, 2022			
	Average loss rate (PD*LGD)	Gross carrying amount	Expected credit loss allowance	Carrying amount
Trade receivables				
Trade receivables not past due		55	-	55
Trade receivables past due:				
- more than 180 days (credit impaired)	2.45%	245	6	239
Total trade receivables		**300**	**6**	**294**
Other financial assets				
Other financial assets not past due		30	-	30
Other financial assets past due		-	-	-
Total other financial assets		**30**	**-**	**30**
TOTAL		**330**	**6**	**324**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

- ensuring an appropriate level of liquidity for the Company, minimizing the associated opportunity cost;
- maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile and diversifying funding sources in terms of instruments, markets/currencies and counterparties.

At December 31, 2022 Enel SpA had a total of €4,868 million in cash or cash equivalents (€952 million at December 31, 2021), and committed lines of credit amounting to €8,300 million, all of which maturing in more than one year (€5,500 million at December 31, 2021).

Maturity analysis

The table below summarizes the maturity profile of the Company's long-term debt.

Millions of euro	Maturing in				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds:					
- fixed rate	-	-	748	848	1,988
- floating rate	-	97	97	291	290
Total	**-**	**97**	**845**	**1,139**	**2,278**
Bank borrowings:					
- fixed rate	-	-	200	1,327	-
Total	**-**	**-**	**200**	**1,327**	**-**
Non-bank financing:					
- under fixed-rate leases	-	1	-	-	-
Total	**-**	**1**	**-**	**-**	**-**
Loans from Group companies:					
- fixed rate	43	1,243	86	258	11,556
- floating rate	23	23	46	461	-
Total	**66**	**1,266**	**132**	**719**	**11,556**
TOTAL	**66**	**1,364**	**1,177**	**3,185**	**13,834**

Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the separate financial statements since the Company does not plan to offset assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro						at Dec. 31, 2022
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Correlated amounts not offset in the financial statements		
				(d)(i),(d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ (liabilities) offset in the statement of financial position	Net amounts of financial assets/ (liabilities) presented in the statement of financial position	Financial instruments	Net portion of financial assets/ (liabilities) guaranteed with cash collateral	Net amount of financial assets/ (liabilities)
FINANCIAL ASSETS						
Derivative assets:						
- on interest rate risk	172	-	172	-	(236)	(64)
- on currency risk	567	-	567	-	(416)	150
Total derivative assets	**739**	**-**	**739**	**-**	**(653)**	**86**
TOTAL FINANCIAL ASSETS	**739**	**-**	**739**	**-**	**(653)**	**86**
FINANCIAL LIABILITIES						
Derivative liabilities:						
- on interest rate risk	(195)	-	(195)	-	76	(119)
- on currency risk	(646)	-	(646)	-	601	(44)
Total derivative liabilities	**(841)**	**-**	**(841)**	**-**	**678**	**(164)**
TOTAL FINANCIAL LIABILITIES	**(841)**	**-**	**(841)**	**-**	**678**	**(164)**
TOTAL NET FINANCIAL ASSETS/ (LIABILITIES)	**(102)**	**-**	**(102)**	**-**	**25**	**(78)**

34. Derivatives and hedge accounting

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are translated at the closing year exchange rates provided by the World Markets Refinitiv (WMR) Company.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
DERIVATIVE ASSETS	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	Change	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	1,000	-	42	-	42	-	-	-	-	-
- on currency risk	947	2,114	108	575	(467)	1,171	-	234	-	234
Total cash flow hedges	**1,947**	**2,114**	**150**	**575**	**(425)**	**1,171**	**-**	**234**	**-**	**234**
Derivatives at FVTPL:										
- on interest rate risk	1,819	2,080	129	153	(24)	59	-	-	-	-
- on currency risk	1,630	642	70	25	45	5,617	3,411	156	60	96
Total derivatives at FVTPL	**3,449**	**2,722**	**199**	**178**	**21**	**5,676**	**3,411**	**156**	**60**	**96**
TOTAL DERIVATIVE ASSETS	**5,396**	**4,836**	**349**	**753**	**(404)**	**6,847**	**3,411**	**390**	**60**	**330**

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
DERIVATIVE LIABILITIES	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	Change	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	390	2,440	43	339	(296)	-	-	-	-	-
- on currency risk	722	712	423	781	(358)	-	-	-	-	-
Total cash flow hedges	**1,112**	**3,152**	**466**	**1,120**	**(654)**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	1,819	2,080	128	154	(26)	159	100	23	71	(48)
- on currency risk	1,617	660	69	26	43	5,465	3,433	155	60	95
Total derivatives at FVTPL	**3,436**	**2,740**	**197**	**180**	**17**	**5,624**	**3,533**	**178**	**131**	**47**
TOTAL DERIVATIVE LIABILITIES	**4,548**	**5,892**	**663**	**1,300**	**(637)**	**5,624**	**3,533**	**178**	**131**	**47**

34.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract, and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, currency risk and commodity price risk (including Virtual PPAs) and when all the criteria provided by IFRS 9 are met.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges of forecast transactions designated as hedged items, the Company assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

Depending on the nature of the risk exposure, the Company designates derivatives as either:

- fair value hedges;
- cash flow hedges.

For more details about the nature and the extent of risks arising from financial instruments to which the Company is exposed, please see note 33 “Risk management”.

To be effective a hedging relationship shall meet all of the following criteria:

- existence of an economic relationship between hedging instrument and hedged item;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship;
- the hedge ratio defined at initial designation shall be equal to the one used for risk management purposes (i.e., same quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item).

Based on the IFRS 9 requirements, the existence of an economic relationship is evaluated by the Company through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the underlying risk of the hedging instrument and the hedged item is the same, the existence of an economic relationship will be provided through a qualitative analysis;
- on the other hand, if the underlying risk of the hedging instrument and the hedged item is not the same, the existence of the economic relationship will be demonstrated through a quantitative method in addition to a qualitative analysis of the nature of the economic relationship (i.e., linear regression).

In order to demonstrate that the behavior of the hedging instrument is in line with those of the hedged item, different scenarios will be analyzed.

For hedging of commodity price risk, the existence of an economic relationship is deduced from a ranking matrix that defines, for each possible risk component, a set of all standard derivatives available in the market whose ranking is based on their effectiveness in hedging the considered risk.

In order to evaluate the credit risk effects, the Company considers the existence of risk mitigating measures (collateral, mutual break-up clauses, netting agreements, etc.).

The Company has established a hedge ratio of 1:1 for all the hedging relationships (including commodity price risk hedging) as the underlying risk of the hedging derivative is identical to the hedged risk, in order to minimize hedging ineffectiveness.

The hedge ineffectiveness will be evaluated through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the critical terms of the hedged item and hedging instrument match and there are no other sources of ineffectiveness included the credit risk adjustment on the hedging derivative, the hedge relationship will be considered fully effective on the basis of a qualitative assessment;
- if the critical terms of the hedged item and hedging instrument do not match or there is at least one source of ineffectiveness, the hedge ineffectiveness will be quantified applying the dollar offset cumulative method with hypothetical derivative. This method compares changes in fair values of the hedging instrument and the hypothetical derivative between the reporting date and the inception date.

The main causes of hedge ineffectiveness may be the following:

- basis differences (i.e., the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change);
- timing differences (i.e., the hedged item and hedging instrument occur or are settled at different dates);
- quantity or notional amount differences (i.e., the hedged item and hedging instrument are based on different quantities or notional amounts);
- other risks (i.e., changes in the fair value or cash flows of a derivative hedging instrument or hedged item relate to risks other than the specific risk being hedged);
- credit risk (i.e., the counterparty credit risk differently impacts the changes in the fair value of the hedging instruments and hedged items).

The conflict between Russia and Ukraine and the difficult macroeconomic conditions had only a limited impact on the management of risks, being insufficient to directly and significantly influence the valuation of derivative instruments and the outcome of effectiveness checks of hedges. The volatility that buffeted financial markets was offset by risk mitigation actions using derivative financial instruments.

Cash flow hedges

Cash flow hedges are applied in order to hedge the Company exposure to changes in future cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the years when the hedged item affects profit or loss (for example, when the hedged forecast sale takes place).

If the hedged item results in the recognition of a non-financial asset (i.e., property, plant and equipment or inventories, etc.) or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount accumulated in equity (i.e., hedging reserve) shall be removed and included in the initial amount (cost or other carrying amount) of the asset or the liability hedged (i.e., "basis adjustment").

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

For hedging relationships using forwards as a hedging instrument, where only the change in the value of the spot element is designated as the hedging instrument, accounting for the forward element (profit or loss vs OCI) is defined case by case. This approach is actually applied by the Company for hedging of currency risk on renewables assets.

Conversely, for hedging relationships using cross currency interest rate swaps as hedging instruments, the Company separates foreign currency basis spreads, in designating the hedging derivative, and presents them in other comprehensive income (OCI) in the hedging costs reserve.

With specific regard to cash flow hedges of commodity risk, in order to improve their consistency with the risk management strategy, the Company applies a dynamic hedge accounting approach based on specific liquidity requirements (the so-called liquidity-based approach).

This approach requires the designation of hedges through the use of the most liquid derivatives available on the market and replacing them with others that are more effective in covering the risk in question.

Consistent with the risk management strategy, the liquidity-based approach allows the roll-over of a derivative by replacing it with a new derivative, not only in the event of expiry but also during the hedging relationship, if and only if the new derivative meets both of the following requirements:

- it represents a best proxy of the old derivative in terms of ranking;
- it meets specific liquidity requirements.

Satisfaction of these requirements is verified quarterly.

At the roll-over date, the hedging relationship is not discontinued. Therefore, starting from that date, changes in the effective fair value of the new derivative will be recognized in equity (the hedging reserve), while changes in the fair value of the old derivative are recognized through profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss.

Reform of benchmarks for the determination of interest rates – IBOR reform

Overview

Interbank Offered Rates ("IBORs") are benchmark rates at which banks can borrow funds on the interbank market on an unsecured basis for a given period ranging from overnight to 12 months, in a specific currency.

In recent years there have been a number of cases of manipulation of these rates by the banks contributing to their calculation. For this reason, regulators around the world have begun a sweeping reform of interest rate benchmarks that includes the replacement of some benchmarks with alternative risk-free rates (the IBOR reform).

The Company's main exposure to IBOR is based on Euribor. Euribor is still considered compliant with the European Benchmarks Regulation (BMR) and this permits market participants to continue to use it for both existing and new contracts.

In line with the most recent guidance issued by the major regulatory bodies:

- the 1-month, 3-month and 6-month USD LIBOR benchmarks will become unrepresentative after June 30, 2023 and the alternative reference rate will be the Secured Overnight Financing Rate (SOFR);
- the 1-month, 3-month and 6-month GBP LIBOR benchmarks have become unrepresentative as from December 31, 2021 and have been replaced by the alternative reference rate Sterling Overnight Index Average (SONIA).

As a result of the IBOR reform, a number of temporary exceptions to the rules on hedge relationships have been allowed in implementation of the amendments to IFRS 9 issued in September 2019 (Phase 1) and August 2020 (Phase 2) to address, respectively:

- pre-replacement issues that impact financial reporting in the period preceding the replacement of an existing interest rate benchmark with an alternative risk-free rate (Phase 1); and
- post-replacement issues that could impact financial reporting when an existing interest rate benchmark is reformed or replaced and there is there no longer any initial uncertainty, but hedge contracts and relationships still need to be updated to reflect the new benchmark rates (Phase 2).

Impact of the IBOR reform

In a context of uncertainty regarding the IBOR transition in the various countries, the Company has determined the overall number and nominal value of the contracts impacted by the reform. In addition, a number of contractual amendments have already been implemented in contracts previously indexed to GBP LIBOR during 2021 and others will be amended in 2023 on the basis of the evolution of the IBOR reform and market practice.

Debt and derivatives

The Company's floating rate debt is mainly benchmarked against Euribor and is almost entirely hedged using financial derivatives.

At the reporting date, the Company is planning to take no action with regard to Euribor since, as stated above, this benchmark has been comprehensively reformed to comply with the European Benchmarks Regulation. Despite the continuity with Euribor, replacement clauses may be required and could therefore be implemented by the Group in the new contracts in accordance with the evolution of accepted market practice.

During 2021, the Company obtained new dollar loans indexed to SOFR. The main focus over the coming months will be how to use the new, alternative risk-free rates for new financial transactions.

The Company's derivative instruments are managed through contracts that are based on framework agreements defined by the International Swaps and Derivatives Association (ISDA).

The ISDA has revised its standardized contracts in light of the IBOR reform and amended the choices for floating rates within the 2006 ISDA definitions to include replacement clauses that would apply upon the permanent discontinuation of specific key benchmarks. These changes took effect on January 25, 2021. Transactions represented in the 2006 ISDA definitions carried out on January 25, 2021 or later include adjusted floating-rate options (e.g., the choice of floating rate with replacement clause), while transactions completed before that date (previous derivative contracts) continue to be based on the 2006 ISDA definitions.

For this reason, the ISDA published an IBOR Fallback Protocol to facilitate multilateral amendments to include the amended definitions.

The Company is assessing whether to: (i) adopt that protocol in the light of its exposure and developments in the IBOR reform or (ii) adjust in advance any contracts impacted bilaterally by the reform.

Hedge relationships

At the reporting date, hedged items and hedging instruments are primarily indexed to Euribor, SOFR and SONIA.

The Company has assessed the impact of uncertainty engendered by the IBOR reform on hedge relationships at December 31, 2022 with reference to both hedging instruments and hedged items. Both the hedged items and the hedging instruments will change their parameterization from interbank market-based benchmarks (IBORs) to alternative risk-free rates (RFRs) as a result of the contractual amendments that will take effect in the coming years.

In particular, uncertainty remains as to how the replacement will take place with regard to both hedging instruments and hedged items indexed to some IBORs. The Company manages the uncertainty associated with these hedge relationships by continuing to apply the temporary exceptions provided for in the amendments to IFRS 9 issued in September 2019 (Phase 1). It was therefore felt that the benchmark indices for determining the interest rates on which the cash flows of the hedged items or the hedging instruments are based would not change as a consequence of the IBOR reform. The exception was applied for the following hedge relationship requirements:

- determine if a forecast transaction is highly probable;
- establish whether the future hedged cash flows will arise in a discontinued cash flow hedge relationship;
- assess the economic relationship between the hedged item and the hedging instrument.

