Audit Report on Financial Statements
issued by an Independent Auditor

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

Ernst & Young, S.L.
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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of Enagás, S.A.:

Report on the financial statements

Opinion

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

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

Basis for opinion

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

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

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

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Key audit matters

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

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

Description	On January 24, 2017, the Directorate General for Hydrocarbons of the Ministry for Energy and Mines terminated the "Improvements to the National Energy Security and Development of the South Peruvian Pipeline" concession agreement and on December 4, 2017, the National Institute for the Defense of Competition and Intellectual Property requested that Gasoducto del Sur Peruano, S.A. file for bankruptcy, as explained in Note 1.5.c to the financial statements. The Enagás Group holds financial assets amounting to 275.3 million US dollars relating to the investment in Gasoducto Sur Peruano, S.A. and accounts receivable pertaining to executed guarantees totaling 226.8 million US dollars, interest of 1.9 million US dollars, as well as various invoices for professional services rendered amounting to 7.6 million US dollars. These items represent recorded assets at December 31, 2022 of 471.4million euros (Note 1.5.c to the accompanying financial statements). Due to the termination of the concession contract, the Enagás Group entered into an ongoing dispute with the Peruvian Government related to the recovery of the investment. On July 2, 2018, a request was filed with the ICSID (International Centre for Settlement of Investment Disputes) to initiate arbitration against the Peruvian State regarding its investment in Gasoducto Sur Peruano, S.A. Subsequently, Enagás' claim memorial was submitted to the ICSID, as were the corresponding responses and replies by both the Peruvian government and Enagás. The pre-trial hearing was held in September 2022, and the written conclusions were presented in November 2022. Issuance of the arbitration award is estimated for around June 30, 2023. Given the significance of the amounts involved and the uncertainty regarding the final outcome of the resolution of complex, long-term processes of this type from a legal and economic standpoint, we have determined this to be a key audit matter since, primarily, the Group's legal advisors believe that the estimates made by Enagás' directors may vary in the future.
Our response	Our audit procedures in this regard included, among other, the following: ▷ Understanding the Enagás, S.A. process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls. ▷ Evaluating compliance with the terms and conditions of the contracts and agreements between shareholders of Gasoducto Sur Peruano, S.A. ▷ Analyzing recent relevant notifications between Peruvian official bodies and Gasoducto Sur Peruano, S.A., as well as the documents included in the claim filed by Enagás with the ICSID and the Peruvian government's and Enagás' various replies, responses, and rejoinders. ▷ Holding meetings with external and independent experts in Peruvian and international law engaged by the Enagás, S.A.

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

Impairment analysis of group companies (equity instruments)

Description

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

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

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

Our response

Our audit procedures consisted, among other, the following:

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

Other information: Management report

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

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

a. Checking only that the non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the Management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the Management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

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

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

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

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

Additional report to the audit committee

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

Term of engagement

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

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

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

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

February 20, 2023

ANNUAL ACCOUNTS

December 31, 2022

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

ENAGÁS, S.A.

ENAGÁS, S.A.
BALANCE SHEET AT DECEMBER 31, 2022

(In thousands of euros)

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

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

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

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

ENAGÁS, S.A.

INCOME STATEMENT AT DECEMBER 31, 2022

(In thousands of euros)

	Notes	12.31.2022	12.31.2021
CONTINUING OPERATIONS		497,357	501,831
Revenue	2.1.a	612,505	591,596
Rendering of services		73,994	75,222
Dividend income from group and multigroup companies		538,511	516,374
Work done by the company for its assets	2.4	313	364
Other operating income		449	1,113
Accessory income and other current management income		449	1,113
Personnel expenses	2.1.b	(54,423)	(49,773)
Wages, salaries and similar		(42,830)	(37,760)
Social contributions		(11,593)	(12,013)
Other operating expenses	2.1.c	(45,903)	(37,464)
External services		(45,533)	(36,843)
Taxes		(338)	(267)
Other management expenses		(32)	(354)
Amortisation of fixed assets	2.4 and 2.5	(5,999)	(5,755)
Impairment and gains /(losses) on disposal of assets	2.4 and 4.1.a	(1,261)	(360)
Impairment and gains /(losses) on disposals of financial instruments	2.1.d	(8,324)	2,110
OPERATING PROFIT		497,357	501,831
Financial income	3.3	14,307	12,831
From marketable securities and other financial instruments		14,307	12,831
For debts with third parties		14,307	12,831
Financial expenses	3.3	(61,460)	(70,119)
For debts with group companies and associates		(53,544)	(65,467)
For debts with third parties		(7,916)	(4,652)
Exchange differences	3.3 and 4.1.b	(71)	862
FINANCIAL RESULT		(47,224)	(56,426)
PROFIT /(LOSS) BEFORE TAX		450,133	445,405
Income tax	4.2.e	13,187	11,854
PROFIT /(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		463,320	457,259
DISCONTINUED OPERATIONS		-	-
PROFIT /(LOSS) FOR THE YEAR		463,320	457,259

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

ENAGÁS, S.A.

STATEMENT OF RECOGNISED INCOME AND EXPENSES AT DECEMBER 31, 2022

(In thousands of euros)

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

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

ENAGÁS, S.A.

STATEMENT OF TOTAL CHANGES IN EQUITY AT DECEMBER 31, 2022

(In thousands of euros)

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

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

ENAGÁS, S.A.

CASH FLOW STATEMENT AT DECEMBER 31, 2022

(In thousands of euros)

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

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

1. Company activities and presentation bases

RELEVANT ASPECTS

Results

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

Negative working capital

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

International economic situation

- In 2022, both Enagás and its Group companies have operated normally, ensuring continuity of natural gas supply both in Spain and in the countries where these companies operate. This Group's main activity takes place within a stable regulatory framework.

As in 2021, in 2022 there were no significant equity effects as a result of the Covid-19 situation, as detailed in Note 1.3.

Also, there have been no significant effects as a result of the situation caused by the war in Ukraine.