The hedge relationships impacted may become ineffective attributable to different replacements of existing benchmarks with alternative risk-free benchmarks. In any case, the Company will seek to implement the replacements at the same time.

In addition, the Company changed the reference to GBP LIBOR in its interest rate hedging instruments used in cash flow hedge relationships with the new, economically equivalent, SONIA benchmark at the end of 2021. Consequently, the Company no longer applies the amendments to IFRS 9 issued in September 2019 (Phase 1) to these hedge relationships and, consequently, is applying the amendments to IFRS 9 issued in August 2020 (Phase 2), modifying the formal designation of the hedge relationship as required by the IBOR reform and without considering this event as a termination of the hedge relationship.

Furthermore, for cash flow hedge relationships, in modifying the description of the hedged item in the hedge relationship, the amounts accumulated in the cash flow hedge reserve were considered on the basis of the alternative benchmark index in relation to which the future hedged cash flows are determined.

The following table provides details of the notional amounts of the hedging instruments for which the amendments to IFRS 9 (both Phase 1 and Phase 2) were applied as at December 31, 2022, broken down by the alternative benchmark index used for determining the interest rate.

Millions of euro	Notional amount	
	at Dec. 31, 2022	
Hedging instruments	**Phase 1**	**Phase 2**
USD LIBOR/SOFR	-	-
GBP LIBOR/SONIA	-	1,240
Total	**-**	**1,240**

Unamended contracts including those with specific replacement clauses

The Company is monitoring the evolution of the transition from the old interest rate benchmarks to the new rates, reviewing the overall value of contracts that have not yet been indexed to the new benchmark rates and, among these, the value of contracts which already include specific replacement clauses. The Company considers a contract to have not yet incorporated an alternative benchmark rate when the interest rate of the contract is indexed to an interest rate benchmark still involved in the IBOR reform and, therefore, when uncertainties still exist as to how and when replacement with the new benchmark will take place.

Fair value hedges

Fair value hedges are used to protect the Company against exposures to changes in the fair value of assets, liabilities or firm commitment attributable to a particular risk that could affect profit or loss.
Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to profit or loss over the year to maturity. The Company does not currently use such hedging relationships.

For more information on fair value measurement, please see note 35 "Fair value measurement".

34.1.1 Hedge relationship by type of credit risk

Interest rate risk

The following table shows the notional amount and the average rate on instruments hedging interest rate risk on transactions outstanding at December 31, 2022 and December 31, 2021, broken down by maturity.

Millions of euro							
At Dec. 31, 2022	**2023**	**2024**	**2025**	**2026**	**2027**	**Beyond**	**Total**
Interest rate swaps							
Notional amount	-	-	500	500	-	390	1,390
Average IRS rate			1.63	1.78		4.70	

Millions of euro							
At Dec. 31, 2021	**2022**	**2023**	**2024**	**2025**	**2026**	**Beyond**	**Total**
Interest rate swaps							
Notional amount	-	-	-	500	500	1,440	2,440
Average IRS rate				1.63	1.78	2.35	

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. The cash flow hedge derivatives refer exclusively to the hedging of certain floating-rate bonds issued since 2001 and floating-rate bank loans obtained in 2020.
The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2022 and December 31, 2021.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Cash flow hedge derivatives	**1,000**	**-**	**42**	**-**	**390**	**2,440**	**(43)**	**(339)**
Interest rate swaps	1,000	-	42	-	390	2,440	(43)	(339)

The improvement in the fair value of derivatives compared with the previous year is mainly attributable to the general rise in the yield curve over the course of 2022, leading in certain cases to an inversion of the fair value from negative to positive, with a consequent reclassification of those financial instruments from liabilities to assets.

The following table shows the cash flows expected in coming years from cash flow hedge derivatives hedging interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on interest rates	at Dec. 31, 2022	2023	2024	2025	2026	2027	Beyond
Positive fair value	42	13	19	9	5	-	-
Negative fair value	(43)	(8)	(5)	(7)	(6)	(6)	(23)

The following table shows the impact of interest rate hedge derivatives on the statement of financial position.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the year
At December 31, 2022			
Interest rate swaps	1,390	(1)	(1)
At December 31, 2021			
Interest rate swaps	2,440	(339)	(339)

The following table shows the impact of hedged items exposed to interest rate risk on the statement of financial position.

Millions of euro	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve
	2022			2021		
Floating-rate borrowings	(60)	60	-	252	(252)	-
Total	**(60)**	**60**	**-**	**252**	**(252)**	**-**

The following table shows the impact of cash flow hedges on interest rate risk on profit or loss and on other comprehensive income.

Millions of euro	Total other comprehensive income/ (expense)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2022						
Floating-rate borrowings	302	-		-	5	Financial income
Total at December 31, 2022	**302**	**-**		**-**	**5**	
At December 31, 2021						
Floating-rate borrowings	112	-	-	-	(13)	Financial expense
Total at December 31, 2021	**112**	**-**		**-**	**(13)**	

Currency risk

The following table shows the notional amount and the average rate on instruments hedging currency risk on transactions outstanding as at December 31, 2022 and December 31, 2021, broken down by maturity.

Millions of euro							
At Dec. 31, 2022	**2023**	**2024**	**2025**	**2026**	**2027**	**Beyond**	**Total**
Cross currency interest rate swaps							
Notional amount total	**-**	**1,171**	**327**	**-**	**-**	**1,342**	**2,840**
Notional amount CCS EUR/USD	-	1,171	327	-	-	-	1,498
Average contractual exchange rate EUR/USD		*1.33*	*1.16*				
Notional amount CCS EUR/GBP	-	-	-	-	-	1,342	1,342
Average contractual exchange rate EUR/GBP						*0.68*	

Millions of euro							
At Dec. 31, 2021	**2022**	**2023**	**2024**	**2025**	**2026**	**Beyond**	**Total**
Cross currency interest rate swaps							
Notional amount total	**-**	**1,103**	**-**	**308**	**-**	**1,415**	**2,826**
Notional amount CCS EUR/USD	-	1,103	-	308	-	-	1,411
Average contractual exchange rate EUR/USD		*1.33*		*1.16*			
Notional amount CCS EUR/GBP	-	-	-	-	-	1,415	1,415
Average contractual exchange rate EUR/GBP						*0.68*	

The following table shows the notional amount and the fair value of instruments hedging currency risk on transactions outstanding as at December 31, 2022 and December 31, 2021, broken down by type of hedged item.

Millions of euro		Fair value		Notional amount	Fair value		Notional amount
		Assets	**Liabilities**		**Assets**	**Liabilities**	
Hedging instrument	**Hedged item**	**at Dec. 31, 2022**			**at Dec. 31, 2021**		
Cross currency interest rate swaps	Fixed-rate borrowings in foreign currency	-	(107)	2,513	339	(553)	2,518
Cross currency interest rate swaps	Floating-rate borrowings in foreign currency	26	-	327	8	-	308
Total		**26**	**(107)**	**2,840**	**347**	**(553)**	**2,826**

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies and a floating-rate borrowing in US dollars that fell due and was renewed with Bank of America in 2021.

The following table shows the notional amount and the fair value of derivatives on currency risk as at December 31, 2022 and December 31, 2021, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2022	**at Dec. 31, 2021**	**at Dec. 31, 2022**	**at Dec. 31, 2021**	**at Dec. 31, 2022**	**at Dec. 31, 2021**	**at Dec. 31, 2022**	**at Dec. 31, 2021**
Cash flow hedge derivatives	**2,118**	**2,114**	**342**	**575**	**722**	**712**	**(423)**	**(781)**
Cross currency interest rate swaps	2,118	2,114	342	575	722	712	(423)	(781)

At December 31, 2022 cross currency interest rate swaps had a notional amount of €2,841 million (€2,826 million at December 31, 2021) and an overall negative fair value of €81 million (a negative €206 million at December 31, 2021).

The slight increase in notional amount (€15 million) mainly reflected developments in the exchange rate of the euro against the US dollar and the pound sterling.

The following table reports the impact on the statement of financial position of instruments hedging currency risk.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the year
At December 31, 2022			
Cross currency interest rate swaps	2,840	(81)	(77)
At December 31, 2021			
Cross currency interest rate swaps	2,826	(206)	(206)

The following table reports the impact on the statement of financial position of hedged items exposed to currency risk.

Millions of euro	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve
	2022			**2021**		
Fixed-rate borrowings in foreign currency	107	(107)	(4)	213	(213)	-
Floating-rate borrowings in foreign currency	(26)	26	-	(8)	8	-
Total	**81**	**(81)**	**(4)**	**206**	**(206)**	**-**

The following table shows the impact of cash flow hedges on currency risk on profit or loss and on other comprehensive income.

Millions of euro	Total other comprehensive income/ (expense)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2022						
Fixed-rate borrowings in foreign currency	97	-		4	(147)	Financial expense
Floating-rate borrowings in foreign currency	65	-		-	65	Financial income
Total at December 31, 2022	**162**	**-**		**4**	**(82)**	
At December 31, 2021						
Fixed-rate borrowings in foreign currency	251	-		21	(196)	Financial expense
Floating-rate borrowings in foreign currency	(15)	-		-	15	Financial income
Total at December 31, 2021	**236**	**-**		**21**	**(181)**	

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on currency risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on exchange rates	**at Dec. 31, 2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Beyond**
Positive fair value	342	278	7	35	7	8	108
Negative fair value	(423)	(15)	(14)	(17)	(18)	(19)	(401)

34.1.2 Impact of cash flow hedge derivatives on equity gross of tax effects

Millions of euro	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss - Ineffective portion	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss - Ineffective portion
	at Dec. 31, 2022				at Dec. 31, 2021			
Interest rate hedges	-	302	5	-	-	112	(13)	-
Exchange rate hedges	4	162	(82)	-	21	236	(181)	-
Hedging derivatives	**4**	**464**	**(77)**	**-**	**21**	**348**	**(194)**	**-**

34.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2022 and December 31, 2021.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021	at Dec. 31, 2022	at Dec. 31, 2021
Derivatives at FVTPL on interest rates	**1,878**	**2,080**	**129**	**153**	**1,978**	**2,180**	**(151)**	**(225)**
Interest rate swaps	1,878	2,080	129	153	1,978	2,180	(151)	(225)
Derivatives at FVTPL on exchange rates	**7,247**	**4,053**	**226**	**85**	**7,082**	**4,093**	**(224)**	**(86)**
Forwards	7,115	3,927	202	72	6,950	3,967	(199)	(73)
Cross currency interest rate swaps	132	126	24	13	132	126	(25)	(13)
Total derivatives at FVTPL	**9,125**	**6,133**	**355**	**238**	**9,060**	**6,273**	**(375)**	**(311)**

At December 31, 2022 the notional amount of derivatives at fair value through profit or loss on interest rates and exchange rates came to €18,185 million (€12,406 million at December 31, 2021) with a negative fair value of €20 million (a negative €72 million at December 31, 2021).

Interest rate swaps at the end of the year amounted to €3,856 million. They refer primarily to hedges of the debt of the Group companies with the market (€1,978 million) and intermediated with those companies (€1,878 million).
The overall notional amount shows a decline of €404 million on the previous year, due overall to the decline in the outstanding principal amount of amortizing interest rate swaps.

Forward contracts hedging currency risk had a notional amount of €14,065 million (€7,894 million at December 31, 2021). Currency forwards with external counterparties amounted to €7,128 million (€3,949 million at December 31, 2021), and related mainly to OTC derivatives entered into to mitigate the currency risk associated with the prices of energy commodities within the provisioning process of Group companies and matched with market transactions. They also hedge the expected cash flows in currencies other than the currency of account connected with the acquisition of non-energy commodities and investment goods in the sectors of renewable energy sector (BESS - Battery Energy Storage System) and infrastructure and grids (new generation digital meters), the expected cash flows in currencies other than the euro connected with operating costs for the provision of cloud services and the expected cash flows in foreign currency in respect of interim dividends authorized by the subsidiaries. Changes in the notional amount and the fair value are connected with a greater exposure to exchange rate risk, in particular towards the US dollar, resulting from the increase in natural gas prices and the recovery in the generation of electricity from coal.
Cross currency interest rate swaps, with a notional amount of €132 million (€126 million at December 31, 2021), relate to hedges of currency risk on the debt of the Group companies denominated in currencies other than the euro and matched with market transactions.

35. Fair value measurement

The Company measures fair value in accordance with IFRS 13 whenever required by the IFRS.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e., its current price, publicly available and effectively traded on an active, liquid market.
The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant disclosures are provided in order to assess the following:

- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements; and
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the year.

For this purpose:

- recurring fair value measurements are those that the IFRSs require or permit in the statement of financial position at the end of each reporting period;
- non-recurring fair value measurements are those that the IFRSs require or permit in the statement of financial position in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the reporting period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by World Markets Refinitiv (WMR) Company. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.
In accordance with the new IFRS, in 2013 the Company included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.
More specifically, the Company measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.
The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).
Amounts denominated in currencies other than the euro are translated into euros at the official exchange rates provided by World Markets Refinitiv (WMR) Company.
The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.
For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the reporting date, including the credit spreads of Enel.