Investments in group and multigroup companies and other financial investments

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

Guarantees

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

1.1 Company activity

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

a. Corporate purpose

a. Regasification, basic and secondary transmission as well as storage of natural gas, via the corresponding gas infrastructure or facilities, of its own or of third parties, and also the performance of auxiliary activities or others related to the aforementioned activities.

b. Design, construction, start up, exploitation, operation, and maintenance of all types of complementary gas infrastructure and facilities, including telecommunications networks, remote control and control of any nature, and electricity networks, whether its own or of third parties.

c. Development of all functions relating to technical management of the gas system.

d. Transmission and storage activities for carbon dioxide, hydrogen, biogas, and other energy-related fluids, via the corresponding facilities, of its own or of third parties, as well as the design, construction, start up, exploitation, operation, and maintenance of all types of complementary infrastructure and installations necessary for said activities.

e. Activities for making use of heat, cold, and energies associated with its main activities or arising from them.

f. Rendering of services of a diverse nature, among them, engineering, construction, advisory, and consultancy services in connection with the activities relating to its corporate purpose as well as participation in natural gas markets management activities to the extent they are compatible with the activities permitted for the Company by law.

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

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

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

b. Other information

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

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

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

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

1.2 Basis of presentation

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

i. Commercial Code and remaining mercantile legislation.

ii. National Chart of Accounts approved by Royal Decree 1514/2007 of November 16, 2007, which since its publication has been amended several times, the latest of which is Royal Decree 1/2021 of January 12, adapting it to the international accounting standards adopted by the European Union as regards accounting for financial instruments and revenue recognition.

iii. Compulsory regulations approved by the Accounting and Audit Institute, in development of the National Charts of Accounts and its complementary standards.

iv. The other Spanish accounting regulations to be applied.

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

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

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

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

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

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

a) Going concern principle

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

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

b) Materiality criteria

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

c) True and fair view

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

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

d) Comparison of information

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

e) Grouping of items

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

f) Changes in accounting policies

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

1.3 International economic situation

Covid-19

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

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

Conflict in Ukraine

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

1.4 Estimates and accounting judgements made

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

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

a. The useful life of intangible assets and PP&E (Notes 2.4 and 2.5).

b. The measurement of assets to determine the possible existence of impairment losses (Notes 1.5.a, 2.6 and 4.1.a).

c. Provisions of invoices pending formalisation (Notes 2.2 and 2.3).

d. The calculation of provisions and contingencies (Note 2.8).

e. The calculation of income tax and deferred tax assets (Note 4.2).

f. Impairment loss on financial assets measured at amortised cost (Note 1.5)

g. The fair value of equity instruments granted under the Long-Term Incentive Plan ("ILP") (Note 4.4).

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

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

1.5 Investments in group and multigroup companies and other financial investments

ACCOUNTING POLICIES

Financial assets

▶ Financial assets at cost

The Company includes in this category:

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

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

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

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

▶ Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

▶ Derecognition of balance of financial assets

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

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

Impairment losses on financial assets

▶ Financial assets at cost

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

▶ Financial assets at amortised cost

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Impairment of financial assets

- With regard to the impairment test relating to group and multigroup companies, the discount rate applied to Spanish companies in 2022 was between 5.5% and 9.5% according to the business that it is allocated to (between 5% and 9% in 2021). Investments in international companies range from 6.5% to 9.5%, depending on the business and the country in which they operate (5.5% to 8.5% in 2021). The sensitivity analysis of the discount rate of 0.5% and -0.5% carried out at 2022 year-end indicates that the Company shows no sign of significant risks associated with potential reasonable variations. Thus, the Company's Management considers that, within the specified ranges, there would be no changes in the impairment calculation.
- As a substitute for the present value of future cash flows, the Company uses the market value of the instrument, provided that it is sufficiently reliable to be considered representative of the value that could be recovered by the Company.

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

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

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

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

a) Equity instruments

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

These Group companies are not listed on the Securities Markets.

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

Enagás Services Solutions

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

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

Enagás Renovable

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

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

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

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

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

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

Enagás Infraestructuras de Hidrógeno

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

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

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

Enagás Internacional

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

Enagás Emprende

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

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

Other transactions

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

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

b) Loans to companies

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

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

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

c) Other financial assets

Gasoducto Sur Peruano, S.A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other related matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Laika Research, A.I.E.

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

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

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

1.6 Dividends distributed and proposed

a) Proposed distribution of profit attributable to the company

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

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

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

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

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

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

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

b) Total dividends paid

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

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

1.7 Commitments and guarantees

ACCOUNTING POLICIES

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

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

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

a) Guarantees for related parties debt

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

The guarantees outlined above mainly correspond to:

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

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

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

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

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

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

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

b) Guarantees and sureties granted - Other

Group employees, companies or entities

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

- Technical guarantees granted to third parties by Enagás Transporte, S.A.U. amounting to 3,712 thousands of euros (3,712 thousands of euros at December 31, 2021), all of which are counter-guaranteed by Enagás, S.A.
- Llewo mobility, S.L., for 3,215 thousands of euros (359 thousands of euros at December 31, 2021) and Enagás Renovable, S.L.U. for 5,040 thousands of euros (9,600 thousands of euros at December 31, 2021), and Efficiency for LNG Applications, S.L. for 24,630 thousands of euros related to the projects of these companies, all of which are counter-guaranteed by Enagás, S.A.
- The Company counter-guarantees Enagás Internacional, S.L.U. the bid bond for the port concession in Colombia for the Buenaventura project in the amount of 1,412 thousands of euros (1,319 thousands of euros at December 31, 2021).
- Enagás, S.A. also guarantees the hedging operations contracted by Enagás Internacional, S.L.U., and Enagás Holding USA, S.L.U which had a fair value at December 31, 2022 of 24,130 thousands of euros (88,317 thousands of euros at December 31, 2021 for the hedging operations contracted by Enagás Internacional S.L.U.).

Other parties with Third Parties

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

2. Operational performance of the company

RELEVANT ASPECTS

Operating profit

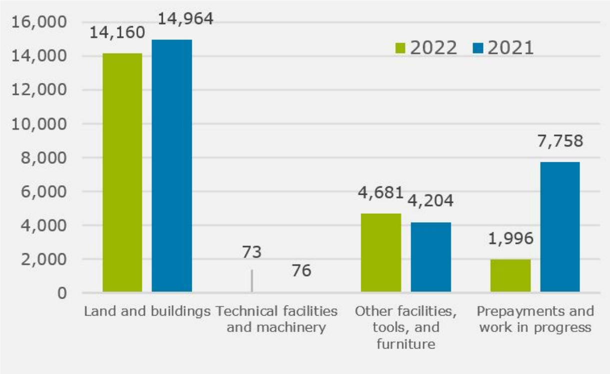
- Operating profit decreased by 0.8% with respect to 2021, amounting to 497,357 thousands of euros (Note 2.1).
- The main income that makes up the Revenue is the income for dividends received from Group Companies that has increased with respect to the income received in 2021 under the same item at 4.2%,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

Trade receivables

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

Property, plant, and equipment

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



2.1 Operating profit

ACCOUNTING POLICIES

Recognition of income

▶ The Company follows a process for the accounting recording of revenues derived from contracts with customers, which consists of the following stages:

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

▶ Recognition

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

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

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

a. The customer assumes the significant risks and rewards of ownership of the asset.

b. The company transfers physical possession of the asset.

c. The customer receives the asset in accordance with the contractual specifications.

▶ Valuation

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

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

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

▶ Dividend income from investments: is recognised when the rights of the shareholders to receive payment have been established. In applying the criteria of the Spanish Accounting and Audit Institute through BOICAC 79, on the classification for accounting purposes in separate financial statements of the income and expenses of holding companies that apply the Spanish National Chart of Accounts, approved by Royal Decree 1514/2007, and on the calculation of the Company's revenue, the dividends and interest on loans received from its affiliates are included as an integral part of the Company's revenue.

▶ Interest income: is accrued based on a temporary financial criterion, based on the outstanding principal and the applicable effective rate, which is the rate of the estimated future cash flows over the expected life of the asset that is equal to its carrying amount.

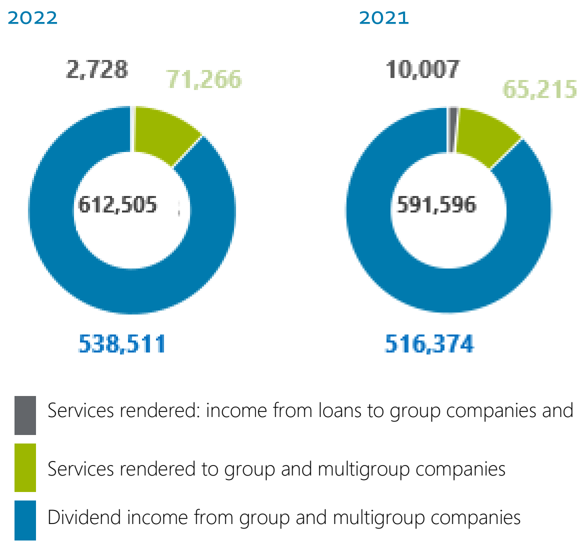
Recognition of expenses

▶ Expenses are recognised in the income statement when there is a decrease in the future economic benefit related to a reduction in an asset or an increase in a liability that can be measured reliably. This means that an expense is recognised simultaneously with the recognition of the increase in the liability or the reduction of the asset.

▶ An expense is recognised immediately when a payment does not generate future economic benefits or when the prerequisites for capitalisation as an asset are not met.

a) Revenue

The breakdown of revenue by activity is the following:



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

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

Dividend income

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

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

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

Income from loans to group and multigroup companies

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

Income for services rendered to group and multigroup companies

The detail of income from services rendered is as follows:

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

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

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

b) Personnel expenses and social contributions

	12.31.2022	12.31.2021
Wages and salaries	33,956	37,056
Termination benefits	8,874	704
Social Security	5,329	5,605
Other personnel expenses	5,411	5,516
Contributions to external pension funds (defined contribution plan)	853	892
Total	54,423	49,773

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

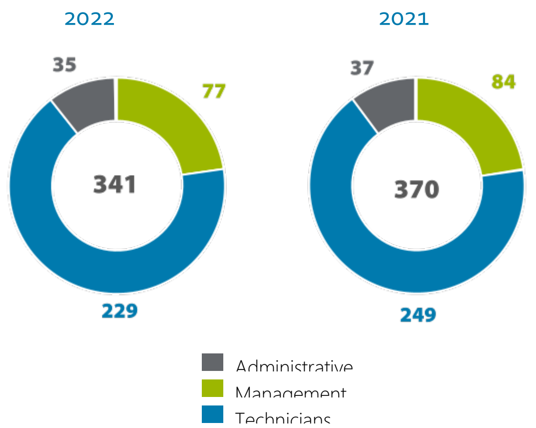
	12.31.2022	12.31.2021
Social contributions:		
- Social Security	5,329	5,605
- Contributions to pension schemes	853	892
- Senior Managers' Savings Plan Contributions	1,667	1,572
- Other social contributions	3,744	3,944
Total	11,593	12,013

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

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

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

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



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

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

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

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

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

c) Other operating expenses

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

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

d) Impairment and results on equity instruments

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

2.2 Trade and other receivables

ACCOUNTING POLICIES

Contract assets

- a) Unconditional right to receive the consideration

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

- b) Entitlement to consideration for transfer of control

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

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

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

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

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

2.3 Trade and other payables

ACCOUNTING POLICIES

- Generally, Financial liabilities at amortised cost generally include trade payables ("trade payables") and non-trade payables ("other payables").
- These payables are initially recognised at the fair value of the consideration received, adjusted by directly attributable transaction costs. These liabilities are subsequently measured at their amortised cost.
- In accordance with the ICAC Resolution of January 29, 2016, the calculation of the average payment period to suppliers takes into consideration the commercial transactions corresponding to the delivery of goods or rendering of services accrued since the date of the entry into force of Law 31/2014, of December 3.
- Suppliers, for the exclusive purposes of providing the information set forth in this Resolution, are considered to be trade payables owed to suppliers of goods and services included in the items "Suppliers", "Suppliers, group companies and associates" and "Other payables" under current liabilities in the balance sheet.
- "Average payment period to suppliers" is understood to be the time that passes between the delivery of the goods or rendering of the services by the supplier and the material payment for the transaction.
- The maximum payment term applicable to the Company in 2022 under Law 3/2004, of December 29, establishing measures to combat late payments in commercial transactions, is 60 days. In order to obtain the foregoing information, payment obligations that have been the object of withholdings as a result of embargoes, enforcement orders, administrative compensation proceedings, or other similar acts handed down by legal or administrative bodies were excluded.