35.1 Assets measured at fair value in the statement of financial position

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the statement of financial position, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	Fair value at Dec. 31, 2022	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2022	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk		42	-	42	-	-	-	-	-
- on currency risk	34	108	-	108	-	234	-	234	-
Total cash flow hedges		**150**	**-**	**150**	**-**	**234**	**-**	**234**	**-**
Fair value through profit or loss:									
- on interest rate risk	34	129	-	129	-	-	-	-	-
- on currency risk	34	70	-	70	-	156	-	156	-
Total fair value through profit or loss		**199**	**-**	**199**	**-**	**156**	**-**	**156**	**-**
TOTAL		**349**	**-**	**349**	**-**	**390**	**-**	**390**	**-**

35.2 Liabilities measured at fair value in the statement of financial position

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the statement of financial position, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	Fair value at Dec. 31, 2022	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2022	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	34	43	-	43	-	-	-	-	-
- on currency risk	34	423	-	423	-	-	-	-	-
Total cash flow hedges		**466**	**-**	**466**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	34	128	-	128	-	23	-	23	-
- on currency risk	34	69	-	69	-	155	-	155	-
Total fair value through profit or loss		**197**	**-**	**197**	**-**	**178**	**-**	**178**	**-**
TOTAL		**663**	**-**	**663**	**-**	**178**	**-**	**178**	**-**

35.3 Liabilities not measured at fair value in the statement of financial position

The following table shows, for each class of liabilities not measured at fair value in the statement of financial position but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		LIABILITIES			
	Notes	Fair value at Dec. 31, 2022	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	32.2.1	3,672	3,672	-	-
- floating rate	32.2.1	823	62	761	-
Total		**4,495**	**3,734**	**761**	**-**
Bank borrowings:					
- floating rate	32.2.1	1,548	-	1,548	-
Total		**1,548**	**-**	**1,548**	**-**
Non-bank financing:					
- under fixed-rate leases	32.2.1	1	-	1	-
Total		**1**	**-**	**1**	**-**
Loans from Group companies:					
- fixed rate	32.2.1	10,730	-	10,730	-
- floating rate	32.2.1	568	-	568	-
Total		**11,298**	**-**	**11,298**	**-**
TOTAL		**17,342**	**3,734**	**13,608**	**-**

36. Share-based payments

Starting in 2019, the Shareholders' Meeting of Enel SpA ("Enel" or the "Company") has each year approved the adoption of long-term share-based incentive plans for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Civil Code. Each of the incentive plans approved (the 2019 Long-Term Incentive Plan, the 2020 Long-Term Incentive Plan, the 2021 Long-Term Incentive Plan and the 2022 Long-Term Incentive Plan; referred to hereinafter, respectively, the "2019 LTI Plan", the "2020 LTI Plan", the "2021 LTI Plan", the "2022 LTI Plan" and, jointly, the "Plans") provides for the grant of ordinary Company shares ("Shares") to the respective beneficiaries subject to the achievement of specific performance targets.
Plan beneficiaries are the Chief Executive Officer/General Manager of Enel and Enel Group managers in the positions most directly responsible for company performance or considered to be of strategic interest. The Plans provide for the award to the beneficiaries of an incentive consisting of a monetary component and an equity component. This incentive - determined, at the time of the award, as a base value calculated in relation to the fixed remuneration of the individual beneficiary - may vary depending on the degree of achievement of each of the three-year performance targets by the Plans, ranging from zero up to a maximum of 280% or 180% of the base value in the case, respectively, of the Chief Executive Officer/General Manager or the other beneficiaries.
The Plans establish that, of the total incentive effectively vested, the bonus will be fully paid in Shares in the amount of (i) up to 100% of the base value for the Chief Executive Officer/General Manager (up to 130% for the 2022 LTI Plan), and (ii) up to 50% of the base value for the other beneficiaries (up to 65% for the 2022 LTI Plan).
The actual award of the bonus under the Plans is subject to the achievement of specific performance targets during the three year performance period. If these targets are achieved, 30% of both the stock and cash components of the incentive are paid in the first year following the end of the performance period and the remaining 70% will be paid in second year following the end of the performance period. The payment of a substantial portion of long-term variable remuneration (70% of the total) is therefore deferred to the second year following the end of the performance period of the individual Plans.
The following table provides information on the 2019 LTI Plan, the 2020 LTI Plan, the 2021 LTI Plan and the 2022 LTI Plan.
For more information on the characteristics of the Plans, please see the information documents prepared pursuant to Article 84-*bis* of the CONSOB Regulation issued with Resolution no. 11971 of May 14, 1999 (the Issuers Regulation), which are available to the public in the section of Enel's website (www.enel.com) dedicated to the Shareholders' Meetings held respectively on May 16, 2019, May 14, 2020, May 20, 2021 and May 19, 2022.

	Grant date	Performance period	Verification of achievement of targets	Payout
2019 LTI Plan	12.11.2019(6)	2019-2021	2022(7)	2022-2023(8)
2020 LTI Plan	17.09.2020(9)	2020-2022	2023(10)	2023-2024
2021 LTI Plan	16.09.2021(11)	2021-2023	2024(12)	2024-2025
2022 LTI Plan	21.09.2022(13)	2022-2024	2025(14)	2025-2026

In implementation of the authorizations granted by the Shareholders' Meetings held on May 16, 2019, May 14, 2020, May 20, 2021 and May 19, 2022 and in compliance with the associated terms and conditions, the Board of Directors approved – at its meetings of September 19, 2019, July 29, 2020, June 17, 2021 and June 16, 2022 – the launch of share buyback programs to serve the 2019 LTI Plan, the 2020 LTI Plan, the 2021 LTI Plan and the 2022 LTI Plan, respectively. The number of Shares whose purchase was authorized by the Board of Directors for each Plan, the actual number of Shares purchased, the associated weighted average price and total value are shown below.

	Purchases authorized by the Board of Directors	Actual purchases		
	Number of shares	Number of shares	Weighted average price (euros per share)	Total value (euros)
2019 LTI Plan	No more than 2,500,000 for a maximum amount of €10,500,000 million	1,549,152(15)	6.7779	10,499,999
2020 LTI Plan	1,720,000	1,720,000(16)	7.4366	12,790,870
2021 LTI Plan	1,620,000	1,620,000(17)	7.8737	12,755,459
2022 LTI Plan	2,700,000	2,700,000(18)	5.1951	14,026,715

As a result of the purchases made to support the 2019 LTI Plan, the 2020 LTI Plan, the 2021 LTI Plan, and the 2022 LTI Plan, and taking into account the award on September 5, 2022 of 435,357 shares to the beneficiaries of the 2019 LTI Plan, at December 31, 2022 Enel holds a total of 7,153,795 treasury shares, equal to about 0.07% of share capital.

The following information concerns the equity instruments granted in 2019, 2020, 2021 and 2022.

(6) The date on which the Board of Directors approved the procedures and timing for granting the 2019 LTI Plan to the beneficiaries (taking account of the proposal issued by the Nomination and Compensation Committee at its meeting of November 11, 2019).
(7) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2021, the Board of Directors verified the level of achievement of the performance targets of the 2019 LTI Plan.
(8) On September 5, 2022 the Company awarded part of the equity component of the bonus vested by the beneficiaries of the 2019 LTI Plan, in accordance with the Plan rules.
(9) The date on which the Board of Directors approved the procedures and timing for granting the 2020 LTI Plan to the beneficiaries (taking account of the proposal issued by the Nomination and Compensation Committee at its meeting of September 16, 2020).
(10) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2022, the Board of Directors will verify the level of achievement of the performance targets of the 2020 LTI Plan.
(11) The date on which the Board of Directors approved the procedures and timing for granting the 2021 LTI Plan to the beneficiaries (taking account of the proposal issued by the Nomination and Compensation Committee at its meeting of June 9, 2021).
(12) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2023, the Board of Directors will verify the level of achievement of the performance targets of the 2021 LTI Plan.
(13) The date on which the Board of Directors approved the procedures and timing for granting the 2022 LTI Plan to the beneficiaries (taking account of the proposal issued by the Nomination and Compensation Committee at its meeting of June 8, 2022).
(14) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2024, the Board of Directors will verify the level of achievement of the performance targets of the 2022 LTI Plan.
(15) Shares purchase in the period between September 23 and December 2, 2019, equal to about 0.015% of share capital.
(16) Shares purchase in the period between September 3 and October 28, 2020, equal to about 0.017% of share capital.
(17) Shares purchase in the period between June 18 and July 21, 2021, equal to about 0.016% of share capital.
(18) Shares purchase in the period between June 17 and July 20, 2022, equal to about 0.026% of share capital.

			2022		2021	
	Number of shares granted at the grant date	Fair value per share at the grant date	Number of shares potentially available for award	Number of shares awarded	Number of shares potentially available for award	Number of shares awarded
2019 LTI Plan	1,538,547	6.983	1,021,328	435,357[19]	1,529,182	-
2020 LTI Plan	1,638,775	7.380	1,631,951	-	1,638,775	-
2021 LTI Plan	1,577,773	7.0010	1,577,773	-	1,577,773	-
2022 LTI Plan	2,398,143	4.8495	2,395,323	-	-	-

The fair value of those equity instruments is measured on the basis of the market price of Enel Shares at the grant date.[20]
The cost of the equity component is determined on the basis of the fair value of the equity instruments granted and is recognized over the duration of the vesting period through an equity reserve.
The total costs recognized by the Group through profit or loss amounted to €11 million in 2022 (€9 million in 2021).
There have been no terminations or amendments involving the 2019 LTI Plan, the 2020 LTI Plan, the 2021 LTI Plan or the 2022 LTI Plan.

37. Related parties

Related parties have been identified on the basis of the provisions of the IFRS and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e., on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed with transparency and procedural and substantive propriety.

With regard to disclosures on the remuneration of directors, members of the Board of Statutory Auditors, the General Manager and key management personnel, provided for under IAS 24, please see the following tables.

Millions of euro				
	2022	2021	Change	
Remuneration of members of the Board of Directors and Board of Statutory Auditors and the General Manager				
Short-term employee benefits	5	5	-	-
Other long-term benefits	1	1	-	-
Total	**6**	**6**	**-**	**-**

(19) The table shows the number of shares awarded on September 5, 2022, to the beneficiaries of the 2019 LTI Plan, which make up the equity component of the bonus vested by the beneficiaries following the achievement of the performance objectives of the Plan. The disbursement of the remaining portion of the equity component of the bonus is deferred to 2023, in accordance with the terms and procedures of the rules of the 2019 LTI Plan.
(20) For the 2019 LTI Plan, the grant date is November 12, 2019, i.e., the date of the meeting of the Board of Directors that approved the procedures and timing of the grant under the 2019 LTI Plan to the beneficiaries.
For the 2020 LTI Plan, the grant date is September 17, 2020, i.e., the date of the meeting of the Board of Directors that approved the procedures and timing of the grant under the 2020 LTI Plan to the beneficiaries.
For the 2021 LTI Plan, the grant date is September 16, 2021, i.e., the date of the meeting of the Board of Directors that approved the procedures and timing of the grant under the 2021 LTI Plan to the beneficiaries.
For the 2022 LTI Plan, the grant date is September 21, 2022 i.e., the date of the meeting of the Board of Directors that approved the procedures and timing of the grant under the 2022 LTI Plan to the beneficiaries.

Millions of euro

	2022	2021	Change	
Remuneration of key management personnel				
Short-term employee benefits	13	13	-	-
Other long-term benefits	2	4	(2)	-50%
Total	**15**	**17**	**(2)**	**-11.8%**

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries (the Enel Procedure for Transactions with Related Parties). The procedure (available at https://www.enel.com/investors/governance/bylaws-rules-policies) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB Resolution no. 17221 of March 12, 2010, as amended ("CONSOB Regulation").

Credit facility guaranteed by SACE - Disclosure obligations established by Article 13, paragraph 3, letter c) (ii), of CONSOB Regulation on transactions with related parties

In compliance with the disclosure obligations established under Article 13, paragraph 3, letter c) (ii), of CONSOB Regulation no. 17221 of March 12, 2010, as amended (the "CONSOB Regulation"), and Article 13.4, letter c) (ii), of the Enel Procedure for Transactions with Related Parties (the "Enel Procedure"), we hereby disclose that a transaction with related parties was carried out in 2022 which qualifies as a transaction of "greater importance" having an ordinary nature and completed at market-equivalent or standard terms. More specifically, on December 23, 2022, Enel SpA signed with a pool of financial institutions - composed of Banco BPM SpA, BPER Banca SpA, Cassa Depositi e Prestiti SpA, Intesa Sanpaolo SpA and UniCredit SpA - a loan agreement in the form of a revolving credit facility in the amount of €12 billion, of which up to 70% of the nominal amount is guaranteed by SACE SpA.

This credit facility, and the related guarantee, is aimed at funding the collateral requirements of the Enel Group companies operating in Italy (specifically Enel Global Trading SpA) for trading on energy markets and is part of the temporary measures to support the liquidity of companies, provided in the form of a guarantee, envisaged by Article 15 of Decree Law 50 of May 17, 2022, ratified with Law 91 of July 15, 2022 (the so-called "Aid Decree Law"), as amended. The overall transaction qualifies as a transaction with related parties due to the fact that Enel SpA, Cassa Depositi e Prestiti SpA and SACE SpA are companies under the common control of Italy's Ministry for the Economy and Finance. Taking into account the amounts indicated above (and, in particular, in consideration of the value of the guarantee), it qualifies as a related-party transaction of "greater importance". The transaction in question was completed applying the exemption pursuant to Article 13, paragraph 3, letter c), of the CONSOB Regulation and Article 13.4, letter c), of the Enel Procedure, as an ordinary transaction completed at market-equivalent or standard terms.
In particular, the transaction is connected with the ordinary exercise of "finance activity connected to the operations" of the Group headed by Enel SpA, taking into account, *inter alia*, the object, recurrence and size of the same, as well as the nature of the counterparties. Furthermore, the main terms and conditions applicable to it are governed by Article 15 of the Aid Decree Law. For the portion of the loan for which it is responsible, Cassa Depositi e Prestiti SpA applied to Enel SpA the same terms and conditions that are applied by the other banks.

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The following tables summarize commercial, financial and other relationships between the Company and related parties.