Trade and other payables

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

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

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

Information on the average payment period

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

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

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

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

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

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

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

2.4 Property, plant, and equipment

ACCOUNTING POLICIES

- The cost model is applied, that is, the corresponding assets are measured at acquisition or production cost less the corresponding accumulated amortisation and any impairment losses.
- Acquisition or production cost includes:
- Finance expenses relating to the financing of infrastructure projects accrued only during the construction period, when the building work lasts for more than one year.
    - Personnel expenses directly related to work in progress, lowering personnel expenses (Note 2.1).
    - The costs of renovation, extension or improvement are incorporated into the asset as the greatest value of the asset exclusively when they imply an increase in its capacity, productivity or prolongation of its useful life, with deduction of the net carrying amount of the substituted goods, if any. Conversely, the periodic expenses of maintenance, conservation and repair are charged to income for the year in which they are incurred.
- Amortisation entered on a linear basis once the assets are ready for use, in accordance with the following useful lives:

	Annual rate	Useful life (years)
Buildings	3%-2%	33.33-50
Other technical facilities and	12%-5%	8.33-20
Equipment and tools	30%	3.33
Furniture and fixtures	10%	10
Information technology	25%	4
Transport equipment	16%	6.25

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- The amortisation of assets recorded as property, plant and equipment follows the straight-line method, applying annual amortisation percentages calculated based on the years of estimated useful life of the respective goods.
- The Directors consider that the carrying amounts of the assets do not exceed the recoverable amounts which result from calculating discounted future cash flows generated by said assets based on foreseen remuneration under current regulations.

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

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

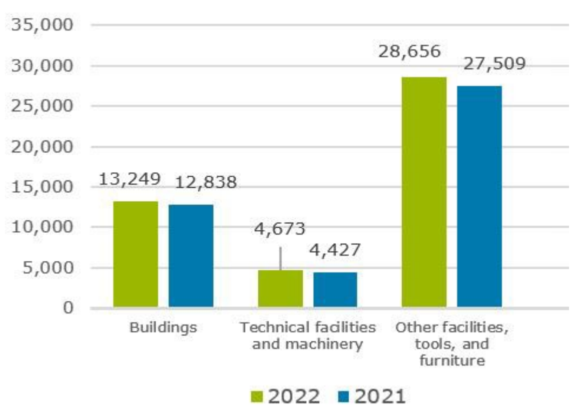
The additions recorded as at December 31, 2022 relate mainly to the Mallorca photovoltaic plants project for 4,507 thousands of euros. Subsequently this Project has been reclassified as a non-current asset held for sale at year-end 2022.

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

It is the Company policy to insure its assets to ensure that there is no significant loss of equity, based on best market practices, given the nature and characteristics of the items of Property, Plant and Equipment.
In addition, the Company has contracted the corresponding insurance policies to cover third party civil liabilities.

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

Fully amortised elements



2.5 Intangible assets

ACCOUNTING POLICIES

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

Research and development expenses

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

IT applications

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

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

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

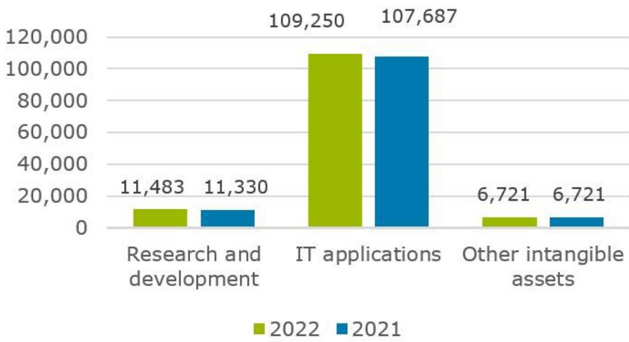
2021	Opening balance	Inputs or provisions	Increases or decreases due to	Decreases, disposals or	Balance at year-end
Research and Development	11,411	165	-	-	11,576
IT applications	124,749	7,295	-	-	132,044
Other intangible assets	6,724	-	-	-	6,724
Total cost	142,884	7,460	-	-	150,344
Research and Development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

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

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

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

Fully amortised elements



2.6 Impairment of non-financial assets

ACCOUNTING POLICIES

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

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

2.7 Leases

ACCOUNTING POLICIES

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

Finance leases

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

Operating leases

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

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

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

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

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

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

2.8 Provisions and contingent liabilities

ACCOUNTING POLICIES

▶ While drawing up the Company's Annual Accounts, the Directors made a distinction between the following:

- Provisions: credit balances covering present obligations arising from past events, the settlement of which is likely to cause an outflow of resources, but which are uncertain as to their amount and/or timing.
- Contingent liabilities: Potential obligations that arise from past events and whose future settlement is dependent on the occurrence or non-occurrence of one or more future events that are beyond the control of the Company, and present obligations that arise from past events and for which it is not probable that an outflow of resources will be required to settle them or for which the amount of the obligation cannot be measured with sufficient reliability.

▶ The annual accounts include all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognised in the Annual Accounts, but are disclosed in the Notes to the Annual Accounts, unless they are considered to be remote.

▶ Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences and any adjustments arising from the restatement of these provisions are recognised as finance cost as they are accrued.

▶ The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless there is a legal relationship whereby a portion of risk has been externalised as a result of which the Company is not liable, in which case, reimbursement will be taken into consideration in estimating the amount of any provisions.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

▶ The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless there is a legal relationship whereby a portion of risk has been externalised as a result of which the Company is not liable, in which case, reimbursement will be taken into consideration in estimating the amount of any provisions. The policy followed with respect to the recognition of provisions for risks and expenses is to recognise the estimated amount required to settle probable or certain liabilities arising from litigation underway, pending indemnities or liabilities, sureties and similar guarantees. They are recognised upon emergence of the liability or obligation determining the indemnity or payment.

▶ At the end of 2022, in addition to the appeal filed by the Company in relation to the assessments signed in disagreement of the Corporate Income Tax for 2012 to 2015 (Note 4.2), various legal proceedings and claims filed against the Company arising from the normal course of its activities were in progress. Both the legal advisors of the Company and its Directors judge that the conclusion of these procedures and claims will not have a significant effect on the Annual Accounts of the financial years in which they are finalised that have not been recorded or indicated in these Annual Accounts.

a) Provisions

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

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

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

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

b) Contingent liabilities

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

3. Capital structure, financing and financial result

RELEVANT ASPECTS

Credit rating of the Company

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

Equity

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

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

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

Financial debt

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

The main operations for the year were:

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

Available funds

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

3.1 Equity

a) Share capital

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

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

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

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

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

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

b) Issue premium

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

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

c) Treasury shares

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

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

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

d) Reserves

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

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

e) Adjustments for changes in value

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

3.2 Financial debts

ACCOUNTING POLICIES

The Company classifies all financial liabilities in the following category:

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

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

Derecognition of financial liabilities

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

- The obligation has been extinguished because payment has been made to the creditor to cancel the debt, or because the debtor is legally released from any responsibility for the liability.
- The Company's own financial liabilities are acquired, even when it is the intention to repositioning them in the future.
- There is an exchange of debt instruments between a lender and a borrower, provided that they have substantially different terms, and the new financial liability that arises is recognised; similarly, a substantial modification of the current terms of a financial liability is recorded, as indicated for debt restructuring.

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

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

a) Long-term financial liabilities

At December 31, 2022, the Company had undrawn credit lines granted up to a limit of 1,715,689 thousands of euros (in 2021 there were credit lines granted up to a limit of 1,702,198 thousands of euros, partially provided in the amount of 1,820 thousands of euros) (Note 3.6). Along these lines, a sustainable syndicated credit line amounting to 1,500,000 thousands of euros is included, the price of which is linked to the reduction of CO_2 emissions. This credit line is held by 12 national and international financial institutions.

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

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

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

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

b) Short-term financial liabilities

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

c) Debts with group companies

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

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

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

- Credit granted by Enagás Financiaciones, S.A.U. during financial year 2022, amounting to 149,000 thousands of euros.
- Repayment of a credit granted by Enagás Financiaciones, S.A.U. amounting to 873,742 thousands of euros
- Credit granted by Enagás Internacional, S.L.U. during financial year 2022, amounting to 214,703 thousands of euros.
- With respect to the account payable to Enagás Internacional for the recovery of the value of the share capital invested by it in GSP, since Enagás, S.A. is the holder of the loans assigned by the Odebrecht Group that will enable the recovery of the investment in the share capital of GSP, it represents a liability of 255,057 thousands of euros (233,325 thousands of euros at December 31, 2021) in the balance sheet at December 31, 2022, considering the effect of the financial restatement corresponding to a recovery period estimated at June 30, 2023 (Note 1.5.c).
- The heading "Short-term debts from group companies and multi-group" at year-end 2022 and 2021 mainly includes:
    - The balance of interest and short-term loans granted by Enagás Financiaciones, S.A.U. to Enagás, S.A. for a total of 493,682 thousands of euros.
    - The balance of interest and short-term loans granted by Enagás Internacional S.L.U. to Enagás, S.A. for a total of 214,848 thousands of euros.
    - As the parent company of Tax Consolidation Group 493/12 for corporate income tax, Enagás S.A. has amounts pending payment to some group companies amounting to 25,154 thousands of euros (30,889 thousands of euros in 2021), mainly related to the amounts pending payment to Enagás Financiaciones, S.A.U., Enagás Internacional, S.L.U., Enagás Emprende, S.L.U. and Enagás Infraestructuras de Hidrógeno, S.L.U. in the amounts of 14,416, 4,607, 744 and 4,112 thousands of euros, respectively (20,261, 8,020 and 1,109 thousands of euros, respectively, at December 31, 2021). Once the definitive declaration of the 2021 Corporate Tax has been presented in 2022, Enagás, S.A. paid the Corporate Tax account payable to the corresponding group companies belonging to the Tax Consolidation Group, in the amount of 30,103 thousands of euros (25,617 thousands of euros in 2021 for the 2020 Corporate Tax). (Note 4.2.a).

The breakdown by maturity is as follows:

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

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

3.3 Net financial gain /(loss)

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

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

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

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

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

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

3.4 Derivative financial instruments

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

3.5 Financial and capital risk management

a) Qualitative information

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

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

The model is based on the following:

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

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

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

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

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

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

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

Credit risk

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

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

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

Interest rate risk

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

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

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

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

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

Exchange rate risk

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

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

Liquidity risk

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

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

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

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

Tax risk

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

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

Other risks

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

In the context of ESG risks, Enagás is exposed to certain risks arising from climate change. These risks are managed and assessed in an integrated manner within the risk management model described in the Management Report. Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO_2 emissions and prices, the use and technological development of renewable gases, and reputational risks (for more details on climate change risks, see chapter 'Climate Action and Energy Efficiency' of the Management Report).