Commercial and other transactions

2022

Millions of euro	Trade receivables	Trade payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2022	at Dec. 31, 2022	2022		2022	
Subsidiaries, joint ventures and associates						
Edistribución Redes Digitales SLU	8	1	-	-	-	7
e-distribuzione SpA	60	93	-	-	-	22
Empresa Distribuidora Sur SA - Edesur	1	-	-	-	-	-
Endesa Energía SA	2	-	-	-	-	1
Endesa Generación SA	4	-	-	-	-	3
Endesa Medios y Sistemas SLU	2	-	-	-	-	2
Endesa Operaciones y Servicios Comerciales SLU	1	-	-	-	-	-
Endesa SA	13	1	-	-	-	7
Enel Américas SA	6	-	-	-	-	1
Enel Brasil SA	93	1	-	-	-	27
Enel Chile SA	24	-	-	-	-	3
Enel Colombia SA ESP	2	-	-	-	-	1
Enel Distribución Chile SA	5	-	-	-	-	-
Enel Distribución Perú SAA	3	-	-	-	-	2
Enel Energie SA	2	-	-	-	-	-
Enel Energia SpA	105	124	-	-	-	8
Enel Energie Muntenia SA	2	-	-	-	-	-
Enel Finance America LCC	2	-	-	-	-	-
Enel Generación Chile SA	5	-	-	-	-	-
Enel Generación Costanera SA	2	-	-	2	-	2
Enel Generación Perú SA	2	-	-	-	-	1
Enel Global Services Srl	12	78	-	83	-	1
Enel Global Thermal Generation Srl	1	1	-	-	-	1
Enel Global Trading SpA	5	15	-	-	-	1
Enel Green Power Chile SA	3	-	-	-	-	1
Enel Green Power España SLU	3	-	-	-	-	1
Enel Green Power Hellas SA	3	-	-	-	-	-
Enel Green Power India Private Limited	1	-	-	-	-	-
Enel Green Power Italia Srl	2	212	-	-	-	3
Enel Green Power North America Inc.	10	-	-	-	-	6
Enel Green Power Romania Srl	1	1	-	-	-	-
Enel Green Power Rus LLC	1	-	-	-	-	-
Enel Green Power SpA	9	8	-	3	-	3
Enel Grids Srl	4	50	-	3	-	1
Enel Iberia SRLU	-	6	-	5	-	-
Enel Innovation Hubs Srl	-	5	-	5	-	-
Enel Italia SpA	1	19	-	30	-	-
Enel North America Inc.	4	1	-	-	-	2
Enel Produzione SpA	155	115	-	-	-	3
Enel Romania Srl	4	3	-	-	-	1
Enel Servicii Comune SA	2	-	-	-	-	-
Enel Sole Srl	(1)	6	-	-	-	-
Enel Trading Argentina Srl	1	-	-	-	-	1
Enel X Brasil SA	1	-	-	-	-	-
Enel X Italia SpA	1	7	-	-	-	1
Enel X International Srl	9	-	-	-	-	-
Enel X Mobility Srl	-	12	-	-	-	-
Enel X North America Inc.	1	-	-	-	-	1
Enel X Srl	3	21	-	2	-	6
Enel X Way Srl	4	4	-	1	-	4
Enel X Way Italia Srl	-	6	-	-	-	1
E-Distribuţie Banat SA	7	-	-	-	-	1
E-Distribuţie Dobrogea SA	3	-	-	-	-	-
E-Distribuţie Muntenia SA	10	-	-	-	-	1
Gas y Electricidad Generación SAU	1	-	-	-	-	-
Gridspertise Srl	-	15	-	-	-	-
Maicor Wind Srl	4	1	-	-	-	-
Rusenergosbyt LLC	13	-	-	-	-	-
Servizio Elettrico Nazionale SpA	1	38	-	-	-	1
Slovenské elektrárne AS	13	-	-	-	-	1
Società Elettrica Trigno Srl	1	-	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	(1)	1	-	-	-	-
Vektör Enerjí Üretím AŞ	8	-	-	-	-	-
Total	**644**	**845**	**-**	**134**	**-**	**129**
Other related parties						
Fondazione Centro Studi Enel	2	-	-	-	-	2
Gestore dei Servizi Energetici SpA	1	-	-	-	-	-
Total	**3**	**-**	**-**	**-**	**-**	**2**
TOTAL	**647**	**845**	**-**	**134**	**-**	**131**

2021

Millions of euro	Trade receivables at Dec. 31, 2021	Trade payables at Dec. 31, 2021	Costs 2021		Revenue 2021	
			Goods	Services	Goods	Services
Subsidiaries, joint ventures and associates						
Celg Distribuição SA	1	-	-	-	-	-
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Codensa SA ESP	1	-	-	-	-	2
Edistribución Redes Digitales SLU	7	1	-	-	-	5
e-distribuzione SpA	102	49	-	-	-	25
Emgesa SA	1	-	-	-	-	1
Empresa Distribuidora Sur SA - Edesur	1	-	-	-	-	1
Endesa Energía SA	3	2	-	-	-	2
Endesa Generación SA	2	1	-	-	-	3
Endesa Medios y Sistemas SLU	1	-	-	-	-	1
Endesa Operaciones y Servicios Comerciales SLU	-	-	-	-	-	1
Endesa SA	10	1	-	-	-	7
Enel Américas SA	69	-	-	-	-	1
Enel Brasil SA	69	1	-	-	-	27
Enel Chile SA	11	-	-	-	-	3
Enel Distribución Chile SA	5	-	-	-	-	2
Enel Distribución Perú SAA	3	-	-	-	-	2
Enel Energia SA de Cv	1	-	-	-	-	1
Enel Energia SpA	431	-	-	-	-	8
Enel Energie Muntenia SA	1	-	-	-	-	1
Enel Finance America LCC	2	-	-	-	-	-
Enel Generación Chile SA	4	-	-	-	-	3
Enel Generación Costanera SA	1	-	-	-	-	-
Enel Generación Perú SA	2	-	-	-	-	1
Enel Global Infrastructure and Networks Srl	7	22	-	19	-	4
Enel Global Services Srl	12	86	-	66	-	1
Enel Global Thermal Generation Srl	-	3	-	1	-	1
Enel Global Trading SpA	5	9	-	-	-	1
Enel Green Power Chile SA	2	-	-	-	-	-
Enel Green Power España SLU	2	-	-	-	-	1
Enel Green Power Hellas SA	2	-	-	-	-	-
Enel Green Power India Private Limited	1	-	-	-	-	-
Enel Green Power Italia Srl	4	9	-	-	-	4
Enel Green Power North America Inc.	5	-	-	-	-	3
Enel Green Power Romania Srl	1	1	-	-	-	-
Enel Green Power Rus LLC	1	-	-	-	-	-
Enel Green Power SpA	3	13	-	3	-	2
Enel Iberia SRLU	300	6	-	5	-	-
Enel Innovation Hubs Srl	-	4	-	6	-	-
Enel Italia SpA	4	20	-	28	-	3
Enel North America Inc.	7	1	-	-	-	2
Enel Produzione SpA	59	62	-	-	-	4
Enel Romania Srl	4	3	-	3	-	1
PJSC Enel Russia	9	-	-	-	-	2
Enel Servicii Comune SA	1	-	-	-	-	1
Enel Sole Srl	1	4	-	-	-	1
Enel Trading Argentina Srl	1	-	-	-	-	-
Enel X Financial Services Srl	-	4	-	-	-	-
Enel X Italia SpA	11	3	-	-	-	-
Enel X Mobility Srl	-	3	-	-	-	-
Enel X North America Inc.	1	-	-	-	-	-
Enel X Srl	5	3	-	-	-	5
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
E-Distribuţie Banat SA	6	-	-	-	-	-
E-Distribuţie Dobrogea SA	3	-	-	-	-	-
E-Distribuţie Muntenia SA	9	-	-	-	-	1
Gas y Electricidad Generación SAU	2	-	-	-	-	-
Gridspertise Srl	4	-	-	-	-	-
Rusenergosbyt LLC	1	-	-	-	-	-
Servizio Elettrico Nazionale SpA	180	32	-	-	-	2
Slovenské elektrárne AS	13	-	-	-	-	1
Società Elettrica Trigno Srl	-	1	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	1	1	-	-	-	-
Vektör Enerjí Üretím AŞ	8	-	-	-	-	-
Total	**1,405**	**345**	**-**	**131**	**-**	**137**
Other related parties						
CESI SpA	-	-	-	-	-	1
Fondazione Centro Studi Enel	2	-	-	-	-	1
Gestore dei Servizi Energetici SpA	1	-	-	-	-	-
Total	**3**	**-**	**-**	**-**	**-**	**2**
TOTAL	**1,408**	**345**	**-**	**131**	**-**	**139**

Financial transactions

2022

Millions of euro	Loan assets	Borrowings	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2022			2022		
Subsidiaries, joint ventures and associates						
Concert Srl	–	3	–	–	–	–
e-distribuzione SpA	–	–	3,588	–	9	–
Eletropaulo Metropolitana Eletricidade de São Paulo SA	–	–	183	–	–	–
Endesa Generación SA	–	–	2,000	–	–	–
EnerNOC Ireland Limited	–	–	6	–	–	–
Enel Américas SA	–	–	–	–	–	99
Enel Brasil SA	124	–	2,389	–	20	–
Enel Chile SA	–	–	289	–	–	28
Enel Colombia SA ESP	2	–	291	–	1	–
Enel Energia SpA	–	–	483	–	1	–
Enel Energie SA	–	–	–	1	–	–
Enel Finance America LLC	–	–	4,887	–	2	–
Enel Finance International NV	2	21,096	57,737	326	84	–
Enel Global Services Srl	164	4	11	7	3	–
Enel Global Thermal Generation Srl	39	–	15	–	1	–
Enel Global Trading SpA	577	893	2,855	740	539	–
Enel Green Power Australia (Pty) Ltd	4	–	219	1	4	–
Enel Green Power Chile Ltda	–	–	1	–	–	–
Enel Green Power Colombia SAS	–	–	–	–	1	–
Enel Green Power Costa Rica SA	–	–	8	–	–	–
Enel Green Power Hellas SA	–	–	594	–	1	–
Enel Green Power India Private Limited	–	–	–	–	1	–
Enel Green Power Italia Srl	–	–	381	–	1	–
Enel Green Power Matimba NewCo 1 Srl	–	1	–	2	–	–
Enel Green Power México S de RL de Cv	80	–	700	–	11	–
Enel Green Power Partecipazioni Speciali Srl	–	–	–	1	–	–
Enel Green Power Perú SAC	11	3	384	12	9	–
Enel Green Power Romania Srl	1	–	114	–	–	–
Enel Green Power RSA (Pty) Ltd	–	–	–	–	3	–
Enel Green Power Rus LLC	–	–	50	–	–	–
Enel Green Power South Africa	45	–	666	–	3	–
Enel Green Power SpA	472	9	493	19	16	–
Enel Grids Srl	52	–	17	–	5	–
Enel Holding Finance Srl	–	1	–	–	–	–
Enel Iberia SRLU	–	–	–	–	–	648
Enel Innovation Hubs Srl	–	3	1	–	–	16
Enel Insurance NV	–	244	188	–	1	–
Enel Investment Holding BV	–	1	–	–	–	–
Enel Italia SpA	640	124	10,107	353	221	7,970
Enel North America Inc.	39	–	18,384	–	40	–
Enel Produzione SpA	–	–	1,219	–	1	–
Enel Sole Srl	–	–	259	–	1	–
Enel Trade Energy Srl	1	1	7	–	1	–
Enel X Australia (Pty) Ltd	–	–	5	–	–	–
Enel X International Srl	–	9	–	–	1	–
Enel X Italia Srl	–	–	14	–	–	–
Enel X Mobility Srl	–	–	45	–	–	–
Enel X North America Inc.	1	–	81	–	1	–
Enel X Polska Sp. zo.o.	–	–	14	–	–	–
Enel X Srl	737	–	1	–	11	–
Enel X UK Limited	–	–	18	–	–	–
Enel X Way Srl	104	–	11	5	1	–
Enel X Way Italia Srl	16	–	1	–	–	–
Enelpower Srl	–	36	–	–	–	–
Generadora Montecristo SA	–	–	2	–	–	–
Gridspertise Srl	–	–	9	8	6	–
Nuove Energie Srl	28	–	85	–	2	–
Parque Eólico Pampa SA	1	–	–	–	–	–
Rusenergosbyt LLC	–	–	–	–	–	9
Servizio Elettrico Nazionale SpA	–	–	1,185	–	4	–
Tynemouth Energy Storage Limited	–	–	–	–	1	–
Total	**3,140**	**22,428**	**109,997**	**1,475**	**1,007**	**8,770**

2021

Millions of euro	Loan assets	Borrowings	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2021			2021		
Subsidiaries, joint ventures and associates						
Concert Srl	-	2	-	-	-	-
e-distribuzione SpA	-	-	3,960	-	8	-
Enel Américas SA	-	-	-	-	-	303
Enel Brasil SA	103	-	2,204	-	3	-
Enel Chile SA	-	-	-	-	-	168
Enel Energia SpA	-	-	809	-	2	-
Enel Energie Muntenia SA	-	-	-	-	-	6
Enel Energie SA	-	-	-	-	-	2
Enel Finance America LLC	-	-	3,035	-	2	-
Enel Finance International NV	1	24,247	45,640	215	66	-
Enel Global Infrastructure and Networks Srl	300	-	7	-	1	-
Enel Global Services Srl	204	1	5	5	3	-
Enel Global Thermal Generation Srl	52	-	11	-	1	-
Enel Global Trading SpA	4,471	39	2,422	355	197	86
Enel Green Power Australia (Pty) Ltd	2	-	37	-	1	-
Enel Green Power Brasil Participações Ltda	-	-	-	-	18	-
Enel Green Power Chile Ltda	-	-	1	-	-	-
Enel Green Power Colombia SAS	2	-	315	-	2	-
Enel Green Power Costa Rica SA	-	-	8	-	-	-
Enel Green Power Development Srl	1	1	-	1	2	-
Enel Green Power Hellas SA	-	-	60	-	1	-
Enel Green Power India Private Limited	-	-	149	-	1	-
Enel Green Power Italia Srl	-	-	472	-	2	-
Enel Green Power México S de RL de Cv	68	-	964	4	25	-
Enel Green Power Panamá Srl	-	-	5	-	-	-
Enel Green Power Perú SAC	11	-	87	-	6	-
Enel Green Power Romania Srl	1	-	117	-	-	-
Enel Green Power RSA (Pty) Ltd	39	-	104	-	7	-
Enel Green Power Rus LLC	-	-	-	-	1	-
Enel Green Power South Africa	-	-	843	-	-	-
Enel Green Power SpA	254	-	555	13	14	-
Enel Holding Finance Srl	-	1	-	-	-	-
Enel Iberia SRLU	-	-	-	-	-	1,175
Enel Innovation Hubs Srl	-	21	1	-	-	-
Enel Insurance NV	-	250	94	-	-	-
Enel Investment Holding BV	-	2	-	-	-	-
Enel Italia SpA	1,417	8	3,496	110	68	2,609
Enel North America Inc.	35	-	14,557	-	34	-
Enel Produzione SpA	-	-	651	-	1	-
Enel Rinnovabili Srl	-	-	-	-	-	25
Enel Sole Srl	-	-	284	-	1	-
Enel Trade Energy Srl	-	-	4	-	-	-
Enel X Australia (Pty) Ltd	-	-	3	-	-	-
Enel X International Srl	47	-	-	-	-	-
Enel X Italia SpA	-	-	16	-	-	-
Enel X Mobility Srl	-	-	53	-	-	-
Enel X North America Inc.	-	-	36	-	-	-
Enel X Polska Sp. zo.o.	-	-	15	-	-	-
Enel X Srl	280	-	1	-	2	-
Enel X UK Limited	-	-	15	-	-	-
Enelpower SpA	-	37	-	-	-	-
EnerNOC Ireland Limited	-	-	5	-	-	-
E-Distribuţie Banat SA	-	-	-	-	-	8
E-Distribuţie Muntenia SA	-	-	-	-	-	27
Generadora Montecristo SA	-	-	2	-	-	-
Gridspertise Srl	-	5	29	-	-	-
Nuove Energie Srl	21	-	85	6	-	-
Open Fiber SpA	-	-	-	-	1	-
Parque Eólico Pampa SA	1	-	-	-	15	-
PH Chucas SA	-	-	-	-	-	-
Rusenergosbyt LLC	-	-	-	-	-	41
Servizio Elettrico Nazionale SpA	-	-	1,193	-	5	-
Total	**7,310**	**24,614**	**82,350**	**709**	**490**	**4,450**

The impact of transactions with related parties on the statement of financial position, income statement and statement of cash flows is reported in the following tables.