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

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

b) Quantitative information

Interest rate risk

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

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

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

c) Capital management

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

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

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

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

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

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

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

3.6 Cash flows

ACCOUNTING POLICIES

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

a) Cash and cash equivalents

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

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

b) Available funds

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

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

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

4. Other information

RELEVANT ASPECTS

Property investments

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

Remuneration for Board of Directors and Senior Management

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

4.1 Information on other items on the balance sheet

ACCOUNTING POLICIES

Property investments

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

Items in foreign currency

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- The market appraisal was performed by the independent expert in accordance with the Governing Rules of the Royal Institution of Chartered Surveyors (RICS), set out in the so-called "Red Book" - RICS Valuation - Professional Standards, January 2014. Said market valuations defined by RICS are internationally recognised by advisors and accountants providing services for investors and corporations that own investment properties, as well as by The European Group of Valuers (TEGoVA) and The International Valuation Standards Committee (IVSC).

a) Property investments

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

- Corresponds entirely to a plot of land located at km 18 of the A-6 motorway in Las Rozas (Madrid), held to obtain a surplus value in its sale as a result of future increases in the market price. At December 31, 2022, Jones Lang LaSalle España, S.A. issued a valuation report, which concluded that the recoverable amount of the plot at that date amounted to 17,410 thousands of euros (18,660 thousands of euros at December 31, 2021).
  It is worth noting that the independent expert's report did not include any scope limitations with respect to the conclusions reached.
- There are no mortgages or encumbrances of any type on real estate investments.
- It is Company policy to insure its assets to ensure that there is no significant loss of equity, based on best market practices, given the nature and characteristics of the investment properties. In addition, the Company has contracted the corresponding insurance policies to cover third party Civil Liabilities.

b) Items in foreign currency

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

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

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

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

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

4.2 Tax situation

ACCOUNTING POLICIES

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

a) Balances with the Public Administrations

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

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

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

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

Additionally, Enagás, S.A. acts as the Parent Company of the Tax Group as indicated in Note 4.2.b. For these purposes, the Company has debit and credit balances for Corporate Income Tax with the different subsidiaries of the Tax Group. Accordingly, as indicated in Note 3.2.c during 2022 the Company settled the respective balances with the rest of the Tax Group companies for Corporate Tax 2021.

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

b) Tax returns

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

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

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

c) Reconciliation of accounting result and taxable income

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

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

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

d) Tax recognised in equity

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

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

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

f) Years to be audited

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

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

If the contentious-administrative appeal is dismissed, it would entail a payment of around 4.2 million euros (not including any late payment interest that may be applicable), in which case the corresponding expense would be recorded in the Consolidated Income Statement. The appeal is expected to be resolved in more than one year.

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

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

g) Deferred tax assets and liabilities

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

(1) These temporary differences include, inter alia, personnel expenses resulting from the Long-Term Incentive Plan, recorded in these financial years which, pursuant to Article 14 of the Corporate Income Tax Law, will be deductible at the time of their delivery or payment, so in 2022 they gave rise to a deferred tax asset. In addition, during 2022, part of the deferred tax asset associated with the settlement of the 2019-2021 long-term incentive has been reversed.

(2) Arises from the limitation to tax deductible amortisation with respect to the Corporate Income Tax for the years 2013 and 2014. This amortisation is deductible from financial year 2015 following the straight method over a period of 10 years or optionally during the useful life of the asset. To this end, the Company decided to apply the deferred tax asset using the straight line method over a period of 10 years.

(3) Other items include timing differences arising from the recognition of the impairment of investment property which generates a deferred tax asset and the effect of the discounting to present value of accounts receivable and payable associated with GSP (Note 4.1) which generates a deferred tax asset and a deferred tax liability, respectively.

(4) In addition, it includes the deduction to be applied from 2015 in accordance with the thirty-seventh transitory provision of Law 27/2014, by virtue of which those contributors for whom limited amortisation was applicable in 2013 and 2014 will have the right to a 5% deduction of the tax base with respect to the amounts included in the taxable income for the corresponding period.

(5) Arising from application of accelerated amortisation of certain assets for tax purposes during the period 2009-2012.

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

4.3 Related party transactions and balances

ACCOUNTING POLICIES

- In addition to subsidiaries, associates, and multigroup companies, the Company's "related parties" are considered to be its "key management personnel" (members of the Board of Directors and senior managers, along with their close relatives), and the entities over which key management personnel may exercise significant influence or control.
- The Company carries out all its transactions with related parties at market values and the corresponding remuneration in kind has been assigned. Transfer prices are adequately supported and consequently the Company's Directors consider that no significant risks exist in this respect from which significant liabilities could arise in the future.

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

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

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

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

4.4 Remuneration for the Board of Directors and Senior Management

ACCOUNTING POLICIES

Share-based payments

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

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

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

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

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

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

(1) The remuneration of the Executive Chairman for the exercise of his executive duties during 2022 was approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" as approved as Item 10 of the Agenda as amended by the General Shareholders' Meeting held on March 31, 2022 under Item 8 of the Agenda to cover his remuneration as non-executive Chairman as from that date. During the 2022 financial year, the Chairman both in his position as Executive Chairman and as of March 31, 2022 in the position of non-executive Chairman received a fixed remuneration of 700 thousands of euros and a variable remuneration of 731 thousands of euros (associated with the Company's 2021 and 2022 targets). In addition, he received remuneration in the amount of 130 thousands of euros for Board membership, as well as other remuneration in kind amounting to 33 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 1,594 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0 thousands of euros for the year. The company has outsourced its pension commitments with its Senior Managers by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and employment disability. The Executive Chairman is one of the beneficiaries covered by this policy, and of the total premium paid during the year, 321 thousands of euros correspond to the Executive Chairman.

(2) The remuneration for the former Chief Executive Officer in 2022 was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years". During the 2022 financial year, he received a fixed remuneration of 73 thousands of euros and a variable remuneration of 335 thousands of euros (associated with the company's 2021 and 2022 objectives). He also received remuneration for membership of the Board of Directors amounting to 18 thousands of euros, as well as other remuneration in kind amounting to 5 thousands of euros, totalling 431 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0 thousands of euros for the year. The former Chief Executive Officer is also beneficiary of the mixed group insurance policy for pension commitments, and the share of the premium corresponding to the Chief Executive Officer for this policy amounted to 24 thousands of euros for the year.

(3) On February 21, 2022 the Board of Directors co-opted Mr Arturo Gonzalo Aizpiri as Executive Director to fill the vacancy caused by the resignation of the former Chief Executive Officer, Mr Marcelino Oreja Arburúa, on that date.

On March 31, 2022, Mr Antonio Hernández Mancha, Mr Gonzalo Solana González, Mr Ignacio Grangel Vicente and Ms Isabel Tocino Biscarolasaga stepped down from their posts, while Mr David Sandalow, Mr Manuel González Ramos, Ms Clara García Fernández-Muro and Ms María Teresa Costa Campi were appointed as new Directors.

(4) The remuneration for these Directors relating to Board and committee membership was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023, and 2024 financial years".

(5) The remuneration of the current Chief Executive Officer for the 2022 financial year has been approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", approved as Item 10 of the Agenda and modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda. During 2022, the CEO received fixed remuneration in the amount of 804 thousands of euros; he received 112 thousands of euros for Board membership and other remuneration in kind amounting to 53 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 969 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 46 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2022-2024 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 31, 2022. Item 9 of its

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

Share-based payments

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

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

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

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

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

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

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

▶Decarbonisation

- Reduction of CO_2 emissions in line with the decarbonisation pathway (emissions 2024 vs. emissions 2021). It accounts for 6% of the total objectives.
- Investment in renewable gases: 2022-2024 investment associated with the adaptation of infrastructure for the transmission of renewable gases and the development of infrastructure dedicated to the transmission and storage of renewable gases. It accounts for 6% of the total objectives.

▶Diversity and inclusion:

- Percentage of female members on the Board of Directors. It accounts for 2% of the total objectives.
- Percentage of women in managerial and pre-managerial positions. It accounts for 3% of the total objectives.

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

▶ Digitalisation of the company.

The target will consist of 2 indicators:

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

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

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

a. The beneficiary will receive 50% of the incentive within thirty (30) days following approval of the 2024 annual accounts by the General Shareholders' Meeting. This 50% will apply to the assets part of the incentive as well as the cash part of the incentive;

a. The beneficiary will receive the remaining 50% of the incentive once a period of one year has elapsed from the first payment date.

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

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

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

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

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

4.5 Other information concerning the Board of Directors

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

At December 31, 2022 and December 31, 2021, there were no holdings in the share capital of companies with the same, similar or complementary type of activity reported to the Company by the Directors.
The positions or functions of the Company's Board members in other companies with the same, similar or complementary activities, as communicated to Enagás, S.A. at December 31, 2022 and 2021, are the following:

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

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

4.6 Other Information

a) Environmental information

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

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

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

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

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

The Company incorporates environmental criteria in its relationship with suppliers and contractors, as well as in connection with decision-making with respect to the awarding of contracts for the provision of services and products.

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

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

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

b) Audit fees

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

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

(1) Audit services: This heading includes services rendered for the performance of statutory audits of the Enagás, S.A. Annual Accounts and the limited review work performed with respect to the Interim and Quarterly Financial Statements as well as the Certification of the Internal Control over Financial Reporting (ICFR) System.

(2) Other audit-related assurance services: This heading includes the engagements relating to the Annual Corporate Governance Report, and the review of non-financial information included in the Management Report, and also the report on agreed ICFR procedures.

4.7 Subsequent events

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

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

5. Explanation added for translation to English

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

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

MANAGEMENT REPORT OF ENAGÁS, S.A.

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

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

I. Enagás S.A. situation

Business model

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

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

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

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

Government Structure

General Shareholders' Meeting

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

Enagás S.A. has a free float of 90%, one of the highest on the Spanish continuous market.
Enagás S.A. applies a proprietary separation model, which establishes the maximum limit of ownership by any shareholder at 5%, with a limitation on the voting rights of 1% for agents in the gas sector and 3% for the rest of shareholders. These limitations do not apply to direct or indirect interest held by the public corporate sector.

Board of Directors

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

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

Operation and probable evolution

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

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

In recent years the last pieces of regulation required to establish the new regulatory framework that applies to the Spanish Gas System, a stable and predictable framework developed by an Independent Regulator (National Commission on Markets and Competition (CNMC)) that supports the objectives of the energy transition. In the field of renewable gases, there are initiatives such as the European Hydrogen Backbone, in which 31 European transmission system operators (TSOs) participate, including Enagás, and which promotes the development of a network of hydrogen corridors in Europe, among which the Iberian corridor stands out. In addition, in December 2022, Spanish TSO Enagás, French TSO Teréga and GRTgaz and Portuguese TSO REN signed a Memorandum of Understanding (MoU) ratifying their commitment to collaborate to develop the H2Med project, the first renewable hydrogen corridor in the European Union.

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

II. Evolution and results

Economic dimension

Good Governance

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

Financial and operational excellence

Principal Economic Results

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

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

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

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

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

Social dimension

People

Enagás, S.A., as a certified Top Employer company, offers stable and quality employment with high percentages of permanent and full-time employment contracts, totalling (99.4%) and (95.81%), respectively. In addition, the commitments acquired by Enagás, S.A. in its Management of Human Resources policy, together with the measures and actions implemented, translate into high levels of employee satisfaction and motivation, as reflected in low staff turnover (4.52% voluntary turnover) and the results obtained in the workplace climate survey.

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

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

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

Health and safety

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

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

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

Ethical compliance and Human Rights

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

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

- An incident of potential harassment in the workplace was brought to the attention of Ethics Channel mailbox. This matter was given careful consideration and an investigation was launched to gain more data. However, once some time had passed since sending out their communication, the individual decided they no longer wanted to pursue it further. The ongoing investigation had not reached any relevant conclusions as to the irregularity of the facts.

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

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

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

Community outreach

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

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

Supply chain

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

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

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

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

Environmental aspects

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

Natural capital and biodiversity management

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

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

Climate action and energy efficiency

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

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

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

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

III. Liquidity and capital resources

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

IV. Risk management

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

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

This model is based on the following aspects:

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

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

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

1. Strategic and Business Risks

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

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

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

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

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

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

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

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

The Enagás Group is exposed to certain risks arising from climate change. These risks are managed and assessed in an integrated manner within the risk management model described in the management report. Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO_2 emissions and prices, the use and technological development of renewable gases, and reputational risks. The impact of climate-related risks and how management assesses these risks to incorporate them into the judgements, estimates and uncertainties that affect the financial statements of the Group are described in Note 4.6.a.