Impact on the statement of financial position

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	at Dec. 31, 2022			at Dec. 31, 2021		
Assets						
Derivatives - non-current	349	35	10.0%	753	153	20.3%
Other non-current assets	81	69	85.2%	99	87	87.9%
Trade receivables	294	295	-	275	276	-
Derivatives - current	390	86	22.1%	60	23	38.3%
Other current financial assets	3,480	3,019	86.8%	8,257	7,134	86.4%
Other current assets	584	283	48.5%	1,063	1,045	98.3%
Liabilities						
Long-term borrowings	18,196	12,407	68.2%	25,572	18,739	73.3%
Derivatives - non-current	663	163	24.6%	1,300	26	2.0%
Other non-current liabilities	24	8	33.3%	30	8	26.7%
Short-term borrowings	8,752	8,362	95.5%	6,563	5,625	85.7%
Current portion of long-term borrowings	1,430	1,333	93.2%	216	118	54.6%
Trade payables	155	97	62.6%	167	117	70.1%
Derivatives - current	178	69	38.8%	131	37	28.2%
Other current financial liabilities	238	94	39.5%	227	71	31.3%
Other current liabilities	2,873	740	25.8%	2,785	220	7.9%

Impact on the income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2022			2021		
Revenue	133	131	98.5%	1,769	139	7.9%
Services and rentals and leases	206	133	64.6%	197	130	66.0%
Other operating expenses	27	1	3.7%	14	1	7.1%
Income from equity investments	8,770	8,770	-	4,451	4,450	-
Financial income from derivatives	2,131	627	29.4%	1,073	253	23.6%
Other financial income	432	380	88.0%	240	237	98.8%
Financial expense from derivatives	1,960	1,166	59.5%	891	506	56.8%
Other financial expense	787	309	39.3%	869	203	23.4%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2022			2021		
Cash flows from/(used in) operating activities(1)	8,689	1,594	18.3%	6,757	632	9.4%
Cash flows from/(used in) investing activities	(1,647)	(1,602)	-97.3%	(9,739)	(9,669)	-99.3%
Cash flows from/(used in) financing activities(1)	(3,126)	1,757	-54.6%	1,807	3,088	-

(1) The figure for coupons paid to hybrid bond holders has been presented differently from that published in the separate financial statements for 2021.

38. Government grants – Disclosure pursuant to Article 1, paragraphs 125-129, of Law 124/2017

Pursuant to Article 1, paragraphs 125-129, of Law 124/2017 as amended, the following provides information on grants received from Italian public agencies and bodies, as well as donations by Enel SpA to companies, individuals and public and private entities. The disclosure comprises: (i) grants received from Italian public entities/State entities; and (ii) donations made by Enel SpA to public or private parties resident or established in Italy.
The following disclosure includes payments in excess of €10,000 made by the same grantor/donor during 2022, even if made through multiple financial transactions. They are recognized on a cash basis.
Pursuant to the provisions of Article 3-*quater* of Decree Law 135 of December 14, 2018, ratified with Law 12 of February 11, 2019, for grants received, please refer to the information contained in the National Register of State Aid referred to in Article 52 of Law 234 of December 24, 2012.
As far as donations made are concerned, the material cases are listed below.

Euro

Beneficiary	Amount	Description of donation
FGS Onlus	50,000	Donation to promote equal opportunities
European University Institute	100,000	Donation for scientific research on European energy issues
Fondazione Centro Studi Enel	100,000	Enel Foundation grant
Earthrise Trust	10,000	Donation for rural development projects
International Energy Agency	75,000	Donation for the study of the energy market
Comunità Sant'Egidio	43,856	Gadgets donation
Associazione UISP Unione Italiana Sport per Tutti	28,759	Gadgets donation
Onlus CESIE	59,594	Gadgets donation
Onlus Sport Senza Frontiere	16,816	Gadgets donation
Total	**484,025**	

39. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2022	at Dec. 31, 2021	Change
Sureties and guarantees given:			
- third parties	16	18	(2)
- subsidiaries	105,114	82,350	22,764
Total	**105,130**	**82,368**	**22,762**

Sureties granted to third parties essentially regard a bank surety issued in favor of Banco Centroamericano de Integración Económica (BCIE) in an amount equivalent to €15 million, acquired following the merger of Enel South America Srl into Enel SpA in 2017.

Other sureties and guarantees issued on behalf of subsidiaries include:

- €50,492 million issued on behalf of Enel Finance International NV securing bonds issued in European and other international markets;
- €23,664 million issued on behalf of various renewable energy companies for the development of new projects under the Business Plan;
- €7,245 million issued on behalf of Enel Finance International NV to back the euro commercial paper program;
- €4,313 million issued to the European Investment Bank (EIB) for loans granted to e-distribuzione SpA, Enel Produzione SpA, Enel Italia SpA, Enel Green Power SpA, Enel Chile SA, Enel Green Power Italia Srl, Enel Green Power Perú SAC, Eletropaulo Metropolitana Eletricidade de São Paulo SA, Enel Sole Srl and Enel X Mobility Srl;
- €4,887 million on behalf of the US company Enel Finance America LLC to secure the commercial paper and bond issue program on the US market;
- €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of e-distribuzione SpA, which received the Enel Grid Efficiency II loan;
- €1,150 million issued by Enel SpA to the Single Buyer on behalf of Servizio Elettrico Nazionale for obligations under the electricity purchase contract;
- €897 million issued to INPS on behalf of various Group

companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);

- €1,730 million as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator on behalf of Enel Global Trading SpA and Enel Produzione SpA;
- €1,077 million issued to Terna on behalf of e-distribuzione, Enel Global Trading SpA, Enel Produzione SpA, Enel X Italia Srl, Enel Green Power Italia Srl, Enel Energia SpA and Enel Global Thermal Generation Srl, in respect of agreements for electricity transmission services;
- €569 million issued to Snam Rete Gas on behalf of Enel Global Trading SpA, Enel X Italia Srl, Enel Produzione SpA, Enel Energia SpA and Nuove Energie Srl for gas transport capacity;
- €67 million issued to the tax authorities to secure participation in the Group VAT mechanism on behalf of Enel Produzione SpA;
- €50 million issued to RWE Supply & Trading GmbH on behalf of Enel Global Trading SpA for electricity purchases;
- €50 million issued to E.ON Energy Trading on behalf of Enel Global Trading SpA for trading on the electricity market;
- €36 million issued on behalf of Enel Italia SpA to Excelsia Nove for the performance of obligations under rental contracts;
- €7,480 million issued to various beneficiaries as part of financial support activities by the Parent on behalf of subsidiaries.

Compared with December 31, 2021, the increase in other sureties and guarantees issued on behalf of subsidiaries is mainly attributable to the issue of bonds as part of the Enel Group's financing strategy and the refinancing strategy for consolidated debt, as well as developments in the exchange rate of the euro against the dollar for guarantees in this currency.

Specifically, in 2022 Enel Finance International NV placed in the Eurobond market two sustainability-linked bonds (a triple-tranche €2.75 billion sustainability-linked bond and a €1 billion sustainability-linked bond, respectively) and in the US and international markets, a pound sterling sustainability-linked bond in a single tranche for institutional investors for a total of £750 million (equal to €900 million) and a multi-tranche sustainability-linked bond for $3.5 billion (equal to about €3.3 billion), all guaranteed by Enel SpA. The issues are linked to the achievement of Enel's sustainability objective relating to the reduction of direct greenhouse gas emissions (Scope 1), contributing to United Nations Sustainable Development Goal (SDG) 13 ("Climate Action") and in line with the Group's Sustainability-Linked Financing Framework.

In line with the Strategic Plan, the new sustainability-linked bond multi-tranche issues contribute to the achievement of the Group's objectives related to sustainable finance sources on Group's total gross debt, set at around 65% in 2024 and over 70% in 2030.

In its capacity as the Parent, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

40. Contingent assets and liabilities

Enel, Enel Energia and Servizio Elettrico Nazionale antitrust proceeding - Italy

On May 11, 2017, the Competition Authority announced the beginning of proceedings for alleged abuse of a dominant position against Enel SpA (Enel), Enel Energia SpA (EE) and Servizio Elettrico Nazionale SpA (SEN), with the concomitant performance of inspections. The proceeding was initiated on the basis of complaints filed by the Italian Association of Energy Wholesalers and Traders (AIGET) and the company Green Network SpA (GN), as well as a number of individual consumers.

On December 20, 2018 the Competition Authority issued its final ruling, with which it levied a fine on the three companies of about €93 million, for violation of Article 102 of the Treaty on the Functioning of the European Union (TFEU).

The main disputed conduct consisted in abuse of a dominant position by the three companies (to the benefit in particular of EE) who allegedly used the privacy consent given by SEN consumers, to the detriment of competing traders. With regard to other allegations made with the measure to initiate the proceeding, concerning the sales activities at physical locations (Enel Points and Enel Point Partner Shops) and winback policies reported by GN, the Competition Authority reached the conclusion that the preliminary findings did not provide sufficient evidence of any abusive conduct on the part of Enel Group companies.

The companies involved challenged the measures of the Competition Authority before the Lazio Regional Administrative Court which, on October 17, 2019, partially upheld the appeals filed by SEN and EE, shortening the period of abuse and requiring the Competition Authority to recalculate the penalty in accordance with the criteria specified in the ruling. With a measure dated November 27, 2019, the Competition Authority set the recalculated penalty at €27,529,786.46.

The rulings of the Regional Administrative Court were challenged on appeal before the Council of State which, with an order of July 20, 2020, suspended the ruling and ordered that the issue be submitted for a preliminary ruling

before the Court of Justice of the European Union (CJEU) pursuant to Article 267 of the TFEU, formulating a number of questions aimed at clarifying the interpretation of the concept of "abuse of a dominant position" to be applied to the present case.
With a ruling of May 12, 2022, the CJEU provided the requested interpretation and, subsequently, on December 1, 2022, the Council of State, in application of the guidelines set out by the CJEU, fully voided the fine levied by the Competition Authority and, upholding the arguments presented by the companies, denied that any abuse of position had occurred.

BEG litigation - Italy, France, the Netherlands, Luxembourg

Following an arbitration proceeding initiated by BEG SpA (BEG) in Italy, Enelpower SpA (Enelpower) obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the petition for damages with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk (ABA), filed suit against Enelpower and Enel SpA (Enel) in Albania concerning the matter, obtaining a ruling from the District Court of Tirana on March 24, 2009, upheld by the Albanian Court of Cassation, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient demanded payment of more than €430 million.
On November 5, 2016, Enel and Enelpower filed a petition with the Albanian Court of Cassation, asking for the ruling issued by the District Court of Tirana on March 24, 2009 to be voided. The proceeding is still pending.
With a ruling of the Court of Appeal of Rome of March 7, 2022, the further proceedings undertaken by Enel and Enelpower before the Court of Rome were concluded, having sought recognition of BEG's liability for having circumvented the arbitration award rendered in Italy in favor of Enelpower through the aforementioned initiatives undertaken by the subsidiary ABA. With the ruling, the Court of Appeal of Rome upheld the ruling of first instance rendered by the Court of Rome on June 16, 2015, which had denied the petition in the proceeding.
On May 20, 2021, the European Court of Human Rights (ECHR) issued a ruling with which it decided the appeal brought by BEG against the Italian State for violation of Article 6.1 of the European Convention on Human Rights. With this decision, the Court denied BEG's request to reopen the above arbitration proceedings, and also rejected BEG's claim for pecuniary damages amounting to about €1.2 billion due to the absence of a causal link with the disputed conduct, granting it only €15,000.00 in non-pecuniary damages.
Nonetheless, on December 29, 2021, BEG, with an action that the company and its legal counsel deemed unfounded and specious, also decided to sue the Italian State before the Court of Milan, to demand, as a consequence of the ECHR ruling, damages for tortious liability in an amount of about €1.8 billion. In this case, BEG also involved Enel and Enelpower by way of a claim of joint and several liability. With an order of June 14, 2022, the Court of Milan, in accepting the objection of territorial incompetence raised by the State Attorney, declared its incompetence to hear the dispute in favor of the Court of Rome, the court exclusively competent to hear the causes in which the Italian State is involved, ordering BEG to pay the costs of the proceedings in favor of the defendants. BEG did not resume the judgment before the Court of Rome within the legal term of 14 October 2022 and therefore the proceeding was extinguished.
A short time later, on November 3, 2022, BEG resubmitted the same claims for damages of the terminated proceeding, serving a new writ of summons before the Court of Milan against the same defendants, with the exception of the Italian State, which BEG declared not to wishing to agree to this judgement. The first appearance hearing is set for May 9, 2023. The Company is preparing its defenses to proceed with the appearance in court in order to contest the claim, which is considered entirely specious and unfounded, like the previous similar initiative.

Proceedings undertaken by Albania BEG Ambient Shpk (ABA) to obtain enforcement of the ruling of the District Court of Tirana of March 24, 2009

France

In February 2012, ABA filed suit against Enel and Enelpower with the *Tribunal de Grande Instance* in Paris in order to render the ruling of the Albanian court enforceable in France. Enel SpA and Enelpower SpA challenged the suit.
Following the beginning of the case before the *Tribunal de Grande Instance*, between 2012 and 2013 Enel France was served with a number of "*Saisie Conservatoire de Créances*" (orders for the precautionary attachment of receivables) in favor of ABA to conserve any receivables of Enel in respect of Enel France.
On January 29, 2018, the *Tribunal de Grande Instance* issued a ruling in favor of Enel and Enelpower, denying ABA the recognition and enforcement of the Tirana court's ruling in France for lack of the requirements under French law for the purposes of granting exequatur. Among other issues, the *Tribunal de Grande Instance* ruled that: (i) the Albanian ruling conflicted with an existing decision (the arbitration ruling of 2002) and that (ii) the fact that BEG sought to obtain in Albania what it was not able to obtain in the Italian arbitration proceeding, resubmitting the same claim through ABA, represented fraud.

Subsequently, with a ruling of May 4, 2021, the Paris Court of Appeal denied the appeal by ABA in full, fully upholding the non-compatibility of the Albanian ruling with the arbitration award of 2002 determined by the TGI, ordering it to reimburse Enel and Enelpower €200,000.00 each for legal costs.
On June 21, 2021, ABA filed an appeal with the *Cour de Cassation* against the ruling of the Paris Court of Appeal. Enel and Enelpower have appeared in court and the hearing for the final discussion of the case is set for March 28, 2023.
Enel initiated a separate proceeding to obtain release of the precautionary attachments granted to ABA and which are no longer valid as a result of the appeal ruling. With an order of June 16, 2022, the Court of Paris ordered the release of the precautionary attachments while also ordering ABA to pay Enel a total of about €146,000 in damages and legal costs. ABA challenged the aforementioned release order, requesting its suspension as a precautionary measure. The request for precautionary suspension was rejected on November 23, 2022 and the appeal continues in the trial court. At the same time, Enel is taking the necessary actions for credit recovery.

The Netherlands

At the end of July 2014, ABA filed suit with the Court of Amsterdam to render the ruling of the Albanian court enforceable in the Netherlands.
Following an initial ruling of June 29, 2016, in favor of ABA, in a ruling of July 17, 2018, the Amsterdam Court of Appeal upheld the appeal advanced by Enel and Enelpower, ruling that the Albanian judgment cannot be recognized and enforced in the Netherlands, as it was arbitrary and manifestly unreasonable and therefore contrary to Dutch public order. Subsequently, the proceeding before the Court of Appeal continued with regard to the subordinate question raised by ABA with which it asked the Dutch court to rule on the merits of the dispute in Albania and in particular the alleged tortious liability of Enel and Enelpower in the failure to build the power plant in Albania. On December 3, 2019, the Amsterdam Court of Appeal issued a definitive ruling in which it fully quashed the trial court judgment of June 29, 2016, rejecting any claim made by ABA, thereby confirming the denial of recognition and enforcement of the Albanian ruling in the Netherlands. The Court came to this conclusion after affirming its jurisdiction over ABA's subordinate claim and re-analyzing the merits of the case under Albanian law, finding no tortious liability on the part of Enel and Enelpower. As a result of the decision of the Court of Appeal, Enel and Enelpower are therefore not liable to pay any amount to ABA, which was in fact ordered by the Court of Appeal to reimburse the companies for the losses incurred in illegitimate conservative seizures, to be quantified as part of a specific procedure, and the costs of the trial and appeal proceedings.
On July 16, 2021 the Supreme Court completely rejected ABA's appeal of the rulings of the Court of Appeal, ordering it to reimburse court costs. The decision of the Court of Appeal has thus become final.

Luxembourg

In Luxembourg, again at the initiative of ABA, J.P. Morgan Bank Luxembourg SA was also served with an order for a number of precautionary seizures of any receivables of both Enel Group companies in respect of the bank.
In parallel ABA filed a claim to obtain enforcement of the ruling of the Court of Tirana in Luxembourg. Owing to a number of procedural delays, the proceeding is still in the initial stages and no ruling has been issued.

United States and Ireland

In 2014, ABA had initiated two proceedings requesting execution of the Albanian sentence before the courts of the State of New York and Ireland, which both ruled in favor of Enel and Enelpower, respectively, on February 23 and February 26, 2018. Accordingly, there are no lawsuits pending in Ireland or New York State.

Kino arbitration - Mexico

On September 16, 2020, Kino Contractor SA de Cv (Kino Contractor), Kino Facilities Manager SA de Cv (Kino Facilities) and Enel SpA (Enel) were notified of a request for arbitration filed by Parque Solar Don José SA de Cv, Villanueva Solar SA de Cv and Parque Solar Villanueva Tres SA de Cv (together, "Project Companies") in which the Project Companies alleged the violation (i) by Kino Contractor of certain provisions of the EPC Contract and (ii) by Kino Facilities of certain provisions of the Asset Management Agreement, both contracts concerning solar projects owned by the three companies filing for arbitration.
Enel – which is the guarantor of the obligations assumed by Kino Contractor and Kino Facilities under the above contracts – has also been called into the arbitration proceeding, but no specific claims have been filed against it.
The Project Companies, in which Enel Green Power SpA is a non-controlling shareholder, are controlled by CDPQ Infraestructura Participación SA de Cv (which is controlled by Caisse de Dépôt et Placement du Québec) and CKD Infraestructura México SA de Cv. After the request for arbitration and the related response from the defendants, the parties exchanged further introductory briefs, in which the financial claim of the counterparties was updated to $135 million, while Kino Facilities has not continued its counter-claim. The hearing was held in October 2022 and the final phase is currently pending. The issuance of the arbitration award is expected by mid-2023.

41. Future accounting standards

The following provides a list of accounting standards, amendments and interpretations that will take effect for the Company after December 31, 2022.

- *"Amendments to IAS 1 - Classification of Liabilities as Current or Non-current"*, issued in January 2020. The amendments regard the provisions of IAS 1 concerning the presentation of liabilities. More specifically, the changes clarify:
  - the criteria to adopt in classifying a liability as current or non-current, specifying the meaning of right of an entity to defer settlement and that that right must exist at the end of the reporting period;
  - that the classification is unaffected by the intentions or expectations of management about when the entity will exercise its right to defer settlement of a liability;
  - that the right to defer exists if and only if the entity satisfies the terms of the loan at the end of the reporting period, even if the creditor does not verify compliance until later; and
  - that settlement regards the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2024.[21]
- *"Amendments to IAS 1 - Non-current Liabilities with Covenants"*, issued in October 2022. IAS 1 requires classification of liabilities as non-current only where an entity has a right to defer settlement in the 12 months following the reporting date. The amendments of the standard improve disclosure when the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants and specify that the classification of the liability as current or non-current at the reporting date is not affected by covenants that must be complied with subsequent to the reporting date.

  The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2024.
- *"Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies"*, issued in February 2021. The amendments are intended to support entities in deciding which accounting policies to disclose in the financial statements. The amendments to IAS 1 require to disclose their material accounting policy information rather than their significant accounting policies. A guide on how to apply the concept of materiality to disclosures on accounting policies is provided in the amendments to IFRS Practice Statement 2. The amendments will take effect for annual periods beginning on or after January 1, 2023.
- *"Amendments to IAS 8 - Definition of Accounting Estimates"*, issued in February 2021. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The definition of changes in accounting estimates has been replaced with a definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments will take effect for annual periods beginning on or after January 1, 2023.
- *"Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"*, issued in May 2021. The amendments require entities to recognize deferred tax on transactions that at initial recognition give rise to equal taxable and deductible temporary differences. The amendments will take effect for annual periods beginning on or after January 1, 2023.
- *"Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"*, issued in September 2014. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3). The IASB has deferred the effective date of these amendments indefinitely.
- *"IFRS 17 - Insurance Contracts"*, issued in May 2017. The standard will take effect for annual periods beginning on or after January 1, 2023.
- *"Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback"*, issued in September 2022. The amendments require the seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction in proportion to the previous carrying amount of the asset involved in the arrangement and in line with the retained right-of-use. Consequently, the seller-lessee will be allowed to recognize only the amount of any capital gain or loss relating to the rights transferred to the buyer-lessor.

  The amendments do not prescribe specific measurement requirements for liabilities deriving from a leaseback. However, they include examples that illustrate the initial and subsequent measurement of the liability by including variable payments that do not depend on an in-

(21) In July 2020, an amendment was issued to postpone the date of entry into force from January 1, 2023 to January 1, 2024.

dex or a rate. This representation is a departure from the general accounting model required by IFRS 16, in which variable payments that do not depend on an index or a rate are recognized through profit or loss in the period in which the event or condition that determines these payments occurs. In this regard, the seller-lessee will have to develop and apply an accounting policy to determine the lease payments such that any amount of retained right-of-use gain or loss is not recognized.

The amendments will take effect, subject to endorsement, for annual periods beginning January 1, 2024. In conformity with "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors", retrospective application is permitted for sale and leaseback transactions entered into after the date of initial application of IFRS 16.

The Group is assessing the potential impact of the future application of the new provisions.

42. Events after the reporting period

Enel places new perpetual hybrid bonds for €1.75 billion to refinance some of its outstanding hybrid bonds

On January 9, 2023, Enel SpA launched the issuance of non-convertible, subordinated, perpetual, hybrid bonds for institutional investors on the European market, denominated in euros for an aggregate principal amount of €1.75 billion (the "New Securities").

The issuance is carried out in execution of the resolution of the Company's Board of Directors of December 14, 2022, which authorized Enel to issue, by December 31, 2023, one or more non-convertible subordinated hybrid bonds, including perpetual bonds, in an overall maximum amount of up to €2 billion.

The new issuance is structured in the following two series:

- €1,000-million non-convertible, subordinated, perpetual, hybrid bond, with no fixed maturity, due and payable only in the event of winding up or liquidation of the Company, as specified in the terms and conditions of the bond;
- €750-million non-convertible, subordinated, perpetual, hybrid bond, with no fixed maturity, due and payable only in the event of winding up or liquidation of the Company, as specified in the terms and conditions of the bond.

The New Securities will be listed on the regulated market of the Irish Stock Exchange trading as Euronext Dublin. It is also expected that the rating agencies will assign to the New Securities a rating of Baa3/BBB-/BBB- (Moody's/S&P's/Fitch) and an equity content of 50%.

At the same time, Enel also announced the launch of voluntary tender offers to repurchase for cash and subsequently cancel, for a total aggregate principal amount equal to the principal amount raised from the New Securities, two outstanding series of hybrid bonds, namely:

i. any-and-all of the €750-million equity-accounted perpetual hybrid bond with first call date in August 2023 and 2.500% coupon;

ii. the $1,250-million hybrid bond due September 2073 with call date in September 2023, and 8.750% coupon.

The overall transaction is intended to refinance the two abovementioned hybrid bonds and is in line with Enel's financial strategy set out in the 2023-2025 Strategic Plan, reaffirming the Group's commitment to maintain hybrid bonds as a permanent layer in its capital structure.

Results of the tender offer on the perpetual hybrid bond denominated in euros and removal of the Capped Maximum Amount for the concurrent tender offer on the US dollar-denominated hybrid bond

With the conclusion of the voluntary tender offer launched on January 9, on January 18, 2023, Enel announced that it will repurchase for cash its outstanding perpetual hybrid bond denominated in euros for an aggregate nominal amount of €699,970,000.00.

The settlement of the repurchase transaction took place on January 20, 2023.

Subsequently, having met the conditions envisaged in the "clean-up call" clause, which provided for the possibility of repurchasing the remainder of the bond on exceeding 80% of the tender offer, on February 27, 2023 the settlement for €50,049,000.00 took place, with full repayment of the bond issue.

Following the tenders received by the Early Tender Deadline of January 23, 2023, and as a consequence of the removal of the capped maximum acceptance amount ("Capped Maximum Amount") on the USD securities, as announced on January 18, 2023, Enel accepted for purchase all of the validly tendered USD securities for a total nominal amount of $411,060,000, and settlement date January 26, 2023.

On February 10, 2023 an additional settlement of €5,090,278.00 was carried out.

43. Fees of the Audit Firm pursuant to Article 149-*duodecies* of the CONSOB Issuers Regulation

Fees pertaining to 2022 paid by Enel SpA and its subsidiaries at December 31, 2022 to the Audit Firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB Issuers Regulation.

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- KPMG SpA	0.5
	- entities of KPMG network	-
Certification services	of which:	
	- KPMG SpA	2.1
	- entities of KPMG network	-
Other services	of which:	
	- KPMG SpA	-
	- entities of KPMG network	-
Total		**2.6**
Enel SpA subsidiaries		
Auditing	of which:	
	- KPMG SpA	4.3
	- entities of KPMG network	7.9
Certification services	of which:	
	- KPMG SpA	1.3
	- entities of KPMG network	1.1
Other services	of which:	
	- KPMG SpA	0.1
	- entities of KPMG network	-
Total		**14.7**
TOTAL		**17.3**

Declaration of the Chief Executive Officer and the officer in charge of financial reporting of Enel SpA at December 31, 2022, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:

a. the appropriateness with respect to the characteristics of the Company and

b. the effective adoption of the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2022 and December 31, 2022.

2. In this regard, we report that:

a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);

b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that separate financial statements of Enel SpA at December 31, 2022:

a. have been prepared in compliance with the International Financial Reporting Standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b. correspond to the information in the books and other accounting records;

c. provide a true and fair representation of the financial position, financial performance and cash flows of the issuer.

4. Finally, we certify that the Report on Operations accompanying the separate financial statements of Enel SpA at December 31, 2022 contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, March 16, 2023

Francesco Starace

Chief Executive Officer of Enel SpA

Alberto De Paoli

Officer in charge of financial reporting of Enel SpA

4.