2. Operational and Technological Risks

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

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

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

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

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

3. Credit and Counterparty Risks

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

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

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

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

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

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

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

Information concerning counterparty risk management is disclosed in Note 3.5 of the Annual Accounts.

4. Financial and Fiscal Risks

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

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

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

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

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

The financial risk management policy is described in Note 3.5 of the Annual Accounts.

5. Reputational Risks

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

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

6. Compliance Risk and Model

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

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

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

7. Criminal Liability Risks

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

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

8. Other Risks

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

Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO_2 emissions and prices, the use and technological development of renewable gases, and reputational risks.

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

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

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

V. Subsequent events

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

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

VI. Research and Development activities

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

1. Evolution of gas infrastructure

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

In the field of R&D&I, the different complementary and/or alternative technologies to natural gas are analysed, which could also make use of part or all of the gas infrastructure for their potential development and implementation. In this sense, the following are considered: mixtures of hydrogen with natural gas in certain percentages; pure hydrogen; biogas and biomethane, and synthetic natural gas (mix of CO_2 and H_2).

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

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

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

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2. Measurement and analysis of natural gas an hydrogen

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

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

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

Enagás continued to participate until its completion in the NewGasMet project. This has involved precision, durability and comparative tests of gas metres for measuring renewable gases (biogas/biomethane, hydrogen and NG:H_2 mixtures), with the ultimate aim of assessing the compliance of available devices with regulations and developing calibration standards. In the same line of research, within the framework of the APIX project, the performance of its equipment for the determination of main components and impurities in biomethane is being evaluated. APIX technology has been approved for testing at the Enagás Central Laboratory during 2023.

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

3. Operational safety

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

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

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

In addition, in 2022 Enagás has been working on the elaboration of a project proposal for the development of new sensor technologies for leak detection, sensors based on fibre optic technologies, which will lead to an increase in the safety level of hydrogen applications, from production to storage and distribution, both in new infrastructures working with pure H2 and in reused natural gas facilities and pipelines, contributing to a safe and economically viable implementation of H_2 production, transmission and storage processes. The OPTHYCS project will start in 2023 and has received 100% funding from the Clean Hydrogen Partnership.

4. Materials and equipment

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

Another area of work was to carry out leakage tests on existing valves and explosive decompression tests and non-metallic elements, making it possible to obtain relevant information to assess the suitability of this type of element already installed that could be used in H_2 transmission and to acquire the necessary knowledge to establish new technical requirements for the future definition and purchase of valves. A finite element determination of tightening torques on flanged joints was also carried out to minimise fugitive emissions.

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

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

5. Efficiency

Energy efficiency:

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

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

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

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

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

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

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

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

Technical efficiency

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

6. Renewable gases

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

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

The HacDos project started in 2022 and is a Spanish consortium to develop a photocatalytic technology to produce H_2 from wastewater. The pilot project aims to demonstrate both the technical feasibility of photocatalysis for the production of hydrogen from wastewater and solar energy and the maximum H_2 production through a techno-economic and market analysis aimed at the possible establishment of a spin-off.

Sunrgyze was set up in 2021 with the aim of scaling up photoelectrocatalysis technology for H_2 production and building an industrial-scale plant (200Tn H_2/year) at the Repsol Puertollano refinery. On a technical level, this is an R&D project initiated by Repsol in 2012. In 2018, it was successfully tested on a laboratory scale and in 2020, operational tests began at Repsol's Techlab. Some leakage and crossover issues (H_2 and O_2 mixing) were identified and are being addressed to reach TRL 6 (prototype in relevant environment). Enagás Emprende has joined the management of Sunrgyze in September 2022 and has entered into a partnership agreement with the CIDAUT technology centre for the development of the third generation of photocatalytic cells. In line with the energy transition towards renewable gases, the first hydrogen refuelling station in Spain for long-range electric fuel cell vehicles was inaugurated in 2022 through Scale Gas, a company promoted by Enagás Emprende. This has been an important first milestone for the deployment of future multi-molecule refuelling stations. With a supply capacity of 700 bar pressure, the hydrogen station at the San Antonio filling station at 34 Avenida de Manoteras in Madrid enables the refuelling of a fleet of 12 Toyota Mirai vehicles used by the companies behind this pioneering project. This promotes the use of hydrogen as a clean and sustainable energy source and drives innovation in the automotive sector.

7.Digitalización

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

VII. Acquisition and sale of treasury shares

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

VIII. Annual Corporate Governance Report

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

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

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

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

Chairman:

Mr Antonio Llardén Carratalá
(Signed the original in Spanish)

Chief Executive Officer:

Mr Arturo Gonzalo Aizpiri
(Signed the original in Spanish)

Directors:

Sociedad Estatal de Participaciones Industriales-SEPI
(Represented by Mr Bartolomé Lora Toro)
(Signed the original in Spanish)

Mr José Montilla Aguilera
(Signed the original in Spanish)

Ms Ana Palacio Vallelersundi
(Signed the original in Spanish)

Ms María Teresa Arcos Sánchez
(Signed the original in Spanish)

Ms Eva Patricia Úrbez Sanz
(Signed the original in Spanish)

Ms Natalia Fabra Portela.
(Signed the original in Spanish)

Mr Santiago Ferrer Costa
(Signed the original in Spanish)

Ms Clara Belén García Fernández-Muro.
(Signed the original in Spanish)

Mr David Sandalow
(Signed the original in Spanish)

Mr José Blanco Lopez
(Signed the original in Spanish)

Ms María Teresa Costa Campi
(Signed the original in Spanish)

Mr Manuel Gabriel González Ramos
(Signed the original in Spanish)

Mr Cristóbal José Gallego Castillo
(Signed the original in Spanish)

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

Electronic signature of the Secretary to the Board:

Mr Rafael Piqueras Bautista

(Signed the original in Spanish)