Reports

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Enel SpA (pursuant to Article 153 of Legislative Decree 58/1998)

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF ENEL SpA CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR 2022
(pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,

The current Board of Statutory Auditors of Enel SpA (hereinafter also "Enel" or the "Company") was appointed by the Shareholders' Meeting of May 19, 2022.

During the year ended December 31, 2022 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "Company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Financial Intermediation") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010 (hereinafter "Decree 39/2010"), we monitored:

- compliance with the law and the corporate bylaws as well as compliance with the principles of sound administration in the performance of the Company's business;
- the Company's financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter in representing operational events;
- the statutory audit of the annual statutory and consolidated accounts and the independence of the Audit Firm;
- the adequacy and effectiveness of the internal control and risk management system;
- the adequacy of the organizational structure of the Company, within the scope of our responsibilities;
- the implementation of the corporate governance rules as provided for by the 2020 edition of the Italian Corporate Governance Code (hereinafter, the "Corporate Governance Code");
- the appropriateness of the instructions given by the Company to its subsidiaries to enable Enel to meet statutory public disclosure requirements.

In performing our checks and assessments of the above issues, we did not find any issues that would merit reporting here.

In compliance with the instructions issued by CONSOB with Communication no. DEM/1025564 of April 6, 2001, as amended, we report the following:

- we monitored compliance with the law and the bylaws and we have no issues to report;
- on a quarterly basis, we received adequate information from the Chief Executive Officer, as well as through our participation in the meetings of the Board of Directors of Enel, on activities performed, general developments in operations and the outlook,

and on transactions with the most significant impact on performance or the financial position carried out by the Company and its subsidiaries. The actions approved and implemented appeared to be in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. For a discussion of the features of the most significant transactions, please see the Report on Operations accompanying the separate financial statements of the Company and the consolidated financial statements of the Enel Group for 2022 (in the section "Significant events in 2022");

- we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
- in the section "Related parties" of the notes to the separate financial statements for 2022 of the Company, the directors describe the main transactions with related parties – the latter being identified on the basis of international accounting standards and the instructions of CONSOB – carried out by the Company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of transparency and procedural and substantive fairness. On the basis of our oversight activities, we found that the transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB – described in the Report on Corporate Governance and Ownership Structure for 2022. All transactions with related parties reported in the notes to the separate financial statements for 2022 of the Company were executed as part of ordinary operations in the interest of the Company and settled on market terms and conditions. In view of its importance, please see the section in the notes to the separate financial statements concerning the "*Credit facility guaranteed by SACE - Disclosure obligations established by art. 13, paragraph 3, letter c) (ii), of CONSOB Regulation on transactions with related parties*";
- the Company declares that it has prepared its separate financial statements for 2022 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the close of 2022 (hereinafter also "IFRS-EU"), as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The Company's separate financial statements for 2022 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU, as indicated in the accounting policies for the individual items of the financial statements. The notes to the separate financial statements give detailed information

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on the accounting standards and measurement criteria adopted, accompanied by an indication of the standards applied for the first time in 2022, which as indicated in the notes did not have a significant impact in the year under review;

- the separate financial statements for 2022 of the Company underwent the statutory audit by the Audit Firm, KPMG SpA, which issued an unqualified opinion, including with regard to the consistency of the Report on Operations and certain information in the Report on Corporate Governance and Ownership Structure of the Company with the financial statements, as well as compliance with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation (EU) no. 537/2014. The report of KPMG SpA also includes the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 stating that the Audit Firm did not identify any significant errors in the contents of the report on operations;
- the Company declares that it has also prepared the consolidated financial statements of the Enel Group for 2022 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the close of 2022, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2022 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU (as indicated in the discussion of measurement criteria for the individual items) and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted, accompanied by an indication of standards applied for the first time in 2022, which did not have a significant impact in the year under review. Note also that, starting from 2021, in compliance with the provisions of Delegated Regulation (EU) 2019/815 of December 17, 2018 as amended (the "ESEF Regulation"), the Company has (i) drawn up its entire Annual Financial Report (including the separate financial statements and the consolidated financial statements, the respective reports on operations and the associated certifications pursuant to Article 154-*bis*, paragraph 5, of the Consolidated Law on Financial Intermediation) in the single electronic reporting format XHTML (Extensible Hypertext Markup Language), and (ii) marked up (with specific tags) the schedules of the consolidated financial statements and the related explanatory notes using the iXBRL markup language (Inline eXtensible Business Reporting Language), in accordance with the ESEF taxonomy issued annually by ESMA, in order to facilitate the accessibility, analysis and comparability of the annual financial reports;

- the consolidated financial statements for 2022 of the Enel Group underwent statutory audit by the Audit Firm KPMG SpA, which issued an unqualified opinion, including with regard to the consistency of the Report on Operations and certain information in the Report on Corporate Governance and Ownership Structure with the consolidated financial statements, as well as compliance with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation (EU) no. 537/2014. The report of KPMG SpA also includes:
  - a discussion of key aspects of the audit report on the consolidated financial statements; and
  - the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 and Article 4 of CONSOB Regulation no. 20267 (implementing Legislative Decree 254 of December 30, 2016) concerning, respectively, a statement that the Audit Firm did not identify any significant errors in the contents of the Report on Operations and that it verified that the Board of Directors had approved the consolidated non-financial statement.

  Under the terms of its engagement, KPMG SpA also issued unqualified opinions on the financial statements for 2022 of the most significant Italian companies of the Enel Group. Moreover, during periodic meetings with the representatives of the Audit Firm, KPMG SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel Group, selected by the auditors on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group, that would have a sufficiently material impact to be reported in the opinion on those financial statements;
- taking due account of the recommendations of the European Securities and Markets Authority issued on January 21, 2013, and most recently confirmed with the Public Statement of October 28, 2022, to ensure appropriate transparency concerning the methods used by listed companies in testing goodwill for impairment, in line with the recommendations contained in the joint Bank of Italy - CONSOB - ISVAP document no. 4 of March 3, 2010, and in the light of indications of CONSOB in its Communication no. 7780 of January 28, 2016, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the Company, having obtained a favorable opinion in this regard from the Control and Risk Committee in February 2023, i.e., prior to the date of approval of the financial statements for 2022;
- we examined the Board of Directors' proposal for the allocation of net profit for 2022 and the distribution of available reserves and have no comments in this regard;
- we note that the Board of Directors of the Company certified, following appropriate checks by the Control and Risk Committee and the Board of Statutory Auditors in March 2023, that as at the date on which the 2022 financial statements were approved the

Enel Group continued to meet the conditions established by CONSOB (set out in Article 15 of the Markets Regulation, approved with Resolution no. 20249 of December 28, 2017) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;

- we monitored, pursuant to the aforementioned Article 15 of the Markets Regulation, the facts and circumstances concerning the suitability of the administrative-accounting systems of the subsidiaries referred to in the previous point;
- we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the Company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. As from the second half of 2014, the organizational structure of the Enel Group is based on a matrix of global business lines and geographical areas. Taking account of the changes implemented most recently in 2022 and the early months of 2023, it is organized into: (i) global business lines*,* which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The global business lines are: Enel Green Power and Thermal Generation, Global Energy and Commodity Management, Enel Grids, Enel X Global Retail and Global E-Mobility*;* (ii) regions and countries, which are responsible for managing relationships with local institutional bodies, regulatory authorities, the media and other local stakeholders, as well as optimizing the customer portfolio and generation assets, pursuing the best integrated margin, while also providing staff and other service support to the global business lines and adopting appropriate security, safety and environmental standards. Regions and countries comprise: Italy, Iberia, Europe, Latin America, North America, and Africa, Asia and Oceania; (iii) global service functions, which are responsible for managing information and communication technology activities (Global Digital Solutions), procurement at the Group level (Global Procurement) and customer supply activation, invoicing, credit and customer care processes (Global Customer Operations); and (iv) holding company functions, which among other things are responsible for managing governance processes at the Group level. They include: Administration, Finance and Control, People and Organization, Communications, Legal and Corporate Affairs, Audit, and Innovation and Sustainability. We found no issues concerning the adequacy of the organizational system described above in supporting the strategic development of the Company and the Enel Group or the consistency of that system with control requirements;

- we met with the boards of auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad. These companies, particularly those in Europe, were affected, as was the Parent Company, by the significant effects of the dynamics of gas prices and the geopolitical context. While taking account of these phenomena, no material issues emerged from the exchange of information that would require mention here beyond the disclosures already provided in the Annual Report;
- we monitored the independence of the Audit Firm, having received today from KPMG specific written confirmation that they met that requirement (pursuant to the provisions of Article 6, paragraph 2(a), of Regulation (EU) 537/2014) and paragraph 17 of international standard on auditing (ISA Italia) 260 and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored – as provided for under Article 19, paragraph 1(e), of Decree 39/2010 – the nature and the scale of non-audit services provided to the Company and other Enel Group companies by KPMG SpA and the entities belonging to its network. The fees due to KPMG SpA and the entities belonging to its network are reported in the notes to the separate financial statements of the Company. Following our examinations, the Board of Statutory Auditors found no critical issues concerning the independence of KPMG SpA.

  We held periodic meetings with the representatives of the Audit Firm, pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation, and no material issues emerged that would require mention in this report.

  With specific regard to the provisions of Article 11 of Regulation (EU) 537/2014, KPMG SpA today provided the Board of Statutory Auditors with the "additional report" for 2022 on the results of the statutory audit carried out, which indicates no significant difficulties encountered during the audit or any significant shortcomings in the internal control system for financial reporting or the Enel accounting system that would raise issues requiring mention in the opinion on the separate and consolidated financial statements. The Board of Statutory Auditors will transmit that report to the Board of Directors promptly, accompanied by any comments it may have, in accordance with Article 19, paragraph 1(a), of Decree 39/2010.

  As at the date of this report, the Audit Firm also reported that it did not prepare any management letter for 2022;
- we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the Company's business and we have no comments in that regard. We conducted our checks by obtaining information from the head of the Administration, Finance and Control department (taking due account of the head's role as the officer responsible for the preparation of the Company's financial reports), examining Company documentation and analyzing the findings of the examinations performed by KPMG SpA.

The Chief Executive Officer and the officer in charge of financial reporting of Enel issued a statement (regarding the Company's 2022 separate financial statements) certifying (i) the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the Company; and (iv) that the Report on Operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of the Company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent testing performed by a qualified external advisor) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2022 of the Enel Group;

- we monitored the adequacy and effectiveness of the internal control system, primarily through constant participation of the head of the Audit department of the Company in the meetings of the Board of Statutory Auditors and holding about half of the meetings jointly with the Control and Risk Committee, as well as through periodic meetings with the body charged with overseeing the operation of and compliance with the organizational and management model adopted by the Company pursuant to Legislative Decree 231/2001. In the light of our examination and in the absence of significant issues, there are no reasons to doubt the adequacy and effectiveness of the internal control and risk management system. In February 2023, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted, in November 2022, that the main risks associated with the strategic targets set out in the 2023-2025 Business Plan were compatible with the management of the Company in a manner consistent with those targets;
- in 2022 no petitions were received by the Board of Auditors nor did we receive any complaints concerning circumstances deemed censurable pursuant to Article 2408 of the Italian Civil Code;
- we monitored the effective implementation of the Corporate Governance Code, verifying the compliance of Enel's corporate governance arrangements with the recommendations of the Code. Detailed information on the Company's corporate

governance system can be found in the Report on Corporate Governance and Ownership Structure for 2022.

In June 2022, the Board of Statutory Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form that must inform the application of the Code's recommendations in general, adopting a transparent procedure, the details of which are discussed in the Report on Corporate Governance and Ownership Structure for 2022.

With regard to the so-called "self-assessment" of the independence of its members, the Board of Statutory Auditors, in February 2022 (by the previous members of the Board of Statutory Auditors) and in May 2022 and March 2023 (by the current members of the Board of Statutory Auditors) ascertained that all standing statutory auditors met the relevant requirements set out in the Consolidated Law on Financial Intermediation and in the Corporate Governance Code;

- in the final part of 2022 and during the first two months of 2023, the Board of Statutory Auditors, with the support of an independent advisory firm, conducted a board review assessing the size, composition and functioning of the Board of Statutory Auditors, as has been done since 2018, similar to the review conducted for the Board of Directors since 2004. This is a best practice that the Board of Statutory Auditors intended to adopt even in the absence of a specific recommendation of the Corporate Governance Code, a "peer-to-peer review" approach, i.e., the assessment not only of the functioning of the body as a whole, but also of the style and content of the contribution provided by each of the auditors. The approach adopted in performing the board review for 2022 and the findings of that review are described in detail in the report on corporate governance and ownership structure for 2022.

  During 2022, the Board of Statutory Auditors also participated in an induction program, characterized by specific studies to update directors and statutory auditors on cyber security and risk governance issues. The Board of Statutory Auditors suggests that with each turnover of the corporate bodies, an induction program be conducted in order to provide an in-depth overview of the structural characteristics and operation of the Group;
- we monitored the application of the provisions of Legislative Decree 254 of December 30, 2016 (hereinafter "Decree 254") concerning the disclosure of non-financial and diversity information by certain large undertakings and groups. In performing that activity, we monitored the adequacy of the organizational, administrative, reporting and control system established by the Company in order to enable the accurate representation in the consolidated non-financial statements for 2022 of the activity of the Enel Group, its results and its impacts in the non-financial areas referred to in

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Article 3, paragraph 1, of Decree 254, and have no comments in this regard. The Audit Firm, KPMG SpA, has issued, pursuant to Article 3, paragraph 10, of Decree 254 and Article 5 of CONSOB Regulation no. 20267 of January 18, 2018, its certification of the conformity of the information provided in the consolidated non-financial statement with the requirements of applicable law;

- since the listing of its shares, the Company has adopted specific rules (most recently amended in September 2018) for the internal management and processing of confidential information, which also set out the procedures for the disclosure of documentation and information concerning the Company and the Group, with specific regard to inside information. Those rules (which can be consulted on the corporate website) contain appropriate provisions directed at subsidiaries to enable Enel to comply with statutory public disclosure requirements, pursuant to Article 114, paragraph 2, of the Consolidated Law on Financial Intermediation ;
- in 2002 the Company also adopted (and has subsequently updated, most recently in February 2021) a Code of Ethics (also available on the corporate website) that expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate conduct in accordance with standards of maximum transparency and fairness with respect to all stakeholders;
- with regard to the provisions of Legislative Decree 231 of June 8, 2001 – which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company – since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the difference offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the manner in which the model has been adapted to the characteristics of the various Italian companies of the Group, as well as a description of the purposes of the "Enel Global Compliance Program" for the Group's foreign companies, please see the Report on Corporate Governance and Ownership Structure for 2022. The structure that monitors the operation and compliance with the program and is responsible for updating it is a collegial body. This body, appointed in July 2020, is still composed of three external members who jointly have specific professional expertise on corporate organization matters and corporate criminal law. The Board of Statutory Auditors received adequate information on the main activities carried out in 2022 by that body, including in meetings with its members. Our examination of those activities found no facts or situations that would require mention in this report;
- in 2022, the Board of Statutory Auditors issued a favorable opinion (at the meeting of February 2, 2022) on the 2022 Audit Plan, in accordance with the provisions of Recommendation 33, letter c) of the Corporate Governance Code;

- a report on the fixed and variable compensation accrued by those who served as Chairman of the Board of Directors, Chief Executive Officer/General Manager and other directors in 2022 for their respective positions and any compensation instruments awarded to them is contained in the second section of the Report on Remuneration Policy for 2023 and Remuneration Paid in 2022 referred to in Article 123-*ter* of the Consolidated Law on Financial Intermediation (for the sake of brevity, "Remuneration Report" hereinafter), approved by the Board of Directors, acting on a proposal of the Nomination and Compensation Committee on April 6, 2023, which will be published in compliance with the time limits established by law. The design of these remuneration instruments is in line with best practices as it complies with the principle of establishing a link with appropriate financial and non-financial performance targets and pursuing the creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation and the determination of the associated parameters were prepared by the Nomination and Compensation Committee, which is made up entirely of independent directors, drawing on the findings of benchmark analyses, including at the international level, conducted by an independent consulting firm. In addition, the second section of the Remuneration Report contains, in compliance with the applicable CONSOB regulations, specific disclosures on the remuneration received in 2022 by the members of the oversight body and by key management personnel (in aggregate form for the latter).

  The Board of Statutory Auditors also supervised the process of preparing the remuneration policy for 2023, described in full in the first section of the Remuneration Report, without finding any critical issues. In particular, oversight activity examined the consistency of the various measures envisaged by that policy with (i) the provisions of Directive (EU) 2017/828 as transposed into Italian law, (ii) the recommendations of the Italian Corporate Governance Code, as well as (iii) the results of the benchmark analysis carried out, including at the international level, by an independent consulting firm that the Nomination and Compensation Committee elected to engage.

  As indicated in the first section of the Remuneration Report, during the preparation of the remuneration policy for 2023, the Board of Statutory Auditors – taking account of the recommendations in this regard by the Corporate Governance Code – asked the independent consulting firm to conduct an additional benchmark analysis to ascertain the adequacy of the remuneration paid to the members of the oversight body. This analysis was performed on the basis of the data reported in the documentation published on the occasion of 2022 shareholders' meetings by issuers belonging to a peer group composed – unlike that used for the analogous analysis concerning the

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Board of Directors – exclusively of Italian companies belonging the FTSE-MIB index ([1]). The functions that the Italian legal system assigns to the Board of Statutory Auditors differentiate the latter from the bodies with oversight functions provided for in the one-tier and two-tier governance systems commonly adopted in other countries. For the purpose of identifying the peer group, the consultant, in agreement with the Board of Statutory Auditors, decided to exclude certain industrial companies belonging to the FTSE-MIB index that have concentrated ownership structures, while evaluating some companies in the FTSE-MIB index operating in the financial services industry.

The analysis showed that, on the basis of the data as at December 31, 2021, Enel exceeds the peer group in terms of capitalization, is above the ninth decile in terms of revenue and slightly below the ninth decile in terms of number of employees.

The same analysis also found that – against Enel's very high positioning compared with the companies included in the panel in terms of capitalization, revenue and number of employees – the remuneration of the Chairman of the Board of Statutory Auditors and of the other Statutory Auditors is below the peer group median for the Chairman and in line with the median for the other standing Statutory Auditors. The analysis also found that in 2021, on average, the boards of statutory auditors of the companies belonging to the panel were composed of four standing auditors compared with the three standing members of Enel's Board of Statutory Auditors, and held 26 meetings compared with the 28 meetings held by Enel's Board of Statutory Auditors.

On the basis of the analysis, it therefore emerged that the competitiveness of the remuneration envisaged for the Chairman and the other standing members of Enel's Board of Statutory Auditors is similar to the positioning of the non-executive directors of Enel with regard to the remuneration paid to them in their capacity as directors (net of attendance fees, which at Enel are not envisaged for participation in board meetings but are paid by some of the peer group companies used for the purpose of preparing the 2023 policy for directors' remuneration).

The analysis found that the positioning of the amount of remuneration paid to the Chairman and the standing members of the Board of Statutory Auditors is substantially in line with that currently paid by the larger of the peer group companies in which the Ministry for the Economy and Finance holds a significant direct and/or indirect investment.

However, the consultant noted that to correctly assess the appropriateness of the remuneration envisaged for the members of the Board of Statutory Auditors, an overall assessment of the effort required by the position would be advisable.

([1]) The peer group consists of the following 18 companies: A2A, Assicurazioni Generali, Banco BPM, BPER Banca, Eni, Hera, Leonardo, Mediobanca, Nexi, Pirelli, Poste Italiane, Prysmian, Saipem, Snam, Terna, TIM, UniCredit and Unipol.

In this regard, a significant element identified by the Board of Statutory Auditors is the comparison between the average level of remuneration of the members of the Board of Statutory Auditors and that of the members of the Board of Directors of the Company (excluding the Chairman and the Chief Executive Officer), taking into account all meetings (Board of Directors, Committees and Board of Statutory Auditors) in which they respectively participate. This analysis shows that the average remuneration per meeting of the directors is more than three times greater than that of the members of the Board of Statutory Auditors.

The Board of Statutory Auditors' oversight activity in 2022 was carried out in 24 meetings and with participation in the 16 meetings of the Board of Directors and participation in the annual Shareholders' Meeting, and, through the Chairman or one or more of its members, in the 14 meetings of the Control and Risk Committee (held jointly with the Board of Statutory Auditors), in the 11 meetings of the Nomination and Compensation Committee, in the 1 meeting of the Related Parties Committee and in the 6 meetings of the Corporate Governance and Sustainability Committee, for a total of 86 meetings. The delegated magistrate of the State Audit Court participated in the meetings of the Board of Statutory Auditors and those of the Board of Directors.
During the course of this activity and on the basis of information obtained from KPMG SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.

Finally, the Board of Statutory Auditors notes that:

- in 2021 and until March 31, 2022, the health emergency associated with the COVID-19 pandemic was still under way in Italy. Through that date, Italian authorities maintained a number of limitations on freedom of movement within the country to contain the contagion, among other things imposing bans on gatherings. In this context, the Board of Statutory Auditors, in the light of the measures to contain the COVID-19 pandemic, held some of its meetings – as long as the state of emergency was in place – exclusively with the use of audio/video conference systems by all participants, which nevertheless ensured their identification and the exchange of documentation – in accordance with the provisions of Article 25.4 of the bylaws – and, more generally, the full performance of the oversight body's functions;
- the ongoing Russia-Ukraine conflict, as well as the instability of commodity prices, in particular those of gas, strongly influenced operations in 2022. Among other things, we note the sale of the equity investment in Enel Russia PJSC and the challenges of managing hedging operations for price fluctuations in the energy markets and the related cash collateral (margin requirements). In this regard, the SACE-secured credit facility referred to earlier strengthened the Enel Group liquidity position. For these and

for all other events connected with the aforementioned geopolitical and economic environment, please see also the discussion in the Company's Annual Report.

Based on the oversight activity performed and the information exchanged with the independent Audit Firm KPMG SpA, we recommend that you approve the Company's financial statements for the year ended December 31, 2022 in conformity with the proposals of the Board of Directors.

Rome, April 6, 2023

The Board of Auditors

[signed]

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Barbara Tadolini - Chairman

[signed]

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Luigi Borré - Auditor

[signed]

____

Maura Campra - Auditor

Report of the Audit Firm

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Enel S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Enel S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Enel S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

There are no key audit matters to report.

KPMG

Enel S.p.A.
Independent auditors' report
31 December 2022

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA Italia 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 separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, 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 those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

Other information required by article 10 of Regulation (EU) no. 537/14

On 16 May 2019, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2022 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of the reports on operation and on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 6 April 2023

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director

Notice of Ordinary Shareholders' Meeting

An Ordinary Shareholders' Meeting is convened, on single call, on May 10, 2023, at 2:00 pm, in Rome, at Auditorium - Parco della Musica, Via Pietro de Coubertin no. 30, in order to discuss and resolve on the following

AGENDA

1. Financial statements as of December 31, 2022. Reports of the Board of Directors, of the Board of Statutory Auditors and of the External Auditor. Related resolutions. Presentation of the consolidated financial statements for the year ended on December 31, 2022, and of the consolidated non-financial statement related to the financial year 2022.
2. Allocation of the annual net income.
3. Authorization for the acquisition and the disposal of treasury shares, subject to the revocation of the authorization granted by the Ordinary Shareholders' Meeting held on May 19, 2022. Related resolutions.
4. Determination of the number of the members of the Board of Directors.
5. Determination of the term of the Board of Directors.
6. Election of the members of the Board of Directors.
7. Election of the Chair of the Board of Directors.
8. Determination of the remuneration of the members of the Board of Directors.
9. Long-Term Incentive Plan 2023 reserved to the management of Enel SpA and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code.
10. Report on the remuneration policy and compensations paid:
    - **10.1** First section: report on the remuneration policy for 2023 (binding resolution);
    - **10.2** Second section: report on the compensations paid in 2022 (non-binding resolution).

The Chair of the Board of Directors
Michele Crisostomo

Proposed allocation of the annual net income

Dear Shareholders,
the dividend policy contained in the 2022-2024 Strategic Plan (presented to the financial community in November 2021) provides, with specific regard to the 2022 results, for the payment to Shareholders of a fixed dividend – equal to overall €0.40 per share – to be paid in two instalments, through the payment of an interim dividend scheduled for January and the payment of the balance of the dividend scheduled for July.
In light of the above, on November 3, 2022 the Board of Directors has approved, pursuant to Article 2433-*bis* of the Italian Civil Code and Article 26.3 of the Corporate Bylaws, the distribution of an interim dividend for the financial year 2022 amounting to €0.20 per share, that has been paid, gross of any withholding tax, from January 25, 2023. The no. 7,153,795 treasury shares held by the Company as of January 24, 2023 (i.e. at the record date) did not participate in the distribution of such interim dividend. Therefore, the interim dividend for the financial year 2022 actually paid to Shareholders amounted to €2,031,905,230.20, while an amount of €1,430,759.00 was earmarked for the reserve named "retained earnings" in consideration of the number of treasury shares held by Enel SpA at the record date indicated above.
Taking into consideration that the Enel SpA net income for the year 2022 amounts approximately to €7,157 million and considering the interim dividend already paid, the Board of Directors proposes the distribution of a balance of the dividend amounting to €0.20 per share (for an overall maximum amount approximately equal to €2,033 million, as specified below), to be paid in July 2023.
It should also be noted that, starting from 2020 financial year, the Board of Directors authorized the issue of non-convertible subordinated hybrid bonds with a so-called "perpetual" duration. Under IAS/IFRS international accounting standards, such bonds are accounted for as equity instruments and the related interests shall be accounted for as an adjustment to shareholders' equity at the same time the payment obligation arises. In this respect, in 2022 financial year Enel SpA has paid to the holders of these bonds an overall amount of approximately €123.4million.
In light of the above, and considering that the legal reserve is already equal to the maximum amount of one-fifth of the share capital (as provided for by Article 2430, paragraph 1, of the Italian Civil Code), we therefore submit for your approval the following

Agenda

The Shareholders' Meeting of Enel SpA, having examined the explanatory report of the Board of Directors,

resolves

1. to earmark the net income of Enel SpA for the year 2022, amounting to €7,157,365,948.95, as follows:
   - for distribution to Shareholders:
     - €0.20 for each of the 10,159,526,151 ordinary shares in circulation on the ex-dividend date (considering the 7,153,795 treasury shares held by the Company at the "record date" indicated under this specific bullet point), to cover the interim dividend payable from January 25, 2023, with the ex-dividend date of coupon no. 37 having fallen on January 23, 2023 and the "record date" (i.e. the date of the title to the payment of the dividend, pursuant to Article 83-*terdecies* of Legislative Decree 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Rules of the Markets Regulation and managed by Borsa Italiana SpA) falling on January 24, 2023, for an overall amount of €2,031,905,230.20;
     - €0.20 for each of the 10,166,679,946 ordinary shares in circulation on July 24, 2023 (i.e. on the ex-dividend date), net of the treasury shares that will be held by Enel SpA at the "record date" indicated under point 2 of this resolution, as the balance of the dividend, for an overall maximum amount of €2,033,335,989.20;
   - for the reserve named "retained earnings", an overall amount of €123,434,990.29, to cover the amounts paid in 2022, at the maturity of the respective coupons, to the holders of the non-convertible subordinated hybrid bonds with a so-called "perpetual" duration issued by Enel SpA;
   - for the same reserve named "retained earnings" the remaining part of the net income, for an overall minimum amount of €2,968,689,739.26, which might increase consistently with the balance of the dividend not paid due to the number of treasury shares that will be held by Enel SpA at the "record date" indicated under point 2 of this resolution;
2. to pay, before withholding tax, if any, the balance of the dividend of €0.20 per ordinary share – net of the treasury shares that will be held by Enel SpA at the "record date" indicated here below – as from July 26, 2023, with the ex-dividend date of coupon no. 38 falling on July 24, 2023 and the "record date" (i.e. the date of the title to the payment of the dividend, pursuant to Article 83-*terdecies* of Legislative Decree 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Markets Regulation organized and managed by Borsa Italiana SpA) falling on July 25, 2023.

Concept design and realization
Gpt Group

Copy editing
postScriptum di **Paola Urbani**

Publication not for sale

Edited by
Enel Communications

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